

Part 1 Business Operation

1. Policy and Business Overview

Business Overview

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

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

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

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

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

The Bank's strength lies in its well-established and extensive network of domestic branches. As at 31 December 2015, the Bank operated 21 main offices with credit facilities and 123 branches, with 5 branches equipped with foreign exchanges facilities, 23 stand-alone and 2 versatile foreign exchange booths selectively concentrated in premises with high business potential.

1.1 Vision, Objectives and Corporate Value

Vision

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

Mission

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

We are in our journey to achieve our Aspiration;

- To become Top 3 most Profitable Bank (by RoE)
- To be Market Leaders in at least 3 business segments
- To be Employer of Choice through strong brand equity driven by a high performance culture

Corporate Value

Core values reflect what is truly important for CIMB Thai. These are not values that change from time to time, situation or by person, but rather they are the foundation of our culture. It is the soul of our bank.

CTHAI:

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

1.2 Background and key developments

CIMB Thai Public Company Limited (the “**Bank**”) ¹ was established through the amalgamation of the Union Bank of Bangkok Public Company Limited, the 12 state-intervened finance companies² and Krungthai Thanakit Finance Public Company Limited³ pursuant to the governmental order on 14 August 1998, a Cabinet resolution of 27 October 1998 and the notification of the Ministry of Finance, dated 22 December 1998. The consolidated entity subsequently changed its name to “BankThai Public Company Limited”, a new commercial bank established on 21 December 1998. The Financial Institutions Development Fund (the “**FIDF**”) acquired a major shareholding in the Bank and subsequently, the SET approved the trading of the Bank’s ordinary shares on 30 March 2001 with “BT” designated as its stock trading sign.

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

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

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

- transfer of all assets and liabilities of 12 finance companies to Krungthai Thanakit Finance Public Company Limited; and
- transfer of all assets and liabilities of Krungthai Thanakit Finance Public Company Limited to the Union Bank of Bangkok Public Company Limited.

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

² Comprises:

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

³ Previously named Krungthai Thanakit Finance and Securities Public Company Limited

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

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

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

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

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

In 2002, the FIDF decreased its shareholding in the Bank in line with the government's privatisation policy through the disposal of 707 million of the Bank's ordinary shares held by the FIDF to the public. Accordingly, the FIDF's shareholding declined from 96.32% to 48.98% of the Bank's total shares. In terms of the Warrants issued to the FIDF, to prevent any negative impact on the Bank's share price and to limit the FIDF's holding in the Bank's shares to less than 50% of the total issued shares, the Bank's Board of Directors' meeting No. 13/2002, held on 28 August 2002, passed a resolution to cancel the Warrants by buying them back from the FIDF. Subsequently, on 23 September 2002, the

Bank entered into a Warrant buyback option agreement with the FIDF (the “**Agreement**”). The Bank paid a total of THB 300 million to the FIDF for its reacquisition rights.

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

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

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

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

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

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

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

On 29 April 2010, the Annual General Meeting of Shareholders No.16 approved an increase in the registered capital, by THB 1,483.27 million from THB 6,674.70 million to THB 8,157.97 million by issuing 2,966.53 million new ordinary shares with a par value of THB 0.50 each to existing shareholders, in proportion to each shareholding at the ratio of 2 new shares for 9 existing share held, at a price of THB 1.00 per share. After the completion of share offered on 15 October 2010 CIMB Bank holds 15,198,.42 million shares, or equivalent to 93.15 percent of total issued and offered shares of the Bank.

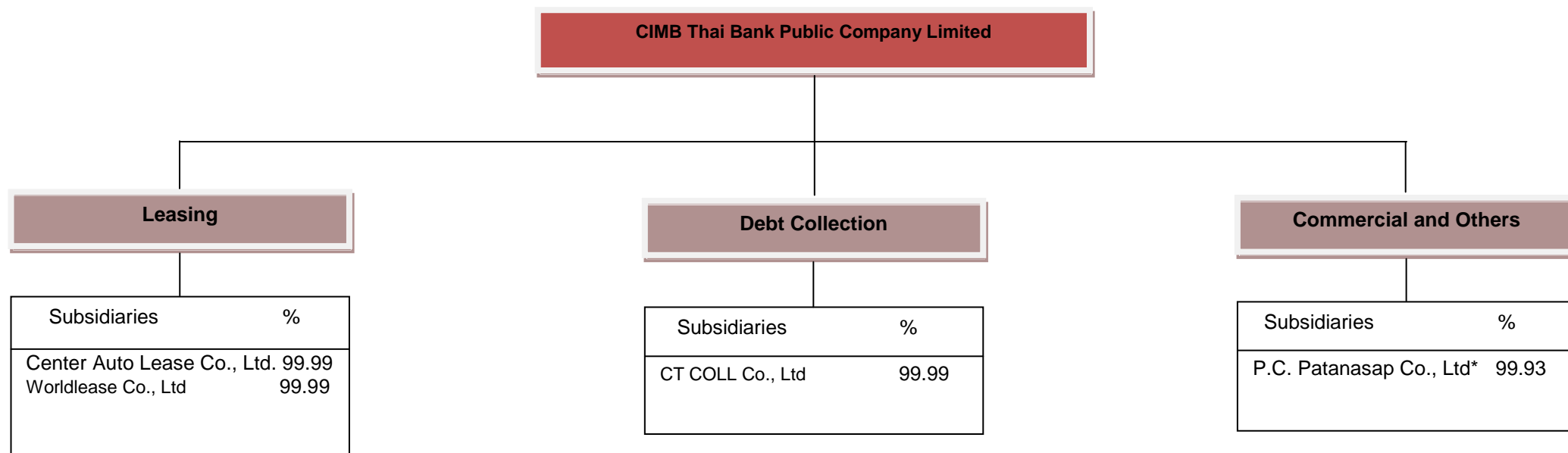
On 12 April 2012, the Annual General Meeting of Shareholders No.18 approved an increase in the registered capital from THB 8,157.97 million to THB 13,052.74 million by issuing 9,789.56 million new ordinary shares with a par value of THB 0.50 per share. Later on, the Bank issued another 4,894.78 million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

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

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

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

3. The Corporate Structure of the Bank and its Subsidiaries (as of 31 December 2015)



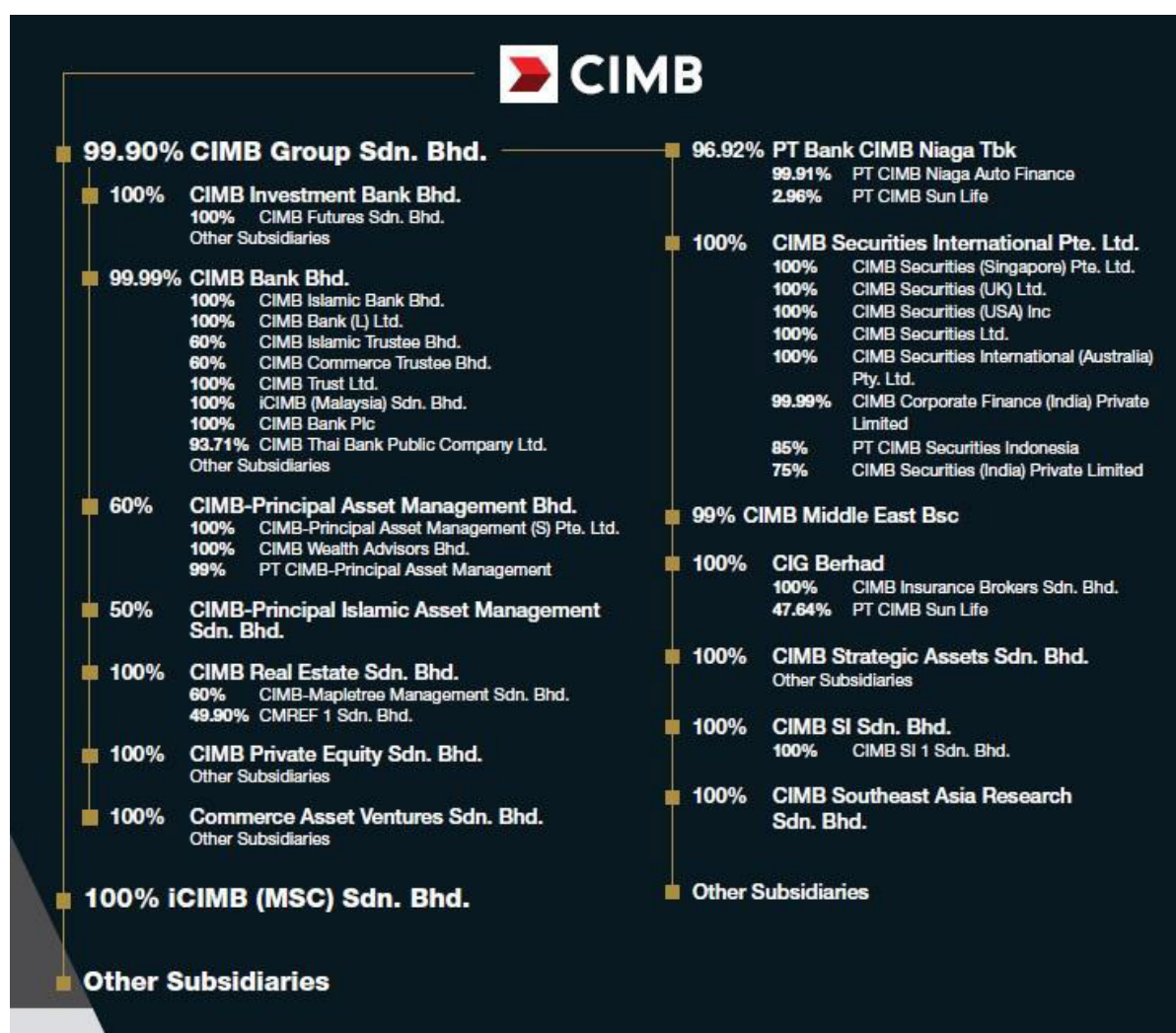
Remark * Under liquidation

1.4 Relationship with Major Shareholder

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

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

Structure of CIMB Group's Shareholding (As of 31 December 2015)



2. Nature of the Business

2.1 Revenue structure of the Bank and its Subsidiaries

2.1.1 CIMB Thai Bank Public Company Limited

2.1.1.1 Total operating income

(Unit: THB Million)

	For the years ended 31 December					
	2015	%	2014	%	2013	%
Interest income						
1. Interest on loans	11,343.1	110.8	10,767.3	125.2	9,317.4	109.6
2. Interest on interbank and money market items	73.3	0.7	150.5	1.7	282.9	3.3
3. Investments	1,598.2	15.6	1,535.3	17.9	1,424.3	16.8
4. Others	11.1	0.1	7.6	0.1	3.4	0.0
Total interest income	13,025.7	127.2	12,460.7	144.9	11,028.0	129.7
Interest expenses						
1. Deposits	3,893.4	38.0	3,922.9	45.6	3,637.4	42.8
2. Interest on interbank and money market items	338.1	3.3	327.3	3.8	376.9	4.4
3. Contribution fee to The Deposit Protection Agency and FIDF	1,001.8	9.8	928.4	10.8	791.0	9.3
4. Debt securities issued and borrowings	852.9	8.3	838.4	9.8	977.8	11.5
5. Others	55.2	0.5	11.3	0.1	11.8	0.1
Total interest expenses	6,141.4	59.9	6,028.3	70.1	5,794.9	68.1
Net interest income	6,884.3	67.3	6,432.4	74.8	5,233.1	61.6
Operating income	3,350.8	32.7	2,167.5	25.2	3,268.3	38.4
Total income	10,235.1	100.0	8,599.9	100.0	8,501.4	100.0

2.1.1.2 Non- Interest income

(Unit: THB Million)

	For the years ended 31 December					
	2015	%	2014	%	2013	%
Fee and service income	1,374.9	41.0	1,236.4	57.1	1,160.0	35.5
Fee and service expenses	319.3	9.5	296.5	13.7	220.0	6.7
Net fee and service income	1,055.6	31.5	939.9	43.4	940.0	28.8
Gains on trading and foreign exchange transactions, net	1,819.4	54.3	1,804.9	83.3	714.3	21.8
Losses on financial liabilities at fair value through profit or loss, net	(458.2)	(13.7)	(1,093.7)	(50.5)	(100.8)	(3.1)
Gains on investments, net	551.0	16.5	329.5	15.2	316.9	9.7
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	-	-	-	-	1,101.7	33.7
Other operating income	383.0	11.4	186.9	8.6	297.2	9.1
Non-interest income	3,350.8	100.0	2,167.5	100.0	3,268.3	100.0

2.1.2 CIMB Thai's Subsidiaries

(Unit: THB Million)

	For the years ended 31 December					
	2015	%	2014	%	2013	%
1. Center Auto Lease Co., Ltd.						
Interest income	1,443.7	123.8	1,274.2	127.4	992.7	134.3
Interest expense	526.7	45.2	495.5	49.5	405.1	54.8
Net interest income	917.0	78.6	778.7	77.9	587.6	79.5
Operating income	248.8	21.4	221.3	22.1	151.6	20.5
Total income	1,165.8	100.0	1,000.0	100.0	739.2	100.0
2. World Lease Co., Ltd.						
Interest income	871.1	100.7	908.7	109.8	912.2	108.2
Interest expense	196.4	22.7	233.9	28.3	225.0	26.7
Net interest income	674.7	78.0	674.8	81.5	687.2	81.5
Operating income	190.6	22.0	152.7	18.5	155.7	18.5
Total income	865.3	100.0	827.5	100.0	842.9	100.0
3. CT Coll Co., Ltd.						
Interest income	1.2	2.0	1.1	1.2	0.8	0.9
Interest expense	0.2	0.3	0.2	0.2	0.2	0.2
Net interest income	1.0	1.7	0.9	1.0	0.6	0.7
Operating income	58.8	98.3	95.0	99.0	86.0	99.3
Total income	59.8	100.0	95.9	100.0	86.6	100.0

2.2 Nature of Products and Services

Wholesale Banking Group

Corporate Banking

Corporate Banking Group (CBG) of CIMB Thai provides financial services to a diverse range of business sectors, for example, commercial, manufacturing, property development and transportation. As most clients have had a long-time relationship with the Bank, we perform as their strategic business partners that help and support them toward a strong and sustainable business growth. We also offer the clients business and investment opportunities through CIMB Group's regional network.

In 2015, the Thai economy expanded marginally and in a slow recovering pace due to several significant factors, such as the global economic slowdown, currency fluctuations, prevailing droughts and continued farm price drops, which prompted cautious stances in both the clients' business expansion and the Bank's credit consideration. We accordingly adjusted our income model to emphasise more on growing fee income proportion to compensate for the lending income that carries risk and requires high capital. Meanwhile, we made significant improvement on the quality of our lending portfolio by adopting the criteria of lending to corporate clients with good credit rating, being in low risk industry, and generating recurring income from cross-selling of products and transactions. For example, we focus on big projects that generate comprehensive income including interest income, fee income, financial advisory income and others, such as income from transactional banking, derivatives, hedging, and equity and debt underwriting, to well respond to clients' needs on a full-fledged basis.

In 2015, Wholesale Banking Group (WBG), covering Corporate Banking and Investment Banking, delivered total revenue growth of approximately 16% with an increase in non-net interest income (Non-NII) proportion from 36% to 47% to total revenues. This reflected the efficiency in asset utilization as WBG took a cautious stance in lending with less focus on loan growth amidst the economic uncertainties. The focus was shifted to generating fee income through upgrading our services as the main bank for specific major groups which generate significant income to the Bank,

and also to supporting our clients' business expansion in ASEAN under the wholesale banking theme "Be More Relevant to Important Clients and Accelerate Our ASEAN Initiatives."

In addition to on-shore income generation, WBG was evidently successful in expanding the business to other countries in ASEAN through the Bank's role as a member of CIMB Group which has strengths in capital, professionals and partnering network in ASEAN. WBG completed business deals with big corporate clients who had high levels of investments both locally and regionally especially in ASEAN as we provided solutions and services that met their expectations. The Bank worked closely with CIMB Group and continuously expanded income base in other countries for the Group with a high off-shore income growth of 73%.

From 2016 onwards, CBG will put emphasis on continuing growth, maintaining asset quality, pulling down the cost-to-income ratio, and generating recurring income. In addition, through synergistic cooperation within CIMB Group, we will continue to support our clients' business expansions in ASEAN and drive more inbound investments from foreign clients.

Investment Banking

2015 was a year of significant changes for Investment Banking Group (IBG). There were changes organisation structure by merging Corporate Finance and Equity Capital Markets Group with Investment Banking Group, and in key personnel with forming of a new team composed of professionals with expertise and experience in this business.

Amidst the economic volatility throughout the past year, several target clients slowed their merger and acquisition (M&A) transactions and/or their plans of listing on the stock exchange pending more favorable economic conditions. However, the team continued working on related processes in preparation for achieving each transaction looking forward to 2016 when several big transactions were expected.

In the fourth quarter of 2015, IBG successfully pushed through a transaction where the Bank performed as a lead underwriter of WHA Business Complex Freehold and Leasehold Real Estate Investment Trust (WHABT REIT) with an issue size of THB 2,020 million.

The past year also witnessed the Bank's continued transformation after incorporating Corporate Banking Group and Investment Banking Group under Wholesale Banking Group. The Bank recruited additional personnel with expertise in investment banking to better address upcoming business challenges. The Bank also reinforced the teams by collaborating with CIMB Group in having sector specialists available to provide knowledge and insights of each industry so that we could offer comprehensive financial services including strategic advisory services to our clients. As a result, we managed to strengthen relationships with and add value to the clients while enhancing competitiveness through innovative financial products.

The collaboration among Corporate Banking Group, Investment Banking Group and CIMB network in ASEAN will result in a synergy contributing to the Bank's role as an important bank to our important clients, another step forward to being the clients' business partners in achieving their ASEAN aspirations.

Key successful deals in 2015 included:

Debt Markets	Role	Issue Size (THB mil)
Bank of Agriculture and Agricultural Cooperatives	Joint Lead Arranger	28,000
Bank of Agriculture and Agricultural Cooperatives	Joint Lead Arranger	20,000
TPI Polene Public Company Limited	Lead Arranger	15,555
Bank of Agriculture and Agricultural Cooperatives	Joint Lead Arranger	10,000
Mitr Phol Sugar Corporation Limited	Joint Lead Arranger	7,100
TPI Polene Public Company Limited	Lead Arranger	6,000
State Railway of Thailand	Lead Arranger	5,300
State Railway of Thailand	Lead Arranger	4,227
Bangkok Mass Transit Authority	Joint Lead Arranger	4,000

Debt Markets	Role	Issue Size (THB mil)
Quality Houses Public Company Limited	Joint Lead Arranger	4,000
Metropolitan Electricity Authority	Joint Lead Arranger	4,000
Central Pattana Public Company Limited	Joint Lead Arranger	3,600
SC Asset Corporation Public Company Limited	Joint Lead Arranger	3,000
Easy Buy Public Company Limited	Co-Arranger	2,500
State Railway of Thailand	Joint Lead Arranger	2,366
Srisawad Power 1979 Public Company Limited	Joint Lead Arranger	2,000
Toyota Leasing (Thailand) Company Limited	Joint Lead Arranger	2,000
Thai ORIX Leasing Company Limited	Joint Lead Arranger	2,000
Ananda Development Public Company Limited	Joint Lead Arranger	2,000
Bangkok Dusit Medical Services Public Company Limited	Joint Lead Arranger	2,000
Krungthai Card Public Company Limited	Joint Lead Arranger	2,000
Ticon Industrial Connection Public Company Limited	Joint Lead Arranger	2,000
Srisawad Power 1979 Public Company Limited	Joint Lead Arranger	2,000
Easy Buy Public Company Limited	Joint Lead Arranger	2,000
Krungthai Card Public Company Limited	Joint Lead Arranger	2,000
Tisco Tokyo Leasing Company Limited	Joint Lead Arranger	1,000
M.K. Real Estate Development Public Company Limited	Lead Arranger	1,000
Prinsiri Public Company Limited	Joint Lead Arranger	600
Prinsiri Public Company Limited	Joint Lead Arranger	500
Lalin Property Public Company Limited	Joint Lead Arranger	500
Krungthai Card Public Company Limited	Joint Lead Arranger	385
Asia Sermkij Leasing Public Company Limited	Joint Lead Arranger	300
SC Asset Corporation Public Company Limited	Joint Lead Arranger	300
Tirathai Public Company Limited	Joint Lead Arranger	200
SC Asset Corporation Public Company Limited	Joint Lead Arranger	130
Thitikorn Public Company Limited	Joint Lead Arranger	120

Capital Markets	Role	Deal Size (THB mil)
Jasmine Broadband Internet Infrastructure Fund (JASIF)	Selling Agent	55,000.00
Star Petroleum Refining Public Company Limited (SPRC)	Co-Underwriter	15,617.84
The Platinum Group Public Company Limited (PLAT)	Co-Underwriter	5,180.00
Amata Summit Growth Freehold and Leasehold Real Estate Investment Trust (AMATAR)	Selling Agent	3,578.90
Bangkok Ranch Public Company Limited (BR)	Co-Underwriter	3,171.52
WHA Business Complex Freehold and Leasehold Real Estate Investment Trust (WHABT)	Lead Underwriter	2,020.00
Scan Inter Public Company Limited	Co-Underwriter	1,500.00
Taokaenoi Food & Marketing Public Company Limited (TKN)	Co-Underwriter	1,440.00
PM Thoresen Asia Holdings Public Company Limited (PMTA)	Lead Underwriter	637.56
Raja Ferry Port Public Company Limited (RP)	Co-Underwriter	465.00

Commercial Banking Group

Commercial Banking Group (CMG) serves customers from family-owned SMEs to mid-sized corporations with the expertise of our bank staff and through our business centres in strategic locations nationwide. We provide our customers with a full range of financial products and services, comprising working capital credit lines, trade finance products, and hedging solutions via treasury products. With the official implementation of the ASEAN Economic Community (AEC), CMG would also encourage and help our customers expand their businesses into ASEAN through our strong and well-established network across the region.

For the past few years, CMG has recorded positive growth in terms of asset size and income generation. In 2015; however, due to economic volatility, we adopted a policy of maintaining and

stabilising our loan portfolio with the year-ending loan balance of THB 51 billion. Looking forward to 2016, we have planned to attach more importance to strengthening our business base, with priorities given to portfolio quality, revamp of current work platform, and growing loans in sectors and locations with high business potential in order to better serve our customer needs and build a sustainable growth in commercial banking operation of the Bank.

Retail Banking

2015 was a year of notable achievements for CIMB Thai's Retail Banking Group (RBG). We expanded our customer base in the affluent segment with offering of a variety of investment unit and bancassurance products by our strong teams composed of branch sales and relationship officers and managers who provide our customers with advisory services just like we are their investment advisors to optimise their benefits. Moreover, we continued to improve our service availability, product fulfillment and customer touch point through partnership with AIS and 7-Eleven in rendering such differentiated products and services as deposit account opening at AIS shops, and launch of CIMB Thai Smart Point card, a two-in-one ATM and e-wallet card that allows customers to make cashless payment at all 7-Eleven stores nationwide. We have also been preparing our system and platform to offer innovative digital off-site sales and services, such as off-site loan origination, credit card sales, etc., to provide more convenience and time-saving for our customers.

In view of overall retail banking performance in 2015, consistent growth was recorded for wealth product sales as follows: (data as of 31 December 2015)

- Total mutual fund outstanding amount in 2015 was approximately THB 26,500 million, a 46% growth compared with that in 2014.
- IPO bond sales volume was doubled or 101% growth to more than THB 26,700 million from 2014.
- Structured debenture sales volume increased by 0.02% from 2014 to total THB 8,200 million.
- Bancassurance product sales grew by 18% from the previous year to THB 1,700 million.

Transaction Banking

CIMB Thai's Transaction Banking Group (TBG) offers an array of services including cash management, trade finance and securities services. Our team is composed of bankers highly experienced in providing advisory and tailored solutions to clients to help them manage their day-to-day banking requirements and optimise their operations leveraging on the Bank's services and technology.

2015 was a year in which TBG continued our transformation, product development, and system and technology development to be in line with the transformation of the Bank, especially in product development where our team has customised in order to match with clients' needs, and also in client service area where we have improved the workflows, after-sales services and customer information system in order to make the team ready for taking care of the increasing number of clients in the future, particularly any clients with potential to expand their business and investment into ASEAN or any clients from other countries in ASEAN who would like to invest or do their business in Thailand. Our team's priorities were still to build a longer term strategy of new products and services leveraging on CIMB Group's strong regional presence and know-how in order to provide differentiated solutions to our clients, and fill in the gap in our value proposition to ensure the Bank's transaction banking services' competitiveness in both local and regional markets. We have continued to further deepen our relationship with the existing clients across the country physically through our branch network and virtually via our internet banking platform for a more comprehensive client coverage.

Cash management and trade finance products and services from CIMB Thai are diverse aiming to manage clients' risks and serve their working capital requirements. Our internet banking solution, i.e. BizChannel, makes available to the clients an efficient access to our transactional services. Services and channel introduced so far to our clients including Trade Finance Quick Guarantee and Cheque Payment Centre at CIMB Thai's Head Office to serve our corporate clients in making payments to their suppliers in an efficient way, have been in clients' demand, especially in respect of cheque outsourcing the transaction volume of which has been increasing successively from 2014. Moreover, for trade finance in relation to government agencies, we have developed our system to support

electronic payment system and issuance of letter of guarantee as part of the transaction process in the e-Government Procurement (e-GP) of the Comptroller General's Department, Ministry of Finance.

Regarding securities services, CIMB Thai currently holds the following licenses: Registrar, Bond Representative, Fund Supervisory and Custodian. Under these licenses, we offer a complete range of securities services such as bondholder representative, registrar & paying agent, custodian, agency and safekeeping services. Securities services offered to our clients are fully supported by a strong technology platform that provides both efficiency and flexibility, and our dedicated team committed to offering solutions to meet our clients' complex requirements.

Assets under custody involved the following transactions carried out by the Bank as of 31 December 2015:

- (a) Bondholders' representative for 38 debenture transactions valued at THB 86,935 million
- (b) Securities registrar and paying agent for 18 common stocks, 167 corporate bonds, and four government bonds, with total value of THB 184,080 million
- (c) Long term facility agent and security agent valued at THB 29,690 million

Treasury Group

2015 was another successful year for CIMB Thai's Treasury Group (TG). We grew revenue consistently and at a rate above the budget despite the slowing economy and volatile environment. Our achievements were attributable mainly to active collaboration among staff within and across business units in CIMB Thai and across CIMB Group, leveraging on our strong ASEAN network.

With professionalism in innovating products and services that suit customers' risk profiles and needs, we have gained acceptance from our customers, and garnered 13 awards for hedging products and services from ASIAMONEY Polls, as below:

1. The Best Foreign FX Provider for Overall FX Services
2. The Best Foreign FX Provider for FX Options
3. The Best Foreign FX Provider for FX Products and Services
4. The Best Foreign FX Provider for FX Research and Market Coverage
5. Overall Best for Credit in Thailand
6. The Best for Credit Services in Thailand
7. The Best for Credit Research and Market Coverage in Thailand
8. The Best for Credit Sales in Thailand
9. The Best for Credit Derivatives in Thailand
10. Overall Best for Interest Rates in Thailand
11. The Best for Interest Rate Research in Thailand
12. The Best for Interest Rate Products & Sales in Thailand
13. The Best for Interest Rate Derivatives in Thailand

In 2015, TG's structured product team earned recognition as "The Best Structured Product House in Thailand" for the second straight year, while our institutional sales team won "The Best Local Currency Bond Individual in Research, Sales and Trading for 2015" award from The Asset magazine. Our foreign exchange trading team was also rated as "The Best Foreign Currency Liquidity Provider in Thailand" by Thomson Reuters.

Meanwhile, we ranked the 2nd in debt underwriting league table published by Bloomberg and were among the top 5 most active bond houses ranked by Thai Bond Market Association.

Looking forward, 2016 will be a challenging year for treasury operation, given the official integration of ASEAN Economic Community (AEC). With our aim to be the company of choice for customers with ASEAN aspirations and as the 'ASEAN Bank for You,' we have set up a new team, namely Regional Business and e-Treasury Product Team, to better serve our customers in their business endeavours under the AEC.

CIMB Thai's TG will remain committed to developing innovative products and services to fulfil our customer needs in both risk management and returns management with professionalism and with the ever changing business environment taken into consideration.

2.3 Market Shares and Competitions

Competitive Environment - Market Shares

Unit (THB'Million)

BANK	Asset	Marketshare	Deposit	Marketshare	Loan	Marketshare
BANGKOK BANK	2,835,852	18.1%	2,090,965	18.6%	1,868,903	17.0%
KRUNG THAI BANK	2,815,333	18.0%	2,135,499	19.0%	2,027,440	18.5%
KASIKORNBANK	2,555,305	16.3%	1,705,379	15.2%	1,609,887	14.7%
SIAM COMMERCIAL BANK	2,774,309	17.7%	1,890,729	16.8%	1,833,406	16.7%
BANK OF AYUDHYA	1,705,517	10.9%	1,046,290	9.3%	1,303,454	11.9%
TMB BANK	838,937	5.4%	644,694	5.7%	580,776	5.3%
THANACHART CAPITAL	997,581	6.4%	669,454	5.9%	714,628	6.5%
TISCO FINANCIAL GROUP	280,294	1.8%	158,125	1.4%	238,260	2.2%
KIATNAKIN BANK	236,144	1.5%	104,327	0.9%	177,966	1.6%
CIMB THAI BANK	304,621	1.9%	170,217	1.5%	198,607	1.8%
Others*	322,870	2.1%	637,310	5.7%	433,977	3.9%
Total	15,666,763		11,252,988		10,987,305	

Source: Commercial Bank's consolidated financial statement as of December 2015

2.4 Provision of Products and services

Source of Funding

As at 31 December 2015, deposits managed by the Bank stood at THB 183.0 billion (including interbank and money market deposits), whilst borrowings (including interbank and money market borrowings) amounted to THB 56.4 billion. Of that total, 82.3% was used for gross loans including accrued interest, while the balance was applied towards interbank items, money market transactions and investments. The Bank has been fully aware of its liquidity gap in each period, and has a policy in place for acquiring and utilising funds in an efficient and effective manner.

Comparing the Bank's loans and deposits, total gross loans with maturity of not more than one year stood at THB 75.9 billion while loans with maturity of more than one year amounted to THB 130.9 billion. Meanwhile, deposits with maturity of not more than one year stood at THB 181.2 billion and those with maturity of over one year amounted to THB 1.8 billion.

Capital Adequacy Ratio

The Bank's capital adequacy ratio (CAR), common equity tier 1 (CET1) capital and tier 1 capital are calculated under Basel III criteria to increase capital base for better loss absorption. As at the end of December 2015, the Bank's CAR under Basel III calculation was 15.5%, while CET1 capital and tier 1 capital were 10.8% and 10.8%, respectively. The Bank has maintained a robust capital well above the Bank of Thailand's minimum requirement of 8.5%, 4.5% and 6.0% of CAR, CET1 and tier1 capital ratios, respectively.

(Unit: THB billion)

Capital Funds	31 December 2015	31 December 2014	31 December 2013
Tier 1 capital	24.7	21.0	19.6
CET1 capital	24.7	21.0	19.6
Tier 2 capital	10.7	10.7	8.3
Total capital funds	35.4	31.7	27.9
Tier 1 capital to risk-weight assets (%)	10.8	9.9	9.9
CET1 capital to risk-weight assets (%)	10.8	9.9	9.9
Tier 2 capital to risk-weight assets (%)	4.7	5.1	4.2
Capital adequacy ratio (%)	15.5	15.0	14.1
Total risk-weight assets	229.0	211.5	198.0

Liquidity Risk Management Policy

Liquidity risk is defined as the risk of the Bank's inability to meet its present and future funding needs on a timely basis, as a consequence of being unable to convert assets into cash or being unable to obtain adequate funding on time. The Board of Directors and the senior management of the Bank take a very important role in managing the Bank's liquidity. The Board has delegated its authority to the Asset and Liability Management Committee (ALCO) to supervise all business units, including Treasury Group, to handle the Bank's liquidity. The Committee pro-actively and dynamically manages the Bank's balance sheet through monthly and ad hoc meetings. The Bank also has Risk Management Group to propose Liquidity Risk Management Policy for the Board's approval, and Treasury Group to regularly review liquidity risk. To ensure proper and prudent liquidity management, the policy also applies to the Bank's subsidiaries.

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

Collateral Policy

In the Bank's lending policies, the primary basis of assessing the creditworthiness is the borrower's ability to repay loan obligations, most often from cash flows generated through normal business operations and other primary sources of repayment. Nevertheless, collateral also represents an important component of many credit transactions because it will be the secondary source of repayment and will help alleviate loss in the event of default. Among the different types of collateral which the Bank accepts are deposits, government bond, debt and equity instruments, land, construction and machinery, etc. The loan to collateral value ratio will vary based upon the risk level of each credit product, the borrower's creditworthiness and liquidity of collaterals. The Bank has established a collateral valuation policy to ensure effective risk management as well as to comply with Bank of Thailand's guidelines. When the collateral is taken, it is important to follow the Bank's policy comprising, among others, valuation policy and valuation frequency.

Debt Monitoring Policy and Follow-up Procedures

The Bank has set up the guidelines for closely managing and monitoring watch-list and problem loan accounts in order to speedily resolve its problem loans and standardise the problem loan monitoring process. The guidelines prescribe a monitoring process for watch-list accounts, special mentioned and substandard or worse accounts and the guidelines will be revised periodically to ensure their effectiveness and relevance. In addition to mandatory debt classification in accordance with the Bank of Thailand's guidelines, the Bank has established additional qualitative criteria for early classification of debt with signs of deterioration prior to default. For pre-NPL accounts to be effectively managed, the early warning process has been set up as guidelines for relationship managers to take early action in identifying accounts with potential problem and develop proper action plan to timely solve the problem so that risk to the Bank can be mitigated. The accounts with potential problems are put under watch list classified by degree of their problem and risk level into three groups, i.e. watch list – low, watch list – medium and watch list – high. The accounts under watch list – low remain under normal class while those under watch list – medium and high are classified as special mention. These pre-NPL as well as NPL accounts with TDR not yet finalised and with exposure more than THB 10 million are regularly reported to Problem Loan Working Group (PLM). PLM has been set up to closely monitor development of pre-NPL accounts, NPL accounts with TDR not yet finalised and other accounts requiring close attention, and provide guidance to relationship managers on proper actions to be taken against these pre-NPL accounts to quickly and effectively solve the problem before they

become NPL, as well as to provide proper solution for debt restructuring of NPL accounts to minimise loss and maximise recovery to the bank.

Debt Restructuring Policy

The Bank has set a policy to undertake debt restructuring for borrowers who have cooperated with the Bank as well as have had potential to comply with the conditions newly agreed upon. The objective of the policy is to ensure that the Bank and the borrowers have mutually benefited from the debt restructuring, that is, the Bank has maximum opportunity to recover debt or has minimum possible loss, while the borrowers are able to continue their business with incurrance of some loss on their part. The Bank will undertake debt restructuring work in accordance with the Bank of Thailand's regulations and such work will be undertaken prudently so that it does not avoid the requirements regarding debt reclassification, additional provisioning and suspension of income recognition of accrued interest.

Debt restructuring is undertaken taking into consideration the criteria, process and method provided for debt restructuring process, including debtor analysis, approval, preparation of agreement, follow-up and assessment. Such process must be in compliance with the applicable rules and regulations of the authorities and the Bank. The responsibility for coordinating debt restructuring activities lies primarily with the internal work unit of the Bank. However, a certified and experienced third party specialised in this area may be assigned to provide financial advisory services or undertake debt restructuring for the Bank. However, debt restructuring conditions are subject to approval of the Board or the Credit Committee or other persons as authorised by the Bank.

Policy on Asset Classification and Loan Loss Provision

The Bank has complied with the Bank of Thailand's regulations which require asset classification and loan loss provision at the rate for each asset category as prescribed by Bank of Thailand Notification No. SorNorSor. 31/2551 regarding criteria for debt classification and provisioning of financial institutions, dated 3 August 2008 or as may be amended by the Bank of Thailand from time to time. However, the Bank's internal guidelines are more stringent than the regulatory requirements, with combination of the qualitative and quantitative criteria prescribed by the Bank of Thailand, and prudent adoption of a final classification which is based on the weaker result of the two sets of criteria to reflect real risk level of the debtor.

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

3. Risk Factors

Risk Management Overview

CIMB Thai focuses on sound and effective risk management principles in ensuring not only the financial soundness and integrity but also sustainability of the organisation. The risks to which a bank is particularly exposed in the conduct of businesses are credit risk, market risk, liquidity risk, operational risk and strategic risk. The Bank's undertakings of risk management and mitigation include risk identification, measurement, monitoring and managing under a robust risk management framework, in which returns must be commensurate with the risks taken.

Board Risk Committee (BRC) has been appointed by the Board of Directors to ensure independent and greater risk governance and accountability for all types of risks and to report directly to the Board of Directors. BRC is composed of four members in total, three out of whom are members of the Board of Directors. The Risk Management Committee (RMC) has also been appointed by the Board of Directors having four sub-committees with responsibilities to review and recommend to RMC in various risk areas, i.e. Credit Risk Committee responsible for credit risk related matters, Operational Risk Committee for operational risk related matters, Basel Committee for any related matters to ensure compliance with Basel regulatory requirements, and Reputation Risk Committee for reputational risk related matters. RMC is composed of members with relevant experience and expertise. Its key responsibilities are to review and recommend to the Board of Directors risk management policies and frameworks as well as to establish a corresponding governance structure in ensuring that not only risks are managed efficiently and effectively but also decisions are made in a transparent manner.

The Risk Management Group was established to act as catalyst for the development and maintenance of sound risk management policies, strategies and procedures within the Bank. It provides functional support to BRC, RMC, Risk Management Sub-committees and Credit Committee, and assists the Management in managing risks inherent to the Bank and banking businesses. The Risk Management Group is independent from other business units involved in risk taking transactions or activities.

Strategic Risk

Strategic risk is the risk of losses as a result of insufficient consideration of possible threats to the Bank's activities, insufficiently substantiated prospective business where the Bank could gain advantage over its competitors, lacking or incomplete provision of necessary resources and organisational measures that are required to achieve strategic objectives.

The major goal of strategic risk management is to maintain the risks taken by the Bank at levels determined in accordance with its strategic tasks and to ensure safety of assets and capital by minimisation of possible losses. The Bank defines risk appetite subject to approval by the Board of Directors. It uses the following strategic risk management methods: business planning, financial planning, monitoring of approved plan implementation, market analysis, SWOT analysis and readjustment of plans where necessary. Senior management and the Board of Directors are closely involved and engaged throughout the formulation process. Subsequent to the implementation stage, the Board of Directors and designated Management Committee regularly monitor and review actual results against the targets and plans.

Key strategic risks can be summarised as follows:

1. Risk resulting from inappropriate organisational structure and management

The Bank is convinced that a proper organisational structure is one of the critical factors in achieving desired targets. Adhering to the best governance and practice, committees and units are established with prescribed functions and responsibilities as well as proper check-and-balance procedures to ensure the integrity of the undertakings and the deliverability of business plans.

2. Risk resulting from economic volatility and competition

Economic conditions and competition are two external factors of which the Bank must remain vigilant. Implementation of business plans under unfavourable external environments may lead to the performance under the targets. To mitigate risk emerging from operating environments, the Bank's Research Office, together with the Strategy Division, closely monitor and analyse both economic conditions and competitive environments. In particular, analysis and assessment of peer banks are conducted on a regular basis. Subsequent research and strategic findings and recommendations will then be reported to relevant committees for consideration and further action as needed.

3. Risk resulting from capital inadequacy

Capital adequacy is a critical composition of sound risk management and mitigation mechanism. This includes the maintenance of adequate capital under both normal conditions and "extreme but plausible events" as resulted from the stress test exercise. The capital management plan, together with prescribed action plans, are formulated and set in place to ensure prudent positioning of the Bank's capital level as required by law. One particular measure, the CAR trigger (capital adequacy ratio trigger) is employed by the Strategy and Finance Group and Risk Management Group as early warning indicators in monitoring and maintaining capital adequacy.

Credit Risk

Credit risk arises from clients or counterparties who are not able to or are not willing to fulfill their contractual obligations under loan agreements or other credit facility agreements. Credit risk results in the deterioration of credit quality and affects the Bank's profitability and capital fund. The overriding objective of credit risk management at the Bank is to create value for shareholders by ensuring that the revenue is generated in balance with the acceptable credit risk appetite. Under the credit risk management policy, the Bank has put in place credit risk management process, techniques and controls to maintain a check and balance system with clearly defined responsibilities for relationship managers, credit analysts, credit risk assessors, credit approvers and risk management officers. The risk management framework for the Bank and its subsidiaries has continued to be enhanced to support our business and to ensure the overall adherence to the risk management policy of the Bank and CIMB Group.

The Bank continuously reviews and improves risk assessment tools for different types of clients and in line with the growth of portfolios. The tools include corporate rating tool that has been developed and implemented for corporate clients, SME rating model for SME clients, specialised lending rating model for specialised customer groups and credit scoring tools and system for retail, secured and unsecured loans as well as hire purchase. The credit rating and credit scoring tools are now implemented in systems to ensure efficiency of rating/scoring and model performance monitoring.

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

The Bank determines and reviews risk appetite or acceptable risk level considering the forecasted economy in each year in order to be the guideline of business expansion and management. Risk appetite has been monitored on a monthly basis and reported to Risk Management Committee, Board Risk Committee, and Board of Directors.

Market Risk

Market risk occurs when the Bank undertakes transactions which are exposed to fluctuation in the market parameters which are interest rates, foreign exchange rates, securities prices in stock and commodity markets, and may negatively affect both the revenue and capital position of the Bank. The Bank employs a market risk policy to ensure that the rules and procedures are in compliance with both the regulatory requirements and the Bank's policy. The Bank has a work unit, independent from risk originating units, to monitor and control market risk. It also regularly assesses and determines the capital reserves for market risk to comply with the Bank of Thailand's regulations.

Market risks include the following:

1. Interest rate risk

The Bank monitors the interest rate risk for both the banking book and the trading book. For the banking book, the interest rate risk normally arises when the re-pricing and/or maturity schedule of assets, liabilities and off-balance sheet positions are not matched, or when the movements of reference interest rate on assets and liabilities are not correlated, negatively affecting net interest income (NII) and/or economic value of equity (EVE). We use the re-pricing gap analysis method to analyse the interest rate movement of assets and liabilities in different time periods. We also evaluate the effect of interest rate risk on the loss of earnings (NII) and/or EVE as a result of changes in interest rates under both normal and stressed circumstances. The Management Action Triggers (MATs) are set as a pre-emptive measure to control risk arising from the effect on net interest income (NII effect) as well as EVE effect. The Bank will report the analytical results as well as the re-pricing gap reports and effect of interest rate risk monitoring reports to the Asset and Liability Management Committee (ALCO), Risk Management Committee (RMC), Board Risk Committee (BRC), and Board of Directors (BOD).

The Bank manages interest rate risk by adjusting the assets and liabilities structure to be in line with forecast interest rate trends, taking into consideration the changes in NII and EVE. Results of the stress testing are used to determine alternative balance sheet strategies to be more suited to the business environment in order to achieve the business return target under acceptable level of risk. As of December 2015, a 100 bps and 200 bps increase of interest rates for a period of one year would increase net interest income by 0.40% and 0.80% and decrease in economic value of equity by 1.52% and 3.04%, respectively.

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

2. Foreign exchange risk

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

3. Market risk of equity securities and commodity related transactions

The Bank does not invest in trading equity securities other than investments in subsidiaries or affiliated companies, common shares as resulted from loan restructuring, and the property funds which have the high potential return and sound management. For the commodity derivatives, the Bank fully hedges against the

commodity risk on a back-to-back basis, thereby market risk exposure on trading equity securities or commodity has never been materialised.

Liquidity Risk

Liquidity risk refers to the failure to meet obligations when they become due because of inability to convert assets into cash and/or obtain sufficient funds within the specified period. The Bank plans and manages liquidity risk efficiently and optimally. It monitors and controls the liquidity level sufficient for both current and future obligations. The major source of funds is deposits and the major application of fund is loans. Besides, the Bank has to maintain the appropriate liquid asset level with sufficiency in high quality liquid assets to reserve the Bank's liquidity. Under the Bank's organisation structure, Treasury Group is in charge of managing the Bank's liquidity risk under the supervision of the Asset and Liability Management Committee (ALCO). ALCO is responsible for overall management and oversight of liquidity and review / recommendation of liquidity risk management policy before seeking approval from the Board of Directors. ALCO is also in charge of approving liquidity risk tolerance, while Risk Management Group monitors and controls liquidity risk within the framework approved by ALCO. For the companies in the Bank's financial business group, liquidity risk management will be decentralised. To support their liquidity, the Bank may consider and approve liquidity lines to them as per respective credit lines approved by Credit Committee and Board of Directors of the Bank. Liquidity risk has been continually analysed and assessed to ensure adequate liquidity for business operations. The analyses and efforts include a liquidity gap analysis covering normal and crisis situations. For cumulative liquidity gap under stress scenarios (bank-specific, market-wide, and combination of both crises), the Bank will add more severe factors to figure out the liquidity gap results. It prepares liquidity risk status report at least on a monthly basis. If the liquidity risk exceeds limits / MATs, Risk Management Group will report to ALCO and inform the relevant units to promptly take corrective actions and proceed as required by the escalation procedure. Our funding structure involves diversified funding sources adjusted to suit changing conditions and liquidity directions in the commercial bank system, as well as to balance the cost of liquidity against the liquidity risks as deemed appropriate, based on market conditions and acceptable risk levels. Moreover, the Bank has put in place the contingency funding plan to serve as an operational and procedural guideline to avoid, minimise and manage potential funding threats.

As of December 2015, the Bank's loan to deposit (including bill of exchange and debenture) ratio was 90.2%.

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Other risk factors include lack of corporate governance and management incompetence. All these factors can negatively affect the Bank's financial performance and capital fund.

In order to effectively manage operational risks, the Bank has set out appropriate policies, processes and procedures that not only bring the Bank in line with international standards, but also contribute to enhancing transparency and good governance. In this respect, the Risk Management Committee has been given the authority to establish policies and procedures which correspond with international best practice and to make recommendations to the Board of Directors or Board Risk Committee as delegated for approval and deployment as the Bank's policies and procedures. To increase effectiveness, the Bank has also appointed Operational Risk Management Committee to discuss, deliberate, assess and give advice on all issues relating to operational risks including fraud and covering key cause factors – human, process, system and external factors.

CIMB Thai's fundamental principle on operational risk is that the responsibility to manage operational risks associated with business ventures, products, services, and systems lines with line management and all staff performing the operations. Their responsibility includes compliance with all internal and external laws, regulations, policies and standards. In so doing, a Designated Compliance & Operational Risk Officer (DCORO) is appointed within each work unit to coordinate and assist in building the risk culture in own area

and to ensure that operational risk management policies and procedures are well implemented and complied with.

The Operational Risk Management Team is responsible for developing tools, system and process for identifying, assessing, controlling, reporting, and monitoring operational risks in compliance with the bank-wide operational risk policies, and international standards. Each business unit in the Bank and its subsidiaries are required to manage their operational risks along the following lines:

1. Risk control self-assessment

Each business unit is required to conduct risk control self-assessment and report the results of which regularly to the Risk Management Group. These reports will be used in assessing and analysing the overall operational risk exposure and providing a basis for determining corrective actions and follow-up. This makes it incumbent upon individual business units to review regularly that their work processes are structured and managed, thereby mitigating operational mishaps and enhancing their ability to redress the problems in a coherent and timely manner. In this context, continuous attention has been given to providing effective and efficient oversight across the organisation, including defining a clear scope of responsibilities and approval authority, establishing checks and balances, and securing data and information. Particular attention has also been given to ensure the continuity of business activities in accordance with international standards while enhancing sound corporate governance.

2. Loss event data reports

The Bank requires every business unit to submit loss event report through designated channels. The information captured by each unit is for the determination of the real cause(s) of the event and where necessary to recommend enhancement to the existing operational controls or workflow to ensure the lessons are learnt and such event will not recur in the future. These reports also facilitate statistical analysis of developing models for calculating operational risk capital requirements.

3. Key risk indicators (KRIs)

KRI is a tool to monitor and manage key operational risk exposures over time to predict upcoming changes in operational risk profiles. KRI provides early warning signals to the management on changes to the risk environment and the effectiveness of control. This is a forward looking tool to facilitate monitoring and management of key risks before they translate into operational losses. Hence, the management will be able to take appropriate actions to mitigate the risks beforehand.

4. Control issue management (CIM)

Control issues are defined as gaps in the Bank control environment. Inadequately-designed controls or controls that are not operating effectively may result in a residual risk beyond risk appetite. To manage control issues, the Bank has developed control issues management policy which provides an approach to systematically capture control issues and provides rules around the robust management or mitigation. The purpose of the policy is to ensure that control issues are captured and classified consistently, and that there is robust governance over their closure or acceptance.

5. New product approval process

The Bank has emphasised on developing new products or improving the operation process. For such purpose, the Bank enforces a stricter approval process with the identification, assessment and control of all relevant risks, i.e. credit, market and operational risks. All products are subject to a suitable review process before they can be signed off by the working groups and relevant business units before submission for approval and subsequent market launch.

6. Complaint management process

The Bank is aware of reputation and customer satisfaction risks. It has set up complaint units and proper procedures to handle customer complaints in a bid to manage such risks. Customers can direct their grievances to any of these units, namely Office of the President's Complaint Centre, CIMB Thai Care Centre, CIMB Thai Facebook page, or CIMB Thai branches. The complaint issues via the aforesaid channels will be gathered by Office of the President which performs as complaint management centre.

Office of the President (OFP) will consider and send each complaint issue to the work unit being complained. The complained work unit will investigate the issue, seek a solution thereto, and prepare and send out explanatory letters directly to the complainant. For any complaint made via a government agency, OFP will be the unit preparing and sending out letters to such government agency notifying it of the solution and result thereof. OFP will gather all customer complaints and their respective solutions, and present them to the task force for acknowledgement and remedial actions. This process aims to improve customer satisfaction and prevent the recurrence of such incidents. Summary reports on customer complaints and solutions will regularly be prepared and submitted by OFP to Management Committee and Audit Committee on a monthly basis.

7. Business continuity plan

The Bank has developed and implemented business continuity management bank-wide and in subsidiaries to analyse business impact of critical business functions and document business continuity plan based on the analysis result as well as exercises of business continuity plan/disaster recovery plan at least once a year. This is to ensure that critical business functions can be recovered within a specified time in the event of the crisis, disaster or calamity disrupting the critical business functions. Having business continuity management in place will help preserve the Bank's reputation and maintain customer confidence in the Bank's services.

8. Internal audit and compliance

The Bank has established Internal Audit Division and Compliance Department as independent units to assist the Audit Committee in auditing and monitoring, and directly report to the Audit Committee. Internal Audit Division is in charge of examining and providing reasonable assurance that all Bank activities are effectively and efficiently managed and carried out in line with good risk management and internal control principles. Meanwhile, Compliance Department oversees and monitors the Bank's business operation to ensure compliance with relevant laws and regulatory requirements.

Risk Related To Foreign Investment

The Bank has an insignificant exposure of foreign equity investments recorded in the banking book as a result of the amalgamation

4. Business Assets

4.1 Fixed Assets for Business Operation

(1) Land, building and equipment

As at 31 December 2015, CIMB Thai Group had land valued at Baht 1,173 million, buildings Baht 3,778 million, equipment Baht 2,993 million and assets under construction Baht 6 million. Net of accumulated depreciation and provisions for impairment of Baht 5,180 million, the net book value of the premises and equipment was Baht 2,770 million. Land, buildings and condominiums under the Bank and subsidiaries's ownership accommodate the Bank's headquarters, business centers, branches, and subsidiary offices.

(2) Commitments under long-term leases

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

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

(3) Other commitments

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

4.2 Policy Governing Subsidiaries and Associate Companies

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

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

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

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

1. Investment in companies in the Financial Group that the Bank has management control over the company as approved by The Bank of Thailand which consist of companies engaging in financial service businesses and companies engaging in supporting businesses whereby such companies will operate business mainly to support and promote business of the bank and companies in the Financial Group.

Bank of Thailand has granted approval to the Bank to establish a Financial Group on March 10, 2008. As at December 31, 2015, the Bank Financial Group consisted of

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

5. Legal Disputes

As of 31 December 2015, the Bank has an unsettled dispute which may have a negative impact on its assets as the claimed amount is worth over 5% of shareholders net equity.

The case is a civil case between Thai Melon Polyester Plc., the plaintiff, and 5 defendants namely Thai Asset Management Corporation (TAMC) the 1st defendant, Mr.Somjet Moosirilert the 2nd defendant, BankThai Plc. the 3rd defendant, Bangkok Bank Plc. the 4th defendant and Siam Commercial Bank Plc. the 5th defendant (the 3rd, the 4th and the 5th defendants are hereafter collectively referred to as “the banks”). The case was filed on 21 March 2007 with the Civil Court (case no. Black 1215/2550) for the revocation of the transfer of a Non-Performing Loan (NPL) and the transfer of mortgages between the banks and TAMC along with the claims in tort. The total amount of claims was THB 24,500 million comprising damages for loss of reputation of THB12,250 million and damages from the halt of business operations of THB 12,250 million, together with interest at the rate of 7.5% p.a. on the principal from the filing date to the date of full payment.

According to the claim, the Central Bankruptcy Court had issued a temporary receivership order upon the plaintiff's assets, therefore, the plaintiff's NPL did not fulfil the criteria of the Thai Asset Management Decree B.E.2544 and, henceforth, could not be transferred to TAMC. The Bank as the 3rd defendant, submitted a defending motion on 5 June 2007 based upon the following facts:

- on 28 March 2001, the Central Bankruptcy Court issued an order for temporary receivership over the plaintiff's assets (case no.Red 391/2543);
- on 14 August 2001, the Central Bankruptcy Court dismissed the interim receivership order and disposed of the case;
- on 12 October 2001, the banks transferred the plaintiff's NPL to TAMC along with the rights over the mortgages, and TAMC already issued the receipt of the plaintiff's NPL to the banks.

Therefore, during the time the banks transferred the plaintiff's NPL to TAMC, the plaintiff's assets were no longer protected under the temporary receivership order issued by the Central Bankruptcy Court. As a result, the banks had duly transferred the plaintiff's NPL to TAMC in accordance with the laws.

On 30 May 2008, the Civil Court dismissed the case based on the transfer between the banks and TAMC over the plaintiff's NPL was in accordance with the laws and there was no need to make further decision on other issues.

On 10 September 2008, the plaintiff filed an appeal and the Bank (the 3rd defendant) submitted a defence against the appeal on 10 November 2008. On 25 July 2012, the Court of Appeals affirmed the judgment of the Court of First Instance, the plaintiff filed an objection with the Supreme Court and the Bank (the 3rd defendant) submitted a defence against the dika appeal on 14 December 2012. The case is now under the consideration of the Supreme Court.

6. General Information and Other Important Information

6.1 General Information

Company Name : CIMB Thai Bank Public Company Limited
Registration No. : 0107537002338 (former Bor. Mor. Jor. 480)
Business Type : Commercial Banking
Head Office : Langsuan Building, 44Langsuan Road, Lumpini, Patumwan, Bangkok 10330
Telephone Number : 0-2638-8000 and 0-2626-7000
Facimile Number : 0-2633-9026
CIMB Thai Care Center : Telephone Number: 0-2626-7777
E-mail: cimbthai.carecenter@cimbthai.com
Investor Relation : Telephone Number 0-2638-8615
E-mail ir@cimbthai.com
Company Secretary : Telephone Number 0-2638-8287 and 0-2638-8274
E-mail cs@cimbthai.com
Website : http://www.cimbthai.com

Reference:

Registrar : Thailand Securities Depository Co., Ltd.
Address : 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400
Telephone Number : 0-2009-9000
Facimile Number : 0-2009-9991
SET Contact Center : 0-2009-9999
Website : http://www.set.or.th/tsd
E-mail : SETContactCenter@set.or.th

Auditors : PricewaterhouseCoopers ABAS Ltd.
Address : 15th Floor, Bangkok City Tower, 179/74-80, South Sathorn Road, Bangkok 10120, Thailand
Telephone Number : 0-2344-1000 and 0-2286-9999
Facimile Number : 0-2286-5050
Auditors in charge : - Mrs. Anothai Leekijwattana Certified Public Accountant (Thailand) No. 3442
- Mrs. Unakorn Phruithithada Certified Public Accountant (Thailand) No. 3257
- Mr. Paiboon Tunkoon Certified Public Accountant (Thailand) No. 4298

Entities in which CIMB Thai Bank invests 10% or more of total issued shares (As of 31 December 2015)

No.	Company Name / Address	Type of Business	Type of Share	Paid-up Capital (No. of shares)	Number of Shares Holding	%
1.	Center Auto Lease Co., Ltd. 43 Thai CC Tower 25 th , 32 th Floor, South Sathon Road Yannawa, Sathon, Bangkok Tel. 0-2673-9111	Leasing	Ordinary	350,000,000	349,999,994	99.99

No.	Company Name / Address	Type of Business	Type of Share	Paid-up Capital (No. of shares)	Number of Shares Holding	%
2.	CT COLL Co.,Ltd. 128/229-234 Phayathai Plaza Building, 21 st Floor, Phayathai Road, Tung Phayathai, Ratchavee, Bangkok Tel. 0-2638-8000	Debt collection service	Ordinary	385,000	384,993	99.99
3.	Worldlease Co., Ltd. 889 Thai CC Tower, 34 th Floor, South Sathon Road, Yannawa, Sathon, Bangkok Tel. 0-2675-6300 Fax. 0-2675-6299	Leasing	Ordinary	60,000,000	59,999,998	99.99
4.	Srithepthai Plaschem Co., Ltd. (Bankruptcy) 1200, Bangna-Trad Road, Bangna, Bangkok Tel. 0-2398-0027 Fax. 0-2383-0201	Plastic	Ordinary	83,332	31,410	37.69
5.	M-Home SPV 3 Co., Ltd. 1006/420 Masterview Executive Place Building, 1 st Floor, Charoennakorn Road., Banglumphu, Klongsan, Bangkok	SPV	Ordinary	10,000	1,282	12.82
6.	Tawanna Hotel Co., Ltd. 80 Surawongse Road, Bangkok, Tel. 0-2236-0361 Fax. 0-2236-3738	Hotel	Ordinary	33,909	3,390	10.00
7.	Sanwa Interfood Co., Ltd. (Abandoned) 2219-2223 New Petchburi Road, Bangkok, Huaykwang, Bangkok	Food	Ordinary	10,000,000	1,000,000	10.00
8.	Samchai Plc. 522 Ratchada Complex, Ratchadaphisek Road, Huaykuang, Bangkok	Electrical Appliance	Ordinary	40,000,000	4,000,000	10.00
9.	P.C.Patanasub Co., Ltd. (Dissolution) 1600 New Petchaburi Road, Makkasan, Ratchatewee, Bangkok	Commerce	Ordinary	10,000	9,993	99.93
10.	Executive Management Services Manpower Ltd. (Bankruptcy) 295 Rama III Road, Bangkholaem, Bangkok Tel. 0-2689-2626	Service	Ordinary	2,000	340	17.00
11.	Global Leasing Co., Ltd. (Official Receiver) 518/5 Maneeya Center, 8 th Floor, Ploenchit Road, Lumpini, Pratumwan, Bangkok 10330	Leasing	Ordinary	2,000,000	200,000	10.00
12.	TPF Leasing Co., Ltd. (Bankruptcy) Sangthongthani Tower, 25 th Floor, North Sathon Road, Silom, Bangrak, Bangkok	Leasing	Ordinary	6,000,000	600,000	10.00

No.	Company Name / Address	Type of Business	Type of Share	Paid-up Capital (No. of shares)	Number of Shares Holding	%
13.	UTM Advisory & Capital Management Co., Ltd. (Abandoned) 44 Langsuan Road, Lumpini, Patumwan, Bangkok Tel. 0-2626-7000	Consultant	Ordinary	100,000	10,000	10.00
14.	SPL Development Co., Ltd. (Restored to the Company's Registration) 149 Modern Home Tower, Nontri Road, Yannawa, Bangkok	Real Estate Development	Ordinary	500,000	499,999	99.99
15.	Thai-Ultra Auto Part Co., Ltd. (Bankruptcy) 59 Moo 4 Highway Road, Nikompattana, Bankai, Rayong	Auto Parts	Ordinary	6,500,000	650,000	10.00
16.	Advance Manufacturing Leasing Co.,Ltd. (Abandoned) 246 Time Square Building, 11 th Floor, Sukhumvit Road, 12-14, Khongteoy Bangkok	Leasing	Ordinary	20,000,000	2,000,000	10.00
17.	Tun Ruamkarn Co.,Ltd. (Bankruptcy) 133/2 Sukhumvit 21 Road, Klongtoey, Klongtoey, Bangkok.	Finance	Ordinary	240,000	40,000	16.67
18.	Modern Appraisal Co.,Ltd. (Abandoned) 3726/162-163 , 3 th Floor, Rama III Road, Bangkhlo, Bangkolaem, Bangkok.	Appraisal	Ordinary	20,000	2,000	10.00

6.2 Other Important Information

6.2.1 Thai Economy in 2015 and Outlook for 2016

Overview of the Thai economy in 2015

Thai economy in 2015 faced both internal and external headwinds and expanded at a slower pace than expected. Against the backdrop of weak recovery of several global economies, especially China, EU and Japan, Thai export growth faltered in line with the softening external demand and falling commodity prices. Although the US economy had signaled a clear recovery, prompting a hike in the Fed funds rate for the first time in many years toward the year-end, financial and capital markets across the globe remained volatile with a wider divergence of monetary policies among major economies.

Internally, the agricultural sector had been hit by droughts, which restricted the overall economic growth. Farm income continued to contract along with the sluggish commodity prices, hence a bearing on the overall household income prospects. Meanwhile, private investment was still limited by the prevailing low capacity utilisation. Although tourism continued its growth momentum helping drive the economy, its contribution to the GDP is only 10% compared with export contribution of more than 60% of GDP, hence minimal impact on the GDP growth. With all these factors, Thailand's economic growth in 2015 remained low at only 2.8%.

Outlook for 2016

For 2016, the Thai economy is predicted to slightly improve driven by accelerated public spending and investments through mega-projects worth THB 1.8 trillion and the prevailing low interest rates and oil prices which will boost households' purchasing power and fuel tourism growth. Additional economic stimulus packages made available from the end of 2015 through 2016, namely improvement of living standards of low-income earners through village funds, support of SMEs and property sector, and promotion of private investment through a range of initiatives will further stimulate economic activity. Cluster development, for example, aims at increasing industrial competitiveness in areas with high potentials for targeted manufacture bases in accordance with the Board of Investment (BOI) strategy. However, the China factor, the subdued commodity prices, the new currency war, the persisting low consumer and business confidence, and the draft charter pending public referendum are all factors hindering full economic revival.

Research Office of CIMB Thai views that Thailand's 2016 economic growth will come in mainly from expedited public investment in infrastructure projects. The implementation of infrastructure projects could bolster confidence of the private sector in their business investments on account of lowering logistics costs. At the same time, enhancement of private investment through innovation or research and development will add value to Thai goods and build linkage to the global supply chains. Trade prospects with neighboring countries especially Lao PDR, Myanmar, and Cambodia whose average economic growth rates are 6-7% and demand for Thai goods are enormous will also be contributing factors to the economic expansion along with tourism which should remain to be a main economic growth engine despite its only about 10% contribution to GDP.

Looking ahead into 2016, Thai baht against the US dollar is forecast to weaken further to THB 38 per dollar, from THB 36.02 per dollar in 2015 due to the Fed interest rate increase which would prompt capital outflows from the emerging markets including Thailand. It may be possible for Thailand's Monetary Policy Committee to raise the policy interest rate but no earlier than the end of the year given the clarity of economic recovery in the second half. In view of this, the policy rate is expected to remain unchanged throughout 2016 in order to revive the economy. All in all, we predict Thai economy to grow 3.3% in 2016, compared with 2.8% in 2015.