

CIMB THAI BANK PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 2017, 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

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include 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 consolidated and separate 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 my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

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 and the Bank relating to allowance for doubtful accounts. For disclosures relating to loans to customers, refer to Note 10.

Loans to customers are a significant portion constituting 67.05% of total assets. As at 31 December 2017 the total loans portfolio of the Group comprises of loans of commercial banking business which constitutes 86.26%, and hire-purchase receivables generated from the operations of the Group's subsidiaries 13.74%. Given that to the management applied both quantitative approach and qualitative factors to an estimation of the allowance for doubtful accounts on certain loans and portfolio of loans to customers, thus I focused on this area because the management make complex and subjective judgement over the estimation of the allowance for doubtful accounts.

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 audit matter.

I evaluated the design and implementation of control, and tested operating effectiveness of key controls over input data and 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 audit committee, risk committee, management committees and Board of Director 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 performed the following further 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 of 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 and the Bank relating to derivative financial instruments. For disclosures relating to derivatives refer to the Note 7.

As at 31 December 2017, the Group's derivatives financial instruments mainly comprise of derivatives, assets and liabilities amounting to Baht 21,278 million and amounting to Baht 19,965 million, respectively. Valuation of these derivatives was performed by management by making judgments in determining the appropriate valuation methodology and use of relevant data which resulted in valuation risk.

The valuation of derivatives was my key area of focus. For derivatives financial instruments valuation methodologies were complicated and I applied valuation techniques.

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.

I assessed the operating effectiveness of the following key controls over the valuation of derivatives financial instruments:

- 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.

I didn't find any exception from my tests and I could rely on these controls for the purpose of my audit.

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 and the Bank's valuation result. There was no material variance which wasn't explainable.

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 and separate 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.

Boonlert Kamolchanokkul
 Certified Public Accountant (Thailand) No. 5339
 Bangkok
 23 February 2018

	Notes	Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Assets					
Cash		1,591,188,651	1,938,616,493	1,588,987,409	1,936,147,365
Interbank and money market items, net	6	18,167,812,758	8,527,657,244	18,099,695,389	8,463,665,047
Derivative assets	7	21,278,460,920	21,235,341,272	21,278,460,920	21,235,341,272
Investments, net	8	44,059,846,768	55,061,910,795	44,059,846,768	55,061,910,795
Investments in subsidiaries, net	9	-	-	1,708,315,115	1,324,920,707
Loans and accrued interest receivables	10				
Loans		218,058,207,223	211,437,378,135	205,242,484,739	202,939,467,801
Accrued interest receivables		516,911,663	589,798,750	522,709,406	593,582,295
Total loans and accrued interest receivables		218,575,118,886	212,027,176,885	205,765,194,145	203,533,050,096
<u>Less</u> Deferred revenue		(7,036,133,482)	(5,848,448,651)	(8,651,407)	(38,988,676)
<u>Less</u> Allowance for doubtful debts	11	(9,869,265,119)	(9,793,289,246)	(9,256,336,052)	(9,666,516,204)
<u>Less</u> Revaluation allowance for debt restructuring	12	(105,673,656)	(45,259,015)	(105,673,656)	(45,259,015)
Loans and accrued interest receivables, net		201,564,046,629	196,340,179,973	196,394,533,030	193,782,286,201
Customers' liability under acceptance		581,413,868	45,230,520	581,413,868	45,230,520
Properties for sale, net	13	1,033,943,008	1,285,079,244	888,480,141	1,195,702,862
Premises and equipment, net	14	3,588,378,733	3,670,638,674	3,529,189,193	3,609,493,321
Intangible assets, net	15	370,043,208	368,387,320	364,943,160	363,158,838
Deferred tax assets	16	1,372,672,738	1,289,224,887	1,023,345,737	1,075,692,045
Other assets, net	17	6,995,795,275	7,708,041,398	6,789,804,499	7,529,507,359
Total assets		300,603,602,556	297,470,307,820	296,307,015,229	295,623,056,332

Director _____ Director _____

CIMB Thai Bank Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2017

	Notes	Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity					
Liabilities					
Deposits	18	177,400,677,986	183,663,324,706	177,702,506,611	183,877,466,049
Interbank and money market items, net	19	15,648,105,797	11,595,328,411	15,648,105,797	11,595,328,411
Liability payable on demand		254,663,261	250,092,171	254,663,261	250,092,171
Financial liabilities designated at fair value					
through profit or loss	20	23,103,810,514	18,873,674,513	23,103,810,514	18,873,674,513
Derivative liabilities	7	19,965,010,587	21,381,015,668	19,965,010,587	21,381,015,668
Debt issued and borrowings	21	19,933,103,726	25,582,513,107	17,933,103,726	25,582,513,107
Bank's liability under acceptance		581,413,868	45,230,520	581,413,868	45,230,520
Provisions	22	1,946,444,925	1,997,419,699	1,855,519,989	1,919,842,460
Other liabilities	23	8,718,523,191	7,376,288,614	7,938,994,106	6,809,617,409
Total liabilities		267,551,753,855	270,764,887,409	264,983,128,459	270,334,780,308
Equity					
Share capital	24				
Registered					
30,280,227,607 ordinary shares of Baht 0.50 each		15,140,113,804		15,140,113,804	
24,774,731,679 ordinary shares of Baht 0.50 each			12,387,365,840		12,387,365,840
Issued and paid-up share capital					
30,280,227,607 ordinary shares of Baht 0.50 each		15,140,113,804		15,140,113,804	
24,774,731,679 ordinary shares of Baht 0.50 each			12,387,365,840		12,387,365,840
Premium on share capital		8,465,413,222	5,712,665,258	8,465,413,222	5,712,665,258
Other reserves	25	1,534,848,299	1,094,080,196	1,558,840,917	1,115,382,330
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	26	398,680,000	397,800,000	398,680,000	397,800,000
Unappropriated		7,555,547,127	7,156,262,868	5,760,838,827	5,675,062,596
Total equity		33,051,848,701	26,705,420,411	31,323,886,770	25,288,276,024
Total liabilities and equity		300,603,602,556	297,470,307,820	296,307,015,229	295,623,056,332

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2017

	Notes	Consolidated		Separate	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Interest income	31	14,557,766,606	14,671,929,135	11,913,199,518	12,723,807,296
Interest expenses	32	(4,355,322,725)	(4,806,163,382)	(4,325,189,459)	(4,806,998,270)
Net interest income		10,202,443,881	9,865,765,753	7,588,010,059	7,916,809,026
Fees and service income		2,140,296,232	1,837,426,211	1,471,420,808	1,289,666,205
Fees and service expenses		(195,842,620)	(201,845,300)	(223,841,719)	(238,708,889)
Net fees and services income	33	1,944,453,612	1,635,580,911	1,247,579,089	1,050,957,316
Gains on tradings and foreign exchange transactions	34	2,238,222,821	1,402,493,444	2,238,222,821	1,402,493,444
Losses on financial instrument designated at fair value through profit or loss	35	(1,733,886,254)	(810,387,742)	(1,733,886,254)	(810,387,742)
Gains on investments	36	107,353,927	482,570,051	490,748,334	482,570,051
Other operating income	37	396,161,195	352,086,453	233,222,081	329,240,877
Total operating income		13,154,749,182	12,928,108,870	10,063,896,130	10,371,682,972
Other operating expenses					
Employee expenses		4,068,397,712	3,857,722,186	3,444,686,567	3,302,361,160
Directors' remuneration		12,792,000	12,598,400	12,456,000	12,262,400
Premises and equipment expenses		1,060,266,367	1,279,866,016	929,630,735	1,150,024,878
Taxes and duties		420,692,273	461,092,983	397,448,867	441,485,090
Others		2,050,806,859	1,812,232,818	1,334,179,030	1,259,456,059
Total other operating expenses		7,612,955,211	7,423,512,403	6,118,401,199	6,165,589,587
Bad and doubtful debts and impairment losses	38	5,053,034,607	6,279,268,383	3,944,113,706	5,785,126,100
Profit (loss) before income tax expenses		488,759,364	(774,671,916)	1,381,225	(1,579,032,715)
Income tax expenses	39	(103,861,136)	145,146,699	70,008,975	318,811,256
Net profit (loss) for the year		384,898,228	(629,525,217)	71,390,200	(1,260,221,459)

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 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 2017

	Consolidated		Separate	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Gains (losses) on remeasuring available-for-sale investments	467,099,324	(644,156,155)	467,099,324	(644,156,155)
Losses arising from translating the financial statement of a foreign operation	(30,696,516)	(1,206,592)	(30,696,516)	(1,206,592)
Gains on cash flow hedges	62,042,015	58,446,328	62,042,015	58,446,328
Income tax relating to items that will be reclassified subsequently to profit or loss	(105,828,268)	117,141,965	(105,828,268)	117,141,965
Total items that will be reclassified subsequently to profit or loss	392,616,555	(469,774,454)	392,616,555	(469,774,454)
Items that will not be reclassified subsequently to profit or loss				
Changes in revaluation surplus	-	1,078,204,826	-	1,078,204,826
Remeasurements of post-employment benefit obligations	79,271,973	(24,267,343)	82,635,079	(18,093,944)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(15,854,394)	(210,787,497)	(16,527,016)	(212,022,177)
Total items that will not be reclassified subsequently to profit or loss	63,417,579	843,149,986	66,108,063	848,088,705
Total other comprehensive income	456,034,134	373,375,532	458,724,618	378,314,251
Total comprehensive income (expenses) for the year	840,932,362	(256,149,685)	530,114,818	(881,907,208)

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 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 2017

	Note	Consolidated		Separate	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Net profit (loss) attributable to:					
Equity holders of the Bank		384,898,228	(629,525,217)	71,390,200	(1,260,221,459)
Non-controlling interests		-	-	-	-
		<u>384,898,228</u>	<u>(629,525,217)</u>	<u>71,390,200</u>	<u>(1,260,221,459)</u>
Total comprehensive income (expenses) attributable to:					
Equity holders of the Bank		840,932,362	(256,149,685)	530,114,818	(881,907,208)
Non-controlling interests		-	-	-	-
		<u>840,932,362</u>	<u>(256,149,685)</u>	<u>530,114,818</u>	<u>(881,907,208)</u>
Earnings per share for profit (loss) attributable to the equity holders of the Bank	41				
Basic earnings (loss) per share (Baht per share)		<u>0.01</u>	<u>(0.02)</u>	<u>0.00</u>	<u>(0.05)</u>
Weighted average number of ordinary shares (shares)		<u>28,233,684,776</u>	<u>25,333,286,323</u>	<u>28,233,684,776</u>	<u>25,333,286,323</u>

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2017

Consolidated														
Attributable to owners of the Bank														
Notes	Issued and paid-up share capital	Share premium	Other reserves											Total
			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	Baht
Balance as at 1 January 2017	12,387,365,840	5,712,665,258	2,048,157,685	(255,519,440)	(352,419,379)	35,095,427	(116,487,902)	(264,746,195)	1,094,080,196	(42,753,751)	397,800,000	7,156,262,868		26,705,420,411
Increase in ordinary shares	24	2,752,747,964	2,752,747,964	-	-	-	-	-	-	-	-	-		5,505,495,928
Total comprehensive income (expenses) for the year		-	-	79,271,973	467,099,324	(30,696,516)	62,042,015	(121,682,662)	456,034,134	-	-	384,898,228		840,932,362
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	-	880,000	(880,000)		-
Transfer to retained earnings		-	-	(19,082,539)	-	-	-	3,816,508	(15,266,031)	-	-	15,266,031		-
Balance as at 31 December 2017		15,140,113,804	8,465,413,222	2,029,075,146	(176,247,467)	114,679,945	4,398,911	(54,445,887)	1,534,848,299	(42,753,751)	398,680,000	7,555,547,127		33,051,848,701
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)	720,704,664	(42,753,751)	365,950,000	7,964,078,385		27,108,010,396
Dividend paid	27	-	-	-	-	-	-	-	-	-	-	(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	373,375,532	-	-	(629,525,217)		(256,149,685)
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	-	31,850,000	(31,850,000)		-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	39,370,188		39,370,188
Balance as at 31 December 2016		12,387,365,840	5,712,665,258	2,048,157,685	(255,519,440)	(352,419,379)	35,095,427	(116,487,902)	1,094,080,196	(42,753,751)	397,800,000	7,156,262,868		26,705,420,411

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2017

Separate												
Other reserves												
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Remeasurements of post-employment benefit obligations	Revaluation surplus (deficit) on change in value of investments	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	Legal reserve	Retained earnings	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2017	12,387,365,840	5,712,665,258	2,048,157,685	(228,891,773)	(352,419,379)	35,095,427	(116,487,902)	(270,071,728)	1,115,382,330	397,800,000	5,675,062,596	25,288,276,024
Increase in ordinary shares	24	2,752,747,964	2,752,747,964	-	-	-	-	-	-	-	-	5,505,495,928
Total comprehensive income (expenses) for the year		-	-	-	82,635,079	467,099,324	(30,696,516)	62,042,015	(122,355,284)	458,724,618	-	530,114,818
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	880,000	(880,000)	-
Transfer to retained earnings		-	-	(19,082,539)	-	-	-	3,816,508	(15,266,031)	-	15,266,031	-
Balance as at 31 December 2017		15,140,113,804	8,465,413,222	2,029,075,146	(146,256,694)	114,679,945	4,398,911	(54,445,887)	(388,610,504)	1,558,840,917	398,680,000	31,323,886,770
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	26,316,623,532
Dividend paid	27	-	-	-	-	-	-	-	-	-	(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	-	(881,907,208)
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	31,850,000	(31,850,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	39,370,188	39,370,188
Balance as at 31 December 2016		12,387,365,840	5,712,665,258	2,048,157,685	(228,891,773)	(352,419,379)	35,095,427	(116,487,902)	(270,071,728)	1,115,382,330	397,800,000	25,288,276,024

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2017

	Notes	Consolidated		Separate	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before corporate income tax		488,759,364	(774,671,916)	1,381,225	(1,579,032,715)
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:					
Depreciation and amortisation		367,291,254	440,170,964	344,091,704	414,246,806
Bad debts and doubtful accounts	38	5,053,034,607	6,279,268,383	3,944,113,706	5,785,126,100
(Reversal) provision for off-balance sheet items		(42,701,555)	302,644,995	(42,701,555)	302,644,995
Share-based payment		35,251,070	30,526,962	35,251,070	30,526,962
Provision for liabilities		207,888,248	151,748,809	197,903,657	142,650,148
Losses on impairment of properties for sale		47,970,983	5,250,682	20,391,212	1,388,641
Losses on impairment of other assets		-	11,684,173	-	11,684,173
Losses on impairment of investments		3,476,616	-	3,476,616	-
Reversal of losses on impairment of investment in subsidiaries	9	-	-	(383,394,408)	-
Unrealised gains on exchange and derivatives		(3,015,423,032)	(425,352,139)	(3,015,423,032)	(425,352,139)
Losses (gains) on properties for sale		380,078,551	322,090,738	(72,996,501)	(108,592,164)
Unrealised (gains) losses on revaluation of investments		(135,317,715)	96,264,552	(135,317,715)	96,264,552
Gains on sale of investments		(366,098,877)	(470,349,197)	(366,098,877)	(470,349,197)
Gains on disposal of premises and equipment		(36,746,849)	(29,016,065)	(34,334,525)	(26,932,026)
Gains on surplus from of revaluation of assets		-	(2,392,301)	-	(2,392,301)
Gains on impairment of premises and equipment		-	(10,064,738)	-	(10,064,738)
Losses from write off premises and equipment		13,044,307	48,312,019	12,487,613	48,312,019
Losses from write off leasehold rights		41,603,154	10,658,464	41,454,421	10,658,464
Losses (gains) on sale of non-performing loan		162,476,024	(771,810)	162,476,024	(771,810)
Losses on financial liabilities designated at fair value through profit or loss	35	1,733,886,254	810,387,742	1,733,886,254	810,387,742
Interest and dividend income		(14,571,636,046)	(14,691,524,064)	(11,927,068,959)	(12,785,751,455)
Interest expenses		3,393,120,258	3,815,050,461	3,362,986,992	3,815,885,348
Losses from operations before changes in operating assets and liabilities		(6,240,043,384)	(4,080,083,286)	(6,117,435,078)	(3,939,462,595)
(Increase) decrease in operating assets					
Interbank and money market items		(9,638,709,217)	5,762,463,266	(9,634,584,045)	5,763,323,834
Investments held for trading		(2,196,019,258)	(1,342,468,824)	(2,196,019,258)	(1,342,468,824)
Loans		(10,508,908,673)	(12,207,579,871)	(5,314,731,312)	(9,260,456,248)
Properties for sale		1,344,666,908	1,709,786,609	409,785,779	454,003,598
Other assets		659,376,394	1,899,646,123	662,550,529	1,915,526,015
Increase (decrease) in operating liabilities					
Deposits		(6,262,646,720)	13,446,187,779	(6,174,959,438)	13,375,379,100
Interbank and money market items		4,052,777,386	(8,423,088,537)	4,052,777,386	(8,399,088,537)
Liability payable on demand		4,571,090	(70,676,277)	4,571,090	(70,676,277)
Short-term borrowings		(6,046,902,521)	(14,314,372,766)	(6,046,902,521)	(14,314,372,766)
Provisions		(136,889,495)	(122,504,066)	(136,889,494)	(122,504,066)
Other liabilities		1,217,226,192	(1,911,540,150)	1,073,994,131	(1,921,335,943)
Cash flows used in operating activities		(33,751,501,298)	(19,654,230,000)	(29,417,842,231)	(17,862,132,709)
Cash received from interest income		13,450,792,981	13,236,817,311	10,804,211,696	11,288,812,167
Cash paid for interest expenses		(3,839,287,454)	(4,506,261,540)	(3,848,193,597)	(4,507,130,058)
Cash paid for income tax		(333,270,211)	(260,166,103)	(62,402,645)	(175,078,844)
Net cash flows used in operating activities		(24,473,265,982)	(11,183,840,332)	(22,524,226,777)	(11,255,529,444)

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 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 2017

	Consolidated		Separate	
	2017	2016	2017	2016
Note	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(14,520,484,708)	(37,905,998,597)	(14,520,484,708)	(37,905,998,597)
Proceeds from disposals of available-for-sale securities	24,559,533,593	32,003,101,453	24,559,533,593	32,003,101,453
Proceeds from maturity of available-for-sale securities	60,000,000	1,607,800,000	60,000,000	1,607,800,000
Cash paid for purchases of held to maturity securities	(503,847,389)	(5,074,765,297)	(503,847,389)	(5,074,765,297)
Proceeds from disposals of held to maturity securities	480,340	480,340	480,340	480,340
Proceeds from maturity of held to maturity securities	4,305,000,000	9,830,560,000	4,305,000,000	9,830,560,000
Proceeds from repayment of investment in receivable	2,482,988	2,974,664	2,482,988	2,974,664
Cash paid for purchases of general investments	(792,307)	-	(792,307)	-
Proceeds from disposals of general investments	-	942,262	-	942,262
Proceeds from decrease in capital of general investments	22,710,000	31,750,000	22,710,000	31,750,000
Cash paid for purchases of premises and equipment	(178,507,407)	(248,780,868)	(158,616,076)	(218,862,488)
Proceeds from disposals of premises and equipment	39,159,489	39,224,327	36,697,603	36,746,101
Cash paid for purchases of intangible assets	(173,301,907)	(108,847,701)	(171,322,945)	(107,327,530)
Dividend received	13,869,440	19,594,927	13,869,440	61,944,159
Interest received	1,487,963,769	1,800,077,764	1,487,963,769	1,800,073,714
Net cash flows provided by investing activities	15,114,265,901	1,998,113,274	15,133,674,308	2,069,418,781
Cash flows from financing activities				
Dividend paid	27	-	(185,810,488)	-
Cash paid for interest expenses	(31,820,274)	-	-	-
Cash received from capital increase	5,505,495,928	-	5,505,495,928	-
Proceeds from issuing debentures	2,000,000,000	-	-	-
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)	(3,000,000,000)	(3,000,000,000)
Proceeds from issuance of structured debentures	9,467,646,107	1,778,000,000	9,467,646,107	1,778,000,000
Cash paid for redemption of structured debentures	(9,028,000,000)	(3,610,000,000)	(9,028,000,000)	(3,610,000,000)
Proceeds from issuance of structured bills of exchange	4,184,682,754	8,738,592,516	4,184,682,754	8,738,592,516
Cash paid for redemption of structured bills of exchange	(57,000,000)	-	(57,000,000)	-
Net cash flows provided by financing activities	9,041,004,515	8,728,511,328	7,072,824,789	8,728,511,328
Gains on foreign currency translation differences	(29,432,276)	(1,364,705)	(29,432,276)	(1,364,705)
Net decrease in cash and cash equivalents	(347,427,842)	(458,580,435)	(347,159,956)	(458,964,040)
Cash and cash equivalents at beginning of the year	1,938,616,493	2,397,196,928	1,936,147,365	2,395,111,405
Cash and cash equivalents at the end of the year	1,591,188,651	1,938,616,493	1,588,987,409	1,936,147,365
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	22,735,861	7,885,214	22,735,861	7,885,214
Properties for sale received from premises and equipment	38,817,769	116,468,697	38,817,769	116,468,697
Change in revaluation surplus in available-for-sale	(467,099,324)	644,156,155	(467,099,324)	644,156,155
Interest amortisation from premium or discount	236,842,411	404,473,541	236,842,411	404,473,541

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

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1 General information

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

44 Langsuan Road, Lumpini, Patumwan, Bangkok.

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

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

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

The consolidated and separate financial statements were authorised by the Board of Directors on 23 February 2018.

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 interim financial statements in conformity with Thai generally accepted accounting principles 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 separate financial statements for the benefit of the public, which presents its investment in subsidiaries under the cost method.

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

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact 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 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 (revised 2016). 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.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2 Accounting policies (Cont'd)

2.2 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 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2 Accounting policies (Cont'd)

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.

(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 interest 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 statements 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 statements 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 period. 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 period.

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 statements 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 debts. 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 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-measurements are recognised in profit or loss.

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 Accounting policies (Cont'd)

2.8 Cash

Cash includes cash on hand according to the BOT's Notification.

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.

The Group sets allowance on hire-purchase receivables classified as substandard, doubtful and doubtful of loss, at the rate of 100% of the difference between outstanding loan value and present value of expected cash flow from receivables or present value of expected cash flow from disposal of the collateralised assets. The discount rate and expected collateral disposal duration is referenced from the BOT's guideline. For receivables classified as normal and special mention, the Bank sets allowance for doubtful account at the rate of 1% and 2% of outstanding loan value net of collateralised assets.

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 (if any), 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.

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 Accounting policies (Cont'd)

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 period, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

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 Accounting policies (Cont'd)

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.

2.14 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 Accounting policies (Cont'd)

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.

2.18 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 statements 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 Accounting policies (Cont'd)

2.18 Financial derivatives (Cont'd)

(b) Hedging transactions (Cont'd)

(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 statements of comprehensive income. Amount accumulated in equity are recycled to the statements 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 46 to the financial statements.

2.19 Embedded derivatives

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

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

2.20 Financial liabilities at fair value through profit or loss

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

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

2 Accounting policies (Cont'd)

2.21 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.22 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 period 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 year in which they arise. They are included in retained earnings in the statements of changes in equity / presented as a separate item in statements of changes in equity.

2.23 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 Accounting policies (Cont'd)

2.24 Share capital

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Current and deferred income taxes

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

2.26 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-based 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 Accounting policies (Cont'd)

2.27 Dividend distribution

Dividend distribution to the Bank's shareholders is recognised as a liability in the Bank's financial statements in the period in which the dividends are approved by the Bank's shareholders.

2.28 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 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Market risk (Cont'd)

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.

3.1.2 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.

(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's 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 28 to the financial statements.

6 Interbank and money market items, net (assets)

	Consolidated					
	2017			2016		
	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	2,328	-	2,328	2,402	-	2,402
Commercial banks	133	7,142	7,275	82	2,000	2,082
Specialised Financial Institutions	10	5,000	5,010	9	1,100	1,109
Other financial institutions	-	1,766	1,766	544	672	1,216
Total domestic items	2,471	13,908	16,379	3,037	3,772	6,809
<u>Add</u> Accrued interest receivables	-	6	6	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(10)	(10)	-	(4)	(4)
Domestic items, net	2,471	13,904	16,375	3,037	3,768	6,805
Foreign:						
US dollar	892	65	957	836	33	869
Yen	28	-	28	18	-	18
Euro	31	-	31	8	-	8
Other currencies	624	153	777	541	289	830
Total foreign items	1,575	218	1,793	1,403	322	1,725
<u>Add</u> Accrued interest receivables	-	1	1	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(1)	(1)	-	(3)	(3)
Foreign items, net	1,575	218	1,793	1,403	320	1,723
Domestic and foreign items, net	4,046	14,122	18,168	4,440	4,088	8,528

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

	Separate					
	2017			2016		
	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	2,328	-	2,328	2,402	-	2,402
Commercial banks	67	7,150	7,217	27	2,000	2,027
Specialised Financial Institutions	-	5,000	5,000	-	1,100	1,100
Other financial institutions	-	1,766	1,766	544	672	1,216
Total domestic items	2,395	13,916	16,311	2,973	3,772	6,745
<u>Add</u> Accrued interest receivables	-	6	6	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(10)	(10)	-	(4)	(4)
Domestic items, net	2,395	13,912	16,307	2,973	3,768	6,741
Foreign:						
US dollar	892	65	957	836	33	869
Yen	28	-	28	18	-	18
Euro	31	-	31	8	-	8
Other currencies	624	153	777	541	289	830
Total foreign items	1,575	218	1,793	1,403	322	1,725
<u>Add</u> Accrued interest receivables	-	1	1	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(1)	(1)	-	(3)	(3)
Foreign items, net	1,575	218	1,793	1,403	320	1,723
Domestic and foreign items, net	3,970	14,130	18,100	4,376	4,088	8,464

As at 31 December 2016, the Bank had promissory notes of 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 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 31 December 2017, since the right to claim on promissory note has expired, the Bank's claim on promissory note is reversed in the financial statement (Notes no 21).

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and Separate					
	2017			2016		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	13,418	13,527	1,208,482	13,786	14,416	990,115
Interest rate	7,325	4,343	1,173,675	6,508	4,803	1,329,051
Others	531	639	21,845	402	291	10,658
Total	21,274	18,509	2,404,002	20,696	19,510	2,329,824

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

	Consolidated and Separate	
	2017 Proportion	2016 Proportion
Financial institutions	92	90
Companies under common control	4	8
External parties	4	2
Total	100	100

7.2 Derivative for hedging

7.2.1 Fair value hedge

	Consolidated and Separate					
	2017			2016		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Interest rate	4	-	200	11	-	470
Total	4	-	200	11	-	470

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. 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 2017 and 2016 can be summarised as follows:

	Consolidated and Separate	
	2017 Million Baht	2016 Million Baht
Losses on hedging instruments, net	(6)	(5)
Gains on hedged items, net	5	5

7 Derivatives (Cont'd)

7.2 Derivative for hedging (Cont'd)

7.2.2 Cash flow hedge

	Consolidated and Separate					
	2017			2016		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	-	1,453		-	1,208	
Interest rate	-	3		528	663	
Total	-	1,456	22,365	528	1,871	19,939

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 loan, 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, and Interest Rate Swap contract with CIMB Bank Berhad and other parties (Notes no 21 (d), (e) and (h)).

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 31 December 2017 and 2016 can be summarised as follows:

	Consolidated and Separate			
	2017			
	3 months or less Million Baht	More than 3 months to 1 year Million Baht	More than 1 year to 5 years Million Baht	More than 5 years Million Baht
Cash inflow	10	29	2,660	-
Cash outflow	(232)	(314)	(9,296)	(4,187)
Net cashflow	(222)	(285)	(6,636)	(4,187)

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

8 Investments, net

8.1 Classified by type of investment

	Consolidated and Separate	
	2017 Fair value Million Baht	2016 Fair value Million Baht
Securities held for trading		
Government and state enterprises securities	9,117	4,135
Private sector debt securities	484	2,910
Total securities held for trading	9,601	7,045
Available-for-sale securities		
Government and state enterprises securities	17,118	24,497
Private sector debt securities	3,612	5,834
Domestic marketable equity securities	81	102
Total available-for-sales securities	20,811	30,433
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	13,163	16,791
Private sector debt securities	422	702
Investments in receivables (Note 8.6)	76	78
Total	13,661	17,571
<u>Less</u> Allowance for impairment	(61)	(60)
Total held-to-maturity debt securities	13,600	17,511
	Cost Million Baht	Cost Million Baht
General investments		
Domestic non-marketable equity securities	270	292
Overseas non-marketable equity securities	9	9
Total	279	301
<u>Less</u> Allowance for impairment	(231)	(228)
Total general investments	48	73
Investments, net	44,060	55,062

As at 31 December 2017 and 2016, the Bank had investments pledged as collateral, as mentioned in Note 42.1 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							
	2017				2016			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Available-for-sale securities								
Government and state enterprises securities	20	13,859	3,165	17,044	-	18,871	5,998	24,869
Private sector debt securities	439	2,892	256	3,587	61	5,350	440	5,851
Total	459	16,751	3,421	20,631	61	24,221	6,438	30,720
<u>Add</u> Allowance for revaluation	1	121	(22)	100	(1)	(171)	(217)	(389)
Allowance for impairment	(1)	-	-	(1)	-	-	-	-
Available-for-sale securities, net	459	16,872	3,399	20,730	60	24,050	6,221	30,331
Held-to-maturity securities								
Government and state enterprises securities	5,679	7,483	1	13,163	4,032	11,308	1,451	16,791
Private sector debt securities	288	134	-	422	278	424	-	702
Total	5,967	7,617	1	13,585	4,310	11,732	1,451	17,493
<u>Less</u> Allowance for impairment	-	-	-	-	-	-	-	-
Held-to-maturity securities, net	5,967	7,617	1	13,585	4,310	11,732	1,451	17,493
Total debt securities	6,426	24,489	3,400	34,315	4,370	35,782	7,672	47,824

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	
	2017 Million Baht	2016 Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
<u>Less</u> Allowance for impairment	(19)	(16)
Investments representing shareholdings in which the Group hold more than 10%, net	3	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			
	2017		2016	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	81	60	104	93
<u>Less</u> Allowance for revaluation	(18)		(8)	
<u>Less</u> Allowance for impairment	(3)		(3)	
General investments, net	60		93	

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

As at 31 December 2017 and 2016, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and Separate							
	2017				2016			
	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)	-	49	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	1	(1)	-
	67	43	(43)	-	67	43	(43)	-

8 Investments, net (Cont'd)

8.6 Investments in receivables

	Consolidated and Separate	
	2017	2016
	Million Baht	Million Baht
Investments in receivables	76	78
<u>Less</u> Allowance for impairment	(61)	(60)
Investments in receivables, net	<u>15</u>	<u>18</u>

As at 31 December 2017 and 2016, the outstanding balances of loan receivables can be summarised as follows:

	Consolidated and Separate							
	2017				2016			
	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	19.0	5,857	22,948	6,996	19.0
Outstanding investments in receivables as at the statements of financial position date	67	1,107	76	1.0	79	1,223	78	7.5

9 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		Separate Cost method	
			2017	2016	2017	2016
			%	%	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
Less Allowance for impairment					-	(383)
Investments in subsidiaries, net					1,708	1,325

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

As at 31 December 2017, the Bank recorded the reversal of allowance for impairment in subsidiaries of Baht 383 million in statement of comprehensive income. Since the subsidiaries have better performance over the past periods, the Bank re-assessed and reversed all allowance for impairment.

10 Loans and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Bank overdrafts	6,108	6,275	6,108	6,284
Loans	145,160	145,049	154,718	150,792
Bills	31,208	29,933	44,393	45,858
Hire-purchase receivables	35,532	30,148	-	-
Others	50	32	24	5
Total loans	218,058	211,437	205,243	202,939
Less Deferred revenue	(7,036)	(5,849)	(9)	(39)
Total loans net of deferred revenue	211,022	205,588	205,234	202,900
Add Accrued interest receivables	517	590	523	594
Total loans net of deferred revenue and accrued interest receivables	211,539	206,178	205,757	203,494
Less Allowance for doubtful debts (Note 11)				
Minimum allowance for doubtful accounts required based on BoT's guidelines				
- Individual approach	(6,165)	(6,251)	(5,942)	(6,125)
General provision for further losses	(3,704)	(3,542)	(3,314)	(3,542)
Less Revaluation allowance for debt restructuring (Note 12)	(106)	(45)	(106)	(45)
Loans and accrued interest receivables, net	201,564	196,340	196,395	193,782

10.2 Classified by currency and residency of debtors

	Consolidated					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	195,447	644	196,091	191,291	608	191,899
US dollar	11,493	1,370	12,863	10,774	1,686	12,460
Other currencies	754	1,314	2,068	1,214	15	1,229
Total loans net of deferred revenue	207,694	3,328	211,022	203,279	2,309	205,588

	Separate					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	189,659	644	190,303	188,603	608	189,211
US dollar	11,493	1,370	12,863	10,774	1,686	12,460
Other currencies	754	1,314	2,068	1,214	15	1,229
Total loans net of deferred revenue	201,906	3,328	205,234	200,591	2,309	202,900

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

10.3 Classified by types of business and loan classification

Consolidated						
2017						
	Pass	Special	Sub-	Doubtful	Doubtful	Total
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
		Million Baht	Million Baht		Million Baht	
Agricultural and mining	5,605	-	-	-	1	5,606
Manufacturing and commerce	38,497	4,305	1,243	1,370	3,395	48,810
Real estate and construction	10,625	1,097	161	22	211	12,116
Public utilities and services	26,030	733	354	563	549	28,229
Personal cash	12,536	563	214	-	192	13,505
Housing loans	57,545	1,638	662	791	335	60,971
Hire-purchase receivable and financial lease receivable	24,231	3,856	325	54	38	28,504
Others	12,873	186	91	95	36	13,281
Total loans net of deferred revenue	187,942	12,378	3,050	2,895	4,757	211,022

Consolidated						
2016						
	Pass	Special	Sub-	Doubtful	Doubtful	Total
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
		Million Baht	Million Baht		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
Hire-purchase receivable and financial lease receivable	21,279	2,769	232	42	16	24,338
Others	12,617	185	71	149	239	13,261
Total loans net of deferred revenue	180,210	12,659	4,578	4,761	3,380	205,588

Separate						
2017						
	Pass	Special	Sub-	Doubtful	Doubtful	Total
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
		Million Baht	Million Baht		Million Baht	
Agricultural and mining	5,605	-	-	-	1	5,606
Manufacturing and commerce	38,497	4,305	1,243	1,370	3,395	48,810
Real estate and construction	10,625	1,097	161	22	211	12,116
Public utilities and services	26,030	733	354	563	549	28,229
Personal cash	12,536	563	214	-	192	13,505
Housing loans	57,545	1,638	662	791	335	60,971
Others	35,589	186	91	95	36	35,997
Total loans net of deferred revenue	186,427	8,522	2,725	2,841	4,719	205,234

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

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

	Separate					Total
	2016					
	Pass	Special	Sub-	Doubtful	Doubtful	
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
		Million Baht	Million Baht		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

10.4 Classification of loans

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

(a) Loans of the Group

	Consolidated						
	2017				2016		
	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	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines							
- Pass	188,370	69,880	1	695	180,669	63,221	642
- Special mention	12,450	3,598	2	66	12,774	3,471	73
- Sub-standard	3,067	1,669	100	1,666	4,593	1,919	1,917
- Doubtful	2,895	1,321	100	1,321	4,761	2,474	2,474
- Doubtful-of-loss	4,757	2,407	100	2,417	3,381	1,141	1,145
General provision for further losses				3,704			3,542
Total	211,539	78,875		9,869	206,178	72,226	9,793

⁽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, 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.

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

10.4 Classification of loans (Cont'd)

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

	Separate							
	2017				2016			
	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	186,861	87,026	1	868	181,044	79,661	1	794
- Special mention	8,594	2,368	2	40	10,005	2,217	2	43
- Sub-standard	2,742	1,389	100	1,389	4,362	1,726	100	1,727
- Doubtful	2,841	1,267	100	1,267	4,719	2,432	100	2,432
- Doubtful-of-loss	4,719	2,368	100	2,378	3,364	1,125	100	1,129
General provision for further losses				3,314				3,542
Total	205,757	94,418		9,256	203,494	87,161		9,667

⁽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, 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 2017, the Group and the Bank had defaulted loans amounting to Baht 9,572 million and Baht 9,154 million, respectively (31 December 2016: Baht 10,657 million and Baht 10,367 million, respectively), were ceased recognition of interest income.

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

As at 31 December 2017 and 2016, 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	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Current or overdue less than				
1 installment	24,231	21,279	54	64
Overdue 2-3 installments	3,856	2,769	26	30
Overdue 4-6 installments	325	232	277	191
Overdue 7-12 installments	54	42	54	42
Overdue more than				
12 installments	34	11	34	12
Debtors under litigation	5	5	5	5
Total	28,505	24,338	450	344
General provision	-	-	390	-
Total	28,505	24,338	840	344

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

10.5 Non-performing loans

As at 31 December 2017 and 2016, the Group had the following non-performing loans, according to the criteria set up by the Bank of Thailand.

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
- Banking business	10,285	12,429	10,285	12,429
- Other businesses	417	290	-	-

As at 31 December 2017 and 2016, the above non-performing loans under the BoT's criteria were presented in accordance with the notification of the BoT's, defining non-performing loans to be debts classified as sub-standard, doubtful and doubtful-of-loss, and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with BoT criteria have already been fulfilled.

10.6 Hire-purchase and finance lease receivables

As at 31 December 2017, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 27,665 million (31 December 2016: Baht 23,994 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				
	2017				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	11,249	22,804	916	563	35,532
<u>Less</u> Unearned finance income	(2,960)	(3,883)	(39)	(145)	(7,027)
Present value of minimum lease payments receivable	8,289	18,921	877	418	28,505
<u>Less</u> Allowance for doubtful accounts					(840)
Net receivables under hire-purchase agreements and financial leases					27,665

	Consolidated				
	2016				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	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					23,994

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

10.7 Troubled debt restructuring

As at 31 December 2017, 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 2017	4,182	2,925
Restructured during the year ended 31 December 2017	1,230	2,441

Details of customers whose debts have been restructured during the year ended 31 December 2017 compared with total loan customers in the consolidated financial statements and separate financial statements 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	1,230	2,441	1,230	2,441
Total loan customers	402,277	211,022	173,731	205,234

Details of the restructured debts during the years ended 31 December 2017 and 2016, classified into the restructuring methods are as follows;

	Consolidated and Separate			
	2017			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Restructuring method				
Modifications of terms of payments	1,230	2,441	-	2,441
Total	1,230	2,441	-	2,441
	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

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

10.7 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					
	2017			2016		
	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	218	674	674	296	875	875
5 - 10 years	525	745	745	919	1,214	1,214
10 - 15 years	60	97	97	66	134	134
More than 15 years	427	925	925	556	1,120	1,120
Total	1,230	2,441	2,441	1,837	3,343	3,343

Supplemental information relating to the restructured debts for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated and Separate	
	2017 Million Baht	2016 Million Baht
Interest income	358	341

As at December 2017 and 2016, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and Separate	
	2017	2016
Number of debtors	5,323	5,897
Debt balances after restructuring (Million Baht)	4,681	4,354

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 2017, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 106 million (31 December 2016: Baht 45 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

11 Allowance for doubtful debts

	Consolidated						
	2017						
	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 2017	642	73	1,917	2,474	1,145	3,542	9,793
<u>Add</u> (Deduction) addition during the year	(10)	(4)	539	13	192	4,329	5,059
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	8	8
Bad debt recoveries	-	-	-	-	-	351	351
<u>Less</u> Bad debts written off	-	-	(456)	(2)	(1,837)	(17)	(2,312)
Reduction from sale of NPL	-	-	(3)	(1,427)	(1,520)	-	(2,950)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(69)	(69)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	63	(3)	(331)	263	4,437	(4,440)	(11)
Balance as at 31 December 2017	<u>695</u>	<u>66</u>	<u>1,666</u>	<u>1,321</u>	<u>2,417</u>	<u>3,704</u>	<u>9,869</u>

	Consolidated						
	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	577	80	1,345	940	1,209	2,579	6,730
<u>Add</u> (Deduction) addition during the year	(9)	(1)	331	18	182	5,779	6,300
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)	(356)	(2)	(3,024)	(36)	(3,429)
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	74	5	597	1,518	2,778	(4,999)	(27)
Balance as at 31 December 2016	<u>642</u>	<u>73</u>	<u>1,917</u>	<u>2,474</u>	<u>1,145</u>	<u>3,542</u>	<u>9,793</u>

11 Allowance for doubtful debts (Cont'd)

	Separate						
	2017						
	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 2017	794	43	1,727	2,432	1,129	3,542	9,667
<u>Add</u> Addition during the year	-	-	-	-	-	3,939	3,939
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	8	8
Bad debt recoveries	-	-	-	-	-	351	351
<u>Less</u> Bad debts written off	-	-	(4)	(1)	(1,668)	(17)	(1,690)
Reduction from sale of NPL	-	-	(3)	(1,427)	(1,520)	-	(2,950)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(69)	(69)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	74	(3)	(331)	263	4,437	(4,440)	-
Balance as at 31 December 2017	868	40	1,389	1,267	2,378	3,314	9,256

	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	99	4	599	1,519	2,778	(4,999)	-
Balance as at 31 December 2016	794	43	1,727	2,432	1,129	3,542	9,667

12 Revaluation allowance for debt restructuring

Consolidated and Separate		
	2017	2016
	Million Baht	Million Baht
Balance - beginning of the year	45	55
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	69	10
<u>Less</u> Bad debt written off	-	(2)
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(8)	(18)
Balance - end of the year	<u>106</u>	<u>45</u>

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

13 Properties for sale, net

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

	Consolidated		
	As at 1 January 2017 Million Baht	Additions Million Baht	Disposals Million Baht
Asset from debt repayment			
Immovable - Assessed by external appraiser	1,280	523	(1,000)
Movable	146	1,471	(1,388)
Total	1,426	1,994	(2,388)
Others	116	39	-
Total properties for sale	1,542	2,033	(2,388)
<u>Less</u> Allowance for impairment	(257)	(553)	657
Properties for sale, net	1,285	1,480	(1,731)

	Consolidated		
	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)
Movable	137	1,695	(1,686)
Total	1,492	2,013	(2,079)
Others	70	116	(70)
Total properties for sale	1,562	2,129	(2,149)
<u>Less</u> Allowance for impairment	(368)	(623)	734
Properties for sale, net	1,194	1,506	(1,415)

13 Properties for sale, net (Cont'd)

	Separate			
	As at 1 January 2017 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2017 Million Baht
Asset from debt repayment				
Immovable - Assessed by external appraiser	1,280	523	(1,000)	803
Total	1,280	523	(1,000)	803
Others	116	39	-	155
Total properties for sale	1,396	562	(1,000)	958
<u>Less</u> Allowance for impairment	(200)	(21)	151	(70)
Properties for sale, net	1,196	541	(849)	888

	Separate			
	As at 1 January 2016 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2016 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

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.

14 Premises and equipment, net

	Consolidated												
	Cost/appraisal value						Accumulated depreciation						
	As at 1 January 2017		Transfer In/(out)	Transfer to properties for sale	Disposals/ written off	As at 31 December 2017	As at 1 January 2017		Transfer to properties for sale	Disposals/ written off	As at 31 December 2017	Allowance for impairment	Net book value
	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Land													
Cost	453	-	-	(7)	-	446	-	-	-	-	-	-	446
Revaluation surplus (revaluation in 2016)	1,699	-	-	(22)	-	1,677	-	-	-	-	-	-	1,677
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings													
Cost	1,849	3	25	(34)	-	1,843	(1,129)	(55)	31	-	(1,153)	-	690
Revaluation surplus (revaluation in 2016)	1,147	-	-	(13)	-	1,134	(889)	(19)	7	-	(901)	-	233
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	-	(22)	11	-	-	-	11	-	(11)
Equipment	2,654	144	80	-	(290)	2,588	(2,090)	(192)	-	273	(2,009)	(11)	568
Assets under installation and/or construction	17	54	(68)	-	-	3	-	-	-	-	-	-	3
Total	7,779	201	37	(76)	(290)	7,651	(4,097)	(266)	38	273	(4,052)	(11)	3,588

14 Premises and equipment, net (Cont'd)

	Consolidated												
	Cost/appraisal value						Accumulated depreciation						
	As at 1 January 2016		Transfer In/(out)	Transfer to properties for sale	Disposals/ written off	As at 31 December 2016	As at 1 January 2016		Transfer to properties for sale	Disposals/ written off	As at 31 December 2016	Allowance for impairment	Net book value
	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	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	213	21	-	(573)	2,654	(2,356)	(248)	-	514	(2,090)	(12)	552
Assets under installation and/or construction	6	43	(32)	-	-	17	-	-	-	-	-	-	17
Total	7,950	665	5	(268)	(573)	7,779	(5,158)	397	150	514	(4,097)	(12)	3,670

14 Premises and equipment, net (Cont'd)

	Separate												
	Cost/appraisal value						Accumulated depreciation						
	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer In/(out) Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2017 Million Baht	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2017 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land													
Cost	453	-	-	(7)	-	446	-	-	-	-	-	-	446
Revaluation surplus (revaluation in 2016)	1,699	-	-	(22)	-	1,677	-	-	-	-	-	-	1,677
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings													
Cost	1,849	3	25	(34)	-	1,843	(1,129)	(55)	31	-	(1,153)	-	690
Revaluation surplus (revaluation in 2016)	1,147	-	-	(13)	-	1,134	(889)	(19)	7	-	(901)	-	233
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	-	(22)	11	-	-	-	11	-	(11)
Equipment	2,430	124	80	-	(277)	2,357	(1,927)	(171)	-	261	(1,837)	(11)	509
Assets under installation and/or construction	17	54	(68)	-	-	3	-	-	-	-	-	-	3
Total	7,555	181	37	(76)	(277)	7,420	(3,934)	(245)	38	261	(3,880)	(11)	3,529

14 Premises and equipment, net (Cont'd)

	Separate													
	Cost/appraisal value						Accumulated depreciation							
	As at 1 January 2016		Transfer In/(out)	Transfer to properties for sale	Disposals/ written off	As at 31 December 2016	As at 1 January 2016		Transfer to properties for sale	Disposals/ written off	As at 31 December 2016	Allowance for impairment	Net book value	
	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	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	179	21	-	(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	631	5	(268)	(550)	7,555	(5,001)	420	150	497	(3,934)	(12)	3,609	

15 Intangible assets, net

		Consolidated					
	Amortising period	As at 1 January 2017 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2017 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	78	169	(89)	(3)	-	155
Computer software	5 - 10 years	289	14	52	(38)	(102)	215
Licence fee	5 years	1	-	-	-	(1)	-
Total		368	183	(37)	(41)	(103)	370
Less Allowance for impairment		-					-
Net intangible assets		368					370

		Consolidated					
	Amortising period	As at 1 January 2016 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2016 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)	289
Licence fee	5 years	1	-	-	-	-	1
Total		379	117	(5)	(9)	(114)	368
Less Allowance for impairment		-					-
Net intangible assets		379					368

		Separate					
	Amortising period	As at 1 January 2017 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2017 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	78	169	(89)	(3)	-	155
Computer software	5 - 10 years	284	12	52	(38)	(100)	210
Licence fee	5 years	1	-	-	-	(1)	-
Total		363	181	(37)	(41)	(101)	365
Less Allowance for impairment		-					-
Net intangible assets		363					365

15 Intangible assets, net (Cont'd)

	Amortising period	Separate					As at 31 December 2016 Million Baht
		As at 1 January 2016 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	-	104	102	(128)	-	-	78
Computer software	5 - 10 years	268	13	123	(8)	(112)	284
Licence fee	5 years	1	-	-	-	-	1
Total		373	115	(5)	(8)	(112)	363
Less Allowance for impairment		-					-
Net intangible assets		373					363

16 Deferred income taxes

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

	Consolidated		Separate	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Beginning of the years	1,289	1,040	1,076	862
Charged to profit or loss	201	352	66	319
Tax credited relation to components of the comprehensive income	(121)	(103)	(123)	(105)
Charged directly to equity	4	-	4	-
End of the year	1,373	1,289	1,023	1,076

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

	Consolidated									
	Provision Million Baht	Tax losses Million Baht	Interest in suspense account Million Baht	Allowance for impairment of properties foreclosed Million Baht	Allowance for doubtful accounts Million Baht	Deferred income front-end fee and entry fee insurance Million Baht	Deferred income premium Million Baht	Fair value gain from investment Million Baht	Others Million Baht	Total Million Baht
Deferred tax assets										
At 1 January 2017	399	91	128	52	688	60	59	71	157	1,705
Charged (credited) to profit or loss	6	44	18	(21)	136	(12)	11	-	29	211
Tax credited relation to components of the comprehensive income	(15)	-	-	-	-	-	-	(71)	(12)	(98)
At 31 December 2017	390	135	146	31	824	48	70	-	174	1,818
At 1 January 2016	328	-	81	75	580	73	23	-	137	1,297
Charged (credited) to profit or loss	66	91	47	(23)	108	(13)	36	-	32	344
Tax charged (credited) to components of the comprehensive income	5	-	-	-	-	-	-	71	(12)	64
At 31 December 2016	399	91	128	52	688	60	59	71	157	1,705

16 Deferred income taxes (Cont'd)

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

	Consolidated			
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax liabilities				
At 1 January 2017	2	410	4	416
Charged (credited) to profit or loss	9	-	1	6
Tax charged relation to components of the comprehensive income	23	-	-	23
Credit to equity	-	(4)	-	(4)
At 31 December 2017	<u>34</u>	<u>406</u>	<u>5</u>	<u>445</u>
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>

	Separate									
	Provision Million Baht	Tax losses Million Baht	Interest in suspense account Million Baht	Allowance for impairment of properties foreclosed Million Baht	Allowance for doubtful accounts Million Baht	Deferred income front-end fee and entry fee insurance Million Baht	Deferred income premium Million Baht	Fair value gain from investment Million Baht	Others Million Baht	Total Million Baht
Deferred tax assets										
At 1 January 2017	384	91	122	41	619	60	59	71	45	1,492
Charged (credited) to profit or loss	3	44	16	(26)	37	(12)	11	-	3	76
Tax credited relation to components of the comprehensive income	(16)	-	-	-	-	-	-	(71)	(13)	(100)
At 31 December 2017	<u>371</u>	<u>135</u>	<u>138</u>	<u>15</u>	<u>656</u>	<u>48</u>	<u>70</u>	<u>-</u>	<u>35</u>	<u>1,468</u>
Deferred tax assets										
At 1 January 2016	317	-	76	65	508	73	23	-	57	1,119
Charged (credited) to profit or loss	64	91	46	(24)	111	(13)	36	-	-	311
Tax charged (credited) relation to components of the comprehensive income	3	-	-	-	-	-	-	71	(12)	62
At 31 December 2016	<u>384</u>	<u>91</u>	<u>122</u>	<u>41</u>	<u>619</u>	<u>60</u>	<u>59</u>	<u>71</u>	<u>45</u>	<u>1,492</u>

16 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 2017	2	410	4	416
Charged (credited) to profit or loss	9	-	1	6
Tax charged relation to components of the comprehensive income	23	-	-	23
Credit to equity	-	(4)	-	(4)
At 31 December 2017	34	406	5	445
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	2	410	4	416

17 Other assets, net

	Consolidated		Separate	
	2017 Million baht	2016 Million Baht	2017 Million baht	2016 Million Baht
Accrued interest and dividend receivables	300	406	300	406
Credit support assets on derivatives	4,138	5,823	4,138	5,823
Advances	34	22	34	22
Others assets awaiting account transfer	106	89	106	89
Commission receivables	77	47	77	47
Withholding tax receivable	157	98	156	93
Marginal deposits	85	82	75	70
Prepaid expenses	297	122	291	117
Others	1,831	1,048	1,642	892
Total	7,025	7,737	6,819	7,559
Less Allowance for impairment	(29)	(29)	(29)	(29)
Other assets, net	6,996	7,708	6,790	7,530

18 Deposits

18.1 Classified by type of deposits

	Consolidated		Separate	
	2017 Million baht	2016 Million Baht	2017 Million baht	2016 Million Baht
At call	2,072	2,353	2,074	2,353
Savings	59,518	82,377	59,802	82,575
Fixed	112,217	95,614	112,233	95,630
Negotiable certificate of deposit	3,594	3,319	3,594	3,319
Total deposits	177,401	183,663	177,703	183,877

18 Deposits (Cont'd)

18.2 Classified by currency and residency of depositors

		Consolidated					
		2017			2016		
		Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht		174,065	1,537	175,602	180,580	1,577	182,157
US dollar		1,253	203	1,456	825	216	1,041
Other currencies		274	69	343	281	184	465
Total		175,592	1,809	177,401	181,686	1,977	183,663
		Separate					
		2017			2016		
		Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht		174,367	1,537	175,904	180,794	1,577	182,371
US dollar		1,253	203	1,456	825	216	1,041
Other currencies		274	69	343	281	184	465
Total		175,894	1,809	177,703	181,900	1,977	183,877

19 Interbank and money market items (liabilities)

		Consolidated and Separate					
		2017			2016		
		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		-	2	2	-	210	210
Commercial banks		126	2,000	2,126	1,189	315	1,504
Specialised Financial Institutions		8	292	300	9	290	299
Finance, finance and securities, securities, and credit foncier companies		6,987	2,050	9,037	4,461	1,750	6,211
Other financial institutions		1,169	508	1,677	465	408	873
Total domestic items		8,290	4,852	13,142	6,124	2,973	9,097
Foreign:							
US dollar		98	1,308	1,406	1,376	1	1,377
Other currencies		956	144	1,100	875	246	1,121
Total foreign items		1,054	1,452	2,506	2,251	247	2,498
Total domestic and foreign items		9,344	6,304	15,648	8,375	3,220	11,595

20 Financial liabilities designated at fair value through profit or loss

	Consolidated and Separate	
	2017 Million Baht	2016 Million Baht
Debentures	5,228	6,451
Bills of Exchange	17,876	12,423
Total	<u>23,104</u>	<u>18,874</u>

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

	Consolidated and Separate	
	2017 Proportion	2016 Proportion
Financial institutions	74	63
External parties	26	37
Total	<u>100</u>	<u>100</u>

As at 31 December 2017 and 2016, 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 2016: 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 2016, the Bank issued debentures which will mature in 5 years with embedded callable range accrual swap. The debentures bear interest rate at 0 - 3.60% 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. However, these debentures were early terminated during the year 2017.
- The Bank issued debentures which will mature in 5 years with embedded callable inverse floater derivatives. The debentures bear interest rate at 6.20% - 6.60% per annum minus reference index of THBFIX 6 month (31 December 2016: 6.45% - 6.65% 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 2016: 7 - 23 years). They bear interest rate at between 2.68% - 5.18% per annum (31 December 2016: 2.68% - 5.18% per annum) with a payment of interest at maturity date. The Bank entered into interest rate swaps with other parties.

21 Debt issued and borrowings

	Consolidated					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Debentures						
Short term debentures maturing in 2017, coupon rate of 1.35% - 1.55% per annum	-	-	-	3,935	-	3,935
Short term debentures maturing in 2018, coupon rate of 1.28 %-1.45% per annum	3,048	-	3,048	-	-	-
Debentures maturing in 2020, coupon rate of 2.44% per annum	2,000	-	2,000	-	-	-
Subordinated debentures						
Subordinated debentures maturing in 2003	-	-	-	544	-	544
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,224	3,224	-	3,196	3,196
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,593	4,593	-	4,554	4,554
Subordinated debentures of Baht 3,000 million, maturing in 2022, coupon rate of 4.80% per annum	-	-	-	3,000	-	3,000
Structured debentures						
Structured debentures	1,104	-	1,104	50	-	50
	6,152	7,817	13,969	7,529	7,750	15,279
Strutured bills of exchange						
Strutured bills of exchange	1,800	3,464	5,264	1,800	2,723	4,523
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.18% per annum	700	-	700	5,780	-	5,780
	2,500	3,464	5,964	7,580	2,723	10,303
Total	8,652	11,281	19,933	15,109	10,473	25,582
<u>Less</u> Current portion of long-term borrowings	(4,263)	-	(4,263)	(10,309)	-	(10,309)
Long-term borrowings, net	4,389	11,281	15,670	4,800	10,473	15,273

21 Debt issued and borrowings (Cont'd)

	Separate					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Debentures						
Short term debentures maturing in 2017, coupon rate of 1.35% - 1.55% per annum	-	-	-	3,935	-	3,935
Short term debentures maturing in 2018, coupon rate of 1.28 %-1.45% per annum	3,048	-	3,048	-	-	-
Subordinated debentures						
Subordinated debentures maturing in 2003	-	-	-	544	-	544
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,224	3,224	-	3,196	3,196
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,593	4,593	-	4,554	4,554
Subordinated debentures of Baht 3,000 million, maturing in 2022, coupon rate of 4.80% per annum	-	-	-	3,000	-	3,000
Structured debentures						
Structured debentures	1,104	-	1,104	50	-	50
	4,152	7,817	11,969	7,529	7,750	15,279
Strutured bills of exchange						
Strutured bills of exchange	1,800	3,464	5,264	1,800	2,723	4,523
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.18% per annum	700	-	700	5,780	-	5,780
	2,500	3,464	5,964	7,580	2,723	10,303
Total	6,652	11,281	17,933	15,109	10,473	25,582
<u>Less</u> Current portion of long-term borrowings	(4,263)	-	(4,263)	(10,309)	-	(10,309)
Long-term borrowings, net	2,389	11,281	13,670	4,800	10,473	15,273

- (a) As at 31 December 2017, the Bank had short term debentures of Baht 3,048 million (31 December 2016: Baht 3,935 million) with fixed interest rates, interest will be paid on maturity date.
- (b) On 8 May 2017, Center Auto Lease Co., Ltd, which is the Bank's subsidiary, issued debentures. The subscription unit is at 2,000,000 units at Baht 1,000 each and issued price of Baht 1,000 each for an aggregate amount of Baht 2,000 million carrying constant interest rate of 2.44% per annum with a payment of interest every six months. The debenture has a tenor of 3 years and is due on 8 May 2020.
- (c) As at 31 December 2017, since the right on subordinated debentures of Baht 544 million has expired, the Bank obligation on subordinated debentures is reverse in the financial statement (Notes no 6) (31 December 2016: Baht 544 million).
- (d) 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.

21 Debt issued and borrowings (Cont'd)

- (e) 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.

- (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.

On 9 November 2017, the Bank exercised its option to early redeem all unsecured subordinated debentures amounting to Baht 3,000 million, maturing on 9 November 2022, which the Bank was able to early redeem (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor 439/2560 The approval of redemption of subordinated debentures.

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 2017, the Bank has structured debentures of Baht 1,104 million (31 December 2016: Baht 50 million) as follows:

- As at 31 December 2017, the Bank issued structured debentures (Maxi X-Change Single Barrier Bullish) of Baht 174 million (31 December 2016: Baht 50 million) with 6 months from respective issuance dates. The Bank will pay interest at maturity date according to the movement of the underlying.
- As at 31 December 2017, the Bank has short term structured debentures (Equity Linked Note) of Baht 341 million, typically with tenure of 1 to 9 months. Its return on investment is based to the underlying asset. The investor will earn coupon periodically until maturity unless the product goes to a condition that the Bank has to terminate the product. Otherwise, at maturity, the investor will either be required to purchase the underlying asset(s) or to redeem the note, depending on conditions of the product and the market price of the underlying asset(s) on the expiration date.
- The Bank issued structured debenture (Fund Link Note) of Baht 589 million, The return is based on movement of the price of mutual fund.

- (h) As at 31 December 2017, the Bank had credit linked bill of exchange (CLN) of Baht 5,264 million (31 December 2016: Baht 4,523 million) as follows:

- The Bank issued CLN of Baht 1,800 million (31 December 2016: 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 (31 December 2016: 3.75% - 4.01% per annum) with a payment of interest every six months.
- The Bank issued CLN of USD 106 million or equivalence Baht 3,464 million (31 December 2016: USD 76 million or equivalence Baht 2,723 million) which will mature in 8 - 14 years (31 December 2016: 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 + 1.6743% to 6M LIBOR + 2.39250% per annum (31 December 2016: 6M LIBOR + 2.24170% to 6M LIBOR + 2.39250% per annum) with a payment of interest every six-months.

- (i) As at 31 December 2017, the Bank had bill of exchange at call of Baht 700 million (31 December 2016: Baht 5,780 million) with fixed interest rates, interest will be paid on redemption date.

22 Provisions

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	138	30	138	30
Reserve for off-statements of financial position items	395	494	395	494
Provision for employee benefits	1,413	1,473	1,322	1,396
Total provisions	1,946	1,997	1,855	1,920

Provision for employee benefits

As at 31 December 2017, the pension benefits were only provided to 357 employees (31 December 2016: 390 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	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,413	1,473	1,322	1,396
Provision for employee benefits	1,413	1,473	1,322	1,396

Movements of provision for pension funds are as follows:

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,473	1,405	1,396	1,343
Current service costs	125	114	115	107
Interest costs	33	37	31	36
Remeasurements:				
Demographic assumptions	14	-	12	-
(Gain) losses from changes in financial assumptions	(62)	60	(56)	55
Experience gains	(32)	(35)	(39)	(37)
<u>Less</u> Pension benefits paid for the year	<u>(138)</u>	<u>(108)</u>	<u>(137)</u>	<u>(108)</u>
Ending balance	1,413	1,473	1,322	1,396

22 Provisions (Cont'd)

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

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	125	114	115	107
Interest costs	33	37	31	36
Total	158	151	146	143

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

Consolidated and Separate			
For the years ended 31 December			
	2017	2016	
Discount rate	2.75%	2.25%	
Salary increase rate	5.00%	5.00%	
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2017	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					
	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Weighted average discount rate	0.5%	0.5%	Decrease by 4.08%	Decrease by 4.24%	Increase by 4.36%	Increase by 4.54%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 9.33%	Increase by 9.68%	Decrease by 8.29%	Decrease by 8.58%

	Separate					
	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Weighted average discount rate	0.5%	0.5%	Decrease by 3.98%	Decrease by 4.14%	Increase by 4.25%	Increase by 4.43%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 9.13%	Increase by 9.46%	Decrease by 8.14%	Decrease by 8.41%

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 2017, the weighted average duration of the defined benefit obligation is 8 years (31 December 2016: 10 years).

22 Provisions (Cont'd)

Expected maturity analysis of undiscounted benefits:

	Consolidated			
	2017			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	91	336	1,384	1,811
	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
	Separate			
	2017			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	80	325	1,278	1,683
	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

23 Other liabilities

	Consolidated		Separate	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Credit support liabilities on derivatives	4,827	3,923	4,827	3,923
Amount due to Department of Alternative Energy Development and Efficiency	50	111	50	111
Other liabilities awaiting accounts transfer	576	466	576	466
Accrued interest	681	662	674	662
Deferred commission	90	146	97	146
Accrued expense	1,702	1,258	1,374	1,133
Others	793	810	341	369
Total	8,719	7,376	7,939	6,810

24 Share capital

	Consolidated and Separate			
	2017		2016	
	Number Million shares	Amount Million Baht	Number Million shares	Amount Million Baht
Registered				
Beginning of the year				
- Ordinary shares	24,775	12,387	27,410	13,705
Issuance/(reduction) of shares	5,505	2,753	(2,635)	(1,318)
End of the year	30,280	15,140	24,775	12,387
Issued and paid up				
Beginning of the year				
- Ordinary shares	24,775	12,387	24,775	12,387
Issuance of new share	5,505	2,753	-	-
End of the year	30,280	15,140	24,775	12,387

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 right shares for every 9 existing CIMB Thai shares, at the offering price of Baht 1 per share. The paid-up share capital and premium on share capital totalling Baht 2,752,747,964 and Baht 2,752,747,964, respectively.

The Bank registered an increase in its paid-up share capital with the Ministry of Commerce on 8 June 2017.

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.

25 Other reserves

	Consolidated	
	2017 Million Baht	2016 Million Baht
Revaluation surplus on assets	2,029	2,048
Revaluation surplus (deficit) on change in value of investments	115	(352)
Remeasurements of post-employment benefit Obligations	(176)	(256)
Foreign currency translation	4	35
Deficit from measuring fair value of hedging instrument for cash flow hedge	(54)	(116)
Income tax relating to components of other reserves comprehensive expenses	(383)	(265)
Total	1,535	1,094

25 Other reserves (Cont'd)

	Separate	
	2017	2016
	Million Baht	Million Baht
Revaluation surplus on assets	2,029	2,048
Revaluation surplus (deficit) on change in value of investments	115	(352)
Remeasurements of post - employment benefit obligations	(146)	(229)
Foreign currency translation	4	35
Deficit from measuring fair value of hedging instrument for cash flow hedge	(54)	(116)
Income tax relating to components of other reserves comprehensive expenses	(389)	(271)
Total	1,559	1,115

(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	
	2017	2016
	Million Baht	Million Baht
Balance - beginning of the year	2,048	970
<u>Add</u> Appraisal during the year	-	1,122
<u>Less</u> Amortisation	(19)	(44)
Balance - end of the year	2,029	2,048

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

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

	Consolidated and Separate	
	2017	2016
	Million Baht	Million Baht
Revaluation surplus on investments:		
Debt securities	143	18
Equity securities	33	44
Total	176	62
Revaluation deficit on investments:		
Debt securities	(43)	(406)
Equity securities	(18)	(8)
Total	(61)	(414)
Revaluation surplus (deficit) on change in value of investments, net	115	(352)

26 Statutory reserve

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

On 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.

On 25 August 2017, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 0.88 million as a statutory reserve.

As at 31 December 2017, the Bank had total statutory reserve of Baht 398.68 million (31 December 2016: Baht 397.80 million).

27 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. The Bank has no dividend announcement during 2017.

28 Capital funds

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

Capital fund	2017 Million Baht	Total capital to risk assets %	2016 Million Baht	Total capital to risk assets %
Tier I				
Issued and paid up share capital	15,140		12,387	
Share premium	8,465		5,713	
Statutory reserve	398		398	
Unappropriated surplus	7,181		7,863	
Other reserves	1,566		1,294	
Deduction on Tier I capital fund	(1,810)		(2,346)	
Total Tier I capital fund	30,940	12.94	25,309	10.73
Tier II				
Long-term subordinated debentures	9,086		12,087	
Reserve for loan classified as pass	703		643	
Total Tier II capital fund	9,789	4.09	12,730	5.40
Total capital funds	40,729	17.03	38,039	16.13

28 Capital funds (Cont'd)

Capital funds (Separate)	2017 Million Baht	Total capital to risk assets %	2016 Million Baht	Total capital to risk assets %
Tier I				
Issued and paid up share capital	15,140		12,387	
Share premium	8,465		5,713	
Statutory reserve	398		398	
Unappropriated surplus	5,699		7,013	
Other reserves	1,608		1,337	
Deduction on Tier I capital fund	(1,432)		(2,739)	
Total Tier I capital fund	29,878	12.47	24,109	10.16
Tier II				
Long-term subordinated debentures	9,086		12,086	
Reserve for loan classified as pass	880		799	
Total Tier II capital fund	9,966	4.16	12,885	5.42
Total capital funds	39,844	16.63	36,994	15.58

As at 31 December 2017, the Bank's regulatory capital after deducting capital add-on arising from single lending was Baht 39,844 million (31 December 2016: Baht 36,994 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 2017 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision on its website at www.cimbthai.com within four months after the statements of financial position date.

29 Share-based payments

Equity Ownership Plan (EOP)

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

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

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed of at market price. For shares granted 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 5.21 per share (31 December 2016: MYR 4.17 per share).

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

	Number of ordinary shares under the EOP as at	
	2017	2016
	units '000	units '000
Beginning of financial years	1,342	649
Awarded during financial years	852	1,044
Released during financial years	(776)	(351)
End of financial years	1,418	1,342

For the year ended 31 December 2017, the Bank set up share-based payment reserves and expenses amounting to Baht 37 million (for the year ended 31 December 2016: Baht 31 million).

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

30.1 Position classified by type of transaction

	Consolidated					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	294,079	6,525	300,604	291,294	6,176	297,470
Interbank and money market items , net	16,375	1,793	18,168	6,805	1,723	8,528
Derivative assets	19,670	1,608	21,278	18,881	2,354	21,235
Investments, net and investments in subsidiaries, net	44,054	6	44,060	55,056	6	55,062
Loans to customers and accrued interest receivables, net	198,447	3,117	201,564	194,248	2,092	196,340
Deposits	175,592	1,809	177,401	181,686	1,977	183,663
Interbank and money market items	13,142	2,506	15,648	9,097	2,498	11,595
Financial liabilities designated at fair value through profit or loss	23,104	-	23,104	18,874	-	18,874
Derivative liabilities	16,855	3,110	19,965	16,596	4,785	21,381
Debt issued and borrowings	8,652	11,281	19,933	15,110	10,473	25,583

	Separate					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	289,782	6,525	296,307	289,447	6,176	295,623
Interbank and money market items, net	16,307	1,793	18,100	6,741	1,723	8,464
Derivative assets	19,670	1,608	21,278	18,881	2,354	21,235
Investments, net and investments in subsidiaries, net	45,762	6	45,768	56,381	6	56,387
Loans to customers and accrued interest receivables, net	193,278	3,117	196,395	191,690	2,092	193,782
Deposits	175,894	1,809	177,703	181,900	1,977	183,877
Interbank and money market items	13,142	2,506	15,648	9,097	2,498	11,595
Financial liabilities designated at fair value through profit or loss	23,104	-	23,104	18,874	-	18,874
Derivative liabilities	16,855	3,110	19,965	16,596	4,785	21,381
Debt issued and borrowings	6,652	11,281	17,933	15,110	10,473	25,583

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

30.2 Performance classified by type of transaction

	Consolidated					
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	14,442	116	14,558	14,557	115	14,672
Interest expenses	(3,881)	(474)	(4,355)	(4,443)	(363)	(4,806)
Net interest income (expenses)	10,561	(358)	10,203	10,114	(248)	9,866
Net fees and services income	1,944	-	1,944	1,636	-	1,636
Other operating income	1,008	-	1,008	1,426	-	1,426
Other operating expenses	(7,613)	-	(7,613)	(7,424)	-	(7,424)
Bad and doubtful debts and impairment losses	(5,075)	22	(5,053)	(6,074)	(205)	(6,279)
Profit (loss) from continuing operation before income tax expense	825	(336)	489	(322)	(453)	(775)
Separate						
	2017			2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	11,797	116	11,913	12,609	115	12,724
Interest expenses	(3,851)	(474)	(4,325)	(4,444)	(363)	(4,807)
Net interest income (expenses)	7,946	(358)	7,588	8,165	(248)	7,917
Net fees and services income	1,247	-	1,247	1,051	-	1,051
Other operating income	1,228	-	1,228	1,404	-	1,404
Other operating expenses	(6,118)	-	(6,118)	(6,166)	-	(6,166)
Bad and doubtful debts and impairment losses	(3,966)	22	(3,944)	(5,580)	(205)	(5,785)
Profit (loss) from continuing operation before income tax expense	337	(336)	1	(1,126)	(453)	(1,579)

31 Interest income

	Consolidated		Separate	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Interbank and money market items	165	69	165	69
Investments and trading transactions	195	153	195	153
Investments in debt securities	950	1,160	950	1,160
Loans	9,878	10,588	10,558	11,320
Hire-purchase and financial lease income	3,325	2,680	-	-
Others	45	22	45	22
Interest income	14,558	14,672	11,913	12,724

32 Interest expenses

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	2,386	2,611	2,388	2,612
Interbank and money market items	219	282	219	282
Contribution fees to the Deposit Protection Agency	18	18	18	18
Contribution fees to FIDF	944	973	944	973
Debt securities issued				
- Subordinated debentures	578	569	578	569
- Others	133	302	133	302
Borrowings	32	-	-	-
Others	45	51	45	51
Interest expenses	<u>4,355</u>	<u>4,806</u>	<u>4,325</u>	<u>4,807</u>

33 Net fees and services income

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	94	101	108	101
ATM, debit card and credit card fees	88	104	88	104
Brokerage income	873	873	760	585
Management fees	108	111	108	111
Others	977	649	407	389
Fees and services income	<u>2,140</u>	<u>1,838</u>	<u>1,471</u>	<u>1,290</u>
Fees and services expenses				
Collection fees	(53)	(57)	(96)	(107)
ATM fees	(36)	(40)	(36)	(40)
Others	(107)	(105)	(92)	(92)
Fees and services expenses	<u>(196)</u>	<u>(202)</u>	<u>(224)</u>	<u>(239)</u>
Net fees and services income	<u>1,944</u>	<u>1,636</u>	<u>1,247</u>	<u>1,051</u>

34 Gains on tradings and foreign exchange transactions, net

	Consolidated and Separate	
	2017	2016
	Million Baht	Million Baht
Gains (losses) on tradings and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	350	664
Interest rate derivatives	1,633	504
Debt securities	193	(1)
Equity securities	12	-
Others	36	235
Total	<u>2,224</u>	<u>1,402</u>
Gains from hedging	<u>14</u>	<u>-</u>
Gains on tradings and foreign exchange transactions, net	<u>2,238</u>	<u>1,402</u>

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

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

	Consolidated and Separate	
	2017	2016
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	(1,310)	(314)
Debentures	(50)	(175)
Interest expenses	(374)	(321)
Total	<u>(1,734)</u>	<u>(810)</u>

36 Gains on investments, net

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales				
Available-for-sale	110	481	110	481
Held-to-maturity	1	1	1	1
General investments	-	1	-	1
Gains on sales, net	<u>111</u>	<u>483</u>	<u>111</u>	<u>483</u>
Impairment (loss) reversal				
General investments	(3)	-	(3)	-
Investment in subsidiaries	-	-	383	-
(Loss) reversal of impairment, net	<u>(3)</u>	<u>-</u>	<u>380</u>	<u>-</u>
Gains on investments, net	<u>108</u>	<u>483</u>	<u>491</u>	<u>483</u>

37 Other operating income

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	37	29	34	27
Gains on sales of properties for sales	-	-	73	109
Income from reversal of bad debts	216	150	-	-
Dividend income	14	20	14	62
Other income	129	153	112	131
Other operating income	<u>396</u>	<u>352</u>	<u>233</u>	<u>329</u>

38 Bad and doubtful debts and impairment losses

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	4	6	4	6
Held-to-maturity debt securities	1	-	1	-
Loans	5,048	6,273	3,939	5,779
Total	<u>5,053</u>	<u>6,279</u>	<u>3,944</u>	<u>5,785</u>

39 Corporate income tax

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the year	309	207	-	-
Total current tax	<u>309</u>	<u>207</u>	<u>-</u>	<u>-</u>
Deferred tax:				
Decrease in deferred tax assets (Note 16)	(211)	(344)	(76)	(311)
(Increase) decrease in deferred tax liabilities (Note 16)	6	(8)	6	(8)
Total deferred tax	<u>(205)</u>	<u>(352)</u>	<u>(70)</u>	<u>(319)</u>
Total tax charge	<u>104</u>	<u>(145)</u>	<u>(70)</u>	<u>(319)</u>

39 Corporate income tax (Cont'd)

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

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Profit (loss) before tax	489	(775)	1	(1,579)
Tax calculated at a tax rate of 20%	98	(155)	-	(316)
Tax effect of:				
Income not subject to tax	(9)	(17)	(86)	(17)
Expenses not deductible for tax purpose	24	21	23	19
Adjustment in respect of prior year	(7)	3	(7)	(5)
Allowance for doubtful debt from subsidiaries	(2)	3	-	-
Total tax charge	104	(145)	(70)	(319)

The weighted average applicable tax rate in the consolidated and separate financial statements as at 31 December 2017 was 21% and 5,068% respectively, as result of the Bank recorded the reversal of allowance for impairment in subsidiaries (31 December 2016: 19% and 20% respectively).

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

	Consolidated					
	2017			2016		
	Before tax	Tax (charge)	After tax	Before tax	Tax (charge)	After tax
	Million Baht	credit	Million Baht	Million Baht	credit	Million Baht
Fair value gains:						
Land and buildings	-	-	-	1,033	(207)	826
Properties for sale	-	-	-	45	(9)	36
Cash flow hedges	62	(12)	50	58	(12)	46
Remeasurements of post-employment benefit obligation	80	(17)	63	(24)	5	(19)
Available-for-sale financial asset	467	(93)	374	(644)	129	(515)
Other comprehensive income (expenses)	609	(122)	487	468	(94)	374
Current tax		309			207	
Deferred tax		(205)			(352)	
		104			(145)	

39 Corporate income tax (Cont'd)

The tax (charge) credit relating to component of other comprehensive income is as follows: (Cont'd)

	Separate					
	2017			2016		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	-	-	-	1,033	(207)	826
Properties for sale	-	-	-	45	(9)	36
Cash flow hedges	62	(12)	50	58	(12)	46
Remeasurements of post-employment benefit obligation	83	(17)	66	(18)	4	(14)
Available-for-sale financial asset	467	(93)	374	(644)	129	(515)
Other comprehensive income (expenses)	612	(122)	490	474	(95)	379
Current tax		-			-	
Deferred tax		(70)			(319)	
		(70)			(319)	

The tax (charged)/credited directly to equity during the year is as follows:

	Consolidated and Separate	
	2017 Million Baht	2016 Million Baht
Deferred tax:		
Land and buildings	10	-
Properties for sale	(6)	-
	4	-

In addition, deferred income tax of Baht 3.8 million (31 December 2016: Baht 10 million) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

40 Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees contribute to the fund - managed by CIMB Principal Asset Management Company Limited - at rate of 3% - 15% of their basic salaries, and the Bank and its subsidiaries contribute at rate of 5%, and disburse to staff when their employment is terminated under the terms and conditions of the fund. For the year ended 31 December 2017, Baht 92 million and Baht 74 million was contributed to the fund by the Group and the Bank (for the year ended 31 December 2016: Baht 113 million and Baht 98 million, respectively).

41 Earnings per share

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

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2017 and 2016.

42 Encumbrance of assets

42.1 Assets used as collateral

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

	Consolidated and Separate	
	2017	2016
	Million Baht	Million Baht
Utilities usage	7	8
Total	7	8

42.2 Assets subject to obligation

The Bank has obligated properties for sale, which have sales restriction conditions within 3 years from the debt restructuring agreement dates. As at 31 December 2017, the properties for sale had net book value of Baht 319 million (31 December 2016: Baht 651 million).

As at 31 December 2017 and 2016, the investments subject to such obligations are as follows:

	Consolidated and Separate			
	2017		2016	
	Numbers	Cost Million Baht	Numbers	Cost Million Baht
Year of maturity				
2019 onwards	2	319	5	651
Assets subject to obligation	2	319	5	651

43 Commitments and contingent liabilities

43.1 Commitments

As at 31 December 2017 and 2016, significant commitments of the Bank consist of:

	Consolidated					
	2017			2016		
	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	81	-	81	28	-	28
Guarantees of loans	9	-	9	9	-	9
Total avals to bills and guarantees of loans	90	-	90	37	-	37
Liability under unmaturred import bills:						
Liability under unmaturred import bills	-	299	299	23	467	490
Letters of credit:						
Letters of credit	131	1,552	1,683	22	1,309	1,331
Other commitments:						
Forward and spot contracts						
- Bought	-	498,047	498,047	-	387,446	387,446
- Sold	-	478,403	478,403	-	364,404	364,404
Cross currency and interest rate swap contract						
- Bought	-	146,019	146,019	-	142,870	142,870
- Sold	-	104,973	104,973	-	113,050	113,050
Interest rate swap contracts						
- Fixed rate payee	478,715	74,618	553,333	552,141	80,430	632,571
- Floating rate payee	514,304	127,587	641,891	579,814	134,576	714,390
Foreign exchange option						
- Call option sales contracts	-	61	61	-	57	57
- Put option sales contracts	-	450	450	-	995	995
- Call option purchase contracts	-	433	433	-	1,074	1,074
- Put option purchase contracts	-	11	11	-	157	157
Commodity						
- Bought	-	128	128	-	107	107
- Sold	-	127	127	-	106	106
Credit derivatives						
- Bought	1,800	3,464	5,264	1,800	2,723	4,523
- Sold	1,800	3,464	5,264	1,800	2,723	4,523
Swaption						
- Sold	1,500	-	1,500	-	-	-
Fund Option						
- Bought	-	998	998	-	-	-
- Sold	-	998	998	-	-	-
Equity option						
- Bought	308	-	308	-	-	-
- Sold	308	-	308	-	-	-
Bond forward						
- Sold	8,450	-	8,450	1,399	-	1,399
Investments						
- Bought	460	-	460	2,880	-	2,880
- Sold	710	-	710	3,788	-	3,788
Undrawn bank overdrafts	17,674	-	17,674	18,404	-	18,404
Undrawn credit line	19,874	5,199	25,073	15,110	10,095	25,205
Other guarantees	9,634	183	9,817	10,194	469	10,663
Other commitments	1,055,537	1,445,163	2,500,700	1,187,330	1,241,282	2,428,612
Total commitments	1,055,758	1,447,014	2,502,772	1,187,412	1,243,058	2,430,470

43 Commitments and contingent liabilities (Cont'd)

43.1 Commitments (Cont'd)

As at 31 December 2017 and 2016, significant commitments of the Bank consist of: (Cont'd)

	Separate					
	2017			2016		
	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	81	-	81	28	-	28
Guarantees of loans	2,159	-	2,159	9	-	9
Total avals to bills and guarantees of loans	2,240	-	2,240	37	-	37
Liability under unmatured import bills:						
Liability under unmatured import bills	-	299	299	23	467	490
Letters of credit:						
Letters of credit	131	1,552	1,683	22	1,309	1,331
Other commitments:						
Forward and spot contracts						
- Bought	-	498,047	498,047	-	387,446	387,446
- Sold	-	478,403	478,403	-	364,404	364,404
Cross currency and interest rate swap contract						
- Bought	-	146,019	146,019	-	142,870	142,870
- Sold	-	104,973	104,973	-	113,050	113,050
Interest rate swap contracts						
- Fixed rate payee	478,715	74,618	553,333	552,141	80,430	632,571
- Floating rate payee	514,304	127,587	641,891	579,814	134,576	714,390
Foreign exchange option						
- Call option sales contracts	-	61	61	-	57	57
- Put option sales contracts	-	450	450	-	995	995
- Call option purchase contracts	-	433	433	-	1,074	1,074
- Put option purchase contracts	-	11	11	-	157	157
Commodity						
- Bought	-	128	128	-	107	107
- Sold	-	127	127	-	106	106
Credit derivatives						
- Bought	1,800	3,464	5,264	1,800	2,723	4,523
- Sold	1,800	3,464	5,264	1,800	2,723	4,523
Swaption						
- Sold	1,500	-	1,500	-	-	-
Fund Option						
- Bought	-	998	998	-	-	-
- Sold	-	998	998	-	-	-
Equity option						
- Bought	308	-	308	-	-	-
- Sold	308	-	308	-	-	-
Bond forward						
- Sold	8,450	-	8,450	1,399	-	1,399
Investments						
- Bought	460	-	460	2,880	-	2,880
- Sold	710	-	710	3,788	-	3,788
Undrawn bank overdrafts	17,674	-	17,674	18,404	-	18,404
Undrawn credit line	19,874	5,199	25,073	15,110	10,095	25,205
Other guarantees	9,634	183	9,817	10,194	469	10,663
Other commitments	1,055,537	1,445,163	2,500,700	1,187,330	1,241,282	2,428,612
Total commitments	1,057,908	1,447,014	2,504,922	1,187,412	1,243,058	2,430,470

43 Commitments and contingent liabilities (Cont'd)

43.2 Contingent liabilities

As at 31 December 2017 and 2016, 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	
	2017	2016
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	211	296
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	631	766
- Sum of claims that cannot be specifically attributed to the Group	304	357
Total	1,146	1,419

As at 31 December 2017, 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 16 million and Baht 276 million, respectively. However, the Bank is in the process of appealing the decisions (31 December 2016: Baht 9 million and Baht 71 million, respectively). The Bank recognised provisions for contingent loss from legal cases of approximately Baht 139 million (31 December 2016: Baht 30 million). The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases.

In addition, the Bank recognised reserves of Baht 395 million (31 December 2016: Baht 494 million) for off-statement of financial position items related to guarantees for which the Group have been sued as defendants.

43.3 Commitments under long-term leases

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	326	309	231	257
4 - 5 years	10	6	5	6
6 - 10 years	4	5	4	5
11 - 30 years	-	1	-	1
Total	340	321	240	269

43.4 Other commitments

As at 31 December 2017, 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 119.6 million, MYR 2.7 million and USD 58.4 thousand and SGD 444.2 thousand under such agreements (31 December 2016: Baht 83 million, MYR 3.57 million and USD 6.1 million and SGD 715 thousand).

44 Related-party transactions

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

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

During the 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	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	682	733
Fee income	-	-	28	5
Dividend income	-	-	-	42
Expenses:				
Interest expenses	-	-	1	1
Fee expenses	-	-	43	51
Premises and equipments expenses	-	-	(7)	(6)
Parent company				
Revenue:				
Interest income	14	-	14	-
Expenses:				
Interest expenses	205	97	205	97
Fee expenses	62	42	62	42
Premises and equipment expenses	3	6	3	6
Other expenses	1	-	1	-
Related companies				
Revenue:				
Fee income	525	215	525	215
Other income	1	-	1	-
Expenses:				
Interest expenses	18	14	18	14
Fee expenses	13	36	13	36
Premises and equipment expenses	(12)	(9)	(12)	(9)
Other expenses	101	-	101	-

44 Related-party transactions (Cont'd)

The outstanding balances of significant related-party transactions as at 31 December 2017 and 2016 are as follows:

Consolidated							
2017							
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Parent company</u>							
CIMB Bank Berhad	-	-	13	1,251	-	3,802	1,479
	-	-	13	1,251	-	3,802	1,479
<u>Companies under common control</u>							
CIMB Bank Plc, Cambodia	-	-	61	-	-	-	44
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	93
PT Bank CIMB Niaga Tbk	-	-	-	-	-	-	2
CIMB Securities (Singapore)	-	-	-	-	8	-	-
CIMB Securities (Thailand) Co., Ltd	-	-	-	-	874	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	261	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	752	302	-	18
	-	-	61	752	1,445	-	157
<u>Other related companies</u>	29	30	-	-	8	-	-
	29	30	-	-	8	-	-
<u>Related persons</u>	15	11	-	-	473	-	-
	15	11	-	-	473	-	-
Consolidated							
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
<u>Parent company</u>							
CIMB Bank Berhad	-	-	44	2,132	-	3,755	1,194
	-	-	44	2,132	-	3,755	1,194
<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

CIMB Thai Bank Public Company Limited
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44 Related-party transactions (Cont'd)

	Separate 2017						
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Subsidiary companies</u>							
Center Auto Lease Co., Ltd.	19,141	19,730	2,150	1	184	-	8
World Lease Co., Ltd.	2,786	3,018	-	1	69	-	-
CT Coll Co., Ltd.	8	-	-	1	49	-	7
	21,935	22,748	2,150	3	302	-	15
<u>Parent company</u>							
CIMB Bank Berhad	-	-	13	1,251	-	3,802	1,479
	-	-	13	1,251	-	3,802	1,479
<u>Companies under common control</u>							
CIMB Bank Plc, Cambodia	-	-	61	-	-	-	44
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	93
PT Bank CIMB Niaga Tbk	-	-	-	-	-	-	2
CIMB Securities (Singapore)	-	-	-	-	8	-	-
CIMB Securities (Thailand) Co., Ltd	-	-	-	-	874	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	261	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	752	302	-	18
	-	-	61	752	1,445	-	157
<u>Other related companies</u>	29	30	-	-	8	-	-
	29	30	-	-	8	-	-
<u>Related persons</u>	13	8	-	-	470	-	-
	13	8	-	-	470	-	-

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

44 Related-party transactions (Cont'd)

As at 31 December 2017 and 2016, the Group and the Bank has commitments in financial derivatives with related parties as follows :

	2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	17,110	88	17,198
- Floating rate payee	54,527	1,306	55,833
Forward and spot contracts			
- Bought	-	2,657	2,657
- Sold	-	217	217
Cross currency and interest rate swap contracts			
- Bought	-	8,622	8,622
- Sold	-	1,634	1,634
Commodity			
- Bought	-	128	128
Swaption			
- Sold	1,500	-	1,500
Credit derivatives			
- Sold	1,800	3,464	5,264
Equity option			
- Sold	308	-	308
	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

44 Related-party transactions (Cont'd)

Director and management remuneration

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

	Consolidated		Separate	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	485	461	457	432
Long-term employee benefits	17	22	16	22
Share-based payments (Note 29)	37	31	37	31
Director and management remuneration	<u>539</u>	<u>514</u>	<u>510</u>	<u>485</u>

The details of share-based payment are as follows:

	Consolidated and Separate	
	2017	2016
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	852	1,044

45 Financial information by segment

Business segment reporting is consisted of:

Consumer banking

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

Wholesale banking

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

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

45 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 2017 and 2016 and for the years ended 31 December 2017 and 2016 are as follows:

Consolidated					
2017					
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	8,070	1,905	227	-	10,202
Net fees and service income	1,607	325	32	(19)	1,945
Other operating income	485	251	657	(385)	1,008
Other operating expenses	(6,005)	(1,592)	(22)	6	(7,613)
Bad and doubtful debts and impairment losses	(4,397)	(105)	(561)	10	(5,053)
Income tax expenses	54	(167)	9	-	(104)
Net (loss) profit for the year	(186)	617	342	(388)	385

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	(333)	222	(503)	(16)	(630)

45 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other businesses		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	296,307	295,623	28,777	24,783	69	77	(24,549)	(23,013)	300,604	297,470
Interbank and money market items, net (assets)	18,100	8,464	321	222	49	56	(302)	(214)	18,168	8,528
Investments, net	44,060	55,062	-	-	-	-	-	-	44,060	55,062
Loans and accrued interest receivables, net	196,395	193,782	27,681	24,013	9	9	(22,521)	(21,464)	201,564	196,340
Deposits	177,703	183,877	-	-	-	-	(302)	(214)	177,401	183,663
Interbank and money market items (liabilities)	15,648	11,595	22,742	21,669	-	8	(22,742)	(21,677)	15,648	11,595
Financial liabilities designated at fair value through profit or loss	23,104	18,874	-	-	-	-	-	-	23,104	18,874
Debt issued and borrowings	17,933	25,583	2,000	-	-	-	-	-	19,933	25,583

46 Financial instruments

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

46.1 Credit risk

As at 31 December 2017 and 2016, 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					
	Counting from 2017			Counting from 2016		
	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	81	-	81	28	-	28
Guarantees of loans	9	-	9	9	-	9
Liabilities under unmatured import bills	299	-	299	490	-	490
Letters of credit	1,683	-	1,683	1,331	-	1,331
Other guarantees	8,397	1,420	9,817	9,739	924	10,663

	Separate					
	Counting from 2017			Counting from 2016		
	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	81	-	81	28	-	28
Guarantees of loans	9	2,150	2,159	9	-	9
Liabilities under unmatured import bills	299	-	299	490	-	490
Letters of credit	1,683	-	1,683	1,331	-	1,331
Other guarantees	8,397	1,420	9,817	9,739	924	10,663

46 Financial instruments (Cont'd)

46.2 Market risk

(a) Interest rate risk

As at 31 December 2017 and 2016, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated			
	2017			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	1,591	1,591
Interbank and money market items, net	595	14,134	3,443	18,172
Investments, net	15	43,916	129	44,060
Loans net of deferred revenue	135,795	75,227	-	211,022
Accounts receivable - bill of exchange	-	750	827	1,577
Total financial assets	136,405	134,027	5,990	276,422
Financial liabilities				
Deposits	56,329	119,000	2,072	177,401
Interbank and money market items	6,355	7,759	1,534	15,648
Liabilities payable on demand	-	-	255	255
Financial liabilities designated at fair value through profit or loss	23,104	-	-	23,104
Debt issued and borrowings	5,853	13,739	341	19,933
Total financial liabilities	91,641	140,498	4,202	236,341
Consolidated				
2016				
Descriptions	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

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2017 and 2016, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Descriptions	Separate 2017			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
Financial assets				
Cash	-	-	1,589	1,589
Interbank and money market items, net	545	14,135	3,424	18,104
Investments, net	15	43,916	129	44,060
Loans net of deferred revenue	135,769	69,465	-	205,234
Accounts receivable - bill of exchange	-	750	827	1,577
Total financial assets	136,329	128,266	5,969	270,564
Financial liabilities				
Deposits	56,612	119,017	2,074	177,703
Interbank and money market items	6,355	7,759	1,534	15,648
Liabilities payable on demand	-	-	255	255
Financial liabilities designated at fair value through profit or loss	23,104	-	-	23,104
Debt issued and borrowings	5,853	11,739	341	17,933
Total financial liabilities	91,924	138,515	4,204	234,643

Descriptions	Separate 2016			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing 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

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2017 and 2016, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Transactions	Consolidated							Weighted average interest rates %
	2017							
	Repricing or maturity date							
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	Total Million Baht	
Financial assets								
Interbank and money market items, net	150	12,401	1,430	153	-	-	14,134	1.66
Investments, net	-	113	6,459	24,762	12,582	-	43,916	2.85
Loans net of deferred revenue	1,494	23,129	11,864	36,394	2,346	-	75,227	10.23
Accounts receivable - bill of exchange	-	138	531	81	-	-	750	2.50
Total financial assets	1,644	35,781	20,284	61,390	14,928	-	134,027	
Financial liabilities								
Deposits	3,189	63,083	50,628	2,100	-	-	119,000	1.48
Interbank and money market items	1,456	4,495	1,572	30	206	-	7,759	1.30
Debt issued and borrowings	700	1,148	2,074	2,000	7,817	-	13,739	3.85
Total financial liabilities	5,345	68,726	54,274	4,130	8,023	-	140,498	
Transactions	Consolidated							Weighted average interest rates %
	2016							
	Repricing or maturity date							
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	Total Million Baht	
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	10.67
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	

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2017 and 2016, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Transactions	Separate 2017						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	150	12,401	1,430	154	-	-	14,135	1.66
Investments, net	-	113	6,459	24,762	12,582	-	43,916	2.85
Loans net of deferred revenue	1,494	31,985	9,449	24,866	1,671	-	69,465	6.20
Accounts receivable - bill of exchange	-	138	531	81	-	-	750	2.50
Total financial assets	1,644	44,637	17,869	49,863	14,253	-	128,266	
Financial liabilities								
Deposits	3,190	63,088	50,639	2,100	-	-	119,017	1.47
Interbank and money market items	1,456	4,495	1,572	30	206	-	7,759	1.30
Debt issued and borrowings	700	1,148	2,074	-	7,817	-	11,739	4.09
Total financial liabilities	5,346	68,731	54,285	2,130	8,023	-	138,515	
Transactions	Separate 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	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	

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate 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).

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 2017 and 2016, can be summarised as follows:

	Consolidated					
	2017			2016		
	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	10,491	165	1.57	5,703	69	1.21
Investments, net	49,159	1,145	2.33	55,810	1,313	2.35
Loans	203,835	13,203	6.48	202,475	13,268	6.55
Total performing financial assets	263,485	14,513		263,988	14,650	
<u>Performing financial liabilities</u>						
Deposits	172,028	2,386	1.39	166,032	2,610	1.57
Interbank and money market items	16,295	219	1.34	20,303	282	1.39
Financial liabilities designated at fair value through profit or loss	21,933	374	1.70	18,001	810	4.50
Debt issued and borrowings	19,531	743	3.81	29,533	871	2.95
Total performing financial liabilities	229,787	3,722		233,869	4,573	
	Separate					
	2017			2016		
	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	10,440	165	1.58	8,572	69	0.80
Investments, net	49,159	1,145	2.33	55,810	1,313	2.35
Loans	199,138	10,558	5.30	200,132	11,320	5.66
Total performing financial assets	258,737	11,868		264,514	12,702	
<u>Performing financial liabilities</u>						
Deposits	172,249	2,388	1.39	166,304	2,612	1.57
Interbank and money market items	16,299	219	1.34	21,864	282	1.29
Financial liabilities designated at fair value through profit or loss	21,933	374	1.70	18,001	810	4.50
Debt issued and borrowings	18,198	711	3.91	29,533	871	2.95
Total performing financial liabilities	228,679	3,692		235,702	4,575	

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(b) Foreign exchange risk

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 31 December 2017 and 2016, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and Separate					
	2017			2016		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	198.71	19.07	(204.84)	345.03	31.25	(223.58)
Forward						
- Forward contract	(182.75)	(19.17)	213.90	(410.10)	(31.34)	217.45
Total	15.96	(0.10)	9.06	(65.07)	(0.09)	(6.13)

* EURO and other currencies are stated in USD equivalents.

46.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2017 and 2016 were as follows:

Descriptions	Consolidated				
	2017				
	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	1,591	-	-	-	1,591
Interbank and money market items, net	4,038	13,976	154	-	18,168
Investments, net	-	6,943	37,344	144	44,431
Loans net of deferred revenue	17,859 ⁽¹⁾	40,627	153,053	-	211,539
Accounts receivable - bill of exchange	-	1,434	158	-	1,592
Total financial assets	23,488	62,980	190,709	144	277,321
Financial liabilities					
Deposits	61,590	114,106	2,100	-	177,796
Interbank and money market items	9,344	6,094	236	-	15,674
Liabilities payable on demand	255	-	-	-	255
Financial liabilities designated at fair value through profit or loss	-	-	23,104	-	23,104
Debt issued and borrowings	700	3,816	15,670	-	20,186
Total financial liabilities	71,889	124,016	41,110	-	237,015

⁽¹⁾ As at 31 December 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 10,702 million and Baht 10,285 million respectively, (31 December 2016: Baht 12,720 million and Baht 12,430 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.

46 Financial instruments (Cont'd)

46.3 Liquidity risk (Cont'd)

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	-	4,957	50,384	194	55,535
Loans net of deferred revenue	20,369 ⁽¹⁾	44,131	141,679	-	206,179
Accounts receivable - bill of exchange	-	799	-	-	799
Total financial assets	26,745	53,685	192,353	197	272,980
Financial liabilities					
Deposits	84,731	98,305	988	-	184,024
Interbank and money market items	8,375	2,804	435	-	11,614
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	4,263	15,273	-	25,860
Total financial liabilities	99,680	105,372	35,570	-	240,622

⁽¹⁾ As at 31 December 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 10,702 million and Baht 10,285 million respectively, (31 December 2016: Baht 12,720 million and Baht 12,430 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.

46 Financial instruments (Cont'd)

46.3 Liquidity risk (Cont'd)

Descriptions	Separate 2017				
	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	1,589	-	-	-	1,589
Interbank and money market items, net	3,970	13,976	154	-	18,100
Investments, net	-	6,943	37,344	144	44,431
Loans net of deferred revenue	17,859 ⁽¹⁾	47,074	140,824	-	205,757
Accounts receivable - bill of exchange	-	1,434	158	-	1,592
Total financial assets	23,418	69,427	178,480	144	271,469
Financial liabilities					
Deposits	61,876	114,122	2,100	-	178,098
Interbank and money market items	9,344	6,094	236	-	15,674
Liabilities payable on demand	255	-	-	-	255
Financial liabilities designated at fair value through profit or loss	-	-	23,104	-	23,104
Debt issued and borrowings	700	3,809	13,670	-	18,179
Total financial liabilities	72,175	124,025	39,110	-	235,310
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	-	4,957	50,384	194	55,535
Loans net of deferred revenue	20,378 ⁽¹⁾	53,576	129,540	-	203,494
Accounts receivable - bill of exchange	-	799	-	-	799
Total financial assets	26,690	63,130	180,214	194	270,228
Financial liabilities					
Deposits	84,929	98,321	988	-	184,238
Interbank and money market items	8,375	2,804	435	-	11,614
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	4,263	15,273	-	25,860
Total financial liabilities	99,878	105,388	35,570	-	240,836

⁽¹⁾ As at 31 December 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 10,702 million and Baht 10,285 million respectively, (31 December 2016: Baht 12,720 million and Baht 12,430 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.

46 Financial instruments (Cont'd)

46.4 Fair value

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

Descriptions	Consolidated			
	2017		2016	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
<u>Financial assets</u>				
Cash	1,591	1,591	1,939	1,939
Interbank and money market items, net	18,168	18,168	8,528	8,528
Derivatives assets	21,278	21,278	21,235	21,235
Investments, net	44,060	44,232	55,062	55,248
Loans to customers and accrued interest receivables, net	201,564	198,700	196,340	196,340
Accounts receivable - bill of exchange	1,577	1,574	775	775
Total financial assets	288,238	285,543	283,879	284,065
<u>Financial liabilities</u>				
Deposits	177,401	177,408	183,663	183,667
Interbank and money market items	15,648	15,648	11,595	11,595
Liability payable on demand	255	255	250	250
Financial liabilities designated at fair value through profit or loss	23,104	23,104	18,874	18,874
Derivatives liabilities	19,965	19,965	21,381	21,381
Debt issued and borrowings	19,933	20,010	25,583	25,386
Total financial liabilities	256,306	256,390	261,346	261,153

Descriptions	Separate			
	2017		2016	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
<u>Financial assets</u>				
Cash	1,589	1,589	1,936	1,936
Interbank and money market items, net	18,100	18,100	8,464	8,464
Derivatives assets	21,278	21,278	21,235	21,235
Investments, net	44,060	44,232	55,062	55,248
Loans to customers and accrued interest receivables, net	196,395	194,411	193,782	193,782
Accounts receivable - bill of exchange	1,577	1,574	775	775
Total financial assets	282,999	281,184	281,254	281,440
<u>Financial liabilities</u>				
Deposits	177,703	177,710	183,877	183,881
Interbank and money market items	15,648	15,648	11,595	11,595
Liability payable on demand	255	255	250	250
Financial liabilities designated at fair value through profit or loss	23,104	23,104	18,874	18,874
Derivatives liabilities	19,965	19,965	21,381	21,381
Debt issued and borrowings	17,933	17,999	25,583	25,386
Total financial liabilities	254,608	254,681	261,560	261,367

46 Financial instruments (Cont'd)

46.5 Financial derivatives

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

As at 31 December 2017 and 2016, financial derivatives as classified by their maturities were as follows:

	Consolidated and Separate					
	2017			2016		
	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	497,967	80	498,047	383,591	3,855	387,446
- Sold	471,843	6,560	478,403	356,157	8,247	364,404
Cross-currency and interest rate swap contracts						
- Bought	30,640	115,379	146,019	38,801	104,069	142,870
- Sold	20,708	84,265	104,973	35,727	77,323	113,050
Interest rate swap contracts						
- Fixed-rate payee	199,815	353,518	553,333	255,328	377,243	632,571
- Floating-rate payee	230,052	411,839	641,891	302,362	412,029	714,391
Foreign exchange options						
- Call-option sales contract	61	-	61	57	-	57
- Put-option sales contract	450	-	450	569	426	995
- Call-option purchase contract	433	-	433	614	460	1,074
- Put-option purchase contract	11	-	11	157	-	157
Commodity						
- Bought	128	-	128	107	-	107
- Sold	127	-	127	106	-	106
Credit derivatives						
- Bought	-	5,264	5,264	-	4,523	4,523
- Sold	-	5,264	5,264	-	4,523	4,523
Swaption						
- Sold	-	1,500	1,500	-	-	-
Fund option						
- Bought	-	998	998	-	-	-
- Sold	-	998	998	-	-	-
Equity option						
- Bought	308	-	308	-	-	-
- Sold	308	-	308	-	-	-
Bond forward						
- Sold	1,600	6,850	8,450	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.

47 Fair value

47.1 Fair value estimation

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows;

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Group are the last bid prices from the Stock Exchange of Thailand, the closing price from the Stock Exchange in overseas and settlement prices from Futures Exchange. These instruments are included in level 1.

47 Fair value (Cont'd)

47.1 Fair value estimation (Cont'd)

(c) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(d) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the assets and liabilities that are measured at fair value at 31 December 2017 and 2016.

Consolidated and Separate				
2017				
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	9,601	-	9,601
Available-for-sale securities	81	20,730	-	20,811
Derivative assets	-	21,278	-	21,278
Total assets	81	51,609	-	51,690
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	23,104	-	23,104
Derivatives liabilities	-	19,965	-	19,965
Total liabilities	-	43,069	-	43,069
Consolidated and Separate				
2016				
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million 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

47 Fair value (Cont'd)

47.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2017 and 2016.

	Consolidated			
	2017			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Cash	1,591	-	-	1,591
Interbank and money market items, net	4,258	13,910	-	18,168
Held-to-maturity debt securities	-	13,772	-	13,772
General investments	-	-	48	48
Loans and accrued interest receivables, net	-	198,700	-	198,700
Total assets	5,849	226,382	48	232,279
Liabilities				
Deposits	-	177,408	-	177,408
Interbank and money market items, net	-	15,648	-	15,648
Liability payable on demand	-	255	-	255
Debt issued and borrowings	-	20,010	-	20,010
Total liabilities	-	213,321	-	213,321

	Consolidated			
	2016			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total 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

47 Fair value (Cont'd)

47.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2017 and 2016. (Cont'd)

Separate				
2017				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,589	-	-	1,589
Interbank and money market items, net	4,190	13,910	-	18,100
Held-to-maturity debt securities	-	13,772	-	13,772
General investments	-	-	48	48
Loans and accrued interest receivables, net	-	194,411	-	194,411
Total assets	5,779	222,093	48	227,920
Liabilities				
Deposits	-	177,710	-	177,710
Interbank and money market items, net	-	15,648	-	15,648
Liability payable on demand	-	255	-	255
Debt issued and borrowings	-	17,999	-	17,999
Total liabilities	-	211,612	-	211,612

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

47 Fair value (Cont'd)

47.1 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 (assets)

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

For floating rate loans, the fair value is equal to the carrying amount.

For fixed rate loans which are classified as normal or special mentioned, the fair value is equal to the present value of future cash flows discounted by the prevailing market rates of loans with similar features.

For non-performing fixed rate loans, the fair value is equal to the carrying amount.

Accounts receivable - bill of exchange

The carrying amounts of account receivable - bill of exchange, the fair value is equal to the present value of future cash flows discounted by the effective interest of loans with similar features.

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.

47 Fair value (Cont'd)

47.2 Valuation techniques used to derive Level 2 fair values

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

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

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

	Consolidated and Separate	
	General Investments	
	2017	2016
	Million Baht	Million Baht
Opening balance	73	105
Gains recognised in profit and loss	-	1
Provision	(3)	-
Purchase	1	-
Sale	-	(1)
Decrease in capital of general investments	(23)	(32)
Closing balance	48	73

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

48 Subsequent events

On 22 January 2018, the Extraordinary Shareholders Meeting of No. 1/2018 of Center Auto Lease Company Limited, a subsidiary, approved the amendment of the Company's name from Center Auto Lease Company Limited to be CIMB THAI AUTO COMPANY LIMITED. The Company registered the amendment to the Department of Business Development, Ministry of Commerce which was effective from 6 February 2018 onwards.