

CIMB THAI BANK PUBLIC COMPANY LIMITED

INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

30 JUNE 2017

Independent Auditor's Report

To the shareholders of CIMB Thai Bank Public Company Limited

Audit report

My opinion

In my opinion, the interim consolidated financial statements of CIMB Thai Bank Public Company Limited (the Bank) and its subsidiaries (the Group) and the interim 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 30 June 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the interim consolidated and separate financial statements of the Group and the Bank, which comprise the consolidated and separate statements of financial position as at 30 June 2017, and the related consolidated and separate statements of comprehensive income, changes shareholders' in equity and cash flows for the six-month period then ended, and notes to the interim consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the interim 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 interim 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 our professional judgment, were of most significance in our audit of the interim consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated and separate financial statements as a whole, and in forming my opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Loans to customers are a significant portion constituting 67.04% of total assets. As at 30 June 2017 the total loans portfolio of the Group comprises of loans of commercial banking business which constitutes 86.45%, and hire-purchase receivables generated from the operations of the Group's subsidiaries 13.55%. Management applied a quantitative approach and qualitative factors to an estimation of the allowance for doubtful accounts on certain loans and portfolio of loans to customers.

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

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

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

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

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

- I tested management's controls over data accuracy, assessed the application of appropriate methodologies and appropriateness of systems, processes and internal controls in relation to generating the reliable results.
- I tested the key controls (both automated and manual). I involved my information technology specialists to test access controls to the system and controls over the computation of allowance for doubtful accounts, including the completeness and accuracy of customers' accounts used in the computation. I also tested controls over data input into the system, collateral valuation, transfer of data and reconciliations between the loans source systems to the general ledger.
- I tested management's controls over review and approval of setting up an allowance for doubtful accounts.
- I read minutes of key committee meetings - especially the 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 interim 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 30 June 2017, the Group's derivatives financial instruments mainly comprise of derivatives, assets and liabilities amounting to Baht 18,044 million and amounting to Baht 16,501 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 interim 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.

Responsibilities of the directors for the interim consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the interim 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 interim 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 interim consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 interim 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 interim consolidated and separate financial statements, including the disclosures, and whether the interim 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 interim 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 interim 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.

Review report

I have reviewed the consolidated and separate statements of comprehensive income for the three-month period ended 30 June 2017 of CIMB Thai Bank Public Company Limited and its subsidiaries, and of CIMB Thai Bank Public Company Limited, respectively. Management is responsible for the preparation and presentation of the consolidated and separate statements of comprehensive income in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on the consolidated and separate statements of comprehensive income based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of the consolidated and separate statements of comprehensive income consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the consolidated and separate statements of comprehensive income for the three-month period ended 30 June 2017 are not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
Bangkok
25 August 2017

Statements of Financial Position

As at 30 June 2017

	Notes	Consolidated		Separate	
		30 June	31 December	30 June	31 December
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Assets					
Cash		1,536,955,678	1,938,616,493	1,535,161,842	1,936,147,365
Interbank and money market items, net	6	10,988,422,956	8,527,657,244	10,923,198,686	8,463,665,047
Derivative assets	7	18,043,780,668	21,235,341,272	18,043,780,668	21,235,341,272
Investments, net	8	51,640,235,098	55,061,910,795	51,640,235,098	55,061,910,795
Investments in subsidiaries, net	8	-	-	1,324,920,707	1,324,920,707
Loans and accrued interest receivables	9				
Loans		208,363,932,882	211,437,378,135	196,656,917,691	202,939,467,801
Accrued interest receivables		592,261,221	589,798,750	594,039,341	593,582,295
Total loans and accrued interest receivables		208,956,194,103	212,027,176,885	197,250,957,032	203,533,050,096
<u>Less</u> Deferred revenue		(6,556,249,739)	(5,848,448,651)	(21,106,042)	(38,988,676)
<u>Less</u> Allowance for doubtful debts	10	(9,457,985,473)	(9,793,289,246)	(9,311,871,753)	(9,666,516,204)
<u>Less</u> Revaluation allowance for debt restructuring	11	(48,538,920)	(45,259,015)	(48,538,920)	(45,259,015)
Loans and accrued interest receivables, net		192,893,419,971	196,340,179,973	187,869,440,317	193,782,286,201
Customers' liability under acceptance		80,647,481	45,230,520	80,647,481	45,230,520
Properties for sale, net	12	1,176,419,679	1,285,079,244	1,058,085,159	1,195,702,862
Premises and equipment, net	13	3,628,717,391	3,670,638,674	3,571,022,936	3,609,493,321
Intangible assets, net	14	402,413,786	368,387,320	397,787,273	363,158,838
Deferred tax assets	15	1,231,462,949	1,289,224,887	999,836,827	1,075,692,045
Other assets, net	16	6,114,362,714	7,708,041,398	5,954,498,803	7,529,507,359
Total assets		287,736,838,371	297,470,307,820	283,398,615,797	295,623,056,332

Director _____ Director _____

CIMB Thai Bank Public Company Limited

Statements of Financial Position (Cont'd)

As at 30 June 2017

	Notes	Consolidated		Separate	
		30 June	31 December	30 June	31 December
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity					
Liabilities					
Deposits	17	171,186,286,276	183,663,324,706	171,405,481,100	183,877,466,049
Interbank and money market items, net	18	16,192,454,904	11,595,328,411	16,192,454,904	11,595,328,411
Liability payable on demand		438,291,527	250,092,171	438,291,527	250,092,171
Financial liabilities designated at fair value					
through profit or loss	19	22,603,851,659	18,873,674,513	22,603,851,659	18,873,674,513
Derivative liabilities	7	16,500,990,847	21,381,015,668	16,500,990,847	21,381,015,668
Debt issued and borrowings	20	19,949,865,719	25,582,513,107	17,949,865,719	25,582,513,107
Bank's liability under acceptance		80,647,481	45,230,520	80,647,481	45,230,520
Provisions	21	1,848,519,697	1,997,419,699	1,766,698,569	1,919,842,460
Other liabilities	22	5,937,134,653	7,376,288,614	5,338,937,437	6,809,617,409
Total liabilities		254,738,042,763	270,764,887,409	252,277,219,243	270,334,780,308
Equity					
Share capital	23				
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	24	1,396,497,194	1,094,080,196	1,417,799,328	1,115,382,330
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	25	397,800,000	397,800,000	397,800,000	397,800,000
Unappropriated		7,641,725,139	7,156,262,868	5,700,270,200	5,675,062,596
Total equity		32,998,795,608	26,705,420,411	31,121,396,554	25,288,276,024
Total liabilities and equity		287,736,838,371	297,470,307,820	283,398,615,797	295,623,056,332

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Unaudited)
For the three-month period ended 30 June 2017

	Notes	Consolidated		Separate	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Interest income	30	3,612,078,373	3,672,343,089	3,002,318,660	3,201,764,865
Interest expenses	31	(1,097,734,828)	(1,186,729,623)	(1,090,836,854)	(1,186,909,502)
Net interest income		2,514,343,545	2,485,613,466	1,911,481,806	2,014,855,363
Fees and service income		520,174,129	458,127,384	360,159,579	316,968,261
Fees and service expenses		(49,795,602)	(53,900,352)	(55,994,681)	(62,533,541)
Net fee and service income	32	470,378,527	404,227,032	304,164,898	254,434,720
Gains on trading and foreign exchange transactions	33	958,192,631	480,901,695	958,192,631	480,901,695
Losses on financial liabilities designated at fair value through profit or loss	34	(858,756,128)	(410,422,214)	(858,756,128)	(410,422,214)
Gains on investments, net	35	37,556,917	124,924,451	37,556,917	124,924,451
Other operating income	36	131,547,437	88,076,182	44,723,714	154,966,379
Total operating income		3,253,262,929	3,173,320,612	2,397,363,838	2,619,660,394
Other operating expenses					
Employee expenses		971,287,036	980,915,856	819,229,510	840,442,615
Directors' remuneration		3,201,200	3,244,400	3,117,200	3,160,400
Premises and equipment expenses		263,304,813	320,163,745	230,911,964	288,168,863
Taxes and duties		108,282,232	113,225,465	102,497,993	108,335,391
Others		325,647,053	316,809,032	114,643,641	228,454,718
Total other operating expenses		1,671,722,334	1,734,358,498	1,270,400,308	1,468,561,987
Bad and doubtful debts and impairment losses	37	1,145,811,144	1,383,732,108	968,679,337	1,259,593,119
Profit (losses) before income tax expenses		435,729,451	55,230,006	158,284,193	(108,494,712)
Income tax expenses	38	(79,093,660)	(15,343,879)	(21,355,778)	32,486,003
Net profit (losses) for the periods		356,635,791	39,886,127	136,928,415	(76,008,709)

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited

Statements of Comprehensive Income (Unaudited) (Cont'd)

For the three-month period ended 30 June 2017

	Note	Consolidated		Separate	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Other comprehensive income (expenses)					
Items that will be reclassified					
subsequently to profit or loss					
Gains (losses) on remeasuring					
available-for-sale investments		229,135,174	(359,999,904)	229,135,174	(359,999,904)
(Losses) gains arising from translating					
the financial statement of a foreign operation		(6,905,052)	7,982	(6,905,052)	7,982
Gains (losses) on cash flow hedges		61,448,356	(15,699,642)	61,448,356	(15,699,642)
Income tax relating to items that will be					
reclassified subsequently to profit or loss		(58,116,706)	75,139,909	(58,116,706)	75,139,909
Total items that will be reclassified					
subsequently to profit or loss					
		225,561,772	(300,551,655)	225,561,772	(300,551,655)
Items that will not be reclassified					
subsequently to profit or loss					
Changes in revaluation surplus					
		-	(23,643,759)	-	(23,643,759)
Income tax relating to items that will not be					
reclassified subsequently to profit or loss		-	4,728,752	-	4,728,752
Total items that will not be reclassified					
subsequently to profit or loss					
		-	(18,915,007)	-	(18,915,007)
Total other comprehensive income (expenses)					
		225,561,772	(319,466,662)	225,561,772	(319,466,662)
Total comprehensive income (expenses)					
for the periods					
		582,197,563	(279,580,535)	362,490,187	(395,475,371)
Net profit (losses) attributable to:					
Equity holders of the Bank					
		356,635,791	39,886,127	136,928,415	(76,008,709)
Non-controlling interests					
		-	-	-	-
		356,635,791	39,886,127	136,928,415	(76,008,709)
Total comprehensive income (expenses)					
attributable to:					
Equity holders of the Bank					
		582,197,563	(279,580,535)	362,490,187	(395,475,371)
Non-controlling interests					
		-	-	-	-
		582,197,563	(279,580,535)	362,490,187	(395,475,371)
Earnings per share for profit (losses) attributable					
to the equity holders of the Bank					
	40				
Basic earnings per share (Baht per share)					
		0.01	0.00	0.01	0.00
Weighted average number of ordinary shares (shares)					
		26,153,221,343	25,333,286,323	26,153,221,343	25,333,286,323

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income
For the six-month period ended 30 June 2017

	Notes	Consolidated		Separate	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Interest income	30	7,226,593,062	7,351,419,590	6,048,278,074	6,433,543,732
Interest expenses	31	(2,249,634,183)	(2,475,515,134)	(2,242,941,178)	(2,475,593,477)
Net interest income		4,976,958,879	4,875,904,456	3,805,336,896	3,957,950,255
Fees and service income		988,886,297	850,250,503	672,352,606	587,818,655
Fees and service expenses		(91,117,766)	(111,061,622)	(105,738,234)	(130,003,502)
Net fee and service income	32	897,768,531	739,188,881	566,614,372	457,815,153
Gains on tradings and foreign exchange transactions	33	1,326,098,087	2,238,555,471	1,326,098,087	2,238,555,471
Losses on financial instrument designated at fair value through profit or loss	34	(1,085,729,117)	(1,958,371,154)	(1,085,729,117)	(1,958,371,154)
Gains on investments	35	40,713,866	435,080,356	40,713,866	435,080,356
Other operating income	36	227,327,555	157,518,793	132,086,168	200,145,173
Total operating income		6,383,137,801	6,487,876,803	4,785,120,272	5,331,175,254
Other operating expenses					
Employee expenses		1,990,530,798	1,964,679,997	1,677,967,255	1,686,770,255
Directors' remuneration		6,502,200	6,000,400	6,334,200	5,832,400
Premises and equipment expenses		534,812,153	649,412,823	469,104,626	586,286,760
Taxes and duties		213,536,950	225,578,755	202,040,697	215,549,079
Others		673,632,657	643,956,690	350,898,312	433,260,821
Total other operating expenses		3,419,014,758	3,489,628,665	2,706,345,090	2,927,699,315
Bad and doubtful debts and impairment losses	37	2,375,933,297	2,533,828,097	2,068,119,241	2,297,193,119
Profit before income tax expenses		588,189,746	464,420,041	10,655,941	106,282,820
Income tax expenses	38	(110,348,361)	(97,186,812)	6,930,777	(11,442,091)
Net profit for the periods		477,841,385	367,233,229	17,586,718	94,840,729

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the six-month period ended 30 June 2017

	Consolidated		Separate	
	2017	2016	2017	2016
Note	Baht	Baht	Baht	Baht
Other comprehensive income (expenses)				
Items that will be reclassified subsequently to profit or loss				
Gains (losses) on remeasuring available-for-sale investments	321,908,561	(241,857,969)	321,908,561	(241,857,969)
Losses arising from translating the financial statement of a foreign operation	(21,106,098)	(4,742,069)	(21,106,098)	(4,742,069)
Gains (losses) on cash flow hedges	92,021,417	(18,229,663)	92,021,417	(18,229,663)
Income tax relating to items that will be reclassified subsequently to profit or loss	(82,785,996)	52,017,526	(82,785,996)	52,017,526
Total items that will be reclassified subsequently to profit or loss	310,037,884	(212,812,175)	310,037,884	(212,812,175)
Items that will not be reclassified subsequently to profit or loss				
Changes in revaluation surplus	-	(27,547,360)	-	(27,547,360)
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	5,509,472	-	5,509,472
Total items that will not be reclassified subsequently to profit or loss	-	(22,037,888)	-	(22,037,888)
Total other comprehensive income (expenses)	310,037,884	(234,850,063)	310,037,884	(234,850,063)
Total comprehensive income (expenses) for the periods	787,879,269	132,383,166	327,624,602	(140,009,334)
Net profit attributable to:				
Equity holders of the Bank	477,841,385	367,233,229	17,586,718	94,840,729
Non-controlling interests	-	-	-	-
	477,841,385	367,233,229	17,586,718	94,840,729
Total comprehensive income (expenses) attributable to:				
Equity holders of the Bank	787,879,269	132,383,166	327,624,602	(140,009,334)
Non-controlling interests	-	-	-	-
	787,879,269	132,383,166	327,624,602	(140,009,334)
Earnings per share for profit attributable to the equity holders of the Bank	40			
Basic earnings per share (Baht per share)	0.02	0.01	0.00	0.00
Weighted average number of ordinary shares (shares)	26,153,221,343	25,333,286,323	26,153,221,343	25,333,286,323

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Changes in Equity
For the six-month period ended 30 June 2017

Consolidated															
Attributable to owners of the Bank															
Notes	Issued and paid-up share capital Baht	Share premium Baht	Revaluation surplus on assets Baht	Remeasurements of post-employment benefit obligations Baht	Revaluation surplus (deficit) on change in value of investments Baht	Gains arising from translating the financial statement of a foreign operation Baht	Losses on cash flow hedges Baht	Income tax relating to components of other comprehensive expense Baht	Total other reserves Baht	Accretion of equity interests in subsidiary Baht	Legal reserve Baht	Retained earnings Baht	Total		
													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 share capital	23	2,752,747,964	2,752,747,964	-	-	-	-	-	-	-	-	-	5,505,495,928		
Total comprehensive income (expenses) for the period		-	-	-	321,908,561	(21,106,098)	92,021,417	(82,785,996)	310,037,884	-	-	477,841,385	787,879,269		
Transfer to retained earnings		-	-	(9,526,108)	-	-	-	1,905,222	(7,620,886)	-	-	7,620,886	-		
Balance as at 30 June 2017	15,140,113,804	8,465,413,222	2,038,631,577	(255,519,440)	(30,510,818)	13,989,329	(24,466,485)	(345,626,969)	1,396,497,194	(42,753,751)	397,800,000	7,641,725,139	32,998,795,608		
Balance as at 1 January 2016	12,387,365,840	5,712,665,258	969,952,859	(231,252,097)	291,736,776	36,302,019	(174,934,230)	(171,100,663)	720,704,664	(42,753,751)	365,950,000	7,964,078,385	27,108,010,396		
Dividend paid	26	-	-	-	-	-	-	-	-	-	-	(185,810,488)	(185,810,488)		
Total comprehensive (expenses) income for the period		-	-	(27,547,360)	(241,857,969)	(4,742,069)	(18,229,663)	57,526,998	(234,850,063)	-	-	367,233,229	132,383,166		
Appropriated - statutory reserve	25	-	-	-	-	-	-	-	-	-	26,850,000	(26,850,000)	-		
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	22,037,888	22,037,888		
Balance as at 30 June 2016	12,387,365,840	5,712,665,258	942,405,499	(231,252,097)	49,878,807	31,559,950	(193,163,893)	(113,573,665)	485,854,601	(42,753,751)	392,800,000	8,140,689,014	27,076,620,962		

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
 Statements of Changes in Equity (Cont'd)
 For the six-month period ended 30 June 2017

Notes	Separate											
	Other reserves											Total Baht
	Issued and paid-up share capital Baht	Share premium Baht	Revaluation surplus on assets Baht	Remeasurements of post-employment benefit obligations Baht	Revaluation surplus (deficit) on change in value of investments Baht	Gains arising from translating the financial statement of a foreign operation Baht	Losses on cash flow hedges Baht	Income tax relating to components of other comprehensive expense Baht	Total other reserves Baht	Legal reserve Baht	Retained earnings Baht	
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 share capital	23 2,752,747,964	2,752,747,964	-	-	-	-	-	-	-	-	-	5,505,495,928
Total comprehensive (expenses) income for the period	-	-	-	-	321,908,561	(21,106,098)	92,021,417	(82,785,996)	310,037,884	-	17,586,718	327,624,602
Transfer to retained earnings	-	-	(9,526,108)	-	-	-	-	1,905,222	(7,620,886)	-	7,620,886	-
Balance as at 30 June 2017	<u>15,140,113,804</u>	<u>8,465,413,222</u>	<u>2,038,631,577</u>	<u>(228,891,773)</u>	<u>(30,510,818)</u>	<u>13,989,329</u>	<u>(24,466,485)</u>	<u>(350,952,502)</u>	<u>1,417,799,328</u>	<u>397,800,000</u>	<u>5,700,270,200</u>	<u>31,121,396,554</u>
Balance as at 1 January 2016	12,387,365,840	5,712,665,258	969,952,859	(210,797,829)	291,736,776	36,302,019	(174,934,230)	(175,191,516)	737,068,079	365,950,000	7,113,574,355	26,316,623,532
Dividend paid	26 -	-	-	-	-	-	-	-	-	-	(185,810,488)	(185,810,488)
Total comprehensive (expenses) income for the period	-	-	(27,547,360)	-	(241,857,969)	(4,742,069)	(18,229,663)	57,526,998	(234,850,063)	-	94,840,729	(140,009,334)
Appropriated - statutory reserve	25 -	-	-	-	-	-	-	-	-	26,850,000	(26,850,000)	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	22,037,888	22,037,888
Balance as at 30 June 2016	<u>12,387,365,840</u>	<u>5,712,665,258</u>	<u>942,405,499</u>	<u>(210,797,829)</u>	<u>49,878,807</u>	<u>31,559,950</u>	<u>(193,163,893)</u>	<u>(117,664,518)</u>	<u>502,218,016</u>	<u>392,800,000</u>	<u>7,017,792,484</u>	<u>26,012,841,598</u>

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flow
For the six-month period ended 30 June 2017

	Consolidated		Separate	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit before income tax expenses	588,189,746	464,420,041	10,655,941	106,282,820
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:				
Depreciation and amortisation	190,514,042	222,963,567	178,356,701	210,719,081
Bad debts and doubtful accounts	2,375,933,297	2,533,828,097	2,068,119,241	2,297,193,119
Share-based payment	12,705,104	12,565,425	12,705,104	12,565,425
Provision for liabilities	88,838,766	74,053,260	84,594,876	68,650,428
Reversal of provision for off-balance sheet items	(151,434,900)	-	(151,434,900)	-
Losses on impairment of properties for sale	32,935,115	2,810,522	17,696,463	1,388,641
Unrealised gains on exchange and derivatives	(1,246,941,995)	(2,349,845,325)	(1,246,941,995)	(2,349,845,325)
Losses (gains) on properties for sale	170,469,090	115,054,946	(14,957,923)	(74,079,114)
Unrealised (gain) losses on revaluation of investments	(49,247,041)	23,265,272	(49,247,041)	23,265,272
Gains on sale of investments	(195,934,809)	(499,428,880)	(195,934,809)	(499,428,880)
Gains on disposal of equipment	(28,527,773)	(10,177,238)	(27,141,909)	(9,758,959)
Losses from write-off premises and equipment	5,217,644	40,359,968	5,217,644	40,359,968
Losses from write off leasehold rights	-	1,606,584	-	1,606,584
Reversal of losses on impairment of premises and equipment	-	(10,033,744)	-	(10,033,744)
Losses from financial liabilities designated at fair value through profit or loss	1,085,729,117	1,958,371,154	1,085,729,117	1,958,371,154
Interest and dividend income	(7,235,918,352)	(7,361,170,798)	(6,057,603,364)	(6,485,644,171)
Interest expenses	1,762,459,953	1,976,477,805	1,752,586,126	1,976,556,147
Losses from operations before changes in operating assets and liabilities	(2,595,012,996)	(2,804,879,344)	(2,527,600,728)	(2,731,831,554)
(Increase) decrease in operating assets				
Interbank and money market items	(2,456,165,512)	7,571,681,225	(2,454,933,438)	7,572,520,026
Investments held for trading	(912,988,526)	(2,367,556,773)	(912,988,526)	(2,367,556,773)
Loans	(122,786,914)	(5,591,864,893)	3,313,616,005	(4,089,506,776)
Properties for sale	577,503,767	833,578,942	142,619,163	129,626,828
Other assets	1,523,263,331	2,682,105,763	1,520,496,638	2,707,993,923

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flow (Cont'd)
For the six-month period ended 30 June 2017

	Consolidated		Separate	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Increase (decrease) in operating liabilities				
Deposits	(12,477,038,430)	(3,906,884,970)	(12,471,984,949)	(3,975,182,415)
Interbank and money market items	4,597,126,493	1,579,553,328	4,597,126,493	1,603,553,328
Liability payable on demand	188,199,356	249,815,701	188,199,356	249,815,701
Short-term borrowings	(8,442,051,880)	(5,082,462,461)	(8,442,051,880)	(5,082,462,461)
Provisions	(86,303,867)	(74,970,059)	(86,303,867)	(74,970,059)
Other liabilities	(1,416,725,617)	(1,594,110,950)	(1,472,682,690)	(1,618,648,008)
Cash flows used in operating activities	(21,622,980,795)	(8,505,994,491)	(18,606,488,423)	(7,676,648,240)
Cash received from interest income	6,589,989,494	6,606,401,795	5,413,679,931	5,690,193,839
Cash paid for interest expenses	(2,021,886,980)	(2,470,004,390)	(2,026,384,333)	(2,470,053,835)
Cash paid for tax	(151,051,501)	(174,363,084)	-	(139,416,747)
Net cash flows used in operating activities	(17,205,929,782)	(4,543,960,170)	(15,219,192,825)	(4,595,924,983)
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(11,208,287,367)	(25,795,158,977)	(11,208,287,367)	(25,795,158,977)
Proceeds from disposals of available-for-sale securities	13,644,760,845	24,726,569,790	13,644,760,845	24,726,569,790
Proceeds from maturity and principle payment of available-for-sale securities	10,000,000	1,250,000,000	10,000,000	1,250,000,000
Cash paid for purchases of held to maturities securities	(500,000,000)	(1,715,220,241)	(500,000,000)	(1,715,220,241)
Proceeds from maturity and principle payment of held to maturities securities	2,805,480,340	3,630,560,000	2,805,480,340	3,630,560,000
Proceeds from repayment of investment in receivable	698,766	739,961	698,766	739,961
Proceeds from disposals of general investments	-	942,262	-	942,262
Proceeds from decrease in capital of general investments	12,570,000	15,000,000	12,570,000	15,000,000
Cash paid for purchases of premises and equipment	(85,519,603)	(45,000,405)	(77,736,627)	(36,551,376)
Proceeds from disposals of equipment	30,909,146	18,163,986	29,518,414	17,736,475
Cash paid for purchases of intangible assets	(79,679,667)	(37,866,724)	(79,353,302)	(36,908,174)
Dividend received	9,325,289	9,751,209	9,325,289	52,100,438
Interest received	803,596,670	933,229,744	803,596,670	933,225,694
Net cash flows provided by investing activities	5,443,854,419	2,991,710,605	5,450,573,028	3,043,035,852

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flow (Cont'd)
For the six-month period ended 30 June 2017

	Consolidated		Separate	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Cash flows from financing activities				
Dividend paid	-	(185,810,488)	-	(185,810,488)
Cash paid for interest expenses	(7,219,726)	-	-	-
Cash received from capital increase	5,505,495,928	-	5,505,495,928	-
Proceeds from issuance of debenture	2,000,000,000	-	-	-
Proceeds from issuance of structured debenture	2,512,000,000	-	2,512,000,000	-
Cash paid for redemption of structured debenture	(2,893,000,000)	(2,342,000,000)	(2,893,000,000)	(2,342,000,000)
Proceeds from issuance of structured bill of exchange	4,263,358,864	3,433,389,685	4,263,358,864	3,433,389,685
Net cash flows provided by financing activities	11,380,635,066	905,579,197	9,387,854,792	905,579,197
Gains from foreign currency translation differences	(20,220,518)	(4,537,241)	(20,220,518)	(4,537,241)
Net decrease in cash and cash equivalents	(401,660,815)	(651,207,609)	(400,985,523)	(651,847,175)
Cash and cash equivalents at beginning of the periods	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 periods	1,536,955,678	1,745,989,319	1,535,161,842	1,743,264,230

Supplemental disclosure of cash flows information

Non-cash transaction:

Transfer of assets for loan settlement	667,308,407	2,010,518,968	2,800,000	316,065,724
Payable from purchase premises and equipment	17,062,869	16,190,894	17,062,869	16,190,894
Payable from purchase intangible assets	8,840,410	18,909,348	8,840,410	18,909,348
Properties for sale received from premises and equipment	-	105,526,180	-	105,526,180
Changes in revaluation surplus in available-for-sale securities	321,908,561	241,857,969	321,908,561	241,857,969
Interest amortisation from premium or discount	136,517,458	198,271,667	136,517,458	198,271,667

The accompanying notes to the interim financial statements from page 17 to 113 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Notes to the Interim Financial Statements
For the six-month period ended 30 June 2017

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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 interim consolidated and separate financial statements were authorised by the Board of Directors on 25 August 2017.

2 Accounting policies

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

2.1 Basis of preparation of consolidated and separate financial statements

The interim 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 the GAAP requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim 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 have been prepared from the statutory financial statements that are in Thai-language version. In the event of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

2 Accounting policies (Cont'd)

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

Revised financial reporting standards is effective on 1 January 2017. These standards are relevant to the Group.

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

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

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

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

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

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (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.

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

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

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

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

2 Accounting policies (Cont'd)

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

Revised financial reporting standards is effective on 1 January 2017. These standards are relevant to the Group. (Cont'd)

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

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 11 (revised 2016)	Construction contracts
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 20 (revised 2016)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2016)	Financial reporting in hyper-inflationary economies
TAS 33 (revised 2016)	Earnings per share
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 40 (revised 2016)	Investment property
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 4 (revised 2016)	Insurance contracts
TFRS 6 (revised 2016)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 10 (revised 2016)	Government Assistance - No specific relation to operating activities
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the substance of transactions in the legal form of a lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 1 (revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2016)	Applying the restatement approach under TAS 29 Financial reporting in hyper-inflationary economies
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 20 (revised 2016)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

2 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 period. The effective interest rate was determined on assumptions as to the amount and the timing of future collections on such loans. Such assumptions concern events that have not yet taken place and accordingly may vary if unforeseen circumstances arise.

(c) Gains (losses) on sale of investments

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

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

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

(e) Income from hire-purchase contracts

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

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

(f) Other income

Other income is recognised as income on an accrual basis.

2.4 Expense recognition

(a) Interest expenses

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

(b) Commission fee under hire-purchase agreements

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

(c) Other expense

Other expense is recognised as expense on an accrual basis.

2 Accounting policies (Cont'd)

2.5 Investments

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

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

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

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

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

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

General investments are carried at cost less impairment.

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

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

2 Accounting policies (Cont'd)

2.6 Investments in receivables

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

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

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

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

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

2.8 Investments in subsidiaries

Subsidiaries are all entities (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-measured 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.

2 Accounting policies (Cont'd)

2.8 Investments in subsidiaries (Cont'd)

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 recognise and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(a) For loans of commercial banking business

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

(b) For hire-purchase receivables

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

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

2.10 Troubled debt restructuring and associated losses

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

The Bank records assets received in settlement of debts at the lower of the fair values of the assets, less any estimated selling expenses (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.

2 Accounting policies (Cont'd)

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

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

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

The Group adjusts the revaluation allowance for debt restructuring at the end of every period 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 period.

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

2.11 Properties for sale

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

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

2.12 Premises, equipment and depreciation

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

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

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as gain on asset revaluation in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

2 Accounting policies (Cont'd)

2.12 Premises, equipment and depreciation (Cont'd)

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

Buildings	40 years
Equipment	5 years and 10 years

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

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

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

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

2.13 Intangible assets

(a) Computer software

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

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

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

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

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

(b) Other intangible assets

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

2 Accounting policies (Cont'd)

2.14 Impairment of assets

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

2.15 Leasehold rights

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

2.16 Leases

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

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

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

2.17 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 Accounting policies (Cont'd)

2.18 Financial derivatives

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

(a) Trading transactions

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

(b) Hedging transactions

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

(1) Fair value hedge

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

(2) Cash flow hedge

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

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

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

(3) Net investment in foreign operations hedge

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

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 45 to the financial statements.

2 Accounting policies (Cont'd)

2.19 Embedded derivatives

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

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

2.20 Financial liabilities at fair value through profit or loss

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

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

2.21 Employee benefits and pension fund

Defined contribution plan

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

Defined benefit plan

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

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

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

2 Accounting policies (Cont'd)

2.22 Provisions

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

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

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

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

2.23 Current and deferred income taxes

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

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

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

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

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

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

2 Accounting policies (Cont'd)

2.24 Share based payment

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

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

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

2.25 Dividend distribution

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

2.26 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

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

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

3.1.1 Market risk

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

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

3.1.1.1 Foreign exchange risk

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

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

3.1.1.2 Interest rate risk

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

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

3.1.1.3 Equity position risk

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

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Credit risk

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

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

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

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

3.1.3 Liquidity risk

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

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

4 Critical accounting estimates, assumptions and judgements

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

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

(a) Allowance for doubtful accounts for loans

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

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

(b) Fair value of financial derivative instruments

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

(c) Impairment of investments

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

(d) Allowance for impairment of property for sale

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

(e) Building, equipment and intangible assets

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

(f) Provision for post retirement benefits and pension fund

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

5 Capital risk management

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

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

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 27 to the financial statements.

6 Interbank and money market items, net (assets)

	Consolidated					
	30 June 2017			31 December 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	1,951	-	1,951	2,402	-	2,402
Commercial banks	89	-	89	82	2,000	2,082
Specialised Financial Institutions	11	5,400	5,411	9	1,100	1,109
Other financial institutions	544	1,267	1,811	544	672	1,216
Total domestic items	2,595	6,667	9,262	3,037	3,772	6,809
<u>Add</u> Accrued interest receivables	-	5	5	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(5)	(5)	-	(4)	(4)
Domestic items, net	2,595	6,667	9,262	3,037	3,768	6,805
Foreign:						
US dollar	869	30	899	836	33	869
Yen	29	-	29	18	-	18
Euro	10	-	10	8	-	8
Other currencies	574	215	789	541	289	830
Total foreign items	1,482	245	1,727	1,403	322	1,725
<u>Add</u> Accrued interest receivables	-	1	1	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(2)	(2)	-	(3)	(3)
Foreign items, net	1,482	244	1,726	1,403	320	1,723
Domestic and foreign items, net	4,077	6,911	10,988	4,440	4,088	8,528

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

	Separate					
	30 June 2017			31 December 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	1,951	-	1,951	2,402	-	2,402
Commercial banks	35	-	35	27	2,000	2,027
Specialised Financial Institutions	-	5,400	5,400	-	1,100	1,100
Other financial institutions	544	1,267	1,811	544	672	1,216
Total domestic items	2,530	6,667	9,197	2,973	3,772	6,745
<u>Add</u> Accrued interest receivables	-	5	5	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(5)	(5)	-	(4)	(4)
Domestic items, net	2,530	6,667	9,197	2,973	3,768	6,741
Foreign:						
US dollar	869	30	899	836	33	869
Yen	29	-	29	18	-	18
Euro	10	-	10	8	-	8
Other currencies	574	215	789	541	289	830
Total foreign items	1,482	245	1,727	1,403	322	1,725
<u>Add</u> Accrued interest receivables	-	1	1	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(2)	(2)	-	(3)	(3)
Foreign items, net	1,482	244	1,726	1,403	320	1,723
Domestic and foreign items, net	4,012	6,911	10,923	4,376	4,088	8,464

As at 30 June 2017, the Bank had promissory notes of Baht 544 million (31 December 2016: Baht 544 million), that were issued by financial institutions which were ordered to be closed, and are availed by the Financial Institution Development Fund (FIDF).

The FIDF recalled promissory notes amounting to Baht 544 million (31 December 2016: Baht 544 million) to cancel the aval as the FIDF is of the opinion that the Bank has no obligations in respect of the related liabilities. However, the Bank has not yet returned the promissory notes to the FIDF in order to retain its right to claim compensation from the FIDF should the Bank need to undertake responsibility for any obligations in the future.

As at the statements of financial position date, such promissory notes availed by FIDF had been presented as assets and the related obligations were presented as liabilities in the same amount of Baht 544 million (31 December 2016: Baht 544 million).

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and Separate					
	30 June 2017			31 December 2016		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Asset Million Baht		Liability Million Baht		
Exchange rate	10,670	10,090	932,293	13,786	14,416	990,115
Interest rate	6,880	4,457	1,358,229	6,508	4,803	1,329,051
Others	389	408	15,471	402	291	10,658
Total	17,939	14,955	2,305,993	20,696	19,510	2,329,824

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

	Consolidated and Separate	
	30 June 2017 Proportion	31 December 2016 Proportion
Financial institutions	90	90
Companies under common control	7	8
External parties	3	2
Total	100	100

7.2 Derivative for hedging

7.2.1 Fair value hedge

	Consolidated and Separate					
	30 June 2017			31 December 2016		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Asset Million Baht		Liability Million Baht		
Interest rate	6	-	470	11	-	470
Total	6	-	470	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.

7 Derivatives (Cont'd)

7.2 Derivative for hedging (Cont'd)

The net gains (losses) arising from fair value hedges for the three-month and six-month periods ended 30 June 2017 and 2016 can be summarised as follows:

	Consolidated and Separate			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
(Losses) gains on hedging instruments, net	(2)	1	(3)	-
Gains (losses) on the hedged items, net	1	(2)	3	(1)

7.2.2 Cash flow hedge

	Consolidated and Separate					
	30 June 2017			31 December 2016		
	Fair value			Fair value		
	Asset	Liability	Notional amount	Asset	Liability	Notional amount
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Exchange rate	-	1,435		-	1,208	
Interest rate	99	111		528	663	
Total	99	1,546	20,260	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 credit linked bills of exchange and subordinated debentures against foreign exchange rates risk and interest rates risk using Cross Currency and Interest Rate Swap contract with CIMB Bank Berhad and other parties (Notes no 20 (d), (e) and (h)).

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 30 June 2017 and 31 December 2016 can be summarised as follows:

	Consolidated and Separate			
	30 June 2017			
	3 months or less	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years
	Million Baht	Million Baht	Million Baht	Million Baht
Cash outflow	223	306	9,325	4,436

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

8 Investments, net

8.1 Classified by type of investment

	Consolidated and Separate	
	30 June 2017 Fair value Million Baht	31 December 2016 Fair value Million Baht
Securities held for trading		
Government and state enterprises securities	6,933	4,135
Private sector debt securities	1,218	2,910
Total securities held for trading	8,151	7,045
Available-for-sale securities		
Government and state enterprises securities	22,371	24,497
Private sector debt securities	5,816	5,834
Domestic marketable equity securities	90	102
Total available-for-sales securities	28,277	30,433
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	14,609	16,791
Private sector debt securities	524	702
Investments in receivables (Note 8.6)	78	78
Total	15,211	17,571
<u>Less</u> Allowance for impairment	(60)	(60)
Total held-to-maturity debt securities	15,151	17,511
	Cost Million Baht	Cost Million Baht
General investments		
Domestic non-marketable equity securities	279	292
Overseas non-marketable equity securities	9	9
Total	288	301
<u>Less</u> Allowance for impairment	(227)	(228)
Total general investments	61	73
Investments, net	51,640	55,062

As at 30 June 2017 and 31 December 2016, the Bank had investments pledged as collateral, as mentioned in Note 41.1 to the financial statements.

8 Investments, net (Cont'd)

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

	Consolidated and Separate							
	30 June 2017				31 December 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	-	19,000	3,443	22,443	-	18,871	5,998	24,869
Private sector debt securities	305	5,096	398	5,799	61	5,350	440	5,851
Total	305	24,096	3,841	28,242	61	24,221	6,438	30,720
<u>Add</u> Allowance for revaluation	-	74	(129)	(55)	(1)	(171)	(217)	(389)
Available-for-sale securities, net	305	24,170	3,712	28,187	60	24,050	6,221	30,331
Held-to-maturity securities								
Government and state enterprises securities	1,573	12,747	289	14,609	4,032	11,308	1,451	16,791
Private sector debt securities	121	403	-	524	278	424	-	702
Total	1,694	13,150	289	15,133	4,310	11,732	1,451	17,493
<u>Less</u> Allowance for impairment	-	-	-	-	-	-	-	-
Held-to-maturity securities, net	1,694	13,150	289	15,133	4,310	11,732	1,451	17,493
Total debt securities	1,999	37,320	4,001	43,320	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	
	30 June 2017	31 December 2016
	Million Baht	Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
<u>Less</u> Allowance for impairment	(16)	(16)
Investments representing shareholdings in which the Group hold more than 10%, net	6	6

8 Investments, net (Cont'd)

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

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

	Consolidated and Separate			
	30 June 2017		31 December 2016	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	91	<u>75</u>	104	<u>93</u>
<u>Less</u> Allowance for revaluation	(13)		(8)	
<u>Less</u> Allowance for impairment	<u>(3)</u>		<u>(3)</u>	
General investments, net	<u>75</u>		<u>93</u>	

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

As at 30 June 2017 and 31 December 2016, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and Separate							
	30 June 2017				31 December 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)	-
	<u>67</u>	<u>43</u>	<u>(43)</u>	<u>-</u>	<u>67</u>	<u>43</u>	<u>(43)</u>	<u>-</u>

8 Investments, net (Cont'd)

8.6 Investments in receivables

	Consolidated and Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Investments in receivables	78	78
<u>Less</u> Allowance for impairment	(60)	(60)
Investments in receivables, net	<u>18</u>	<u>18</u>

As at 30 June 2017 and 31 December 2016, the outstanding balances of loan receivables can be summarised as follows:

	Consolidated and Separate							
	30 June 2017				31 December 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	5,857	22,948	6,996	19
Outstanding investments in receivables as at the statements of financial position date	79	1,110	78	7.5	79	1,223	78	7.5

8.7 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		Separate Cost method	
			30 June 2017 %	31 December 2016 %	30 June 2017 Million Baht	31 December 2016 Million Baht
			Subsidiaries - included in consolidated financial statements			
CT Coll Co., Ltd.	Debt collection	Common stock	100	100	38	38
Center Auto Lease Co., Ltd.	Leasing/hire-purchase of automobile	Common stock	100	100	1,203	1,203
World Lease Co., Ltd.	Hire-purchase and motorcycles motorcycle trading	Common stock	100	100	467	467
Total					1,708	1,708
<u>Less</u> Allowance for impairment					(383)	(383)
Investments in subsidiaries, net					<u>1,325</u>	<u>1,325</u>

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

9 Loans and accrued interest receivables, net

9.1 Classified by loan type

	Consolidated		Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht	30 June 2017 Million Baht	31 December 2016 Million Baht
Bank overdrafts	6,179	6,275	6,188	6,284
Loans	142,414	145,049	148,345	150,792
Bills	26,683	29,933	42,063	45,858
Hire-purchase receivables	33,000	30,148	-	-
Others	88	32	61	5
Total loans	208,364	211,437	196,657	202,939
Valuation reserve from hedging	-	-	-	-
<u>Less</u> Deferred revenue	(6,556)	(5,849)	(21)	(39)
Total loans net of deferred revenue	201,808	205,588	196,636	202,900
<u>Add</u> Accrued interest receivables	592	590	594	594
Total loans net of deferred revenue and accrued interest receivables	202,400	206,178	197,230	203,494
<u>Less</u> Allowance for doubtful debts (Note 10)				
Minimum allowance for doubtful accounts required based on BoT's guidelines				
- Individual approach	(6,185)	(6,251)	(6,039)	(6,125)
General provision for further losses	(3,273)	(3,542)	(3,273)	(3,542)
<u>Less</u> Revaluation allowance for debt restructuring (Note 11)	(49)	(45)	(49)	(45)
Loans and accrued interest receivables, net	192,893	196,340	187,869	193,782

9.2 Classified by currency and residency of debtors

	Consolidated					
	30 June 2017			31 December 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	187,525	652	188,177	191,291	608	191,899
US dollar	11,222	1,426	12,648	10,774	1,686	12,460
Other currencies	949	34	983	1,214	15	1,229
Total loans net of deferred revenue	199,696	2,112	201,808	203,279	2,309	205,588
	Separate					
	30 June 2017			31 December 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	182,353	652	183,005	188,603	608	189,211
US dollar	11,222	1,426	12,648	10,774	1,686	12,460
Other currencies	949	34	983	1,214	15	1,229
Total loans net of deferred revenue	194,524	2,112	196,636	200,591	2,309	202,900

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

9.3 Classified by types of business and loan classification

Consolidated						
30 June 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	4,491	-	-	-	8	4,499
Manufacturing and commerce	36,024	5,054	411	3,447	1,790	46,726
Real estate and construction	9,443	1,426	39	194	25	11,127
Public utilities and services	23,951	1,049	784	95	703	26,582
Personal cash	12,054	572	296	-	158	13,080
Housing loans	56,260	1,648	624	697	1,249	60,478
Hire-purchase receivable and financial lease receivable	23,082	3,060	255	39	29	26,465
Others	12,188	185	86	94	298	12,851
Total loans net of deferred revenue	177,493	12,994	2,495	4,566	4,260	201,808
Consolidated						
31 December 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						
30 June 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	4,491	-	-	-	8	4,499
Manufacturing and commerce	36,024	5,053	411	3,447	1,790	46,725
Real estate and construction	9,443	1,426	39	194	25	11,127
Public utilities and services	23,951	1,049	784	95	703	26,582
Personal cash	12,054	572	297	-	158	13,081
Housing loans	56,260	1,648	624	697	1,249	60,478
Others	33,481	185	86	94	298	34,144
Total loans net of deferred revenue	175,704	9,933	2,241	4,527	4,231	196,636

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

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

	Separate					Total Million Baht
	31 December 2016					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss 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	<u>180,581</u>	<u>9,890</u>	<u>4,346</u>	<u>4,719</u>	<u>3,364</u>	<u>202,900</u>

9.4 Classification of loans

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

(a) Loans of the Group

	Consolidated							
	30 June 2017			31 December 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	177,921	58,609	1	598	180,669	63,221	1	642
- Special mention	13,148	3,493	2	73	12,774	3,471	2	73
- Sub-standard	2,505	1,091	100	1,089	4,593	1,919	100	1,917
- Doubtful	4,566	2,884	100	2,884	4,761	2,474	100	2,474
- Doubtful-of-loss	4,260	1,537	100	1,541	3,381	1,141	100	1,145
General provision for further losses				<u>3,273</u>				<u>3,542</u>
Total	<u>202,400</u>	<u>67,614</u>		<u>9,458</u>	<u>206,178</u>	<u>72,226</u>		<u>9,793</u>

⁽¹⁾ For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT's notification no. Sor Nor Sor 5/2559, the debt balance used for set allowance for doubtful account is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

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

9.4 Classification of loans (Cont'd)

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

	Separate							
	30 June 2017				31 December 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	176,134	75,857	1	756	181,044	79,661	1	794
- Special mention	10,087	2,466	2	48	10,005	2,217	2	43
- Sub-standard	2,250	877	100	877	4,362	1,726	100	1,727
- Doubtful	4,527	2,846	100	2,846	4,719	2,432	100	2,432
- Doubtful-of-loss	4,232	1,508	100	1,512	3,364	1,125	100	1,129
General provision for further losses				3,273				3,542
Total	197,230	83,554		9,312	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 30 June 2017, the Group and the Bank had defaulted loans amounting to Baht 10,337 million and Baht 10,013 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 30 June 2017 and 31 December 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	
	30 June 2017 Million Baht	31 December 2016 Million Baht	30 June 2017 Million Baht	31 December 2016 Million Baht
Current or overdue less than				
1 installment	23,082	21,279	55	64
Overdue 2-3 installments	3,060	2,769	25	30
Overdue 4-6 installments	255	232	212	191
Overdue 7-12 installments	39	42	39	42
Overdue more than				
12 installments	24	11	23	12
Debtors under litigation	5	5	5	5
Total	26,465	24,338	359	344

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

9.5 Non-performing loans

As at 30 June 2017 and 31 December 2016, the Group had the following non-performing loans, according to the criteria set up by the Bank of Thailand and the Office of the Securities and Exchange Commission.

	Consolidated		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
- Banking business	10,998	12,429	10,998	12,429
- Other businesses	323	290	-	-

As at 30 June 2017 and 31 December 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.

9.6 Hire-purchase and finance lease receivables

As at 30 June 2017, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 26,106 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				
	30 June 2017				
	Amounts due under lease agreement				Total
	Less than 1 year	1 - 5 years	Over 5 years	Non-performing loans	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	10,490	21,262	816	432	33,000
<u>Less</u> Unearned finance income	(2,799)	(3,587)	(40)	(109)	(6,535)
Present value of minimum lease payments receivable	7,691	17,675	776	323	26,465
<u>Less</u> Allowance for doubtful accounts					(359)
Net receivables under hire-purchase agreements and financial leases					<u>26,106</u>
	Consolidated				
	31 December 2016				
	Amounts due under lease agreement				Total
	Less than 1 year	1 - 5 years	Over 5 years	Non-performing loans	
	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					<u>23,994</u>

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

9.7 Troubled debt restructuring

As at 30 June 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	4,942	3,497
Restructured during the period ended 30 June 2017	872	2,360

Details of customers whose debts have been restructured during the six-month period ended 30 June 2017 compared with the total customers, both in the consolidated and the 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	872	2,360	872	2,360
Total loan customers	391,063	201,808	176,855	196,636

Details of the restructured debts for the six-month periods ended 30 June 2017 and 2016, classified into the restructuring methods are as follows;

	Consolidated and Separate			
	For the six-month period ended 30 June 2017			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Modifications of terms of payments	872	2,360	-	2,360
Total	872	2,360	-	2,360

	Consolidated and Separate			
	For the six-month period ended 30 June 2016			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Transfer assets to pay off	1	144	144	-
Modifications of terms of payments	1,015	1,608	-	1,608
Total	1,016	1,752	144	1,608

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

9.7 Troubled debt restructuring (Cont'd)

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

Period of debts restructuring contracts	Consolidated and Separate					
	For the six-month period ended 30 June 2017			For the six-month period ended 30 June 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	168	359	359	113	570	426
5 - 10 years	412	1,400	1,400	543	512	512
10 - 15 years	27	41	41	27	51	51
More than 15 years	265	560	560	333	619	619
Total	872	2,360	2,360	1,016	1,752	1,608

Supplemental information relating to the restructured debts for the six-month periods ended 30 June 2017 and 2016 are as follows:

	Consolidated and Separate	
	For the six-month periods ended	
	30 June 2017 Million Baht	30 June 2016 Million Baht
Interest income	175	161

As at 30 June 2017 and 31 December 2016, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and Separate	
	30 June 2017	31 December 2016
Number of debtors	5,806	5,897
Debt balances after restructuring (Million Baht)	5,373	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 30 June 2017, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 49 million (31 December 2016: Baht 45 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

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10 Allowance for doubtful debts

Consolidated							
30 June 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> Addition (deduction) during the period	(9)	(5)	229	(3)	92	2,069	2,373
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	5	5
Bad debt recoveries	-	-	-	-	-	152	152
<u>Less</u> Bad debts written off	-	-	(210)	(1)	(927)	(8)	(1,146)
Reduction from sale of NPL	-	-	-	(1,232)	(483)	-	(1,715)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(8)	(8)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	(35)	5	(847)	1,646	1,714	(2,479)	4
Balance as at 30 June 2017	<u>598</u>	<u>73</u>	<u>1,089</u>	<u>2,884</u>	<u>1,541</u>	<u>3,273</u>	<u>9,458</u>

Consolidated							
31 December 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> Addition (deduction) during the period	(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>

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10 Allowance for doubtful debts (Cont'd)

	Separate						
	30 June 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 (deduction) during the period	-	-	-	-	-	2,069	2,069
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	4	4
Bad debt recoveries	-	-	-	-	-	152	152
<u>Less</u> Bad debts written off	-	-	(2)	-	(847)	(8)	(857)
Reduction from sale of NPL	-	-	-	(1,232)	(483)	-	(1,715)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(8)	(8)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	(38)	5	(848)	1,646	1,714	(2,479)	-
Balance as at 30 June 2017	<u>756</u>	<u>48</u>	<u>877</u>	<u>2,846</u>	<u>1,513</u>	<u>3,273</u>	<u>9,312</u>

	Separate						
	31 December 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 (deduction) 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	<u>794</u>	<u>43</u>	<u>1,727</u>	<u>2,432</u>	<u>1,129</u>	<u>3,542</u>	<u>9,667</u>

11 Revaluation allowance for debt restructuring

	Consolidated and Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Balance - beginning of the period/year	45	55
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	8	10
<u>Less</u> Bad debt written off	-	(2)
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(4)	(18)
Balance - end of the period/year	<u>49</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.

12 Properties for sale, net

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

	Consolidated			
	As at 1 January 2017 Million Baht	Additions Million Baht	Disposals Million Baht	As at 30 June 2017 Million Baht
Asset from debt repayment				
Immovable Assessed by external appraiser	1,280	519	(790)	1,009
Movable	146	665	(620)	191
Total	1,426	1,184	(1,410)	1,200
Others	116	-	-	116
Total properties for sale	1,542	1,184	(1,410)	1,316
<u>Less</u> Allowance for impairment	<u>(257)</u>	<u>(262)</u>	<u>379</u>	<u>(140)</u>
Properties for sale, net	1,285	922	(1,031)	1,176

	Consolidated			
	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
Movable	137	1,695	(1,686)	146
Total	1,492	2,013	(2,079)	1,426
Others	70	116	(70)	116
Total properties for sale	1,562	2,129	(2,149)	1,542
<u>Less</u> Allowance for impairment	<u>(368)</u>	<u>(623)</u>	<u>734</u>	<u>(257)</u>
Properties for sale, net	1,194	1,506	(1,415)	1,285

12 Properties for sale, net (Cont'd)

	Separate			
	As at 1 January 2017 Million Baht	Additions Million Baht	Disposals Million Baht	As at 30 June 2017 Million Baht
Asset from debt repayment				
Immovable Assessed by external appraiser	1,280	519	(790)	1,009
Total	1,280	519	(790)	1,009
Others	116	-	-	116
Total properties for sale	1,396	519	(790)	1,125
<u>Less</u> Allowance for impairment	(201)	(17)	151	(67)
Properties for sale, net	<u>1,195</u>	<u>502</u>	<u>(639)</u>	<u>1,058</u>

	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	<u>1,109</u>	<u>433</u>	<u>(346)</u>	<u>1,196</u>

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

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13 Premises and equipment, net

	Consolidated												
	Cost/appraisal value				Accumulated depreciation							Allowance for impairment	Net book value
	As at 1 January 2017	Additions	Transfer to properties for sale	Disposals/ written off	As at 30 June 2017	As at 1 January 2017	Additions	Transfer to properties for sale	Disposals/ written off	As at 30 June 2017	Million Baht		
Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
Land													
Cost	453	-	-	-	453	-	-	-	-	-	-	-	453
Revaluation surplus (revaluation in 2016)	1,699	-	-	-	1,699	-	-	-	-	-	-	-	1,699
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	(18)	-	-	-	-	-	-	-	(18)
Buildings													
Cost	1,849	16	(1)	-	1,864	(1,129)	(27)	1	-	(1,155)	-	-	709
Revaluation surplus (revaluation in 2016)	1,147	-	-	-	1,147	(889)	(8)	-	-	(897)	-	-	250
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	(22)	11	-	-	-	11	-	-	(11)
Equipment	2,654	76	-	(162)	2,568	(2,090)	(101)	-	155	(2,036)	(11)	-	521
Assets under installation and/or construction	17	39	-	(30)	26	-	-	-	-	-	-	-	26
Total	7,779	131	(1)	(192)	7,717	(4,097)	(136)	1	155	(4,077)	(11)	-	3,629

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13 Premises and equipment, net (Cont'd)

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

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13 Premises and equipment, net (Cont'd)

	Separate											
	Cost/appraisal value				Accumulated depreciation							
	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 30 June 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 30 June 2017 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	453	-	-	-	453	-	-	-	-	-	-	453
Revaluation surplus (revaluation in 2016)	1,699	-	-	-	1,699	-	-	-	-	-	-	1,699
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings												
Cost	1,849	16	(1)	-	1,864	(1,129)	(27)	1	-	(1,155)	-	709
Revaluation surplus (revaluation in 2016)	1,147	-	-	-	1,147	(889)	(8)	-	-	(897)	-	250
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	(22)	11	-	-	-	11	-	(11)
Equipment	2,430	67	-	(154)	2,343	(1,927)	(88)	-	146	(1,869)	(11)	463
Assets under installation and/or construction	17	39	-	(30)	26	-	-	-	-	-	-	26
Total	7,555	122	(1)	(184)	7,492	(3,934)	(123)	1	146	(3,910)	(11)	3,571

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13 Premises and equipment, net (Cont'd)

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

14 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 30 June 2017 Million Baht
Expenditures in connection with development and improvement of computer systems						
- under development	-	78	85	(14)	-	149
Computer software	5 - 10 years	289	4	14	-	(54)
Licence fee	5 years	1	-	-	-	(1)
Total		368	89	-	-	(55)
Less Allowance for impairment		-				-
Net intangible assets		368				402

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)
Licence fee	5 years	1	-	-	-	-
Total		379	117	(5)	(9)	(114)
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 30 June 2017 Million Baht
Expenditures in connection with development and improvement of computer systems						
- under development	-	78	85	(14)	-	149
Computer software	5 - 10 years	284	4	14	-	(53)
Licence fee	5 years	1	-	-	-	(1)
Total		363	89	-	-	(54)
Less Allowance for impairment		-				-
Net intangible assets		363				398

Separate						
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	268	13	123	(8)	(112)
Licence fee	5 years	1	-	-	-	-
Total		373	115	(5)	(8)	(112)
Less Allowance for impairment		-				-
Net intangible assets		373				363

15 Deferred income taxes

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

	Consolidated		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning of the period/year	1,289	1,040	1,076	862
Charged to profit or loss	25	352	7	319
Tax credited relation to components of the comprehensive income	(83)	(103)	(83)	(105)
End of the period/year	<u>1,231</u>	<u>1,289</u>	<u>1,000</u>	<u>1,076</u>

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
(Credited) charged to profit or loss	(30)	31	7	(24)	32	(7)	7	-	9	25
Tax credited relation to components of the comprehensive income	-	-	-	-	-	-	-	(64)	(19)	(83)
As at 30 June 2017	<u>369</u>	<u>122</u>	<u>135</u>	<u>28</u>	<u>720</u>	<u>53</u>	<u>66</u>	<u>7</u>	<u>147</u>	<u>1,647</u>
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	<u>399</u>	<u>91</u>	<u>128</u>	<u>52</u>	<u>688</u>	<u>60</u>	<u>59</u>	<u>71</u>	<u>157</u>	<u>1,705</u>

	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	416
Charged (credited) to profit or loss		1	(2)	-
At 30 June 2017		<u>3</u>	<u>408</u>	<u>416</u>
At 1 January 2016		60	195	257
(Credited) charged to profit or loss		-	(10)	(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>416</u>

15 Deferred income taxes (Cont'd)

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

	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
(Credited) charged to profit or loss	(31)	31	5	(27)	29	(7)	7	-	-	7
Tax credited relation to components of the comprehensive income	-	-	-	-	-	-	-	(64)	(19)	(83)
As at 30 June 2017	<u>353</u>	<u>122</u>	<u>127</u>	<u>14</u>	<u>648</u>	<u>53</u>	<u>66</u>	<u>7</u>	<u>26</u>	<u>1,416</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
As 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>

	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		1	(2)	1	-
As at 30 June 2017		<u>3</u>	<u>408</u>	<u>5</u>	<u>416</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
As at 31 December 2016		<u>2</u>	<u>410</u>	<u>4</u>	<u>416</u>

16 Other assets, net

	Consolidated		Separate	
	30 June 2017 Million baht	31 December 2016 Million Baht	30 June 2017 Million baht	31 December 2016 Million Baht
Accrued interest and dividend receivables	352	406	352	406
Credit support assets on derivatives	3,764	5,823	3,764	5,823
Advances	29	22	28	22
Others assets awaiting account transfer	62	89	62	89
Commission receivables	79	47	79	47
Withholding tax receivable	132	98	125	93
Marginal deposits	95	82	85	70
Prepaid expenses	161	122	158	117
Others	1,469	1,048	1,330	892
Total	6,143	7,737	5,983	7,559
<u>Less</u> Allowance for impairment	(29)	(29)	(29)	(29)
Other assets, net	6,114	7,708	5,954	7,530

17 Deposits

17.1 Classified by type of deposits

	Consolidated		Separate	
	30 June 2017 Million baht	31 December 2016 Million Baht	30 June 2017 Million baht	31 December 2016 Million Baht
At call	2,041	2,353	2,043	2,353
Savings	68,374	82,377	68,575	82,575
Fixed	97,982	95,614	97,998	95,630
Negotiable certificate of deposit	2,789	3,319	2,789	3,319
Total deposits	171,186	183,663	171,405	183,877

17.2 Classified by currency and residency of depositors

	Consolidated					
	30 June 2017			31 December 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	167,989	1,566	169,555	180,580	1,577	182,157
US dollar	832	243	1,075	825	216	1,041
Other currencies	373	183	556	281	184	465
Total	169,194	1,992	171,186	181,686	1,977	183,663

	Separate					
	30 June 2017			31 December 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	168,208	1,566	169,774	180,794	1,577	182,371
US dollar	832	243	1,075	825	216	1,041
Other currencies	373	183	556	281	184	465
Total	169,413	1,992	171,405	181,900	1,977	183,877

18 Interbank and money market items (liabilities)

	Consolidated and Separate					
	30 June 2017			31 December 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	-	175	175	-	210	210
Commercial banks	72	2,440	2,512	1,189	315	1,504
Specialised Financial Institutions	3	4,603	4,606	9	290	299
Finances, finance and securities, securities, and credit foncier companies	5,088	1,850	6,938	4,461	1,750	6,211
Other financial institutions	632	409	1,041	465	408	873
Total domestic items	5,795	9,477	15,272	6,124	2,973	9,097
Foreign:						
US dollar	186	1	187	1,376	1	1,377
Other currencies	487	246	733	875	246	1,121
Total foreign items	673	247	920	2,251	247	2,498
Total domestic and foreign items	6,468	9,724	16,192	8,375	3,220	11,595

19 Financial liabilities designated at fair value through profit or loss

	Consolidated and Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Debentures	6,165	6,451
Bills of Exchange	16,439	12,423
Total	22,604	18,874

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

	Consolidated and Separate	
	30 June 2017 Proportion	31 December 2016 Proportion
Financial institutions	70	63
External parties	30	37
Total	100	100

As at 30 June 2017 and 31 December 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.
- The Bank issued debentures which will mature in 5 years with embedded callable inverse floater derivatives. The debentures bear interest rate at 6.45% - 6.65% per annum minus reference index of THBFIX 6 month (31 December 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.

20 Debt issued and borrowings

	Consolidated					
	30 June 2017			31 December 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	115	-	115	3,935	-	3,935
Debentures of Baht 2,000 million, maturing in 2020, coupon rate of 2.44%	2,000	-	2,000	-	-	-
Subordinated debentures						
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,167	3,167	-	3,196	3,196
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,514	4,514	-	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	3,000	-	3,000
Structured debentures						
Structured debentures	458	-	458	50	-	50
	<u>6,117</u>	<u>7,681</u>	<u>13,798</u>	<u>7,529</u>	<u>7,750</u>	<u>15,279</u>
Strutured bills of exchange						
Strutured bills of exchange	1,800	3,602	5,402	1,800	2,723	4,523
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.10% - 1.25% per annum	750	-	750	5,780	-	5,780
	<u>2,550</u>	<u>3,602</u>	<u>6,152</u>	<u>7,580</u>	<u>2,723</u>	<u>10,303</u>
Total	8,667	11,283	19,950	15,109	10,473	25,582
<u>Less</u> Current portion of long-term borrowings	<u>(1,867)</u>	<u>-</u>	<u>(1,867)</u>	<u>(10,309)</u>	<u>-</u>	<u>(10,309)</u>
Long-term borrowings, net	<u>6,800</u>	<u>11,283</u>	<u>18,083</u>	<u>4,800</u>	<u>10,473</u>	<u>15,273</u>

20 Debt issued and borrowings (Cont'd)

	Separate					
	30 June 2017			31 December 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	115	-	115	3,935	-	3,935
Subordinated debentures						
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,167	3,167	-	3,196	3,196
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,514	4,514	-	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	3,000	-	3,000
Structured debentures						
Structured debentures	458	-	458	50	-	50
	<u>4,117</u>	<u>7,681</u>	<u>11,798</u>	<u>7,529</u>	<u>7,750</u>	<u>15,279</u>
Strutured bills of exchange						
Strutured bills of exchange	1,800	3,602	5,402	1,800	2,723	4,523
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.10% - 1.25% per annum	750	-	750	5,780	-	5,780
	<u>2,550</u>	<u>3,602</u>	<u>6,152</u>	<u>7,580</u>	<u>2,723</u>	<u>10,303</u>
Total	6,667	11,283	17,950	15,109	10,473	25,582
<u>Less</u> Current portion of long-term borrowings	<u>(1,867)</u>	<u>-</u>	<u>(1,867)</u>	<u>(10,309)</u>	<u>-</u>	<u>(10,309)</u>
Long-term borrowings, net	<u>4,800</u>	<u>11,283</u>	<u>16,083</u>	<u>4,800</u>	<u>10,473</u>	<u>15,273</u>

- (a) As at 30 June 2017, the Bank had short term debentures of Baht 115 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. The debenture is guaranteed by CIMB Thai Bank Public Company Limited.
- (c) As at 30 June 2017, the Bank had domestic subordinated debentures of Baht 544 million (31 December 2016: Baht 544 million) which had been transferred to the Bank since the merger date.
- (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.

- (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.

20 Debt issued and borrowings (Cont'd)

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

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

- (g) As at 30 June 2017, the Bank has structured debentures of Baht 458 million (31 December 2016: Baht 50 million) as follows:
- As at 30 June 2017, the Bank issued structured debentures (Maxi X-Change Single Barrier Bullish) of Baht 140 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 30 June 2017, the Bank issued structured debentures (Maxi-X Change Dual Currency) of Baht 98 million which will mature during 1 to 2 months from respective issuance dates. The Bank will pay fixed interest rate and may return the principal in respective foreign currency or Thai Baht currency according to the movement of the underlying.
 - As at 30 June 2017, the Bank has short term structured debentures (Equity Linked Note) of Baht 220 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.
- (h) As at 30 June 2017, the Bank had credit linked bill of exchange (CLN) of Baht 5,402 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 3,602 million (31 December 2016: USD 76 million or equivalence Baht 2,723 million) which will mature in 8-15 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 + 1.7122% 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.

21 Provisions

	Consolidated		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	30	30	30	30
Reserve for off-statements of financial position items	343	494	343	494
Provision for employee benefits	1,476	1,473	1,394	1,396
Total provisions	1,849	1,997	1,767	1,920

Provision for employee benefits

As at 30 June 2017, the pension benefits were only provided to 365 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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,476	1,473	1,394	1,396
Provision for employee benefits	1,476	1,473	1,394	1,396

Movements of provision for pension funds are as follows:

	Consolidated		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,473	1,405	1,396	1,343
Current service costs	60	114	55	107
Interest costs	16	37	14	36
Remeasurements:				
Losses from changes in financial assumptions	-	60	-	55
Experience gain	-	(35)	-	(37)
<u>Less</u> Pension benefits paid for the periods/years	(73)	(108)	(71)	(108)
Ending balance	1,476	1,473	1,394	1,396

21 Provisions (Cont'd)

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

	Consolidated		Separate	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	30	28	27	26
Interest costs	8	9	7	9
Total	38	37	34	35

	Consolidated		Separate	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	60	55	55	51
Interest costs	16	18	14	17
Total	76	73	69	68

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

	Consolidated and Separate	
	30 June 2017 and 31 December 2016	
Discount rate		2.25%
Salary increase rate		5.00%
Pre-retirement mortality rate	75.00%	of Thai Mortality Ordinary Table 2008
Disability rate	10.00%	of pre-retirement mortality rate
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	
Retirement age		60 years old

21 Provisions (Cont'd)

Sensitivity analysis for each significant assumptions :

	Consolidated					
	Change in assumption		Impact on defined benefit obligation			
	30 June	31 December	Increase in assumption		Decrease in assumption	
	2017	2016	30 June	31 December	30 June	31 December
Weighted average discount rate	0.5%	0.5%	Decrease by 0.57%	Decrease by 4.24%	Increase by 8.64%	Increase by 4.54%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 14.08%	Increase by 9.68%	Decrease by 5.15%	Decrease by 8.58%

	Separate					
	Change in assumption		Impact on defined benefit obligation			
	30 June	31 December	Increase in assumption		Decrease in assumption	
	2017	2016	30 June	31 December	30 June	31 December
Weighted average discount rate	0.5%	0.5%	Decrease by 0.30%	Decrease by 4.14%	Increase by 8.71%	Increase by 4.43%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 14.03%	Increase by 9.46%	Decrease by 4.81%	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 30 June 2017, the weighted average duration of the defined benefit obligation is 10 years (31 December 2016: 10 years).

Expected maturity analysis of undiscounted benefits:

	Consolidated			
	30 June 2017 and 31 December 2016			
	Less than a year	Between 1 - 5 years	Over 5 years	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Retirement benefits	95	347	1,373	1,815

	Separate			
	30 June 2017 and 31 December 2016			
	Less than a year	Between 1 - 5 years	Over 5 years	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Retirement benefits	88	338	1,285	1,711

22 Other liabilities

	Consolidated		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Million Baht	Million Baht	Million Baht	Million Baht
Credit support liabilities on derivatives	2,501	3,923	2,501	3,923
Amount due to Department of Alternative Energy Development and Efficiency	71	111	71	111
Other liabilities awaiting accounts transfer	671	466	671	466
Accrued interest	627	662	620	662
Deferred commission	103	146	121	146
Accrued expense	1,086	1,258	981	1,133
Others	878	810	374	369
Total	5,937	7,376	5,339	6,810

23 Share capital

	Consolidated and Separate			
	30 June 2017		31 December 2016	
	Number	Amount	Number	Amount
	Million shares	Million Baht	Million shares	Million Baht
Registered				
Beginning of the period/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 period/year	30,280	15,140	24,775	12,387
Issued and paid up				
Beginning of the period/year				
- Ordinary shares	24,775	12,387	24,775	12,387
Issuance of new share	5,505	2,753	-	-
End of the period/year	30,280	15,140	24,775	12,387

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

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

24 Other reserves

	Consolidated	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Revaluation surplus on assets	2,039	2,048
Revaluation deficit on change in value of investments	(31)	(352)
Remeasurements of post-employment benefit obligations	(256)	(256)
Foreign currency translation	14	35
Deficit from measuring fair value of hedging instrument for cash flow hedge	(24)	(116)
Income tax relating to components of other reserves comprehensive expenses	(346)	(265)
Total	1,396	1,094

	Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Revaluation surplus on assets	2,039	2,048
Revaluation deficit on change in value of investments	(31)	(352)
Remeasurements of post - employment benefit obligations	(229)	(229)
Foreign currency translation	14	35
Deficit from measuring fair value of hedging instrument for cash flow hedge	(24)	(116)
Income tax relating to components of other reserves comprehensive expenses	(351)	(271)
Total	1,418	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	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Balance - beginning of the period/year	2,048	970
Add Appraisal during the period/year	-	1,122
<u>Less</u> Amortisation	(9)	(44)
Balance - end of the period/ year	2,039	2,048

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

24 Other reserves (Cont'd)

(b) Revaluation deficit on change in value of investments

	Consolidated and Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Revaluation surplus on investments:		
Debt securities	112	18
Equity securities	38	44
Total	150	62
Revaluation deficit on investments:		
Debt securities	(167)	(406)
Equity securities	(14)	(8)
Total	(181)	(414)
Revaluation deficit on change in value of investments, net	(31)	(352)

25 Statutory reserve

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

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

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

As at 30 June 2017, the Bank had total statutory reserve of Baht 397.80 million (31 December 2016: Baht 397.80 million).

26 Dividend payment

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

27 Capital funds

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

Capital fund (Full consolidate supervision)	30 June 2017 Million Baht	Total capital to risk assets %	31 December 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	7,156		7,863	
Other reserves	1,492		1,294	
Deduction on Tier I capital fund	(1,738)		(2,346)	
Total Tier I capital fund	30,913	13.19	25,309	10.73
Tier II				
Long-term subordinated debentures	12,086		12,087	
Reserve for loan classified as pass	598		643	
Total Tier II capital fund	12,684	5.41	12,730	5.40
Total capital funds	43,597	18.60	38,039	16.13

Capital funds (Separate)	30 June 2017 Million Baht	Total capital to risk assets %	31 December 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	5,675		7,013	
Other reserves	1,535		1,337	
Deduction on Tier I capital fund	(1,481)		(2,739)	
Total Tier I capital fund	29,732	12.63	24,109	10.16
Tier II				
Long-term subordinated debentures	12,086		12,086	
Reserve for loan classified as pass	759		799	
Total Tier II capital fund	12,845	5.46	12,885	5.42
Total capital funds	42,577	18.09	36,994	15.58

As at 30 June 2017, the Bank's regulatory capital after deducting capital add-on arising from single lending was Baht 42,577 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 30 June 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.

28 Share-based payments

Equity Ownership Plan (EOP)

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

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

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

The weighted average fair value of shares granted in this financial period, which were purchased over a specified period before awarding to the eligible employees of the Bank, was MYR 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	
	30 June 2017 units '000	31 December 2016 units '000
Beginning of financial period/year	1,342	649
Awarded during financial period/year	852	1,044
Released during financial period/year	(568)	(351)
End of financial period/year	<u>1,626</u>	<u>1,342</u>

For the six-month period ended 30 June 2017, the Bank set up share-based payment reserves and expenses amounting to Baht 17.8 million (for the six-month period ended 30 June 2016: Baht 12.6 million).

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

29.1 Position classified by type of transaction

	Consolidated					
	30 June 2017			31 December 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	282,677	5,060	287,737	291,294	6,176	297,470
Interbank and money market items, net	9,262	1,726	10,988	6,805	1,723	8,528
Derivative assets	16,621	1,423	18,044	18,881	2,354	21,235
Investments, net and investments in subsidiaries, net	51,634	6	51,640	55,056	6	55,062
Loans to customers and accrued interest receivables, net	190,989	1,904	192,893	194,248	2,092	196,340
Deposits	169,194	1,992	171,186	181,686	1,977	183,663
Interbank and money market items, net	15,272	920	16,192	10,029	1,566	11,595
Financial liabilities designated at fair value through profit or loss	22,604	-	22,604	18,874	-	18,874
Derivative liabilities	12,809	3,692	16,501	16,596	4,785	21,381
Debt issued and borrowings	8,667	11,283	19,950	15,110	10,473	25,583

	Separate					
	30 June 2017			31 December 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	278,339	5,060	283,399	289,447	6,176	295,623
Interbank and money market items, net	9,197	1,726	10,923	6,741	1,723	8,464
Derivative assets	16,621	1,423	18,044	18,881	2,354	21,235
Investments, net and investments in subsidiaries, net	52,959	6	52,965	56,381	6	56,387
Loans to customers and accrued interest receivables, net	185,965	1,904	187,869	191,690	2,092	193,782
Deposits	169,413	1,992	171,405	181,900	1,977	183,877
Interbank and money market items, net	15,272	920	16,192	10,029	1,566	11,595
Financial liabilities designated at fair value through profit or loss	22,604	-	22,604	18,874	-	18,874
Derivative liabilities	12,809	3,692	16,501	16,596	4,785	21,381
Debt issued and borrowings	6,667	11,283	17,950	15,110	10,473	25,583

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

29.2 Performance classified by type of transaction

	Consolidated					
	For the three-month period ended 30 June 2017			For the three-month period ended 30 June 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	3,585	27	3,612	3,648	25	3,673
Interest expenses	(980)	(118)	(1,098)	(1,122)	(65)	(1,187)
Net interest income (expenses)	2,605	(91)	2,514	2,526	(40)	2,486
Net fee and services income	470	-	470	404	-	404
Other operating income	270	-	270	283	-	283
Other operating expenses	(1,672)	-	(1,672)	(1,734)	-	(1,734)
Bad and doubtful debts and impairment losses	(1,150)	4	(1,146)	(1,384)	-	(1,384)
Profit (losses) before income tax expenses	<u>523</u>	<u>(87)</u>	<u>436</u>	<u>95</u>	<u>(40)</u>	<u>55</u>
	Separate					
	For the three-month period ended 30 June 2017			For the three-month period ended 30 June 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	2,976	26	3,002	3,177	25	3,202
Interest expenses	(973)	(118)	(1,091)	(1,122)	(65)	(1,187)
Net interest income (expenses)	2,003	(92)	1,911	2,055	(40)	2,015
Net fee and services income	304	-	304	254	-	254
Other operating income	182	-	182	350	-	350
Other operating expenses	(1,270)	-	(1,270)	(1,468)	-	(1,468)
Bad and doubtful debts and impairment losses	(973)	4	(969)	(1,259)	-	(1,259)
Profit (losses) before income tax expenses	<u>246</u>	<u>(88)</u>	<u>158</u>	<u>(68)</u>	<u>(40)</u>	<u>(108)</u>

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

29.2 Performance classified by type of transaction (Cont'd)

	Consolidated					
	For the six-month period ended 30 June 2017			For the six-month period ended 30 June 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	7,182	45	7,227	7,295	56	7,351
Interest expenses	(2,015)	(235)	(2,250)	(2,346)	(129)	(2,475)
Net interest income (expenses)	5,167	(190)	4,977	4,949	(73)	4,876
Net fee and services income	898	-	898	739	-	739
Other operating income	508	-	508	873	-	873
Other operating expenses	(3,419)	-	(3,419)	(3,490)	-	(3,490)
Bad and doubtful debts and impairment losses	(2,389)	13	(2,376)	(2,534)	-	(2,534)
Profit (losses) before income tax expenses	<u>765</u>	<u>(177)</u>	<u>588</u>	<u>537</u>	<u>(73)</u>	<u>464</u>
	Separate					
	For the six-month period ended 30 June 2017			For the six-month period ended 30 June 2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	6,004	44	6,048	6,377	56	6,433
Interest expenses	(2,009)	(234)	(2,243)	(2,346)	(129)	(2,475)
Net interest income (expenses)	3,995	(190)	3,805	4,031	(73)	3,958
Net fee and services income	567	-	567	458	-	458
Other operating income	413	-	413	915	-	915
Other operating expenses	(2,706)	-	(2,706)	(2,928)	-	(2,928)
Bad and doubtful debts and impairment losses	(2,082)	14	(2,068)	(2,297)	-	(2,297)
Profit (losses) before income tax expenses	<u>187</u>	<u>(176)</u>	<u>11</u>	<u>179</u>	<u>(73)</u>	<u>106</u>

30 Interest income

	Consolidated		Separate	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	23	20	23	20
Investments and trading transactions	42	39	42	39
Investments in debt securities	274	281	274	281
Loans	2,486	2,674	2,655	2,857
Hire purchase and financial lease income	779	654	-	-
Others	8	5	8	5
Interest income	3,612	3,673	3,002	3,202

	Consolidated		Separate	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	61	47	61	47
Investments and trading transactions	84	64	84	64
Investments in debt securities	529	584	529	584
Loans	5,019	5,365	5,360	5,728
Hire purchase and financial lease income	1,520	1,281	-	-
Others	14	11	14	11
Interest income	7,227	7,352	6,048	6,434

31 Interest expenses

	Consolidated		Separate	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	597	617	597	618
Interbank and money market items	74	69	74	68
Contribution fee to the Deposit Protection Agency	4	4	4	4
Contribution fee to FIDF	231	246	231	246
Debt securities issued				
- Subordinated debentures	149	134	149	134
- Others	36	104	29	104
Others	7	13	7	13
Interest expenses	1,098	1,187	1,091	1,187

31 Interest expenses (Cont'd)

	Consolidated		Separate	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	1,255	1,330	1,255	1,330
Interbank and money market items	119	137	119	137
Contribution fee to the Deposit Protection Agency	9	9	9	9
Contribution fee to FIDF	481	490	481	490
Debt securities issued				
- Subordinated debentures	296	268	296	268
- Others	73	211	66	211
Others	17	31	17	31
Interest expenses	2,250	2,476	2,243	2,476

32 Net fees and services income

	Consolidated		Separate	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and service income				
Acceptances, aval and guarantees	23	24	26	24
ATM, Debit card and Credit card fees	24	23	24	23
Brokerage income	182	220	153	145
Management fee	32	28	32	28
Others	259	163	125	97
Fees and service income	520	458	360	317
Fees and service expenses				
Collection fees	(11)	(16)	(23)	(28)
ATM fees	(11)	(10)	(10)	(10)
Others	(28)	(28)	(23)	(25)
Fees and service expenses	(50)	(54)	(56)	(63)
Net fees and service income	470	404	304	254

32 Net fees and services income (Cont'd)

	Consolidated		Separate	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and service income				
Acceptances, aval and guarantees	44	50	47	50
ATM, Debit card and Credit card fees	50	51	50	51
Brokerage income	404	409	292	266
Management fee	63	56	63	56
Others	428	284	220	165
Fees and service income	989	850	672	588
Fees and service expenses				
Collection fees	(20)	(38)	(43)	(63)
ATM fees	(20)	(21)	(20)	(21)
Others	(51)	(52)	(42)	(46)
Fees and service expenses	(91)	(111)	(105)	(130)
Net fees and service income	898	739	567	458

33 Gains on tradings and foreign exchange transactions, net

	Consolidated and Separate			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Gains (losses) on tradings and foreign exchange transactions				
Foreign currencies and foreign exchange rate derivatives	245	223	320	677
Interest rate derivatives	602	287	866	1,520
Debt securities	51	(30)	85	41
Equity securities	5	-	5	-
Others	52	-	45	-
Total	955	480	1,321	2,238
Gains on hedging transactions	3	1	5	1
Gains on tradings and foreign exchange transactions, net	958	481	1,326	2,239

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

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

	Consolidated and Separate			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Net change in fair value				
Bills of exchange	(615)	(281)	(755)	(1,578)
Debentures	(142)	(53)	(139)	(225)
Interest expenses	(102)	(76)	(192)	(155)
Total	(859)	(410)	(1,086)	(1,958)

35 Gains on investments, net

	Consolidated and Separate			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales				
Available-for-sale	38	125	40	434
General investments	-	-	1	1
Gains on investments, net	38	125	41	435

36 Other operating income

	Consolidated		Separate	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Gain on sale of premises and equipment	19	8	18	8
(Loss) gain on sale of properties for sale	-	-	(32)	67
Income from reversal of bad debts	51	-	-	-
Dividend income	8	49	8	49
Other income	54	31	51	31
Other operating income	132	88	45	155

	Consolidated		Separate	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Gain on sale of premises and equipment	28	10	27	10
Gain on sale of properties for sale	-	-	15	74
Income from reversal of bad debts	102	64	-	-
Dividend income	9	10	9	52
Other income	88	74	81	64
Other operating income	227	158	132	200

37 Bad and doubtful debts and impairment losses

	Consolidated		Separate	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Interbank and money market items	-	3	-	3
Loans	1,146	1,381	969	1,256
Total	1,146	1,384	969	1,259

	Consolidated		Separate	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Interbank and money market items	-	3	-	3
Loans	2,376	2,531	2,068	2,294
Total	2,376	2,534	2,068	2,297

38 Corporate income tax

	Consolidated		Separate	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Current tax:				
Current tax on profits for the period	72	70	-	13
Total current tax	72	70	-	13
Deferred tax:				
Increase (decrease) in deferred tax assets	11	(49)	25	(39)
Decrease in deferred tax liabilities	(4)	(6)	(4)	(6)
Total deferred tax	7	(55)	21	(45)
Total tax charge	79	15	21	(32)

38 Corporate income tax (Cont'd)

	Consolidated		Separate	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the period	135	220	-	114
Total current tax	135	220	-	114
Deferred tax:				
Increase in deferred tax assets	(25)	(119)	(7)	(99)
Decrease in deferred tax liabilities	-	(4)	-	(4)
Total deferred tax	(25)	(123)	(7)	(103)
Total tax charge	110	97	(7)	11

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	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Profit (losses) before tax	436	55	158	(108)
Tax calculated at a tax rate of 20%	87	11	32	(22)
Tax effect of:				
Income not subject to tax	(5)	(10)	(5)	(10)
Expenses not deductible for tax purpose	2	4	1	4
Other adjustment	(7)	3	(7)	(4)
Allowance for doubtful debt from subsidiaries	2	7	-	-
Total tax charge	79	15	21	(32)

	Consolidated		Separate	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	588	464	11	106
Tax calculated at a tax rate of 20%	118	93	2	21
Tax effect of:				
Income not subject to tax	(5)	(11)	(5)	(11)
Expenses not deductible for tax purpose	4	6	3	6
Other adjustment	(7)	3	(7)	(5)
Allowance for doubtful debt from subsidiaries	-	6	-	-
Total tax charge	110	97	(7)	11

The weighted average applicable tax rate in the interim consolidated and bank financial statements as at 30 June 2017 was 19% and - 65%, respectively (30 June 2016: 21% and 11%, respectively).

38 Corporate income tax (Cont'd)

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

	Consolidated					
	For the three-month period ended 30 June 2017			For the three-month period ended 30 June 2016		
	Before tax Million Baht	Tax credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	(5)	1	(4)	(3)	1	(2)
Properties for sale	-	-	-	(20)	4	(16)
Cash flow hedges	62	(12)	50	(16)	3	(13)
Available-for-sale financial asset	229	(46)	183	(360)	72	(288)
Other comprehensive income	<u>286</u>	<u>(57)</u>	<u>229</u>	<u>(399)</u>	<u>80</u>	<u>(319)</u>
Current tax		72			70	
Deferred tax		<u>7</u>			<u>(55)</u>	
		<u>79</u>			<u>15</u>	
	Separate					
	For the three-month period ended 30 June 2017			For the three-month period ended 30 June 2016		
	Before tax Million Baht	Tax credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	(5)	1	(4)	(3)	1	(2)
Properties for sale	-	-	-	(20)	4	(16)
Cash flow hedges	62	(12)	50	(16)	3	(13)
Available-for-sale financial asset	229	(46)	183	(360)	72	(288)
Other comprehensive income	<u>286</u>	<u>(57)</u>	<u>229</u>	<u>(399)</u>	<u>80</u>	<u>(319)</u>
Current tax		-			13	
Deferred tax		<u>21</u>			<u>(45)</u>	
		<u>21</u>			<u>(32)</u>	

38 Corporate income tax (Cont'd)

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

	Consolidated					
	For the six-month period ended 30 June 2017			For the six-month period ended 30 June 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	(10)	2	(8)	(72)	14	(58)
Properties for sale	-	-	-	44	(9)	35
Cash flow hedges	92	(18)	74	(18)	4	(14)
Available-for-sale financial asset	322	(64)	258	(242)	49	(193)
Other comprehensive income	<u>404</u>	<u>(80)</u>	<u>324</u>	<u>(288)</u>	<u>58</u>	<u>(230)</u>
Current tax		135			220	
Deferred tax		<u>(25)</u>			<u>(123)</u>	
		<u>110</u>			<u>97</u>	
	Separate					
	For the six-month period ended 30 June 2017			For the six-month period ended 30 June 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	(10)	2	(8)	(72)	14	(58)
Properties for sale	-	-	-	44	(9)	35
Cash flow hedges	92	(18)	74	(18)	4	(14)
Available-for-sale financial asset	322	(64)	258	(242)	49	(193)
Other comprehensive income	<u>404</u>	<u>(80)</u>	<u>324</u>	<u>(288)</u>	<u>58</u>	<u>(230)</u>
Current tax		-			114	
Deferred tax		<u>(7)</u>			<u>(103)</u>	
		<u>(7)</u>			<u>11</u>	

In addition, deferred income tax of Baht 1.9 million (30 June 2016: Baht 5.5 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.

39 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 six-month period ended 30 June 2017, Baht 57 million was contributed to the fund by the Bank and its subsidiaries (for the six-month period ended 30 June 2016: Baht 57 million), of which the Bank contributed Baht 50 million (for the six-month period ended 30 June 2016: Baht 50 million).

40 Earnings per share

Earnings per share as presented in the consolidated and bank statements of comprehensive income are calculated by dividing net income for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the period (Note 23).

There are no potential dilutive ordinary shares in issue for the six-month periods ended 30 June 2017 and 2016.

41 Encumbrance of assets

41.1 Assets used as collateral

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

	Consolidated and Separate	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Securities sold under repurchase agreements	998	-
Utilities usage	7	8
Total	1,005	8

41.2 Assets subject to obligation

The Bank has long-term investments in certain equity securities of one company obtained as a result of debt restructuring. Under the debt restructuring agreements, the Bank is obligated to dispose of the investment after agreed periods, which range from 1 year to 10 years commencing from the date of the debt restructuring agreements. As at 30 June 2017 and 31 December 2016, the investment had net book value net of allowance for impairment of Baht 1.

Moreover, the Bank has obligated properties foreclosed, which have sales restriction conditions within 3 years from the debt restructuring agreement dates. As at 30 June 2017, the properties foreclosed had net book value of Baht 319 million (31 December 2016: Baht 651 million).

As at 30 June 2017 and 31 December 2016, the investments subject to such obligations are as follows:

Year of maturity	Consolidated and Separate			
	30 June 2017		31 December 2016	
	Numbers	Cost Million Baht	Numbers	Cost Million Baht
2016 onwards	3	319	5	651
Assets subject to obligation	3	319	5	651

42 Commitments and contingent liabilities

42.1 Commitments

As at 30 June 2017 and 31 December 2016, significant commitments of the Bank consist of:

	Consolidated					
	30 June 2017			31 December 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	20	-	20	28	-	28
Guarantees of loans	9	-	9	9	-	9
Total avals to bills and guarantees of loans	29	-	29	37	-	37
Liability under unmaturing import bills:						
Liability under unmaturing import bills	-	319	319	23	467	490
Letters of credit:						
Letters of credit	19	1,736	1,755	22	1,309	1,331
Other commitments:						
Forward and spot contracts						
- Bought	-	356,849	356,849	-	387,446	387,446
- Sold	-	355,320	355,320	-	364,404	364,404
Cross currency and interest rate swap contract						
- Bought	-	140,886	140,886	-	142,870	142,870
- Sold	-	97,754	97,754	-	113,050	113,050
Interest rate swap contracts						
- Fixed rate payee	584,492	80,632	665,124	552,141	80,430	632,571
- Floating rate payee	603,972	109,937	713,909	579,814	134,576	714,390
Foreign exchange option						
- Call option sales contracts	-	82	82	-	57	57
- Put option sales contracts	-	732	732	-	995	995
- Call option purchase contracts	-	786	786	-	1,074	1,074
- Put option purchase contracts	-	144	144	-	157	157
Commodity						
- Bought	-	117	117	-	107	107
- Sold	-	117	117	-	106	106
Credit derivatives						
- Bought	1,800	3,602	5,402	1,800	2,723	4,523
- Sold	1,800	3,602	5,402	1,800	2,723	4,523
Equity derivatives						
- Bought	217	-	217	-	-	-
- Sold	217	-	217	-	-	-
Bond forward						
- Sold	4,000	-	4,000	1,399	-	1,399
Investments						
- Bought	9,341	-	9,341	2,880	-	2,880
- Sold	9,670	-	9,670	3,788	-	3,788
Undrawn bank overdrafts	17,880	-	17,880	18,404	-	18,404
Other guarantees	10,443	413	10,856	10,194	469	10,663
Other commitments	1,243,832	1,150,973	2,394,805	1,172,220	1,231,187	2,403,407
Total commitments	1,243,880	1,153,028	2,396,908	1,172,302	1,232,963	2,405,265

42 Commitments and contingent liabilities (Cont'd)

42.1 Commitments (Cont'd)

As at 30 June 2017 and 31 December 2016, significant commitments of the Bank consist of: (Cont'd)

	Separate					
	30 June 2017			31 December 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	20	-	20	28	-	28
Guarantees of loans	2,159	-	2,159	9	-	9
Total avals to bills and guarantees of loans	2,179	-	2,179	37	-	37
Liability under unmaturred import bills:						
Liability under unmaturred import bills	-	319	319	23	467	490
Letters of credit:						
Letters of credit	19	1,736	1,755	22	1,309	1,331
Other commitments:						
Forward and spot contracts						
- Bought	-	356,849	356,849	-	387,446	387,446
- Sold	-	355,320	355,320	-	364,404	364,404
Cross currency and interest rate swap contract						
- Bought	-	140,886	140,886	-	142,870	142,870
- Sold	-	97,754	97,754	-	113,050	113,050
Interest rate swap contracts						
- Fixed rate payee	584,492	80,632	665,124	552,141	80,430	632,571
- Floating rate payee	603,972	109,937	713,909	579,814	134,576	714,390
Foreign exchange option						
- Call option sales contracts	-	82	82	-	57	57
- Put option sales contracts	-	732	732	-	995	995
- Call option purchase contracts	-	786	786	-	1,074	1,074
- Put option purchase contracts	-	144	144	-	157	157
Commodity						
- Bought	-	117	117	-	107	107
- Sold	-	117	117	-	106	106
Credit derivatives						
- Bought	1,800	3,602	5,402	1,800	2,723	4,523
- Sold	1,800	3,602	5,402	1,800	2,723	4,523
Equity derivatives						
- Bought	217	-	217	-	-	-
- Sold	217	-	217	-	-	-
Bond forward						
- Sold	4,000	-	4,000	1,399	-	1,399
Investments						
- Bought	9,341	-	9,341	2,880	-	2,880
- Sold	9,670	-	9,670	3,788	-	3,788
Undrawn bank overdrafts	17,880	-	17,880	18,404	-	18,404
Other guarantees	10,443	413	10,856	10,194	469	10,663
Other commitments	1,243,832	1,150,973	2,394,805	1,172,220	1,231,187	2,403,407
Total commitments	1,246,030	1,153,028	2,399,058	1,172,302	1,232,963	2,405,265

42 Commitments and contingent liabilities (Cont'd)

42.2 Contingent liabilities

As at 30 June 2017 and 31 December 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	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Sum claimed in cases where the Group is sole defendant	298	296
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	766	766
- Sum of claims that cannot be specifically attributed to the Group	309	357
Total	1,373	1,419

As at 30 June 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 9 million and Baht 83 million, respectively. However, the Bank is in the process of appealing the decisions (31 December 2016: Baht 9 million and Baht 71 million, respectively).

As at 30 June 2017, the Group recognised provisions for contingent loss from legal cases of approximately Baht 30 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 Group recognised reserves of Baht 343 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.

42.3 Commitments under long-term leases

As at 30 June 2017 and 31 December 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	
	30 June 2017 Million Baht	31 December 2016 Million Baht	30 June 2017 Million Baht	31 December 2016 Million Baht
1 - 3 years	326	309	246	257
4 - 5 years	4	6	4	6
6 - 10 years	5	5	5	5
11 - 30 years	1	1	1	1
Total	336	321	256	269

42.4 Other commitments

As at 30 June 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 144 million, MYR 2.16 million and USD 2.7 million and SGD 539 thousand under such agreements (31 December 2016: Baht 83 million, MYR 3.57 million and USD 6.1 million and SGD 715 thousand).

43 Related party transactions

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

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

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

	Consolidated		Separate	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	170	184
Fee income	-	-	1	1
Dividend income	-	-	-	42
Expenses:				
Premises and equipment expenses	-	-	(2)	(1)
Fee expenses	-	-	11	12
Ultimate parent company				
Expenses:				
Interest expenses	51	1	51	1
Premises and equipment expenses	1	1	1	1
Fee expenses	23	10	23	10
Related companies				
Revenue:				
Fee income	72	61	72	61
Expenses:				
Interest expenses	5	4	5	4
Premises and equipment expenses	(3)	(3)	(3)	(3)
Fee expenses	2	12	2	12

43 Related party transactions (Cont'd)

	Consolidated		Separate	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	342	364
Fee income	-	-	3	2
Dividend income	-	-	-	42
Expenses:				
Interest expenses	-	-	1	1
Premises and equipment expenses	-	-	(3)	(3)
Fee expenses	-	-	23	26
Ultimate parent company				
Expenses:				
Interest expenses	100	1	100	1
Premises and equipment expenses	2	3	2	3
Fee expenses	34	15	34	15
Related companies				
Revenue:				
Fee income	130	98	130	98
Expenses :				
Interest expenses	8	7	8	7
Premises and equipment expenses	(5)	(5)	(5)	(5)
Fee expenses	4	29	4	29

The outstanding balances of significant related party transactions as at 30 June 2017 and 31 December 2016 are as follows:

	Consolidated						
	30 June 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
Parent company							
CIMB Bank Berhad	-	-	23	1,689	-	3,806	492
	-	-	23	1,689	-	3,806	492
Companies under common control							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	5
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	60
PT Bank CIMB Niaga Tbk	-	-	-	-	-	-	2
CIMB Securities (Singapore)	-	-	-	-	1	-	-
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	1,261	-	5
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	653	-	1
Sathorn Asset Management Co., Ltd.	-	-	-	2	714	-	7
	-	-	-	2	2,629	-	80
Other related companies							
	29	29	-	-	8	-	-
	29	29	-	-	8	-	-
Related persons							
	16	12	-	-	229	-	-
	16	12	-	-	229	-	-

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43 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 30 June 2017 and 31 December 2016 are as follows: (Cont'd)

	Consolidated						
	31 December 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
Parent company							
CIMB Bank Berhad	-	-	44	2,132	-	3,755	1,194
	-	-	44	2,132	-	3,755	1,194
Companies under common control							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	1
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	22
CIMB NIAGA	-	-	-	1	-	-	4
CIMB Securities (Singapore)	-	-	-	-	49	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	371	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	1	581	-	8
	-	-	-	2	1,001	-	35
Other related companies	-	-	-	-	9	-	-
	-	-	-	-	9	-	-
Related persons	26	41	-	-	847	-	1
	26	41	-	-	847	-	1
	Separate						
	30 June 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
Subsidiary companies							
Center Auto Lease Co., Ltd.	19,101	18,577	2,150	-	147	-	18
World Lease Co., Ltd.	2,684	2,737	-	-	23	-	-
CT Coll Co., Ltd.	8	9	-	1	49	-	16
	21,793	21,323	2,150	1	219	-	34
Parent company							
CIMB Bank Berhad	-	-	23	1,689	-	3,806	492
	-	-	23	1,689	-	3,806	492
Companies under common control							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	5
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	60
PT Bank CIMB Niaga Tbk	-	-	-	-	-	-	2
CIMB Securities (Singapore)	-	-	-	-	1	-	-
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	1,261	-	5
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	653	-	1
Sathorn Asset Management Co., Ltd.	-	-	-	2	714	-	7
	-	-	-	2	2,629	-	80
Other related companies	29	29	-	-	8	-	-
	29	29	-	-	8	-	-
Related persons	16	12	-	-	226	-	-
	16	12	-	-	226	-	-

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43 Related-party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 30 June 2017 and 31 December 2016 are as follows: (Cont'd)

	Separate						
	31 December 2016						
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
Subsidiary companies							
Center Auto Lease Co., Ltd.	17,702	19,028	-	-	134	-	-
World Lease Co., Ltd.	2,758	2,644	-	-	24	-	-
CT Coll Co., Ltd.	6	8	-	1	56	-	8
	20,466	21,680	-	1	214	-	8
Parent company							
CIMB Bank Berhad	-	-	44	2,132	-	3,755	1,194
	-	-	44	2,132	-	3,755	1,194
Companies under common control							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	1
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	22
CIMB NIAGA	-	-	-	1	-	-	4
CIMB Securities (Singapore)	-	-	-	-	49	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	371	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	1	581	-	8
	-	-	-	2	1,001	-	35
Other related companies							
	-	-	-	-	9	-	-
	-	-	-	-	9	-	-
Related persons							
	23	38	-	-	846	-	-
	23	38	-	-	846	-	-

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

43 Related-party transactions (Cont'd)

As at 30 June 2017 and 31 December 2016, the Bank has commitments in financial derivatives with related parties as follows :

	30 June 2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	53,091	92	53,183
- Floating rate payee	92,292	1,518	93,810
Forward and spot contracts			
- Bought	-	3,589	3,589
- Sold	-	135	135
Cross currency and interest rate swap contracts			
- Bought	-	8,399	8,399
- Sold	-	1,699	1,699
Commodity			
- Bought	-	66	66
- Sold	-	51	51
Credit derivatives			
- Sold	1,800	3,602	5,402
Equity derivatives			
- Sold	217	-	217
<u>Companies under common control</u>			
Forward and spot contracts			
- Bought	-	3	3
- Sold	-	4	4
	31 December 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

43 Related-party transactions (Cont'd)

Director and management remuneration

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

	Consolidated		Separate	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	96	91	91	85
Long-term employee benefits	4	6	4	6
Share-based payments (Note 28)	8	7	8	7
Director and management remuneration	<u>108</u>	<u>104</u>	<u>103</u>	<u>98</u>

	Consolidated		Separate	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	256	232	239	217
Long-term employee benefits	8	11	8	11
Share-based payments (Note 28)	18	13	18	13
Director and management remuneration	<u>282</u>	<u>256</u>	<u>265</u>	<u>241</u>

The details of share based payment are as follows:

	Consolidated and Separate	
	30 June 2017	30 June 2016
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	852	1,044

44 Financial information by segment

Business segment reporting is consisted of :

Consumer banking

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

Wholesale banking

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

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

44 Financial information by segment (Cont'd)

Business segment reporting is consisted of (Cont'd)

Others

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

Financial information presented in the consolidated financial statements as at 30 June 2017 and 31 December 2016 and for the three-month and six-month periods ended 30 June 2017 and 2016 are as follows:

	Consolidated				
	For the three-month period ended 30 June 2017				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	1,959	509	46	-	2,514
Net fees and service income	388	78	9	(5)	470
Other operating income	136	51	83	-	270
Other operating expenses	(1,416)	(361)	104	1	(1,672)
Bad and doubtful debts and impairment losses	(679)	(93)	(366)	(8)	(1,146)
Income tax expenses	(72)	(30)	23	-	(79)
Net profit (losses) for the period	<u>316</u>	<u>154</u>	<u>(101)</u>	<u>(12)</u>	<u>357</u>

	Consolidated				
	For the three-month period ended 30 June 2016				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	1,863	479	144	-	2,486
Net fees and service income	333	80	(9)	-	404
Other operating income	92	113	121	(43)	283
Other operating expenses	(1,354)	(406)	26	-	(1,734)
Bad and doubtful debts and impairment losses	(803)	(396)	(191)	6	(1,384)
Income tax expenses	(23)	26	(18)	-	(15)
Net profit (losses) for the period	<u>108</u>	<u>(104)</u>	<u>73</u>	<u>(37)</u>	<u>40</u>

44 Financial information by segments (Cont'd)

	Consolidated				
	For the six-month period ended 30 June 2017				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	3,862	1,009	106	-	4,977
Net fees and service income	757	133	13	(5)	898
Other operating income	237	106	166	(1)	508
Other operating expenses	(2,759)	(744)	82	2	(3,419)
Bad and doubtful debts and impairment losses	(1,706)	(32)	(634)	(4)	(2,376)
Income tax expenses	(73)	(89)	52	-	(110)
Net profit (losses) for the period	<u>318</u>	<u>383</u>	<u>(215)</u>	<u>(8)</u>	<u>478</u>
	Consolidated				
	For the six-month period ended 30 June 2016				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	3,659	944	273	-	4,876
Net fees and service income	630	124	(15)	-	739
Other operating income	164	526	226	(43)	873
Other operating expenses	(2,690)	(802)	2	-	(3,490)
Bad and doubtful debts and impairment losses	(1,430)	(692)	(425)	13	(2,534)
Income tax expenses	(66)	(20)	(11)	-	(97)
Net profit (losses) for the period	<u>267</u>	<u>80</u>	<u>50</u>	<u>(30)</u>	<u>367</u>

44 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other businesses		Eliminations		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	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	283,399	295,623	26,950	24,783	78	77	(22,690)	(23,013)	287,737	297,470
Interbank and money market items, net (assets)	10,923	8,464	235	222	49	56	(219)	(214)	10,988	8,528
Investments, net	51,640	55,062	-	-	-	-	-	-	51,640	55,062
Loans and accrued interest receivables, net	187,869	193,782	26,124	24,013	9	9	(21,109)	(21,464)	192,893	196,340
Deposits	171,405	183,877	-	-	-	-	(219)	(214)	171,186	183,663
Interbank and money market items (liabilities)	16,192	11,595	21,312	21,669	8	8	(21,320)	(21,677)	16,192	11,595
Financial liabilities designated at fair value through profit or loss	22,604	18,874	-	-	-	-	-	-	22,604	18,874
Debt issued and borrowings	17,950	25,583	2,000	-	-	-	-	-	19,950	25,583

45 Financial instruments

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

45.1 Credit risk

As at 30 June 2017 and 31 December 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 30 June 2017			Counting from 31 December 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	20	-	20	28	-	28
Guarantees of loans	9	-	9	9	-	9
Liabilities under unmatured import bills	319	-	319	490	-	490
Letters of credit	1,755	-	1,755	1,331	-	1,331
Other guarantees	9,490	1,366	10,856	9,739	924	10,663

	Separate					
	Counting from 30 June 2017			Counting from 31 December 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	20	-	20	28	-	28
Guarantees of loans	9	2,150	2,159	9	-	9
Liabilities under unmatured import bills	319	-	319	490	-	490
Letters of credit	1,755	-	1,755	1,331	-	1,331
Other guarantees	9,490	1,366	10,856	9,739	924	10,663

45 Financial instruments (Cont'd)

45.2 Market risk

(a) Interest rate risk

As at 30 June 2017 and 31 December 2016, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
30 June 2017				
Financial assets				
Cash	-	-	1,537	1,537
Interbank and money market items, net	468	6,912	3,608	10,988
Investments, net	18	51,471	151	51,640
Loans net of deferred revenue	137,131	64,677	-	201,808
Accounts receivable - bill of exchange	-	1,283	-	1,283
Total financial assets	137,617	124,343	5,296	267,256
Financial liabilities				
Deposits	65,010	104,135	2,041	171,186
Interbank and money market items	4,230	11,151	811	16,192
Liabilities payable on demand	-	-	438	438
Financial liabilities designated at fair value through profit or loss	22,604	-	-	22,604
Debt issued and borrowings	5,402	13,783	765	19,950
Total financial liabilities	97,246	129,069	4,055	230,370
31 December 2016				
Financial assets				
Cash	-	-	1,939	1,939
Interbank and money market items, net	440	4,594	3,494	8,528
Investments, net	19	54,868	175	55,062
Loans net of deferred revenue	138,887	66,702	-	205,589
Accounts receivable - bill of exchange	-	775	-	775
Total financial assets	139,346	126,939	5,608	271,893
Financial liabilities				
Deposits	72,514	108,796	2,353	183,663
Interbank and money market items	4,554	6,053	988	11,595
Liabilities payable on demand	-	-	250	250
Financial liabilities designated at fair value through profit or loss	18,874	-	-	18,874
Debt issued and borrowings	-	25,039	544	25,583
Total financial liabilities	95,942	139,888	4,135	239,965

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	Separate			Total Million Baht
	30 June 2017			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
Financial assets				
Cash	-	-	1,535	1,535
Interbank and money market items, net	418	6,912	3,593	10,923
Investments, net	18	51,471	151	51,640
Loans net of deferred revenue	137,576	59,060	-	196,636
Accounts receivable - bill of exchange	-	1,283	-	1,283
Total financial assets	138,012	118,726	5,279	262,017
Financial liabilities				
Deposits	65,211	104,151	2,043	171,405
Interbank and money market items	4,230	11,151	811	16,192
Liabilities payable on demand	-	-	438	438
Financial liabilities designated at fair value through profit or loss	22,604	-	-	22,604
Debt issued and borrowings	5,402	11,783	765	17,950
Total financial liabilities	97,447	127,085	4,057	228,589

Descriptions	Separate			Total Million Baht
	31 December 2016			
	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

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Consolidated								
30 June 2017								
Transactions	Repricing or maturity date						Total Million Baht	Weighted average interest rates %
	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	265	6,647	-	-	-	-	6,912	1.67
Investments, net	-	1,380	659	40,240	9,192	-	51,471	2.80
Loans net of deferred revenue	1,943	19,857	9,285	30,682	2,910	-	64,677	11.52
Accounts receivable - bill of exchange	-	177	677	412	17	-	1,283	2.42
Total financial assets	2,208	28,061	10,621	71,334	12,119	-	124,343	
Financial liabilities								
Deposits	3,364	47,300	51,911	1,560	-	-	104,135	1.58
Interbank and money market items	1,426	6,433	3,086	206	-	-	11,151	1.35
Debt issued and borrowings	750	213	140	2,000	10,680	-	13,783	4.90
Total financial liabilities	5,540	53,946	55,137	3,766	10,680	-	129,069	

Consolidated								
31 December 2016								
Transactions	Repricing or maturity date						Total Million Baht	Weighted average interest rates %
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht		
Financial assets								
Interbank and money market items, net	289	4,305	-	-	-	-	4,594	1.77
Investments, net	-	2,510	1,974	39,803	10,581	-	54,868	2.92
Loans net of deferred revenue	2,242	21,114	11,118	29,224	3,004	-	66,702	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	

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Transactions	Separate						Total Million Baht	Weighted average interest rates %
	30 June 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			
Financial assets								
Interbank and money								
market items, net	265	6,647	-	-	-	-	6,912	1.67
Investments, net	-	1,380	659	40,240	9,192	-	51,471	2.80
Loans net of								
deferred revenue	1,943	32,506	5,432	16,975	2,204	-	59,060	7.06
Accounts receivable - bill of exchange	-	177	677	412	17	-	1,283	2.42
Total financial assets	2,208	40,710	6,768	57,627	11,413	-	118,726	
Financial liabilities								
Deposits								
Interbank and money market items	3,364	47,305	51,922	1,560	-	-	104,151	1.58
Debt issued and borrowings	1,426	6,433	3,086	206	-	-	11,151	1.35
Total financial liabilities	5,540	53,951	55,148	1,766	10,680	-	127,085	

Transactions	Separate						Total Million Baht	Weighted average interest rates %
	31 December 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			
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								
Interbank and money market items	9,863	52,950	45,011	988	-	-	108,812	1.57
Debt issued and borrowings	2,832	1,304	1,481	226	210	-	6,053	1.22
Total financial liabilities	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	

45 Financial instruments (Cont'd)

45.2 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 six-month period ended 30 June 2017 and for the year ended 31 December 2016, can be summarised as follows:

	Consolidated					
	For the six-month period ended 30 June			For the year ended 31 December		
	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	8,558	61	1.43	5,703	69	1.21
Investments, net	53,732	613	2.28	55,810	1,313	2.35
Loans	201,614	6,538	6.49	202,475	13,268	6.55
Total performing financial assets	<u>263,904</u>	<u>7,212</u>		<u>263,988</u>	<u>14,650</u>	
<u>Performing financial liabilities</u>						
Deposits	174,492	1,254	1.44	166,032	2,610	1.57
Interbank and money market items	18,415	119	1.30	20,303	282	1.39
Financial liabilities designated at fair value through profit or loss	21,653	1,086	10.03	18,001	810	4.50
Debt issued and borrowings	18,866	369	3.91	29,533	871	2.95
Total performing financial liabilities	<u>233,426</u>	<u>2,828</u>		<u>233,869</u>	<u>4,573</u>	
Separate						
	For the six-month period ended 30 June			For the year ended 31 December		
	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	11,238	61	1.09	8,572	69	0.80
Investments, net	53,732	613	2.28	55,810	1,313	2.35
Loans	197,873	5,360	5.42	200,132	11,320	5.66
Total performing financial assets	<u>262,843</u>	<u>6,034</u>		<u>264,514</u>	<u>12,702</u>	
<u>Performing financial liabilities</u>						
Deposits	174,709	1,255	1.44	166,304	2,612	1.57
Interbank and money market items	19,247	119	1.24	21,864	282	1.29
Financial liabilities designated at fair value through profit or loss	21,653	1,086	10.03	18,001	810	4.50
Debt issued and borrowings	18,199	361	3.97	29,533	871	2.95
Total performing financial liabilities	<u>233,808</u>	<u>2,821</u>		<u>235,702</u>	<u>4,575</u>	

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 30 June 2017 and 31 December 2016, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and Separate					
	30 June 2017			31 December 2016		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	266.26	25.11	(233.56)	345.03	31.25	(223.58)
Forward						
- Forward contract	(376.73)	(25.02)	222.46	(410.10)	(31.34)	217.45
Total	(110.47)	0.09	(11.10)	(65.07)	(0.09)	6.13

* EURO and other currencies are stated in USD equivalents.

45.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 30 June 2017 and 31 December 2016 were as follows:

Descriptions	Consolidated				
	30 June 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	1,537	-	-	-	1,537
Interbank and money market items, net	4,077	6,695	216	-	10,988
Investments, net	-	2,039	49,432	169	51,640
Loans net of deferred revenue	18,760 ⁽¹⁾	38,208	144,840	-	201,808
Accounts receivable - bill of exchange	-	854	429	-	1,283
Total financial assets	24,374	47,796	194,917	169	267,256
Financial liabilities					
Deposits	70,415	99,209	1,562	-	171,186
Interbank and money market items	6,468	9,219	505	-	16,192
Liabilities payable on demand	438	-	-	-	438
Financial liabilities designated at fair value through profit or loss	-	-	22,604	-	22,604
Debt issued and borrowings	1,294	573	18,083	-	19,950
Total financial liabilities	78,615	109,001	42,754	-	230,370

⁽¹⁾ As at 30 June 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 11,321 million and Baht 10,998 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.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

Descriptions	Consolidated				Total Million Baht
	31 December 2016				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	
Financial assets					
Cash	1,936	-	-	3	1,939
Interbank and money market items, net	4,440	3,798	290	-	8,528
Investments, net	-	4,484	50,384	194	55,062
Loans net of deferred revenue	20,369 ⁽¹⁾	43,541	141,679	-	205,589
Accounts receivable - bill of exchange	-	775	-	-	775
Total financial assets	<u>26,745</u>	<u>52,598</u>	<u>192,353</u>	<u>197</u>	<u>271,893</u>
Financial liabilities					
Deposits	84,731	97,944	988	-	183,663
Interbank and money market items	8,375	2,785	435	-	11,595
Liabilities payable on demand	250	-	-	-	250
Financial liabilities designated at fair value through profit or loss	-	-	18,874	-	18,874
Debt issued and borrowings	6,325	3,985	15,273	-	25,583
Total financial liabilities	<u>99,681</u>	<u>104,714</u>	<u>35,570</u>	<u>-</u>	<u>239,965</u>

⁽¹⁾ As at 30 June 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 11,321 million and Baht 10,998 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.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

Descriptions	Separate				
	30 June 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	1,535	-	-	-	1,535
Interbank and money market items, net	4,012	6,695	216	-	10,923
Investments, net	-	2,039	49,432	169	51,640
Loans net of deferred revenue	18,769 ⁽¹⁾	46,995	130,872	-	196,636
Accounts receivable - bill of exchange	-	854	429	-	1,283
Total financial assets	24,316	56,583	180,949	169	262,017
Financial liabilities					
Deposits	70,618	99,225	1,562	-	171,405
Interbank and money market items	6,468	9,219	505	-	16,192
Liabilities payable on demand	438	-	-	-	438
Financial liabilities designated at fair value through profit or loss	-	-	22,604	-	22,604
Debt issued and borrowings	1,294	573	16,083	-	17,950
Total financial liabilities	78,818	109,017	40,754	-	228,589
Descriptions	Separate				
	31 December 2016				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	1,936	-	-	-	1,936
Interbank and money market items, net	4,376	3,798	290	-	8,464
Investments, net	-	4,484	50,384	194	55,062
Loans net of deferred revenue	20,378 ⁽¹⁾	52,982	129,540	-	202,900
Accounts receivable - bill of exchange	-	775	-	-	775
Total financial assets	26,690	62,039	180,214	194	269,137
Financial liabilities					
Deposits	84,929	97,960	988	-	183,877
Interbank and money market items	8,375	2,785	435	-	11,595
Liabilities payable on demand	250	-	-	-	250
Financial liabilities designated at fair value through profit or loss	-	-	18,874	-	18,874
Debt issued and borrowings	6,324	3,985	15,273	-	25,582
Total financial liabilities	99,878	104,730	35,570	-	240,178

⁽¹⁾ As at 30 June 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 11,321 million and Baht 10,998 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.

45 Financial instruments (Cont'd)

45.4 Fair value

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

Descriptions	Consolidated			
	30 June 2017		31 December 2016	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	1,537	1,537	1,939	1,939
Interbank and money market items, net	10,988	10,988	8,528	8,528
Derivatives assets	18,044	18,044	21,235	21,235
Investments, net	51,640	51,828	55,062	55,248
Loans to customers and accrued interest receivables, net	192,893	192,893	196,340	196,340
Accounts receivable - bill of exchange	1,283	1,270	775	775
Total financial assets	<u>276,385</u>	<u>276,560</u>	<u>283,879</u>	<u>284,065</u>
Financial liabilities				
Deposits	171,186	171,193	183,663	183,667
Interbank and money market items	16,192	16,192	11,595	11,595
Liability payable on demand	438	438	250	250
Financial liabilities designated at fair value through profit or loss	22,604	22,604	18,874	18,874
Derivatives liabilities	16,501	16,501	21,381	21,381
Debt issued and borrowings	19,950	19,947	25,583	25,386
Total financial liabilities	<u>246,871</u>	<u>246,875</u>	<u>261,346</u>	<u>261,153</u>
Descriptions	Separate			
	30 June 2017		31 December 2016	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	1,535	1,535	1,936	1,936
Interbank and money market items, net	10,923	10,923	8,464	8,464
Derivatives assets	18,044	18,044	21,235	21,235
Investments, net	51,640	51,828	55,062	55,248
Loans to customers and accrued interest receivables, net	187,869	187,869	193,782	193,782
Accounts receivable - bill of exchange	1,283	1,270	775	775
Total financial assets	<u>271,294</u>	<u>271,469</u>	<u>281,254</u>	<u>281,440</u>
Financial liabilities				
Deposits	171,405	171,413	183,877	183,881
Interbank and money market items	16,192	16,192	11,595	11,595
Liability payable on demand	438	438	250	250
Financial liabilities designated at fair value through profit or loss	22,604	22,604	18,874	18,874
Derivatives liabilities	16,501	16,501	21,381	21,381
Debt issued and borrowings	17,950	17,939	25,582	25,386
Total financial liabilities	<u>245,090</u>	<u>245,087</u>	<u>261,560</u>	<u>261,367</u>

45 Financial instruments (Cont'd)

45.5 Financial derivatives

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

As at 30 June 2017 and 31 December 2016, financial derivatives as classified by their maturities were as follows:

	Consolidated and Separate					
	30 June 2017			31 December 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	352,415	4,434	356,849	383,591	3,855	387,446
- Sold	347,371	7,949	355,320	356,157	8,247	364,404
Cross-currency and interest rate swap contracts						
- Bought	33,608	107,278	140,886	38,801	104,069	142,870
- Sold	25,013	72,241	97,754	35,727	77,323	113,050
Interest rate swap contracts						
- Fixed-rate payee	236,597	428,527	665,124	255,328	377,243	632,571
- Floating-rate payee	242,448	471,461	713,909	302,362	412,029	714,391
Foreign exchange options						
- Call-option sales contract	82	-	82	57	-	57
- Put-option sales contract	585	147	732	569	426	995
- Call-option purchase contract	634	152	786	614	460	1,074
- Put-option purchase contract	144	-	144	157	-	157
Commodity						
- Bought	117	-	117	107	-	107
- Sold	117	-	117	106	-	106
Credit derivatives						
- Bought	-	5,402	5,402	-	4,523	4,523
- Sold	-	5,402	5,402	-	4,523	4,523
Bond forward						
- Sold	800	3,200	4,000	1,099	300	1,399
Equity derivatives						
- Bought	217	-	217	-	-	-
- Sold	217	-	217	-	-	-

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

46 Fair value

46.1 Fair value estimation

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

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

The following table presents the assets and liabilities that are measured at fair value at 30 June 2017 and 31 December 2016.

	Consolidated and Separate			
	30 June 2017			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	8,151	-	8,151
Available-for-sale securities	90	28,187	-	28,277
Derivative assets	-	18,044	-	18,044
Total assets	90	54,382	-	54,472
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	22,604	-	22,604
Derivatives liabilities	-	16,501	-	16,501
Total liabilities	-	39,105	-	39,105
Consolidated and Separate				
31 December 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

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 30 June 2017 and 31 December 2016.

	Consolidated			
	30 June 2017			
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,537	-	-	1,537
Interbank and money market items, net	3,532	7,456	-	10,988
Held-to-maturity debt securities	-	15,339	-	15,339
General investments	-	-	61	61
Loans and accrued interest receivables, net	-	192,893	-	192,893
Total assets	5,069	215,688	61	220,818
Liabilities				
Deposits	-	171,193	-	171,193
Interbank and money market items, net	-	16,192	-	16,192
Liability payable on demand	-	438	-	438
Debt issued and borrowings	-	19,947	-	19,947
Total liabilities	-	207,770	-	207,770
Consolidated				
31 December 2016				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,939	-	-	1,939
Interbank and money market items, net	3,895	4,633	-	8,528
Held-to-maturity debt securities	-	17,678	-	17,678
General investments	-	-	73	73
Loans and accrued interest receivables, net	-	196,340	-	196,340
Total assets	5,834	218,651	73	224,558
Liabilities				
Deposits	-	183,667	-	183,667
Interbank and money market items, net	-	11,595	-	11,595
Liability payable on demand	-	250	-	250
Debt issued and borrowings	-	25,386	-	25,386
Total liabilities	-	220,898	-	220,898

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

	Separate			
	30 June 2017			
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,535	-	-	1,535
Interbank and money market items, net	3,467	7,456	-	10,923
Held-to-maturity debt securities	-	15,339	-	15,339
General investments	-	-	61	61
Loans and accrued interest receivables, net	-	187,869	-	187,869
Total assets	5,002	210,664	61	215,727
Liabilities				
Deposits	-	171,413	-	171,413
Interbank and money market items, net	-	16,192	-	16,192
Liability payable on demand	-	438	-	438
Debt issued and borrowings	-	17,939	-	17,939
Total liabilities	-	205,982	-	205,982
Separate				
31 December 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

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

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

Cash and Interbank and money market items, net

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

Investments, net

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

Loans to customers, net

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

Accounts receivable - bill of exchange

The carrying amounts of account receivable - bill of exchange, 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.

46 Fair value (Cont'd)

46.2 Valuation techniques used to derive Level 2 fair values

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

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

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

	Consolidated and Separate	
	General Investments	
	30 June 2017 Million Baht	31 December 2016 Million Baht
Opening balance	73	105
Gains recognised in profit and loss	-	1
Sale	-	(1)
Decrease in capital of general investments	(12)	(32)
Closing balance	<u>61</u>	<u>73</u>

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