

CIMB THAI BANK PUBLIC COMPANY LIMITED

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

31 DECEMBER 2010

AUDITOR'S REPORT

To the Shareholders of CIMB THAI Bank Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010, and the related consolidated and separate statements of income, changes in shareholders' equity, and cash flows for the year ended 31 December 2010 of CIMB THAI Bank Public Company Limited and its subsidiaries, and of CIMB THAI Bank Public Company Limited, respectively. The Bank's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and separate financial statements for the year ended 31 December 2009 (before restatement) of CIMB THAI Bank Public Company Limited and its subsidiaries, and of CIMB THAI Bank Public Company Limited, respectively, were audited by the other auditor, who expressed an unqualified opinion on 23 February 2010 but drew attention to the matter that the Bank had an agreement which transferred its non-performing loans to Thai Asset Management Corporation ("TAMC") and contained a condition of future gain/loss sharing on those transferred non-performing loans and the outstanding issues with respect to the requisition of original ownership documents and others that might result in adjustments to the price and related interest, which were being examined and concluded by the Bank and TAMC.

I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain a reasonable assurance as to 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 statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred above present fairly, in all material respects, the consolidated and separate financial position as at 31 December 2010, and the consolidated and separate results of operation and cash flows for the year ended 31 December 2010 of CIMB THAI Bank Public Company Limited and its subsidiaries, and of CIMB THAI Bank Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
PricewaterhouseCoopers ABAS Limited

Bangkok
21 February 2011

CIMB THAI Bank Public Company Limited

Balance sheets

As at 31 December 2010 and 2009

	Notes	Consolidated financial statements		Separate financial statements	
		2010 Baht	2009 Baht (Restated)	2010 Baht	2009 Baht (Restated)
Assets					
Cash		2,744,520,360	2,821,772,139	2,743,015,913	2,820,537,268
Interbank and money market items	7				
Domestic items					
Interest bearing		13,033,743,993	14,257,684,949	12,730,255,189	13,765,038,298
Non-interest bearing		1,304,581,921	724,041,606	1,202,090,878	656,207,194
Foreign items					
Interest bearing		494,403,709	290,098,375	494,403,709	290,098,375
Non-interest bearing		409,402,942	97,720,535	409,402,942	97,720,535
Interbank and money market items - net		15,242,132,565	15,369,545,465	14,836,152,718	14,809,064,402
Investments	8				
Short-term investments - net		9,325,613,132	5,121,282,522	9,253,829,002	4,928,252,885
Long-term investments - net		12,152,030,194	15,387,861,853	12,143,629,526	15,236,251,809
Investments in subsidiaries and associates - net		153,912,645	205,453,938	1,323,143,017	1,463,637,904
Investments - net		21,631,555,971	20,714,598,313	22,720,601,545	21,628,142,598
Loans and accrued interest receivables	9				
Loans		93,792,939,560	85,996,442,503	92,160,867,660	81,179,770,435
Accrued interest receivables		207,354,400	254,683,505	177,764,475	198,137,466
Total loans and accrued interest receivables		94,000,293,960	86,251,126,008	92,338,632,135	81,377,907,901
<u>Less</u> Allowance for doubtful debts	10	(2,604,898,631)	(7,943,673,242)	(2,423,693,217)	(4,237,132,443)
<u>Less</u> Revaluation allowance for debt restructuring	11	(8,557,353)	(8,818,543)	(8,557,353)	(8,818,543)
Loans and accrued interest receivables - net		91,386,837,976	78,298,634,223	89,906,381,565	77,131,956,915
Properties foreclosed - net	12	2,049,010,878	2,409,895,840	2,032,605,522	2,232,213,794
Customers' liability under acceptance		61,479,078	53,947,377	61,479,078	53,947,377
Premises and equipments - net	13	2,666,904,667	3,548,984,412	2,598,023,558	3,472,435,396
Intangible assets	14	451,672,035	427,224,808	442,481,697	412,094,162
Financial derivatives assets		2,476,285,116	1,592,031,504	2,476,285,116	1,592,031,504
Other assets	16	1,766,429,090	1,782,889,086	1,393,157,532	1,428,533,356
Total assets		140,476,827,736	127,019,523,167	139,210,184,244	125,580,956,772

Director _____ Director _____

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited

Balance sheets (Cont'd)

As at 31 December 2010 and 2009

	Notes	Consolidated financial statements		Separate financial statements	
		2010 Baht	2009 Baht (Restated)	2010 Baht	2009 Baht (Restated)
Liabilities and shareholders' equity					
Liabilities					
Deposits	17				
Deposits in Baht		93,950,965,087	88,320,066,638	93,834,826,994	88,345,547,649
Deposits in foreign currencies		712,652,772	78,696,230	712,652,772	78,696,230
Total deposits		94,663,617,859	88,398,762,868	94,547,479,766	88,424,243,879
Interbank and money market items	18				
Domestic items					
Interest bearing		4,379,243,289	9,183,075,027	4,187,984,098	9,106,511,182
Non-interest bearing		82,551,800	54,784,753	85,396,576	56,907,979
Foreign items					
Interest bearing		916,592,199	705,945,060	916,592,199	705,945,060
Non-interest bearing		488,852,855	3,570,527	488,852,855	3,570,527
Total interbank and money market items		5,867,240,143	9,947,375,367	5,678,825,728	9,872,934,748
Liability payable on demand		250,634,382	286,026,119	250,634,382	286,026,119
Borrowings	19				
Short-term borrowings		14,992,182,216	9,544,679,635	14,992,182,216	9,544,679,635
Long-term borrowings		5,400,602,069	5,647,520,527	5,300,254,590	5,551,951,499
Total borrowings		20,392,784,285	15,192,200,162	20,292,436,806	15,096,631,134
Bank's liability under acceptance		61,479,078	53,947,377	61,479,078	53,947,377
Accrued interest expenses		263,815,167	287,260,507	263,765,597	287,489,155
Provisions - Pension benefits to employees		544,310,749	524,227,773	544,310,749	523,647,640
Financial derivatives liabilities		1,941,104,710	1,182,961,588	1,941,104,710	1,182,961,588
Other liabilities	20	4,556,007,668	3,202,630,389	3,935,922,551	2,229,613,205
Total liabilities		128,540,994,041	119,075,392,150	127,515,959,367	117,957,494,845

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited

Balance sheets (Cont'd)

As at 31 December 2010 and 2009

	Notes	Consolidated financial statements		Separate financial statements	
		2010 Baht	2009 Baht (Restated)	2010 Baht	2009 Baht (Restated)
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	21				
Registered					
16,315,934,756 ordinary shares of Baht 0.50 each		<u>8,157,967,378</u>		<u>8,157,967,378</u>	
(31 December 2009: 13,349,401,164 ordinary shares of Baht 0.50 each)			<u>6,674,700,582</u>		<u>6,674,700,582</u>
Issued and paid-up share capital					
16,315,934,756 ordinary shares of Baht 0.50 each					
(31 December 2009 : 13,349,401,164 ordinary shares of Baht 0.50 each)		8,157,967,378	6,674,700,582	8,157,967,378	6,674,700,582
Premium on share capital		1,483,266,796	-	1,483,266,796	-
Unrealised gain					
Revaluation surplus on assets	22	566,608,876	729,326,917	566,608,876	729,326,917
Revaluation surplus on change in value of investments	23	160,792,997	49,179,146	141,019,632	39,270,465
Retained earnings					
Appropriated - statutory reserve	24	63,500,000	-	63,500,000	-
Unappropriated		<u>1,421,426,993</u>	<u>420,566,556</u>	<u>1,281,862,195</u>	<u>180,163,963</u>
Equity attributable to the Bank's shareholders		11,853,563,040	7,873,773,201	11,694,224,877	7,623,461,927
Minority interest - equity attributable to minority shareholders of subsidiaries		<u>82,270,655</u>	<u>70,357,816</u>	-	-
Total shareholders' equity		<u>11,935,833,695</u>	<u>7,944,131,017</u>	<u>11,694,224,877</u>	<u>7,623,461,927</u>
Total liabilities and shareholders' equity		<u>140,476,827,736</u>	<u>127,019,523,167</u>	<u>139,210,184,244</u>	<u>125,580,956,772</u>
Off-balance sheet items - commitments					
	33				
Aval to bills and guarantees of loans		578,576,847	195,387,963	848,576,847	395,387,963
Liability under unmaturing import bills		603,168,810	509,571,415	603,168,810	509,571,415
Letter of credits		1,862,306,163	2,313,070,311	1,862,306,163	2,313,070,311
Other commitments		388,078,280,120	197,093,973,193	388,078,344,120	197,094,037,193

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited
Income statements
For the years ended 31 December 2010 and 2009

	Notes	Consolidated financial statements		Separate financial statements	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
Interest and dividend income					
Loans		4,891,109,210	5,470,186,327	5,066,338,305	5,572,250,257
Interbank and money market items		130,052,365	428,549,522	129,322,761	416,360,695
Hire purchase and finance lease income		664,496,643	536,680,688	-	-
Investments		766,002,424	1,204,761,117	764,810,333	1,402,217,158
Total interest and dividend income		6,451,660,642	7,640,177,654	5,960,471,399	7,390,828,110
Interest expenses					
Deposits		1,020,554,941	2,509,883,941	1,020,345,415	2,510,978,809
Interbank and money market items		96,553,455	144,614,090	87,802,712	131,574,398
Short-term borrowings		178,519,447	27,990,648	178,519,447	27,360,745
Long-term borrowings		301,662,875	316,561,068	296,884,424	316,561,068
Total interest expenses		1,597,290,718	2,999,049,747	1,583,551,998	2,986,475,020
Net interest and dividend income		4,854,369,924	4,641,127,907	4,376,919,401	4,404,353,090
Bad debt and doubtful accounts		(800,490,039)	(1,168,159,815)	(775,000,000)	(1,145,000,000)
Net interest and dividend income after bad debt and doubtful account		4,053,879,885	3,472,968,092	3,601,919,401	3,259,353,090
Non-interest income					
Gains on investments	26	213,087,626	640,575,176	492,026,604	634,277,209
Fees and charges					
Acceptances, aval and guarantees		98,771,849	80,532,706	98,771,849	80,532,706
Others		916,261,122	719,697,315	609,901,134	548,681,336
Gains on exchange/derivatives		288,951,475	80,265,975	288,904,759	82,562,264
Other income	27	413,764,140	100,167,675	458,143,375	115,472,106
Total non-interest incomes		1,930,836,212	1,621,238,847	1,947,747,721	1,461,525,621

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CIMB THAI Bank Public Company Limited
Income statements (Cont'd)
For the years ended 31 December 2010 and 2009

	Notes	Consolidated financial statements		Separate financial statements	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
Non - interest expenses					
Personnel expenses		2,658,503,219	2,136,139,517	2,167,461,546	1,836,304,042
Premises and equipment expenses		1,195,404,022	1,292,459,683	1,085,873,021	1,204,227,621
Taxes and duties		191,845,431	219,258,536	191,176,782	218,660,737
Fees and charges		382,103,628	324,417,071	342,313,716	295,784,665
Directors' remuneration		9,612,000	10,997,000	9,300,000	9,400,000
Contribution fee to the Deposit Protection Agency		350,000,000	598,644,302	350,000,000	598,644,302
Impairment losses on intangible assets and other assets		35,221,569	137,102,719	35,221,569	129,772,719
Reserve for off-balance sheet items		10,000,000	163,500,000	10,000,000	163,500,000
Other expenses		441,619,262	336,205,842	355,840,297	195,874,946
Total non-interest expenses		5,274,309,131	5,218,724,670	4,547,186,931	4,652,169,032
Income (loss) before corporate income tax					
		710,406,966	(124,517,731)	1,002,480,191	68,709,679
Corporate income tax	28	(23,519,891)	(3,159,173)	-	-
Net income (loss) from continuing operation					
		686,887,075	(127,676,904)	1,002,480,191	68,709,679
Profit after tax of discontinued operations	15	153,898,449	131,994,933	-	-
Net income for the year		840,785,524	4,318,029	1,002,480,191	68,709,679
Net income attributable to:					
Equity holders of the Bank		828,846,303	1,667,478	1,002,480,191	68,709,679
Minority interests of the subsidiaries		11,939,221	2,650,551	-	-
		840,785,524	4,318,029	1,002,480,191	68,709,679
Earnings per share for profit attributable to the equity holders of the Bank					
Basic earnings per share (Baht per share)	31	0.06	0.00	0.07	0.01
Weighted average number of ordinary shares (shares)		13,934,580,393	11,866,459,533	13,934,580,393	11,868,166,240

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited
Statements of changes in shareholders' equity
For the years ended 31 December 2010 and 2009

Consolidated financial statements											
Shareholders' equity of the Bank											
Notes	Issued and paid-up share capital Baht	Share premium (discounts) Baht	Revaluation surplus on assets Baht	Revaluation surplus (deficit) on change in value of investments Baht	Statutory reserve Baht	Retained earnings (deficits) Baht	Treasury stocks held by the subsidiaries Baht	Total equity attributable to the Bank's shareholders Baht	Minority interest Baht	Total Baht	
	Balance as at 1 January 2009	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 (expenses) recognised directly in equity:										
	Amortised 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 (expenses) 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 (expenses) 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	21 25,030,127,182	(22,493,740,961)	-	-	-	-	-	2,536,386,221	-	2,536,386,221
	Decrease in ordinary shares	21 (43,385,553,783)	33,100,728,673	-	-	(6,053,484)	10,290,878,594	-	-	-	-
	Decrease in treasury stocks held by subsidiaries	21 -	-	-	-	-	(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	<u>6,674,700,582</u>	<u>-</u>	<u>729,326,917</u>	<u>49,179,146</u>	<u>-</u>	<u>420,566,556</u>	<u>-</u>	<u>7,873,773,201</u>	<u>70,357,816</u>	<u>7,944,131,017</u>
	Balance as at 1 January 2010	6,674,700,582	-	729,326,917	49,179,146	-	420,566,556	-	7,873,773,201	70,357,816	7,944,131,017
	Income (expense) recognised directly in equity:										
	Amortised revaluation surplus on assets	22 -	-	(5,302,506)	-	-	5,302,506	-	-	-	-
	Reverse in revaluation surplus on office building	22 -	-	(157,415,535)	-	-	157,415,535	-	-	-	-
	Increase in fair value of investments	23 -	-	-	111,613,851	-	-	-	111,613,851	-	111,613,851
	Net income (expense) recognised directly in equity	-	-	(162,718,041)	111,613,851	-	162,718,041	-	111,613,851	-	111,613,851
	Net income for the year	-	-	-	-	-	828,846,303	-	828,846,303	11,939,221	840,785,524
	Total income (expense) for the year	-	-	(162,718,041)	111,613,851	-	991,564,344	-	940,460,154	11,939,221	952,399,375
	Increase in ordinary shares	21 1,483,266,796	1,483,266,796	-	-	-	-	-	2,966,533,592	-	2,966,533,592
	Appropriated - statutory reserve	24 -	-	-	-	63,500,000	(63,500,000)	-	-	-	-
	Goodwill adjustment	-	-	-	-	-	72,796,093	-	72,796,093	-	72,796,093
	Minority interests - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(26,382)	(26,382)
	Balance as at 31 December 2010	<u>8,157,967,378</u>	<u>1,483,266,796</u>	<u>566,608,876</u>	<u>160,792,997</u>	<u>63,500,000</u>	<u>1,421,426,993</u>	<u>-</u>	<u>11,853,563,040</u>	<u>82,270,655</u>	<u>11,935,833,695</u>

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited
Statements of changes in shareholders' equity (Cont'd)
For the years ended 31 December 2010 and 2009

Separate financial statements							
Notes	Issued and paid-up share capital Baht	Share premium (discounts) Baht	Revaluation surplus on assets Baht	Revaluation surplus (deficit) on change in value of investments Baht	Statutory reserve Baht	Retained earnings (deficits) Baht	Total Baht
Balance as at 1 January 2009	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 (expenses) recognised directly in equity:							
Amortised revaluation surplus on assets	-	-	(19,487,908)	-	-	19,487,908	-
Decrease in fair value of investments	-	-	-	(16,506,625)	-	-	(16,506,625)
Net income (expenses) 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 (expenses) for the year	-	-	(19,487,908)	(16,506,625)	-	88,197,587	52,203,054
Increase in ordinary shares	21 25,030,127,182	(22,493,740,961)	-	-	-	-	2,536,386,221
Decrease in ordinary shares	21 (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>
Balance as at 1 January 2010	6,674,700,582	-	729,326,917	39,270,465	-	180,163,963	7,623,461,927
Income (expense) recognised directly in equity:							
Amortised revaluation surplus on assets	22 -	-	(5,302,506)	-	-	5,302,506	-
Reverse in revaluation surplus on office building	22 -	-	(157,415,535)	-	-	157,415,535	-
Increase in fair value of investments	23 -	-	-	101,749,167	-	-	101,749,167
Net income (expense) recognised directly in equity	-	-	(162,718,041)	101,749,167	-	162,718,041	101,749,167
Net income for the year	-	-	-	-	-	1,002,480,191	1,002,480,191
Total income (expenses) for the year	-	-	(162,718,041)	101,749,167	-	1,165,198,232	1,104,229,358
Increase in ordinary shares	21 1,483,266,796	1,483,266,796	-	-	-	-	2,966,533,592
Appropriated - statutory reserve	24 -	-	-	-	63,500,000	(63,500,000)	-
Balance as at 31 December 2010	<u>8,157,967,378</u>	<u>1,483,266,796</u>	<u>566,608,876</u>	<u>141,019,632</u>	<u>63,500,000</u>	<u>1,281,862,195</u>	<u>11,694,224,877</u>

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited

Cash flow statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Income (loss) before corporate income tax from continuing operations	710,406,966	(124,517,731)	1,002,480,191	68,709,679
Income before corporate income tax from discontinued operations	140,216,258	179,411,635	-	-
Income (loss) before corporate income tax including discontinued operations	850,623,224	54,893,904	1,002,480,191	68,709,679
Adjustments to reconcile incomes (loss) before tax to cash received (paid) from operating activities:				
Depreciation and amortisation	443,005,608	511,328,310	414,192,110	474,926,145
Bad debts and doubtful accounts	800,490,039	1,160,873,883	775,000,000	1,145,000,000
Reverse allowance for doubtful debts from disposal of subsidiary	(3,264,713,182)	-	-	-
Impairment losses on intangible assets and other assets	17,757,838	137,102,719	17,757,838	129,772,719
Reserve for off-balance sheet items	10,000,000	163,500,000	10,000,000	163,500,000
Provision for liabilities	20,082,976	31,150,950	20,663,109	30,570,818
Reversal of allowance for impairment for investment in receivables	-	(4,495,239)	-	-
(Reversal) losses on impairment of properties foreclosed	145,679,027	(45,778,610)	2,700,000	(39,000,000)
Impairment losses on premises and equipments	7,027,626	-	7,027,626	-
Impairment losses on investments	36,704,301	20,007,596	32,604,969	20,007,596
Unrealised (gains) losses on exchange rate and derivatives	(134,568,480)	104,213,442	(134,568,480)	104,213,442
Realised losses of exchange rate on investments	90,137,500	157,929,778	90,137,500	157,929,778
Losses (gains) on sale of properties foreclosed	2,671,040	85,875,979	(84,610,650)	(42,894,766)
Unrealised losses (gains) on revaluation of investments	493,678	(23,258,558)	(854,738)	(2,528,223)
Gains on sale of investments	(187,480,366)	(566,929,599)	(495,943,013)	(575,595,091)
Gains on sale of non-performing loans	-	(7,520,554)	-	-
Gains on investment in receivables	(18,845,712)	(191,968,817)	(18,845,712)	(66,020,873)
Gains on disposal of premises and equipments	(280,932,166)	(15,213,495)	(280,905,975)	(15,168,196)
Losses from written off land, premises and equipments	13,880,688	4,246,057	13,880,688	4,246,057
Losses from written off intangible assets	4,648,668	11,542,325	18,286	11,542,325
Interest and dividend incomes	(6,465,840,922)	(7,754,184,623)	(5,960,471,399)	(7,390,811,322)
Interest expenses	1,597,290,718	2,997,722,235	1,583,551,998	2,985,147,507
Loss from operations before changes in operating assets and liabilities	(6,311,887,897)	(3,168,962,317)	(3,006,185,652)	(2,836,452,405)
(Increase) decrease in operating assets				
Interbank and money market items	126,427,220	27,983,679,937	(27,766,819)	28,179,895,391
Investments held for trading	251,369,936	573,711,695	305,649,410	596,496,310
Loans	(11,173,777,028)	3,598,068,011	(13,710,705,007)	4,169,513,947
Properties foreclosed	585,197,797	505,689,459	293,527,586	172,258,594
Other assets	(32,761,215)	(441,422,742)	(44,091,439)	(405,936,354)
Increase (decrease) in operating liabilities				
Deposits	6,264,854,991	(71,329,925,108)	6,123,235,887	(71,581,331,374)
Interbank and money market items	(4,080,135,224)	(304,078,205)	(4,194,109,020)	(112,747,517)
Liability payable on demand	(35,391,737)	97,674,303	(35,391,737)	97,674,303
Payable to clearing house/securities business payable	(33,879,893)	-	-	-
Other liabilities	1,363,249,465	(487,103,296)	1,559,524,782	(674,537,099)

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited
Cash flow statements
For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Cash flows from operating activities (Cont'd)				
Cash flows used in operating activities	(13,076,733,585)	(42,972,668,263)	(12,736,312,009)	(42,395,166,204)
Cash received from interest incomes	5,746,785,294	6,677,299,665	5,214,644,571	6,128,443,037
Cash paid for interest expenses	(1,158,274,554)	(2,571,120,035)	(1,149,592,502)	(2,553,340,898)
Cash paid for tax	(25,279,752)	(26,451,129)	-	-
Net cash flows provided by (used in) operating activities	(8,513,502,597)	(38,892,939,762)	(8,671,259,940)	(38,820,064,065)
Cash flows from investing activities				
Cash paid for purchases of available for sale securities	(8,464,968,236)	(5,714,597,253)	(8,068,156,225)	(5,714,597,253)
Proceeds from disposals of available for sale securities	3,529,678,020	23,110,009,991	3,517,955,086	23,110,009,991
Proceeds from maturity and principle payment of available for sale securities	3,553,651,637	1,158,240,456	3,553,651,637	1,158,240,456
Cash paid for purchases of held to maturities securities	(2,589,706,047)	(7,213,140,877)	(2,589,706,047)	(7,213,140,877)
Proceeds from maturity and principle payment of held to maturity securities	1,578,300,003	12,519,176,248	1,578,300,003	12,519,176,248
Cash paid for purchases of general investment	(448,507)	-	(448,510)	-
Proceeds from disposals of general investment	24,746,374	410,944,707	23,816,995	410,944,707
Proceeds from maturity and principle payment of general investment	34,980,000	81,821,134	34,980,000	81,821,134
Cash paid for purchases of investment in subsidiaries and associates	-	-	(260,500,000)	(120,000,000)
Proceeds from disposals of investment in subsidiaries and associates	944,992,863	387,737,655	944,992,863	-
Proceeds from repayment of investment in receivables	285,869,935	174,406,516	280,307,228	174,406,516
Cash paid for purchases of investment in receivables	(14,568,150)	-	-	-
Cash paid for purchases of premises and equipments	(231,161,954)	(198,172,540)	(198,638,860)	(169,619,016)
Proceeds from disposals of premises and equipments	1,086,239,411	242,958,092	1,070,228,129	242,425,215
Cash paid for purchases of intangible assets	(152,438,157)	(200,341,188)	(142,935,249)	(195,852,056)
Dividend received	197,503,070	159,572,123	196,310,979	357,451,540
Interest received	659,353,846	1,549,324,424	659,353,846	1,528,178,070
Net cash flows (used in) provided by investing activities	442,024,108	26,467,939,488	599,511,875	26,169,444,675
Cash flows from financing activities				
Increase in short-term borrowings	5,447,502,581	5,620,486,218	5,447,502,581	6,091,478,115
Increase in long-term borrowings	-	2,595,569,028	-	2,500,000,000
Cash received from capital increase	2,966,533,592	2,536,386,221	2,966,533,592	2,536,386,221
Proceeds from treasury stocks held by subsidiary	-	155,017,038	-	-
Interest expenses	(419,809,463)	(292,397,087)	(419,809,463)	(287,059,163)
Net cash flows provided by financing activities	7,994,226,710	10,615,061,418	7,994,226,710	10,840,805,173
Net decrease in cash and cash equivalents	(77,251,779)	(1,809,938,856)	(77,521,355)	(1,809,814,217)
Cash and cash equivalents at beginning of the year	2,821,772,139	4,631,710,995	2,820,537,268	4,630,351,485
Cash and cash equivalents at the end of the year	2,744,520,360	2,821,772,139	2,743,015,913	2,820,537,268

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

CIMB THAI Bank Public Company Limited

Cash flow statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Supplemental disclosure of cash flows information				
Non-cash transactions:				
Bad debts written-off	-	2,385,232,723	-	-
Properties foreclosed received in settlement of debts	360,859,946	442,147,153	-	12,870,000
Payable from purchase premises and equipments	21,382,523	-	21,382,523	-
Payable from purchase intangible assets	10,988,000	-	10,988,000	-
Properties foreclosed received from auction	11,870,365	5,084,216	12,012,865	5,084,216
Revaluation surplus on change in value of investment	111,614,837	16,506,625	101,749,167	16,506,625
Write-off loans and allowance for doubtful debts	1,267,712,968	2,332,450,741	980,900,726	2,332,450,741
Adjust transfer intangible to land, premises and equipments	29,568,227	94,680,968	30,019,299	94,680,968
Adjust transfer leasehold to land, premises and equipments	12,611,365	-	12,611,365	-
Adjust transfer impairment in investment				
to other liabilities	34,000,000	-	34,000,000	-
Transfer allowance in loans to allowance interbank (asset)	1,300,000	-	2,000,000	-
Write-off negative goodwills	72,796,094	-	-	-

The accompanying notes to consolidated and separate financial statements from page 12 to 84 are an integral part of the financial statements

1 General information

CIMB THAI Bank Public Company Limited (“the Bank”) is a public company incorporated and domiciled in Thailand. The Bank operates a commercial bank in Thailand since 8 March 1949. The Bank’s Head Office is 44 Langsuan Road, Lumpini, Patumwan, Bangkok.

The Bank is listed on the Stock Exchange of Thailand. For reporting purposes, the Bank and its subsidiaries are referred to as the Group. Its parent company is CIMB Bank Berhad, which is a public company incorporated in Malaysia. The parent company of the Group is CIMB Group Holdings Berhad (formerly known as “Bumiputra - Commerce Holdings Berhad”). On 20 April 2009, the Bank obtained an 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.

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

The consolidated and separate financial statements were authorised by the Board of directors on 21 February 2011.

2 Basis of preparation of consolidated and separate financial statements

The consolidated and separate financial statements (“the financial statements”) are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission (“SEC”) under the Securities and Exchange Act B.E. 2535. The primary financial statements (i.e., balance sheets, statements of income, changes in shareholders’ equity and cash flows) are prepared in the format as required by the Notification of the Bank of Thailand (“BoT”), “The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group” dated on 3 August 2008.

The consolidated and separate financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

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

The consolidated financial statements include the separate financial statements of CIMB THAI Bank Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2009, with no structural changes related to subsidiaries occurring during the year, except for those reported in Note 8.7 and 15 to the financial statements.

The Bank prepares separate financial statements for the benefit of public, which present investment in subsidiaries and associated companies under cost method.

3 Accounting policies

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

3.1 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Bank has not early adopted them:

Effective for the periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

3 Accounting policies (Cont'd)

3.1 New accounting standards, new financial reporting standards, amendments to accounting standards (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

The management of the Bank has assessed that TAS 2 (revised 2009), TAS 11 (revised 2009), TAS 20 (revised 2009) TAS 29, TAS 31 (revised 2009) TAS 40 (Revised 2009) and TFRS 2, TFRS 3 (Revised 2009), TFRS 6, TFRIC15 are not relevant to the main business of the Bank and subsidiaries. For other accounting standards, they are in the process of evaluating the effect of such standards to the financial statement for the year initially applied. New accounting standards which may impact significantly to the financial statement are shown as follows;

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Bank and subsidiaries will apply this standard from 1 January 2013 retrospectively with an expectation to incur of deferred tax account and changes in retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

TAS 19 deals with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The Bank and subsidiaries will apply this standard from 1 January 2011. The management is currently assessing the impact of applying this standard.

Comparative figures have been adjusted to conform with changes in presentation in the current year as follows:

Certain accounts in the balance sheet as at 31 December 2009 have been reclassified to conform to the presentation in the balance sheet as at 31 December 2010. The significant transactions are shown as follows;

1. The Bank separately presented financial derivative assets and financial derivative liabilities from other assets and other liabilities. As at 31 December 2009, financial derivative assets and financial derivative liabilities in the consolidated financial statement and separate financial statements were Baht 1,592 million and Baht 1,183 million, respectively.
2. Deferred related expenses in issuing debenture agreement amounting to Baht 37 million and accrued interest expenses of long-term borrowing amounting to Baht 86 million reclassified from Other assets and Accrued interest expenses, respectively, to long-term borrowings according to Effective Interest Rate method.

3 Accounting policies (Cont'd)

3.1 New accounting standards, new financial reporting standards, amendments to accounting standards (Cont'd)

Certain accounts in the income statements for the year ended 31 December 2009 have been reclassified to conform to the presentation in the income statement for the year ended 31 December 2010. The significant transactions are shown as follows;

1. Telephone and postage income amounting to Baht 9 million was reclassified from other income to Fee and charges - others.
2. Personnel service agent expense amounting to Baht 16 million was reclassified from Fee and charges to Personnel expenses.
3. ATM Security expenses amounting to Baht 30 million was reclassified from Other expenses to Premises and equipment expenses.
4. Telephone expenses amounting to Baht 36 million was reclassified from Premises and equipment expenses to Other expenses.
5. Assets evaluation expense amounting to Baht 8 million was reclassified from Fee and charges to Premises and equipment expenses.
6. Staff incentive expense amounting to Baht 10 million was reclassified from Fee and charges to Personnel expenses.

3.2 Revenue recognition

(a) Interest and discount on loans

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

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 on margin loans is recognised as income on the time proportion basis except for interest income from certain securities business receivables, which is recognised on a collection basis in accordance with an announcement of the office of the Securities and Exchange Commission, dated 15 February 2001, regarding the accounting for sub-standard loans.

3 Accounting policies (Cont'd)

3.2 Revenue recognition (Cont'd)

(c) Interest and dividends on investments

Interest income from investments is recognised on a time proportion basis using the effective interest method. Dividend income from investments is recognised when the right to receive payment is established.

Interest income from investments in receivables is recognised using the effective interest method for receivables from which loan repayment was received during the year. The effective interest rate was determined on basis of assumptions as to the amount and the timing of future collections on such loans. Such assumptions concern events that have not yet taken place and accordingly may vary if circumstances arise which were not foreseen.

(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 transferred to the buyer.

(f) Brokerage fees

Brokerage income is recognised when the underlying transaction is contracted.

(g) Premium income and inward reinsurance

Premium income is recognised on the effective date of insurance policies and after deducting premium on reinsurance outward and refunds.

The subsidiary recognises inward reinsurance transactions with insurance companies upon receipt of advice from those companies.

(h) Income from hire-purchase contracts

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

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

(i) Other income

Other income is recognised as income on an accrual basis.

3 Accounting policies (Cont'd)

3.3 Expense recognition

(a) Interest expenses

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

(b) Claims

Losses are recognised upon receipt of the claims advice from the insured parties, including provision for the cost of claims incurred but not reported as of the balance sheet date.

(c) Policy acquisition costs

Policy acquisition costs, such as commissions, are charged to the income statement as incurred.

(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.

(e) Other expense

Other expense is recognised as expense on an accrual basis.

3.4 Investments

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

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

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

3 Accounting policies (Cont'd)

3.4 Investments (Cont'd)

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

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

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

General investments are carried at cost less impairment.

The Bank and its subsidiaries test for impairment when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statements.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statements. When disposing of part of the Bank and subsidiaries' holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the First-in, First-out carrying amount of the total holding of the investment.

3.5 Investments in receivables

Investments in receivables that purchased from financial institutions are valued at acquisition cost net of allowance for impairment (if any). Loss on impairment of investments is included in income statement.

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

The Bank and its subsidiaries determine allowance for impairment of investments in receivables based on the present value of expected future cash flows from collateral disposal or debt collection in accordance with the BoT's provisioning guidelines.

3.6 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. The Bank recognises interest income on the promissory notes on an accrual basis using the weighted average interest rate announced by 5 commercial banks for the previous quarter. The Bank will recognise income or expenses with respect to gain or loss sharing from the management of non-performing loans at the end of the agreement, and the Bank receives allocation from the TAMC, or when the gain or loss can be accurately estimated.

3 Accounting policies (Cont'd)

3.7 Investments in subsidiary and associated companies

(1) Subsidiaries

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. When assessing whether the Bank controls another entity, the Bank considers the existence and effect of voting rights that are currently exercisable or convertible, including potential voting right which held by other entities. The Bank consolidated financial statement of subsidiaries from the date on which control is transferred to the Bank and are no longer consolidated from the date that control ceases.

The Bank applies the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Bank's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Bank.

In the Bank's separate financial statements investments in subsidiaries are reported by using the cost method

A list of the Bank's principal subsidiaries is set out in Note 8.7. The effects acquisitions and disposals of subsidiaries are shown in Note 8.7.

(2) Associates

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost, and accounted for using the equity method of accounting in consolidated financial statements. The Bank's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Bank's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, the Bank does not recognise further losses.

In the Bank's separate financial statements, investments in associates are accounted for using the cost method.

A list of the Bank's principal associates is set out in Note 8.7. The effects acquisitions and disposals of associates are shown in Note 8.7.

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 them in accordance with BoT's guidelines.

3 Accounting policies (Cont'd)

3.8 Loans/securities business receivables/hire purchase receivables and allowance for doubtful accounts

(a) For loans of commercial banking business

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

(b) For securities business receivables

Receivables from clearing house and payables to clearing house

Receivables from clearing house comprises the net balance receivables from Thailand Securities Depository (TSD) in respect of securities trades settled through clearing house of TSD and the net receivable from Thailand Clearing House (TCH) including amounts pledged with TCH as security for derivatives trading.

Payables to clearing house comprise the net balance payable to Thailand Securities Depository (TSD) in relation to securities trades settled through clearing house of TSD and the net payable to Thailand Clearing House (TCH).

As at 15 February 2010 and onward, receivables from and payables to clearing House of Thailand securities Depository (TSD) in relation to securities trades will be settled through Thailand clearing House (TCH).

Securities business receivables and allowance for doubtful accounts

Securities business receivables and derivative business receivables are the net balances after deducting allowance for doubtful accounts and include interest receivables.

Securities business receivables comprise cash accounts, margin accounts, guarantee deposits receivable, as well as other receivables such as overdue cash accounts and receivables which are the subject of legal proceedings, are undergoing restructuring or are being settled in installments.

Allowance for doubtful accounts is determined based on the announcement of the Office of the Securities and Exchange Commission's Notification dated 15 February 2001, regarding the accounting for sub-standard loans. The announcement requires the subsidiary categorise its loan portfolio into 3 categories subject to different minimum levels of provisioning. The announcement also imposes policies regarding collateral valuation for the purpose of setting allowance for doubtful accounts. Moreover, management also considers the financial position of each debtor which is based on management's experience and opinion.

(c) For hire purchase receivables

Hire purchase receivables are stated at net realisable value from the contractual amounts net off unearned hire purchase incomes. Allowance for doubtful accounts is set in accordance with the Bank of Thailand's guidelines.

3 Accounting policies (Cont'd)

3.9 Troubled debt restructuring and losses from troubled debt restructuring

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

The Bank records assets received in settlement of debts at the lower of the fair values of the assets, less estimated selling expenses (if any), or the amount of investments in receivables (including accrued interest income).

In case that the debt restructuring involves modification of terms of receivables, the fair value of investments in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by the Minimum Loan Rate (MLR) prevailing at the restructuring date.

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

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

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.

3.10 Properties/assets foreclosed

Properties/assets foreclosed consists of immovable and movable assets are stated at the lower of cost or net realisable value less estimated selling expenses of the acquisition assets. Where the carrying value of foreclosed assets incurred impairment, the Bank and its subsidiaries will recognise the provision for impairment of foreclosed assets in total.

The Bank and its subsidiaries will recognise gain (loss) on sales of foreclosed assets as income or expenses in whole amount in accordance with the notifications of the Bank of Thailand.

3.11 Premises and equipment and depreciation

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

The Bank and its subsidiaries record increase in the carrying amount arising on revaluation of property and plant are credited to the revaluation surplus on assets (included in unrealised gain) in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the income statements. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statements) and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

3 Accounting policies (Cont'd)

3.11 Premises and equipment and depreciation (Cont'd)

Depreciation is calculated on the straight line basis to write off the cost or the revalued amount, of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings	20 - 40 years
Equipments	5 years and 10 years

Residual value and the estimated useful life of the assets are revised in every reporting balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank and subsidiaries. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit. On disposal of revalued assets, the related revaluation reserve amounts are transferred to retained earnings.

3.12 Intangible assets

(a) Computer software

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Bank and subsidiaries and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets are amortised using the straight-line basis over their useful lives.

(b) Other intangible assets

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

3 Accounting policies (Cont'd)

3.13 Impairment of assets

Property, plant and equipment and other non-current assets which are not financial assets, including goodwill and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reversed for possible impairment loss of the estimation of the recoverable amounts were changed in subsequent period after the Bank and subsidiaries' recognition of impairment.

3.14 Leasehold rights

The cost of leasehold right on building for the period of 2 - 30 years, which is presented as other assets, is amortised as an operating expense on a straight-line method over the life of the agreement.

3.15 Leases

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3.16 Related party transactions

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

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

3.17 Foreign currency translation

Items included in the financial statements of the Bank and its subsidiaries are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statements.

3 Accounting policies (Cont'd)

3.18 Financial derivatives

The Bank regards its obligations under financial derivatives contracts as off-balance sheet items. The accounting treatments for financial derivatives transactions depends on the purpose of the transaction as follows:

(a) Trading transactions

The Bank records its obligations under financial derivatives contracts originated for trading purposes at fair value. Gains/Losses arising from changes in value are included in income statement.

(b) Non-trading transactions

The Bank measures derivatives classified as non-trading transactions on basis equivalent to that used in measurement of the hedged underlying asset and liability as follows:

(1) For foreign currency elements, the Bank measures its value in Baht by using the reference rates on the balance sheet date announced by the Bank of Thailand.

(2) Interest elements are recorded on an accrual basis.

3.19 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 economic characteristic and risk of host contract, the Bank will separately account the embedded derivative from the host contract and measure the embedded derivative at fair value including a gain/loss in the income statements. 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) included in the income statements.

(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 separately account the embedded derivative from the host contract and classify the host contract under the related accounting standards.

3.20 Unearned premium reserve

Unearned premium reserve is the proportion of the premium written during the year, less reinsurance and cancellations, that relate to the periods of risk from 1 January of the following year to the subsequent expiry dates of the policies. It is calculated on the following basis:

Fire, marine hull, motor 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

3 Accounting policies (Cont'd)

3.21 Loss reserves and outstanding claims

A provision for outstanding claim is made for the estimated cost of all claims notified but not settled at the balance sheet less reinsurance recoveries, using the information available at the time. Provision is also made for the cost of claims incurred but not reported as of the balance sheet date.

The subsidiary estimates claims incurred but not yet reported by the insured (IBNR) based on the actuarial basis based on the subsidiary's experience and historical data which is not lower than 2.5% of the annual net written premium.

Differences between the provision for outstanding claims at the balance sheet date and subsequent revisions and settlements are included in the income statements in later years.

3.22 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. The Bank reserves pension funds 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 benefits only provide to employees who are former employees of the Union Bank of Bangkok Public Company Limited.

3.23 Provident fund

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

3.24 Treasury stock

Where the Bank or its subsidiaries purchases the Bank's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity recorded as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

3.25 Provisions

The Bank and subsidiaries recognise provisions when the Bank and subsidiaries has a present legal or constructive obligation as a result of past events, it is probable that an economic outflow of resources will be required to settle the obligation and the obligation is reliably estimated.

Where the Bank and subsidiaries expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.26 Income tax

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

4 Critical accounting estimates, assumptions and judgements

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

4.1 Critical accounting estimates and assumptions

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

a Allowance for doubtful accounts for loans

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

b Fair value of financial derivative instruments

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

c Impairment of investments

Investments are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered, in determining the impairment losses. Management believed that estimation are reasonable.

d 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.

e Building, equipment and intangible assets

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

f Loss reserves and outstanding claims

Loss reserves and outstanding claims is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at the balance sheet date. Loss reserves and outstanding claims is also made for the cost of claims, together with related expenses, incurred but not reported at the balance sheet date, using an actuarial valuation which is estimated based on statistical at data and historical experience.

5 Capital risk management

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

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

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking business B.E.2551. The Bank's capital fund is presented in Note 25.

6 Change in accounting policy

The Bank changed accounting method of accounts receivable from investments and accounts payable for purchase of investments from trade date accounting to settlement date accounting in order to follow the accounting policy of the parent company. The Bank adjusted consolidated and separate balance sheet as at 31 December 2009 by reducing accounts receivable from sale of investments amounting to Baht 13,284,802,101 and reducing accounts payable from purchase of investments amounting to Baht 13,284,745,216. The Bank additionally disclosed commitment on purchase of investment amounting to Baht 13,287,000,000 and commitment on sale of investment amounting to Baht 13,287,000,000 in Note 33.1. The Bank did not adjust consolidated and separate profit and loss statement and consolidated and separate statement of cash flows as the impact was immaterial.

Besides, the Bank changed cost method of investment from Weighted Average to First-in, First-out in order to follow the accounting policy of the parent company. The Bank did not adjust comparative financial statements for the year ended 31 December 2009 due to the impact was immaterial.

7 Interbank and money market items (assets)

	Consolidated financial statements					
	2010			2009		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	635	2,300	2,935	72	1,660	1,732
Commercial banks	504	3,045	3,549	198	12,326	12,524
Other banks	4	6,875	6,879	7	68	75
Finance, finance and securities, securities, and credit foncier companies	544	1	545	544	57	601
Other financial institutions	-	432	432	50	-	50
Total domestic items	1,687	12,653	14,340	871	14,111	14,982
<u>Add</u> Accrued interest receivables	-	2	2	-	2	2
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(2)	(2)
Domestic items - net	1,687	12,651	14,338	871	14,111	14,982
Foreign:						
US dollar	833	42	875	336	-	336
Yen	6	-	6	13	-	13
EURO	8	-	8	15	-	15
Other currencies	15	-	15	24	-	24
Foreign items - net	862	42	904	388	-	388
Domestic and foreign items - net	2,549	12,693	15,242	1,259	14,111	15,370

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7 Interbank and money market items (assets) (Cont'd)

	Separate financial statements					
	2010			2009		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	635	2,300	2,935	72	1,660	1,732
Commercial banks	23	3,000	3,023	40	12,000	12,040
Other banks	-	6,875	6,875	-	-	-
Finance, finance and securities, securities, and credit foncier companies	544	125	669	544	56	600
Other financial institutions	-	432	432	50	-	50
Total domestic items	1,202	12,732	13,934	706	13,716	14,422
<u>Add</u> Accrued interest receivables	-	2	2	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(2)	(2)
Domestic items - net	1,202	12,730	13,932	706	13,715	14,421
Foreign:						
US dollar	833	42	875	336	-	336
Yen	6	-	6	13	-	13
EURO	8	-	8	15	-	15
Other currencies	15	-	15	24	-	24
Foreign items - net	862	42	904	388	-	388
Domestic and foreign items - net	2,064	12,772	14,836	1,094	13,715	14,809

As at 31 December 2010, the Bank has promissory notes of Baht 547 million (31 December 2009: Baht 547 million), that had been issued by finance companies which were ordered to be closed, and are avaled by the Financial Institution Development Fund (“the FIDF”).

The FIDF recalls promissory notes amounting to Baht 544 million (31 December 2009: Baht 544 million) 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 not yet returned 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 Baht 544 million (31 December 2009: Baht 544 million).

8 Investments

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht
Value at equity method/cost method	24,468	21,225	24,345	23,579
<u>Add</u> Allowance for revaluation	160	54	142	38
<u>Less</u> Allowance for impairment	(2,996)	(565)	(1,766)	(1,989)
Net book value	21,632	20,714	22,721	21,628

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8 Investments (Cont'd)

8.1 Classified by types of investment

	Consolidated financial statements				Separate financial statements			
	2010		2009		2010		2009	
	Cost/ Amortised Cost Million Baht	Fair Value Million Baht	Cost/ Amortised Cost Million Baht	Fair Value Million Baht	Cost/ Amortised Cost Million Baht	Fair Value Million Baht	Cost/ Amortised Cost Million Baht	Fair Value Million Baht
Short-term investments:								
Securities held for trading								
Government and state enterprises securities	80	80	405	404	80	80	380	379
Private sector debt securities	6	6	26	26	6	6	6	6
Domestic marketable equity securities	50	50	76	82	-	-	-	-
Total	136	136	507	512	86	86	386	385
<u>Add (less)</u> Allowance for revaluation	-	-	5	-	-	-	(1)	-
Securities held for trading - net	136	136	512	512	86	86	385	385
Available-for-sales securities								
Government and state enterprises securities	2,622	2,618	4,536	4,538	2,622	2,618	4,488	4,490
Private sector debt securities	1	-	55	54	1	-	54	53
Domestic marketable equity securities	27	22	27	17	-	-	-	-
Total	2,650	2,640	4,618	4,609	2,623	2,618	4,542	4,543
<u>Add</u> Allowance for revaluation	16	-	17	-	(4)	-	2	-
<u>Less</u> Allowance for impairment	(26)	-	(26)	-	(1)	-	(1)	-
Available-for-sales securities - net	2,640	2,640	4,609	4,609	2,618	2,618	4,543	4,543
Held-to-maturity debt securities								
Government and state enterprises securities	4,561	-	-	-	4,561	-	-	-
Promissory notes issued by Thai Asset Management Corporation	481	-	-	-	481	-	-	-
Overseas debt securities	1,508	-	-	-	1,508	-	-	-
Held-to-maturity debt securities - net	6,550	-	-	-	6,550	-	-	-
Short-term investments - net	9,326	-	5,121	-	9,254	-	4,928	-

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8 Investments (Cont'd)

8.1 Classified by types of investment (Cont'd)

	Consolidated financial statements				Separate financial statements			
	2010		2009		2010		2009	
	Cost/ Amortised Cost Million Baht	Fair Value Million Baht	Cost/ Amortised Cost Million Baht	Fair Value Million Baht	Cost/ Amortised Cost Million Baht	Fair Value Million Baht	Cost/ Amortised Cost Million Baht	Fair Value Million Baht
Long-term investments:								
Available-for-sales securities								
Government and state enterprises securities	2,959	2,921	35	35	2,959	2,921	-	-
Private sector debt securities	-	-	38	39	-	-	-	-
Domestic marketable equity securities	2,500	2,683	2,571	2,597	2,500	2,683	2,512	2,544
Total	5,459	5,604	2,644	2,671	5,459	5,604	2,512	2,544
<u>Add</u> Allowance for revaluation	145	-	32	-	145	-	37	-
<u>Less</u> Allowance for impairment	-	-	(5)	-	-	-	(5)	-
Available-for-sales securities - net	5,604	5,604	2,671	2,671	5,604	5,604	2,544	2,544
Held-to-maturity debt securities								
Promissory notes issued by Thai Asset Management Corporation (Note 38)	319		800		319		800	
Government and state enterprises securities	4,620		6,660		4,620		6,660	
Private sector debt securities	550		550		550		550	
Overseas debt securities	-		3,337		-		3,337	
Total	5,489		11,347		5,489		11,347	
<u>Less</u> Allowance for impairment	(54)		(54)		(54)		(54)	
Held-to-maturity debt securities - net	5,435		11,293		5,435		11,293	
General investments								
Private sector debt securities	1		1		1		1	
Domestic non-marketable equity securities	603		666		603		665	
Overseas non-marketable equity securities	13		14		13		14	
Investments in receivables (Note 8.6)	841		1,213		796		1,085	
Total	1,458		1,894		1,413		1,765	
<u>Less</u> Allowance for impairment	(345)		(470)		(308)		(366)	
General investments - net	1,113		1,424		1,105		1,399	
Long-term investments - net	12,152		15,388		12,144		15,236	

8 Investments (Cont'd)

8.1 Classified by types of investment (Cont'd)

- (a) As of 31 December 2010, the Bank had foreign currency denominated debt investment in structured note totalling USD 50 million or Baht 1,508 million (31 December 2009: USD 100 million or Baht 3,337 million), which has been classified as the held-to-maturity investments and is recorded under the cost method. Such note was issued by foreign bank whose rating was A or better. The note has remaining live of 1 year and contain conditions related to interest to be received by the Bank and/or early repayment rights of the note issuer.

As at 31 December 2010, the estimated price of the notes quoted by arrangers is approximately 98 percent (31 December 2009: 98 percent). 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.

- (b) As at 31 December 2010, held-to-maturity debt securities classified as long-term investments included promissory notes which were received from TAMC in settlement for non-performing loans transferred to TAMC (as already discussed in Note 38 to the financial statements) amounting to Baht 800 million (31 December 2009: Baht 800 million). Such promissory notes are non-transferable and avaled by the FIDF.
- (c) As at 31 December 2010, 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 (31 December 2009: Baht 2,500 million) and it is presented at its fair value of Baht 2,683 million (31 December 2009: Baht 2,535 million), with the gain from revaluation amounting to Baht 183 million (31 December 2009: Baht 35 million) presented in shareholders' equity. The presentation of fair value is in accordance with Thai Accounting Standard No. 40 (former number) concerning Accounting for Investment in Debt and Equity Securities. The investee fund 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 2010 and 31 December 2009, the Bank has investments which are pledged as collateral, as mentioned in Note 32.1 to the financial statements.

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8 Investments (Cont'd)

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

	Consolidated financial statements							
	2010				2009			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Available-for-sales securities								
Government and state enterprises securities	2,622	2,959	-	5,581	4,536	32	3	4,571
Private sector debt securities	1	-	-	1	55	35	3	93
Total	2,623	2,959	-	5,582	4,591	67	6	4,664
<u>Add</u> Allowance for revaluation	(4)	(38)	-	(42)	2	-	1	3
<u>Less</u> Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Available-for-sales securities - net	2,618	2,921	-	5,539	4,592	67	7	4,666
Held-to-maturity securities								
Promissory notes issued by TAMC	481	319	-	800	-	792	8	800
Government and state enterprises securities	4,561	4,466	154	9,181	-	6,505	155	6,660
Private sector debt securities	-	550	-	550	-	550	-	550
Overseas debt securities	1,508	-	-	1,508	-	1,669	1,668	3,337
Total	6,550	5,335	154	12,039	-	9,516	1,831	11,347
<u>Less</u> Allowance for impairment	-	(54)	-	(54)	-	(54)	-	(54)
Held-to-maturity securities - net	6,550	5,281	154	11,985	-	9,462	1,831	11,293
General investments								
Private sector debt securities	-	-	1	1	-	-	1	1
<u>Less</u> Allowance for impairment	-	-	(1)	(1)	-	-	(1)	(1)
General investments - net	-	-	-	-	-	-	-	-
Total debt securities	9,168	8,202	154	17,524	4,592	9,529	1,838	15,959

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8 Investments (Cont'd)

8.2 Classified by the remaining period to maturity of the debt securities (Cont'd)

	Separate financial statements							
	2010				2009			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Available-for-sales securities								
Government and state enterprises securities	2,622	2,959	-	5,581	4,488	-	-	4,488
Private sector debt securities	1	-	-	1	54	-	-	54
Total	2,623	2,959	-	5,582	4,542	-	-	4,542
<u>Add</u> Allowance for revaluation	(4)	(38)	-	(42)	2	-	-	2
<u>Less</u> Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Available-for-sales securities - net	2,618	2,921	-	5,539	4,543	-	-	4,543
Held-to-maturity securities								
Promissory notes issued by TAMC	481	319	-	800	-	792	8	800
Government and state enterprises securities	4,561	4,466	154	9,181	-	6,505	155	6,660
Private sector debt securities	-	550	-	550	-	550	-	550
Overseas debt securities	1,508	-	-	1,508	-	1,669	1,668	3,337
Total	6,550	5,335	154	12,039	-	9,516	1,831	11,347
Less Allowance for impairment	-	(54)	-	(54)	-	(54)	-	(54)
Held-to-maturity securities - net	6,550	5,281	154	11,985	-	9,462	1,831	11,293
General investments								
Private sector debt securities	-	-	1	1	-	-	1	1
<u>Less</u> Allowance for impairment	-	-	(1)	(1)	-	-	(1)	(1)
General investments - net	-	-	-	-	-	-	-	-
Total debt securities	9,168	8,202	154	17,524	4,543	9,462	1,831	15,836

8 Investments (Cont'd)

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

The following are equity securities 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. The investments classified by industry are as follows:

	Consolidated and separate financial statements	
	31 December 2010	31 December 2009
	Million Baht	Million Baht
Commercial business	2	2
Property development	1	1
Public utilities and services	17	17
Bank and Finance	4	4
Total	24	24
<u>Less</u> Allowance for impairment	<u>(11)</u>	<u>(10)</u>
Investments representing shareholdings in which the Bank and its subsidiaries hold more than 10% - net	<u>13</u>	<u>14</u>

8.4 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 subsidiaries and associated companies. The investments classified by type of fund are as follows:

	Consolidated and separate financial statements			
	31 December 2010		31 December 2009	
	Cost	Fair value	Cost	Fair value
	Million	Million	Million	Million
	Baht	Baht	Baht	Baht
General investments				
Investment in property funds	229	<u>226</u>	264	<u>264</u>
<u>Less</u> Allowance for impairment	<u>(3)</u>		<u>(3)</u>	
General investments - net	<u>226</u>		<u>261</u>	

8 Investments (Cont'd)

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

As at 31 December 2010 and 2009, the Bank and its subsidiaries have the following investments in companies, which have problems relating to financial positions and operating results:

	Consolidated and separate financial statements							
	2010			2009				
	Number of companies	Cost Million Baht	Allowance for Revaluation/ Impairment Million Baht	Book Value Million Baht	Number of companies	Cost Million Baht	Allowance for Revaluation/ Impairment Million Baht	Book Value Million Baht
Listed companies under delisting conditions	2	-	-	-	3	-	-	-
Companies with problems regarding to business continuity and/or weak financial status and operating performance	51	42	(42)	-	53	50	(40)	10
Defaulted debt securities	18	2	(2)	-	17	1	(1)	-
	<u>71</u>	<u>44</u>	<u>(44)</u>	<u>-</u>	<u>73</u>	<u>51</u>	<u>(41)</u>	<u>10</u>

8.6 Investments in receivables

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Investments in receivables (Note 8.1)	841	1,213	796	1,085
<u>Less</u> Allowance for impairment	<u>(131)</u>	<u>(258)</u>	<u>(94)</u>	<u>(154)</u>
Investments in receivables - net	<u>710</u>	<u>955</u>	<u>702</u>	<u>931</u>

As at 31 December 2010 and 2009, the outstanding balances of loan receivables can be summarised as follows:

	2010			2009				
	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (Yield) * %	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (Yield)* %
Consolidated financial statements								
Total accumulated investments in receivables	6,036	24,833	7,069	19	14,730	24,916	7,075	19
Outstanding investments in receivables as at the balance sheet date	353	3,733	841	-	12,366	10,382	1,213	-
Separate financial statements								
Total accumulated investments in receivables	5,847	22,948	6,996	-	5,857	22,948	6,996	-
Outstanding investments in receivables as at the balance sheet date	199	2,136	796	-	239	2,675	1,085	-

* Excluded yield of investment in receivable of a subsidiary which the outstanding as at 31 December 2010 is Baht 45 million (31 December 2009: Baht 48 million).

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8 Investments (Cont'd)

8.7 Investments in subsidiary and associated companies

Company name	Nature of business	Consolidated financial statements									
		Investment value								Dividend received for the years ended 31 December	
		Paid-up share capital		Percentage of holding		Cost method		Equity method		2010	2009
		2010 Million Baht	2009 Million Baht	2010 %	2009 %	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Subsidiary - not included in consolidated financial statements											
Krung Thai Thanakit Finance Plc.	In process of liquidation	388	388	99	99	562	562	154	154	-	-
Associated company											
Worldclass Rent a Car Co., Ltd.	Car rental	-	380	-	20	-	61	-	61	-	-
Total						562	623	154	215		
Less Allowance for impairment						(304)	(314)	-	(10)	-	-
Investments in subsidiary and associated companies-net						258	309	154	205		

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8 Investments (Cont'd)

8.7 Investments in subsidiary and associated companies (Cont'd)

Company name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding		Investment value Cost method		Dividend received for the years ended 31 December	
		2010 Million Baht	2009 Million Baht	2010 %	2009 %	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Subsidiaries - included in consolidated financial statements									
BT Insurance Co., Ltd	Non-life insurance	300	300	-	100	-	236	-	-
CIMB Securities (Thailand) Co., Ltd.	Securities	500	500	100	100	1,175	1,175	-	-
CT Coll Co., Ltd. (Formerly known as "BT Business Consulting Co., Ltd.")	Debt collection	38	32	100	100	38	32	-	-
BT Leasing Co., Ltd.	Leasing/ hire purchase	525	275	100	100	703	453	-	-
CIMB – Principal Asset Management Co., Ltd. (Formerly known as "BT Asset Management Co., Ltd.")	Fund manager	235	235	-	100	-	235	-	-
Sathorn Asset Management Co., Ltd.	Asset management	525	25	-	100	-	25	-	200
World Lease Co., Ltd. (Formerly known "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	-	61	-	-
Total						2,726	3,027		
Less Allowance for impairment						(1,403)	(1,563)		200
Investments in subsidiary and associated companies - net						1,323	1,464		

8 Investments (Cont'd)

8.7 Investments in subsidiary and associated companies (Cont'd)

The Board of Directors' meeting no. 4/2010 on 12 March 2010 and the 2009 annual general shareholder meeting on 29 April 2010 resolved that the Bank sells its investment in equity of BT Insurance Co., Ltd. 29,999,910 shares which was 99.99% of its paid-up capital to the acquirer outside the Group. Besides, the Board of Directors' meeting no. 5/2010 on 25 March 2010 and the 2009 annual general shareholder meeting also approved changing in shareholding structure of the Bank by allowing the Bank to sell its investment in Sathorn Asset Management Co., Ltd. 24,999,993 shares which was 99.99% of its paid-up capital, BT Asset Management Co., Ltd. (which later on changed the name to CIMB-Principal Asset Management Co., Ltd.) 23,999,993 shares which was 99.99% of its paid-up capital and World Class Rent a Car Co., Ltd. 760,000 shares which was 20% of its paid-up capital to companies in the same group assigned by the parent company.

As at 4 May 2010, the Bank increased its investment in BT Asset Management Co., Ltd. (which later on changed its name to CIMB-Principal Asset Management Co., Ltd.) amounting to Baht 5 million.

As at 30 June 2010, the Bank sold its shares in BT Asset Management Co., Ltd (which later on changed the name to CIMB-Principal Asset Management Co., Ltd.). The Bank received cash from selling the shares amounted to Baht 250 million. Gain from sales recognised in consolidated income statement at amount of Baht 218 million (separate income statement Baht 162 million).

On 23 July 2010, the Bank sold the shareholding in World Class Rent a Car Co., Ltd. to a company which is incorporated under the same control as the Bank. Gain from sale amounting to Baht 22 million is recognised in the consolidated and separate income statements for the year ended 31 December 2010.

On 29 September 2010, the Board of directors of BT Leasing Co., Ltd. which is the Bank's subsidiary and The Board of Directors' meeting no. 13/2553 on 24 November 2010 approved for raising its capital amounting to Baht 1,000 million. On 29 November 2010, the Bank settled the capital to BT Leasing Co., Ltd. Amounting to Baht 250 million.

As at 7 October 2010, the bank increased its investment in BT Business Consulting Co., Ltd. (which later on changed the name to CT Coll Co., Ltd.) amounting to Baht 5.5 million.

On 4 November 2010, the Bank sold the shareholding in BT Insurance Co., Ltd. The Bank received cash from selling the shares amounted to Baht 392 million. Gain from sale recognised in consolidated income statement at amount of Baht 21 million (separate income statement Baht 98 million). However, the Bank has an obligation to price adjustment which may result a payment in the maximum amount of Baht 58 million.

On 23 December 2010, the Bank sold the shareholding in Sathorn Asset Management Co., Ltd. The Bank received cash from selling the shares amounted to Baht 229 million. Loss from sale recognised in consolidated income statement at amount of Baht 84 million (gain in separate income statement Baht 204 million).

Subsequent event

On 11 January 2011, BT Business Consulting Co., Ltd. which is a subsidiary registered change its name to CT Coll Co., Ltd.

On 3 February 2011, BT Leasing Co., Ltd. which is a subsidiary registered change its name to Center Auto Lease Co., Ltd.

9 Loans and accrued interest receivables

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Loans	93,793	85,996	92,161	81,180
Accrued interest receivables	207	255	178	198
Total loans and accrued interest receivables	94,000	86,251	92,339	81,378
<u>Less</u> Allowance for doubtful debts (Note 10)	(2,604)	(7,944)	(2,424)	(4,237)
<u>Less</u> Revaluation allowance for debt restructuring (Note 11)	(9)	(9)	(9)	(9)
Loans and accrued interest receivables	91,387	78,298	89,906	77,132

9.1 Classified by loan type

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Bank overdrafts	6,057	5,671	6,063	5,655
Loans	57,688	57,439	60,921	54,786
Bills*	23,799	18,545	25,120	20,679
Hire purchase receivables*	5,799	3,592	-	-
Financial lease receivables*	-	256	-	-
Securities business receivables	393	432	-	-
Others	57	61	57	60
Total loans	93,793	85,996	92,161	81,180
<u>Add</u> Accrued interest receivables	207	255	178	198
Total loans and accrued interest receivables	94,000	86,251	92,339	81,378
<u>Less</u> Allowance for doubtful debts (Note 10)	(2,604)	(7,944)	(2,424)	(4,237)
<u>Less</u> Revaluation allowance for debt restructuring (Note 11)	(9)	(9)	(9)	(9)
Loans and accrued interest receivables - net	91,387	78,298	89,906	77,132

* Those amounts have been presented net from unearned interest income as at 31 December 2010 total of Baht 1,710 million (31 December 2009: Baht 979 million) and in separate financial statements Baht 5 million (31 December 2009: Baht 5 million).

9.2 Classified by remaining period of contract

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Not over 1 year*	37,993	37,706	37,643	33,473
Over 1 year	56,007	48,545	54,696	47,905
Total loans and accrued interest receivables	94,000	86,251	92,339	81,378

* 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.

9 Loans and accrued interest receivables (Cont'd)

9.3 Classified by currency and residency of debtors

	Consolidated financial statements					
	2010			2009		
	Domestic Million Baht	Overseas Million Baht	Total Million Baht	Domestic Million Baht	Overseas Million Baht	Total Million Baht
Baht	88,824	-	88,824	84,170	73	84,243
US dollar	4,994	-	4,994	1,943	-	1,943
Other currencies	182	-	182	65	-	65
Total loans and accrued interest receivables	94,000	-	94,000	86,178	73	86,251

	Separate financial statements					
	2010			2009		
	Domestic Million Baht	Overseas Million Baht	Total Million Baht	Domestic Million Baht	Overseas Million Baht	Total Million Baht
Baht	87,163	-	87,163	79,370	-	79,370
US dollar	4,994	-	4,994	1,943	-	1,943
Other currencies	182	-	182	65	-	65
Total loans and accrued interest receivables	92,339	-	92,339	81,378	-	81,378

9.4 Classified by types of business and loan classification

	Consolidated financial statements						
	2010						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Securities and hire purchase receivables Million Baht	Total Million Baht
Agricultural and mining	713	39	-	2	11	-	765
Manufacturing and commerce	33,584	4,213	820	39	411	-	39,067
Real estate and construction	3,746	1,183	143	137	269	-	5,478
Public utilities and services	11,918	2,229	129	16	160	-	14,452
Personal cash	5,548	265	230	-	19	-	6,062
Housing loans	15,982	183	106	86	63	-	16,420
Hire purchase receivable and financial lease receivable	-	-	-	-	-	5,827	5,827
Others	5,338	85	49	33	31	393	5,929
Total loans and accrued interest receivables	76,829	8,197	1,477	313	964	6,220	94,000

9 Loans and accrued interest receivables (Cont'd)

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

	Consolidated financial statements						Total Million Baht
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Securities and hire purchase receivables Million Baht	
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

	Separate financial statements					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht
Agricultural and mining	713	39	-	2	11	765
Manufacturing and commerce	33,584	4,213	820	39	411	39,067
Real estate and construction	3,746	1,183	143	137	269	5,478
Public utilities and services	11,918	2,229	129	16	160	14,452
Personal cash	5,548	265	230	-	19	6,062
Housing loans	15,982	183	106	86	63	16,420
Others	9,897	85	49	33	31	10,095
Total loans and accrued interest receivables	81,388	8,197	1,477	313	964	92,339

	Separate financial statements					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht
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	60,942	11,291	2,532	1,111	5,502	81,378

9 Loans and accrued interest receivables (Cont'd)

9.5 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							
	2010				2009			
	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht
Pass	82,386	30,563	1	357	58,190	19,810	1	247
Special mention	8,702	2,433	2	43	11,291	2,694	2	51
Sub-standard	1,540	727	100	725	2,532	1,119	100	1,142
Doubtful	390	81	100	145	1,111	318	100	358
Doubtful of loss	982	172	100	380	8,823	5,350	100	5,558
Total	<u>94,000</u>	<u>33,976</u>		<u>1,650</u>	<u>81,947</u>	<u>29,291</u>		<u>7,356</u>
General provision for further losses				<u>954</u>				<u>146</u>
Total				<u>2,604</u>				<u>7,502</u>
	Separate financial statements							
	2010				2009			
	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽²⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht
Pass	81,388	29,884	1	323	60,942	22,566	1	247
Special mention	8,197	1,928	2	34	11,291	2,694	2	51
Sub-standard	1,477	691	100	691	2,532	1,119	100	1,141
Doubtful	313	60	100	59	1,111	318	100	357
Doubtful of loss	964	154	100	363	5,502	2,195	100	2,404
Total	<u>92,339</u>	<u>32,717</u>		<u>1,470</u>	<u>81,378</u>	<u>28,892</u>		<u>4,200</u>
General provision for further losses				<u>954</u>				<u>37</u>
Total				<u>2,424</u>				<u>4,237</u>

⁽¹⁾ For provision for sub-standard, doubtful and doubtful of loss loans, which is set up in accordance with BoT's notification No. Sor Nor Sor 31/2551, 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 2010, there were defaulted loans amounting to Baht 2,239 million (31 December 2009: Baht 7,658 million), for which the Bank has ceased accrual of interest income on accrual basis.

9 Loans and accrued interest receivables (Cont'd)

9.5 Classification of loans (Cont'd)

b) Securities business receivables of the subsidiary

	Securities business receivables and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Pass	319	356	-	-	-	-
Sub-standard debt	19	16	-	-	-	-
Doubtful debt	55	61	55	61	63	78
Total	393	433	55	61	63	78

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

As at 31 December 2010 and 2009, hire-purchase receivables and financial lease receivables of the subsidiaries are classified based on the over due date as follows:

	Debt balance - net unearned income		Allowance for doubtful accounts	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Current or overdue less than 1 installment	5,238	3,105	52	30
Overdue 2 - 3 installments	506	427	10	9
Overdue 4 - 6 installments	44	44	34	30
Overdue 7 - 12 installments	22	22	22	22
Overdue more than 12 installments	13	268	13	268
Debtors under litigation	5	5	5	5
Total	5,828	3,871	136	364

9.6 Non-performing loans

As at 31 December 2010 and 2009, 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:

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Non-performing loans (principal only)				
Banking business	2,753	9,132	2,753	9,132
Asset management business	-	3,290	-	-
Other businesses	100	363	-	-

As at 31 December 2010 and 2009, 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.

9 Loans and accrued interest receivables (Cont'd)

9.7 Hire purchase and finance lease receivables

As at 31 December 2010, net receivables of the Bank's subsidiaries under hire purchase agreements and financial leases amount to Baht 5,692 million (31 December 2009: Baht 3,507 million), and mostly 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 mostly charged at a fixed rate.

	Consolidated financial statements as at 31 December 2010				
	Amounts due under lease agreement				
	Less than 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non - performing loans Million Baht	Total Million Baht
Gross investment in the lease	2,386	4,556	477	114	7,533
<u>Less</u> Unearned finance income	(640)	(925)	(110)	(30)	(1,705)
Present value of minimum lease payments receivable	1,746	3,631	367	84	5,828
<u>Less</u> Allowance for doubtful accounts					(136)
Net receivables under hire purchase agreements and financial leases					<u>5,692</u>

	Consolidated financial statements as at 31 December 2009				
	Amounts due under lease agreement				
	Less than 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non - performing loans Million Baht	Total Million Baht
Gross investment in the lease	1,893	2,551	22	379	4,845
<u>Less</u> Unearned finance income	(529)	(404)	(1)	(40)	(974)
Present value of minimum lease payments receivable	1,364	2,147	21	339	3,871
<u>Less</u> Allowance for doubtful accounts					(364)
Net receivables under hire purchase agreements and financial leases					<u>3,507</u>

9.8 Troubled debt restructuring

During for the year ended 31 December 2010 and 2009, 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:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Number of debtors (Number)	3,473	4,672	3,473	4,656
Debt balances (Million Baht)	2,725	2,367	2,725	2,323

9 Loans and accrued interest receivables (Cont'd)

9.8 Troubled debt restructuring (Cont'd)

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

Consolidated financial statements			
For the year ended 31 December 2010			
	Debt balances		Loss on troubled debt restructuring
	Before restructuring	After restructuring	
Number of debtors	Million Baht	Million Baht	Million Baht
Modification of terms of payments	3,473	2,725	2,681
Total	3,473	2,725	2,681
Loans and accrued interest receivables as at 31 December 2010	379,956	94,000	

Consolidated financial statements			
For the year ended 31 December 2009			
	Debt balances		Loss on troubled debt restructuring
	Before restructuring	After restructuring	
Number of debtors	Million Baht	Million Baht	Million Baht
Modification of terms of payments	4,672	2,367	2,282
Total	4,672	2,367	2,282
Loans and accrued interest receivables as at 31 December 2009	197,203	86,251	

Separate financial statements			
For the year ended 31 December 2010			
	Debt balances		Loss on troubled debt restructuring
	Before restructuring	After restructuring	
Number of debtors	Million Baht	Million Baht	Million Baht
Modification of terms of payments	3,473	2,725	2,681
Total	3,473	2,725	2,681
Loans and accrued interest receivables as at 31 December 2010	121,463	92,339	

9 Loans and accrued interest receivables (Cont'd)

9.8 Troubled debt restructuring (Cont'd)

	Separate financial statements			
	For the year ended 31 December 2009			
	Number of debtors	Debt balances		Loss on troubled debt restructuring Million Baht
		Before restructuring Million Baht	After restructuring Million Baht	
Modification of terms of payments	4,656	2,323	2,238	85
Total	4,656	2,323	2,238	85
Loans and accrued interest receivables as at 31 December 2009	143,263	81,378		

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:

Period of debts restructuring contracts	Consolidated financial statements					
	For the year ended 31 December 2010			For the year ended 31 December 2009		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht		Before restructuring Million Baht	After restructuring Million Baht
Not more than 5 years	1,157	749	705	1,534	1,152	1,067
5 - 10 years	2,238	1,804	1,804	3,106	964	964
10 - 15 years	22	78	78	15	189	189
More than 15 years	56	94	94	17	62	62
Total	3,473	2,725	2,681	4,672	2,367	2,282

Period of debts restructuring contracts	Separate financial statements					
	For the year ended 31 December 2010			For the year ended 31 December 2009		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht		Before restructuring Million Baht	After restructuring Million Baht
Not more than 5 years	1,157	749	705	1,526	1,139	1,054
5 - 10 years	2,238	1,804	1,804	3,101	934	934
10 - 15 years	22	78	78	13	189	189
More than 15 years	56	94	94	16	61	61
Total	3,473	2,725	2,681	4,656	2,323	2,238

9 Loans and accrued interest receivables (Cont'd)

9.8 Troubled debt restructuring (Cont'd)

Supplemental information for the years ended 31 December 2010 and 2009 relating to the restructured debts is as follow:

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Losses on debt restructuring due to debtors being able to comply with debt restructuring conditions during the period/year	407	151	407	136
Cash settlement by debtors				
Principal	1,526	1,203	1,524	1,193
Interest	353	390	351	371

As at 31 December 2010 and 2009, the troubled debtors for which the Bank and its subsidiaries completed their debt restructuring can be summarised as follow:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Number of debtors (Number)	8,193	7,608	8,190	7,591
Debt balances after restructuring (Million Baht)	3,172	3,241	3,148	3,173

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 2010, the Bank have losses from the revaluation of restructured debts (PV Loss) of Baht 9 million (31 December 2009: Baht 9 million) for which the Bank had provided an allowance for revaluation as a result of debt restructuring.

In addition, as at 31 December 2010 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 43 million (31 December 2009: Baht 40 million). The Bank had already provided as a provision for such losses, which is presented as part of the allowance for doubtful debts in the balance sheet.

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10 Allowance for doubtful debts

		Consolidated financial statements								
		2010								
		Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision for further losses Million Baht	Total Million Baht	Securities and hire purchase receivables Million Baht	Grand total Million Baht
	Balance as at 31 December 2009	247	51	1,142	358	5,558	146	7,502	442	7,944
<u>Add</u>	Addition	-	-	-	-	-	757	757	58	815
	Reversal of bad debts	-	-	-	-	-	252	252	-	252
	Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
	Reversal of allowance made for settled debts	(11)	-	-	-	(87)	-	(98)	(14)	(112)
	Transferred from allowance for sold NPL	-	-	-	-	24	-	24	-	24
<u>Less</u>	Bad debts written off	-	(6)	(632)	-	(319)	(24)	(981)	(287)	(1,268)
	Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(7)	(7)	-	(7)
	Transfer to allowance for interbank	-	-	-	-	-	(2)	(2)	-	(2)
	Reversal of allowance For sold NPL	-	-	(3)	(7)	(1,871)	-	(1,881)	-	(1,881)
	Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	87	(11)	184	(292)	116	(84)	-	-	-
	Write-off from disposal of subsidiary	-	-	-	-	(3,058)	(110)	(3,168)	-	(3,168)
	Balance as at 31 December 2010	<u>323</u>	<u>34</u>	<u>691</u>	<u>59</u>	<u>363</u>	<u>935</u>	<u>2,405</u>	<u>199</u>	<u>2,644</u>
		Consolidated financial statements								
		2009								
		Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision for further losses Million Baht	Total Million Baht	Securities and hire purchase receivables Million Baht	Grand total Million Baht
	Balance as at 31 December 2008	261	112	1,273	886	5,803	166	8,501	472	8,973
<u>Add</u>	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
<u>Less</u>	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	<u>247</u>	<u>51</u>	<u>1,142</u>	<u>358</u>	<u>5,558</u>	<u>146</u>	<u>7,502</u>	<u>442</u>	<u>7,944</u>

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10 Allowance for doubtful debts (Cont'd)

	Separate financial statements						
	2010						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 31 December 2009	247	51	1,141	357	2,404	37	4,237
<u>Add</u> Addition	-	-	-	-	-	775	775
Reversal of bad debts	-	-	-	-	-	252	252
Transferred from revaluations allowance for debt restructuring	-	-	-	-	-	7	7
Reversal of allowance made for settled debts	-	-	-	-	24	-	24
<u>Less</u> Bad debts written off	-	(6)	(632)	-	(319)	(24)	(981)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(7)	(7)
Transfer to allowance for interbank	-	-	-	-	-	(2)	(2)
Reversal of allowance for sold NPL	-	-	(3)	(7)	(1,871)	-	(1,881)
Increase (decrease) due to change in classification or collateral value/transfer general provision to specific provision	76	(11)	185	(291)	125	(84)	-
Balance as at 31 December 2010	323	34	691	59	363	954	2,424
	Separate financial statements						
	2009						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 31 December 2008	249	112	1,243	802	2,693	150	5,249
<u>Add</u> Addition	-	-	-	-	-	1,145	1,145
Reversal of bad debts	-	-	-	-	-	151	151
Transferred from revaluation allowance for debt restructuring	-	-	-	-	-	15	15
Reversal of allowances made for settled debts	-	-	-	-	13	-	13
<u>Less</u> 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

11 Revaluation allowance for debt restructuring

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Balance - beginning of the year	9	20	9	20
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	7	4	7	4
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(7)	(15)	(7)	(15)
Balance - end of the year	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>

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

12 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.

	Consolidated financial statements				Balance as at 31 December 2010 Million Baht
	For the year ended 31 December 2010				
	Balance as at 31 December 2009 Million Baht	Additions Million Baht	Disposals Million Baht	Write-off from disposal of subsidiary Million Baht	
Immovable					
- Assessed by external appraiser	3,027	17	(231)	(168)	2,645
Movable	19	361	(365)	-	15
Total	3,046	378	(596)	(168)	2,660
<u>Less</u> Allowance for impairment	(636)	(146)	158	13	(611)
Properties foreclosed - net	<u>2,410</u>	<u>232</u>	<u>(438)</u>	<u>(155)</u>	<u>2,049</u>

	Consolidated financial statements				Balance as at 31 December 2009 Million Baht
	For the year ended 31 December 2009				
	Balance as at 31 December 2008 Million Baht	Additions Million Baht	Disposals Million Baht		
Immovable					
- Assessed by external appraiser	3,204	55	(232)		3,027
Movable	41	429	(451)		19
Total	3,245	484	(683)		3,046
<u>Less</u> Allowance for impairment	(762)	(162)	288		(636)
Properties foreclosed - net	<u>2,483</u>	<u>322</u>	<u>(395)</u>		<u>2,410</u>

12 Properties foreclosed (Cont'd)

	Separate financial statements			
	For the year ended 31 December 2010			
	Balance as at 31 December 2009 Million Baht	Additions Million Baht	Disposals Million Baht	Balance as at 31 December 2010 Million Baht
Immovable				
- Assessed by external appraiser	2,852	13	(227)	2,638
Total	2,852	13	(227)	2,638
<u>Less</u> Allowance for impairment	(620)	(3)	18	(605)
Properties foreclosed - net	<u>2,232</u>	<u>10</u>	<u>(209)</u>	<u>2,033</u>
	Separate financial statements			
	For the year ended 31 December 2009			
	Balance as at 31 December 2008 Million Baht	Additions Million Baht	Disposals Million Baht	Balance as at 31 December 2009 Million Baht
Immovable				
- Assessed by external appraiser	3,017	53	(218)	2,852
Total	3,017	53	(218)	2,852
<u>Less</u> Allowance for impairment	(740)	-	120	(620)
Properties foreclosed - net	<u>2,277</u>	<u>53</u>	<u>(98)</u>	<u>2,232</u>

The Bank provides allowance for impairment of properties foreclosed by reference to appraisal value. The Bank appraise 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 appraisal value. In addition, the Bank is subject to restrictions on the allowable periods it may hold such properties, as stipulated by the Bank of Thailand. If the Bank is unable to dispose of the properties within allowable periods, the Bank has to set aside additional provision in accordance with the Bank of Thailand guidelines. The Bank's management believes that the carrying value of such properties is suitable to the current situation and the current disposal plan of its properties foreclosed.

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13 Premises and equipments

	Consolidated financial statement													
	Cost/ Appraisal Value					Accumulated depreciation								
	Balance as at 31 December 2009 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Transfer to properties foreclosed Million Baht	Write-off from disposal of subsidiary Million Baht	Balance as at 31 December 2010 Million Baht	Balance as at 31 December 2009 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Transfer to properties foreclosed Million Baht	Write-off from disposal of subsidiary Million Baht	Balance as at 31 December 2010 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land														
Cost	804	-	(237)	(4)	-	563	-	-	-	-	-	-	-	563
Revaluation surplus (Revaluation in year 2006)	470	-	(17)	(3)	-	450	-	-	-	-	-	-	-	450
Devaluation of asset (Revaluation in year 2006)	(88)	-	-	-	-	(88)	-	-	-	-	-	-	-	(88)
Buildings														
Cost	2,818	71	(731)	(13)	-	2,145	(1,227)	(94)	368	10	-	(943)	-	1,202
Revaluation surplus (Revaluation in year 2006)	456	-	(276)	-	-	180	(196)	(5)	138	-	-	(63)	-	117
Devaluation of asset (Revaluation in year 2006)	(177)	-	-	-	-	(177)	68	17	-	-	-	85	-	(92)
Equipments	2,401	163	(264)	-	(25)	2,275	(1,806)	(243)	209	-	21	(1,819)	(12)	444
Assets under installation and under construction	35	116	(80)	-	-	71	-	-	-	-	-	-	-	71
Total	6,719	350	(1,605)	(20)	(25)	5,419	(3,161)	(325)	715	10	21	(2,740)	(12)	2,667

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13 Premises and equipments (Cont'd)

Separate financial statement

	Cost/ Appraisal Value				Accumulated depreciation							Allowance for impairment Million Baht	Net book value Million Baht
	Balance as at 31 December 2009	Additions	Disposals/ written off	Transfer to properties foreclosed	Balance as at 31 December 2010	Balance as at 31 December 2009	Additions	Disposals/ written off	Transfer to properties foreclosed	Balance as at 31 December 2010			
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht			
Land													
Cost	804	-	(237)	(4)	563	-	-	-	-	-	-	-	563
Revaluation surplus (Revaluation in year 2006)	470	-	(17)	(3)	450	-	-	-	-	-	-	-	450
Devaluation of asset (Revaluation in year 2006)	(88)	-	-	-	(88)	-	-	-	-	-	-	-	(88)
Buildings													
Cost	2,772	69	(731)	(13)	2,097	(1,204)	(91)	368	10	(917)	-	-	1,180
Revaluation surplus (Revaluation in year 2006)	456	-	(276)	-	180	(196)	(5)	138	-	(63)	-	-	117
Devaluation of asset (Revaluation in year 2006)	(177)	-	-	-	(177)	68	17	-	-	85	-	-	(92)
Equipments	2,142	133	(228)	-	2,047	(1,597)	(222)	184	-	(1,635)	(12)	-	400
Assets under installation and under construction	32	115	(79)	-	68	-	-	-	-	-	-	-	68
Total	6,411	317	(1,568)	(20)	5,140	(2,929)	(301)	690	10	(2,530)	(12)	-	2,598

The Bank and its subsidiaries have some portion of equipments which have already been fully depreciated. The cost of those fixed asset as at 31 December 2010 was Baht 1,364 million (31 December 2009: Baht 1,098 million) for separate financial statement: Baht 1,207 million (31 December 2009: Baht 972 million).

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14 Intangible assets

Consolidated financial statements								
	Amortising period	Balance as at 31 December 2009 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Written off Million Baht	Amortisation Million Baht	Adjustment Million Baht	Balance as at 31 December 2010 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	428	122	(78)	(382)	-	(30)	60
Computer software	5 - 10 years	386	33	78	(86)	(5)	-	406
License Fee	5 years	6	-	-	-	(2)	-	4
Total		820	155	-	(468)	(7)	(30)	470
<u>Less</u> Allowance for impairment		(393)						(19)
Net intangible assets		427						451

Separate financial statements								
	Amortising period	Balance as at 31 December 2009 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Written off Million Baht	Amortisation Million Baht	Adjustment Million Baht	Balance as at 31 December 2010 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	428	121	(77)	(382)	-	(30)	60
Computer software	5 - 10 years	373	32	77	-	(83)	-	399
License Fee	5 years	4	-	-	-	(2)	-	2
Total		805	153	-	(382)	(85)	(30)	461
<u>Less</u> Allowance for impairment		(393)						(19)
Net intangible assets		412						442

15 Operating result of discontinued operation

Operating result of discontinued operations is the operation of subsidiaries that were approved by the committee meeting and ordinary of shareholders' meeting in 2009 to sell the shareholding according to the Note 8.7

a) Cash flows of discontinued operations

	Consolidated financial statements	
	For the year ended 31 December	
	2010 Million Baht	2009 Million Baht
Operating cash flows	140	101
Investing cash flows	(150)	9
Financing cash flows	-	(200)
Total cash flows	(10)	(90)

15 Assets of disposal group classified as held for sale and discontinued operations (Cont'd)

b) Operating result of discontinued operations

	Consolidated financial statements	
	For the year ended 31 December	
	2010	2009
	Million Baht	Million Baht
Revenue	349	550
Expense	(209)	(371)
Profit before tax of discontinued operations	140	179
Tax	14	(47)
Profit after tax of discontinued operations	154	132

16 Other assets

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht
Accrued interest and dividend receivables	166	196	139	195
Credit support assets on derivative	211	331	211	331
Leasehold right	190	208	177	201
Advances	11	134	9	127
Others assets awaiting accounts transfer	213	431	213	431
Receivable from Clearing House	216	206	-	-
Commission receivables	493	-	493	-
Other	303	424	188	288
Total	1,803	1,930	1,430	1,573
<u>Less</u> Allowance for impairment	(37)	(147)	(37)	(144)
Other assets - net	1,766	1,783	1,393	1,429

17 Deposits

17.1 Classified by type of deposits

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht
At call	1,682	1,785	1,699	1,790
Savings	31,204	22,430	31,070	22,412
Fixed				
- Less than 6 months	13,069	50,765	13,069	50,775
- 6 months and up to 1 year	28,459	6,290	28,459	6,304
- Over 1 year	19,883	6,807	19,883	6,821
Negotiable certificate of deposit	367	322	367	322
Total deposits	94,664	88,399	94,547	88,424

17 Deposits (Cont'd)

17.2 Classified by the remaining period of contracts

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Not over 1 year*	93,696	81,581	93,579	81,592
Over 1 year	968	6,818	968	6,832
Total	94,664	88,399	94,547	88,424

* Included expired contracts

17.3 Classified by currency and residency of depositors

	Consolidated financial statements					
	2010			2009		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	93,364	587	93,951	87,651	669	88,320
US dollar	702	-	702	79	-	79
Other currencies	11	-	11	-	-	-
Total	94,077	587	94,664	87,730	669	88,399

	Separate financial statements					
	2010			2009		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	93,247	587	93,834	87,676	669	88,345
US dollar	702	-	702	79	-	79
Other currencies	11	-	11	-	-	-
Total	93,960	587	94,547	87,755	669	88,424

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18 Interbank and money market items (liabilities)

	Consolidated financial statements					
	2010			2009		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand	-	6	6	-	22	22
Commercial banks	11	870	881	6	5,700	5,706
Other banks	2	-	2	1	2,600	2,601
Finance, finance and securities, securities, credit foncier companies	314	204	518	223	70	293
Other financial institutions	296	2,759	3,055	308	308	616
Total domestic items	623	3,839	4,462	538	8,700	9,238
Foreign:						
US dollar	570	-	570	91	-	91
Other currencies	397	438	835	193	425	618
Total foreign items	967	438	1,405	284	425	709
Total domestic and foreign items	1,590	4,277	5,867	822	9,125	9,947
	Separate financial statements					
	2010			2009		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand	-	6	6	-	22	22
Commercial banks	17	600	617	6	5,500	5,506
Other banks	2	-	2	1	2,600	2,601
Finance, finance and securities, securities, credit foncier companies	390	204	594	332	70	402
Other financial institutions	296	2,759	3,055	324	309	633
Total domestic items	705	3,569	4,274	663	8,501	9,164
Foreign:						
US dollar	570	-	570	91	-	91
Other currencies	397	438	835	193	425	618
Total foreign items	967	438	1,405	284	425	709
Total domestic and foreign items	1,672	4,007	5,679	947	8,926	9,873

CIMB THAI Bank Public Company Limited
Notes to consolidated and separate financial statements
For the years ended 31 December 2010 and 2009

19 Borrowings

	Consolidated financial statements					
	2010			2009		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Hybrid instrument						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,529	2,529	-	2,512	2,512
Subordinated notes						
Subordinated debentures of USD 50 million, maturing in 2016	-	1,542	1,542	-	1,693	1,693
Subordinated debentures of USD 40 million, maturing in 2017	-	1,229	1,229	-	1,347	1,347
Non-interest bearing subordinated debentures of Baht 120 million, maturing in 2014	100	-	100	95	-	95
Subordinated debentures maturing in 2003	544	-	544	544	-	544
	644	5,300	5,944	639	5,552	6,191
Fixed rate notes						
Bill of exchange maturing at call, coupon rate of 1.10% - 1.65% per annum	400	-	400	380	-	380
Bills of exchange maturing in 2010, coupon rate of 1.10% - 1.78% per annum	-	-	-	8,620	-	8,620
Bills of exchange maturing in 2011, coupon rate of 1.30% - 1.75% per annum	14,048	-	14,048	-	-	-
	14,448	-	14,448	9,000	-	9,000
Total	15,092	5,300	20,392	9,639	5,552	15,191
<u>Less</u> Current portion of long-term borrowings	(14,992)	-	(14,992)	(9,544)	-	(9,544)
Long-term borrowings - net	100	5,300	5,400	95	5,552	5,647
Separate financial statements						
	2010			2009		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Hybrid instrument						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,529	2,529	-	2,512	2,512
Subordinated notes						
Subordinated debentures of USD 50 million, maturing in 2016	-	1,542	1,542	-	1,693	1,693
Subordinated debentures of USD 40 million, maturing in 2017	-	1,229	1,229	-	1,347	1,347
Subordinated debentures maturing in 2003	544	-	544	544	-	544
	544	5,300	5,844	544	5,552	6,096
Fixed rate notes						
Bill of exchange maturing at call, coupon rate of 1.00% - 1.65% per annum	400	-	400	380	-	380
Bills of exchange maturing in 2010, coupon rate of 1.10% - 1.78% per annum	-	-	-	8,620	-	8,620
Bills of exchange maturing in 2011, coupon rate of 1.30% - 1.75% per annum	14,048	-	14,048	-	-	-
	14,448	-	14,448	9,000	-	9,000
Total	14,992	5,300	20,292	9,544	5,552	15,096
<u>Less</u> Current portion of long-term borrowings	(14,992)	-	(14,992)	(9,544)	-	(9,544)
Long-term borrowings - net	-	5,300	5,300	-	5,552	5,552

19 Borrowings (Cont'd)

- a) As at 31 December 2010, the Bank has domestic subordinated debentures of Baht 544 Million (31 December 2009: Baht 544 million) which transferred to the Bank since the 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 year 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 after 5 years.
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 BoT.

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.

- 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 after 5 years.
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 BoT.

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.

- d) On 27 March 2009, the Bank issued 2,500,000 Cumulative hybrid instruments 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 year 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 BoT.

20 Other liabilities

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Credit support liabilities on derivative	1,228	258	1,228	258
Amount due to Department of Alternative Energy Development and Efficiency	548	380	548	380
Other liabilities awaiting accounts transfer	554	676	554	670
Unearned premium reserves	-	142	-	-
Reserve for off-balance sheet items	316	317	316	306
Provisions for contingent loss from legal cases	108	123	108	123
Securities business payable	383	417	-	-
Deferred commission	437	-	437	-
Accrued Expense	708	232	562	160
Others	274	658	183	333
Total	4,556	3,203	3,936	2,230

21 Share capital

The registered, share capital is as follows:

	Ordinary Shares	
	Number of Shares	Baht
As at 31 December 2010	16,315,934,756	8,157,967,378
As at 31 December 2009	13,349,401,164	6,674,700,582

Issued and paid-up capital is as follows:

	Ordinary Shares	
	Number of Shares	Baht
As at 31 December 2009	13,349,401,164	6,674,700,582
Capital Increase	2,966,533,592	1,482,266,796
As at 31 December 2010	16,315,934,756	8,156,967,378

As at 31 December 2010, registered ordinary shares was 16,315,934,756 shares at Baht 0.50 each (31 December 2009: 13,349,401,164 shares at Baht 0.50 each).

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 Baht 2,536.38 million. As the result, on 18 March 2009, CIMB Bank Berhad 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 33,100,728,673 (13,349,401,164 ordinary shares at 3.75 per share).

21 Share capital (Cont'd)

Capital Increase (Cont'd)

On 29 April 2010, the General Meeting of Shareholders No.16 approved an increase in the registered capital, from Baht 6,674,700,582 to Baht 8,157,967,378 by issuing 2,966,533,592 new ordinary shares with a par value of Baht 0.50 each and an offering price of Baht 1. The tendered share accepted by the offeror at completion of the offer period totaled Baht 2,966.53 million. As the result, on 15 October 2010 CIMB Bank Berhad holds 15,198,418,595 shares, or equivalent to 93.15 percent of total issued and outstanding shares of the Bank.

On 21 October 2010, the Bank registered an increased capital. After the registration of the capital increase, the registered capital and paid up capital is Baht 8,157,967,378 and share premium is Baht 1,483,266,796.

Capital Reduction

On 20 February 2009, the Extraordinary General Meeting of Shareholders No. 1/2009 approved the transfer of Baht 6,053,484 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 used to offset the share discount and the deficit respectively. 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 6,053,484 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 33,100,728,673 and the deficit of Baht 10,290,878,594.

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.

22 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 and transferred directly to retained earnings.

	Consolidated and separate financial statements	
	2010 Million Baht	2009 Million Baht
Balance - beginning of year	729	749
<u>Less</u> Amortisation	(5)	(20)
Decrease from sale of office building	(157)	-
Balance - end of year	<u>567</u>	<u>729</u>

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

23 Revaluation surplus (deficit) on investments

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Revaluation surplus on investments:				
Debt securities	3	3	3	3
Equity securities	202	50	183	37
Total	<u>205</u>	<u>53</u>	<u>186</u>	<u>40</u>
Revaluation deficit on investments:				
Debt securities	(44)	(1)	(45)	(1)
Equity securities	-	(3)	-	-
Total	<u>(44)</u>	<u>(4)</u>	<u>(45)</u>	<u>(1)</u>
Revaluation surplus on investments - net	<u>161</u>	<u>49</u>	<u>141</u>	<u>39</u>

24 Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside a statutory reserve of at least 5 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. This reserve cannot be used to pay dividend.

25 Capital funds

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

	31 December 2010 Million Baht	Total capital to risk assets %	31 December 2009 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	8,158		6,675	
Share premium	1,483		-	
Statutory reserve	64		-	
Surplus (deficit) unappropriated	862		(444)	
Total	10,567	9.04	6,231	6.00
<u>Tier II</u>				
Revaluation surplus on assets	373		459	
Reserve for loan classified as pass	300		226	
Long-term subordinated debentures	3,337		3,030	
Hybrid securities	2,500		2,500	
Revaluation surplus on capital securities available-for-sale	82		16	
Total	6,592		6,231	
Total Tier I and Tier II capital funds	17,159		12,462	
<u>Less</u> Revaluation deficit on capital securities available-for-sale	-		-	
Total capital funds	17,159	14.69	12,462	11.99

The Bank will disclose capital maintenance information as at 31 December 2010 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.cimbthai.com within in 4 months after the balance sheet date.

26 Gains (losses) on investments

	Consolidated financial statements		Separate financial statements	
	For year ended 31 December		For year ended 31 December	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Unrealised gains on revaluation of investments	-	5	1	3
Allowance for impairment of investments	(33)	(20)	(33)	(20)
Realised gains on securities trading				
Trading securities	31	9	9	9
Available-for-sale securities	10	404	9	406
Held-to-maturity	-	25	-	25
General investments	1	145	1	145
Gain on sale investment from a subsidiary and an associate (Note 8.7, 34)	177	-	486	-
Realised gains from investment in non-performing loans	27	72	19	66
Gains (losses) on investments	213	640	492	634

27 Other income

	Consolidated financial statements		Separate financial statements	
	For year ended 31 December		For year ended 31 December	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Gain on sales of properties foreclosed	-	-	85	43
Gain on sale of office building	290	-	290	-
(Loss) gain on sales of premises and equipments	(9)	15	(9)	15
(Loss) gain on sales of non-performing loans	(25)	3	(25)	3
Other income	158	82	117	54
Total	414	100	458	115

28 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.

29 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 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 2010, there were 605 employees (31 December 2009: 684 employees) to whom the Bank had such obligations, and the accrued benefits to these employees amounted to Baht 544 million (31 December 2009: Baht 524 million).

30 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 Tisco Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. For the year ended 31 December 2010 amounts of Baht 80 million was contributed to the fund by the Bank and its subsidiaries (31 December 2009: Baht 78 million) and the Bank only was contributed by Baht 67 million (31 December 2009: Baht 66 Million).

31 Earnings per share

Earnings per share as presented in the consolidated income statements is basic earnings per share which is calculated by dividing net incomes for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year (net of treasury stocks held by subsidiaries in consolidated financial statements) (Note 21).

Earnings per share as presented in the separate income statements is the basic earnings per share which is calculated by dividing the net incomes for the year by weighted average number of ordinary shares held by outside shareholders in issue during the year (Note 21).

There is no potential dilutive ordinary shares in issue for the years ended 31 December 2010 and 2009.

32 Encumbrance of assets

32.1 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:

	Consolidated financial statements		Separate financial statements	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Utilities usage	6	9	6	9
Guarantees on loans	45	45	-	-
Others	-	14	-	-
Total	51	68	6	9

32.2 Assets subject to obligation

The Bank has long-term investments in certain equity securities obtained as a result of debt restructuring, under the debt restructuring agreements. The Bank obligated to dispose off the investment after agreed periods, which range from 1 year to 20 years commencing from the date of the debt restructuring agreements.

As at 31 December 2010 and 2009, the investments subject to such obligation are as follows:

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

33 Commitments and contingent liabilities

33.1 Commitments

As at 31 December 2010 and 2009, significant commitments of the Bank consist of:

	Separate financial statements					
	2010			2009		
	Thai Baht Million Baht	Foreign currency Million Baht	Total Million Baht	Thai Baht Million Baht (Restated)	Foreign currency Million Baht	Total Million Baht (Restated)
Aval to bills and guarantees of loans:						
Avals to bills ⁽¹⁾	828	-	828	374	-	374
Guarantees on loans	5	16	21	5	16	21
Total aval to bills and guarantees of loans	833	16	849	379	16	395
Liability under unmatured import bills:						
Liability under unmatured import bills	-	603	603	-	510	510
Letters of credits:						
Letters of credits	319	1,543	1,862	23	2,290	2,313
Other commitments:						
Forward and spot contracts						
- Bought	-	18,141	18,141	-	10,619	10,619
- Sold	-	19,129	19,129	-	9,663	9,663
Cross currency and interest rate						
- Bought	4,990	2,059	7,049	5,567	1,111	6,678
- Sold	2,248	4,194	6,442	1,205	5,142	6,347
Interest rate swap contracts						
- Fixed rate payer	62,380	9,513	71,893	23,443	7,712	31,155
- Floating rate payer	58,724	11,844	70,568	21,118	7,712	28,830
- Fixed rate payee	58,391	10,035	68,426	20,278	7,712	27,990
- Floating rate payee	62,713	11,322	74,035	24,283	7,712	31,995
Range accrual swap contract						
- Payer	-	-	-	1,418	-	1,418
- Payee	-	-	-	1,418	-	1,418
Undrawn bank overdrafts	8,772	-	8,772	7,932	-	7,932
Investment						
- Bought	18,200	-	18,200	13,287	-	13,287
- Sold	18,025	-	18,025	13,287	-	13,287
Other commitments:						
Other guarantees ⁽¹⁾	7,233	165	7,398	6,070	405	6,475
Total other commitments	301,676	86,402	388,078	139,306	57,788	197,094
Total commitments	302,828	88,564	391,392	139,708	60,604	200,312

⁽¹⁾ As at 31 December 2010, the Bank has issued avaled notes payable of a subsidiary amounting to Baht 270 million (31 December 2009: Baht 200 million) and as 31 December 2009 the Bank has issued guarantees for an associate amounting to Baht 3 million. The aval of the subsidiary has been eliminated from the consolidated financial statements.

33 Commitments and contingent liabilities (Cont'd)

33.2 Contingent liabilities

- (a) As at 31 December 2010 and 2009, 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:

	Consolidated and separate financial statements	
	2010	2009
	Million Baht	Million Baht
Sum claimed in cases where the Bank and its subsidiaries are direct defendants	836	776
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	95	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.	24,592	24,594
Total	25,523	25,380

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 the cases will not cause material loss because the transfers were made in accordance of 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 2010, 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 13 million in cases where the Bank is the co-defendant with others. However, the Bank is in the process of appealing the decisions (31 December 2009: Baht 9 million and Baht 25 million, respectively).

As at 31 December 2010, the Bank and its subsidiaries recognised provisions for contingent loss from legal cases of approximately Baht 108 million (31 December 2009: Baht 123 million), respectively. The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases. In addition, the Bank and subsidiaries recognised reserve for off-balance sheet items related to guarantees which the Bank or its subsidiaries have been sued as defendants by Baht 110 million (31 December 2009: Baht 15 million).

- (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 38 to the financial statements.

33 Commitments and contingent liabilities (Cont'd)

33.3 Commitments under long-term leases

As at 31 December 2010 and 2009, 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:

Lease periods	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	311	359	269	304
4 - 5 years	18	22	17	22
6 - 10 years	14	19	14	19
11 - 30 years	10	12	10	12
Total	353	412	310	357

33.4 Other commitments

As at 31 December 2010, the Bank has other commitments as the Bank entered into various agreements relating to computer system development consultancy services and computer system and software development. As at 31 December 2010, the Bank is obligated to pay a further Baht 170 million and USD 0.09 million under such agreements (31 December 2009: Baht 216 million and USD 0.19 million).

34 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 contracts. Below is a summary of those transactions.

	Consolidated financial statements		Separate financial statements	
	For year ended 31 December		For year ended 31 December	
	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht
Parent company				
Upfront fee income-derivatives contract	-	117	-	117
Subsidiaries				
Revenue:				
Interest income	-	-	187	104
Fees income	-	-	47	55
Dividend income	-	-	-	200
Other income	-	-	58	19
Expenses:				
Interest expenses	1	1	2	4
Premises and equipments expenses	-	-	5	13
Fees expenses	-	-	3	1

34 Related party transactions (Cont'd)

	Consolidated financial statements		Separate financial statements	
	For year ended 31 December		For year ended 31 December	
	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht
Related companies				
Revenue:				
Interest income	5	14	5	14
Fees income	-	61	-	61
Gain on sale investment in subsidiaries and associated companies	156	-	388	-
Expenses:				
Interest expenses	-	52	-	52

During the year 2010, the Bank has charged asset management fees to Sathorn Asset Management Company Limited (a related company) under the amendment of the Collection Agency Agreement dated 2 March 2010. The fee between 1 January 2010 to 31 December 2010 will be at a rate of 20% (31 December 2009: 20%) of the total debt collected and the amount received from the disposal of properties foreclosed, before any charges and related expenses. The fee for the year ended 31 December 2010 of Baht 28 million (2009: Baht 30 million) are recorded as other fees and charges in the income statement. This transaction was eliminated from the consolidated financial statements. As at 31 December 2010, the Bank has receivable fee from such related company of Baht 2 million (31 December 2009: 3 million).

As at 30 June 2010, the Bank sold the shareholding in BT Asset Management Company Limited (Which later on changed the name to CIMB-Principal Asset Management Company Limited) to CIMB Principle Asset Management Berhad which is the Company under the same control as the Bank. The gain from selling of shares is recorded in the separate financial statement amounting to Baht 162 million and in the consolidated financial statement amounting to Baht 218 million as already discussed in Note 26 to the financial statements.

On 23 July 2010, the Bank sold the shareholding in World Class Rent a Car Co., Ltd. to a company which is incorporated under the same control as the Bank. Gain from sale amounting to Baht 22 million is recognised in the consolidated and separate income statements for the year ended 31 December 2010.

On 23 December 2010, the Bank sold the shareholding in Sathorn Asset Management Co., Ltd. The Bank received cash from selling the shares amounted to Baht 229 million. Loss from sale recognised in consolidated income statement at amount of Baht 84 million (gain in separate income statement Baht 204 million).

In addition, the Bank conducted securities trading through a subsidiary engaged in the securities business. The volumes of such trades for the year ended 31 December 2010 were Baht 12 million (2009: Baht 449 million), while there were commission fees of Baht 0.02 million for the year ended 31 December 2010 (2009: Baht 1 million).

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34 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2010 and 31 December 2009 are as follows:

	Consolidated financial statements				
	2010				
	Average loans outstanding Million Baht	Outstanding Loans/ Investments in receivables Million Baht	Obligations Million Baht	Deposits Million Baht	Borrowings Million Baht
<u>Subsidiary company</u>					
Krung Thai Tanakit Finance Plc.	-	-	-	256	-
	-	-	-	256	-
<u>Company under common control</u>					
CIMB Bank (L) Ltd.	-	-	-	-	2,500
	-	-	-	-	2,500
<u>Related companies</u>					
Other Companies	165	123	1	604	-
	165	123	1	604	-
<u>Related persons</u>					
	-	-	-	28	-
	-	-	-	28	-
	Consolidated financial statements				
	2009				
	Average loans outstanding Million Baht	Outstanding Loans/ Investments in receivables Million Baht	Obligations Million Baht	Deposits Million Baht	Borrowings Million Baht
<u>Subsidiary company</u>					
Krung Thai Tanakit Finance Plc.	-	-	-	254	-
	-	-	-	254	-
<u>Company under common control</u>					
CIMB Bank (L) Ltd.	-	-	-	-	2,500
	-	-	-	-	2,500
<u>Related companies</u>					
Other Companies	152	152	-	340	-
	152	152	-	340	-
<u>Associated company</u>					
	-	-	3	-	-
	-	-	3	-	-
<u>Related persons</u>					
	-	-	-	64	-
	-	-	-	64	-

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34 Related party transactions (Cont'd)

	Separate financial statements						
	2010						
	Average loans outstanding Million Baht	Outstanding Loans/Investments in receivables Million Baht	Other commitments Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
Subsidiary companies							
CIMB Securities (Thailand) Co., Ltd.	79	125	-	2	76	-	1
BT Leasing Co., Ltd.	3,019	3,763	-	-	31	-	-
CT Coll Co., Ltd. (Formerly known as BT Business Consulting Co., Ltd.)	4	-	-	-	2	-	-
Krung Thai Tanakit Finance Plc.	-	-	-	-	256	-	-
World Lease Co., Ltd. (Formerly known as "BT Worldlease Co., Ltd.")	596	790	270	-	28	-	-
	3,698	4,678	270	2	393	-	1
Company under common control							
CIMB Bank (L) Ltd.	-	-	-	-	-	2,500	-
	-	-	-	-	-	2,500	-
Related companies							
Other Companies	165	123	1	-	604	-	-
	165	123	1	-	604	-	-
Related persons							
	-	-	-	-	28	-	-
	-	-	-	-	28	-	-
	Separate financial statements						
	2009						
	Average loans outstanding Million Baht	Outstanding Loans/Investments in receivables Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
Subsidiary companies							
CIMB Securities (Thailand) Co., Ltd.	42	55	-	2	109	-	1
BT Leasing Co., Ltd.	2,245	2,260	-	-	31	-	-
CIMB - Principal Asset Management Co., Ltd. (Formerly known as BT Asset Management Co., Ltd.)	-	-	-	1	17	-	1
CT Coll Co., Ltd. (Formerly known as 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	-	-
World Lease Co., Ltd. (Formerly known as "BT Worldlease Co., Ltd.")	576	528	200	-	37	-	-
	2,868	2,847	200	38	536	-	32
Company under common control							
CIMB Bank (L) Ltd.	-	-	-	-	-	2,500	-
	-	-	-	-	-	2,500	-
Related companies							
Other Companies	126	125	-	-	340	-	-
	126	125	-	-	340	-	-
Related persons							
	-	-	-	-	64	-	-
	-	-	-	-	64	-	-

As at 31 December 2010, the Bank availed notes payable of a subsidiary amounting to Baht 270 million (31 December 2009: Baht 200 million) and as 31 December 2009 the Bank has issued guarantees for an associate amounting to Baht 3 million.

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

34 Related party transactions (Cont'd)

As at 31 December 2010, 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 19 d) to the financial statements.

As at 31 December 2010 and 2009, the Bank has commitments in financial derivatives with related parties company as follows:

	2010		
	Thai Baht Million Baht	Foreign currency Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payer	4,567	3,119	7,686
- Floating rate payer	3,359	1,809	5,168
- Fixed rate payee	2,815	-	2,815
- Floating rate payee	5,111	4,928	10,039
Range accrual swap contracts			
- Payer	-	391	391
- Payee	-	385	385
<u>Related company</u>			
Cross currency and interest rate			
- Bought	2,500	-	2,500
- Sold	-	2,135	2,135
2009			
	Thai Baht Million Baht	Foreign currency Million Baht	Total Million Baht
<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 payee	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

35 Director and management remuneration

The Bank has not extended extraordinary monetary and/or non-monetary benefits to the Banks' directors, executives at the level of executive vice president and higher, except for ordinary benefits to the directors and executives such as directors' fee, directors' bonus (if any) and income tax, executives' salary and bonus (if any).

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36 Financial information by segments

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

Financial information presented in the consolidated financial statements as at 31 December 2010 and 31 December 2009 and for the years ended 31 December 2010 and 2009 are as follows:

	For year ended 31 December 2010					Total Million Baht
	Bank business Million Baht	Hire purchase business Million Baht	Asset management business Million Baht	Other business Million Baht	Eliminations Million Baht	
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	3,602	415	-	19	19	4,054
Non-interest incomes	1,863	133	-	339	(404)	1,931
Non-interest expenses	(4,463)	(471)	-	(356)	15	(5,275)
Corporate income tax	-	(24)	-	-	-	(24)
Profit after tax for the period from discontinued operations	-	-	72	2	80	154
Net incomes (losses)	<u>1,002</u>	<u>53</u>	<u>72</u>	<u>3</u>	<u>(290)</u>	<u>840</u>
	For the year ended 31 December 2009					
	Bank business Million Baht	Hire purchase business Million Baht	Asset management business Million Baht	Other business Million Baht	Eliminations Million Baht	Total Million Baht
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	3,259	396	-	17	(199)	3,473
Non-interest incomes	1,418	104	-	191	(92)	1,621
Non-interest expenses	(4,609)	(409)	-	(222)	21	(5,219)
Corporate income tax	-	(3)	-	-	-	(3)
Profit after tax for the period from discontinued operation	-	-	77	(15)	70	132
Net incomes (losses)	<u>68</u>	<u>88</u>	<u>77</u>	<u>(29)</u>	<u>(200)</u>	<u>4</u>

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36 Financial information by segments (Cont'd)

	Bank business		Hire purchase business		Asset management business		Other business		Eliminations		Total	
	2010 Million Baht	2009 Million Baht (Restated)	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht (Restated)
Investments - net	22,721	21,628	-	-	-	11	80	333	(1,169)	(1,257)	21,632	20,715
Loans and accrued interest receivable - net (including interbank and money market items)	104,742	91,941	5,762	3,592	-	127	927	1,136	(4,802)	(3,128)	106,629	93,668
Land, premises and equipments - net	2,598	3,472	29	22	-	-	40	55	-	-	2,667	3,549
Other assets	9,149	8,540	98	49	-	368	306	369	(4)	(238)	9,549	9,088
Total assets	139,210	125,581	5,889	3,663	-	506	1,353	1,893	(5,975)	(4,623)	140,477	127,020

37 Financial instruments

The Bank's financial instruments, as defined under Thai Accounting Standard No.32 (previously 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.

37.1 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 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 2010 and 2009, 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:

	Consolidated financial statements					
	Counting from 31 December 2010					
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht			
Aval to bills	558	-	558			
Guarantees of loans	21	-	21			
Liabilities under unmatured import bills	603	-	603			
Letters of credit	1,862	-	1,862			
Other guarantees	7,282	116	7,398			
	Separate financial statements					
	Counting from 31 December 2010			Counting from 31 December 2009		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Aval to bills	828	-	828	374	-	374
Guarantees of loans	21	-	21	21	-	21
Liabilities under unmatured import bills	603	-	603	510	-	510
Letters of credit	1,862	-	1,862	2,313	-	2,313
Other guarantees	7,282	116	7,398	6,276	199	6,475

37 Financial instruments (Cont'd)

37.2 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 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 which may lead to changes in the value of financial instruments, and fluctuations in revenue and the values which 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 2010 and 2009, financial assets and liabilities classified by types of interest rate are as follows:

	Consolidated financial statements			
	2010			
Descriptions	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial Assets</u>				
Cash	-	-	2,745	2,745
Interbank and money market items	854	12,676	1,712	15,242
Investments	3,103 ⁽¹⁾	13,441	6,712	23,256
Loans	59,964	33,608	221	93,793
Total financial assets	63,921	59,725	11,390	135,036
<u>Financial Liabilities</u>				
Deposits	24,697	68,274	1,693	94,664
Interbank and money market items	1,018	4,278	571	5,867
Liabilities payable on demand	-	-	251	251
Borrowings	5,300	14,548	544	20,392
Total financial liabilities	31,015	87,100	3,059	121,174

⁽¹⁾ Certain of this amount comprises investment in receivable of Baht 841 million based on the original contract rate. Interest on investment in receivable is recognised on a cash basis.

37 Financial instruments (Cont'd)

37.2 Market risk (Cont'd)

a) Interest rate risk (Cont'd)

Descriptions	Separate financial statements			
	2010			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial Assets</u>				
Cash	-	-	2,743	2,743
Interbank and money market items	595	12,630	1,611	14,836
Loans	3,103 ⁽²⁾	13,441	7,801	24,345
Interbank and money market items	60,514	31,572	75	92,161
Total financial assets	64,212	57,643	12,230	134,085
<u>Financial Liabilities</u>				
Deposits	24,563	68,274	1,710	94,547
Interbank and money market items	1,097	4,008	574	5,679
Liabilities payable on demand	-	-	251	251
Borrowings	5,300	14,448	544	20,292
Total financial liabilities	30,960	86,730	3,079	120,769

⁽²⁾ Certain of this amount comprises investment in receivable of Baht 796 million based on the original contract rate. Interest on investment in receivable is recognised on a cash basis.

Descriptions	Separate financial statements			
	2009			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial Assets</u>				
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
Total financial assets	59,974	49,742	12,674	122,390
<u>Financial Liabilities</u>				
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	3,052	11,500	544	15,096
Total financial liabilities	27,758	83,230	2,691	113,679

⁽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.

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37 Financial instruments (Cont'd)

37.2 Market risk (Cont'd)

a) Interest rate risk (Cont'd)

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:

Consolidated financial statements as at 31 December 2010								
Transactions	Repricing or maturity date						Total Million Baht	Weighted average interest rates Percent
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht		
Financial assets								
Interbank and money market items	-	10,676	2,000	-	-	-	12,676	1.88
Investments	1	0	5,227	8,058	155	-	13,441	3.19
Loans	986	11,891	12,696	5,048	1,669	1,318	33,608	6.23
Total financial assts	987	22,567	19,923	13,106	1,824	1,318	59,725	
Financial liabilities								
Deposits	6,496	29,704	31,106	968	-	-	68,274	1.72
Interbank and money market items	2,000	1,997	279	2	-	-	4,278	2.06
Borrowings	400	11,220	2,828	100	-	-	14,548	1.87
Total financial liabilities	8,896	42,921	34,213	1,070	-	-	87,100	
Separate financial statements as at 31 December 2010								
Transactions	Repricing or maturity date						Total Million Baht	Weighted average interest rates Percent
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht		
Financial assets								
Interbank and money market items	-	10,630	2,000	-	-	-	12,630	1.88
Investments	1	-	5,227	8,058	155	-	13,441	3.19
Loans	987	11,651	12,149	4,167	1,300	1,318	31,572	4.59
Total financial assts	988	22,281	19,376	12,225	1,455	1,318	57,643	
Financial liabilities								
Deposits	6,496	29,705	31,105	968	-	-	68,274	2.00
Interbank and money market items	2,000	1,827	179	2	-	-	4,008	1.83
Borrowings	400	11,220	2,828	-	-	-	14,448	1.85
Total financial liabilities	8,896	42,752	34,112	970	-	-	86,730	

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37 Financial instruments (Cont'd)

37.2 Market risk (Cont'd)

a) Interest rate risk (Cont'd)

Transactions	Separate financial statements as at 31 December 2009						Total Million Baht	Weighted average interest rates Percent
	Repricing or maturity date							
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht		
Financial assets								
Interbank and money market items	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
Total financial assets	581	23,195	9,780	8,660	1,739	5,787	49,742	
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
Total financial liabilities	380	46,449	28,485	5,416	2,500	-	83,230	

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 period, and the average interest and dividend rate for the year ended 31 December 2010 and 2009, can be summarised as follows:

	Consolidated financial statements		
	2010		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
Performing financial assets			
Interbank and money market items	7,803	132	1.69
Investments	24,199	776	3.21
Loans	88,029	5,568	6.33
Total performing financial assets	120,031	6,476	
Performing financial liabilities			
Deposits	85,943	1,021	1.19
Interbank and money market items	6,342	97	1.53
Borrowings	16,532	480	2.90
Total performing financial liabilities	108,817	1,598	

37 Financial instruments (Cont'd)

37.2 Market risk (Cont'd)

a) Interest rate risk (Cont'd)

	Separate financial statements		
	2010		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>			
Interbank and money market items	7,295	129	1.77
Investments	24,976	765	3.06
Loans	86,865	5,066	5.83
Total performing financial assets	119,136	5,960	
<u>Performing financial liabilities</u>			
Deposits	85,935	1,021	1.19
Interbank and money market items	6,783	88	1.30
Borrowings	16,432	475	2.89
Total performing financial liabilities	109,150	1,584	
<u>Separate financial statements</u>			
2009			
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>			
Interbank and money market items	26,021	416	1.60
Investments	29,711	1,402	4.72
Loans	79,454	5,572	7.01
Total performing financial assets	135,186	7,390	
<u>Performing financial liabilities</u>			
Deposits	115,944	2,511	2.17
Interbank and money market items	6,189	132	2.13
Borrowings	7,349	344	4.68
Total performing financial liabilities	129,482	2,987	

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 2010 and 2009, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and separate financial statements					
	2010			2009		
	USD	EURO*	Other Currencies*	USD	EURO*	Other Currencies*
Spot	77.79	3.04	5.64	73.01	2.43	1.83
Forward						
- Forward contract	(92.07)	(3.30)	(8.12)	(88.62)	(1.61)	(2.60)
Total	(14.28)	(0.26)	(2.48)	(15.61)	0.82	(0.77)

* EURO and other currencies are stated in USD equivalents.

37 Financial instruments (Cont'd)

37.2 Market risk (Cont'd)

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.

37.3 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 2010 and 2009 are as follows:

Descriptions	Consolidated financial statements				
	Counting from 31 December 2010				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
<u>Financial Assets</u>					
Cash	2,743	-	-	2	2,745
Interbank and money market items	2,549	12,694	-	-	15,243
Investments	81	9,258	10,948	2,969	23,256
Loans	3,008	36,425	54,360	-	93,793
Total financial assets	<u>8,381</u>	<u>58,377</u>	<u>65,308</u>	<u>2,971</u>	<u>135,037</u>
<u>Financial Liabilities</u>					
Deposits	32,886	60,810	968	-	94,664
Interbank and money market items	1,590	4,275	2	-	5,867
Liabilities payable on demand	251	-	-	-	251
Borrowings	944	14,048	5,400	-	20,392
Total financial liabilities	<u>35,671</u>	<u>79,133</u>	<u>6,370</u>	<u>-</u>	<u>121,174</u>

37 Financial instruments (Cont'd)

37.3 Liquidity risk (Cont'd)

Descriptions	Separate financial statements				
	Counting from 31 December 2010				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial Assets					
Cash	2,743	-	-	-	2,743
Interbank and money market items	2,064	12,648	124	-	14,836
Investments	1 ⁽¹⁾	9,258	10,948	4,138	24,345
Loans	3,632 ⁽²⁾	35,467	53,062	-	92,161
Total financial assets	<u>8,440</u>	<u>57,373</u>	<u>64,134</u>	<u>4,138</u>	<u>134,085</u>
Financial Liabilities					
Deposits	32,769	60,810	968	-	94,547
Interbank and money market items	1,671	4,006	2	-	5,679
Liabilities payable on demand	251	-	-	-	251
Borrowings	944	14,048	5,300	-	20,292
Total financial liabilities	<u>35,635</u>	<u>78,864</u>	<u>6,270</u>	<u>-</u>	<u>120,769</u>

⁽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 2,752 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.

Descriptions	Separate financial statements				
	Counting from 31 December 2009				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial Assets					
Cash	2,821	-	-	-	2,821
Interbank and money market items	1,094	13,661	55	-	14,810
Investments	1 ⁽³⁾	4,927	13,848	4,803	23,579
Loans	9,808 ⁽⁴⁾	28,288	43,084	-	81,180
Total financial assets	<u>13,724</u>	<u>46,876</u>	<u>56,987</u>	<u>4,803</u>	<u>122,390</u>
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	5,552	-	15,096
Total financial liabilities	<u>26,358</u>	<u>74,935</u>	<u>12,386</u>	<u>-</u>	<u>113,679</u>

⁽³⁾ Investments classified as maturity at call of Baht 1 million are investment in defaulted debt securities.

⁽⁴⁾ 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.

37 Financial instruments (Cont'd)

37.4 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 is mentioned in Note 8.1 (a) to the financial statements.

37.5 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 2010 and 2009, financial derivatives as classified by their maturities are as follows:

	Consolidated and separate financial statements					
	2010			2009		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Forward and spot contracts						
- Bought	17,626	515	18,141	10,157	462	10,619
- Sold	18,352	777	19,129	9,663	-	9,663
Foreign currency swap contracts						
- Bought	3,041	4,008	7,049	-	6,678	6,678
- Sold	2,687	3,755	6,442	-	6,347	6,347
Interest rate swap contracts						
- Fixed rate payer	21,450	50,443	71,893	7,718	23,437	31,155
- Floating rate payer	19,992	50,576	70,568	6,340	22,490	28,830
- Fixed rate payee	18,522	49,904	68,426	3,500	24,490	27,990
- Floating rate payee	22,050	51,985	74,035	10,558	21,437	31,995
Range Accrual contracts						
- Payer	-	-	-	-	1,418	1,418
- Payee	-	-	-	-	1,418	1,418

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.

38 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 2010 and 31 December 2009, The Bank and subsidiaries have loans transferred to TAMC are as follows:

	Consolidated and separate financial statements			
	2010		2009	
	Book value Million Baht	Transfer price Million Baht	Book value Million Baht	Transfer price Million Baht
Loans transferred to TAMC				
CAP	82,342	21,932	82,342	21,932
NON CAP	15,774	3,465	15,774	3,465
Total	<u>98,116</u>	<u>25,397</u>	<u>98,116</u>	<u>25,397</u>
<u>Less</u> TAMC notes which have been redeemed by TAMC		<u>(24,597)</u>		<u>(24,597)</u>
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 8.1 (b))		<u>800</u>		<u>800</u>

The Bank is to receive payment in the form of non-transferable, 10-year promissory notes, avaled by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 31 December 2010, the Bank recognised interest receivable under these promissory notes amounting to Baht 35 million (31 December 2009 : Baht 91 million).

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 joint together with TAMC share 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, starting from 1 July 2001. In the 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, whilst TAMC is liable for all remaining losses thereafter. 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 has 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 2010, the Bank’s management believes that no significant future losses will be incurred.

Outstanding issues with TAMC

As of 31 December 2010, 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 145 million and interest amounting Baht 18 million. The Bank believes that these issues will not have a material impact on the transfer price adjustment of the loans and interest on TAMC note, since the Bank has handed some of the original ownership documents and appraisal reports for the collateral to TAMC.

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 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.