

CIMB THAI Bank Public Company Limited
and its subsidiaries
(Formerly known as “BankThai Public Company Limited”)
Report and consolidated financial statements
31 December 2009 and 2008

Report of Independent Auditor

To the Shareholders of CIMB THAI Bank Public Company Limited and its subsidiaries
(Formerly known as “BankThai Public Company Limited”)

I have audited the accompanying consolidated balance sheet of CIMB THAI Bank Public Company Limited and its subsidiaries as at 31 December 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of CIMB THAI Bank Public Company Limited for the same period. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIMB THAI Bank Public Company Limited and its subsidiaries and of CIMB THAI Bank Public Company Limited as at 31 December 2009, and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to matter as discussed in Note 35 to the financial statements, in respect of the gain/loss sharing which may occur in the future as a result of the transfer of non-performing loans to TAMC and the outstanding issues with respect to the requisition of original ownership documents and others that may result in adjustments to the price and related interest, which are being examined and concluded by the Bank and TAMC.

I have previously audited the consolidated financial statements of CIMB THAI Bank Public Company Limited and its subsidiaries and the separate financial statements of CIMB THAI Bank Public Company Limited for the year ended 31 December 2008, as presented herein for comparative purposes, in accordance with generally accepted auditing standards. Under my report dated 20 February 2009, I expressed a qualified audit opinion on those statements in respect of the possible effect to the financial statements of the non-compliance with capital funds maintenance provisions (however, on 23 March 2009, the Bank received payment of additional capital funds, which brought the Bank's capital funds to risk asset ratio above the minimum level required by law). In addition, I drew attention to (1) the uncertainty of the outcome of the credit crisis in the United States which could effect the financial statements (2) CDO sales (3) the gain/loss sharing which might occur in the future as a result of the transfer of non-performing loans to TAMC and the outstanding issues, relating to the requisition of original ownership documents among others, which might affect the transfer price and related interest.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 23 February 2010

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Assets					
Cash		2,821,772,139	4,631,710,995	2,820,537,268	4,630,351,485
Interbank and money market items	6				
Domestic items					
Interest bearing		14,257,684,949	33,653,566,976	13,765,038,298	33,327,564,051
Non-interest bearing		724,041,606	8,919,265,398	656,207,194	8,879,088,442
Foreign items					
Interest bearing		290,098,375	21,561,883	290,098,375	21,561,883
Non-interest bearing		97,720,535	772,752,340	97,720,535	772,752,340
Interbank and money market items - net		15,369,545,465	43,367,146,597	14,809,064,402	43,000,966,716
Investments	7				
Short-term investments - net		5,121,282,522	4,761,189,435	4,928,252,885	4,633,261,003
Long-term investments - net		15,387,861,853	40,660,166,639	15,236,251,809	40,251,593,231
Investments in subsidiaries and associates - net		205,453,938	98,832,738	1,463,637,904	1,343,637,904
Investments - net		20,714,598,313	45,520,188,812	21,628,142,598	46,228,492,138
Loans and accrued interest receivables	8				
Loans		85,996,442,503	92,260,538,869	81,179,770,435	87,553,426,943
Accrued interest receivables		254,683,505	388,790,254	198,137,466	325,979,415
Total loans and accrued interest receivables		86,251,126,008	92,649,329,123	81,377,907,901	87,879,406,358
Less: Allowance for doubtful debts	9	(7,943,673,242)	(8,972,756,197)	(4,237,132,443)	(5,249,480,640)
Revaluation allowance for debt restructuring	10	(8,818,543)	(19,682,248)	(8,818,543)	(19,682,248)
Loans and accrued interest receivables - net		78,298,634,223	83,656,890,678	77,131,956,915	82,610,243,470
Properties foreclosed - net	11	2,409,895,840	2,482,628,787	2,232,213,794	2,277,162,845
Customers' liability under acceptance		53,947,377	162,591,674	53,947,377	162,591,674
Premises and equipment - net	12	3,548,984,413	3,863,325,540	3,472,435,395	3,787,788,276
Accounts receivable from sale of investments	7.1 (d)	13,284,802,101	24,144,587,004	13,284,802,101	24,144,587,004
Intangible assets	13	427,224,808	550,713,110	412,094,162	531,837,400
Other assets	14	3,412,157,170	5,671,245,748	3,057,801,441	5,345,721,617
Total assets		140,341,561,849	214,051,028,945	138,902,995,453	212,719,742,625

The accompanying notes are an integral part of the financial statements.

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Liabilities and shareholders' equity					
Deposits	15				
Deposits in Baht		88,320,066,638	159,576,519,311	88,345,547,649	159,805,073,275
Deposits in foreign currencies		78,696,230	200,501,977	78,696,230	200,501,977
Total deposits		88,398,762,868	159,777,021,288	88,424,243,879	160,005,575,252
Interbank and money market items	16				
Domestic items					
Interest bearing		9,183,075,027	8,349,284,983	9,106,511,182	8,082,691,757
Non-interest bearing		54,784,753	73,170,159	56,907,979	75,696,021
Foreign items					
Interest bearing		705,945,060	1,819,758,649	705,945,060	1,819,758,649
Non-interest bearing		3,570,527	7,535,838	3,570,527	7,535,838
Total interbank and money market items		9,947,375,367	10,249,749,629	9,872,934,748	9,985,682,265
Liability payable on demand		286,026,119	188,351,817	286,026,119	188,351,817
Borrowings	17				
Short-term borrowings		9,544,679,635	3,924,193,417	9,544,679,635	3,453,201,520
Long-term borrowings		5,598,756,528	3,144,937,500	5,503,187,500	3,144,937,500
Total borrowings		15,143,436,163	7,069,130,917	15,047,867,135	6,598,139,020
Bank's liability under acceptance		53,947,377	162,591,674	53,947,377	162,591,674
Accrued interest expenses		373,261,087	679,008,006	373,489,735	666,990,379
Accounts payable for purchases of investments	7.1 (d)	13,284,745,216	24,191,832,049	13,284,745,216	24,191,832,049
Provisions - Pension benefits to employees		524,227,773	493,076,822	523,647,640	493,076,822
Other liabilities	18	4,385,648,862	6,105,032,005	3,412,631,677	5,392,630,695
Total liabilities		132,397,430,832	208,915,794,207	131,279,533,526	207,684,869,973

The accompanying notes are an integral part of the financial statements.

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
	19				
Registered					
13,349,401,164 ordinary shares of Baht 0.50 each		<u>6,674,700,582</u>		<u>6,674,700,582</u>	
13,349,401,164 ordinary shares of Baht 3.75 each			<u>50,060,254,365</u>		<u>50,060,254,365</u>
Issued and paid-up share capital					
13,349,401,164 ordinary shares of Baht 0.50 each					
(31 December 2008 : 6,674,700,582 ordinary shares					
of Baht 3.75 each)		6,674,700,582	25,030,127,183	6,674,700,582	25,030,127,183
Share discount		-	(10,606,987,712)	-	(10,606,987,712)
Unrealised gain (loss)					
Revaluation surplus on assets	21	729,326,917	748,814,825	729,326,917	748,814,825
Revaluation surplus on change in value of investments	22	49,179,146	54,637,646	39,270,465	55,777,090
Retained earnings (deficit)					
Appropriated - statutory reserve	23	-	6,053,484	-	6,053,484
Retained earnings (deficit)		420,566,556	(9,704,736,373)	180,163,963	(10,198,912,218)
Treasury stocks	20				
124,589,637 shares held by subsidiaries		-	(460,381,158)	-	-
Equity attributable to the Bank's shareholders		7,873,773,201	5,067,527,895	7,623,461,927	5,034,872,652
Minority interest - equity attributable to					
minority shareholders of subsidiaries		<u>70,357,816</u>	<u>67,706,843</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>7,944,131,017</u>	<u>5,135,234,738</u>	<u>7,623,461,927</u>	<u>5,034,872,652</u>
Total liabilities and shareholders' equity		<u>140,341,561,849</u>	<u>214,051,028,945</u>	<u>138,902,995,453</u>	<u>212,719,742,625</u>
Off-balance sheet items - commitments					
	31				
Aval to bills and guarantees of loans		195,387,963	656,553,773	395,387,963	966,893,876
Liability under unmatured import bills		509,571,415	438,400,602	509,571,415	438,400,602
Letter of credits		2,313,070,311	1,335,783,769	2,313,070,311	1,335,783,769
Other commitments		170,519,973,193	216,412,132,718	170,520,037,193	216,412,196,718

The accompanying notes are an integral part of the financial statements.

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Directors
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CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Interest and dividend income					
Loans		5,483,558,559	6,855,037,368	5,572,250,257	6,990,962,304
Interbank and money market items		434,268,567	798,084,642	416,343,907	774,249,650
Hire purchase and finance lease income		611,444,594	628,980,495	-	-
Investments		1,224,912,902	3,084,743,899	1,402,217,158	3,209,718,519
Total interest and dividend income		7,754,184,622	11,366,846,404	7,390,811,322	10,974,930,473
Interest expenses					
Deposits		2,509,883,941	4,883,959,732	2,510,978,809	4,888,126,211
Interbank and money market items		144,614,090	180,492,327	131,574,398	158,164,214
Short-term borrowings		26,663,135	111,347,789	26,033,232	70,095,562
Long-term borrowings		316,561,068	308,430,288	316,561,068	308,430,288
Total interest expenses		2,997,722,234	5,484,230,136	2,985,147,507	5,424,816,275
Net interest and dividend income		4,756,462,388	5,882,616,268	4,405,663,815	5,550,114,198
Bad debt and doubtful accounts		(1,160,873,883)	(2,315,362,744)	(1,145,000,000)	(2,196,000,000)
Net interest and dividend income after bad debt and doubtful accounts		3,595,588,505	3,567,253,524	3,260,663,815	3,354,114,198
Non-interest income					
Gains (losses) on investments	25	774,096,159	(1,001,021,826)	633,071,802	(2,099,535,182)
Gains on sales of non-performing loans		7,520,554	131,610,046	-	-
Fees and charges					
Acceptances, aval and guarantees		80,532,706	109,570,808	80,532,706	109,570,808
Others		782,764,159	838,342,338	539,770,303	650,397,035
Gains on exchange/derivatives		80,265,110	279,600,289	82,562,264	279,633,029
Gains on properties foreclosed		-	-	42,894,766	-
Premium written		264,879,108	256,633,528	-	-
Other income		140,856,963	35,870,728	81,505,160	48,480,540
Total non-interest income (losses)		2,130,914,759	650,605,911	1,460,337,001	(1,011,453,770)

The accompanying notes are an integral part of the financial statements.

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Income statements (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Non-interest expenses					
Personnel expenses		2,232,129,773	2,301,191,537	1,809,508,753	1,915,726,007
Contribution fee to the Deposit Protection Agency/ the Financial Institutions Development Fund		598,644,302	670,469,739	598,644,302	670,469,739
Premises and equipment expenses		1,314,192,021	1,453,797,789	1,198,288,164	1,359,961,534
Taxes and duties		229,455,270	262,318,359	223,180,227	250,344,786
Share of losses from investments in associated companies		-	30,924,781	-	-
Fees and charges		456,542,168	488,067,041	328,291,443	394,396,993
Directors' remuneration		13,745,600	25,848,600	9,400,000	20,201,600
Impairment losses on intangible assets and other assets		137,102,719	110,445,770	129,772,719	110,445,770
Reserve for off-balance sheet items		163,500,000	31,000,000	163,500,000	31,000,000
Other expenses		526,297,507	767,463,503	191,705,529	377,256,072
Total non-interest expenses		5,671,609,360	6,141,527,119	4,652,291,137	5,129,802,501
Income (loss) before corporate income tax		54,893,904	(1,923,667,684)	68,709,679	(2,787,142,073)
Corporate income tax	26	(50,575,875)	(59,955,020)	-	-
Net income (loss) for the years		4,318,029	(1,983,622,704)	68,709,679	(2,787,142,073)
Net income (loss) attributable to:					
Equity holders of the Bank		1,667,478	(1,989,797,290)	68,709,679	(2,787,142,073)
Minority interests of the subsidiaries		2,650,551	6,174,586		
		<u>4,318,029</u>	<u>(1,983,622,704)</u>		
Earnings (loss) per share					
Basic earnings (loss) per share (Baht per share)	29				
Net income (loss) attributable to equity holders of the Bank		0.00	(0.31)	0.01	(0.43)
Weighted average number of ordinary shares (shares)		11,866,459,533	6,364,090,674	11,868,166,240	6,488,680,311

The accompanying notes are an integral part of the financial statements.

Directors

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

Consolidated financial statements											
Shareholders' equity of the Bank											
	Note	Issued and paid-up share capital	Share discounts	Revaluation surplus on assets	Revaluation surplus on investments	Statutory reserve	Retained earnings (Deficit)	Treasury stocks held by the subsidiaries	Total equity attributable to the Bank's shareholders	Minority interest	Total
Balance as at 31 December 2007		8,343,375,728	-	767,698,441	(273,497,403)	6,053,484	(7,726,983,112)	(467,211,139)	649,435,999	61,580,716	711,016,715
Income (expense) recognised directly in equity:											
Amortise revaluation surplus on assets		-	-	(18,883,616)	-	-	18,883,616	-	-	-	-
Decrease in fair value of investments		-	-	-	(83,174,743)	-	-	-	(83,174,743)	-	(83,174,743)
Losses on impairment of investments		-	-	-	411,309,792	-	-	-	411,309,792	-	411,309,792
Net income (expense) recognised directly in equity		-	-	(18,883,616)	328,135,049	-	18,883,616	-	328,135,049	-	328,135,049
Net loss for the year		-	-	-	-	-	(1,989,797,290)	-	(1,989,797,290)	6,174,586	(1,983,622,704)
Total income (expense) for the year		-	-	(18,883,616)	328,135,049	-	(1,970,913,674)	-	(1,661,662,241)	6,174,586	(1,655,487,655)
Increase in ordinary shares	19	16,686,751,455	(10,606,987,712)	-	-	-	-	-	6,079,763,743	-	6,079,763,743
Decrease in treasury stocks held by subsidiaries	20	-	-	-	-	-	(6,839,587)	6,829,981	(9,606)	-	(9,606)
Minority interests - equity attributable to minority shareholders of subsidiaries		-	-	-	-	-	-	-	-	(48,459)	(48,459)
Balance as at 31 December 2008		25,030,127,183	(10,606,987,712)	748,814,825	54,637,646	6,053,484	(9,704,736,373)	(460,381,158)	5,067,527,895	67,706,843	5,135,234,738
Income (expense) recognised directly in equity:											
Amortise revaluation surplus on assets		-	-	(19,487,908)	-	-	19,487,908	-	-	-	-
Decrease in fair value of investments		-	-	-	(5,458,500)	-	12,011,869	-	6,553,369	-	6,553,369
Net income (expense) recognised directly in equity		-	-	(19,487,908)	(5,458,500)	-	31,499,777	-	6,553,369	-	6,553,369
Net income for the year		-	-	-	-	-	1,667,478	-	1,667,478	2,650,551	4,318,029
Total income (expense) for the year		-	-	(19,487,908)	(5,458,500)	-	33,167,255	-	8,220,847	2,650,551	10,871,398
Increase in ordinary shares	19	25,030,127,182	(22,493,740,961)	-	-	-	-	-	2,536,386,221	-	2,536,386,221
Decrease in ordinary shares	19	(43,385,553,783)	33,100,728,673	-	-	(6,053,484)	10,290,878,594	-	-	-	-
Decrease in treasury stocks held by subsidiaries	20	-	-	-	-	-	(198,742,920)	460,381,158	261,638,238	-	261,638,238
Minority interests - equity attributable to minority shareholders of subsidiaries		-	-	-	-	-	-	-	-	422	422
Balance as at 31 December 2009		6,674,700,582	-	729,326,917	49,179,146	-	420,566,556	-	7,873,773,201	70,357,816	7,944,131,017

The accompanying notes are an integral part of the financial statements.

CIMB THAI BANK Public Company Limited and its subsidiaries
(Formerly known as "BankThai Public Company Limited")
Statements of changes in shareholders' equity (continued)
For the years ended 31 December 2009 and 2008

(Unit: Baht)

Note	Separate financial statements						Total
	Issued and paid-up share capital	Share discounts	Revaluation surplus on assets	Revaluation surplus on investments	Statutory reserve	Retained earnings (Deficit)	
Balance as at 31 December 2007	8,343,375,728	-	767,698,441	(272,436,765)	6,053,484	(7,430,653,761)	1,414,037,127
Income (expense) recognised directly in equity:							
Amortise revaluation surplus on assets	-	-	(18,883,616)	-	-	18,883,616	-
Decrease in fair value of investments	-	-	-	(81,721,457)	-	-	(81,721,457)
Losses on impairment of investments	-	-	-	409,935,312	-	-	409,935,312
Net income (expense) recognised directly in equity	-	-	(18,883,616)	328,213,855	-	18,883,616	328,213,855
Net loss for the year	-	-	-	-	-	(2,787,142,073)	(2,787,142,073)
Total income (expense) for the year	-	-	(18,883,616)	328,213,855	-	(2,768,258,457)	(2,458,928,218)
Increase in ordinary shares	19 16,686,751,455	(10,606,987,712)	-	-	-	-	6,079,763,743
Balance as at 31 December 2008	25,030,127,183	(10,606,987,712)	748,814,825	55,777,090	6,053,484	(10,198,912,218)	5,034,872,652
Income (expense) recognised directly in equity:							
Amortise revaluation surplus on assets	-	-	(19,487,908)	-	-	19,487,908	-
Decrease in fair value of investments	-	-	-	(16,506,625)	-	-	(16,506,625)
Net income (expense) recognised directly in equity	-	-	(19,487,908)	(16,506,625)	-	19,487,908	(16,506,625)
Net income for the year	-	-	-	-	-	68,709,679	68,709,679
Total income (expense) for the year	-	-	(19,487,908)	(16,506,625)	-	88,197,587	52,203,054
Increase in ordinary shares	19 25,030,127,182	(22,493,740,961)	-	-	-	-	2,536,386,221
Decrease in ordinary shares	19 (43,385,553,783)	33,100,728,673	-	-	(6,053,484)	10,290,878,594	-
Balance as at 31 December 2009	<u>6,674,700,582</u>	<u>-</u>	<u>729,326,917</u>	<u>39,270,465</u>	<u>-</u>	<u>180,163,963</u>	<u>7,623,461,927</u>

The accompanying notes are an integral part of the financial statements.

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Cash flow statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from operating activities				
Net income (loss) before income tax	54,893,904	(1,923,667,684)	68,709,679	(2,787,142,073)
Adjustments to reconcile net income before income tax to net cash flows from (used in) operating activities:				
Share of losses from investments in associated company	-	30,924,781	-	-
Depreciation and amortisation	527,116,692	544,122,851	490,714,527	508,604,727
Bad debts and doubtful accounts	1,160,873,883	2,315,362,744	1,145,000,000	2,196,000,000
Impairment losses on intangible assets and other assets	137,102,719	110,445,770	129,772,719	110,445,770
Reserve for off-balance sheet items	163,500,000	31,000,000	163,500,000	31,000,000
Accrual of provisions	31,150,950	57,060,594	30,570,818	57,060,594
Reserve for contingent liabilities	3,290,000	-	3,290,000	-
Reversal of impairment losses on investments in associated company	-	-	-	(42,000,000)
Reversal of impairment losses on investments in non-performing loans	(4,495,239)	(66,011,588)	-	(63,310,072)
(Reversal) losses on impairment of properties foreclosed	(45,778,610)	103,512,293	(39,000,000)	101,301,596
Impairment losses on investments	20,007,596	521,861,590	20,007,596	520,487,110
Unrealised losses on exchange and derivatives	262,143,220	1,504,987,328	262,143,220	1,504,987,328
Losses (gains) on property foreclosed	85,875,979	93,142,446	(42,894,766)	(25,020,360)
Unrealised (gains) losses on revaluation of investments	(23,258,558)	2,962,400,596	(2,528,223)	2,950,218,063
Gains on sale of investments	(566,929,599)	(159,145,553)	(575,595,091)	(160,365,240)
Gains on sale of non-performing loans	(7,520,554)	(131,610,046)	-	-
Gains on investment in non-performing loans	(191,968,817)	(1,230,195,747)	(66,020,873)	(71,317,199)
Gains on disposal of premises and equipment	(15,213,495)	(5,666,619)	(15,168,196)	(5,295,877)
Interest and dividend income	(7,754,184,622)	(11,366,846,404)	(7,390,811,322)	(10,974,930,473)
Interest expenses	2,997,722,234	5,484,230,136	2,985,147,507	5,424,816,275
(Decrease) increase in accrued expenses	(67,310,698)	(570,477,612)	(79,332,705)	32,574,828
Losses from operations before changes in operating assets and liabilities	(3,232,983,015)	(1,694,570,124)	(2,912,495,110)	(691,885,003)
(Increase) decrease in operating assets				
Interbank and money market items	27,983,679,937	(34,614,373,478)	28,179,895,391	(34,516,642,584)
Securities purchased under resale agreements	-	2,250,000,000	-	2,250,000,000
Investments held for trading	573,711,695	(5,010,148,586)	596,496,310	(5,040,041,612)
Loans	3,598,068,011	1,554,010,202	4,169,513,947	3,480,341,536
Properties foreclosed	505,689,459	419,701,433	172,258,594	89,803,598
Other assets	(441,422,742)	1,597,615,110	(405,936,354)	2,134,868,722

The accompanying notes are an integral part of the financial statements.

CIMB THAI BANK Public Company Limited and its subsidiaries

(Formerly known as "BankThai Public Company Limited")

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Increase (decrease) in operating liabilities				
Deposits	(71,329,925,108)	(6,300,255,990)	(71,581,331,374)	(6,177,661,248)
Interbank and money market items	(304,078,205)	2,548,371,757	(112,747,517)	2,249,064,179
Liability payable on demand	97,674,303	(87,893,494)	97,674,303	(87,893,494)
Other liabilities awaiting accounts transfer	(853,384,337)	726,164,039	(855,254,600)	726,164,039
Other liabilities	430,301,738	(625,543,532)	256,760,206	(1,199,376,696)
Cash flows used in operating activities	(42,972,668,264)	(39,236,922,663)	(42,395,166,204)	(36,783,258,563)
Cash received from interest income	6,677,299,665	8,617,165,639	6,128,443,037	7,869,883,048
Cash paid for interest expenses	(2,571,120,035)	(5,852,020,702)	(2,553,340,898)	(5,843,987,436)
Cash paid for corporate income tax	(26,451,129)	(53,918,222)	-	-
Net cash flows used in operating activities	(38,892,939,763)	(36,525,695,948)	(38,820,064,065)	(34,757,362,951)
Cash flows from investing activities				
Decrease in securities held for investments	24,914,598,577	31,464,331,595	24,526,860,922	28,361,528,607
Increase in investments in subsidiary companies	-	-	(120,000,000)	-
Cash paid for purchases of premises and equipment	(198,172,539)	(200,905,490)	(169,619,016)	(187,176,100)
Proceeds from disposals of premises and equipment	242,958,092	11,615,308	242,425,215	9,023,311
Cash paid for purchases of intangible assets	(200,341,188)	(157,885,885)	(195,852,056)	(155,483,295)
Dividend received	159,572,123	263,478,176	357,451,540	435,757,783
Interest received	1,549,324,424	2,967,432,123	1,528,178,070	2,919,009,902
Net cash flows from investing activities	26,467,939,489	34,348,065,827	26,169,444,675	31,382,660,208
Cash flows from financing activities				
Increase in short-term borrowings	5,620,486,218	5,991,582	6,091,478,115	1,161,343,574
Increase (decrease) in long-term borrowings	2,595,569,028	(2,759,660,000)	2,500,000,000	(2,759,660,000)
Cash received from capital increase	2,536,386,221	6,079,763,743	2,536,386,221	6,079,763,743
Proceeds from treasury stocks held by subsidiary	155,017,038	-	-	-
Interest expenses	(292,397,087)	(391,810,963)	(287,059,163)	(349,312,257)
Net cash flows from financing activities	10,615,061,418	2,934,284,362	10,840,805,173	4,132,135,060
Net (decrease) increase in cash and cash equivalents	(1,809,938,856)	756,654,241	(1,809,814,217)	757,432,317
Cash and cash equivalents at beginning of the year	4,631,710,995	3,875,056,754	4,630,351,485	3,872,919,168
Cash and cash equivalents at the end of the year	2,821,772,139	4,631,710,995	2,820,537,268	4,630,351,485

Supplemental disclosure of cash flows informations:

Non-cash transaction:

Bad debts written-off	2,385,232,723	1,965,177,028	2,332,450,741	1,851,550,826
Properties foreclosed received in settlement of debts	442,147,153	416,388,808	12,870,000	-

The accompanying notes are an integral part of the financial statements.

**CIMB THAI Bank Public Company Limited and its subsidiaries
(Formerly known as “BankThai Public Company Limited”)**

Notes to financial statements

For the years ended 31 December 2009 and 2008

1. General information

1.1 The Bank’s information

CIMB THAI Bank Public Company Limited (“the Bank”) is a public company incorporated and domiciled in Thailand. Its parent company is CIMB Bank Berhad, which is a public company incorporated in Malaysia. The parent company of the Group is CIMB Group Holdings Berhad (formerly known as “Bumiputra - Commerce Holdings Berhad”). The Bank has been licensed by the Ministry of Finance to operate banking business. Its registered address is 44 Langsuan Road, Lumpini, Patumwan, Bangkok. As at 31 December 2009, the Bank has 147 branches in Thailand.

All subsidiaries were incorporated as a limited company or a public limited company under Thai laws. All operate in Thailand, engaging mainly in securities business, fund management, insurance business, consultancy service, asset management, hire purchase and leasing.

On 20 April 2009, the Bank obtained approval from the Ministry of Finance to change the Bank’s name from “BankThai Public Company Limited” to “CIMB THAI Bank Public Company Limited”. The name was registered with the Ministry of Commerce on 1 May 2009.

1.2 Capital Funds Maintenance Provisions

As at 31 December 2008, the Bank’s capital funds to risk-weighted assets ratio (BIS ratio) was less than the level required by law. The Bank has requested a waiver from the Bank of Thailand (BOT) and proposed a plan to increase its capital funds to resolve this issues. The BOT has ordered the Bank to report to it on progress towards resolution of the issues of maintenance of capital funds and the increases in capital at regular intervals until the capital increase is completed.

On 23 March 2009, the Bank’s capital increase is completed and received payment of capital, amounting to Baht 2,536,386,221 and registered the capital increase with the Ministry of Commerce, which brought the Bank’s capital adequacy ratio, or BIS ratio, above the minimum level required by law.

On 27 March 2009, the Bank issued hybrid instruments amounting to Baht 2,500 million and sold them to CIMB Bank (L) Ltd., in which CIMB Bank Berhad (the Bank's parent company) is a major shareholder. The Bank had issued a letter to the BOT requesting recognition of the proceeds from the issue as Hybrid Tier 2 capital. The BOT issued a letter granting permission for the Bank to recognise the hybrid instruments as Tier 2 capital.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, with reference to the principles stipulated by the Bank of Thailand ("the BOT") and the Office of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the Notification of the Bank of Thailand relating to the preparation and format of the financial statements of commercial banks and holding parent company of financial business groups, dated 3 August 2008.

The financial statements in Thai language are the official financial statements of the Bank. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policy.

2.2 Basis of preparation of the consolidated financial statements

a) These consolidated financial statements include the financial statements of CIMB THAI Bank Public Company Limited ("the Bank") and the following subsidiary companies ("the subsidiaries"):

Nature of business	Percentage of shares held by the Bank and subsidiary		Assets as a percentage to the consolidated total assets		Revenue as a percentage to the consolidated total revenues		
	As at 31 December		As at 31 December		For the years ended 31 December		
	2009 (Percent)	2008 (Percent)	2009 (Percent)	2008 (Percent)	2009 (Percent)	2008 (Percent)	
<u>Subsidiaries directly held by the Bank</u>							
BT Insurance Co., Ltd.	Non-life insurance	100	100	0.40	0.25	3.09	1.88
BT Leasing Co., Ltd.	Leasing and hire purchase	100	100	1.84	1.22	3.06	2.89
BT Business Consulting Co., Ltd.	Consultancy services	100	100	-	-	-	-
CIMB Securities (Thailand) Co., Ltd. (Formerly know as "BT Securities Co., Ltd.")	Securities	100	100	0.78	0.42	2.09	1.52
BT Asset Management Co., Ltd.	Fund manager	100	100	0.03	0.03	0.73	1.02
Sathorn Asset Management Co., Ltd.	Asset management	100	100	0.34	0.14	1.78	11.11
BT Worldlease Co., Ltd.	Hire purchase - motorcycle	75	75	0.72	0.50	3.87	3.02
<u>Subsidiaries held by subsidiary</u>							
<u>(BT Worldlease Co., Ltd.)</u>							
Asset Liability Management Co., Ltd.	Liquidation during for 2009	-	100	-	-	-	0.04

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent significant accounting policies.
- d) Material balances and transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Bank and are presented separately in the consolidated income statements and within equity in the consolidated balance sheet.
- f) BT World Lease Company Limited, which is a subsidiary of the Bank, has two subsidiary companies. These are Siam Wall N.E. Leasing Company Limited, which is principally engaged in the provision of hire purchase loans to motorcycle buyers, and Asset Liability Management Company Limited, which is principally engaged in the sale of used motorcycles. Siam Wall N.E. Leasing Company Limited and Asset Liability Management Company Limited registered their dissolutions with the Business Promotion Department, Ministry of Commerce on 22 September 2008 and 7 November 2008, respectively. Siam Wall N.E. Leasing Company Limited and Asset Liability Management Company Limited registered their liquidations on 26 December 2008 and 9 June 2009, respectively. The consolidated financial statements excluded the financial statements of Siam Wall N.E. Leasing Company Limited for the years ended 31 December 2009 and 2008 and the financial statements of Asset Liability Management Company Limited for the year ended 31 December 2009.
- g) As at 31 December 2009 and 2008, the consolidated financial statements excluded the financial statements of another subsidiary, Krung Thai Thanakit Finance Public Company Limited, in which the bank holds 99 percent of shares, because the amounting is immaterial for the overall financial statement and such subsidiary registered its dissolution with the Ministry of Commerce on 6 June 2003, has already returned its financial business license, and is currently in the process of liquidation. The condensed balance sheets of such subsidiary as at 31 December 2009 and 2008 (unaudited by auditor) are presented below.

	(Unit: Million Baht)	
	2009	2008
Assets		
Cash and deposits at financial institutions	263	149
Investments in government and state enterprise securities	8	8
Investments in the Bank's ordinary shares - cost	-	515
Less: Allowance for diminution in value of investments	-	(418)
Investments in the Bank's ordinary share - net	-	97
Loans and interest receivables - net	-	6
Others	2	3
Total assets	273	263
Liabilities and shareholders' equity		
Liabilities - other creditors and liabilities	2	2
Shareholders' equity		
Ordinary share capital	388	388
Deficit	(117)	(127)
Total shareholders' equity	271	261
Total liabilities and shareholders' equity	273	263

2.3 The separate financial statements, which present investments in subsidiaries and associated companies presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year.

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale
and Discontinued Operations

Accounting Treatment Guidance for Leasehold right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that Accounting Treatment Guidance for Business Combination under Common Control is not relevant to the business of the Bank, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TFRS 5 (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for leasehold right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year.

		<u>Effective date</u>
TAS 20	Accounting for Government and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Bank has assessed that TAS 20 and TAS 40 are not relevant to the business of the Bank and its subsidiaries, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

(a) Interest and discount on loans

The Bank recognises interest and discounts on loans as income on an accrual basis, based on the amount of principal outstanding. For loans on which principal or interest payments have been defaulted for more than three months from the due date, the Bank ceases accrual of interest income, recognises interest income on a cash basis and reverses the interest previously accrued as income for such defaulted loans from their accounts, in accordance with the Notification of the Bank of Thailand.

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

(b) Interest on margin loans

Interest is recognised over the term of the loans based on the amount of principal outstanding. For delinquent margin loans on which interest is overdue for more than three months, it is the subsidiary's policy to stop recognising income on an accrual basis and adopt a cash basis in recognising income for such delinquent margin loans.

(c) Interest and dividends on investments

Interest on investments is recognised on an accrual basis based on the effective rate. Dividends from securities are recognised when the right to receive the dividends is established.

Interest income on investments in receivables, for which loan repayment is received during the year based on multiplication of the effective yield rate, by the acquisition cost of the outstanding loans.

(d) Gains (losses) on sale of investments

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

(e) Gains (losses) on sale of property foreclosed

Gains or losses on sale of property foreclosed are recognised as income/expenses in income statement when the significant risks and rewards of ownership of property foreclosed have passed to the buyer.

(f) Fees and services income

Fees and services income are recognised as income on an accrual basis.

(g) Brokerage fees

Brokerage fees on securities trading are recognised as income on the transaction date.

(h) Insurance premium

For insurance policies with the coverage periods of less than 1 year, premium income is recognised on the date the insurance policy comes into effect, after deducting premium ceded and cancelled. For long-term insurance policies with coverage periods of longer than 1 year, related revenues and expenses are recorded as unearned and prepaid items and gradually recognised as income and expenses on an annual basis over the coverage periods.

(i) Reinsurance premium

Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts with the subsidiary.

(j) Hire purchase income

The hire-charges under hire purchase contracts are recognised over the installment period, using the effective rate method, when installments fall due.

However, recognition of income on hire purchase receivables ceases when payment is overdue from the third installment onwards. Income will be reinstated on an accrual basis when the overdue installments are received.

4.2 Expense recognition

(a) Interest expenses

Interest expenses are charged to income statements on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

(b) Unearned premium reserve

Unearned premium reserve is set aside in compliance with the Notification of the Ministry of Commerce governing the allocation of the unearned premium reserve and loss reserve by the non-life insurance company as follows:

Fire, motors, hull and miscellaneous	- Monthly average basis (the one-twenty fourth basis)
Marine and transportation (cargo)	- Net premium written for the last ninety days
Travel accident with coverage of not more than 6 months	- Net premium written for the last thirty days

(c) Loss reserve and outstanding claims

Outstanding claims have been provided upon receipt of claim advices from the insured. Loss reserve has been provided based on estimates made by the management. In addition, the subsidiary company has set up a provision for losses incurred but not yet reported (IBNR), which is estimated by an actuary based on experience and historical data but is not to be less than 2.5% of net premium written for the last twelve months in compliance with the Notification of the Ministry of Commerce governing the allocation of the unearned premium reserve and loss reserve by the non-life insurance company. However, since 1 January 2009, the Company shall allocate according to the past experience by chain ladder approach or other international approaches but not less than 2.5% of the total net written premium on all types of risk twelve months backwards from the allocate date. The reserve calculation report has to be endorsed by an actuary of the subsidiary company.

(d) Commission fee under hire purchase agreements

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

4.3 Investments

- a) Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in the value of such securities are included in determining income.
- b) Investments in available-for-sales securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of such securities are shown as a separate item in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- c) Investments in debt securities expected to be held to maturity are determined at amortised cost. Premiums/discounts on debt securities are amortised based on a straight-line basis over the remaining period to maturity for other debt securities. The amortised amount is presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities which are classified as general investments are valued at cost less provision for impairment.

The fair value of marketable securities is based on the latest bid price on the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government and state enterprise securities, and private sector debt securities is determined using the formula determined by the BOT and the yield rates quoted by the Thai Bond Dealing Centre or other financial institutions, adjusted by an appropriate risk factor. The fair value of unit trusts is determined based on their net asset value.

Losses on impairment (if any) of investments are included in determining income.

The weighted average method is used for computation of the cost of investments.

In the event the Bank and its subsidiaries reclassify investment in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as revaluation surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

4.4 Investments in receivables

Investments in receivables purchased, which are valued at acquisition cost net of allowance for impairment (if any). Loss on impairment of investments is included in determining income.

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

Allowance for impairment of investments in receivables purchased is set up based on estimated fair value, determined from the present value of expected future cash flows from collateral disposal or debt collection in accordance with the BOT's provisioning guidelines.

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

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

4.6 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies, are accounted for in the separate financial statements using the cost method net of allowance for impairment of investments in subsidiary and associated companies. Losses on impairment (if any) are included in determining income.

Investment in associated company, is accounted for in the consolidated financial statements using the equity method. Under this method, investments are initially recorded at the acquisition cost and are adjusted to reflect the attributable share of the profits or losses from the operations of each associated company, in proportion to the investment.

If the Bank receives shares as a result of debt restructuring of a borrower and as a result of such acquisition holds more than 50 percent or 20 percent of the shares of such company, the Bank will not treat the investee company as a subsidiary company or a associated company, respectively, as it intends to hold such investments on a temporary basis and must dispose of them in accordance with BOT's guidelines.

If the Bank has no commitments or guarantee obligations to its subsidiary and associated companies, losses are recognised only to the extent that they do not exceed the outstanding balance of investments.

4.7 Loans/securities business receivables/hire purchase receivables

The Bank and its subsidiaries present loans at the principal balances excluding accrued interest receivable, with the exception of bank overdrafts, which are presented inclusive of accrued interest receivable. Unrealised deferred income and discounts on loans are deducted from the loan balances.

Securities business receivables comprise the net receivable balance of cash accounts and credit balance accounts secured by the purchased securities, as well as other receivables, which consist of overdue debtors and securities business receivables currently subject to legal proceedings, which are undergoing restructuring or settling in installments.

Hire purchase receivables are stated at net realisable value, deducting unearned hire purchase income.

4.8 Allowance for doubtful accounts

(a) For loans of banking business

The Bank provides allowances for doubtful accounts in accordance with the Notifications of the Bank of Thailand (“BOT”) and adjusts the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

The Bank set provision for normal loans (including restructured receivables) and special mention loans at minimum rate of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value, as required by the BOT’s guidelines. For non-performing loans, the provision has to set up at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, based on the use of the discount rate and the time needed to dispose of collateral, in accordance with the BOT’s guideline.

Amounts written off as bad debts, or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

(b) For securities business receivables

A subsidiary provides allowance for doubtful debts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Allowance is set aside for doubtful debts not fully covered by collateral and/or those expected not to be fully recoverable. Debt classifications and provisions are made in accordance with the guidelines of the Office of the Securities and Exchange Commission.

(c) For hire purchase receivables

Allowance for doubtful accounts for hire purchase receivables of the subsidiaries has been provided at a percentage of the amount of principal outstanding, net of unearned income, based on the number of months overdue (with reference to the classification of loans under BOT's guidelines). Allowance for doubtful accounts is set for normal and special mention loans at minimum rates of 1% and 2%, respectively, without deducting collateral value, and at 100% of the balance of non-performing receivables, of the receivable balances after deducting collateral.

4.9 Troubled debt restructuring and losses from troubled debt restructuring

The Bank and its subsidiaries record troubled debt restructuring transactions and related losses with reference to the notifications of the Bank of Thailand.

(a) For loans of banking business

In cases where the troubled debt restructuring involves modifications of the terms or relaxation of the repayment conditions, the fair value of loans after restructuring is determined based on the net present value of expected future cash flows, discounted by the Minimum Loan Rate (MLR) being quoted to the debtors at the restructuring date. The difference between the fair value of loans and outstanding balance of receivables at the restructuring date is accounted for as revaluation allowance for debt restructuring and included as expenses in the income statements.

The Bank adjusts the revaluation allowance for debt restructuring at the end of every period by re-calculating the net present value of expected cash flows, discounted by the Minimum Loan Rate (MLR) being quoted to the debtor at the end of the period.

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

(b) For margin loans of securities business

Under the subsidiary's accounting policy for troubled debt restructuring, if payment of debt is received through the transfer of property, financial instruments, or through share capital received from debtor on a debt to equity swap, the subsidiary records the assets received at their fair value. Losses arising from differences between the book value of the debt and the fair value of the assets and debt collection expenses are recorded as losses from debt restructuring and expense in the income statements.

In case where the troubled debt restructuring involves modifications of the terms or relaxation of the repayment conditions to the debtor, the subsidiary records the losses arising from the revaluation of the book value of the debtor, determined on the basis of the present value of the future cash flows to be received under the new conditions, and using the Minimum Loan Rate (MLR) in discounting, or the fair value of the collateral. Any amount by which the newly determined book value is lower than the previous book value, including interest receivables, is recorded as revaluation allowance for debt restructuring and reducing allowance for doubtful accounts except that the allowance for doubtful accounts is inadequate, then shortage will be recognised as expenses for such year.

4.10 Properties/assets foreclosed

The Bank and its subsidiary which is asset management company, have presented properties foreclosed at the lower of cost or net realisable value with reference to the latest available appraised value according to the notifications of the Bank of Thailand less estimated selling expenses.

For other subsidiaries assets foreclosed are presented at the lower of cost or net realisable value less estimated selling expenses.

4.11 Premises and equipment and depreciation

Land is stated at cost/reappraised value and buildings are stated at cost/reappraised value less accumulated depreciation and allowance for impairment (if any). Equipment is stated at cost less accumulated depreciation and allowance for impairment (if any).

The Bank carries out an asset appraisal on land and buildings within every 5 years in accordance with the guidelines announced by the Bank of Thailand, with revaluation surplus on land and buildings presented in shareholders' equity. The Bank carried out the latest revaluation for its land and buildings in December 2005 and January 2006 and treated the appraised values (market value for the land and replacement cost less accumulated depreciation for the building) as fair values in presenting the assets on a revaluation basis.

Depreciation of building and equipment is calculated by reference to their costs or reappraised value in cases where the assets have been revalued, on a straight-line basis over the following estimated useful lives.

Buildings	-	20 - 40 years
Equipment	-	5 years and 10 years

Depreciation is included in determining income.

No depreciation is determined for land and assets under construction.

4.12 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statements.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Patents	5 years
Computer software	5 years or 10 years

4.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and are included as expenses in the income statements.

4.14 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

In addition, related parties include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that gives them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations.

4.15 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities in foreign currencies outstanding on the balance sheet date are translated into Baht at the exchange rates announced by the Bank of Thailand ruling on the balance sheet date.

Exchange gains and losses are included in determining income.

4.16 Financial derivatives

Obligations under financial derivatives contracts are regarded as off-balance sheet items. The accounting treatments for financial derivatives transactions depends on the purpose of the transaction as follows:

(a) Trading transactions

Obligations under financial derivatives contracts originated for trading purposes are stated at fair value. Gains/Losses arising from changes in value are included in determining income.

(b) Non-trading transactions

Derivatives classified as non-trading transactions are measured on basis equivalent to that used for the underlying asset and liability, as follows:

- (1) Foreign currency elements are translated into Baht at the rates ruling on the balance sheet date announced by the Bank of Thailand.
- (2) Interest elements are recorded on an accrual basis.

4.17 Embedded derivatives

The Bank records embedded derivatives in investments in Structured Note and Structured Deposit in compliance with the Bank of Thailand's Notification as follows:

- (a) If the economic characteristics and risks of an embedded derivative are not closely related to the host contract, the Bank will account for the embedded derivative separately from the host contract and measure the embedded derivative at fair value through profit or loss. The host contract will be accounted for under the related accounting standards. In case of the Bank is unable to measure the embedded derivative separately, the Bank will designate the entire hybrid contract as at fair value (based on arranger's price) through profit or loss.
- (b) If the economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract, the Bank will not account for the embedded derivative separately from the host contract and classify the host contract under the related accounting standards.

4.18 Impairment of assets

The Bank and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank and its subsidiaries realise loss on impairment when the asset's recoverable amount is less than the book value.

The Bank and its subsidiaries recognise impairment losses in the income statements.

The Bank and its subsidiaries assess at each reporting date whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank and its subsidiaries estimate the asset's recoverable amount and the impairment loss recognised in prior periods for assets other than goodwill is reversed.

4.19 Pension fund

The Bank has a policy to pay pension benefits to employees with more than 10 years of service and who resign in accordance with the rules and conditions stipulated by the Bank. Pension funds are reserved and charged to expenses in the income statements based on the number of years of service by each employee. In the event that any employee resigns and is not entitled to receive pension benefits, the Bank will reverse the pension fund contributions already reserved for such employee and charge the amount against the income statements for the year in which he/she resigns.

Such pension benefit only provides to employees who are former employees of the Union Bank of Bangkok Public Company Limited.

4.20 Provident fund

The Bank and its employees have jointly established a provident fund scheme under the Provident Fund Act B.E. 2530, and the fund was registered with and approved by the Ministry of Finance on 29 December 1999. The employees contribute to the fund at rates of between 3 - 5 percent of their basic salaries and the Bank contributes at the rate of 5 percent, according to the following conditions:

1. Employees who had officially joined the Bank and applied for membership of the fund before 31 December 1999 will receive one hundred percent of the contributions and all benefits upon termination of this membership.

2. For employees who officially joined the Bank and applied for membership of the fund since 1 January 2000, the Bank will make contributions and pay benefits from the fund according to the following conditions:

<u>Years of service</u>	<u>Percentage of contributions and benefits thereof</u> (Percent)
Less than 5 years	0
5 years or more	100

Some subsidiaries and their employees have jointly established a provident fund scheme under the Provident Fund Act B.E. 2530. The employees contribute to the fund at rates of 3-5 percent of their basic salaries and the subsidiaries contribute at the rate of 5 percent. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

4.21 Treasury stock

Treasury stock, which is the Bank's ordinary shares purchased by the subsidiary companies is carried at cost and is deducted in shareholders' equity in the consolidated balance sheets. Gains or losses on disposal of treasury stock are taken to "Premium on treasury stock" or "Retained earnings".

4.22 Provisions

Provisions are recognised when the Bank and its subsidiaries has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.23 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follow:

5.1 Allowance for doubtful accounts for loans

Allowance for doubtful accounts for loans is intended to adjust the value of loans for probable credit losses. The management uses the Bank of Thailand's regulation regarding the provision of an allowance for doubtful accounts and judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, period of default, statistical modeling and estimates, value of collateral and current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

5.2 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercised judgment, using a variety of valuation techniques or value estimated by an arranger. The input to the models used is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

5.3 Allowance for impairment of investments

The Bank and its subsidiaries treat available-for-sale equity investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

The Bank and its subsidiaries treat other investments as impaired when the management judges that the recoverable amount is less than the carrying amount. The management is required to make judgment to make estimates of expected return from such investment.

5.4 Allowance for impairment of property foreclosed

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

5.5 Property, premise and equipment/Depreciation

In determining depreciation of premise and equipment, the management is required to make estimates of the useful lives and salvage values of the premise and equipment and to review estimate useful lives and salvage values when there are any changes.

5.6 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased assets have been transferred to the lessee. Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as financial leases. In the other hand, leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating lease.

5.7 Assessment of risk and rewards

When considering the recognition and derecognition of assets or liabilities, the management is required to use judgment in assessing risk and rewards. Although management uses its best knowledge of current events and actions in making such assessments, actual risks and rewards may ultimately differ.

5.8 Loss reserve and outstanding claims

Part of loss reserve claims is estimated from claims advices from insured, based on estimates made by independent appraisers or the relevant officers of the subsidiary company, depending on the particular case. The estimated value of losses is derived from actual losses but not more than the sum insured of the related insurance policies. The other part is for losses incurred but not yet reported (IBNR) and is estimated based on statistic at data and historical experience. However, actual results could differ from the estimates.

5.9 Litigation

The Bank and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation case, and in case where they believe that there will be no losses, they will provide no contingent liabilities at the balance sheet date. However, actual results could differ from the estimates.

6. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	2009			2008		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand and the Financial						
Institutions Development Fund	72	1,660	1,732	5,428	32,627	38,055
Commercial banks	198	12,326	12,524	206	262	468
Other banks	7	68	75	5	53	58
Finance, finance and securities, securities, and credit foncier companies	544	57	601	-	3,373	3,373
Other financial institutions	50	-	50	20	585	605
Total domestic items	871	14,111	14,982	5,659	36,900	42,559
Add: Accrued interest receivables	-	2	2	-	16	16
Less: Allowance for doubtful debts	-	(2)	(2)	-	(2)	(2)
Domestic items - net	871	14,111	14,982	5,659	36,914	42,573
Foreign:						
US dollar	336	-	336	729	-	729
Yen	13	-	13	22	-	22
EURO	15	-	15	19	-	19
Other currencies	24	-	24	24	-	24
Foreign items - net	388	-	388	794	-	794
Domestic and foreign items - net	1,259	14,111	15,370	6,453	36,914	43,367

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	72	1,660	1,732	5,425	32,627	38,052
Commercial banks	40	12,000	12,040	150	-	150
Finance, finance and securities, securities, and credit foncier companies	544	56	600	30	3,359	3,389
Other financial institutions	50	-	50	20	585	605
Total domestic items	706	13,716	14,422	5,625	36,571	42,196
Add: Accrued interest receivables	-	1	1	-	13	13
Less: Allowance for doubtful debts	-	(2)	(2)	-	(2)	(2)
Domestic items - net	706	13,715	14,421	5,625	36,582	42,207
Foreign:						
US dollar	336	-	336	729	-	729
Yen	13	-	13	22	-	22
EURO	15	-	15	19	-	19
Other currencies	24	-	24	24	-	24
Foreign items - net	388	-	388	794	-	794
Domestic and foreign items - net	1,094	13,715	14,809	6,419	36,582	43,001

As at 31 December 2009, the Bank has promissory notes of Baht 547 million, that had been issued by finance companies ordered closed, and are avaled by the Financial Institution Development Fund ("the FIDF"). A promissory note amounting to Baht 544 million was recalled to cancel the aval since the FIDF is of the opinion that the Bank has no obligations in respect of the related liabilities. However, the Bank has yet to return the promissory note to the FIDF in order to retain its right to claim compensation from the FIDF should the Bank need to undertake responsibility for any obligations in the future.

As of the balance sheet date such promissory note avaled by FIDF has been presented as assets and the related obligation has been presented as liabilities at the same amount to Baht 544 million.

7. Investments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Value at cost method/equity method	21,225	46,825	23,579	48,930
Add: Allowance for revaluation	54	17	38	42
Less: Allowance for impairment	(565)	(1,322)	(1,989)	(2,743)
Net book value	20,714	45,520	21,628	46,229

7.1 Classified by types of investment

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2009		2008		2009		2008	
	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value
Short-term investments:								
Securities held for trading								
Government and state enterprises securities	405	404	1,018	1,015	380	379	983	979
Private sector debt securities	26	26	3	3	6	6	-	-
Domestic marketable equity securities	76	82	60	47	-	-	-	-
Total	507	512	1,081	1,065	386	385	983	979
Add (less): Allowance for revaluation	5	-	(16)	-	(1)	-	(4)	-
Securities held for trading - net	512	512	1,065	1,065	385	385	979	979
Available-for-sales securities								
Government and state enterprises securities	4,536	4,538	2,896	2,907	4,488	4,490	2,884	2,895
Private sector debt securities	55	54	768	769	54	53	758	759
Domestic marketable equity securities	27	17	30	5	-	-	-	-
Total	4,618	4,609	3,694	3,681	4,542	4,543	3,642	3,654
Add: Allowance for revaluation	17	-	13	-	2	-	13	-
Less: Allowance for impairment	(26)	-	(26)	-	(1)	-	(1)	-
Available-for-sales securities - net	4,609	4,609	3,681	3,681	4,543	4,543	3,654	3,654
Held-to-maturity debt securities								
Government and state enterprises securities	-	-	15	-	-	-	-	-
	-	-	15	-	-	-	-	-
Short-term investments - net	5,121	5,121	4,761	4,761	4,928	4,928	4,633	4,633

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2009		2008		2009		2008	
	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value	Cost/ Amortised cost	Fair Value
Long-term investments:								
Available-for-sales securities								
Government and state enterprises securities	35	35	18,681	18,887	-	-	18,669	18,874
Private sector debt securities	38	39	378	383	-	-	50	52
Domestic marketable equity securities	2,571	2,597	3,297	2,697	2,512	2,544	3,235	2,652
Total	2,644	2,671	22,356	21,967	2,512	2,544	21,954	21,578
Add: Allowance for revaluation	32	-	20	-	37	-	33	-
Less: Allowance for impairment	(5)	-	(409)	-	(5)	-	(409)	-
Available-for-sales securities - net	2,671	2,671	21,967	21,967	2,544	2,544	21,578	21,578
Held-to-maturity debt securities								
Promissory notes issued by TAMC	800		2,705		800		2,705	
Government and state enterprises securities	6,660		155		6,660		155	
Overseas debt securities	3,887		13,951		3,887		13,951	
Total	11,347		16,811		11,347		16,811	
Less: Allowance for impairment	(54)		(54)		(54)		(54)	
Held-to-maturity debt securities - net	11,293		16,757		11,293		16,757	
General investments								
Private sector debt securities	1		11		1		11	
Domestic non-marketable equity securities	666		1,349		665		1,348	
Overseas non-marketable equity securities	14		14		14		14	
Investments in receivables (Note 7.6)	1,213		1,385		1,085		1,260	
Total	1,894		2,759		1,765		2,633	
Less: Allowance for impairment	(470)		(823)		(366)		(716)	
General investments - net	1,424		1,936		1,399		1,917	
Long-term investments - net	15,388		40,660		15,236		40,252	

- (a) As of 31 December 2009 and 2008, the Bank had foreign currency denominated debt investments in structured notes totalling USD 100 million (Baht 3,337 million) and USD 360 million (Baht 12,580 million), respectively, which have been classified as the held-to-maturity investments and are recorded under the cost method. Such notes were issued by foreign financial institutions and banks whose ratings were A or better. The notes have remaining lives of 2-7 years and contain conditions related to interest to be received by the bank and/or early repayment rights of the note issuers. As at 31 December 2009 and 2008, the average price of the notes quoted by arrangers is approximately 98 percent and 99 percent of cost, respectively. The Bank has not set aside allowance for impairment on such investment because the Bank's management are confident that all notes will be recovered in full on the maturity date or when the issuer early redeems the notes. However, in view of the current financial turmoil and related uncertainties, the values of the notes may be affected by future impact of the economic and financial crisis.

- (b) As at 31 December 2009, held-to-maturity debt securities classified as long-term investments included promissory notes of Baht 800 million (31 December 2008: Baht 2,705 million) which were received from TAMC in settlement for non-performing loans transferred to TAMC (as already discussed in Note 35 to the financial statements). Such promissory notes are non-transferable and avaled by the Financial Institutions Development Fund.
- (c) As at 31 December 2009, the Bank has an investment in the Vayupak Fund 1, which is a marketable security. The cost of such investment is Baht 2,500 million and it is presented at its fair value of Baht 2,535 million, with the gain from revaluation amounting to Baht 35 million presented in shareholders' equity. The presentation of fair value is in accordance with Thai Accounting Standard No. 40 (previous version) "Accounting for Investment in Debt and Equity Securities". The investee was established in accordance with a Cabinet resolution passed on 1 July 2003, with a registered capital of Baht 100,000 million. It is a 10-year fund with a policy to guarantee principal and a minimum return. The fund units cannot be redeemed prior to maturity and the Bank presents the investment as long-term investment in available-for-sale securities.
- (d) As at 31 December 2009, the Bank has accounts receivable from sales of investments of Baht 13,285 million and accounts payable from purchases of investments of Baht 13,285 million, which arose for sales and purchases of investments made during the last one to three working days before the period date. Settlement of such transactions was completed after the period date.
- (e) As at 31 December 2009 and 2008, the Bank has investments which are pledged as collateral, as mentioned in Note 30.1 to the financial statements.
- (f) During the year 2009, the Bank disposed of held-to-maturity overseas debt securities before their maturity dates due to the uncertain economic situation in the note issuer's country and the risk that the Bank would not be able to redeem the investment as scheduled. The amortised cost of such debt securities was approximately KRW 49,286 million, or equivalent to Baht 1,416 million, and the gain on disposal totaled Baht 25 million.

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

(Unit: Million Baht)

	Consolidated financial statements							
	2009				2008			
	Periods remaining				Periods remaining			
	1 year	1 - 5 years	Over 5 years	Total	1 year	1 - 5 years	Over 5 years	Total
Available-for-sales securities								
Government and state enterprises securities	4,536	32	3	4,571	2,896	18,672	9	21,577
Private sector debt securities	55	35	3	93	768	373	5	1,146
Total	4,591	67	6	4,664	3,664	19,045	14	22,723
Add: Allowance for revaluation	2	-	1	3	13	209	2	224
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	4,592	67	7	4,666	3,676	19,254	16	22,946
Held-to-maturity securities								
Promissory notes issued by TAMC	-	792	8	800	-	2,697	8	2,705
Government and state enterprises securities	-	6,505	155	6,660	15	-	155	170
Overseas debt securities	-	2,219	1,668	3,887	-	3,118	10,833	13,951
Total	-	9,516	1,831	11,347	15	5,815	10,996	16,826
Less: Allowance for impairment	-	(54)	-	(54)	-	(54)	-	(54)
Total	-	9,462	1,831	11,293	15	5,761	10,996	16,772
General investments								
Private sector debt securities	-	-	1	1	11	-	-	11
Less: Allowance for impairment	-	-	(1)	(1)	(11)	-	-	(11)
Total	-	-	-	-	-	-	-	-
Total debt securities	4,592	9,529	1,838	15,959	3,691	25,015	11,012	39,718

(Unit: Million Baht)

	Separate financial statements							
	2009				2008			
	Periods remaining				Periods remaining			
	1 year	1 – 5 years	Over 5 years	Total	1 year	1 – 5 years	Over 5 years	Total
Available-for-sales securities								
Government and state enterprises securities	4,488	-	-	4,488	2,884	18,669	-	21,553
Private sector debt securities	54	-	-	54	758	50	-	808
Total	4,542	-	-	4,542	3,642	18,719	-	22,361
Add: Allowance for revaluation	2	-	-	2	13	206	-	219
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	4,543	-	-	4,543	3,654	18,925	-	22,579
Held-to-maturity securities								
Promissory notes issued by TAMC	-	792	8	800	-	2,697	8	2,705
Government and state enterprises securities	-	6,505	155	6,660	-	-	155	155
Overseas debt securities	-	2,219	1,668	3,887	-	3,118	10,833	13,951
Total	-	9,516	1,831	11,347	-	5,815	10,996	16,811
Less: Allowance for impairment	-	(54)	-	(54)	-	(54)	-	(54)
Total	-	9,462	1,831	11,293	-	5,761	10,996	16,757
General investments								
Private sector debt securities	-	-	1	1	11	-	-	11
Less: Allowance for impairment	-	-	(1)	(1)	(11)	-	-	(11)
Total	-	-	-	-	-	-	-	-
Total debt securities	4,543	9,462	1,831	15,836	3,654	24,686	10,996	39,336

7.3 Investments representing shareholdings in which the Bank and its subsidiaries hold more than 10%

The following are equity securities, classified by types of business, in which the Bank and its subsidiaries hold more than 10% of the paid-up share capital of the investee companies but those companies were not classified as subsidiaries and associated companies:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2009	2008
Commercial business	2	2
Property development	1	167
Public utilities and services	17	17
Bank and Finance	4	10
Insurance businesses	-	234
Total	24	430
Less: Allowance for impairment	(10)	(344)
Net	14	86

7.4 Investments in investment units in which the Bank and its subsidiaries hold more than 10%

Investments in investment units in which the Bank and its subsidiaries hold more than 10% of the paid-up fund, which are not treated as their subsidiaries and associated companies, classified by type of fund, are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	2009		2008	
	Cost	Fair value	Cost	Fair value
General investments				
Investment in property funds	264	264	476	470
Investment in fixed income funds	-	-	20	22
Total	264	264	496	492
Less: Allowance for impairment	(3)		(3)	
Book value	261		493	

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

As at 31 December 2009 and 2008, the Bank and its subsidiaries have the following investments in companies, which have problems relating to financial positions and operating results, can be summarised as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements							
	2009				2008			
	Number of companies	Cost	Allowance for Revaluation/ impairment	Book value	Number of companies	Cost	Allowance for Revaluation/ impairment	Book value
Listed companies under delisting conditions	3	-	-	-	4	-	-	-
Companies with problems regarding to business continuity and/or weak financial status and operating performance	53	50	(40)	10	63	216	(206)	10
Defaulted debt securities	17	1	(1)	-	18	11	(11)	-

7.6 Investments in receivables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Investments in receivables	1,213	1,385	1,085	1,260
Less: Allowance for impairment	(258)	(261)	(154)	(154)
Investments in receivables - net	955	1,124	931	1,106

The outstanding balances of loan receivables as at 31 December 2009 and 2008, can be summarised as follows:

	2009				2008			
	Number of debtors	Principal	Purchase price	Estimated	Number of debtors	Principal	Purchase price	Estimated
				rate of return (Yield)*				rate of return (Yield)*
	Million Baht	Million Baht	Percent	Million Baht	Million Baht	Percent		
Consolidated financial statements								
Total accumulated investments								
in receivables	14,730	24,916	7,075	19	6,053	24,912	7,066	19
Outstanding investments in receivables as at the balance sheet date	12,366	10,382	1,213		3,874	10,683	1,385	
Separate financial statements								
Outstanding investments in receivables as at the balance sheet date	239	2,675	1,085		300	2,896	1,260	

* Excluded yield of investment in receivable of a subsidiary, the outstanding amount of which is Baht 48 million as at 31 December 2009 and Baht 49 million as at 31 December 2008.

7.7 Investments in subsidiary and associated companies

Company name	Nature of business	Consolidated financial statements									
		Paid-up share capital		Percentage of holding		Investment value				Dividend received	
		2009	2008	2009	2008	Cost	method	Equity method		2009	2008
		Million Baht	Million Baht	%	%	2009	2008	2009	2008	2009	2008
Subsidiary - not included in consolidated financial statements											
Krung Thai Thanakit Finance Plc.	In process of liquidation	388	388	99	99	562	562	154	238	-	-
Associated company											
Worldclass Rent a Car Co., Ltd.	Car rental	380	380	20	20	61	61	61	61	-	-
Total						623	623	215	299	-	-
Less: Allowance for impairment						(314)	(314)	(10)	(10)		
Investments in subsidiary and associated companies						309	309	205	289		
Less: Ordinary shares of the Bank held by its subsidiary which are not included in consolidated financial statements (cost method)								-	(190)		
Investments in subsidiary and associated companies - net								205	99		

Company name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding		Investment value		Dividend received	
		2009	2008	2009	2008	2009	2008	2009	2008
		Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries - included in consolidated financial statements									
BT Insurance Co., Ltd	Non-life insurance	300	300	100	100	236	236	-	-
CIMB Securities (Thailand) Co., Ltd. (Formerly known as "BT Securities Co., Ltd.")	Securities	500	1,200	100	100	1,175	1,175	-	-
BT Business Consulting Co., Ltd.	Consultancy services	33	33	100	100	32	32	-	-
BT Leasing Co., Ltd.	Leasing/ hire purchase	275	200	100	100	453	378	-	-
BT Asset Management Co., Ltd.	Fund manager	235	190	100	100	235	190	-	-
Sathorn Asset Management Co., Ltd.	Asset management	25	25	100	100	25	25	200	175
BT Worldlease Co., Ltd.	Hire purchase - motorcycles, motorcycle trading	240	240	75	75	248	248	-	-
Subsidiary - not included in consolidated financial statements									
Krung Thai Thanakit Finance Plc.	In process of liquidation	388	388	99	99	562	562	-	-
Associated company									
Worldclass Rent a Car Co., Ltd.	Car rental	380	380	20	20	61	61	-	-
Total						3,027	2,907	200	175
Less: Allowance for impairment						(1,563)	(1,563)		
Investments in subsidiary and associated companies - net						1,464	1,344		

BT World Lease Company Limited, which is a subsidiary of the Bank, has two subsidiary companies. These are Siam Wall N.E. Leasing Company Limited, which is principally engaged in the provision of hire purchase loans to motorcycle buyers, and Asset Liability Management Company Limited, which is principally engaged in the sale of used motorcycles. Siam Wall N.E. Leasing Company Limited and Asset Liability Management Company Limited passed resolutions to dissolve those companies, and registered their dissolutions with the Business Promotion Department, Ministry of Commerce on 22 September 2008 and 7 November 2008, respectively. Siam Wall N.E. Leasing Company Limited registered its liquidation on 26 December 2008 and BT Worldlease Co., Ltd. has received a refund of capital of Baht 29 million as a result of the liquidation. On 9 June 2009 Asset Liability Management Company Limited registered its liquidation but BT Worldlease Co., Ltd. received no return of capital.

The separate financial statements of cash flows for the years ended 31 December 2009 and 2008 of Sathorn Asset Management Company Limited, the Bank's subsidiary, are disclosed herein in accordance with the Bank of Thailand's requirement as following:

	(Unit: Million Baht)	
	2009	2008
Cash flows from operating activities		
Net income before income tax (per separate financial statements of subsidiary)	125	1,090
Adjustments to reconcile net income before income tax to net cash from (used in) operating activities		
Allowance of impairment on investments in receivables (reversal)	2	(565)
Accrual of provision (reversal)	(11)	22
Interest income	(23)	(34)
Interest expense	-	54
Others	1	(3)
Income from operations before changes in operating assets and liabilities	94	564
(Increase) decrease in operating assets		
Investments in receivables	5	3,286
Properties foreclosed	20	18
Other assets	(7)	4
Increase (decrease) in operating liabilities		
Account payable - parent company	8	(591)
Cash received from non performing loan awaiting transfer to bidder under NPL sales agreement	(15)	15
Other liabilities	(31)	4
Net cash flows from operating activities	74	3,300
Cash received from interest income	22	34
Cash paid for corporate income tax	(19)	(44)
Net cash flows from operating activities	77	3,290
Cash flows from financing activities		
Decrease in borrowings	-	(2,925)
Interest expenses	-	(98)
Dividend paid	(200)	(175)
Net cash flows used in financing activities	(200)	(3,198)
Net increase (decrease) in cash and cash equivalents	(123)	92
Cash and cash equivalents at beginning of the years	153	61
Cash and cash equivalents at end of the years	30	153

8. Loans and accrued interest receivables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Loans	85,996	92,261	81,180	87,553
Accrued interest receivables	255	389	198	326
Total loans and accrued interest receivables	86,251	92,650	81,378	87,879
Less: Allowance for doubtful debts	(7,944)	(8,973)	(4,237)	(5,249)
Revaluation allowance for debt restructuring	(9)	(20)	(9)	(20)
Net book value	78,298	83,657	77,132	82,610

8.1 Classified by loan type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Bank overdrafts	5,671	5,995	5,655	5,927
Loans	57,439	61,117	54,786	58,449
Bills*	18,545	21,040	20,679	23,164
Hire purchase receivables*	3,592	3,645	-	-
Financial lease receivables*	256	261	-	-
Securities business receivables	432	189	-	-
Others	61	14	60	13
Total loans	85,996	92,261	81,180	87,553
Add: Accrued interest receivables	255	389	198	326
Total loans and accrued interest receivables	86,251	92,650	81,378	87,879
Less: Allowance for doubtful debts	(7,944)	(8,973)	(4,237)	(5,249)
Revaluation allowance for debt restructuring	(9)	(20)	(9)	(20)
Loans and accrued interest receivables – net	78,298	83,657	77,132	82,610

* As at 31 December 2009 and 2008, those amount have been presented net from unearned interest income with total of Baht 979 million and Baht 996 million, respectively (separate financial statements: Baht 5 million and Baht 14 million, respectively).

8.2 Classified by remaining period of contract

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Not over 1 year*	37,706	40,648	33,473	37,233
Over 1 year	48,545	52,002	47,905	50,646
Total loans and accrued interest receivables	86,251	92,650	81,378	87,879

* Includes loans for which the debtors have been unable to comply with the agreement and of which the Bank has the right to demand payment at call.

8.3 Classified by currency and residency of debtors

(Unit: Million Baht)

	Consolidated financial statements					
	2009			2008		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	84,170	73	84,243	91,016	-	91,016
US dollar	1,943	-	1,943	1,473	-	1,473
Other currencies	65	-	65	161	-	161
Total loans and accrued interest receivables	86,178	73	86,251	92,650	-	92,650

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	79,370	-	79,370	86,245	-	86,245
US dollar	1,943	-	1,943	1,473	-	1,473
Other currencies	65	-	65	161	-	161
Total loans and accrued interest receivables	81,378	-	81,378	87,879	-	87,879

8.4 Classified by types of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements						
	2009						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Securities and hire purchase receivables	Total
Agricultural and mining	316	225	-	4	148	-	693
Manufacturing and commerce	22,355	4,684	1,487	471	6,101	-	35,098
Real estate and construction	4,622	2,840	411	237	879	-	8,989
Public utilities and services	9,319	2,858	158	173	1,064	-	13,572
Personal cash	6,449	374	337	-	20	-	7,180
Housing loans	10,860	226	88	146	387	-	11,707
Hire purchase receivable and financial lease receivable	-	-	-	-	-	3,871	3,871
Others	4,269	84	51	80	224	433	5,141
Total loans and accrued interest receivables	58,190	11,291	2,532	1,111	8,823	4,304	86,251

(Unit: Million Baht)

Consolidated financial statements							
2008							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Securities and hire purchase receivables	Total
Agricultural and mining	225	24	7	79	147	-	482
Manufacturing and commerce	24,689	3,918	1,863	1,425	5,167	-	37,062
Real estate and construction	4,277	3,857	798	133	840	-	9,905
Public utilities and services	13,673	2,362	194	37	674	-	16,940
Personal cash	9,421	559	475	-	929	-	11,384
Housing loans	8,812	245	88	75	212	-	9,432
Hire purchase receivable and financial lease receivable	-	-	-	-	-	3,936	3,936
Others	3,031	72	37	19	120	230	3,509
Total loans and accrued interest receivables	<u>64,128</u>	<u>11,037</u>	<u>3,462</u>	<u>1,768</u>	<u>8,089</u>	<u>4,166</u>	<u>92,650</u>

(Unit: Million Baht)

Separate financial statements						
2009						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	316	225	-	4	60	605
Manufacturing and commerce	22,322	4,684	1,487	471	3,238	32,202
Real estate and construction	4,622	2,840	411	237	715	8,825
Public utilities and services	9,318	2,858	158	173	1,057	13,564
Personal cash	6,449	374	337	-	20	7,180
Housing loans	10,858	226	88	146	323	11,641
Others	7,057	84	51	80	89	7,361
Total loans and accrued interest receivables	<u>60,942</u>	<u>11,291</u>	<u>2,532</u>	<u>1,111</u>	<u>5,502</u>	<u>81,378</u>

(Unit: Million Baht)

Separate financial statements						
2008						
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	225	24	7	79	60	395
Manufacturing and commerce	24,689	3,918	1,863	1,425	2,256	34,151
Real estate and construction	4,277	3,857	798	133	680	9,745
Public utilities and services	13,678	2,362	194	37	648	16,919
Personal cash	9,421	559	475	-	929	11,384
Housing loans	8,812	245	88	75	141	9,361
Others	5,779	72	37	19	17	5,924
Total loans and accrued interest receivables	<u>66,881</u>	<u>11,037</u>	<u>3,462</u>	<u>1,768</u>	<u>4,731</u>	<u>87,879</u>

8.5 Classification of loans

The Bank and its subsidiaries classified loans by loan classification and/or based on the over due date as summarised below:

a) Loans of the Bank and its subsidiaries

	Consolidated financial statements							
	2009				2008			
	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts
	Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht
Pass	58,190	19,810	1	247	64,128	19,801	1	261
Special mention	11,291	2,694	2	51	11,037	2,177	2	112
Sub-standard	2,532	1,119	100	1,142	3,462	1,243	100	1,273
Doubtful	1,111	318	100	358	1,768	762	100	886
Doubtful of loss	8,823	5,350	100	5,558	8,089	5,698	100	5,803
Total	81,947	29,291		7,356	88,484	29,681		8,335
General provision for further losses				146				166
Total				7,502				8,501

⁽¹⁾ For provision for sub-standard, doubtful and doubtful of loss loans, which is set up in accordance with new BOT guidelines, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

	Separate financial statements							
	2009				2008			
	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts
	Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht
Pass	60,942	22,566	1	247	66,881	22,553	1	249
Special mention	11,291	2,694	2	51	11,037	2,177	2	112
Sub-standard	2,532	1,119	100	1,141	3,462	1,243	100	1,243
Doubtful	1,111	318	100	357	1,768	762	100	802
Doubtful of loss	5,502	2,195	100	2,404	4,731	2,463	100	2,693
Total	81,378	28,892		4,200	87,879	29,198		5,099
General provision for further losses				37				150
Total				4,237				5,249

⁽¹⁾ For provision for sub-standard, doubtful and doubtful of loss loans, which is set up in accordance with new BOT guidelines, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

As at 31 December 2009, there were defaulted loans amounting to Baht 7,658 million, for which the Bank has ceased accrual of interest income on accrual basis (31 December 2008: Baht 7,615 million).

b) Securities business receivables of the subsidiary

(Unit: Million Baht)

	Securities business receivables and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts	
	2009	2008	2009	2008	2009	2008
	Pass	356	129	-	-	-
Sub-standard debt	16	24	-	-	-	-
Doubtful debt	61	77	61	77	78	99
Total	433	230	61	77	78	99

c) Hire purchase receivables and financial lease receivables of the subsidiaries

As at 31 December 2009 and 2008, hire-purchase receivables and financial lease receivables of the subsidiaries are classified based on the over due date as follows:

(Unit: Million Baht)

	Debt balance - net from unearned income		Allowance for doubtful accounts	
	2009	2008	2009	2008
	Current or overdue less than 1 installment	3,105	3,013	30
Overdue 2 - 3 installments	427	557	9	11
Overdue 4 - 6 installments	44	79	30	45
Overdue 7 - 12 installments	22	14	22	14
Overdue more than 12 installments	268	268	268	268
Debtors under litigation	5	5	5	5
Total	3,871	3,936	364	373

8.6 Non-performing loans

As at 31 December 2009 and 2008, the Bank and its subsidiaries had the following non-performing loans, according to the criteria set up by the BOT and the Office of the Securities and Exchange Commission:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Non-performing loans (principal only)				
Banking business	9,132	9,888	9,132	9,888
Asset management business	3,290	3,323	-	-
Other businesses	363	397	-	-

As at 31 December 2009 and 2008, the above non-performing loans under the BOT's criteria were presented in accordance with the notification of the BOT, defining non-performing loans to be the debts classified as sub-standard, doubtful and doubtful of loss and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with the BOT's criteria have already been fulfilled.

8.7 Hire purchase and financial lease receivables

Net receivables of the Bank's subsidiaries under hire purchase agreements and financial leases amount to Baht 3,507 million and comprise hire purchase agreements and financial leases for cars and motorcycles. The term of the agreements are generally between 3 and 6 years and interest is charged at a fixed rate.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009

	Amounts due under lease agreement				
	Less than 1	Non -			Total
	year	1-5 years	Over 5 years	performing loans	
Gross investment in the lease	1,893	2,551	22	379	4,845
Unearned finance income	(529)	(404)	(1)	(40)	(974)
Present value of minimum lease payments					
receivable	1,364	2,147	21	339	3,871
Allowance for doubtful accounts					(364)
Net receivables under hire purchase agreements and financial leases					<u>3,507</u>

8.8 Troubled debt restructuring

For the years ended 31 December 2009 and 2008, the Bank entered into troubled debt restructuring agreements with debtors. The number of debtors and their debt balances (including recorded accrued interest receivables) before restructuring can be summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Number of debtors	4,672	4,593	4,656	4,590
Debt balances	2,367	2,115	2,323	2,114

The restructured debtors referred to above can be classified by method of troubled debt restructuring as described below:

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2009						
	Number of debtors	Debt balances		Type of assets transferred	Fair value	Loss on troubled debt restructuring
		Before restructuring	After restructuring			
Transfer of assets	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Modification of terms of payments	4,672	2,367	2,282			85
Combination of methods	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Total	4,672	2,367	2,282		-	85
Loans and accrued interest receivables						
as at 31 December 2009	197,203		86,251			

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2008						
	Number of debtors	Debt balances		Type of assets transferred	Fair value	Loss on troubled debt restructuring
		Before restructuring	After restructuring			
Transfer of assets	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Modification of terms of payments	4,593	2,115	2,106			9
Combination of methods	-	-	-	- Land and land with premises	-	-
				- Ordinary shares	-	
				- Others	-	
Total	4,593	2,115	2,106		-	9
Loans and accrued interest receivables						
as at 31 December 2008	264,847		92,650			

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2009						
	Number of debtors	Debt balances		Type of assets transferred	Loss on troubled debt restructuring	
		Before restructuring	After restructuring			
				Fair value		
Transfer of assets	-	-	-	- Land and land with premises - Ordinary shares - Others	-	-
Modification of terms of payments	4,656	2,323	2,238			85
Combination of methods	-	-	-	- Land and land with premises - Ordinary shares - Others	-	-
Total	4,656	2,323	2,238		-	85
Loans and accrued interest receivables as at 31 December 2009	<u>143,263</u>		<u>81,378</u>			

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2008						
	Number of debtors	Debt balances		Type of assets transferred	Loss on troubled debt restructuring	
		Before restructuring	After restructuring			
				Fair value		
Transfer of assets	-	-	-	- Land and land with premises - Ordinary shares - Others	-	-
Modification of terms of payments	4,590	2,114	2,105			9
Combination of methods	-	-	-	- Land and land with premises - Ordinary shares - Others	-	-
Total	4,590	2,114	2,105		-	9
Loans and accrued interest receivables as at 31 December 2008	<u>208,964</u>		<u>87,879</u>			

The debts restructured by means of modification of the term of repayment and combination of methods referred to above can be classified by the term of repayment under the restructuring agreements as follows:

(Unit: Million Baht)

Term of repayment according to the restructuring agreements	Consolidated financial statements					
	2009			2008		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring	After restructuring		Before restructuring	After restructuring
Not more than 5 years	1,534	1,152	1,067	1,496	1,066	1,057
5 - 10 years	3,106	964	964	3,088	1,034	1,034
10 - 15 years	15	189	189	8	13	13
More than 15 years	17	62	62	1	2	2
Total	4,672	2,367	2,282	4,593	2,115	2,106

(Unit: Million Baht)

Term of repayment according to the restructuring agreements	Separate financial statements					
	2009			2008		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring	After restructuring		Before restructuring	After restructuring
Not more than 5 years	1,526	1,139	1,054	1,493	1,065	1,056
5 - 10 years	3,101	934	934	3,088	1,034	1,034
10 - 15 years	13	189	189	8	13	13
More than 15 years	16	61	61	1	2	2
Total	4,656	2,323	2,238	4,590	2,114	2,105

Supplemental information for the years ended 31 December 2009 and 2008 relating to the restructured debts is as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Losses on debt restructuring due to debtors being able to comply with debt restructuring conditions during the years (Hair cut loss)	151	306	136	248
Cash settlement by debtors				
Principal	1,203	1,153	1,193	1,133
Interest	390	332	371	329

As at 31 December 2009 and 2008, the troubled debtors for which the Bank and its subsidiaries completed their debt restructuring can be summarised as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Number of debtors	7,608	6,113	7,591	6,109
Debt balances after restructuring	3,241	3,251	3,173	3,221

In cases where the troubled debt restructuring involves modifications of the terms and the repayment conditions, the fair value of the loans after restructuring is determined based on the net present value of expected future cashflows, discounted by the market interest rate. As at 31 December 2009 and 2008, the Bank have losses from the revaluation of restructured debts (PV Loss) of Baht 9 million and Baht 20 million, respectively, for which the Bank had provided allowance for revaluation as a result of debt restructuring.

In addition, as at 31 December 2009 the Bank may have to realise additional losses from debt restructuring through waiver of part of the principal or interest receivables if the restructured debtors are able to comply with the conditions as stipulated in the debt restructuring agreements approximately Baht 40 million (31 December 2008: Baht 43 million) The Bank had already provided a provision for such losses, which is presented as part of the allowance for doubtful debts in the balance sheet.

9. Allowance for doubtful debts

(Unit: Million Baht)

	Consolidated financial statements								
	2009								
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	General provision	Total	Securities and hire purchase receivables	Grand total
Balance as at 31 December 2008	261	112	1,273	886	5,803	166	8,501	472	8,973
Add: Addition	-	-	-	-	-	1,145	1,145	29	1,174
Reversal of bad debts	-	-	-	-	-	151	151	-	151
Allowance made for returned NPLs	-	-	-	-	33	-	33	-	33
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	15	15	-	15
Less: Bad debts written off	-	-	(475)	(51)	(1,801)	(5)	(2,332)	(53)	(2,385)
Reversal of allowance made for settled debts	-	-	-	-	(7)	-	(7)	(6)	(13)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(4)	(4)	-	(4)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(14)	(61)	344	(477)	1,530	(1,322)	-	-	-
Balance as at 31 December 2009	247	51	1,142	358	5,558	146	7,502	442	7,944

(Unit: Million Baht)

Consolidated financial statements									
2008									
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Securities and hire purchase receivables	Grand total
Balance as at 31 December 2007	476	16	1,509	309	7,772	428	10,510	551	11,061
Add: Addition	-	-	-	-	-	2,291	2,291	52	2,343
Reversal of bad debts	-	-	-	-	-	8	8	-	8
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
Less: Bad debts written off	(10)	(7)	(6)	(3)	(1,817)	(9)	(1,852)	(113)	(1,965)
Reversal of allowance made for settled debts	-	-	-	-	(10)	-	(10)	(18)	(28)
Reversal of allowance made for sold NPLs	(55)	-	-	-	(2,398)	-	(2,453)	-	(2,453)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(150)	103	(230)	580	2,256	(2,559)	-	-	-
Balance as at 31 December 2008	261	112	1,273	886	5,803	166	8,501	472	8,973

(Unit: Million Baht)

Separate financial statements								
2009								
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	
Balance as at 31 December 2008	249	112	1,243	802	2,693	150	5,249	
Add: Addition	-	-	-	-	-	1,145	1,145	
Reversal of bad debts	-	-	-	-	-	151	151	
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	15	15	
Transferred from revaluation allowance for subsidiary	-	-	-	-	13	-	13	
Less: Bad debts written off	-	-	(475)	(51)	(1,801)	(5)	(2,332)	
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(4)	(4)	
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(2)	(61)	373	(394)	1,499	(1,415)	-	
Balance as at 31 December 2009	247	51	1,141	357	2,404	37	4,237	

(Unit: Million Baht)

Separate financial statements								
2008								
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	
Balance as at 31 December 2007	475	16	1,509	309	4,694	330	7,333	
Add: Addition	-	-	-	-	-	2,196	2,196	
Reversal of bad debts	-	-	-	-	-	8	8	
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	
Less: Bad debts written off	(10)	(7)	(6)	(3)	(1,817)	(9)	(1,852)	
Transferred from revaluation allowance for subsidiary	(12)	-	(30)	(84)	(2,317)	-	(2,443)	
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	(204)	103	(230)	580	2,133	(2,382)	-	
Balance as at 31 December 2008	249	112	1,243	802	2,693	150	5,249	

10. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Balance - beginning of the year	20	51	20	51
Add: Revaluation allowance transferred				
from allowance for doubtful debts	4	-	4	-
Less: Amounts written off during the year	-	(24)	-	(24)
Revaluation allowance transferred to				
allowance for doubtful debts	(15)	(7)	(15)	(7)
Balance - end of the year	<u>9</u>	<u>20</u>	<u>9</u>	<u>20</u>

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

11. Properties foreclosed

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cost	3,046	3,245	2,852	3,017
Less: Allowance for impairment	(636)	(762)	(620)	(740)
Book value	<u>2,410</u>	<u>2,483</u>	<u>2,232</u>	<u>2,277</u>
Immovable	3,027	3,204	2,852	3,017
Movable	19	41	-	-
Total	3,046	3,245	2,852	3,017
Less: Allowance for impairment	(636)	(762)	(620)	(740)
Properties foreclosed - net	<u>2,410</u>	<u>2,483</u>	<u>2,232</u>	<u>2,277</u>

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

12. Premises and equipment

(Unit: Million Baht)

	Consolidated financial statements				
	Revaluation basis		Cost basis		
	Land	Buildings	Equipment	Assets under installation and under construction	Total
Cost/Revaluations:					
31 December 2008	1,273	3,621	2,255	7	7,156
Additions	-	12	194	87	293
Disposals/written off	-	(374)	(84)	(8)	(466)
Transfer in (out)	-	15	36	(51)	-
31 December 2009	1,273	3,274	2,401	35	6,983
Accumulated depreciation:					
31 December 2008	-	(1,289)	(1,626)	-	(2,915)
Depreciation for the year	-	(137)	(245)	-	(382)
Depreciation on disposals/written off	-	71	65	-	136
31 December 2009	-	(1,355)	(1,806)	-	(3,161)
Allowance for impairment:					
31 December 2008	(87)	(262)	(28)	-	(377)
Decrease during the year	-	85	19	-	104
31 December 2009	(87)	(177)	(9)	-	(273)
Net book value:					
31 December 2008	1,186	2,070	601	7	3,864
31 December 2009	1,186	1,742	586	35	3,549
Depreciation for the years ended 31 December:					
2008					395
2009					382

(Unit: Million Baht)

	Separate financial statements				
	Revaluation basis		Cost basis		
	Land	Buildings	Equipment	Assets under installation and under construction	Total
Cost/Revaluations:					
31 December 2008	1,273	3,565	2,004	6	6,848
Additions	-	6	174	85	265
Disposals/written off	-	(358)	(72)	(8)	(438)
Transfer in (out)	-	15	36	(51)	-
31 December 2009	1,273	3,228	2,142	32	6,675
Accumulated depreciation:					
31 December 2008	-	(1,253)	(1,430)	-	(2,683)
Depreciation for the year	-	(135)	(220)	-	(355)
Depreciation on disposals/written off	-	55	53	-	108
31 December 2009	-	(1,333)	(1,597)	-	(2,930)
Allowance for impairment:					
31 December 2008	(87)	(262)	(28)	-	(377)
Decrease during the year	-	85	19	-	104
31 December 2009	(87)	(177)	(9)	-	(273)
Net book value:					
31 December 2008	1,186	2,050	546	6	3,788
31 December 2009	1,186	1,718	536	32	3,472
Depreciation for the years ended 31 December:					
2008					369
2009					355

Certain equipment items of the Bank and its Subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets as at 31 December 2009 and 2008, amounted to approximately Baht 1,098 million and Baht 1,004 million, respectively (separate financial statements: Baht 972 million and Baht 869 million, respectively).

In October 2009, the Bank entered into a sale and purchase agreement to sell its Sathorn Building to an outside person, for Baht 1,053 million. As at the balance sheet date, such building is still used as the Bank's offices, and has a net book value amounting to Baht 751 million. After the balance sheet date the building was ready for sale and ownership of the building was transferred to the buyer and cash settlement received in January 2010.

13. Intangible assets

(Unit: Million Baht)

Consolidated financial statements						
Amortising period	Balance as at 31 December 2008	Increase	Transfer in/(out)	Written off/ Amortisation	Balance as at 31 December 2009	
Expenditures in connection with development and improvement of computer systems - under development	-	479	161	(117)	(95)	428
Computer software	5 - 10 years	314	39	117	(84)	386
License Fee	5, 10 years	9	-	-	(3)	6
Total		802				820
Less: Allowance for impairment		(251)				(393)
Net intangible assets		551				427

(Unit: Million Baht)

Separate financial statements						
Amortising period	Balance as at 31 December 2008	Increase	Transfer in/(out)	Written off/ Amortisation	Balance as at 31 December 2009	
Expenditures in connection with development and improvement of computer systems - under development	-	479	161	(117)	(95)	428
Computer software	5 - 10 years	298	35	117	(77)	373
License Fee	5 years	6	-	-	(2)	4
Total		783				805
Less: Allowance for impairment		(251)				(393)
Net intangible assets		532				412

14. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unrealised gains on derivative revaluation	1,592	3,313	1,592	3,313
Accrued interest receivables	196	703	195	701
Prepaid interest on deposits	64	475	64	475
Withholding tax receivables	55	94	39	81
Credit support assets on derivative	331	52	331	52
Leasehold right	208	254	201	245
Advances	134	118	127	112
Receivable from Clearing House	206	108	-	-
Other	773	699	653	511
Total	3,559	5,816	3,202	5,490
Less: Allowance for impairment	(147)	(144)	(144)	(144)
Other assets – net	3,412	5,672	3,058	5,346

15. Deposits

15.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
At call	1,785	1,349	1,790	1,351
Savings	22,430	20,924	22,412	21,123
Fixed				
- Less than 6 months	50,765	61,450	50,775	61,452
- 6 months and up to 1 year	6,290	41,981	6,304	41,981
- Over 1 year	6,807	33,935	6,821	33,961
Negotiable certificate of deposit	322	138	322	138
Total deposits	88,399	159,777	88,424	160,006

15.2 Classified by the remaining period of contracts

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Not over 1 year*	81,581	154,623	81,592	154,827
Over 1 year	6,818	5,154	6,832	5,179
Total	88,399	159,777	88,424	160,006

* Included expired contracts

15.3 Classified by currency and residency of depositors

(Unit: Million Baht)

	Consolidated financial statements					
	2009			2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	87,651	669	88,320	158,883	693	159,576
US dollar	79	-	79	197	-	197
Other currencies	-	-	-	4	-	4
Total	87,730	669	88,399	159,084	693	159,777

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	87,676	669	88,345	159,112	693	159,805
US dollar	79	-	79	197	-	197
Other currencies	-	-	-	4	-	4
Total	87,755	669	88,424	159,313	693	160,006

As at 31 December 2009, the Bank had Baht 1,418 million of 5 years callable range accrual structured deposit and these have conditions concerning the interest to be paid and early repayment rights of the Bank. The Bank has not accounted for the embedded derivatives separately from the host contracts since the economic characteristics and risks of the embedded derivatives are closely related to the host contracts. Such deposits are recorded under the cost method. As at 31 December 2009, the fair value of structured deposits (based on interest rate swap contracts which is hedging instrument, as notified by the counterparty, which is the parent company) was approximately 96.2 percent of the face amount.

16. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2009			2008		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	-	22	22	-	396	396
Commercial banks	6	5,700	5,706	19	320	339
Other banks	1	2,600	2,601	3	-	3
Finance, finance and securities, securities, credit foncier companies	223	70	293	197	480	677
Other financial institutions	308	308	616	427	6,580	7,007
Total domestic items	538	8,700	9,238	646	7,776	8,422
Foreign:						
US dollar	91	-	91	89	-	89
Other currencies	193	425	618	773	965	1,738
Total foreign items	284	425	709	862	965	1,827
Total domestic and foreign items	822	9,125	9,947	1,508	8,741	10,249

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	At call	Term	Total	At call	Term	Total
Domestic:						
Bank of Thailand	-	22	22	-	396	396
Commercial banks	6	5,500	5,506	16	-	16
Other banks	1	2,600	2,601	3	-	3
Finance, finance and securities, securities, credit foncier companies	332	70	402	248	480	728
Other financial institutions	324	309	633	435	6,580	7,015
Total domestic items	663	8,501	9,164	702	7,456	8,158
Foreign:						
US dollar	91	-	91	89	-	89
Other currencies	193	425	618	773	965	1,738
Total foreign items	284	425	709	862	965	1,827
Total domestic and foreign items	947	8,926	9,873	1,564	8,421	9,985

17. Borrowings

(Unit: Million Baht)

	Consolidated financial statements					
	2009			2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Hybrid instrument						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,500	2,500	-	-	-
Subordinated notes						
Subordinated debentures of USD 50 million, maturing in 2016	-	1,668	1,668	-	1,747	1,747
Subordinated debentures of USD 40 million, maturing in 2017	-	1,335	1,335	-	1,398	1,398
Non-interest bearing subordinated debentures of Baht 120 million, maturing in 2014	95	-	95	-	-	-
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Non-interest bearing subordinated debentures of Baht 2,760 million, maturing in 2009	-	-	-	2,760	-	2,760
	<u>639</u>	<u>5,503</u>	<u>6,142</u>	<u>3,304</u>	<u>3,145</u>	<u>6,449</u>
Securities sold under repurchase agreement						
Securities sold under repurchase agreements maturing in 2009, coupon rate of 3.85% per annum	-	-	-	316	-	316
	<u>-</u>	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>316</u>
Fixed rate notes						
Bill of exchange maturing at call, coupon rate of 1.10% per annum	380	-	380	-	-	-
Bills of exchange maturing in 2010, coupon rate of 1.10 - 1.50% per annum	8,620	-	8,620	-	-	-
Bills of exchange maturing in 2009, coupon rate of 3.00 - 4.00% per annum	-	-	-	149	-	149
Promissory note maturing in 2009, coupon rate of 3.80 - 5.25% per annum	-	-	-	155	-	155
	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>304</u>	<u>-</u>	<u>304</u>
Total	9,639	5,503	15,142	3,924	3,145	7,069
Less: Current portion of long-term borrowings	(9,544)	-	(9,544)	(3,924)	-	(3,924)
Long-term borrowings - net	<u>95</u>	<u>5,503</u>	<u>5,598</u>	<u>-</u>	<u>3,145</u>	<u>3,145</u>

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Hybrid instrument						
Hybrid securities of Baht 2,500 million						
maturing in 2019	-	2,500	2,500	-	-	-
Subordinated notes						
Subordinated debentures of USD 50 million,						
maturing in 2016	-	1,668	1,668	-	1,747	1,747
Subordinated debentures of USD 40 million,						
maturing in 2017	-	1,335	1,335	-	1,398	1,398
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Non-interest bearing subordinated						
debentures of Baht 2,760 million, maturing						
in 2009	-	-	-	2,760	-	2,760
	<u>544</u>	<u>5,503</u>	<u>6,047</u>	<u>3,304</u>	<u>3,145</u>	<u>6,449</u>
Fixed rate notes						
Bill of exchange maturing at call, coupon	380	-	380	-	-	-
rate of 1.10% per annum						
Bills of exchange maturing in 2010, coupon	8,620	-	8,620	-	-	-
rate of 1.10 - 1.50% per annum						
Bills of exchange maturing in 2009, coupon	-	-	-	149	-	149
rate of 3.00 - 4.00% per annum						
	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>149</u>	<u>-</u>	<u>149</u>
Total	<u>9,544</u>	<u>5,503</u>	<u>15,047</u>	<u>3,453</u>	<u>3,145</u>	<u>6,598</u>
Less: Current portion of long-term borrowings	<u>(9,544)</u>	<u>-</u>	<u>(9,544)</u>	<u>(3,453)</u>	<u>-</u>	<u>(3,453)</u>
Long-term borrowings - net	<u>-</u>	<u>5,503</u>	<u>5,503</u>	<u>-</u>	<u>3,145</u>	<u>3,145</u>

- a) As at 31 December 2009 and 2008, the Bank has domestic subordinated debentures of Baht 544 Million and Baht 3,304 million, respectively which transferred to the Bank since merger date.
- b) On 16 February 2007, the Bank issued unsecured 400 units of a subordinated debenture with a face value of USD 100,000 each to overseas investors, at a price of USD 100,000 per unit, or for a total of USD 40 million. The notes have a tenor of 10 years, maturing on 20 February 2017, with an early redemption call option in the year 2012. They bear interest at the 6-month LIBOR US dollar deposit rate plus 350 basis points from years 1 – 5 and, at the 6-month LIBOR US dollar deposit rate plus 525 basis points from year 6 onwards. Interest is due on 20 February and 20 August every year (under the specified conditions).

There is a call option in the following three cases:

1. If there are significant changes in tax laws that increase the tax liabilities of the issuer.
2. If the issuer wishes to redeem the debentures early on the optional redemption date.
3. If the debentures cannot be counted as Lower Tier II Subordinated Debt of the issuer.

In all three cases, early redemption must be pre-approved by the Bank of Thailand.

Certain covenants are stipulated in the debenture agreements, including prohibitions on borrowing, providing guarantees, or creating any other obligations which are or purport to be subordinated debt of the Bank, within 120 days after the issue date.

The related expenses of Baht 23 million were recorded as a deferred expense and are amortised to expenses over the term of the debenture.

- c) On 17 July 2006, the Bank issued 50 unsecured and subordinated debentures with a face value of USD 1 million each to overseas investors, at a price of USD 1 million per unit, or for a total of USD 50 million. The notes have a tenor of 10 years, maturing on 17 July 2016, with an early redemption call option in the year 2011. They bear interest at the 6-month LIBOR US dollar deposits rate plus 350 basis points for the first 5 years, and at the 6-month LIBOR US dollar deposits rate plus 525 basis points after the optional redemption date in 2011. Interest is due every 17 July and 17 January (under the specified conditions).

There is a call option in the following three cases:

1. If there are significant changes in tax laws that increase the tax liabilities of the issuer.
2. If the issuer wishes to redeem the debentures early on the optional redemption date.
3. If the debentures cannot be counted as Lower Tier II Subordinated Debt of the issuer.

In all three cases, early redemption must be pre-approved by the Bank of Thailand.

Certain covenants are stipulated in the debenture agreements, including prohibitions on borrowing, providing guarantees, or creating any other obligations which are or purport to be subordinated debt of the Bank unless such obligations rank junior to or pari passu with the debentures.

The related expenses of Baht 38 million were recorded as a deferred expense and are amortised to expenses over the term of the debenture.

- d) On 27 March 2009, the Bank issued 2,500,000 Cumulative hybrid tier 2 debt capital securities with a face value of Baht 1,000 each, or a total of Baht 2,500 million. The debentures have a tenor of 10 years, maturing on 27 March 2019, with an early redemption call option 5 years after the issue date. They bear interest at 5.25% p.a. for the first 5 years, and 6.75% p.a. for years 6-10. Interest is due every 27 March and 27 September (under the specified conditions).

There is a call option in the following two cases:

1. If there are significant changes in tax laws that increase the tax liabilities of the issuer.
2. If the debentures cannot be counted as Hybrid Tier II Debt of the Bank.

In both cases, early redemption must be pre-approved by the Bank of Thailand.

18. Other liabilities

(Unit: Million Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2009	2008	2009	2008
Unrealised losses on derivatives	1,183	2,681	1,183	2,681
Credit support liabilities on derivative	258	517	258	517
Amount due to Department of Alternative Energy				
Development and Efficiency	380	484	380	484
Other liabilities awaiting accounts transfer	676	1,040	670	1,038
Unearned premium reserves	142	132	-	-
Reserve for off-balance sheet items	317	263	306	263
Payable to clearing house/securities business payable	417	144	-	-
Accrued Expense	232	300	160	239
Others	781	544	456	171
Total	4,386	6,105	3,413	5,393

19. Share capital

Capital Increase

On 3 September 2008, the Extraordinary General Meeting of Shareholders No.2/2008 approved an increase in the registered capital, from Baht 25,030,127,182.50 to Baht 50,060,254,365 by issuing 6,674,700,582 new ordinary shares with a par value of Baht 3.75 each.

On 20 February 2009, the Extraordinary General Meeting of Shareholders No. 1/2009 approved amendments of the resolutions of the Extraordinary General Meeting of Shareholders No. 2/2008 to change the previously stipulated offering price of not lower than Baht 0.66 to an offering price of Baht 0.38. The tendered share accepted by the offeror at completion of the offer period totaled 6,674,700,582 shares of Million Baht 2,536.38. As the result, on 18 March 2009 CIMB holds 12,435,069,760 shares, or equivalent to 93.15 percent of total issued and outstanding shares of the Bank.

The Bank registered an increased capital on 23 March 2009, after the registration of the capital increase, the registered capital and paid up capital is Baht 50,060,254,365 and share discount is Baht 33,100,728,672.96 (13,349,401,164 ordinary shares at 3.75 per share).

Capital Reduction

On 20 February 2009, the Extraordinary General Meeting of Shareholders No. 1/2009 approved the transfer of Baht 6,053,483.70 from the Bank's legal reserve to offset its deficit and a decrease of the registered capital by way of lowering the par value from Baht 3.75 per share to Baht 0.50 per share. The premium arising from the capital reduction exercise was to be used to credit the share discount account in order to offset the share discount, and then retained earnings account, in order to offset the deficit. After such capital reduction, the registered share capital of the Bank will be reduced from Baht 50,060,254,365 to Baht 6,674,700,582.

On 12 March 2009, the Bank obtained approval from the BOT for the reduction of its capital from Baht 50,060,254,365 to Baht 6,674,700,582.

On 30 March 2009, the Bank transferred Baht 6,053,483.70 from the legal reserve to offset deficit and registered a capital reduction by means of reducing the par value of shares from of Baht 3.75 to Baht 0.50. The premium arising from the capital reduction exercise and the transfer of legal reserve being credited against the share discount of baht 33,100,728,672.96 and the deficit of Baht 10,290,878,593.74.

The registered, issued and paid up capital is as follows:

	<u>Baht</u>
Registered share capital	
13,349,401,164 ordinary shares at baht 0.50	6,674,700,582
Issued and paid up capital	
13,349,401,164 ordinary shares at baht 0.50	6,674,700,582

20. Treasury stock - Bank's ordinary shares held by its subsidiaries

As at 31 December 2008, CIMB Securities (Thailand) Company limited (formerly known as "BT Securities Company Limited") and Krung Thai Thanakit Finance Public Company Limited, subsidiary companies of the Bank, hold 124,589,637 of the Bank's ordinary shares. Investment in the Bank's ordinary shares is presented as treasury stock in the consolidated financial statements, and amounts to approximately Baht 460 million. The investments are recorded under the cost method, as a deduction item in shareholders' equity.

In January 2009, CIMB Securities (Thailand) Company limited (formerly known as "BT Securities Company Limited") and KrungThai Thanakit Finance Public Company Limited, subsidiary companies of the Bank, sold ordinary shares of such treasury stock to CIMB Bank Berhad under the tender offer scheme at a price of Baht 2.10 per share, for a total of Baht 262 million. The loss on sale of such ordinary shares Baht 199 million are recorded directly against the Bank's deficit.

21. Revaluation surplus

This represents surplus arising from revaluation of land and premises. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

	(Unit: Million Baht)	
	<u>Consolidated and separate financial statements</u>	
	2009	2008
Balance - beginning of the year	749	768
Less: Amortisation	(20)	(19)
Balance - end of the year	<u>729</u>	<u>749</u>

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

22. Revaluation surplus (deficit) on investments

(Unit: Million Baht)

	Separate financial statements	
	2009	2008
Revaluation surplus on investments:		
Debt securities	3	221
Equity securities	37	11
Total	<u>40</u>	<u>232</u>
Revaluation deficit on investments:		
Debt securities	(1)	(1)
Equity securities	-	(175)
Total	<u>(1)</u>	<u>(176)</u>
Revaluation surplus on investments - net	<u>39</u>	<u>56</u>

23. Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net profit for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital.

24. Capital funds

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

	31 December 2009	Total capital to risk assets	31 December 2008	Total capital to risk assets
	(Million Baht)	(%)	(Million Baht)	(%)
<u>Tier I</u>				
Issued and paid up share capital	6,675		25,030	
Share discount	-		(10,607)	
Statutory reserve	-		6	
Deficit unappropriated	(444)		(10,310)	
Total	6,231	6.00	4,119	3.57
<u>Tier II</u>				
Revaluation surplus on assets	459		468	
Reserve for loan classified as pass	226		226	
Long-term subordinated debentures	3,030		2,060	
Hybrid securities	2,500		-	
Revaluation surplus on capital securities available-for-sale	16		-	
Total	6,231		2,754	
Total Tier I and Tier II capital funds	12,462		6,873	
Less: Revaluation deficit on capital securities available-for-sale	-		(174)	
Total capital funds	12,462	11.99	6,699	5.80

The Bank will disclose capital maintenance information as at 31 December 2009 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its web site at www.cimbthai.com, within April 2010.

25. Gains (losses) on investments

Gains (losses) on investments as presented in the income statements for the years ended 31 December 2009 and 2008 consisted of the following:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Unrealised gains (losses) on revaluation of investments	23	(2,962)	3	(2,950)
Decrease in allowance for impairment of investment in associated company	-	-	-	42
Increase in allowance for impairment of investments	(20)	(522)	(20)	(521)
Reverse allowance for impairment of investment in non-performing loans	5	66	-	63
Realised gains on securities trading				
Trading securities	8	1,028	9	1,034
Available-for-sale securities	396	14	405	16
Held-to-maturity debt securities	25	8	25	8
General investments	145	137	145	137
Realised gains on investment in non-performing loans	192	1,230	66	71
Gains (losses) on investments	<u>774</u>	<u>(1,001)</u>	<u>633</u>	<u>(2,100)</u>

26. Corporate income tax

No corporate income tax was payable for the year, after adding back certain non-deductible expenses and provisions for tax computation purposes and deducting tax exempted income to the profit/loss for the period, since the tax losses brought forward by the Bank exceeded net income for the year.

The corporate income tax presented in the consolidated financial statements is the corporate income tax of the Bank's subsidiaries.

27. Pension fund

The Bank has a policy to pay pension benefits to employees with more than 10 years of service and who resign in accordance with the rules and conditions stipulated by the Bank. Pension funds are reserved and charged to expenses in the statement of income based on number of years of service of each employee. In the event that any employee resigns and is not entitled to receive pension benefits, the Bank will reverse the pension fund contributions already reserved for such employee and charge the amount against the statements of income for the year in which he/she resigns. Such pension benefits are only provided to employees who are former employees of the Union Bank of Bangkok Public Company Limited. As at 31 December 2009, there were 684 employees to whom the Bank had such obligations, and the accrued benefits to these employees amounted to Baht 524 million.

28. Provident fund

The Bank, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees contribute to the fund at rate of 3 - 5 percent of their basic salaries and the Bank and its subsidiaries contribute at rate of 5 percent and pay to staff when resign under the terms and conditions as specify in the term and condition of provident funds. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. For the year ended 31 December 2009 amounts of Baht 78 million was contributed to the fund by the Bank and its subsidiaries (The Bank only: Baht 66 million).

29. Earnings (losses) per share

Earnings (losses) per share as presented in the separate income statements is the basic earnings (losses) per share which is calculated by dividing the net income (loss) for the year by weighted average number of ordinary shares held by outside shareholders in issue during the years.

Earnings (losses) per share as presented in the consolidated income statements is basic earnings (losses) per share which is calculated by dividing net income (loss) for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year (net from treasury stocks held by subsidiaries in consolidated financial statements).

30. Encumbrance of assets

30.1 Assets used as collateral

The Bank and its subsidiaries placed assets such as cash at banks, government and state enterprises bonds as collateral against the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Securities sold under repurchase agreements	-	312	-	-
Utilities usage	9	9	9	9
Guarantees on loans	45	45	-	-
Others	14	14	-	-
Total	68	380	9	9

30.2 Assets subject to obligation

The Bank and its subsidiaries have long-term investments in certain equity securities obtained as a result of debt restructuring, under the debt restructuring agreements, it is obligated to dispose of after agreed periods, which range from 1 year to 20 years commencing from the date of the debt restructuring agreements. As at 31 December 2009 and 2008, the investments subject to such obligation are as follows:

(Unit: Million Baht)

Year of maturity	Consolidated and separate financial statements			
	2009		2008	
	Number of company	Cost	Number of company	Cost
2010	1	8	1	8
2011 onwards	2	-	2	-
Total	3	8	3	8

31. Commitments and contingent liabilities

31.1 Commitments

As at 31 December 2009 and 2008, significant commitments of the Bank consist of:

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bills ⁽¹⁾	374	-	374	496	-	496
Guarantees on loans	5	16	21	455	16	471
Liability under unmatured import bills	-	510	510	-	438	438
Letters of credits	23	2,290	2,313	23	1,313	1,336
Other commitments:						
Other guarantees ⁽¹⁾	6,070	405	6,475	5,642	219	5,861
Forward and spot contracts						
- Bought	-	10,619	10,619	-	16,050	16,050
- Sold	-	9,663	9,663	-	22,019	22,019
Cross currency and interest rate						
- Bought	5,567	1,111	6,678	8,265	2,892	11,157
- Sold	1,205	5,142	6,347	1,205	9,353	10,558
Interest rate swap contracts						
- Fixed rate payer	23,443	7,712	31,155	23,351	11,022	34,373
- Floating rate payer	21,118	7,712	28,830	26,020	11,022	37,042
- Fixed rate payee	20,278	7,712	27,990	23,180	11,022	34,202
- Floating rate payee	24,283	7,712	31,995	26,191	11,022	37,213
Range accrual swap contract						
- Payer	1,418	-	1,418	-	-	-
- Payee	1,418	-	1,418	-	-	-
Credit Default Swap						
- Sold	-	-	-	382	-	382
Undrawn bank overdrafts	7,932	-	7,932	7,555	-	7,555
Total	113,134	60,604	173,738	122,765	96,388	219,153

⁽¹⁾ As at 31 December 2009, the Bank has issued bank guarantees amounting to Baht 3 million (31 December 2008: Baht 4 million) for an affiliate and a subsidiary, and avaled notes payable of a subsidiary amounting to Baht 200 million (31 December 2008: Baht 310 million). The bank guarantees and aval of the subsidiary has been eliminated from the consolidated financial statements.

31.2 Contingent liabilities

- (a) As at 31 December 2009 and 2008, the Bank and its subsidiaries had the following contingent liabilities in connection with court cases in which the Bank or its subsidiaries have been sued as defendants in the Court. The lawsuits were mainly lodged to claim compensation and the management believes that they will have no significant impact on the Bank and its subsidiaries once they are finalised:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2009	2008
Sum claimed in cases where the Bank and its subsidiaries are direct defendants	776	311
Sum claimed in cases where the Bank and its subsidiaries are co-defendants with others		
- Sum of claims that can be specifically attributed to the Bank and its subsidiaries	10	10
- Sum of claims that cannot be specifically attributed to the Bank and its subsidiaries and for which the total sum claimed is therefore presented.	24,594	24,620
Total	25,380	24,941

In the above court cases, a sum of Baht 24,500 million relates to claims against the Bank in cases where it is co-defendants with TAMC and other banks. The plaintiffs lodged the claims in respect of transfers of non-performing loans from various banks to TAMC. However, the Bank believes that the outcomes of these cases will not result in material loss because the transfers were made in accordance with the Emergency Decree Establishing the Thai Asset Management Corporation B.E. 2544. In addition, transfers of loans from the Bank to TAMC amounting to approximately Baht 959 million, occurred before the merger of the Bank.

As at 31 December 2009, included in the above-mentioned amounts are cases in which the court was judged in favor of the plaintiffs, with sums claimed totaling Baht 9 million in cases where the Bank is the direct defendant and Baht 25 million in cases where the Bank is the co-defendant with others. However, the Bank is in the process of appealing the decisions.

As at 31 December 2009 and 2008, the Bank and its subsidiaries recognized provisions for contingent loss from legal cases of approximately Baht 53 million and Baht 50 million, respectively. The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases.

- (b) The Bank has commitments in respect of the loss sharing (if any) under the agreement to transfer non-performing to TAMC, as discussed under Note 35 to the financial statements.

31.3 Commitments under long-term leases

As at 31 December 2009 and 2008, the Bank and its subsidiaries had entered into a number of agreements to lease land, buildings and vehicles for periods of longer than 6 months, under which future rental fees can be summarised as follows:

(Unit: Million Baht)

Lease periods	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
1 - 3 years	359	469	304	393
4 - 5 years	22	27	22	27
6 - 10 years	19	26	19	26
11 - 30 years	12	14	12	14

31.4 Other commitments

As at 31 December 2009, the Bank has other commitments as follows:

- The Bank entered into various agreements relating to computer system development consultancy services and computer system and software development. As at 31 December 2009, the Bank is obligated to pay a further Baht 216 million and USD 0.19 million, respectively under such agreements.
- The Bank has capital commitments of approximately Baht 15 million in respect of the purchase and installation of equipment.

32. Related party transactions

During the years, the Bank and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial		Separate financial		Transfer pricing policy
	statements		statements		
	2009	2008	2009	2008	
					(For the year 2009)
Parent company					
Upfront from derivatives contract	117	-	117	-	At the rate agreed under contracts
Subsidiary companies					
Interest income	-	-	104	158	At interest rate 2.00 - 3.75 percent and 4.75 - 6.50 percent per annum
Dividend income	-	-	200	175	
Fees income	-	-	55	143	At the rate agreed under contracts
Other income	-	-	19	12	
Interest expenses	1	3	4	9	At interest rate 0.25 - 3.75 percent per annum
Premises and equipments expenses	-	-	13	18	At the rate agreed under contracts
Fees expenses	-	-	1	3	At the rate agreed under contracts
Other expenses	-	-	-	2	
Related companies					
Interest income	14	8	14	8	At interest rate 3.70 percent and 5.00 - 6.50 percent per annum
Dividend income	-	1	-	1	
Fees income	61	30	61	30	At the rate agreed under contracts
Interest expenses	52	3	52	3	At interest rate 0.25 - 3.75 percent per annum

During the year 2009, the Bank has charged asset management fees to Sathorn Asset Management Company Limited (a subsidiary) under the amendment of the Collection Agency Agreement dated 22 April 2009. The fee between 1 January 2009 to 31 December 2009 will be at a rate of 20% of the total debt collected and the amount received from the disposal of properties foreclosed, before any charges and related expenses (2008: 30%). The fee for the year ended 31 December 2009 of Baht 30 million (2008: Baht 97 million) are recorded as other fees and charges in the income statement and the outstanding amounts were presented under the caption of other assets in the balance sheet. This transaction was eliminated from the consolidated financial statements. As at 31 December 2009, the Bank has receivable fee from such subsidiary to Baht 3 million.

In addition, the Bank and a subsidiary conducted securities trading through another subsidiary engaged in the securities business. The volumes of such trades for the years ended 31 December 2009 and 2008, were Baht 451 million and Baht 36 million, respectively, while related commission fees for the same period amounted to Baht 1 million and Baht 0.09 million, respectively.

The outstanding balances of significant related party transactions as at 31 December 2009 and 2008 are as follows:

(Unit: Million Baht)

		Consolidated financial statements			
		31 December 2009			
	Average loans outstanding	Outstanding Loans/ Investments in receivables	Obligations	Deposits	Borrowings
<u>Subsidiary company</u>					
Krung Thai Tanakit Finance Plc.	-	-	-	254	-
		-	-	254	-
<u>Associated company</u>					
	-	-	-	-	-
		-	-	-	-
<u>Related companies</u>					
CIMB Bank (L) Ltd.	-	-	-	-	2,500
Other Companies	152	152	-	340	-
		152	-	340	2,500
<u>Related persons</u>					
	-	-	-	64	-
		-	-	64	-

(Unit: Million Baht)

		Consolidated financial statements			
		31 December 2008			
	Average loans outstanding	Outstanding Loans/ Investments in receivables	Obligations	Deposits	Borrowings
<u>Subsidiary company</u>					
Krung Thai Tanakit Finance Plc.	-	-	-	147	-
		-	-	147	-
<u>Associated company</u>					
	1	-	4	-	-
		-	4	-	-
<u>Related companies</u>					
	280	252	2	80	-
		252	2	80	-
<u>Related persons</u>					
	1	1	-	120	-
		1	-	120	-

(Unit: Million Baht)

Separate financial statements

31 December 2009

	Outstanding					
	Average loans outstanding	Loans/ Investments in receivables	Obligations	Other assets	Deposits	Other Borrowings liabilities
<u>Subsidiary companies</u>						
CIMB Securities (Thailand) Co., Ltd. (Formerly known as "BT Securities Co., Ltd.")	42	55	-	2	109	- 1
BT Leasing Co., Ltd.	2,245	2,260	-	-	31	-
BT Asset Management Co., Ltd.	-	-	-	1	17	- 1
BT Business Consulting Co., Ltd.	5	4	-	-	1	-
BT Insurance Co., Ltd.	-	-	-	20	57	- 18
Sathorn Asset Management Co., Ltd.	-	-	-	15	30	- 12
Krung Thai Tanakit Finance Plc.	-	-	-	-	254	-
BT Worldlease Co., Ltd.	576	528	200	-	37	-
		2,847	200	38	536	- 32
<u>Associated company</u>						
	-	-	3	-	-	-
		-	3	-	-	-
<u>Related companies</u>						
CIMB Bank (L) Ltd.	-	-	-	-	-	2,500 -
Other Companies	126	125	-	-	340	-
		125	-	-	340	2,500 -
<u>Related persons</u>						
	-	-	-	-	64	-
		-	-	-	64	-

(Unit: Million Baht)

Separate financial statements							
31 December 2008							
	Average	Outstanding		Other	Deposits	Borrowings	Other
	loans	Loans/ Investments	Obligations	assets			liabilities
	outstanding	in receivables					
<u>Subsidiary companies</u>							
CIMB Securities (Thailand) Co., Ltd. (Formerly known as "BT Securities Co., Ltd.")	86	86	-	1	51	-	1
BT Leasing Co., Ltd.	2,258	2,259	-	-	11	-	-
BT Asset Management Co., Ltd.	-	-	-	1	7	-	1
BT Business Consulting Co., Ltd.	6	6	-	-	2	-	-
BT Insurance Co., Ltd.	-	-	-	20	51	-	15
Sathorn Asset Management Co., Ltd.	1,224	-	-	8	153	-	8
Krung Thai Tanakit Finance Plc.	-	-	-	-	147	-	-
BT Worldlease Co., Ltd.	189	488	310	-	46	-	1
<u>Subsidiary held by the Bank's subsidiary (BT Worldlease Co., Ltd.)</u>							
Asset Liability Management Co., Ltd.	-	-	-	-	1	-	-
		2,839	310	30	469	-	26
<u>Associated company</u>							
	1	-	4	-	-	-	-
		-	4	-	-	-	-
<u>Related companies</u>							
	256	227	2	-	80	-	-
		227	2	-	80	-	-
<u>Related persons</u>							
	1	1	-	-	120	-	-
		1	-	-	120	-	-

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

As at 31 December 2009, the Bank has liabilities amounting to Baht 2,500 million as a result of the issue of hybrid instruments, which were offered to an affiliated company, as already discussed in Notes 17 d) to the financial statements.

As at 31 December 2009, the Bank has commitments in financial derivatives with related party company as follows:

(Unit: Million Baht)

	31 December 2009		
	Baht	Foreign currency	Total
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payer	1,458	-	1,458
- Floating rate payer	500	-	500
- Fixed rate payee	500	-	500
- Floating rate payer	1,458	-	1,458
Range accrual swap contracts			
- Payer	1,418	-	1,418
- Payee	1,418	-	1,418
<u>Related company</u>			
Cross currency and interest rate			
- Bought	2,500	-	2,500
- Sold	-	2,363	2,363

Directors' remuneration represents the benefits paid to the Bank's and its subsidiaries' directors in accordance with Section 90 of the Public Company Limited Act, excluding salary and related benefits payable to directors who hold executive positions.

33. Financial information by segment

The Bank operates financial and banking business, and its subsidiaries' business involve securities business, fund manager business, non-life insurance business, consultancy service business, asset management business, hire purchase and leasing business which are not the same business segment as the Bank's.

Financial information by segment presented in the consolidated financial statements as at 31 December 2009 and 2008 and for the year ended 31 December 2009 are as follows:

(Unit: Million Baht)

	For the year ended 31 December 2009					Consolidated
	Bank business	Hire purchase business	Asset management business	Other business	Eliminations	
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	3,261	470	36	29	(200)	3,596
Non-interest income	1,460	104	146	538	(117)	2,131
Non-interest expenses	(4,652)	(483)	(65)	(589)	117	(5,672)
Corporate income tax	-	(3)	(40)	(8)	-	(51)
Net income (losses)	69	88	77	(30)	(200)	4

(Unit: Million Baht)

	Bank business		Hire purchase business		Asset management business		Other business		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Investments - Net	21,628	46,228	-	-	11	6	333	800	(1,258)	(1,514)	20,714	45,520
Loans and accrued interest receivable - Net (including interbank and money market items)	91,941	125,611	3,592	3,645	127	259	1,136	683	(3,128)	(3,174)	93,668	127,024
Land, premises and equipments - Net	3,472	3,788	22	26	-	-	55	49	-	-	3,549	3,863
Accounts receivable from sale of investments	13,285	24,145	-	-	-	-	-	-	-	-	13,285	24,145
Other assets	8,577	12,947	49	65	168	183	369	334	(37)	(30)	9,126	13,499
Total assets	138,903	212,719	3,663	3,736	306	448	1,893	1,866	(4,423)	(4,718)	140,342	214,051

34. Financial instruments

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

34.1 Credit risk

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

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

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

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

As at 31 December 2009 and 2008, the Bank had the following off-balance sheet commitments as summarised by the period to maturity, counting from the balance sheet dates, of the contracts:

(Unit: Million Baht)

	Separate financial statements					
	Counting from 31 December 2009			Counting from 31 December 2008		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Aval to bills	374	-	374	496	-	496
Guarantees of loans	21	-	21	471	-	471
Liabilities under unmatured import bills	510	-	510	438	-	438
Letters of credit	2,313	-	2,313	1,336	-	1,336
Other guarantees	6,276	199	6,475	5,780	81	5,861

34.2 Market risk

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

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

a) Interest Rate Risk

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

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

As at 31 December 2009 and 2008, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Descriptions	Separate financial statements			Total
	31 December 2009			
	Floating interest rate	Fixed interest rate	Non-interest bearing	
Financial Assets				
Cash	-	-	2,821	2,821
Interbank and money market items	346	13,710	754	14,810
Investments	6,222 ⁽¹⁾	8,545	8,812	23,579
Loans	53,406	27,487	287	81,180
Financial Liabilities				
Deposits	23,819	62,805	1,800	88,424
Interbank and money market items	887	8,925	61	9,873
Liabilities payable on demand	-	-	286	286
Borrowings	3,003	11,500	544	15,047

⁽¹⁾ Certain of this amount comprises investment in receivable of Baht 1,085 million based on the original contract rate. Interest on investment in receivable is recognised on a cash basis.

(Unit: Million Baht)

Descriptions	Separate financial statements			
	31 December 2008			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial Assets				
Cash	-	-	4,630	4,630
Interbank and money market items	86	33,252	9,652	42,990
Investments	17,695 ⁽¹⁾	19,736	11,499	48,930
Loans	59,566	27,777	210	87,553
Financial Liabilities				
Deposits	21,115	137,532	1,359	160,006
Interbank and money market items	1,475	8,421	89	9,985
Liabilities payable on demand	-	-	188	188
Borrowings	3,145	149	3,304	6,598

⁽¹⁾ Certain of this amount comprises investment in receivable of Baht 1,260 million based on the original contract rate. Interest on investment in receivable is recognised on a cash basis.

With respect to financial instruments that carry fixed interest rates, the periods from the balance sheet date to the repricing or maturity date (whichever is the earlier) are presented below:

Transactions	Separate financial statements as at 31 December 2009							Weighted average interest rates Percent
	At call	Repricing or maturity date					Total	
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity		
Financial assets								
Interbank and money market items	50	13,660	-	-	-	-	13,710	1.21
Investments	1	1,002	100	7,055	387	-	8,545	3.32
Loans	530	8,533	9,680	1,605	1,352	5,787	27,487	6.02
Financial liabilities								
Deposits	-	29,333	28,058	5,414	-	-	62,805	1.51
Interbank and money market items	-	8,795	128	2	-	-	8,925	1.22
Borrowings	380	8,321	299	-	2,500	-	11,500	2.15

(Unit: Million Baht)

Separate financial statements as at 31 December 2008								
Transactions	Repricing or maturity date						Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity		
Financial assets								
Interbank and money market items	50	33,202	-	-	-	-	33,252	2.77
Investments	-	9	51	19,199	477	-	19,736	3.33
Loans	437	10,114	11,284	510	917	4,515	27,777	6.32
Financial liabilities								
Deposits	-	70,892	61,459	5,181	-	-	137,532	3.68
Interbank and money market items	10	3,876	4,528	7	-	-	8,421	3.04
Borrowings	-	149	-	-	-	-	149	3.64

The outstanding balances of loans which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued (presented before deducting allowance for doubtful account losses).

In addition, the average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest and dividend rate for the years ended 31 December 2009 and 2008, can be summarised as follows:

(Unit: Million Baht)

Separate financial statements						
	31 December 2009			31 December 2008		
	Average balances	Interest and dividend	Average rate (%)	Average balances	Interest and dividend	Average rate (%)
Performing financial assets						
Interbank and money market items	26,021	416	1.60	22,223	767	3.45
Securities purchased under resale agreements	-	-	-	1,847	7	3.32
Investments	29,711	1,402	4.72	62,429	3,210	5.14
Loans	79,454	5,572	7.01	91,468	6,991	7.64
Performing financial liabilities						
Deposits	115,944	2,511	2.17	156,829	4,888	3.12
Interbank and money market items	6,189	132	2.13	6,640	141	2.13
Borrowings	7,321	343	4.68	5,078	379	7.45

b) Foreign Exchange Risk

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

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

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 31 December 2009 and 2008, the Bank has the following net foreign currency positions categorised by major foreign currencies:

(Unit: Equivalent to million USD)

	Separate financial statements						
	31 December 2009			31 December 2008			
	USD	EURO*	Other Currencies*	USD	KRW*	EURO*	Other Currencies*
Spot	73.01	2.43	1.83	312.98	39.23	3.12	5.23
Forward							
- Forward contract	(88.62)	(1.61)	(2.60)	(310.80)	(38.81)	(2.60)	(6.14)
Total	(15.61)	0.82	(0.77)	2.18	0.42	0.52	(0.91)

* EURO, KRW and other currencies are stated in USD equivalents.

c) Equity position risk

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

34.3 Liquidity risk

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

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

The period to maturity, counting from the balance sheet date, of financial instruments outstanding as at 31 December 2009 and 2008 are as follows:

(Unit: Million Baht)

Descriptions	Separate financial statements				
	Counting from 31 December 2009				
	At call	Less than 1 year	More than 1 year	No maturity	Total
Financial Assets					
Cash	2,821	-	-	-	2,821
Interbank and money market items	1,094	13,661	55	-	14,810
Investments	1 ⁽¹⁾	4,927	13,848	4,803	23,579
Loans	9,808 ⁽²⁾	28,288	43,084	-	81,180
Financial Liabilities					
Deposits	24,201	57,391	6,832	-	88,424
Interbank and money market items	947	8,924	2	-	9,873
Liabilities payable on demand	286	-	-	-	286
Borrowings	924	8,620	5,503	-	15,047

⁽¹⁾ Investments classified as maturity at call of Baht 1 million are investment in defaulted debt securities.

⁽²⁾ A part of loans classified as maturity at call of Baht 9,132 million are outstanding balances of defaulted loans classified in sub-standard category and upward. However, repayment schedules of these loans are dependent upon new restructuring conditions.

(Unit: Million Baht)

Descriptions	Separate financial statements				
	Counting from 31 December 2008				
	At call	Less than 1 year	More than 1 year	No maturity	Total
Financial Assets					
Cash	4,630	-	-	-	4,630
Interbank and money market items	6,419	36,571	-	-	42,990
Investments	11 ⁽¹⁾	4,625	38,030	6,264	48,930
Loans	10,650 ⁽²⁾	32,330	44,573	-	87,553
Financial Liabilities					
Deposits	22,474	132,353	5,179	-	160,006
Interbank and money market items	1,564	8,414	7	-	9,985
Liabilities payable on demand	188	-	-	-	188
Borrowings	544	2,909	3,145	-	6,598

⁽¹⁾ Investments classified as maturity at call of Baht 11 million are investment in defaulted debt securities.

⁽²⁾ A part of loans classified as maturity at call of Baht 9,888 million are outstanding balances of defaulted loans classified in sub-standard category and upward. However, repayment schedules of these loans are dependent upon new restructuring conditions.

34.4 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Bank has estimated the fair value of financial instruments as follows:

(a) Financial assets

Determination of the fair value is dependent upon the characteristics of the financial instrument. The fair values of most financial assets, including cash, interbank and money market items, securities purchased under resale agreements, and loans, are presented at the amount stated in the balance sheets. The fair value of these financial assets is approximated at their respective carrying values since the values of such financial instruments are predominantly subject to market interest rates. Financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, have their fair value determined by the quoted market prices.

(b) Financial liabilities

The fair values of financial liabilities, including borrowings and deposits, interbank and money market items, liabilities payable on demand, and borrowings, are considered to approximate their respective carrying values for the same reasons as detailed for financial assets above.

Differences between the book values and the fair values of financial instruments of the Bank are estimated to be immaterial. Further to this, book values and fair values of structured note and structured deposit are mentioned in Note 7.1 (a) to the financial statements and Note 15 to the financial statements, respectively.

34.5 Financial derivatives

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

As at 31 December 2009 and 2008, financial derivatives as classified by their maturities are as follows:

(Unit: Million Baht)

	Separate financial statements					
	2009			2008		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Forward and spot contracts						
- Bought	10,157	462	10,619	15,695	355	16,050
- Sold	9,663	-	9,663	21,775	244	22,019
Foreign currency swap contracts						
- Bought	-	6,678	6,678	3,642	7,515	11,157
- Sold	-	6,347	6,347	3,358	7,200	10,558
Interest rate swap contracts						
- Fixed rate payer	7,718	23,437	31,155	13,561	20,812	34,373
- Floating rate payer	6,340	22,490	28,830	13,759	23,283	37,042
- Fixed rate payee	3,500	24,490	27,990	13,759	20,443	34,202
- Floating rate payee	10,558	21,437	31,995	13,561	23,652	37,213
Range Accrual contracts						
- Payer	-	1,418	1,418	-	-	-
- Payee	-	1,418	1,418	-	-	-
Credit Default Swap						
- Sold	-	-	-	382	-	382

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

35. Agreement to transfer non-performing loans to TAMC

On 12 October 2001, the Bank entered into an agreement to transfer non-performing loans to Thai Asset Management Corporation (“TAMC”) in accordance with the Emergency Decree establishing TAMC.

As at 31 December 2009 and 2008, loans transferred to TAMC are as follows:

(Unit: Million Baht)

Loans transferred to TAMC	Consolidated and separate financial statements			
	2009		2008	
	Book value	Transfer price	Book value	Transfer price
CAP	82,342	21,932	82,345	21,934
NON CAP	15,774	3,465	15,774	3,465
Total	98,116	25,397	98,119	25,399
Less: TAMC notes which have been redeemed by TAMC		(24,597)		(22,694)
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 7.1)		800		2,705

The Bank is to receive payment in the form of non-transferable, 10-year promissory notes, availed by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 31 December 2009 and 2008, the Bank recognised interest receivable under these promissory notes amounting to Baht 91 million and Baht 282 million, respectively.

Share of the unrealised gain and losses arising from management of the non-performing loans

Under the agreement to transfer non-performing loans to TAMC, the Bank also has future sharing of the gains and losses arising from TAMC’s management of the non-performing loans, which is to be allocated at the end of the agreement, counting from 1 July 2001. In case of losses, the Bank is liable for all initial losses up to 20 percent of the transfer price. Further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC, while TAMC is liable for all remaining losses. According to the agreement, expenses of TAMC and the interest expenses of promissory notes issued by TAMC will be included in the calculation of the gain/loss sharing. In case of gains, initial profits of up to 20 percent of the transfer price are to be shared equally between the Bank and TAMC. Further gains which, when combined with the initial portion, do not exceed the difference between the book value of the transferred non-performing assets and their transfer price, belong to the Bank. All remaining gains will belong to TAMC. For loan debtors transferred at no cost, collections received after deducting debt management expenses will belong to the Bank.

However, on 17 November 2006, the Bank transferred rights over future gain sharing under the agreement to transfer CAP loans to TAMC to FIDF, although the Bank is still obligated to share losses with TAMC.

As at 31 December 2009, the amount of such gains/losses cannot be reasonably estimated, and the Bank has therefore not recognised any gains/losses that may occur in its accounts. However, the Bank's management believes that no significant future losses will be incurred.

Outstanding issues with TAMC

As of 31 December 2009, the Bank and TAMC had outstanding issues regarding the follow up of outstanding requisitions of original ownership documents and appraisal reports for collateral, and regarding the valuation of leasehold rights collateral with transfer prices totalling Baht 573 million and interest amounting Baht 73 million. The Bank believes that these issues will not have a material impact on the transfer price of the loans and interest on TAMC note, since some of the original ownership documents and appraisal reports for the collateral have already been handed over to TAMC while, collateral for receivables that have a number of creditors, TAMC needs to contact the major creditors itself in order to move the issue forward. With respect to the outstanding issue of the valuation of leasehold rights, the Bank believes that the transferable leaseholds can be appraised or revalued.

The above issues are still being investigated and finalised between the Bank and TAMC. The Bank's management believes that there will not be a material impact to the transfer price and relevant interest. However, for conservative reasons, the Bank has recorded allowance for impairment of the TAMC Promissory Notes amounting to Baht 54 million in the financial statements.

36. Reclassification

Certain amounts in the financial statements for the prior year ended 31 December 2008 have been reclassified to conform to the current year's classification, but with no effect to previously reported net losses or shareholders' equity. The reclassifications are as follows:

(Unit: Million Baht)

	<u>Consolidate financial statements</u>		<u>Separate financial statements</u>	
	As previously		As previously	
	<u>As reclassified</u>	<u>reported</u>	<u>As reclassified</u>	<u>reported</u>
Other assets	5,672	3,997	5,346	3,671
Deposits	159,777	159,728	160,006	160,006
Other liabilities	6,105	4,479	5,393	3,718

37. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 23 February 2010.