

Part 3

Financial Position and Operating Performance

13. Key Financial Information

Summary of statements of financial position of CIMB Thai Bank Public Company Limited as at 31 December 2015, 2014 and 2013, and its operating results and financial ratios for the years ended 31 December 2015, 2014 and 2013.

(Unit: THB)

Statements of Financial Position	The Bank		
	31 December 2015	31 December 2014	1 January 2014
Assets			
Cash	2,395,111,405	3,987,736,777	3,324,656,939
Interbank and money market items, net	14,229,670,008	6,453,199,978	33,509,102,456
Derivative assets	25,581,046,242	10,803,916,302	9,100,647,662
Investments, net	54,891,019,817	55,253,273,115	53,324,961,980
Investments in subsidiaries, net	1,324,920,707	1,324,920,707	1,335,443,948
Loans and accrued interest receivables			
Loans	196,736,743,351	188,334,023,282	168,952,844,988
Accrued interest receivables	524,470,027	459,212,620	462,586,736
Total loans and accrued interest receivables	197,261,213,378	188,793,235,902	169,415,431,724
<u>Less</u> Deferred revenue	(90,837,521)	(163,150,115)	(255,170,649)
<u>Less</u> Allowance for doubtful debts	(6,572,231,944)	(5,447,517,156)	(4,913,545,914)
<u>Less</u> Revaluation allowance for debt restructuring	(55,383,987)	(68,351,237)	(33,422,083)
Loans and accrued interest receivables, net	190,542,759,926	183,114,217,394	164,213,293,078
Customers' liability under acceptance	41,017,884	68,889,332	57,650,960
Properties for sale, net	1,109,004,276	1,582,424,466	1,597,877,173
Premises and equipment, net	2,714,361,639	3,002,336,396	3,264,147,293
Intangible assets, net	373,090,594	355,963,642	337,319,600
Deferred tax assets	862,314,440	752,636,225	926,435,691
Account receivable from Thai Asset Management Corporation	-	3,572,457,936	3,572,457,936
Other assets, net	9,533,185,948	3,196,065,790	3,806,401,726
Total assets	303,597,502,886	273,468,038,060	278,370,396,442

(Unit: THB)

Statements of Financial Position (Cont'd)

	The Bank		
	31 December 2015	31 December 2014	1 January 2014
Liabilities and shareholders' equity			
Liabilities			
Deposits	170,502,086,949	184,105,739,854	152,272,534,436
Interbank and money market items, net	19,994,416,948	18,230,366,777	44,241,461,855
Liability payable on demand	320,768,448	344,291,120	504,867,176
Financial liabilities designated at fair value			
through profit or loss	16,039,533,025	7,693,132,792	5,856,747,052
Derivative liabilities	25,682,672,770	10,396,602,437	9,651,786,057
Debt issued and borrowings	33,994,659,909	24,512,208,453	37,706,592,055
Bank's liability under acceptance	41,017,884	68,889,332	57,650,960
Provisions	1,578,957,438	1,420,434,528	1,415,445,317
Other liabilities	9,126,765,983	4,556,103,564	5,281,074,920
Total liabilities	277,280,879,354	251,327,768,857	256,988,159,828
Shareholders' equity			
Share capital			
Registered			
27,410,341,432 ordinary shares of Baht 0.50 each	13,705,170,716		
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013	
26,105,495,608 ordinary shares of Baht 0.50 each			13,052,747,804
Issued and paid-up share capital			
24,774,731,679 ordinary shares of Baht 0.50 each	12,387,365,840		
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013	10,542,439,013
Premium on share capital	5,712,665,258	3,867,738,430	3,867,738,430
Other reserves	737,068,079	899,934,224	892,156,202
Retained earnings			
Appropriated - statutory reserve	365,950,000	341,300,000	272,000,000
Unappropriated	7,113,574,355	6,488,857,536	5,807,902,969
Total shareholders' equity	26,316,623,532	22,140,269,203	21,382,236,614
Total liabilities and shareholders' equity	303,597,502,886	273,468,038,060	278,370,396,442

(Unit: THB)

Statements of Comprehensive Income	The Bank		
	For the years ended 31 December		
	2015	2014	2013
Interest income	13,025,701,782	12,460,684,461	11,028,059,321
Interest expenses	(6,141,335,838)	(6,028,333,772)	(5,794,877,075)
Net interest income	6,884,365,944	6,432,350,689	5,233,182,246
Fees and service income	1,374,889,474	1,236,361,987	1,159,974,191
Fees and service expenses	(319,343,580)	(296,494,840)	(220,024,731)
Net fee and service income	1,055,545,894	939,867,147	939,949,460
Gains on trading and			
foreign exchange transactions	1,819,384,602	1,804,875,080	714,313,846
Losses on financial liabilities designated			
at fair value through profit or loss	(458,154,763)	(1,093,726,426)	(100,799,433)
Gains on investments, net	551,005,717	329,535,536	316,916,689
Gain sharing from the management of non-performing			
loans by Thai Asset Management Corporation	-	-	1,100,714,818
Other operating income	383,010,621	186,960,038	297,211,835
Total operating income	10,235,158,015	8,599,862,064	8,501,489,461
Other operating expenses			
Employee expenses	3,236,564,534	3,248,965,426	2,656,753,727
Directors' remuneration	10,744,000	8,804,000	8,400,000
Premises and equipment expenses	1,277,119,380	1,268,595,392	1,202,692,791
Taxes and duties	442,470,291	393,443,378	269,917,968
Others	950,068,015	789,876,300	812,035,636
Total other operating expenses	5,916,966,220	5,709,684,496	4,949,800,122
Bad and doubtful debts and impairment losses	3,425,200,000	1,702,567,406	2,367,200,000
Profit before income tax expenses	892,991,795	1,187,610,162	1,184,489,339
Income tax expenses	(185,657,054)	(245,916,503)	97,923,390
Net profit for the years	707,334,741	941,693,659	1,282,412,729

(Unit: THB)

Statements of Comprehensive Income (Cont'd)	The Bank		
	For the years ended 31 December		
	2015	2014	2013
Other comprehensive income (expenses)			
Items that will be reclassified			
subsequently to profit or loss			
Gains (losses) on remeasuring			
available-for-sale investments	12,859,905	240,733,492	(167,876,846)
Gains arising from translating			
the financial statement of a foreign operation	28,964,409	7,337,610	-
Losses on cash flow hedges	(25,306,951)	(149,627,279)	-
Income tax relating to items that will be			
reclassified subsequently to profit or loss	2,489,409	(18,221,243)	33,575,369
Total items that will be reclassified			
subsequently to profit or loss	19,006,772	80,222,580	(134,301,477)
Items that will not be reclassified			
subsequently to profit or loss			
Changes in revaluation surplus	(125,210,829)	(24,262,109)	(35,525,049)
Remeasurements of post-employment			
benefit obligations	(102,130,316)	(66,293,589)	(26,042,194)
Income tax relating to items that will not be			
reclassified subsequently to profit or loss	45,468,228	18,111,140	12,313,449
Total items that will not be reclassified			
subsequently to profit or loss	(181,872,917)	(72,444,558)	(49,253,794)
Total other comprehensive income (expenses)	(162,866,145)	7,778,022	(183,555,271)
Total comprehensive income for the years	544,468,596	949,471,681	1,098,857,458

(Unit: THB)

Statements of Comprehensive Income (Cont'd)
The Bank

For the years ended 31 December

	2015	2014	2013
Net profit attributable to:			
Equity holders of the Bank	707,334,741	941,693,659	1,282,412,729
Non-controlling interests	-	-	-
	<u>707,334,741</u>	<u>941,693,659</u>	<u>1,282,412,729</u>
Total comprehensive income attributable to:			
Equity holders of the Bank	544,468,596	949,471,681	1,098,857,458
Non-controlling interests	-	-	-
	<u>544,468,596</u>	<u>949,471,681</u>	<u>1,098,857,458</u>
Earnings per share for profit attributable to the equity holders of the Bank			
Basic earnings per share (Baht per share)	<u>0.03</u>	<u>0.04</u>	<u>0.06</u>
Weighted average number of ordinary shares (shares)	<u>21,650,992,558</u>	<u>21,084,878,025</u>	<u>21,084,878,025</u>
Diluted earnings (loss) per share	<u>0.03</u>	<u>0.04</u>	<u>0.06</u>
Weighted average number of ordinary shares (shares)	<u>21,650,992,558</u>	<u>21,084,878,025</u>	<u>21,084,878,025</u>

(Unit: THB)

Statements of Cash Flows

	The Bank		
	For the years ended 31 December		
	2015	2014	2013
Cash flows from operating activities			
Profit before corporate income tax	892,991,795	1,187,610,162	1,184,489,339
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	470,167,340	494,154,138	488,984,750
Bad debts and doubtful accounts	3,425,200,000	1,702,567,406	2,367,200,000
Provision (reversal of) for off-balance sheet items	14,347,673	(90,880,000)	-
Share-based payment	10,277,930	7,396,892	1,769,440
Provision for liabilities	166,067,925	142,690,798	6,861,348
Losses on impairment of properties for sale	248,119	203,691	649,137
Losses on impairment of investments	4,290,484	-	8,983,625
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	-	-	(1,100,714,818)
Unrealised gains on exchange and derivatives	(322,857,972)	(1,457,976,392)	745,928,080
Gains on properties for sale	(91,006,865)	(15,912,856)	(27,627,848)
Unrealised (gains) losses on revaluation of investments	(571,459)	22,516,398	(23,953,281)
Gains on sale of investments	(728,736,343)	(453,705,914)	(348,446,867)
Gains on disposal of premises and equipment	(11,486,702)	(3,477,968)	(559,287)
Losses on impairment of premises and equipment	9,604,772	-	-
Losses from write off premises and equipment	27,967,972	19,036,757	8,195,290
Losses from write off leasehold rights	36,576	2,314,144	69,751
Losses on financial liabilities designated at fair value through profit or loss	458,154,763	1,093,726,426	100,799,433
Interest and dividend income	(13,077,532,558)	(12,511,907,316)	(11,194,614,158)
Interest expenses	5,139,554,380	5,099,929,817	5,003,858,121
Losses from operations before changes in operating assets and liabilities	(3,613,282,170)	(4,761,713,817)	(2,778,127,945)
(Increase) decrease in operating assets			
Interbank and money market items	(7,776,075,046)	27,044,939,614	(23,365,268,593)
Investments held for trading	965,186,346	3,548,028,199	(6,898,913,712)
Loans	(10,448,746,321)	(20,462,513,058)	(32,429,988,385)
Properties for sale	754,590,140	172,716,286	185,732,272
Receivable from Thai Asset Management Corporation	3,486,699,265	-	-
Other assets	(6,203,974,364)	613,934,470	(2,345,881,728)

(Unit: THB)

Statements of Cash Flows (Cont'd)

	The Bank		
	For the years ended 31 December		
	2015	2014	2013
Increase (decrease) in operating liabilities			
Deposits	(13,603,652,904)	31,833,205,418	16,987,955,452
Interbank and money market items	1,764,050,171	(26,011,095,078)	33,881,789,183
Liability payable on demand	(23,522,672)	(160,576,057)	159,437,957
Short-term borrowings	9,882,271,652	(14,379,308,526)	11,458,977,283
Provisions	(124,023,003)	(106,708,726)	(40,913,185)
Other liabilities	4,169,679,412	(900,697,858)	1,606,075,332
Cash flows used in operating activities	(20,770,799,494)	(3,569,789,133)	(3,579,126,069)
Cash received from interest income	11,290,617,897	10,849,596,102	9,478,055,847
Cash paid for interest expenses	(5,241,650,019)	(5,442,147,607)	(4,945,239,603)
Cash paid for income tax	(82,567,693)	-	-
Net cash flows (used in) provided by operating activities	(14,804,399,309)	1,837,659,362	953,690,175
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(29,765,886,180)	(54,106,282,038)	(24,915,408,473)
Proceeds from disposals of available-for-sale securities	27,203,327,558	31,109,002,243	8,892,314,510
Proceeds from maturity of available-for-sale securities	510,978,043	26,015,683,807	4,137,000,000
Cash paid for purchases of held to maturity securities	(4,922,649,754)	(12,020,896,051)	(3,218,057,523)
Proceeds from maturity of held to maturity securities	6,666,336,490	3,972,000,340	8,984,528,846
Cash paid for increase in capital of subsidiaries	-	-	(550,000,000)
Proceeds from repayment of investment in receivable	20,702,034	48,205,321	25,369,250
Cash paid for purchases of general investments	-	(182,610)	-
Proceeds from disposals of general investments	6,927,784	164,902	22,812,416
Proceeds from decrease in capital of general investments	30,000,000	31,160,601	31,245,000
Proceeds from paypack of investment in subsidiary	-	22,540,041	247,704,030
Cash paid for purchases of premises and equipment	(140,749,076)	(223,997,232)	(185,015,798)
Proceeds from disposals of premises and equipment	19,267,618	11,398,972	7,002,743
Cash paid for purchases of intangible assets	(125,449,171)	(138,631,410)	(37,347,083)
Proceeds from disposals of intangible assets	-	-	12,712,220
Dividend received	51,830,775	51,222,854	166,554,836
Interest received	1,934,284,359	1,678,336,020	1,408,836,817
Net cash flows provided by (used in) investing activities	1,488,920,480	(3,550,274,240)	(4,969,748,209)

(Unit: THB)

Statements of Cash Flows (Cont'd)

	The Bank		
	For the years ended 31 December		
	2015	2014	2013
Cash flows from financing activities			
Dividend paid	(158,136,585)	(210,848,780)	(105,424,390)
Proceeds from issuing subordinated debentures	-	4,066,540,000	-
Cash paid for redemption of subordinated debentures	-	(2,500,000,000)	-
Proceeds from issuance of structured bills of exchange and debentures	12,802,546,172	11,405,500,000	5,614,000,000
Cash paid for redemption of structured bills of exchange and debentures	(4,639,000,000)	(10,392,000,000)	(1,298,000,000)
Cash received from capital increase	3,689,853,654	-	-
Net cash flows provided by financing activities	11,695,263,241	2,369,191,220	4,210,575,610
Foreign currency translation differences	27,590,216	6,503,496	-
Net (decrease) increase in cash and cash equivalents	(1,592,625,372)	663,079,838	194,517,576
Cash and cash equivalents at beginning of the year	3,987,736,777	3,324,656,939	3,130,139,363
Cash and cash equivalents at the end of the year	2,395,111,405	3,987,736,777	3,324,656,939
Supplemental disclosure of cash flows information			
Non-cash transaction:			
Payable from purchase of premises and equipment	6,082,109	30,592,954	2,493,469
Properties for sale received from premises and equipment	60,976,206	125,838,175	34,067,000
Change in revaluation surplus in available-for-sale investments	12,859,905	240,733,492	167,876,846
Interest amortisation from premium or discount	385,340,992	100,700,529	25,100,595

The Bank's Financial Ratios	2015	2014	2013
Profitability Ratios			
Gross profit margin (%)	55.1	53.8	50.7
Net profit margin (%)	6.9	11.0	15.1
Return on equity (%)	3.1	4.3	6.1
Yield ⁽¹⁾ (%)	6.5	6.9	7.0
Cost of funds ⁽²⁾ (%)	2.7	2.8	3.1
Spread ⁽³⁾ (%)	3.8	4.1	3.9
Return on investment (%)	3.8	3.5	4.1
Efficiency Ratios			
Cost to income ratio (%)	57.8	66.4	58.2
Net interest margin (%)	2.7	2.8	2.6
Return on assets (%)	0.2	0.4	0.6
Assets turnover ratio (time)	0.03	0.03	0.04
Financial Policy Ratios			
Debt to equity ratio (time)	10.5	11.3	12.0
Loan to borrowing ratio ⁽⁴⁾ (%)	96.0	90.1	88.6
Modified loan to deposit ratio ⁽⁵⁾ (%)	90.1	89.2	89.2
Deposits to debts ratio (%)	61.5	73.3	59.3
Capital adequacy ratio (%)	15.5	15.0	14.1
Asset Quality Ratios			
Allowance for doubtful debts to loans and accrued interest receivables (%)	3.3	2.9	2.9
Bad debt and doubtful accounts to loans and accrued interest receivables (%)	1.1	0.7	0.4
NPL ratio ⁽⁶⁾ (%)	2.9	3.0	2.3
Accrued interest receivables to loans and accrued interest receivables (%)	0.3	0.2	0.3

Notes: The financial statements for the years 2014 and 2013 have been adjusted with adoption of TAS 19 (revised 2014) employee benefits.

(1) Yield = Interest incomes / (Average loans+Average interest bearing interbank and money market items)

(2) Cost of funds = Interest expenses / (Average deposits+Average borrowings+Average liabilities payable on demand+ Average interest bearing interbank and money market items (liabilities))

(3) Spread = Yield – Cost of funds

(4) Loan to borrowing ratio = Loans / (Deposits+Liabilities payable on demand+Borrowings)

(5) Modified loan to deposit ratio (modified LDR) = (Gross loans+Loans guaranteed by other banks+Loans to financial institutions) / (Deposits+Bills of exchange+Debentures+Selected structured deposit products)

(6) NPL ratio is calculated under Bank of Thailand criteria.

Summary of statements of financial position of CIMB Thai Bank Public Company Limited and its subsidiaries as at 31 December 2015, 2014 and 2013, and their operating results and financial ratios for the years ended 31 December 2015, 2014 and 2013.

(Unit: THB)

Statements of Financial Position	Consolidated		
	31 December 2015	31 December 2014	1 January 2014
Assets			
Cash	2,397,196,928	3,989,621,938	3,328,748,596
Interbank and money market items, net	14,292,801,636	6,522,689,913	33,555,652,005
Derivative assets	25,581,046,242	10,803,916,302	9,100,647,662
Investments, net	54,891,019,817	55,253,273,115	53,324,961,980
Investments in subsidiaries, net		-	10,523,242
Loans and accrued interest receivables			
Loans	203,552,832,710	194,610,261,270	175,844,355,534
Accrued interest receivables	520,569,785	455,304,547	453,532,902
Total loans and accrued interest receivables	204,073,402,495	195,065,565,817	176,297,888,436
<u>Less</u> Deferred revenue	(4,945,478,647)	(4,642,328,361)	(4,757,282,848)
<u>Less</u> Allowance for doubtful debts	(6,730,530,954)	(5,979,008,801)	(5,263,612,956)
<u>Less</u> Revaluation allowance for debt restructuring	(55,383,987)	(68,351,237)	(33,422,083)
Loans and accrued interest receivables, net	192,342,008,907	184,375,877,418	166,243,570,549
Customers' liability under acceptance	41,017,884	68,889,332	57,650,960
Properties for sale, net	1,194,255,368	1,826,291,636	1,706,018,723
Premises and equipment, net	2,769,718,388	3,071,759,407	3,349,094,004
Intangible assets, net	378,987,475	361,802,153	343,053,368
Deferred tax assets	1,040,358,204	957,064,866	1,058,985,442
Account receivable from Thai Asset Management Corporation	-	3,572,457,936	3,572,457,936
Other assets, net	9,692,983,893	3,365,142,396	4,020,544,901
Total assets	304,621,394,742	274,168,786,412	279,671,909,368

(Unit: THB)

Statements of Financial Position (Cont'd)	Consolidated		
	31 December 2015	31 December 2014	1 January 2014
Liabilities and shareholders' equity			
Liabilities			
Deposits	170,217,136,926	183,894,650,541	152,132,672,386
Interbank and money market items, net	20,018,416,948	18,304,766,777	44,866,261,855
Liability payable on demand	320,768,448	344,291,120	504,867,176
Financial liabilities designated at fair value			
through profit or loss	16,039,533,025	7,693,132,792	5,856,747,052
Derivative liabilities	25,682,672,770	10,396,602,437	9,651,786,057
Debt issued and borrowings	33,994,659,909	24,512,208,453	37,706,592,055
Bank's liability under acceptance	41,017,884	68,889,332	57,650,960
Provisions	1,641,262,617	1,471,525,306	1,452,563,027
Other liabilities	9,557,915,819	4,892,161,996	5,653,090,246
Total liabilities	277,513,384,346	251,578,228,754	257,882,230,814
Shareholders' equity			
Share capital			
Registered			
27,410,341,432 ordinary shares of Baht 0.50 each	13,705,170,716		
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013	
26,105,495,608 ordinary shares of Baht 0.50 each			13,052,747,804
Issued and paid-up share capital			
24,774,731,679 ordinary shares of Baht 0.50 each	12,387,365,840		
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013	10,542,439,013
Premium on share capital	5,712,665,258	3,867,738,430	3,867,738,430
Other reserves	720,704,664	887,619,600	884,659,881
Accretion of equity interests in subsidiary	(42,753,751)	(42,753,751)	(42,753,751)
Retained earnings			
Appropriated - statutory reserve	365,950,000	341,300,000	272,000,000
Unappropriated	7,964,078,385	6,994,214,366	6,265,594,981
Total shareholders' equity	27,108,010,396	22,590,557,658	21,789,678,554
Total liabilities and shareholders' equity	304,621,394,742	274,168,786,412	279,671,909,368

(Unit: THB)

Statements of Comprehensive Income	Consolidated		
	For the years ended 31 December		
	2015	2014	2013
Interest income	14,620,048,451	13,927,429,582	12,376,299,267
Interest expenses	(6,143,023,747)	(6,038,723,192)	(5,851,629,502)
Net interest income	8,477,024,704	7,888,706,390	6,524,669,765
Fees and service income	1,734,247,566	1,547,716,018	1,397,769,012
Fees and service expenses	(266,581,243)	(208,850,553)	(139,518,172)
Net fee and service income	1,467,666,323	1,338,865,465	1,258,250,840
Gains on trading and			
foreign exchange transactions	1,819,384,602	1,804,875,080	714,313,846
Losses on financial liabilities designated			
at fair value through profit or loss	(458,154,763)	(1,093,726,426)	(100,799,433)
Gains on investments, net	551,005,717	329,535,536	421,231,316
Gain sharing from the management of non-performing			
loans by Thai Asset Management Corporation	-	-	1,100,714,818
Other operating income	377,101,198	237,961,382	327,606,151
Total operating income	12,234,027,781	10,506,217,427	10,245,987,303
Other operating expenses			
Employee expenses	3,753,835,420	3,741,535,210	3,104,603,347
Directors' remuneration	11,080,000	9,260,000	9,096,000
Premises and equipment expenses	1,404,482,827	1,399,493,378	1,336,198,325
Taxes and duties	458,627,188	408,517,126	286,465,170
Others	1,499,238,226	1,581,197,029	1,358,077,429
Total other operating expenses	7,127,263,661	7,140,002,743	6,094,440,271
Bad and doubtful debts and impairment losses	3,770,112,827	2,129,643,339	2,743,502,820
Profit before income tax expenses	1,336,651,293	1,236,571,345	1,408,044,212
Income tax expenses	(284,169,352)	(247,212,868)	82,664,881
Net profit for the years	1,052,481,941	989,358,477	1,490,709,093

(Unit: THB)

Statements of Comprehensive Income (Cont'd)	Consolidated		
	For the years ended 31 December		
	2015	2014	2013
Other comprehensive income (expenses)			
Items that will be reclassified			
subsequently to profit or loss			
Gains (losses) on remeasuring			
available-for-sale investments	12,859,905	240,733,492	(167,876,846)
Gains arising from translating			
the financial statement of a foreign operation	28,964,409	7,337,610	-
Losses on cash flow hedges	(25,306,951)	(149,627,279)	-
Income tax relating to items that will be			
reclassified subsequently to profit or loss	2,489,409	(18,221,243)	33,575,369
Total items that will be reclassified			
subsequently to profit or loss	19,006,772	80,222,580	(134,301,477)
Items that will not be reclassified			
subsequently to profit or loss			
Changes in revaluation surplus	(125,210,829)	(24,262,109)	(35,525,049)
Remeasurements of post-employment			
benefit obligations	(107,191,305)	(72,316,467)	(25,293,170)
Income tax relating to items that will not be			
reclassified subsequently to profit or loss	46,480,426	19,315,715	12,163,644
Total items that will not be reclassified			
subsequently to profit or loss	(185,921,708)	(77,262,861)	(48,654,575)
Total other comprehensive income (expenses)	(166,914,936)	2,959,719	(182,956,052)
Total comprehensive income for the years	885,567,005	992,318,196	1,307,753,041

(Unit: THB)

Statements of Comprehensive Income (Cont'd)	Consolidated		
	For the years ended 31 December		
	2015	2014	2013
Net profit attributable to:			
Equity holders of the Bank	1,052,481,941	989,358,477	1,490,709,093
Non-controlling interests	-	-	-
	1,052,481,941	989,358,477	1,490,709,093
Total comprehensive income attributable to:			
Equity holders of the Bank	885,567,005	992,318,196	1,307,753,041
Non-controlling interests	-	-	-
	885,567,005	992,318,196	1,307,753,041
Earnings per share for profit attributable to the equity holders of the Bank			
Basic earnings per share (Baht per share)	0.05	0.05	0.07
Weighted average number of ordinary shares (shares)	21,650,992,558	21,084,878,025	21,084,878,025
Diluted earnings (loss) per share	0.05	0.05	0.07
Weighted average number of ordinary shares (shares)	21,650,992,558	21,084,878,025	21,084,878,025

Statements of Cash Flows	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
	2015	2014	2013
Cash flows from operating activities			
Profit before corporate income tax	1,336,651,293	1,236,571,345	1,408,044,212
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	497,330,736	518,920,584	519,559,724
Bad debts and doubtful accounts	3,770,112,827	2,129,643,339	2,743,502,819
Provision (reversal of) for off-balance sheet items	14,347,673	(90,880,000)	-
Share-based payment	10,277,930	7,396,892	1,769,440
Provision for liabilities	172,221,337	150,899,422	12,616,384
(Gains) losses on impairment of properties for sale	(96,738,212)	69,486,326	57,552,298
Losses on impairment of investments	4,290,484	-	8,983,625
Gain from liquidating a subsidiary	-	-	(104,314,627)
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	-	-	(1,100,714,818)
Unrealised gains on exchange and derivatives	(322,857,972)	(1,457,976,392)	745,928,080
Losses on properties for sale	468,815,242	591,065,360	390,527,419
Unrealised (gains) losses on revaluation of investments	(571,459)	22,516,398	(23,953,281)
Gains on sale of investments	(728,736,343)	(453,705,914)	(348,446,867)
Gains on disposal of premises and equipment	(13,074,954)	(3,870,312)	(2,026,556)
Losses on impairment of premises and equipment	9,604,772	-	-
Losses from write off premises and equipment	27,967,972	19,036,757	8,214,659
Losses from write off leasehold rights	36,576	2,314,144	69,751
Losses on financial liabilities designated at fair value through profit or loss	458,154,763	1,093,726,426	100,799,433
Interest and dividend income	(14,671,879,227)	(13,978,652,436)	(12,542,854,103)
Interest expenses	5,141,242,289	5,110,319,237	5,060,610,547
Losses from operations before changes in operating assets and liabilities	(3,922,804,273)	(5,033,188,824)	(3,064,131,861)
(Increase) decrease in operating assets			
Interbank and money market items	(7,769,716,740)	27,021,999,228	(23,378,446,731)
Investments held for trading	965,186,346	3,548,028,199	(6,898,913,712)
Loans	(12,946,534,144)	(21,762,185,863)	(34,137,352,601)
Properties for sale	2,065,664,313	1,007,089,896	774,818,519
Receivable from Thai Asset Management Corporation	3,486,699,265	-	-
Other assets	(6,180,186,065)	656,115,612	(2,434,808,243)

Statements of Cash Flows (Cont'd)	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
	2015	2014	2013
Increase (decrease) in operating liabilities			
Deposits	(13,677,513,614)	31,761,978,155	16,999,086,155
Interbank and money market items	1,713,650,171	(26,561,495,078)	33,556,589,183
Liability payable on demand	(23,522,672)	(160,576,057)	159,437,957
Short-term borrowings	9,882,271,652	(14,379,308,526)	11,458,977,283
Provisions	(123,010,806)	(107,135,789)	(41,130,230)
Other liabilities	4,254,220,690	(947,076,805)	1,699,091,037
Cash flows used in operating activities	(22,275,595,877)	(4,955,755,852)	(5,306,783,244)
Cash received from interest income	12,884,956,736	12,311,195,461	10,829,931,549
Cash paid for interest expenses	(5,243,286,425)	(5,452,994,418)	(5,001,602,921)
Cash paid for income tax	(158,713,168)	(58,026,091)	(78,062,755)
Net cash flows (used in) provided by operating activities	(14,792,638,734)	1,844,419,100	443,482,629
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(29,765,886,180)	(54,106,282,038)	(24,915,408,473)
Proceeds from disposals of available-for-sale securities	27,203,327,558	31,109,002,243	8,892,314,510
Proceeds from maturity of available-for-sale securities	510,978,043	26,015,683,807	4,137,000,000
Cash paid for purchases of held to maturity securities	(4,922,649,754)	(12,020,896,051)	(3,218,057,523)
Proceeds from maturity of held to maturity securities	6,666,336,490	3,972,000,340	8,984,528,846
Proceeds from repayment of investment in receivable	20,702,034	48,205,321	25,369,250
Cash paid for purchases of general investments	-	(182,610)	-
Proceeds from disposals of general investments	6,927,784	164,902	22,812,416
Proceeds from decrease in capital of general investments	30,000,000	31,160,601	31,245,000
Proceeds from paypack of investment in subsidiary	-	22,540,041	247,704,030
Cash paid for purchases of premises and equipment	(152,719,262)	(232,063,643)	(225,058,189)
Proceeds from disposals of premises and equipment	21,370,934	11,974,809	10,134,870
Cash paid for purchases of intangible assets	(127,149,554)	(140,095,981)	(38,945,913)
Proceeds from disposals of intangible assets	-	-	12,712,220
Dividend received	51,830,775	51,222,854	166,554,836
Interest received	1,934,291,399	1,678,324,931	1,408,836,817
Net cash flows provided by (used in) investing activities	1,477,360,267	(3,559,240,474)	(4,458,257,303)

Statements of Cash Flows (Cont'd)	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
	2015	2014	2013
Cash flows from financing activities			
Dividend paid	(158,136,585)	(210,848,780)	(105,424,390)
Proceeds from issuing subordinated debentures	-	4,066,540,000	-
Cash paid for redemption of subordinated debentures	-	(2,500,000,000)	-
Proceeds from issuance of structured bills of exchange and debentures	12,802,546,172	11,405,500,000	5,614,000,000
Cash paid for redemption of structured bills of exchange and debentures	(4,639,000,000)	(10,392,000,000)	(1,298,000,000)
Cash received from capital increase	3,689,853,654	-	-
Net cash flows provided by financing activities	11,695,263,241	2,369,191,220	4,210,575,610
Foreign currency translation differences	27,590,216	6,503,496	-
Net (decrease) increase in cash and cash equivalents	(1,592,425,010)	660,873,342	195,800,936
Cash and cash equivalents at beginning of the year	3,989,621,938	3,328,748,596	3,132,947,660
Cash and cash equivalents at the end of the year	2,397,196,928	3,989,621,938	3,328,748,596
Supplemental disclosure of cash flows information			
Non-cash transaction:			
Payable from purchase of premises and equipment	6,082,109	30,592,954	2,493,469
Properties for sale received from premises and equipment	60,976,206	125,838,175	34,067,000
Change in revaluation surplus in available-for-sale investments	12,859,905	240,733,492	167,876,846
Interest amortisation from premium or discount	385,340,992	100,700,529	25,100,595

The Bank and Subsidiaries' Financial Ratios	2015	2014	2013
Net interest margin (%)	3.3	3.4	3.2
Return on equity (%)	4.4	4.4	7.0
Return on assets (%)	0.4	0.4	0.7
Cost to income ratio (%)	58.3	68.0	59.5
Modified loan to deposit ratio (%)	91.2	90.1	90.3
NPL ratio (%)	3.1	3.3	2.5
Capital adequacy ratio (%)	15.7	15.2	14.2
Tier 1 capital funds to risk-weight assets (%)	11.0	10.1	10.0

14. Analysis of Financial Standing and Operating Performance

1. Consolidated operating results

For the year ended 31 December 2015, CIMB Thai group's consolidated operating income rose by THB 1,727.8 million or 16.4% year-on-year (YoY) to THB 12.2 billion, mainly attributable to a 7.5% growth in net interest income, a 9.6% expansion in net fee and service income and a 79.0% growth in other income. Pre-provision operating profit increased by 51.7% YoY to THB 5,106.8 million as operating expenses were well contained with a 0.2% reduction. Net profit improved by THB 63.1 million or 6.4% YoY to THB 1,052.5 million, principally due to the improved other income and controlled operating expenses, partially offset by a 77.0% increase in provisions as resulted from additional provision for corporate customers and the adoption of conservative reserve policy.

Net interest margin (NIM) over earning assets was 3.27% in 2015, compared with 3.37% in 2014, due to lower yielding assets.

As at 31 December 2015, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) stood at THB 199.0 billion, a YoY increase of 4.3%. Deposits (inclusive of bill of exchange, debentures and selected structured deposit products) accounted for THB 218.4 billion, a YoY increase of 3.2% from THB 211.7 billion. The modified loan to deposit ratio was slightly higher at 91.2% compare with 90.1% as at 31 December 2014.

(a) Summary of CIMB Thai group's income

On a YoY basis, net interest income went up by THB 588.3 million or 7.5%, resulting from loan expansion (if excluding early redemption of hybrid instruments, net interest income would increase by THB 678.3 million or 8.7%). Net fee and service income rose by THB 128.8 million or 9.6%, mainly attributable to higher loan and mutual fund related fees. Total other operating income increased by THB 1,010.7 million or 79.0% largely derived from treasury businesses.

(b) Cost of funds and operating expenses

CIMB Thai group's interest expenses in 2015 amounted to THB 6,143.0 million, going up by THB 104.3 million, or 1.7%, largely from the increase in contribution fee to the Deposit Protection Agency and Financial Institution Development Fund, and interest expenses on marginal derivatives product.

For the year ended 31 December 2015, operating expenses declined by THB 12.7 million or 0.2% YoY due to a decrease in other expenses partially offset by increases in directors' remuneration, taxes and duties, employee expenses and premises and equipment expenses. The cost to income ratio improved to 58.3% in 2015 compared with 68.0% a year earlier as a result of better cost management and increased income.

(c) Net profit

Net profit grew by THB 63.1 million or 6.4% YoY to THB 1,052.5 million, mainly coming from the improved other income and controlled operating expenses, partially offset by a 77.0% increase in provisions caused by additional provision for corporate customers and the adoption of conservative reserve policy.

(d) Return on equity

For the year 2015, CIMB Thai group's return on equity stood at 4.4% comparable to 4.4% in 2014, mainly from net profit growth of subsidiaries, partially offset by an increase in the issued and paid-up share capital. The Bank's return on equity was 3.1% compared with 4.3% in 2014 due to the increase in the issued and paid-up share capital during the year.

2. Consolidated financial standing

Assets

As at 31 December 2015, CIMB Thai group's total assets amounted to THB 304.6 billion, going up by THB 30.5 billion or 11.1% from 31 December 2014 as detailed below:

Interbank and money market items (assets) were THB 14.3 billion, rising by THB 7.8 billion or 119.1%, principally from the Bank's liquidity management.

Derivative assets moved up by THB 14.8 billion or 136.8% to THB 25.6 billion. This was attributable to higher volume of cross currency and interest rate swap contracts.

Net investments stood at THB 54.9 billion, down by THB 362 million or 0.7%, mainly due to the reduction of held-to-maturity debt securities and securities held for trading, partially offset by available-for-sale securities.

Net loans and accrued interest receivables were THB 192.3 billion, up by 4.3%. The growth of loans was largely in retail segment.

Account receivable from Thai Asset Management Corporation dropped by THB 3.6 billion or 100% as the Comptroller General's Department paid the outstanding balance of THB 3.6 billion in February 2015.

Asset quality

(a) Loans and loan concentration

As at 31 December 2015, CIMB Thai group's total loans net of deferred revenue were THB 198.6 billion, an increase of THB 8.6 billion or 4.5% compared with THB 190.0 billion as at 31 December 2014. Loans principally comprised loans extended to the manufacturing and commerce sector, housing loans and public utilities and service sector, making up 65.8% of total loans. The housing loans were the largest borrowers, taking THB 53.3 billion or 26.9% of total loans. This was in line with the Bank's strategy. Meanwhile, the loans to manufacturing and commerce amounted to THB 52.4 billion or 26.4% of total loans, and public utilities and services loans THB 24.9 billion or 12.5% of total loans. Sectors with growth of loans, i.e. agricultural and mining, hire purchase and financial lease, housing loans, public utilities and services, personal cash and others, were 79.9%, 9.9%, 9.7%, 6.7%, 6.3% and 6.0% respectively compared with those at year-end 2014.

Loans classified by type of business	31 December 2015		31 December 2014		Change	
	THB million	%	THB million	%	THB million	%
Agricultural and mining	6,052	3.0	3,365	1.8	2,687	79.9
Manufacturing and commerce	52,411	26.4	54,804	28.9	(2,393)	(4.4)
Real estate and construction	15,800	8.0	17,103	9.0	(1,303)	(7.6)
Public utilities and services	24,918	12.5	23,345	12.3	1,573	6.7
Personal cash	11,180	5.6	10,517	5.5	663	6.3
Housing loans	53,337	26.9	48,603	25.6	4,734	9.7
Hire purchase receivable and financial lease receivable	20,962	10.6	19,075	10.0	1,887	9.9
Others	13,946	7.0	13,156	6.9	790	6.0
Total loans net of deferred revenue	198,606	100.0	189,968	100.0	8,638	4.5

To avoid concentration risk in any particular industry, the Bank has a policy in place to diversify the proportion of loans granted to various business sectors for clients from all categories of large, medium and small enterprises and retail sectors.

(b) Classification of assets

As at 31 December 2015, CIMB Thai group's net loans and accrued interest receivables (excluding loans to financial institutions) amounted to THB 199.1 billion, an increase of 4.6% compared with those as at 31 December 2014. Classification of loans is in compliance with Bank of Thailand's notification. Pass loans stood at THB 176.6 billion, special-mention loans amounted to THB 16.1 billion, and non-performing loans classified as sub-standard, doubtful and doubtful of loss were reported at THB 2.0 billion, THB 2.0 billion, and THB 2.4 billion respectively.

CIMB Thai group's loan loss coverage ratio improved to 106.5% as at 31 December 2015 from 95.2% a year earlier, following the conservative reserve policy. As at 31 December 2015, the group's total provisions amounted to THB 6.7 billion, or THB 2.6 billion in excess of Bank of Thailand's reserve requirements.

(c) Non-performing loans (NPL)

The gross non-performing loans (NPL) stood at THB 6.4 billion, with an equivalent gross NPL ratio of 3.1% compared with 3.3% as at the end of the foregoing year. The NPL decrease was mainly due to NPL selling in 4Q2015, more efficient risk management measures, continued resolution of the NPLs and improvement in loan collection process.

(d) Income recognition

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

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

Liabilities

As at 31 December 2015, CIMB Thai group's total liabilities amounted to THB 277.5 billion, going up by THB 25.9 billion or 10.3% from 31 December 2014 as detailed below:

Deposits were THB 170.2 billion, down by THB 13.7 billion or 7.4%, largely from the decrease in fixed deposits.

Interbank and money market items (liabilities) were THB 20.0 billion, going up by THB 1.7 billion or 9.4%, as a result of the Bank's liquidity management.

Financial liabilities designated at fair value through profit or loss increased by THB 8.3 billion or 108.5% to THB 16.0 billion, mainly from the issuance of structured debentures and structured bills of exchange.

Derivative liabilities went up by THB 15.3 billion or 147.0% to THB 25.7 billion mainly due to higher volume of cross currency and interest rate swap contracts.

Debt issued and borrowings amounted to THB 34.0 billion, rising by THB 9.5 billion or 38.7%, largely due to the issuance of short-term debentures and bills of exchange during the year.

Equity

As at 31 December 2015, CIMB Thai group's equity amounted to THB 26.3 billion, representing an increase of THB 4.2 billion or 18.9% from 2014. This resulted from the Bank's registration of the increase in paid-up share capital in November 2015, hence THB 3.7 billion higher in paid-up share capital and premium on share capital. In addition, the Board of Directors gave approval for the Bank to appropriate THB 35.4 million from the Bank's net profit of THB 707.3 million for the year into statutory reserve, and to carry forward the remaining net profit into retained earnings. The decision to appropriate net profit to statutory reserve and retained earnings was made to sustain the Bank's growth momentum and ensure adequate capital going forward.

Off balance sheets: Commitments

As at 31 December 2015, the Bank and its subsidiaries had combined commitments of THB 2,326.3 billion, up by THB 774.3 billion (49.9%) from THB 1,552.0 billion at the end of 2014. The increase in commitments mostly came from derivatives as indicated in the table below:

(THB million)

Off balance sheets: commitments	31 December 2015	31 December 2014	Variance %
Avals to bills and guarantees of loans	54	101	(46.5)
Liability under unmatured import bills	282	605	(53.4)
Letters of credit	1,224	1,679	(27.1)
Other commitments:	2,324,703	1,549,577	50.0
Derivatives	2,288,552	1,517,454	50.8
Undrawn bank overdrafts	17,678	16,961	4.2
Investments	9,447	6,766	39.6
Others	9,026	8,396	7.5
Total	2,326,263	1,551,962	49.9

Liquidity

Cash and cash equivalent items, as indicated in the cash flow statement of CIMB Thai group as at 31 December 2015, amounted to THB 2.4 billion, a net decrease of THB 1.6 billion from 2014. Details of the changes are as follows:

Net cash flows used in operating activities in 2015 were THB 14.8 billion. Losses from operations before changes in operating assets and liabilities were THB 3.9 billion, including THB 1.3 billion in pre-tax net profit for the year, and adjustments of non-cash items to net profit, largely from interest and dividend and bad debts and doubtful accounts. Operating assets for the year went up by THB 20.4 billion mainly from an increase in loans and interbank and money market items (assets). In addition, operating liabilities moved up by THB 2.0 billion, resulting from short-term borrowings and other liabilities.

Net cash flows provided by investing activities were THB 1.5 billion, mostly coming from net cash received for held-to-maturity securities and interest income.

Net cash flows provided by financing activities were THB 11.7 billion, comprising proceeds from net cash received for structured bills of exchange and structured debentures as well as cash received from capital increase.

Relationship between sources and applications of funds

Two major sources of funds for the Bank were deposits and borrowings, while the applications of funds covered the extension of loans. As at 31 December 2015, the Bank had deposits, borrowings and loans classified by maturity as follows:

(Unit: THB billion)

Maturities	Loans*	%	Deposits*	%	Borrowings*	%
Payable on demand	17.0	8.2	88.1	48.1	3.3	5.9
Up to one year	58.9	28.5	93.1	50.9	28.2	50.0
Over one year	130.9	63.3	1.8	1.0	24.9	44.1
Total	206.8	100.0	183.0	100.0	56.4	100.0

*Including interbank and money market items.

The Bank derived its funds from customer deposits which can be categorised as follows:

(Unit: THB billion)

Categories of Deposit	2015*		2014*		2013*	
	Amount	%	Amount	%	Amount	%
Current deposits	3.1	1.7	2.8	1.5	2.4	1.5
Savings deposits	85.0	46.4	58.9	30.3	49.2	31.6
Fixed deposits	94.9	51.9	132.5	68.2	104.1	66.9
Total	183.0	100.0	194.2	100.0	155.7	100.0

*Including interbank and money market items.

Credit Rating

The Bank's credit rating by Fitch Ratings, Moody's Investors Service and RAM Ratings are shown below:

Fitch Ratings

29 February 2016

National Long-Term Rating

AA- (tha)

Outlook

Stable

National Short-Term Rating

F1+ (tha)

National Short-Term Rating on short-term debt

F1+ (tha)

National Long-Term Rating on subordinated debt (Lower Tier 2)

A+ (tha)

13 October 2015

Moody's Investors Service

Outlook

Stable

Bank deposits

Baa2/P-2

Baseline credit assessment

ba2

Adjusted baseline credit assessment

baa2

Counterparty risk assessment

Baa1(cr)/P-2(cr)

Issuer rating

Baa2

ST issuer rating

P-2

August 2015

RAM Ratings

Financial Institution Ratings

AA2/Stable/P1

Tier-2 Subordinated Debt

AA3/Stable

Financial Ratios

Capital funds and capital adequacy ratio

As at 31 December 2015, the Bank's assets were THB 26.3 billion higher than its liabilities. The difference represented positive shareholders' equity. Its total capital funds amounted to THB 35.4 billion with capital adequacy ratio (BIS ratio) of 15.5%, exceeding the regulatory requirement. At CIMB Thai group-level, the consolidated capital funds amounted to THB 35.5 billion with BIS ratio of 15.7%.

Liquid assets ratio

The Bank of Thailand requires all commercial banks to maintain a minimum liquid assets ratio of 6% of total deposits and offshore borrowings with less than one year maturity.

As at 31 December 2015, the Bank's total liquid assets were THB 60.4 billion, while the modified loan to deposit ratio stood at 91.2%. Its liquid assets to total assets ratio was 19.9% and liquid assets to total deposits ratio was 35.4%. All these ratios were within the regulatory requirements.

Appointment of external auditors and consideration of audit fees

The Audit Committee considers the qualifications and performance of external auditors and recommends the appointment thereof as well as proposes audit fees to the Board of Directors annually. The Board then proposes the external auditor appointment and audit fees for the consideration and approval of the general meeting of shareholders. The list of external auditors to be proposed must also be endorsed by the Bank of Thailand.

Remuneration for external auditors

For the year ended 31 December 2015, fees paid to the external auditors were as follows:

(1) Audit fees

CIMB Thai group paid the auditors audit fees totaling THB 10.9 million. Other incidental expenses included transport and photocopying expenses.

(2) Non-audit fee

CIMB Thai group did not obtain any other services from the audit firm for which the auditors were working and there were no other services from persons or businesses related to the auditors.