

**CIMB THAI BANK PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2011**

## **AUDITOR'S REPORT**

To the Shareholders of CIMB Thai Bank Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended 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 audits.

I conducted my audits in accordance with generally accepted auditing standards. These standards require that I plan and perform the audits 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 audits provide 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 positions as at 31 December 2011 and 2010, and the consolidated and separate results of operation and cash flows for the years ended 31 December 2011 and 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 Ltd.

Bangkok  
22 February 2012

**CIMB Thai Bank Public Company Limited**  
**Statements of financial position**  
**As at 31 December 2011 and 2010**

	Notes	Consolidated financial statements		Separate financial statements	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
<b>Assets</b>					
Cash		3,122,846,554	2,744,520,360	3,120,642,155	2,743,015,913
Interbank and money market items - net	6	5,205,245,039	15,248,077,722	4,577,356,327	14,836,152,719
Derivatives assets		2,526,862,210	2,476,285,116	2,526,862,210	2,476,285,116
Investments - net	7	32,543,164,312	21,477,643,326	32,492,273,880	21,397,458,528
Investments in subsidiaries - net	7	153,912,645	153,912,645	1,923,143,017	1,323,143,017
Loans and accrued interest receivables	8				
Loans		121,719,437,344	95,508,372,467	116,950,978,798	92,165,374,507
Accrued interest receivables		279,098,921	178,492,539	277,958,703	177,764,475
Total loans and accrued interest receivables		121,998,536,265	95,686,865,006	117,228,937,501	92,343,138,982
Less Deferred revenue		(2,429,980,354)	(1,670,228,020)	(3,173,910)	(4,506,847)
Less Allowance for doubtful debts	9	(3,345,515,853)	(2,604,898,631)	(3,094,393,744)	(2,423,693,217)
Less Revaluation allowance for debt restructuring	10	(10,958,714)	(8,557,353)	(10,958,714)	(8,557,353)
Loans and accrued interest receivables - net		116,212,081,344	91,403,181,002	114,120,411,133	89,906,381,565
Customers' liability under acceptance		69,927,687	61,479,078	69,927,687	61,479,078
Properties for sale - net	11	1,484,488,359	2,049,010,878	1,460,650,554	2,032,605,522
Premises and equipments - net	12	3,830,671,693	2,838,342,565	3,673,934,530	2,756,058,828
Intangible assets - net	13	470,613,974	451,672,035	443,258,237	442,481,697
Accrued income from Thai Asset Management Corporation	43	1,009,565,667	-	1,009,565,667	-
Other assets - net	15	1,393,714,576	1,571,027,155	1,133,245,127	1,227,641,589
<b>Total assets</b>		<b>168,023,094,060</b>	<b>140,475,151,882</b>	<b>166,551,270,524</b>	<b>139,202,703,572</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

**CIMB Thai Bank Public Company Limited**

**Statements of financial position (Cont'd)**

**As at 31 December 2011 and 2010**

	Notes	Consolidated financial statements		Separate financial statements	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
<b>Liabilities and Shareholders' equity</b>					
<b>Liabilities</b>					
Deposits	16	101,573,954,409	94,656,137,087	101,291,200,733	94,539,999,094
Interbank and money market items-net	17	4,786,952,067	3,611,685,400	4,549,969,313	3,417,325,728
Liability payable on demand		144,101,067	250,634,382	144,101,067	250,634,382
Derivatives liabilities		2,270,622,392	1,941,104,710	2,270,622,392	1,941,104,710
Debt issued and borrowings	18	40,315,688,037	22,654,284,285	40,210,323,185	22,553,936,806
Bank's liability under acceptance		69,927,687	61,479,078	69,927,687	61,479,078
Provisions	19	1,506,655,509	1,002,755,749	1,455,869,720	1,002,755,749
Other liabilities	20	3,944,270,222	4,361,237,496	3,323,983,009	3,741,243,147
<b>Total liabilities</b>		<b>154,612,171,390</b>	<b>128,539,318,187</b>	<b>153,315,997,106</b>	<b>127,508,478,694</b>
<b>Shareholders' equity</b>					
Share capital	21				
Registered					
16,315,934,756 ordinary shares of Baht 0.50 each		8,157,967,378	8,157,967,378	8,157,967,378	8,157,967,378
Issued and paid-up share capital					
16,315,934,756 ordinary shares of Baht 0.50 each		8,157,967,378	8,157,967,378	8,157,967,378	8,157,967,378
Premium on share capital		1,483,266,796	1,483,266,796	1,483,266,796	1,483,266,796
Other reserves	22	1,347,561,648	727,401,873	1,332,963,823	707,628,508
Retained earnings					
Appropriated - statutory reserve	23	129,500,000	63,500,000	129,500,000	63,500,000
Unappropriated		2,203,340,511	1,421,426,993	2,131,575,421	1,281,862,196
Equity attributable to					
Owners of the Bank		13,321,636,333	11,853,563,040	13,235,273,418	11,694,224,878
Non-controlling interest		89,286,337	82,270,655	-	-
<b>Total shareholders' equity</b>		<b>13,410,922,670</b>	<b>11,935,833,695</b>	<b>13,235,273,418</b>	<b>11,694,224,878</b>
<b>Total liabilities and shareholders' equity</b>		<b>168,023,094,060</b>	<b>140,475,151,882</b>	<b>166,551,270,524</b>	<b>139,202,703,572</b>

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

**CIMB Thai Bank Public Company Limited**  
**Statements of comprehensive income**  
**For the years ended 31 December 2011 and 2010**

	Notes	Consolidated financial statements		Separate financial statements	
		2011 Baht	2010 Baht	2011 Baht	2010 Baht
Interest income	26	8,112,296,851	6,273,040,883	7,425,411,452	5,783,936,048
Interest expenses	27	(3,459,172,243)	(1,947,290,885)	(3,441,115,412)	(1,933,551,998)
<b>Net interest income</b>		<b>4,653,124,608</b>	<b>4,325,749,998</b>	<b>3,984,296,040</b>	<b>3,850,384,050</b>
Fees and service income	28	1,097,673,098	1,022,072,633	657,290,924	659,086,947
Fees and service expenses	28	(223,972,711)	(103,255,238)	(224,748,439)	(75,673,882)
<b>Net fee and service income</b>		<b>873,700,387</b>	<b>918,817,395</b>	<b>432,542,485</b>	<b>583,413,065</b>
Gains on tradings and foreign exchange transactions, net	29	430,397,270	316,349,282	351,562,280	297,817,691
Gains on investments, net	30	83,870,355	191,755,446	80,158,470	489,338,044
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	43	1,009,565,667	-	1,009,565,667	-
Other operating income	31	721,731,270	606,239,648	683,073,422	704,040,390
<b>Total operating income</b>		<b>7,772,389,557</b>	<b>6,358,911,769</b>	<b>6,541,198,364</b>	<b>5,924,993,240</b>
<b>Other operating expenses</b>					
Employee expenses		2,977,651,046	2,663,763,844	2,317,072,141	2,167,461,546
Directors' remuneration		8,688,000	9,612,000	8,352,000	9,300,000
Premises and equipment expenses		1,187,655,665	1,210,779,803	1,025,994,193	1,091,477,445
Taxes and duties		309,973,215	202,296,236	299,325,941	194,665,655
Others		837,480,724	735,721,626	602,211,459	658,608,403
<b>Total other operating expenses</b>		<b>5,321,448,650</b>	<b>4,822,173,509</b>	<b>4,252,955,734</b>	<b>4,121,513,049</b>
Bad and doubtful debts and impairment losses	32	1,074,685,731	826,331,294	942,282,551	801,000,000
<b>Profit from continuing operation before income tax expenses</b>		<b>1,376,255,176</b>	<b>710,406,966</b>	<b>1,345,960,079</b>	<b>1,002,480,191</b>
Income tax expenses	33	(51,149,199)	(23,519,891)	-	-
<b>Net profit from continuing operation</b>		<b>1,325,105,977</b>	<b>686,887,075</b>	<b>1,345,960,079</b>	<b>1,002,480,191</b>
Profit after tax of discontinued operation	14	-	153,898,449	-	-
<b>Net profit for the years</b>		<b>1,325,105,977</b>	<b>840,785,524</b>	<b>1,345,960,079</b>	<b>1,002,480,191</b>

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

**CIMB Thai Bank Public Company Limited**  
**Statements of comprehensive income (Cont'd)**  
**For the years ended 31 December 2011 and 2010**

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Notes	Baht	Baht	Baht	Baht
<b>Other comprehensive income (expenses)</b>				
Changes in surplus from revaluation of assets	643,172,051	(162,718,040)	643,172,051	(162,718,040)
(Losses) gain on remeasuring available-for-sale investments	(23,889,886)	108,235,901	(18,714,346)	101,749,167
<b>Total other comprehensive income (expenses)</b>				
<b>from continuing operation</b>	619,282,165	(54,482,139)	624,457,705	(60,968,873)
Other comprehensive income on assets of disposal group classified as held for sales	-	3,378,936	-	-
<b>Total other comprehensive income (expenses)</b>	619,282,165	(51,103,203)	624,457,705	(60,968,873)
<b>Total comprehensive income</b>				
<b>for the years</b>	<b>1,944,388,142</b>	<b>789,682,321</b>	<b>1,970,417,784</b>	<b>941,511,318</b>
<b>Net profit attributable to:</b>				
Owners of the Bank	1,316,386,007	828,846,303	1,345,960,079	1,002,480,191
Non-controlling interests	8,719,970	11,939,221	-	-
	1,325,105,977	840,785,524	1,345,960,079	1,002,480,191
<b>Total comprehensive income attributable to:</b>				
Owners of the Bank	1,935,668,172	777,742,113	1,970,417,784	941,511,318
Non-controlling interests	8,719,970	11,940,208	-	-
	1,944,388,142	789,682,321	1,970,417,784	941,511,318
<b>Earnings per share for profit attributable</b>				
<b>to owners of the Bank</b>	35			
Basic earnings per share (Baht per share)	0.08	0.06	0.08	0.07
Weighted average number of ordinary shares (shares)	16,315,934,756	13,934,580,393	16,315,934,756	13,934,580,393

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

Consolidated financial statements											
Attributable to owners of the Bank											
Other reserves											
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Revaluation surplus (deficit) on change in value of investments	Other	Total other reserves	Legal reserve	Retained earnings (deficits)	Total equity attributable to shareholders	Non- controlling interest	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Balance as at 1 January 2011</b>	8,157,967,378	1,483,266,796	566,608,876	160,792,997	-	727,401,873	63,500,000	1,421,426,993	11,853,563,040	82,270,655	11,935,833,695
Impact of the adoption of TAS 19 Employee Benefits	19	-	-	-	-	-	-	(474,399,953)	(474,399,953)	(1,658,343)	(476,058,296)
<b>Restated balance</b>	<b>8,157,967,378</b>	<b>1,483,266,796</b>	<b>566,608,876</b>	<b>160,792,997</b>	<b>-</b>	<b>727,401,873</b>	<b>63,500,000</b>	<b>947,027,040</b>	<b>11,379,163,087</b>	<b>80,612,312</b>	<b>11,459,775,399</b>
Total comprehensive income (expenses) for the year	-	-	643,172,051	(23,889,886)	-	619,282,165	-	1,316,386,007	1,935,668,172	8,719,970	1,944,388,142
Appropriated - statutory reserve	23	-	-	-	-	-	66,000,000	(66,000,000)	-	-	-
Share-based payment	-	-	-	-	877,610	877,610	-	-	877,610	-	877,610
Non-controlling interest	-	-	-	-	-	-	-	-	-	(45,945)	(45,945)
Transfer to retained earnings	-	-	-	-	-	-	-	5,927,464	5,927,464	-	5,927,464
<b>Balance as at 31 December 2011</b>	<b>8,157,967,378</b>	<b>1,483,266,796</b>	<b>1,209,780,927</b>	<b>136,903,111</b>	<b>877,610</b>	<b>1,347,561,648</b>	<b>129,500,000</b>	<b>2,203,340,511</b>	<b>13,321,636,333</b>	<b>89,286,337</b>	<b>13,410,922,670</b>
<b>Balance as at 1 January 2010</b>	6,674,700,582	-	729,326,916	49,179,147	-	778,506,063	-	420,566,556	7,873,773,201	70,357,816	7,944,131,017
Total comprehensive income (expenses) for the year	-	-	(162,718,040)	111,613,850	-	(51,104,190)	-	828,846,303	777,742,113	11,940,208	789,682,321
Increase in ordinary shares	1,483,266,796	1,483,266,796	-	-	-	-	-	-	2,966,533,592	-	2,966,533,592
Appropriated - statutory reserve	23	-	-	-	-	-	63,500,000	(63,500,000)	-	-	-
Goodwill adjustment	-	-	-	-	-	-	-	72,796,094	72,796,094	-	72,796,094
Non-controlling interest	-	-	-	-	-	-	-	-	-	(27,369)	(27,369)
Transfer to retained earnings	-	-	-	-	-	-	-	162,718,040	162,718,040	-	162,718,040
<b>Balance as at 31 December 2010</b>	<b>8,157,967,378</b>	<b>1,483,266,796</b>	<b>566,608,876</b>	<b>160,792,997</b>	<b>-</b>	<b>727,401,873</b>	<b>63,500,000</b>	<b>1,421,426,993</b>	<b>11,853,563,040</b>	<b>82,270,655</b>	<b>11,935,833,695</b>

CIMB Thai Bank Public Company Limited

Statements of changes in shareholders' equity (Cont'd)

For the years ended 31 December 2011 and 2010

Separate financial statements									
Other reserves									
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Revaluation surplus (deficit) on change in value of investments	Other	Total other reserves	Legal reserve	Retained earnings (deficits)	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Balance as at 1 January 2011</b>	8,157,967,378	1,483,266,796	566,608,876	141,019,632	-	707,628,508	63,500,000	1,281,862,196	11,694,224,878
Impact of the adoption of TAS 19 Employee Benefits	19	-	-	-	-	-	-	(436,174,318)	(436,174,318)
<b>Restated balance</b>	8,157,967,378	1,483,266,796	566,608,876	141,019,632	-	707,628,508	63,500,000	845,687,878	11,258,050,560
Total comprehensive income (expenses) for the year									
Appropriated - statutory reserve	23	-	-	643,172,051	-	624,457,705	-	1,345,960,079	1,970,417,784
Share-based payment		-	-	-	877,610	877,610	66,000,000	(66,000,000)	-
Transfer to retained earnings		-	-	-	-	-	-	5,927,464	5,927,464
<b>Balance as at 31 December 2011</b>	<u>8,157,967,378</u>	<u>1,483,266,796</u>	<u>1,209,780,927</u>	<u>122,305,286</u>	<u>877,610</u>	<u>1,332,963,823</u>	<u>129,500,000</u>	<u>2,131,575,421</u>	<u>13,235,273,418</u>
<b>Balance as at 1 January 2010</b>	6,674,700,582	-	729,326,916	39,270,465	-	768,597,381	-	180,163,965	7,623,461,928
Total comprehensive income (expenses) for the year									
Increase in ordinary shares		-	-	(162,718,040)	-	(60,968,873)	-	1,002,480,191	941,511,318
Appropriated - statutory reserve	23	1,483,266,796	1,483,266,796	-	-	-	-	-	2,966,533,592
Transfer to retained earnings		-	-	-	-	-	63,500,000	(63,500,000)	-
		-	-	-	-	-	-	162,718,040	162,718,040
<b>Balance as at 31 December 2010</b>	<u>8,157,967,378</u>	<u>1,483,266,796</u>	<u>566,608,876</u>	<u>141,019,632</u>	<u>-</u>	<u>707,628,508</u>	<u>63,500,000</u>	<u>1,281,862,196</u>	<u>11,694,224,878</u>

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

**CIMB Thai Bank Public Company Limited**  
**Statements of cash flow**  
**For the years ended 31 December 2011 and 2010**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cash flows from operating activities</b>				
Profit before corporate income tax from continuing operations	1,376,255,176	710,406,966	1,345,960,079	1,002,480,191
Profit before corporate income tax from discontinued operations	-	140,216,258	-	-
Profit before corporate income tax including discontinued operations	1,376,255,176	850,623,224	1,345,960,079	1,002,480,191
Adjustments to reconcile net profit before income tax to cash in (out) flows from operating activities:				
Depreciation and amortisation	411,878,809	443,789,652	377,607,062	414,192,110
Bad debts and doubtful accounts	1,074,685,731	800,490,039	942,282,551	775,000,000
Reverse allowance for doubtful debts from sale of accounts receivable	-	(1,881,153,917)	-	(1,881,153,917)
Reverse allowance for doubtful debts from disposal of subsidiary	-	(3,264,713,182)	-	-
(Reversal) provision for off-balance sheet items	(15,012,991)	10,000,000	(4,012,991)	10,000,000
Share-based payment	877,610	-	877,610	-
Contingent liabilities	-	700,000	-	700,000
Provision for liabilities	123,448,983	20,663,109	101,547,171	20,663,109
Losses on impairment of properties for sale	2,392,065	145,679,027	-	2,700,000
Impairment losses on investments	11,100,950	36,704,301	11,144,919	32,604,969
Unrealised loss (gains) on exchange and derivatives	160,835,044	(134,568,479)	160,835,044	(134,568,479)
Realised losses of exchange rate on investments	11,350,000	90,137,500	11,350,000	90,137,500
Losses (gains) on properties for sale	207,341,408	2,671,040	76,531,814	(84,610,650)
Unrealised loss (gains) on revaluation of investments	2,633,326	493,678	2,742,945	(854,738)
Gains on sale of investments	(177,905,133)	(187,480,366)	(105,836,681)	(504,931,122)
Gains on sale of non-performing loan	-	(18,845,712)	-	(18,845,712)
Gains on disposal of premises and equipments	(79,946,078)	(280,932,166)	(80,610,006)	(280,905,975)
Gain on surplus from of revaluation of assets	(98,482,551)	-	(98,482,551)	-
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	(1,009,565,667)	-	(1,009,565,667)	-
Impairment of premises and equipments	5	16,263,895	5	16,263,895
Loss from write off premises and equipments	3,307,740	16,875,753	3,307,740	16,872,375
Impairment of intangible assets	-	8,521,569	-	8,521,569
Loss from write off intangible assets	-	4,804,988	-	174,607
Interest and dividend income	(7,287,450,589)	(6,464,948,606)	(7,623,635,390)	(5,960,471,399)
Interest expenses	3,069,771,369	1,597,290,885	3,051,714,539	1,583,551,998
<b>Losses from operations before changes in operating assets and liabilities</b>	<b>(2,212,484,793)</b>	<b>(8,186,933,768)</b>	<b>(2,836,241,807)</b>	<b>(4,892,479,669)</b>
<b>(Increase) decrease in operating assets</b>				
Interbank and money market items	10,040,371,933	143,615,090	10,256,224,577	(27,766,820)
Investments held for trading	(1,958,806,791)	242,398,818	(2,054,463,946)	314,637,520
Loans	(26,003,465,408)	(9,314,060,482)	(24,755,868,050)	(11,829,551,091)
Properties for sale	816,006,438	585,197,797	435,904,985	293,527,586
Other assets	341,776,656	(70,074,781)	258,600,565	(100,433,013)
<b>Increase (decrease) in operating liabilities</b>				
Deposits	6,910,336,650	6,242,199,477	6,743,720,967	6,123,235,888
Interbank and money market items	1,175,266,666	(6,265,594,159)	1,132,643,585	(6,385,609,021)
Liability payable on demand	(106,533,315)	(35,391,738)	(106,533,315)	(35,391,738)
Short-term borrowings	16,100,335,142	7,639,002,581	16,100,335,142	7,639,002,581
Provisions	(74,976,995)	(15,545,000)	(74,976,995)	(15,545,000)
Other liabilities	(762,917,426)	1,282,161,130	(762,551,740)	1,574,269,782
<b>Cash flows provided by (used in) operating activities</b>	<b>4,264,908,757</b>	<b>(7,753,025,035)</b>	<b>4,336,793,968</b>	<b>(7,342,102,995)</b>
Cash received from interest income	6,300,737,404	5,750,701,050	6,638,398,884	5,214,644,570
Cash paid for interest expenses	(2,661,235,618)	(1,521,742,609)	(2,648,502,887)	(1,513,060,390)
Net cash paid for tax	(54,441,695)	(25,279,752)	-	-
<b>Net cash flows provided by (used in) operating activities</b>	<b>7,849,968,848</b>	<b>(3,549,346,346)</b>	<b>8,326,689,965</b>	<b>(3,640,518,815)</b>

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

**CIMB Thai Bank Public Company Limited**  
**Statements of cash flow (Cont'd)**  
**For the years ended 31 December 2011 and 2010**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchases of available-for-sale securities	(5,475,305,948)	(8,464,968,236)	(5,475,305,948)	(8,068,156,225)
Proceeds from disposals of available-for-sale securities	980,224	3,529,678,020	342,458	3,517,955,086
Proceeds from maturity and principal payment of available-for-sale securities	2,620,000,000	3,553,651,637	2,620,000,000	3,553,651,637
Cash paid for purchases of held to maturities securities	(13,893,398,632)	(2,589,706,046)	(13,893,398,632)	(2,589,706,046)
Proceeds from maturity and principal payment of held to maturities securities	7,359,469,428	1,578,300,003	7,359,469,428	1,578,300,003
Cash paid for increase in capital of subsidiaries	-	-	(600,000,000)	(260,500,000)
Proceeds from disposals of investment in subsidiaries	31,579,041	1,012,365,156	31,579,041	944,992,862
Proceeds from repayment of investment in receivable	132,613,599	285,869,935	132,613,599	280,307,228
Cash paid for repayment of investment in receivable	-	(14,568,150)	-	-
Cash paid for purchases of general investments	-	(448,507)	-	(448,510)
Proceeds from disposals of general investments	50,799,105	24,746,375	50,799,105	23,816,995
Proceeds from capital deduction of general investments	34,980,000	34,980,000	34,980,000	34,980,000
Cash paid for purchases of premises and equipments	(648,554,133)	(239,270,109)	(545,864,299)	(199,141,713)
Proceeds from disposals of equipment	192,259,890	1,082,316,330	192,488,450	1,067,080,122
Cash paid for purchases of intangible assets	(117,429,333)	(144,242,349)	(96,177,570)	(142,332,396)
Proceeds from disposals of intangible assets	15,812	-	15,812	-
Dividend received	199,177,398	197,503,070	198,223,938	196,310,979
Interest received	544,920,895	659,353,846	544,920,895	659,353,846
<b>Net cash flows (used in) provided by investing activities</b>	<b>(8,967,892,654)</b>	<b>505,560,975</b>	<b>(9,445,313,723)</b>	<b>596,463,868</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuing subordinate debenture	3,000,000,000	-	3,000,000,000	-
Cash paid for redemption of subordinated debenture	(1,503,750,000)	-	(1,503,750,000)	-
Cash received from capital increase	-	2,966,533,592	-	2,966,533,592
<b>Net cash flows from financing activities</b>	<b>1,496,250,000</b>	<b>2,966,533,592</b>	<b>1,496,250,000</b>	<b>2,966,533,592</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>378,326,194</b>	<b>(77,251,779)</b>	<b>377,626,242</b>	<b>(77,521,355)</b>
Cash and cash equivalents at beginning of the years	2,744,520,360	2,821,772,139	2,743,015,913	2,820,537,268
<b>Cash and cash equivalents at the end of the years</b>	<b>3,122,846,554</b>	<b>2,744,520,360</b>	<b>3,120,642,155</b>	<b>2,743,015,913</b>

The accompanying notes to consolidated and separate financial statements from page 11 to 90 are an integral part of the financial statements

**CIMB Thai Bank Public Company Limited**  
**Statements of cash flow (Cont'd)**  
**For the years ended 31 December 2011 and 2010**

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
<b>Supplemental disclosure of cash flows information</b>				
Non-cash transaction:				
Properties for sale received in settlement of debts	524,668,561	360,859,946	3,933,000	-
Payable from purchase of premises and equipments	19,713,291	21,482,523	16,328,947	21,482,523
Payable from purchase of intangible assets	2,462,827	10,988,000	2,462,827	10,988,000
Changes in revaluation surplus in available-for-sale investment	23,891,863	111,614,838	18,714,346	101,749,167
Write-off loans and allowance for doubtful debts	652,242,240	1,267,712,968	589,755,756	980,900,726
Properties for sale received from auction	8,810,915	11,870,365	8,810,915	12,012,865
Adjustment of brought forward retained earnings due to the adoption of TAS 19 Employee Benefit	476,058,295	-	436,174,318	-
Receivable from disposal of properties for sale	54,640,254	-	54,640,254	-
Customer's liabilities under acceptance transactions	8,448,609	7,531,701	8,448,609	7,531,701
Transfer investments in receivable to loans due to debt restructuring-net	125,092,869	-	125,092,869	-
Adjust transfer intangible to land, premises and equipment	23,273	29,568,227	23,273	30,019,299
Revaluation surplus on assets	649,099,515	162,718,041	649,099,515	162,718,041
Change in appropriate statutory reserve	66,000,000	63,500,000	66,000,000	63,500,000
Adjust transfer impairment in investment receivable to other liabilities	-	34,000,000	-	34,000,000
Adjust transfer allowance for impairment from investment to loan	-	23,479,353	-	23,479,353
Interest amortisation from premium or discount	26,242,284	35,612,796	26,242,284	35,612,796
Change in amortisation of prepaid interest	7,480,672	56,341,575	7,480,672	56,341,575
Amortisation of effective interest rate	7,037,611	42,652,042	2,020,237	37,873,591
Write-off negative goodwills	-	72,796,094	-	-
Write-off other liabilities from sales of investment in a subsidiary	58,400,000	-	58,400,000	-

The accompanying notes to consolidated and separate financial statements from page 11 to 90 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 CIMB Group is CIMB Group Holdings Berhad (formerly known as “Bumiputra - Commerce Holdings Berhad”).

All subsidiaries were incorporated as limited companies under Thai laws, and all operate in Thailand, engaging mainly in securities business, debt collection business, hire purchase and leasing business.

The consolidated and separate financial statements were authorised by the Board of directors on 22 February 2012.

## **2 Accounting policies**

### **2.1 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 Financial Reporting 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., statements of financial position, statements of comprehensive income, statement of changes in equity and statements of cash flow) are prepared in the format as required by the Notification of the Bank of Thailand (“BoT”), no. SorNorSor 11/2553, “The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group” dated on 3 December 2010.

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 the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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 2010, with no structural changes related to subsidiaries occurring during the period. Those changes occurred during the year ended 31 December 2010 reported in Note 7.7 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.

The major comparative figures have been reclassified as necessary to conform with the presentation according to the Notification of the BoT, no. SorNorSor 11/2553, “The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group” dated on 3 December 2010 which is mandatory for the accounting periods beginning on or after 1 January 2011.

**2 Accounting policies (Cont'd)**

**2.1 Basis of preparation of consolidated and separate financial statements (Cont'd)**

Statements of financial position

Certain items in the statements of financial position as at 31 December 2010 have been reclassified in order to be comparable to the presentation in the statements of financial position as at 31 December 2011. The significant items are shown as follows.

1. Investments in subsidiaries in the separate financial statements amounting to Baht 1,323 million was reclassified from Investments - net to Investments in subsidiaries - net.
2. Bills of exchange held by the financial institutions in the consolidated and the separate financial statements amounting to Baht 2,262 million was reclassified from Interbank and money market items to Debt issued and borrowings.
3. Prepaid interest of fixed deposits in the consolidated and the separate financial statements amounting to Baht 7 million was reclassified from Other assets to Deposits.
4. Provision for litigation and off-balance sheet items in the consolidated and the separate financial statements amounting to Baht 458 million was reclassified from Other liabilities to Provisions.
5. Deferred revenue in the consolidated financial statement amounting to Baht 1,694 million and in the separate financial statements amounting to Baht 5 million was reclassified from Loans to Deferred revenue.
6. Leasehold improvement in the consolidated financial statements and separate financial statements amounting to Baht 171 million and Baht 158 million, respectively, was classified from Other assets to Property plant and equipments - net

Statements of comprehensive income

Certain items in the statements of comprehensive income for the year periods ended 31 December 2010 have been reclassified in order to be comparable to the presentation in the statement of comprehensive income for the year ended 31 December 2011. The significant items are shown as follows.

1. Interest and dividend income from investments in the consolidated and separate financial statement amounting to Baht 198 million and Baht 196 million, respectively, and fee and service income from subsidiaries in the separate financial statement amounting to Baht 50 million were reclassified from interest and dividend income from Investments, and fees and charges-others to Other operating income.
2. Gain of trading securities in the consolidated and separate financial statements amounting to Baht 28 million and Baht 10 million, respectively was reclassified from Other operating income to Gain on trading and foreign exchange transaction.
3. Premium income and inward reinsurance in the consolidated financial statements amounting to Baht 56 million was reclassified from Other operating income to Fee and service income.
4. Loss of impairment of investment in the consolidated and separate financial statements amounting to Baht 26 million was reclassified from Investment-net to Bad debt and doubtful accounts.
5. Fee and services expenses for contract staffs and professional fee in consolidated financial statements and separate financial amounting to Baht 286 million and Baht 267 million, respectively, were reclassified from personnel expenses, and fee and service expenses to other operating expenses.
6. Appraisal expense and properties foreclosed expenses in the separate financial statement amounting to Baht 26 million was reclassified from premise and equipment expenses to other expenses.
7. Telephone and fax expenses in the separate financial statements amounting to Baht 35 million was reclassified from other expenses to premise and equipment expenses.
8. Contribution fee to the Deposit Protection Agency in the consolidated and separate financial statements amounting to Baht 350 million was reclassified from contribution fee to the Deposit Protection Agency to interest expenses.
9. Commission expenses from hire purchase contracts in the consolidated financial statement amounting to Baht 92 million was reclassified from fee and change expenses to interest income.

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.

**2 Accountings policies (Cont'd)**

**2.2 New accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards**

**a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the period beginning on or after 1 January 2011 and adopted by the Group:**

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
TSIC 31	Revenue-Barter Transactions Involving Advertising Service

According to TAS 19 Employee Benefits, the Bank and its subsidiaries set provision for pension fund which comprises of post employment benefits under the labour law applicable in Thailand and pension benefits to employee (Note 2.20) with more than 10 years of service and who resign in accordance with the rules and conditions stipulated by the Bank.

The liability in respect of employee's benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the statement of comprehensive income is determined by the corridor approach in accordance with TAS19 and is recognised as income or expense over the expected average remaining service lives of the related employees participating in the defined benefit plan.

The Bank adjusted consolidated and separate statement of financial position as at 1 January 2011 by increasing provision for employee benefits amounting to Baht 476 million and Baht 436 million, respectively, and reducing beginning retained earnings with the same amount. The Bank also adjusted the employee benefit expenses amounted to Baht 111 million and Baht 100 million in consolidated and separate statements of comprehensive income for the year ended 31 December 2011 as detailed in Note 19.

**2 Accountings policies (Cont'd)**

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

**b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards that are not yet effective and have not been early adopted**

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
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The management of the Bank has assessed that TAS 20 (Revised 2009) and TSIC 10 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 liabilities and assets 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 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.

**2.3 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.

The Bank recognises, 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.

**2 Accountings policies (Cont'd)**

**2.3 Revenue recognition (Cont'd)**

(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.

(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 period. 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 properties for sale

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

(f) Brokerage fees

Brokerage income is recognised when the underlying transaction is contracted.

(g) 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.

(h) Other income

Other income is recognised as income on an accrual basis.

**2 Accountings policies (Cont'd)**

**2.4 Expense recognition**

(a) Interest expenses

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

(b) Commission fee under hire purchase agreements

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

(c) Other expense

Other expense is recognised as expense on an accrual basis.

**2.5 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 statements of financial position 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 statements of financial position 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.

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

**2 Accountings policies (Cont'd)**

**2.5 Investments (Cont'd)**

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 statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statements of comprehensive income. When disposing of part of the 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.

**2.6 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 statements of comprehensive income.

Investments in receivables which enter into troubled debt restructuring are transferred to loans and presented at fair value net of 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.

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

Promissory notes received in connection with the transfer of non-performing loans to Thai Asset Management Corporation ("TAMC"), which are avaled by the Financial Institutions Development Fund ("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.

**2.8 Investments in subsidiary**

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.

**2 Accountings policies (Cont'd)**

**2.8 Investments in subsidiary (Cont'd)**

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 statements of comprehensive income.

Intercompany transactions, balances and unrealised gains or losses 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 and the financial effects of acquisitions and disposals of subsidiaries are shown in Note 7.7.

**2.9 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 or recoveries and decreased by write-offs. 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).

**2 Accountings policies (Cont'd)**

**2.9 Loans/securities business receivables/hire purchase receivables and allowance for doubtful accounts (Cont'd)**

(b) For securities business receivables (Cont'd)

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 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 of unearned hire purchase income.

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

**2.10 Troubled debt restructuring and 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 statements of comprehensive income 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 year 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 statements of comprehensive income when debt restructuring agreement is executed.

**2 Accountings policies (Cont'd)**

**2.11 Properties for sale**

Properties for sale 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 for sale assets incurred impairment, the Bank and its subsidiaries will recognise the provision for impairment of for sale assets in total.

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

**2.12 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 equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statements of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

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

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

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

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains - net" in profit or loss.

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

**2 Accountings policies (Cont'd)**

**2.13 Intangible assets**

(a) Computer software

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

**2.14 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 at statements of financial position date, assets are grouped at the lowest level for which there is separately identifiable cash flows. As at the date in statement of financial position, the Bank and its subsidiaries have to reverse the loss on impairment of assets that the Bank and its subsidiaries recognised in the previous period except goodwill when the assessment of the recoverable amount is changed after the Bank and its subsidiaries recognised loss on impairment.

**2.15 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.

**2.16 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 statements of comprehensive income on a straight-line basis over the period of the lease.

**2 Accountings policies (Cont'd)**

**2.17 Foreign currency translation**

Items included in the financial statements of the Bank and its subsidiaries are measured using Thai Baht. The interim 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 statements of financial position 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 statements of comprehensive income.

**2.18 Financial derivatives**

The Bank regards its obligations under financial derivatives contracts as off-statements of financial position 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 statements of comprehensive income.

(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 statements of financial position date announced by the Bank of Thailand.
- (2) Interest elements are recorded on an accrual basis.

**2.19 Embedded derivatives**

The Bank records embedded derivatives in investments in Structured Note 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 for the embedded derivative from the host contract and measure the embedded derivative at fair value including a gain/loss in the statements of comprehensive income. The host contract will be accounted for under the related accounting standards. In case of the 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 statements of comprehensive income.
- (b) If the economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract, the Bank will not separately account the embedded derivative from the host contract and classify the host contract under the related accounting standards.

**2 Accountings policies (Cont'd)**

**2.20 Employee benefits and pension fund**

The Bank has policy to pay post employment benefits to employee under the labour law applicable in Thailand.

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 statements of comprehensive income 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 statements of comprehensive income 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.

**2.21 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 statements of comprehensive income in the year to which they relate.

**2.22 Provisions**

The Bank and its 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.

**2.23 Income tax**

The Bank and its subsidiaries calculate income tax base on the taxable profits determined in accordance with tax legislation.

**2.24 Share-based payment**

The Bank operates share based compensation plans, which include options and shares, granted to employees of the Bank. For entitlements granted to employees under Management Equity Scheme ("MES") before 1 January 2011 to which TFRS 2 has not been applied, the Bank does not account in the financial statements but disclose as the requirement of the standard in note 25.

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

At the end of each reporting period, the Bank sets up share-base payment reserve as the proportion of time of the vesting period. The reserve presents as part of other reserves.

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

### **3 Financial risk management**

#### **3.1 Financial risk factors**

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

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

##### **3.1.1 Market risk**

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

The 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.

###### **3.1.1.1 Foreign exchange risk**

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

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

###### **3.1.1.2 Interest rate risk**

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

###### **3.1.1.3 Equity position risk**

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

### **3 Financial risk management (Cont'd)**

#### **3.1 Financial risk factors (Cont'd)**

##### **3.1.2 Credit risk**

Credit risk is the risk that the 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 Rating, respectively, have been developed to grade customer credit risk levels. For individual retail customers, with multi-purpose credit, whether uncollateralised (personal cash) or collateralised (mortgage power), including home loans, the 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 statements of financial position, and the risk of off-statements of financial position commitments e.g. loan guarantees and other guarantees, derivative contracts.

##### **3.1.3 Liquidity risk**

Liquidity risk is the risk that 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.

#### **3.2 Accounting for derivative financial instruments and hedging activities**

The Bank is party to derivative financial instruments, which mainly comprise foreign currency forward contracts, interest rate swap agreements, future contracts, and exchange rate options. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

**3 Financial risk management (Cont'd)**

**3.2 Accounting for derivative financial instruments and hedging activities (Cont'd)**

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 42.2.

**3.3 Fair value estimation**

When a financial instrument is traded in an active market, its quoted market price provides the best evidence of fair value. The quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, it is the current offer or asking price. When the current bid and offer prices are unavailable, the price of the most recent transaction may provide evidence of the current fair value provided that there has not been a significant change in economic circumstances between the transaction date and the reporting date. When the Group has matching asset and liability positions, it may appropriately use mid-market prices as a basis for establishing fair values.

When there is infrequent activity in a market, the market is not well established or small volumes are traded relative to the number of trading units of a financial instrument to be valued, quoted market prices may not be indicative of the fair value of the instrument. In these circumstances, as well as when a quoted market price is not available, estimation techniques may be used to determine the fair value with sufficient reliability to satisfy the Group. Techniques that are well established in financial markets include reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. In applying discounted cash flow analysis, an enterprise uses a discount rate equal to the prevailing market rate of interest for financial instruments having substantially the same terms and characteristics, including the creditworthiness of the debtor, the remaining term over which the contractual interest rate is fixed, the remaining term for repayment of the principal and the currency in which payments are to be made.

The fair value of publicly traded derivatives and trading and available-for-sale investments is based on quoted market prices at the end of the reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of reporting period.

#### **4 Critical accounting estimates, assumptions and judgements**

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

The 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 its 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 for sale**

The Bank and its subsidiaries assess allowance for impairment of property for sale 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) Provision for post retirement benefits and pension fund**

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

**5 Capital risk management**

The Bank and subsidiaries' objectives when managing capital are to safeguard the Bank and its 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 Banking Business Act B.E.2551. The Bank's capital fund is presented in Note 24.

**6 Interbank and money market items (assets)**

	Consolidated financial statements					
	2011			2010		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
<b>Domestic:</b>						
Bank of Thailand and the Financial Institutions Development Fund	1,401	-	1,401	635	2,300	2,935
Commercial banks	602	45	647	538	3,017	3,555
Other banks	6	-	6	4	6,875	6,879
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	1	545
Other financial institutions	-	561	561	-	432	432
<b>Total domestic items</b>	<b>2,553</b>	<b>606</b>	<b>3,159</b>	<b>1,721</b>	<b>12,625</b>	<b>14,346</b>
<u>Add</u> Accrued interest receivables	-	-	-	-	2	2
<u>Less</u> Allowance for doubtful debts	-	(3)	(3)	-	(4)	(4)
<b>Domestic items - net</b>	<b>2,553</b>	<b>603</b>	<b>3,156</b>	<b>1,721</b>	<b>12,623</b>	<b>14,344</b>
<b>Foreign:</b>						
US dollar	1,942	-	1,942	833	42	875
Yen	17	-	17	6	-	6
EURO	28	-	28	8	-	8
Other currencies	62	-	62	15	-	15
<b>Foreign items - net</b>	<b>2,049</b>	<b>-</b>	<b>2,049</b>	<b>862</b>	<b>42</b>	<b>904</b>
<b>Domestic and foreign items - net</b>	<b>4,602</b>	<b>603</b>	<b>5,205</b>	<b>2,583</b>	<b>12,665</b>	<b>15,248</b>

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

	Separate financial statements					
	2011			2010		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
<b>Domestic:</b>						
Bank of Thailand and the Financial Institutions Development Fund	1,401	-	1,401	635	2,300	2,935
Commercial banks	26	-	26	23	3,000	3,023
Other banks	-	-	-	-	6,875	6,875
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	125	669
Other financial institutions	-	561	561	-	432	432
<b>Total domestic items</b>	1,971	561	2,532	1,202	12,732	13,934
<u>Add</u> Accrued interest receivables	-	-	-	-	2	2
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(4)	(4)
<b>Domestic items - net</b>	1,971	557	2,528	1,202	12,730	13,932
<b>Foreign:</b>						
US dollar	1,942	-	1,942	833	42	875
Yen	17	-	17	6	-	6
EURO	28	-	28	8	-	8
Other currencies	62	-	62	15	-	15
<b>Foreign items</b>	2,049	-	2,049	862	42	904
<b>Domestic and foreign items - net</b>	4,020	557	4,577	2,064	12,772	14,836

As at 31 December 2011, the Bank has promissory notes of Baht 547 million (31 December 2010: Baht 547 million), that had been issued by financial institutions 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 2010: 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 statements of financial position 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 2010: Baht 544 million).

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**7 Investments - net**

**7.1 Classified by types of investment**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Fair Value</b>	<b>Fair Value</b>	<b>Fair Value</b>	<b>Fair Value</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Securities held for trading</b>				
Government and state enterprises securities	2,130	80	2,130	80
Private sector debt securities	48	5	48	5
Domestic marketable equity securities	26	50	-	-
<b>Total Securities held for trading</b>	<b>2,204</b>	<b>135</b>	<b>2,178</b>	<b>85</b>
<b>Available-for-sales securities</b>				
Government and state enterprises securities	8,229	5,539	8,229	5,539
Private sector debt securities	195	-	195	-
Domestic marketable equity securities	2,662	2,705	2,645	2,683
<b>Total Available-for-sales securities</b>	<b>11,086</b>	<b>8,244</b>	<b>11,069</b>	<b>8,222</b>
	<b>Cost/</b>	<b>Cost/</b>	<b>Cost/</b>	<b>Cost/</b>
	<b>Amortised Cost</b>	<b>Amortised Cost</b>	<b>Amortised Cost</b>	<b>Amortised Cost</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Held-to-maturity debt securities</b>				
Government and state enterprises securities	17,489	9,181	17,489	9,181
Promissory notes issued by				
Thai Asset Management Corporation	469	800	469	800
Private sector debt securities	592	552	592	552
Overseas debt securities	-	1,508	-	1,508
Investments in receivables (Note 7.6)	569	841	524	796
<b>Total</b>	<b>19,119</b>	<b>12,882</b>	<b>19,074</b>	<b>12,837</b>
<u>Less</u> Allowance for impairment	(173)	(187)	(136)	(150)
<b>Total Held-to-maturity debt securities</b>	<b>18,946</b>	<b>12,695</b>	<b>18,938</b>	<b>12,687</b>
	<b>Consolidated financial statements</b>	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	<b>Separate financial statements</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>	<b>Cost</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>General Investments</b>				
Domestic non - marketable equity securities	514	603	514	603
Overseas non - marketable equity securities	14	13	14	13
<b>Total</b>	<b>528</b>	<b>616</b>	<b>528</b>	<b>616</b>
<u>Less</u> Allowance for impairment	(221)	(213)	(221)	(213)
<b>Total General investments</b>	<b>307</b>	<b>403</b>	<b>307</b>	<b>403</b>
<b>Investments -net</b>	<b>32,543</b>	<b>21,477</b>	<b>32,492</b>	<b>21,397</b>

**7 Investments - net (Cont'd)**

**7.1 Classified by types of investment (Cont'd)**

- (a) As at 31 December 2011, 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 43 to the financial statements) amounting to Baht 469 million (31 December 2010: Baht 800 million). Such promissory notes are non-transferable and avaled by the FIDF.
- (b) As at 31 December 2011, 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 2010: Baht 2,500 million) and it is presented at its fair value of Baht 2,578 million (31 December 2010: Baht 2,683 million), with the gain from revaluation amounting to Baht 78 million (31 December 2010: Baht 183 million) presented in shareholders' equity. The presentation of fair value is in accordance with Thai Accounting Standard No. 105 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.
- (c) As at 31 December 2011 and 2010, the Bank has investments which are pledged as collateral, as mentioned in Note 36.1.

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

	Consolidated and separate financial statements							
	2011				2010			
	Periods remaining				Periods remaining			
	1 year	1 - 5	Over	Total	1 year	1 - 5	Over	Total
	Million	years	5 years	Million	Million	years	5 years	Million
	Baht	Million	Million	Million	Baht	Million	Million	Baht
<b>Available-for-sales securities</b>								
Government and state enterprises securities	1,504	4,938	1,742	8,184	2,622	2,959	-	5,581
Private sector debt securities	50	110	35	195	-	-	-	-
Total	1,554	5,048	1,777	8,379	2,622	2,959	-	5,581
<u>Add</u> Allowance for revaluation	3	(2)	44	45	(4)	(38)	-	(42)
<b>Available-for-sales securities - net</b>	<b>1,557</b>	<b>5,046</b>	<b>1,821</b>	<b>8,424</b>	<b>2,618</b>	<b>2,921</b>	<b>-</b>	<b>5,539</b>
<b>Held-to-maturity securities</b>								
Promissory notes issued by TAMC	336	133	-	469	481	319	-	800
Government and state enterprises securities	3,851	13,140	498	17,489	4,561	4,466	154	9,181
Private sector debt securities	291	301	-	592	1	550	1	552
Overseas debt securities	-	-	-	-	1,508	-	-	1,508
Total	4,478	13,574	498	18,550	6,551	5,335	155	12,041
<u>Less</u> Allowance for impairment	(40)	(16)	-	(56)	(34)	(21)	(1)	(56)
<b>Held-to-maturity securities - net</b>	<b>4,438</b>	<b>13,558</b>	<b>498</b>	<b>18,494</b>	<b>6,517</b>	<b>5,314</b>	<b>154</b>	<b>11,985</b>
<b>Total debt securities</b>	<b>5,995</b>	<b>18,604</b>	<b>2,319</b>	<b>26,918</b>	<b>9,135</b>	<b>8,235</b>	<b>154</b>	<b>17,524</b>

**7 Investments - net (Cont'd)**

**7.3 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:

	<b>Consolidated and separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Commercial business	-	2
Property development	1	1
Public utilities and services	17	17
Bank and Finance	4	4
Total	22	24
<u>Less</u> Allowance for impairment	(11)	(11)
<b>Investments representing shareholdings in which the Bank and its subsidiaries hold more than 10% - net</b>	<b>11</b>	<b>13</b>

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

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

	<b>Consolidated and separate financial statements</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Cost</b>	<b>Fair value</b>	<b>Cost</b>	<b>Fair value</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>General investments</b>				
Investment in property funds	261	258	229	226
<u>Less</u> Allowance for impairment	(3)		(3)	
<b>General investments - net</b>	<b>258</b>		<b>226</b>	

**7 Investments - net (Cont'd)**

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

As at 31 December 2011 and 2010, the Bank and its subsidiaries have the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and separate financial statements							
	2011			2010				
	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	-	-	-	2	-	-	-
Companies with problems regarding to business continuity and/or weak financial status and operating performance	51	42	(42)	-	51	42	(42)	-
Defaulted debt securities	18	2	(2)	-	18	2	(2)	-
	<u>71</u>	<u>44</u>	<u>(44)</u>	<u>-</u>	<u>71</u>	<u>44</u>	<u>(44)</u>	<u>-</u>

**7.6 Investments in receivables**

	Consolidated financial statements		Separate financial statements	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Investments in receivables (Note 7.1)	569	841	524	796
<u>Less</u> Allowance for impairment	<u>(117)</u>	<u>(131)</u>	<u>(80)</u>	<u>(94)</u>
Investments in receivables - net	<u>452</u>	<u>710</u>	<u>444</u>	<u>702</u>

As at 31 December 2011 and 2010, the outstanding balances of loan receivables can be summarised as follows:

	2011				2010			
	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)* %
<b>Consolidated financial statements</b>								
Total accumulated investments in receivables	6,046	24,833	7,069	19	6,046	24,833	7,069	19
Outstanding investments in receivables as at the statements of financial position date	306	3,411	569		353	3,733	841	
<b>Separate financial statements</b>								
Total accumulated investments in receivables	5,857	22,948	6,996	19	5,857	22,948	6,996	19
Outstanding investments in receivables as at the statements of financial position date	155	1,860	524		199	2,136	796	

\* Excluded yield of investment in receivable of a subsidiary which the outstanding as at 31 December 2011 is Baht 45 million (31 December 2010: Baht 45 million).

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**7 Investments - net (Cont'd)**

**7.7 Investments in subsidiary - net**

Company name	Nature of business	Type of securities	Percentage of holding		Separate financial statements	
			2011	2010	Cost method	
			%	%	2011 Million Baht	2010 Million Baht
<b>Subsidiaries - included in consolidated financial statements</b>						
CIMB Securities (Thailand) Co., Ltd.	Securities	Common stock	100	100	1,775	1,175
CT Coll Co., Ltd. (Formerly known as "BT Business Consulting Co., Ltd.")	Debt collection	Common stock	100	100	38	38
Center Auto Lease Co., Ltd. (Formerly known as "BT Leasing Co., Ltd.")	Leasing/hire purchase	Common stock	100	100	703	703
World Lease Co., Ltd. (Formerly known "BT Worldlease Co., Ltd.")	Hire purchase - motorcycles motorcycle trading	Common stock	75	75	248	248
<b>Subsidiary - not included in consolidated financial statements</b>						
Krung Thai Thanakit Finance Plc.	In process of liquidation	Common stock	99	99	562	562
Total					3,326	2,726
Less Allowance for impairment					(1,403)	(1,403)
Investments in subsidiary and associated companies - net					1,923	1,323

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. The meeting also approved the sales of World Class Rent a Car Co., Ltd. 760,000 shares which was 20% of its paid-up capital to other shareholders of World Class Rent a Car Co., Ltd.

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 statements of comprehensive income at amount of Baht 218 million (separate statements of comprehensive income Baht 162 million).

On 23 July 2010, the Bank sold the shareholding in World Class Rent a Car Co., Ltd. to other shareholders of World Class Rent a Car Co., Ltd. Gain from sale amounting to Baht 22 million is recognised in the consolidated and separate statements of comprehensive income 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.

**7 Investments - net (Cont'd)**

**7.7 Investments in subsidiary - net**

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 on sale recognised in consolidated statement of comprehensive income at amount of Baht 21 million (separate statement of comprehensive income Baht 98 million). However, after reassessment the fair value of the Company, the Bank received additional proceeds amounting to Baht 89 million in June 2011 and recognised in the consolidated and separate statements of comprehensive income.

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 statements of comprehensive income at amount of Baht 84 million (gain in separate statement of comprehensive income Baht 204 million).

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

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

According to the Board of Director Meetings No. 6/2011 on 24 June 2011 of CIMB Thai Bank Plc. and the Extraordinary General Meeting of Shareholders No. 2/2011 on 26 August 2011 approve to increase CIMB Securities (Thailand) Co., Ltd. registered capital from Baht 500,000,000 to Baht 1,800,000,000 by issuing new ordinary shares amounting Baht 1,300,000,000 with a par value per share of Baht 10.

On 7 September 2011, CIMB Securities (Thailand) Co., Ltd. has increased the registered ordinary shares amounting Baht 600,000,000 to the total registered and paid up share capital amounting Baht 1,100,000,000 and has registered with Ministry of Commerce on 7 September 2011.

**8 Loans and accrued interest receivables - net**

**8.1 Classified by loan type**

	Consolidated financial statements		Separate financial statements	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Bank overdrafts	6,702	6,057	6,702	6,063
Loans	68,584	57,688	72,171	60,921
Bills	34,470	23,804	38,005	25,124
Hire purchase receivables	11,137	7,509	-	-
Securities business receivables	751	393	-	-
Others	76	57	73	57
Total loans	121,720	95,508	116,951	92,165
Fair value on loans	(1)	-	(1)	-
<u>Less</u> Deferred revenue	(2,430)	(1,670)	(3)	(4)
Total loans net of deferred revenue	119,289	93,838	116,947	92,161
<u>Add</u> Accrued interest receivables	279	178	278	178
Total loans net of deferred revenue and accrued interest receivables	119,568	94,016	117,225	92,339
<u>Less</u> Allowance for doubtful debts (Note 9)				
Minimum allowance for doubtful accounts required based on the BoT's guidelines				
- Individual Approach	(1,681)	(1,514)	(1,691)	(1,470)
- Collective Approach	(261)	(136)	-	-
General provision for further losses	(1,403)	(954)	(1,403)	(954)
<u>Less</u> Revaluation allowance for debt restructuring (Note 10)	(11)	(9)	(11)	(9)
Loans and accrued interest receivables - net	116,212	91,403	114,120	89,906

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**8 Loans and accrued interest receivables - net (Cont'd)**

**8.2 Classified by currency and residency of debtors**

	Consolidated financial statements					
	2011			2010		
	Domestic Million Baht	Overseas Million Baht	Total Million Baht	Domestic Million Baht	Overseas Million Baht	Total Million Baht
Baht	113,291	326	113,617	88,313	356	88,669
US dollar	5,479	-	5,479	4,987	-	4,987
Other currencies	193	-	193	182	-	182
Total loans net of deferred revenue	118,963	326	119,289	93,482	356	93,838

  

	Separate financial statements					
	2011			2010		
	Domestic Million Baht	Overseas Million Baht	Total Million Baht	Domestic Million Baht	Overseas Million Baht	Total Million Baht
Baht	110,949	326	111,275	86,636	356	86,992
US dollar	5,479	-	5,479	4,987	-	4,987
Other currencies	193	-	193	182	-	182
Total loans net of deferred revenue	116,621	326	116,947	91,805	356	92,161

**8.3 Classified by types of business and loan classification**

	Consolidated financial statements						
	2011						
	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	2,278	12	-	-	11	-	2,301
Manufacturing and commerce	42,269	3,740	234	546	747	-	47,536
Real estate and construction	8,867	817	145	120	251	-	10,200
Public utilities and services	15,193	1,232	697	29	173	-	17,324
Personal cash	4,980	318	211	3	9	-	5,521
Housing loans	18,441	359	151	135	211	-	19,297
Hire purchase receivable and financial lease receivable	-	-	-	-	-	8,710	8,710
Others	7,334	95	88	44	86	753	8,400
Total loans net of deferred revenue	99,362	6,573	1,526	877	1,488	9,463	119,289

  

	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	33,553	4,202	820	39	411	-	39,025
Real estate and construction	3,742	1,182	142	137	269	-	5,472
Public utilities and services	11,901	2,228	129	16	160	-	14,434
Personal cash	5,486	258	230	-	19	-	5,993
Housing loans	15,947	182	106	86	63	-	16,384
Hire purchase receivable and financial lease receivable	-	-	-	-	-	5,844	5,844
Others	5,332	84	48	33	31	393	5,921
Total loans net of deferred revenue	76,674	8,175	1,475	313	964	6,237	93,838

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**8 Loans and accrued interest receivables - net (Cont'd)**

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

	Separate financial statements					
	2011					
	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	2,278	12	-	-	11	2,301
Manufacturing and commerce	42,269	3,740	234	546	747	47,536
Real estate and construction	8,867	817	145	120	251	10,200
Public utilities and services	15,193	1,232	697	29	173	17,324
Personal cash	4,980	318	211	3	9	5,521
Housing loans	18,440	359	151	135	211	19,296
Others	14,456	95	88	44	86	14,769
Total loans net of deferred revenue	106,483	6,573	1,526	877	1,488	116,947

	Separate financial statements					
	2010					
	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	38	-	2	11	764
Manufacturing and commerce	33,553	4,202	820	39	411	39,025
Real estate and construction	3,742	1,182	142	137	269	5,472
Public utilities and services	11,907	2,228	129	16	160	14,440
Personal cash	5,486	258	230	-	19	5,993
Housing loans	15,947	182	106	86	63	16,384
Others	9,885	85	49	33	31	10,083
Total loans net of deferred revenue	81,233	8,175	1,476	313	964	92,161

**8.4 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							
	2011				2010			
	Loans and accrued interest receivables Million Baht	Balance after collateral <sup>(1)</sup> Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Balance after collateral <sup>(1)</sup> Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on the BoT's guidelines								
- Pass	107,720	41,660	1	416	82,402	30,578	1	357
- Special mention	7,684	2,653	2	62	8,702	2,434	2	43
- Sub-standard	1,669	524	100	514	1,540	727	100	725
- Doubtful	984	375	100	435	390	82	100	145
- Doubtful of loss	1,511	473	100	515	982	172	100	380
- General provision for further losses				1,403				954
Total	119,568	45,685		3,345	94,016	33,993		2,604

**8 Loans and accrued interest receivables - net (Cont'd)**

**8.4 Classification of loans (Cont'd)**

	Separate financial statements							
	2011				2010			
	Loans and accrued interest receivables Million Baht	Balance after collateral <sup>(1)</sup> Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Balance after collateral <sup>(1)</sup> Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on the BoT's guidelines								
- Pass	106,721	41,342	1	413	81,388	29,884	1	323
- Special mention	6,609	1,579	2	41	8,197	1,928	2	34
- Sub-standard	1,528	420	100	420	1,477	691	100	691
- Doubtful	879	325	100	325	313	60	100	59
- Doubtful of loss	1,488	450	100	492	964	154	100	363
- General provision for further losses				1,403				954
<b>Total</b>	<b>117,225</b>	<b>44,116</b>		<b>3,094</b>	<b>92,339</b>	<b>32,717</b>		<b>2,424</b>

<sup>(1)</sup> 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 2011, there were defaulted loans amounting to Baht 3,447 million (31 December 2010: Baht 2,239 million) for which the Bank has ceased accrual of interest income on accrual basis.

**(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	
	2011	2010	2011	2010	2011	2010
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Pass	682	319	-	-	-	-
Sub-standard debt	17	19	-	-	-	-
Doubtful debt	55	55	55	55	61	63
<b>Total</b>	<b>754</b>	<b>393</b>	<b>55</b>	<b>55</b>	<b>61</b>	<b>63</b>

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

As at 31 December 2011 and 2010, 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	
	2011	2010	2011	2010
	Million Baht	Million Baht	Million Baht	Million Baht
Current or overdue less than 1 installment	7,439	5,254	74	52
Overdue 2 - 3 installments	1,075	506	22	10
Overdue 4 - 6 installments	123	44	93	34
Overdue 7 - 12 installments	50	22	49	22
Overdue more than 12 installments	18	13	18	13
Debtors under litigation	5	5	5	5
<b>Total</b>	<b>8,710</b>	<b>5,844</b>	<b>261</b>	<b>136</b>

**8 Loans and accrued interest receivables - net (Cont'd)**

**8.5 Non-performing loans**

As at 31 December 2011 and 2010, 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	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Non-performing loans (principal only)				
Banking business	3,891	2,753	3,891	2,753
Other businesses	219	100	-	-

As at 31 December 2011 and 2010, the above non-performing loans under the BoT's criteria were presented in accordance with the notification of the BoT, defining non-performing loans to be the debts classified as sub-standard, doubtful and doubtful of loss and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with the BoT's criteria have already been fulfilled.

**8.6 Hire purchase and finance lease receivables**

As at 31 December 2011, net receivables of the Bank's subsidiaries under hire purchase agreements and financial leases amount to Baht 8,449 million (31 December 2010: Baht 5,708 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 2011				
	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	3,487	7,119	268	263	11,137
<u>Less</u> Unearned finance income	(862)	(1,433)	(65)	(67)	(2,427)
Present value of minimum lease payments receivable	2,625	5,686	203	196	8,710
<u>Less</u> Allowance for doubtful accounts					(261)
Net receivables under hire purchase agreements and financial leases					<u>8,449</u>
	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	2,385	4,533	477	114	7,509
<u>Less</u> Unearned finance income	(613)	(915)	(107)	(30)	(1,665)
Present value of minimum lease payments receivable	1,772	3,618	370	84	5,844
<u>Less</u> Allowance for doubtful accounts					(136)
Net receivables under hire purchase agreements and financial leases					<u>5,708</u>

**8 Loans and accrued interest receivables - net (Cont'd)**

**8.7 Troubled debt restructuring**

As at 31 December 2011 and 2010, 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 and separate financial statements	
	2011	2010
Number of debtors (Number)	2,090	3,473
Debt balances (Million Baht)	1,579	2,725

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

	Consolidated and separate financial statements			
	2011			
	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	2,090	1,579	1,578	1
Total	2,090	1,579	1,578	1

	Consolidated and separate financial statements			
	2010			
	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	3,473	2,725	2,681	43
Total	3,473	2,725	2,681	43

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

	Consolidated and separate financial statements					
	2011			2010		
	Period of debts restructuring contracts	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	490	460	459	1,157	749	705
5 - 10 years	1,563	1,061	1,061	2,238	1,804	1,804
10 - 15 years	11	26	26	22	78	78
More than 15 years	26	32	32	56	94	94
Total	2,090	1,579	1,578	3,473	2,725	2,681

**8 Loans and accrued interest receivables - net (Cont'd)**

**8.7 Troubled debt restructuring (Cont'd)**

Supplemental information for the years periods ended 31 December 2011 and 2010 relating to the restructured debts is as follow:

	Consolidated financial statements		Separate financial statements	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Losses on debt restructuring due to debtors being able to comply with debt restructuring conditions during the year	153	407	153	407
Cash settlement by debtors				
Principal	606	1,526	604	1,524
Interest	250	353	248	351

As at 31 December 2011 and 2010, 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	
	2011	2010	2011	2010
Number of debtors (Number)	7,411	8,193	7,409	8,190
Debt balances after restructuring (Million Baht)	2,807	3,172	2,786	3,148

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 2011, the Bank have losses from the revaluation of restructured debts (PV Loss) of Baht 11 million (31 December 2010: 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 2011 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 20 million (31 December 2010: Baht 43 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 statements of financial position.

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**9 Allowance for doubtful debts**

	Consolidated financial statements								
	2011								
	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 2010	323	34	691	59	363	935	2,405	199	2,604
<u>Add</u> Addition	-	-	-	-	-	889	889	189	1,078
Reversal of bad debts	-	-	-	-	-	299	299	-	299
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	3	3	-	3
Transfer from allowance for sold Non Performing Loan to Sathorn Asset Management Co., Ltd.	-	-	-	-	-	7	7	-	7
Transfer from investment in account receivable	-	-	-	-	-	14	14	-	14
<u>Less</u> Bad debts written off	-	(139)	(390)	(1)	(60)	-	(590)	(63)	(653)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(5)	(5)	-	(5)
Increase (decrease) due to change in collateral value or transfer general provision to specific provision	90	146	119	267	189	(811)	-	(2)	(2)
Balance as at 31 December 2011	<u>413</u>	<u>41</u>	<u>420</u>	<u>325</u>	<u>492</u>	<u>1,331</u>	<u>3,022</u>	<u>323</u>	<u>3,345</u>

	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 from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
Transfer from allowance for sold Non Performing Loan to Sathorn Asset Management Co., Ltd.	-	-	-	-	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)
Reversal of allowance made for settled debts	(11)	-	-	-	(87)	-	(98)	(14)	(112)
Transfer to allowance for interbank	-	-	-	-	-	(2)	(2)	-	(2)
Reversal of allowance for sold Non Performing Loan	-	-	(3)	(7)	(1,871)	-	(1,881)	-	(1,881)
Increase (decrease) due to change in classification or collateral value or 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>2,604</u>

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**9 Allowance for doubtful debts (Cont'd)**

	Separate financial statements						
	2011						
	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 2010	323	34	691	59	363	954	2,424
<u>Add</u> Addition	-	-	-	-	-	942	942
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	3	3
Transfer from allowance for sold Non Performing Loan to Sathorn Asset Management Co., Ltd.	-	-	-	-	-	7	7
Reversal of bad debts	-	-	-	-	-	299	299
Reversal of investment in account receivable	-	-	-	-	-	14	14
<u>Less</u> Bad debts written off	-	(139)	(390)	(1)	(60)	-	(590)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(5)	(5)
Increase (decrease) due to change in classification or collateral value or transfer general provision to specific	90	146	119	267	189	(811)	-
Balance as at 31 December 2011	<u>413</u>	<u>41</u>	<u>420</u>	<u>325</u>	<u>492</u>	<u>1,403</u>	<u>3,094</u>

	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 Decmber 2009	247	51	1,141	357	2,404	37	4,237
<u>Add</u> Addition	-	-	-	-	-	775	775
Reversal of bad debts	-	-	-	-	-	252	252
Transfer 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 Non Performing Loan	-	-	(3)	(7)	(1,871)	-	(1,881)
Increase (decrease) due to change in classification or collateral value or transfer general provision to specific provision	76	(11)	185	(291)	125	(84)	-
Balance as at 31 December 2010	<u>323</u>	<u>34</u>	<u>691</u>	<u>59</u>	<u>363</u>	<u>954</u>	<u>2,424</u>

**10 Revaluation allowance for debt restructuring**

	Consolidated and separate financial statements	
	2011	2010
	Million Baht	Million Baht
Balance - beginning of the year	9	9
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	5	7
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(3)	(7)
Balance - end of the year	<u>11</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.

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**11 Properties for sale - net**

Properties for sale represent properties for sale 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			
	2011			
	Balance as at 31 December 2010 Million Baht	Additions Million Baht	Disposals Million Baht	Balance as at 31 December 2011 Million Baht
Immovable				
- Assessed by external appraiser	2,645	4	(667)	1,982
Movable	15	521	(511)	25
Total	2,660	525	(1,178)	2,007
<u>Less</u> Allowance for impairment	(611)	(22)	110	(523)
Properties for sale - net	2,049	503	(1,068)	1,484

	Consolidated financial statements				
	2010				
	Balance as at 31 December 2009 Million Baht	Additions Million Baht	Disposals Million Baht	Write-off from disposal of subsidiary Million Baht	Balance as at 31 December 2010 Million Baht
Immovable					
- Assessed by external appraiser	3,027	13	(229)	(166)	2,645
Movable	19	361	(365)	-	15
Total	3,046	374	(594)	(166)	2,660
<u>Less</u> Allowance for impairment	(636)	(146)	158	13	(611)
Properties for sale - net	2,410	228	(436)	(153)	2,049

	Separate financial statements			
	2011			
	Balance as at 31 December 2010 Million Baht	Additions Million Baht	Disposals Million Baht	Balance as at 31 December 2011 Million Baht
Immovable				
- Assessed by external appraiser	2,638	4	(667)	1,975
Total	2,638	4	(667)	1,975
<u>Less</u> Allowance for impairment	(605)	-	91	(514)
Properties for sale - net	2,033	4	(576)	1,461

	Separate financial statements			
	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 for sale - net	2,232	10	(209)	2,033

**11 Properties for sale - net (Cont'd)**

The Bank provides allowance for impairment of properties for sale by reference to appraisal value. The Bank appraise or review the fair value of properties for sale annually in accordance with the Notification of the Bank of Thailand. However, the actual selling price may differ from the appraisal value. In addition, the Bank is 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 for sale.

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**12 Premises and equipments - net**

**Consolidated financial statement**

	Cost/ Appraisal Value				Accumulated depreciation					
	Balance as at 31 December 2010 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Balance as at 31 December 2011 Million Baht	Balance as at 31 December 2010 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Balance as at 31 December 2011 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land										
Cost	563	-	-	563	-	-	-	-	-	563
Revaluation surplus (Revaluation in year 2011)	450	427	-	877	-	-	-	-	-	877
Devaluation of asset (Revaluation in year 2011)	(88)	50	-	(38)	-	-	-	-	-	(38)
Buildings										
Cost	2,145	103	(180)	2,068	(943)	(105)	68	(980)	-	1,088
Revaluation surplus (Revaluation in year 2011)	180	904	(2)	1,082	(63)	(686)	1	(748)	-	334
Devaluation of asset (Revaluation in year 2011)	(177)	97	2	(78)	85	(31)	(1)	53	-	(25)
Equipments	2,609	395	(40)	2,964	(1,973)	(215)	21	(2,167)	(14)	783
Assets under installation and under construction	68	431	(250)	249	-	-	-	-	-	249
<b>Total</b>	<b>5,750</b>	<b>2,407</b>	<b>(470)</b>	<b>7,687</b>	<b>(2,894)</b>	<b>(1,037)</b>	<b>89</b>	<b>(3,842)</b>	<b>(14)</b>	<b>3,831</b>

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**12 Premises and equipments - net (Cont'd)**

**Consolidated financial statement**

	Cost/ Appraisal Value				Accumulated depreciation							Net book value
	Balance as at 31 December 2009	Additions	Disposals/ written off	Transfer to asset held for sale	Balance as at 31 December 2010	Balance as at 31 December 2009	Additions	Disposals/ written off	Transfer to asset held for sale	Balance as at 31 December 2010	Allowance for impairment	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Land												
Cost	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)	(95)	369	10	(943)	-	1,202
Revaluation surplus (Revaluation in year 2006)	456	-	(276)	-	180	(196)	(6)	139	-	(63)	-	117
Devaluation of asset (Revaluation in year 2006)	(177)	-	-	-	(177)	68	17	-	-	85	-	(92)
Equipments	2,717	185	(293)	-	2,609	(1,934)	(270)	231	-	(1,973)	(18)	618
Assets under installation and under construction	32	117	(81)	-	68	-	-	-	-	-	-	68
<b>Total</b>	<b>7,032</b>	<b>373</b>	<b>(1,635)</b>	<b>(20)</b>	<b>5,750</b>	<b>(3,289)</b>	<b>(354)</b>	<b>739</b>	<b>10</b>	<b>(2, 894)</b>	<b>(18)</b>	<b>2,838</b>

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**12 Premises and equipments - net (Cont'd)**

	Separate financial statement									
	Cost/ Appraisal Value			Accumulated depreciation						
	Balance as at 31 December 2010 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Balance as at 31 December 2011 Million Baht	Balance as at 31 December 2010 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Balance as at 31 December 2011 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land										
Cost	563	-	-	563	-	-	-	-	-	563
Revaluation surplus (Revaluation in year 2011)	450	427	-	877	-	-	-	-	-	877
Devaluation of asset (Revaluation in year 2011)	(88)	50	-	(38)	-	-	-	-	-	(38)
Buildings										
Cost	2,097	77	(180)	1,994	(917)	(100)	68	(949)	-	1,045
Revaluation surplus (Revaluation in year 2011)	180	904	(2)	1,082	(63)	(686)	1	(748)	-	334
Devaluation of asset (Revaluation in year 2011)	(177)	97	2	(78)	85	(31)	(1)	53	-	(25)
Equipments	2,359	326	(28)	2,657	(1,783)	(190)	10	(1,963)	(14)	680
Assets under installation and under construction	68	407	(237)	238	-	-	-	-	-	238
<b>Total</b>	<b>5,452</b>	<b>2,288</b>	<b>(445)</b>	<b>7,295</b>	<b>(2,678)</b>	<b>(1,007)</b>	<b>78</b>	<b>(3,607)</b>	<b>(14)</b>	<b>3,674</b>

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**12 Premises and equipments - net (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 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	Transfer to asset held for sale 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 asset held for sale Million Baht	Balance as at 31 December 2010 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	68	(730)	(13)	2,097	(1,204)	(92)	369	10	(917)	-	1,180	
Revaluation surplus (Revaluation in year 2006)	456	-	(276)	-	180	(196)	(6)	139	-	(63)	-	117	
Devaluation of asset (Revaluation in year 2006)	(177)	-	-	-	(177)	68	17	-	-	85	-	(92)	
Equipments	2,444	147	(232)	-	2,359	(1,720)	(248)	185	-	(1,783)	(18)	558	
Assets under installation and under construction	32	115	(79)	-	68	-	-	-	-	-	-	68	
<b>Total</b>	<b>6,713</b>	<b>330</b>	<b>(1,571)</b>	<b>(20)</b>	<b>5,452</b>	<b>(3,052)</b>	<b>(329)</b>	<b>693</b>	<b>10</b>	<b>(2,678)</b>	<b>(18)</b>	<b>2,756</b>	

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**13 Intangible assets - net**

Consolidated financial statements						
	Balance as at 31 December 2010	Increase	Transfer in/(out)	Written off	Amortisation	Balance as at 31 December 2011
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	60	98	(49)	-	109
Computer software	5 - 10 years	406	22	49	(99)	359
License Fee	5 years	4	-	-	(1)	3
Total		470	120	-	(19)	471
Less Allowance for impairment		(19)				-
Net intangible assets		451				471

Consolidated financial statements							
	Balance as at 31 December 2009	Increase	Transfer in/(out)	Written off	Amortisation	Adjustment	Balance as at 31 December 2010
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	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)	-	406
License Fee	5 years	6	-	-	(2)	-	4
Total		820	155	-	(468)	(30)	470
Less Allowance for impairment		(393)					(19)
Net intangible assets		427					451

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**13 Intangible assets - net (Cont'd)**

	Separate financial statements						Balance as at 31 December 2011 Million Baht
	Amortising period	Balance as at 31 December 2010 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Written off Million Baht	Amortisation Million Baht	
Expenditures in connection with development and improvement of computer systems - under development	-	60	81	(38)	-	-	103
Computer software	5 - 10 years	399	17	38	(19)	(96)	339
License Fee	5 years	2	-	-	-	(1)	1
Total		461	98	-	(19)	(97)	443
<u>Less</u> Allowance for impairment		(19)					-
Net intangible assets		442					443

	Separate financial statements							Balance as at 31 December 2010 Million Baht
	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	
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

**14 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 2010 to sell the shareholding according to the Note 7.7

**a) Cash flows of discontinued operations**

	<b>Consolidated financial statements</b>	
	<b>For the year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Operating cash flows	-	140
Investing cash flows	-	(150)
Financing cash flows	-	-
<b>Total cash flows</b>	<b>-</b>	<b>(10)</b>

**b) Operating result of discontinued operations**

	<b>Consolidated financial statements</b>	
	<b>For the year ended 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Revenue	-	349
Expense	-	(209)
Profit before tax of discontinued operations	-	140
Tax	-	14
<b>Profit after tax of discontinued operations</b>	<b>-</b>	<b>154</b>

**15 Other assets - net**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Accrued interest and dividend receivables	258	139	258	139
Credit support assets on derivatives	331	211	331	211
Leasehold right	15	19	15	19
Advances	18	9	18	9
Others assets awaiting accounts transfer	277	213	277	213
Receivable from Clearing House	-	217	-	-
Commission receivables	13	493	13	493
Withholding tax receivable	93	80	93	77
Others	426	227	165	104
Total	1,431	1,608	1,170	1,265
<u>Less</u> Allowance for impairment	(37)	(37)	(37)	(37)
Other assets - net	<u>1,394</u>	<u>1,571</u>	<u>1,133</u>	<u>1,228</u>

**16 Deposits**

**16.1 Classified by type of deposits**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
At call	2,220	1,682	1,883	1,699
Savings	31,332	31,203	31,381	31,070
Fixed	67,748	61,404	67,753	61,404
Negotiable certificate of deposit	274	367	274	367
<b>Total deposits</b>	<b>101,574</b>	<b>94,656</b>	<b>101,291</b>	<b>94,540</b>

**16.2 Classified by currency and residency of depositors**

	<b>Consolidated financial statements</b>					
	<b>2011</b>			<b>2010</b>		
	<b>Domestic Million Baht</b>	<b>Foreign Million Baht</b>	<b>Total Million Baht</b>	<b>Domestic Million Baht</b>	<b>Foreign Million Baht</b>	<b>Total Million Baht</b>
Baht	100,451	757	101,208	93,356	587	93,943
US dollar	357	-	357	702	-	702
Other currencies	9	-	9	11	-	11
<b>Total</b>	<b>100,817</b>	<b>757</b>	<b>101,574</b>	<b>94,069</b>	<b>587</b>	<b>94,656</b>

  

	<b>Separate financial statements</b>					
	<b>2011</b>			<b>2010</b>		
	<b>Domestic Million Baht</b>	<b>Foreign Million Baht</b>	<b>Total Million Baht</b>	<b>Domestic Million Baht</b>	<b>Foreign Million Baht</b>	<b>Total Million Baht</b>
Baht	100,168	757	100,925	93,240	587	93,827
US dollar	357	-	357	702	-	702
Other currencies	9	-	9	11	-	11
<b>Total</b>	<b>100,534</b>	<b>757</b>	<b>101,291</b>	<b>93,953</b>	<b>587</b>	<b>94,540</b>

**17 Interbank and money market items (liabilities)**

	<b>Consolidated financial statements</b>					
	<b>2011</b>			<b>2010</b>		
	<b>At call Million Baht</b>	<b>Term Million Baht</b>	<b>Total Million Baht</b>	<b>At call Million Baht</b>	<b>Term Million Baht</b>	<b>Total Million Baht</b>
<b>Domestic:</b>						
Bank of Thailand	-	-	-	-	6	6
Commercial banks	14	1,000	1,014	17	870	887
Other banks	53	400	453	2	-	2
Finance, finance and securities, securities, credit foncier companies	336	2	338	314	204	518
Other financial institutions	308	32	340	296	498	794
<b>Total domestic items</b>	<b>711</b>	<b>1,434</b>	<b>2,145</b>	<b>629</b>	<b>1,578</b>	<b>2,207</b>
<b>Foreign:</b>						
US dollar	1,641	-	1,641	570	-	570
Other currencies	534	467	1,001	397	438	835
<b>Total foreign items</b>	<b>2,175</b>	<b>467</b>	<b>2,642</b>	<b>967</b>	<b>438</b>	<b>1,405</b>
<b>Total domestic and foreign items</b>	<b>2,886</b>	<b>1,901</b>	<b>4,787</b>	<b>1,596</b>	<b>2,016</b>	<b>3,612</b>
	<b>Separate financial statements</b>					
	<b>2011</b>			<b>2010</b>		
	<b>At call Million Baht</b>	<b>Term Million Baht</b>	<b>Total Million Baht</b>	<b>At call Million Baht</b>	<b>Term Million Baht</b>	<b>Total Million Baht</b>
<b>Domestic:</b>						
Bank of Thailand	-	-	-	-	6	6
Commercial banks	14	500	514	17	600	617
Other banks	53	400	453	2	-	2
Finance, finance and securities, securities, credit foncier companies	599	2	601	390	204	594
Other financial institutions	308	32	340	296	497	793
<b>Total domestic items</b>	<b>974</b>	<b>934</b>	<b>1,908</b>	<b>705</b>	<b>1,307</b>	<b>2,012</b>
<b>Foreign:</b>						
US dollar	1,641	-	1,641	570	-	570
Other currencies	534	467	1,001	397	438	835
<b>Total foreign items</b>	<b>2,175</b>	<b>467</b>	<b>2,642</b>	<b>967</b>	<b>438</b>	<b>1,405</b>
<b>Total domestic and foreign items</b>	<b>3,149</b>	<b>1,401</b>	<b>4,550</b>	<b>1,672</b>	<b>1,745</b>	<b>3,417</b>

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**18 Debt issued and borrowings**

	Consolidated financial statements					
	2011			2010		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<b>Hybrid instrument</b>						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,547	2,547	-	2,529	2,529
<b>Subordinated debentures</b>						
Subordinated debentures of USD 50 million, maturing in 2016	-	-	-	-	1,542	1,542
Subordinated debentures of USD 40 million, maturing in 2017	-	1,309	1,309	-	1,229	1,229
Non-interest bearing subordinated debentures of Baht 120 million, maturing in 2014	106	-	106	100	-	100
Subordinated debentures of Baht 3,000 million, maturing in 2021	2,322	678	3,000	-	-	-
Subordinated debentures maturing in 2003	544	-	544	544	-	544
	<u>2,972</u>	<u>4,534</u>	<u>7,506</u>	<u>644</u>	<u>5,300</u>	<u>5,944</u>
<b>Fixed rate notes</b>						
Bill of exchange maturing at call, coupon rate of 1.10% - 1.65% per annum	-	-	-	2,400	-	2,400
Bill of exchange maturing in 2011, coupon rate of 1.30% - 1.75% per annum	-	-	-	14,310	-	14,310
Bill of exchange maturing at call, coupon rate of 2.85% -3.52% per annum	1,480	-	1,480	-	-	-
Bill of exchange maturing at in 2012, coupon rate of 2.25%-4.15% per annum	31,330	-	31,330	-	-	-
	<u>32,810</u>	<u>-</u>	<u>32,810</u>	<u>16,710</u>	<u>-</u>	<u>16,710</u>
Total	35,782	4,534	40,316	17,354	5,300	22,654
<u>Less</u> Current portion of long-term borrowings	(33,354)	-	(33,354)	(17,254)	-	(17,254)
Long-term borrowings - net	<u>2,428</u>	<u>4,534</u>	<u>6,962</u>	<u>100</u>	<u>5,300</u>	<u>5,400</u>

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**18 Debt issued and borrowings (Cont'd)**

	Separate financial statements					
	2011			2010		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<b>Hybrid instrument</b>						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,547	2,547	-	2,529	2,529
<b>Subordinated debentures</b>						
Subordinated debentures of USD 50 million, maturing in 2016	-	-	-	-	1,542	1,542
Subordinated debentures of USD 40 million, maturing in 2017	-	1,309	1,309	-	1,229	1,229
Subordinated debentures of Baht 3,000 million, maturing in 2021	2,322	678	3,000	-	-	-
Subordinated debentures maturing in 2003	544	-	544	544	-	544
	<u>2,866</u>	<u>4,534</u>	<u>7,400</u>	<u>544</u>	<u>5,300</u>	<u>5,844</u>
<b>Fixed rate notes</b>						
Bill of exchange maturing at call, coupon rate of 1.10% - 1.65% per annum	-	-	-	2,400	-	2,400
Bill of exchange maturing at in 2011, coupon rate of 1.30% - 1.75% per annum	-	-	-	14,310	-	14,310
Bill of exchange maturing at call, coupon rate of 2.85% -3.52% per annum	1,480	-	1,480	-	-	-
Bill of exchange maturing at in 2012, coupon rate of 2.25%-4.15% per annum	31,330	-	31,330	-	-	-
	<u>32,810</u>	<u>-</u>	<u>32,810</u>	<u>16,710</u>	<u>-</u>	<u>16,710</u>
Total	35,676	4,534	40,210	17,254	5,300	22,554
<u>Less</u> Current portion of long-term borrowings	<u>(33,354)</u>	<u>-</u>	<u>(33,354)</u>	<u>(17,254)</u>	<u>-</u>	<u>(17,254)</u>
Long-term borrowings - net	<u>2,322</u>	<u>4,534</u>	<u>6,856</u>	<u>-</u>	<u>5,300</u>	<u>5,300</u>

- (a) As at 31 December 2011, the Bank has domestic subordinated debentures of Baht 544 Million (31 December 2010: 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.

**18 Debt issued and borrowings (Cont'd)**

- (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.

On 18 July 2011, the Bank recalled unsecured subordinated debentures amounted to USD 50 million, floating rate, which is due in 2016 and the Bank has an early redemption right in 2011. The Bank has an approval from Bank of Thailand according to the BOT's notification Tor Por Tor. For Kor Kor (21) 812/B.E.2554 about the pre-redemption of unsecured subordinated debenture.

- (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.

- (e) On 14 July 2011, the Bank issued unsecured subordinated debentures with a bond holder's representative. The subscription unit is Baht 1,000 each at 3,000,000 units for an aggregate amount of Baht 3,000 million carrying constant interest rate of 5.35% per annum with a payment of interest every six months to individual and institution investors. The debenture has a tenor of 10 years and is due on 14 July 2021 according to the prospectus. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand under the conditions stated in prospectus.

The Bank has an approval from Bank of Thailand to count the subordinated debenture as tier 2 capital according to the correspondence For Kor Kor (02) 808/2554.

**19 Provisions**

	Consolidated financial statements		Separate financial statements	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Provisions for contingent loss from legal cases	107	108	107	108
Reserve for off-statements of financial position items	297	316	297	316
Provisions for flood	11	-	11	-
Provision for employee benefits	1,058	545	1,007	545
Provision for putback option of sold debtors	34	34	34	34
<b>Total provisions</b>	<b>1,507</b>	<b>1,003</b>	<b>1,456</b>	<b>1,003</b>

**19 Provisions (Cont'd)**

Provision for employee benefits

As at 31 December 2011, the pension benefits only provided to employees who are former employees of the Union Bank of Bangkok Public Company Limited 542 employees (31 December 2010: 605 employees) which are unfunded obligations. The pension benefits is a part of provision for pension fund as follows:

	<b>2011</b>	
	<b>Consolidated financial statement Million Baht</b>	<b>Separate financial statement Million Baht</b>
Present value of post-employment benefit obligations	1,058	1,007
Provision for employee benefits	1,058	1,007

Movements of provision for employee benefits are as follows:

	<b>2011</b>	
	<b>Consolidated financial statement Million Baht</b>	<b>Separate financial statement Million Baht</b>
Beginning balance before adjusted	545	545
Adjustment	476	436
Beginning balance after adjusted	1,021	981
Current service costs	66	57
Interest costs	45	43
<u>Less</u> Benefits paid for the period	(71)	(71)
<u>Less</u> Employee transferred between the Bank and subsidiaries	(3)	(3)
Ending balance	1,058	1,007

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

	<b>2011</b>	
	<b>Consolidated financial statement Million Baht</b>	<b>Separate financial statement Million Baht</b>
Current service cost	66	57
Interest costs	45	43
Total	111	100

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

	<b>2011</b>
Discount rate	3.50%
Salary increase rate	5.00%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2008
Disability rate	10.00% of pre-retirement mortality rate
Pre-retirement withdrawal rate	From Thai Withdrawal Table
Retirement age	60 years old

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**20 Other liabilities**

	Consolidated financial statements		Separate financial statements	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Credit support liabilities on derivative	333	1,228	333	1,228
Amount due to Department of Alternative Energy Development and Efficiency	622	548	622	548
Other liabilities awaiting accounts transfer	298	554	298	554
Securities business payable	325	383	-	-
Accrued interest payable	657	263	657	263
Deferred commission	388	437	388	437
Accrued Expense	944	684	804	562
Others	377	264	222	149
<b>Total</b>	<b>3,944</b>	<b>4,361</b>	<b>3,324</b>	<b>3,741</b>

**21 Share capital**

The registered share capital is as follows:

	Ordinary Shares	
	Number of Shares	Baht
As at 31 December 2011	16,315,934,756	8,157,967,378
As at 31 December 2010	16,315,934,756	8,157,967,378

As at 31 December 2011, registered ordinary shares were 16,315,934,756 shares at Baht 0.5 each (31 December 2010: 16,315,934,756 shares at Baht 0.50 each).

**Capital Increase**

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 2,966,533,592. As a 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.

**22 Other reserves**

	Consolidated financial statements		Separate financial statements	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Revaluation surplus on assets	1,210	567	1,210	567
Revaluation surplus on change in value of investments	137	160	122	141
Share - based payment	1	-	1	-
<b>Total</b>	<b>1,348</b>	<b>727</b>	<b>1,333</b>	<b>708</b>

**22 Other reserves (Cont'd)**

(a) Revaluation surplus on assets

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.

	<b>Consolidated and separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Balance - beginning of the year	567	729
<u>Add</u> Increase revaluation	649	-
<u>Less</u> Amortisation	(5)	(5)
Decrease from sale of office building	(1)	(157)
Balance - end of the year	<u>1,210</u>	<u>567</u>

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

(b) Revaluation surplus (deficit) on change in value of investments

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Revaluation surplus on investments:				
Debt securities	68	3	68	3
Equity securities	92	202	77	183
Total	<u>160</u>	<u>205</u>	<u>145</u>	<u>186</u>
Revaluation deficit on investments:				
Debt securities	(23)	(45)	(23)	(45)
Total	<u>(23)</u>	<u>(45)</u>	<u>(23)</u>	<u>(45)</u>
Revaluation surplus on change in value of investments - net	<u>137</u>	<u>160</u>	<u>122</u>	<u>141</u>

**23 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.

**24 Capital funds**

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

	<b>2011</b>	<b>Total capital</b>	<b>2010</b>	<b>Total capital</b>
	<b>Million Baht</b>	<b>to risk assets</b>	<b>Million Baht</b>	<b>to risk assets</b>
		<b>%</b>		<b>%</b>
<u>Tier I</u>				
Issued and paid up share capital	8,158		8,158	
Share premium	1,483		1,483	
Statutory reserve	130		64	
Unappropriated surplus	1,300		862	
Total Tier I capital fund	11,071	7.65	10,567	9.04
<u>Tier II</u>				
Revaluation surplus on assets	368		373	
Reserve for loan classified as pass	413		300	
Long-term subordinated debentures	4,429		3,337	
Hybrid securities	2,500		2,500	
Revaluation surplus on capital securities available-for-sale	35		82	
Total Tier II capital fund	7,745		6,592	
Total Tier II and Tier I capital funds	18,816		17,159	
<u>Less</u> Revaluation deficit on capital securities available-for-sale	-		-	
Total capital funds	18,816	13.00	17,159	14.69

The Bank and its financial group will disclose capital maintenance information as at 31 December 2011 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision on its website at [www.cimbthai.com](http://www.cimbthai.com) within in 4 months after the statements of financial position date.

**25 Share based payments**

**a) Management Equity Scheme (“MES”)**

The scheme was launched on 1 March 2004 as a performance linked compensation whereby a substantial shareholders of CIMB Group Holding Berhad which is the parent company of CIMB Group grants entitlements to the employees of CIMB Group, which includes the Bank. The eligibility for participation in the MES shall be at the discretion of the Nomination and Remuneration Committee of CIMB Group. Entitlements of eligible members of the MES are non-assignable and non-transferable whereby the Nomination and Remuneration Committee of CIMB Group administers the MES on behalf of the substantial shareholders. The entitlements granted vest in proportions over the various exercise periods and will expire on 28 February 2012.

The weighted average fair value of entitlements granted under MES, determined using the Binomial Valuation Model was RM 4.89 each. The significant inputs into the model were as follows:

Expected volatility	32.00%
Expected dividend yield	1.43%
Expected option life	1.75 years
Weighted average share price at grant date	RM 6.65
Weighted average risk-free interest rate	3.01%

The volatility measured as the standard deviation of on daily share price returns was based on statistical analysis of daily prices over the last two years.

Details of the movement in the number of entitlements outstanding are as follows:

	<b>Entitlements 2011 (units'000)</b>	<b>Entitlements 2010 (units'000)</b>	<b>Exercise price RM* per entitlement</b>
Beginning of financial year	284	-	RM 1.74
Granted during financial year	-	300	RM 1.74
Exercised during financial year	(34)	(16)	RM 1.74
End of financial year	<u>250</u>	<u>284</u>	RM 1.74

\* RM = Ringgit Malaysia

The weighted average share price at the time of exercise was RM 7.34 (2010: RM 7.40). The weighted average remaining contractual life is 2 months (2010: 1.2 years).

Out of the unexercised entitlements of 250,000 (2010: 284,000), 250,000 (2010: 104,000) entitlements are exercisable at the end of the reporting period.

**25 Share based payments (Cont'd)**

**b) Equity Ownership Plan (“EOP”)**

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

The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group, subject to continued employment.

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed at market price and proceeds received will be donated to CIMB Foundation in Malaysia on behalf of the employees. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The weighted average fair value of shares awarded to the eligible employees of the Bank which were purchased over a period of 10 trading days was RM 8.27 per ordinary share.

Movement in the number of ordinary shares under the EOP are as follows:

	<b>Number of ordinary shares under the EOP 2011 units'000</b>
Beginning of financial year	-
Awarded during financial year	26
Released during financial year	(6)
End of financial year	<u>20</u>

For the year ended 31 December 2011, the total share-based payment expense recognised in relation to EOP during the financial period amounted to Baht 1.4 million.

**26 Interest income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Interbank and money market items	266	130	267	129
Investments and trading transactions	54	28	54	28
Investments in debt securities	635	560	635	560
Loans	6,131	4,891	6,467	5,066
Hire purchase and financial lease income	1,024	663	-	-
Others	2	1	2	1
Interest income	<u>8,112</u>	<u>6,273</u>	<u>7,425</u>	<u>5,784</u>

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**27 Interest expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Deposits	2,016	1,021	2,014	1,020
Interbank and money market items	105	90	94	82
Contribution fee to the Deposit Protection Agency	386	350	386	350
Debt securities issued				
- Subordinated debentures	304	302	299	297
- Others	644	181	644	181
Others	4	3	4	3
Interest expenses	<u>3,459</u>	<u>1,947</u>	<u>3,441</u>	<u>1,933</u>

**28 Net fees and service income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Fees and service income				
Acceptances, aval and guarantees	102	99	108	99
ATM and Debit card fees	110	115	110	115
Insurance brokerage income	479	333	137	80
Management fee	94	93	94	93
Others	313	382	208	272
Fees and service income	<u>1,098</u>	<u>1,022</u>	<u>657</u>	<u>659</u>
Fees and service expenses				
Collection fees	3	5	3	5
ATM fees	32	32	32	32
Others	189	66	190	39
Fees and service expenses	<u>224</u>	<u>103</u>	<u>225</u>	<u>76</u>
Net fees and service income	<u>874</u>	<u>919</u>	<u>432</u>	<u>583</u>

**29 Gains on tradings and foreign exchange transactions**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Gains (losses) on tradings and foreign exchange transactions				
Foreign currencies and foreign exchange rate derivatives	646	(282)	646	(282)
Interest rate swap contracts	(306)	583	(306)	583
Debt securities	12	10	12	10
Others	78	18	-	-
<b>Total</b>	<b>430</b>	<b>329</b>	<b>352</b>	<b>311</b>
(Losses) on hedging	-	(13)	-	(13)
<b>Gains on tradings and foreign exchange transactions</b>	<b>430</b>	<b>316</b>	<b>352</b>	<b>298</b>

**30 Gains on investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Gains (losses) on sales				
Available-for-sale	1	13	-	9
Held-to-maturity	1	-	1	-
Investment in subsidiaries and associates	(8)	2	(11)	(6)
	90	177	90	486
<b>Gain on investments</b>	<b>84</b>	<b>192</b>	<b>80</b>	<b>489</b>

**31 Other operating income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Gain on sale of office building	82	282	81	281
Gain from sale of properties foreclosed	-	-	-	85
Income from reversal of bad debts	12	7	-	-
Dividend income	199	197	198	196
Reversal of losses on revaluation land and building	98	-	98	-
Gain on sale of non-performing loan	200	-	200	-
Other income	131	120	106	142
<b>Other operating income</b>	<b>722</b>	<b>606</b>	<b>683</b>	<b>704</b>

**32 Bad debts, doubtful debts and impairment losses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Held to maturity debt instruments	-	26	-	26
Loans	1,075	800	942	775
<b>Total</b>	<b>1,075</b>	<b>826</b>	<b>942</b>	<b>801</b>

**33 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 year, 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.

**34 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 2011 amounts of Baht 79 million was contributed to the fund by the Bank and its subsidiaries (31 December 2010: Baht 80 million) and the Bank only was contributed by Baht 68 million (31 December 2010: Baht 67 Million).

### 35 Earnings per share

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

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

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2011 and 2010.

### 36 Encumbrance of assets

#### 36.1 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	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Utilities usage	6	6	6	6
Guarantees on loans	45	45	-	-
Total	51	51	6	6

#### 36.2 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 10 years commencing from the date of the debt restructuring agreements.

As at 31 December 2011 and 2010, the investments subject to such obligation are as follows:

Year of maturity	Consolidated and separate financial statements			
	2011		2010	
	Number	Cost Million Baht	Number	Cost Million Baht
2011	-	-	1	-
2012 onwards	1	-	1	-
Assets subject to obligation	1	-	2	-

**37 Commitments and contingent liabilities**

**37.1 Commitments**

As at 31 December 2011 and 2010, significant commitments of the Bank consist of:

	Separate financial statements					
	2011			2010		
	Thai Baht Million Baht	Foreign currency Million Baht	Total Million Baht	Thai Baht Million Baht	Foreign currency Million Baht	Total Million Baht
<b>Aval to bills and guarantees of loans:</b>						
Avals to bills <sup>(1)</sup>	481	-	481	828	-	828
Guarantees on loans	10	30	40	5	16	21
Total aval to bills and guarantees of loans	491	30	521	833	16	849
<b>Liability under unmaturred import bills:</b>						
Liability under unmaturred import bills	-	578	578	-	603	603
<b>Letters of credits:</b>						
Letters of credits	234	1,833	2,067	319	1,543	1,862
<b>Other commitments:</b>						
Forward and spot contracts						
- Bought	-	24,770	24,770	-	16,601	16,601
- Sold	-	24,905	24,905	-	14,481	14,481
Cross currency and interest rate swap contract						
- Bought	-	2,583	2,583	-	2,059	2,059
- Sold	-	2,954	2,954	-	4,194	4,194
Future contracts						
- Bought	-	1,268	1,268	-	-	-
- Sold	-	-	-	-	-	-
Interest rate swap contracts						
- Fixed rate payee	99,951	10,363	110,314	58,391	10,035	68,426
- Floating rate payee	103,532	12,262	115,794	62,713	11,322	74,035
Foreign exchange option						
- Call option sales contracts	-	148	148	-	-	-
- Put option sales contracts	-	304	304	-	-	-
- Call option purchase contracts	-	232	232	-	-	-
- Put option purchase contracts	-	77	77	-	-	-
Undrawn bank overdrafts	9,326	-	9,326	8,772	-	8,772
Investment						
- Bought	10,114	-	10,114	18,200	-	18,200
- Sold	10,019	-	10,019	18,025	-	18,025
Other commitments:						
Other guarantees	7,458	782	8,240	7,233	165	7,398
Other commitments	240,400	80,648	321,048	173,334	58,857	232,191
<b>Total commitments</b>	<b>241,125</b>	<b>83,089</b>	<b>324,214</b>	<b>174,486</b>	<b>61,019</b>	<b>235,505</b>

<sup>(1)</sup> As at 31 December 2011, the Bank avaled note payable of a subsidiary amounting to Baht 400 million (31 December 2010 : Baht 270 million).

**37 Commitments and contingent liabilities (Cont'd)**

**37.2 Contingent liabilities**

- (a) As at 31 December 2011 and 2010, 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:

	<b>Consolidated and separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Sum claimed in cases where the Bank and its subsidiaries are direct defendants	442	836
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	253	95
- Sum of claims that cannot be specifically attributed to the Bank and its subsidiaries and for which the total sum claimed is therefore presented.	24,591	24,592
<b>Total</b>	<b>25,286</b>	<b>25,523</b>

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 2011, included in the above-mentioned amounts are cases in which the court was judged in favor of the plaintiffs, with sums claimed totaling Baht 18 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 2010: Baht 9 million and Baht 13 million, respectively).

As at 31 December 2011, the Bank and its subsidiaries recognised provisions for contingent loss from legal cases of approximately Baht 106 million (31 December 2010: Baht 108 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 284 million (31 December 2010: Baht 110 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 43.

**37 Commitments and contingent liabilities (Cont'd)**

**37.3 Commitments under long-term leases**

As at 31 December 2011 and 2010, 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	
	2011	2010	2011	2010
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	407	311	312	269
4 - 5 years	18	18	16	17
6 - 10 years	6	14	6	14
11 - 30 years	7	10	7	10
Commitments under long-term leases	438	353	341	310

**37.4 Other commitments**

As at 31 December 2011, 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 2011, the Bank is obligated to pay a further Baht 15 million and USD 0.01 million under such agreements (31 December 2010: Baht 170 million and USD 0.09 million).

**38 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.

**38 Related party transactions (Cont'd)**

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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
<b>Subsidiaries</b>				
Revenue:				
Interest income	-	-	366	187
Fees income	-	-	10	47
Other income	-	-	2	58
Expenses:				
Interest expenses	1	1	7	2
Premises and equipments expenses	-	-	(20)	5
Fees expenses	-	-	-	3
Other expenses	-	-	67	-
<b>Related companies</b>				
Revenue:				
Interest income	5	5	5	5
Gain on sale investment in subsidiaries	-	134	-	366
Other income	209	38	209	38
Expenses:				
Interest expenses	168	149	168	149
Fees expenses	129	-	129	-

On 30 December 2011, the Bank sold unsecured retail non-performing loan portfolio to Sathorn Asset Management Co., Ltd., which is an affiliate company with the Bank, at the price of Baht 200 million under Asset Sale and Purchase Agreement dated 22 December 2011. The independent financial advisor has given an opinion that such transaction and the selling price are reasonable and fair. During the six-month putback period, the purchaser is entitled to request for re-assignment of asset should any of the putback events occur. The matter was approved by the Board of Director meeting no. 11/2011 on 25 November 2011. The Bank recorded a gain from sales of loan as other income amount to Baht 200 million.

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**38 Related party transactions (Cont'd)**

The outstanding balances of significant related party transactions as at 31 December 2011 and 2010 are as follows:

	<b>Consolidated financial statements</b>						
	<b>2011</b>						
	Average loans outstanding Million Baht	Outstanding Loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<b><u>Subsidiary company</u></b>							
Krung Thai Tanakit Finance Plc.	-	-	-	-	259	-	-
	-	-	-	-	259	-	-
<b><u>Holding company</u></b>							
CIMB Bank Berhad	-	-	-	244	-	678	182
	-	-	-	244	-	678	182
<b><u>Company under common control</u></b>							
CIMB Bank (L) Ltd.	-	-	-	291	-	2,547	35
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	25	-	-
CIMB-Principal Global Bond Fund	-	-	-	4	-	428	1
Sathom Asset Management Co., Ltd.	-	-	-	1	562	-	25
	-	-	1	296	587	2,975	61
<b><u>Related companies</u></b>							
Other companies	122	119	-	-	2	-	-
	122	119	-	-	2	-	-
<b><u>Related persons</u></b>							
	1	1	-	-	83	9	-
	1	1	-	-	83	9	-

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**38 Related party transactions (Cont'd)**

		<b>Consolidated financial statements</b>					
		<b>2010</b>					
	Average loans outstanding Million Baht	Outstanding Loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<b><u>Subsidiary company</u></b>							
Krung Thai Tanakit Finance Plc.	-	-	-	-	256	-	-
	-	-	-	-	256	-	-
<b><u>Holding company</u></b>							
CIMB Bank Berhad	-	-	-	149	-	-	54
	-	-	-	149	-	-	54
<b><u>Company under common control</u></b>							
CIMB Bank (L) Ltd.	-	-	-	406	-	2,529	35
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	9	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	593	-	-
	-	-	-	406	602	2,529	35
<b><u>Related companies</u></b>							
Other Companies	165	123	1	-	2	-	-
	165	123	1	-	2	-	-
<b><u>Related persons</u></b>							
	-	-	-	-	28	-	-
	-	-	-	-	28	-	-
		<b>Separate financial statements</b>					
		<b>2011</b>					
	Average loans outstanding Million Baht	Outstanding Loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<b><u>Subsidiary companies</u></b>							
CIMB Securities (Thailand) Co., Ltd.	190	-	-	-	94	-	1
Center Auto Lease Co., Ltd. (Formerly known as BT Leasing Co., Ltd.)	5,158	6,208	-	-	31	-	-
CT Coll Co., Ltd. (Formerly known as BT Business Consulting Co., Ltd.)	-	-	-	-	11	-	7
Krung Thai Tanakit Finance Plc.	-	-	-	-	259	-	-
World Lease Co., Ltd. (Formerly known as "BT Worldlease Co., Ltd.")	942	915	400	-	28	-	-
	6,290	7,123	400	-	423	-	8
<b><u>Holding company</u></b>							
CIMB Bank Berhad	-	-	-	244	-	678	182
	-	-	-	244	-	678	182
<b><u>Company under common control</u></b>							
CIMB Bank (L) Ltd.	-	-	-	291	-	2,547	35
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	25	-	-
CIMB-Principal Global Bond Fund	-	-	-	4	-	428	1
Sathorn Asset Management Co., Ltd.	-	-	-	1	562	-	25
	-	-	1	296	587	2,975	61
<b><u>Related companies</u></b>							
Other Companies	122	119	-	-	2	-	-
	122	119	-	-	2	-	-
<b><u>Related persons</u></b>							
	1	1	-	-	83	9	-
	1	1	-	-	83	9	-

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**38 Related party transactions (Cont'd)**

	Separate financial statements						
	2010						
	Average loans outstanding Million Baht	Outstanding Loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<b><u>Subsidiary companies</u></b>							
CIMB Securities (Thailand) Co., Ltd	79	125	-	2	76	-	1
Center Auto Lease Co., Ltd. (Formerly known as 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. World Lease Co., Ltd.	-	-	-	-	256	-	-
(Formerly known as "BT Worldlease Co., Ltd.")	596	790	270	-	28	-	-
	3,698	4,678	270	2	393	-	1
<b><u>Holding company</u></b>							
CIMB Bank Berhad	-	-	-	149	-	-	54
	-	-	-	149	-	-	54
<b><u>Company under common control</u></b>							
CIMB Bank (L) Ltd.	-	-	-	406	-	2,529	35
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	9	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	593	-	-
	-	-	-	406	602	2,529	35
<b><u>Related companies</u></b>							
Other Companies	165	123	1	-	2	-	-
	165	123	1	-	2	-	-
<b><u>Related persons</u></b>							
	-	-	-	-	28	-	-
	-	-	-	-	28	-	-

As at 31 December 2011, the Bank availed notes payable of a subsidiary amounting to Baht 400 million (31 December 2010: Baht 270 million).

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

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**38 Related party transactions (Cont'd)**

As at 31 December 2011 and 2010, the Bank has commitments in financial derivatives with related parties company as follows:

	<b>2011</b>		
	<b>Thai Baht Million Baht</b>	<b>Foreign currency Million Baht</b>	<b>Total Million Baht</b>
<b><u>Parent company</u></b>			
Interest rate swap contracts			
- Fixed rate payee	4,775	-	4,775
- Floating rate payee	5,658	4,828	10,486
Forward and spot contracts			
- Bought	-	402	402
<b><u>Related company</u></b>			
Cross currency and interest rate swap contracts			
- Sold	-	2,954	2,954
Forward and spot contracts			
- Bought	-	256	256
- Sold	-	95	95
	<b>2010</b>		
	<b>Thai Baht Million Baht</b>	<b>Foreign currency Million Baht</b>	<b>Total Million Baht</b>
<b><u>Parent company</u></b>			
Interest rate swap contracts			
- Fixed rate payee	2,815	-	2,815
- Floating rate payee	5,111	4,928	10,039
Forward and spot contract			
- Bought	-	391	391
<b><u>Related company</u></b>			
Cross currency and interest rate swap contracts			
- Sold	-	2,135	2,135

**39 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, including financial controller, except for ordinary benefits to the directors and executives such as directors' fee, directors' bonus (if any), income tax, executives' salary and bonus (if any) and share-based payment.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>	<b>2011 Million Baht</b>	<b>2010 Million Baht</b>
Short-term employee benefits	282	232	211	167
Long-term employee benefits	57	-	57	-
Share-based payment (note 25 b.)	1	-	1	-
Director and management remuneration	<b>340</b>	<b>232</b>	<b>269</b>	<b>167</b>

**39 Director and management remuneration (Cont'd)**

The detail of share-based payment is as follows

	<b>Consolidated and separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
	<b>Thousand units</b>	<b>Thousand units</b>
Share options of CIMB Group Holding Berhad	240	274
Share of CIMB Group Holding Berhad	20	-

**40 Financial information by segments**

The Bank operates financial and banking business, whereas its subsidiaries' business involve securities business, fund manager business, debt collection 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 2011 and 2010 and for the years ended 31 December 2011 and 2010 are as follows:

	<b>For the year 31 December 2011</b>				
	<b>Bank business</b>	<b>Hire purchase business</b>	<b>Other business</b>	<b>Eliminations</b>	<b>Total</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Interest income	7,425	1,026	32	(371)	8,112
Interest expenses	(3,441)	(376)	(19)	377	(3,459)
Net interest income	3,984	650	13	6	4,653
Net fees and service income	432	110	338	(6)	874
Other operating income	2,125	32	90	(1)	2,246
Other operating expenses	(4,253)	(595)	(475)	1	(5,322)
Bad and doubtful debts and impairment losses	(942)	(189)	2	54	(1,075)
Income tax expenses	-	(49)	(2)	-	(51)
Net profit (loss) for the year	1,346	(41)	(34)	54	1,325
	<b>For the year 31 December 2010</b>				
	<b>Bank business</b>	<b>Hire purchase business</b>	<b>Other business</b>	<b>Eliminations</b>	<b>Total</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Interest income	5,784	665	12	(188)	6,273
Interest expenses	(1,933)	(198)	(9)	193	(1,947)
Net interest income	3,851	467	3	5	4,326
Net fees and service income	583	102	286	(52)	919
Other operating income	1,491	(64)	33	(346)	1,114
Other operating expenses	(4,122)	(370)	(335)	5	(4,822)
Bad and doubtful debts and impairment losses	(801)	(58)	14	19	(826)
Income tax expenses	-	(24)	-	-	(24)
Profit after tax of discontinued Operation	-	-	154	-	154
Net profit (loss) for the year	1,002	53	155	(369)	841

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**40 Financial information by segments (Cont'd)**

	<b>Bank business</b>		<b>Hire purchase business</b>		<b>Other business</b>		<b>Eliminations</b>		<b>Consolidated financial statement</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Total assets	166,551	139,203	8,691	5,894	1,945	1,353	(9,164)	(5,975)	168,023	140,475
Interbank and money market items - net (Assets)	4,577	14,836	93	77	868	596	(333)	(261)	5,205	15,248
Investments - net	32,492	21,397	-	-	51	80	-	-	32,543	21,477
Loans and accrued interest receivables - net	114,120	89,906	8,451	5,708	693	330	(7,052)	(4,541)	116,212	91,403
Deposits	101,291	94,540	-	-	354	177	(71)	(61)	101,574	94,656
Interbank and money market items -net (Liabilities)	4,550	3,417	7,622	4,829	-	125	(7,385)	(4,759)	4,787	3,612
Debt issued and borrowings	40,210	22,554	-	-	106	100	-	-	40,316	22,654

#### **41 Financial instruments**

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

##### **41.1 Credit risk**

As at 31 December 2011 and 2010, the Bank had the following off-statements of financial position commitments as summarised by the period to maturity, counting from the statements of financial position dates, of the contracts:

	<b>Consolidated financial statements</b>					
	<b>Counting from 31 December 2011</b>			<b>Counting from 31 December 2010</b>		
	<b>Less than 1 year Million Baht</b>	<b>Over 1 year Million Baht</b>	<b>Total Million Baht</b>	<b>Less than 1 year Million Baht</b>	<b>Over 1 year Million Baht</b>	<b>Total Million Baht</b>
Aval to bills	81	-	81	558	-	558
Guarantees of loans	40	-	40	21	-	21
Liabilities under						
unmatured import bills	578	-	578	603	-	603
Letters of credit	2,067	-	2,067	1,862	-	1,862
Other guarantees	8,098	141	8,240	7,282	116	7,398

  

	<b>Separate financial statements</b>					
	<b>Counting from 31 December 2011</b>			<b>Counting from 31 December 2010</b>		
	<b>Less than 1 year Million Baht</b>	<b>Over 1 year Million Baht</b>	<b>Total Million Baht</b>	<b>Less than 1 year Million Baht</b>	<b>Over 1 year Million Baht</b>	<b>Total Million Baht</b>
Aval to bills	481	-	481	828	-	828
Guarantees of loans	40	-	40	21	-	21
Liabilities under						
unmatured import bills	578	-	578	603	-	603
Letters of credit	2,067	-	2,067	1,862	-	1,862
Other guarantees	8,099	141	8,240	7,282	116	7,398

**41 Financial instruments (Cont'd)**

**41.2 Market risk**

(a) Interest rate risk

As at 31 December 2011 and 2010, financial assets and liabilities classified by types of interest rate are as follows:

Descriptions	Consolidated financial statements			
	2011			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<b>Financial Assets</b>				
Cash	-	-	3,123	3,123
Interbank and money market items	2,094	603	2,508	5,205
Investments	859	23,593	8,091	32,543
Investments in subsidiaries	-	-	154	154
Loans net of deferred revenue	76,187	42,795	307	119,289
Accrued income from Thai Asset Management Corporation	-	-	1,010	1,010
<b>Total financial assets</b>	<b>79,140</b>	<b>66,991</b>	<b>15,193</b>	<b>161,324</b>
<b>Financial Liabilities</b>				
Deposits	23,170	76,528	1,876	101,574
Interbank and money market items	1,222	1,901	1,664	4,787
Liabilities payable on demand	-	-	144	144
Debt issued and borrowings	3,857	35,915	544	40,316
<b>Total financial liabilities</b>	<b>28,249</b>	<b>114,344</b>	<b>4,228</b>	<b>146,821</b>
Descriptions	Consolidated financial statements			
	2010			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<b>Financial Assets</b>				
Cash	-	-	2,745	2,745
Interbank and money market items	854	12,676	1,718	15,248
Investments	2,955	13,398	5,124	21,477
Investment in subsidiaries	-	-	154	154
Loans net of deferred revenue	59,964	33,653	221	93,838
<b>Total financial assets</b>	<b>63,773</b>	<b>59,727</b>	<b>9,962</b>	<b>133,462</b>
<b>Financial Liabilities</b>				
Deposits	24,697	68,267	1,692	94,656
Interbank and money market items	1,025	2,016	571	3,612
Liabilities payable on demand	-	-	251	251
Debt issued and borrowings	5,300	16,810	544	22,654
<b>Total financial liabilities</b>	<b>31,022</b>	<b>87,093</b>	<b>3,058</b>	<b>121,173</b>

**41 Financial instruments (Cont'd)**

**41.2 Market risk (Cont'd)**

(a) Interest rate risk (Cont'd)

<b>Descriptions</b>	<b>Separate financial statements</b>			
	<b>2011</b>			
	<b>Floating interest rate Million Baht</b>	<b>Fixed interest rate Million Baht</b>	<b>Non-interest bearing Million Baht</b>	<b>Total Million Baht</b>
<b><u>Financial Assets</u></b>				
Cash	-	-	3,121	3,121
Interbank and money market items	1,597	557	2,423	4,577
Investments	859	23,593	8,040	32,492
Investments in subsidiaries	-	-	1,923	1,923
Loans net of deferred revenue	75,894	40,922	131	116,947
Accrued income from Thai Asset Management Corporation	-	-	1,010	1,010
<b>Total financial assets</b>	<b>78,350</b>	<b>65,072</b>	<b>16,648</b>	<b>160,070</b>
<b><u>Financial Liabilities</u></b>				
Deposits	22,864	76,533	1,894	101,291
Interbank and money market items	1,482	1,401	1,667	4,550
Liabilities payable on demand	-	-	144	144
Debt issued and borrowings	3,856	35,810	544	40,210
<b>Total financial liabilities</b>	<b>28,202</b>	<b>113,744</b>	<b>4,249</b>	<b>146,195</b>
<b>Descriptions</b>	<b>Separate financial statements</b>			
	<b>2010</b>			
	<b>Floating interest rate Million Baht</b>	<b>Fixed interest rate Million Baht</b>	<b>Non-interest bearing Million Baht</b>	<b>Total Million Baht</b>
<b><u>Financial Assets</u></b>				
Cash	-	-	2,743	2,743
Interbank and money market items	595	12,630	1,611	14,836
Investment	2,955	13,398	5,044	21,397
Investment in subsidiaries	-	-	1,323	1,323
Loans net deferred revenue	60,514	31,572	75	92,161
<b>Total financial assets</b>	<b>64,064</b>	<b>57,600</b>	<b>10,796</b>	<b>132,460</b>
<b><u>Financial Liabilities</u></b>				
Deposits	24,563	68,267	1,710	94,540
Interbank and money market items	1,097	1,746	574	3,417
Liabilities payable on demand	-	-	251	251
Debt issued and borrowings	5,300	16,710	544	22,554
<b>Total financial liabilities</b>	<b>30,960</b>	<b>86,723</b>	<b>3,079</b>	<b>120,762</b>

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**41 Financial instruments (Cont'd)**

**41.2 Market risk (Cont'd)**

(a) Interest rate risk (Cont'd)

Consolidated financial statements as at 31 December 2011								
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		
<b>Financial assets</b>								
Interbank and money market items	-	602	-	-	-	1	603	3.41
Investments	-	550	907	19,582	2,554	-	23,593	3.08
Loans net of deferred revenue	400	12,963	17,431	8,233	1,710	2,058	42,795	6.74
<b>Total financial assets</b>	<b>400</b>	<b>14,115</b>	<b>18,338</b>	<b>27,815</b>	<b>4,264</b>	<b>2,059</b>	<b>66,991</b>	
<b>Financial liabilities</b>								
Deposits	8,506	40,566	26,560	896	-	-	76,528	3.36
Interbank and money market items	-	1,719	180	2	-	-	1,901	3.20
Debt issued and borrowings	1,480	26,106	5,224	105	3,000	-	35,915	3.78
<b>Total financial liabilities</b>	<b>9,986</b>	<b>68,391</b>	<b>31,964</b>	<b>1,003</b>	<b>3,000</b>	<b>-</b>	<b>114,344</b>	
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		
<b>Financial assets</b>								
Interbank and money market items	-	10,676	2,000	-	-	-	12,676	1.88
Investments	-	-	5,223	8,021	154	-	13,398	3.19
Loans net of deferred revenue	987	11,893	12,701	5,082	1,672	1,318	33,653	6.23
<b>Total financial assets</b>	<b>987</b>	<b>22,569</b>	<b>19,924</b>	<b>13,103</b>	<b>1,826</b>	<b>1,318</b>	<b>59,727</b>	
<b>Financial liabilities</b>								
Deposits	6,496	29,704	31,099	968	-	-	68,267	1.72
Interbank and money market items	-	1,939	75	2	-	-	2,016	2.06
Debt issued and borrowings	2,400	11,477	2,832	101	-	-	16,810	1.87
<b>Total financial liabilities</b>	<b>8,896</b>	<b>43,120</b>	<b>34,006</b>	<b>1,071</b>	<b>-</b>	<b>-</b>	<b>87,093</b>	

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**41 Financial instruments (Cont'd)**

**41.2 Market risk (Cont'd)**

(a) Interest rate risk (Cont'd)

Transactions	Separate financial statements as at 31 December 2011						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		
<b>Financial assets</b>								
Interbank and money market items	-	557	-	-	-	-	557	3.50
Investments	-	550	907	19,582	2,554	-	23,593	3.27
Loans net of deferred revenue	400	13,388	18,612	4,958	1,506	2,058	40,922	5.38
<b>Total financial assets</b>	<b>400</b>	<b>14,495</b>	<b>19,519</b>	<b>24,540</b>	<b>4,060</b>	<b>2,058</b>	<b>65,072</b>	
<b>Financial liabilities</b>								
Deposits	8,505	40,572	26,560	896	-	-	76,533	3.36
Interbank and money market items	-	1,219	180	2	-	-	1,401	2.86
Debt issued and borrowings	1,480	26,106	5,224	-	3,000	-	35,810	3.77
<b>Total financial liabilities</b>	<b>9,985</b>	<b>67,897</b>	<b>31,964</b>	<b>898</b>	<b>3,000</b>	<b>-</b>	<b>113,744</b>	
<b>Separate financial statements as at 31 December 2010</b>								
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		
<b>Financial assets</b>								
Interbank and money market items	-	10,630	2,000	-	-	-	12,630	1.88
Investments	-	-	5,223	8,021	154	-	13,398	3.19
Loans net of deferred revenue	987	11,651	12,149	4,167	1,300	1,318	31,572	4.59
<b>Total financial assets</b>	<b>987</b>	<b>22,281</b>	<b>19,372</b>	<b>12,188</b>	<b>1,454</b>	<b>1,318</b>	<b>57,600</b>	
<b>Financial liabilities</b>								
Deposits	6,496	29,704	31,099	968	-	-	68,267	2.00
Interbank and money market items	-	1,569	175	2	-	-	1,746	1.83
Debt issued and borrowings	2,400	11,478	2,832	-	-	-	16,710	1.85
<b>Total financial liabilities</b>	<b>8,896</b>	<b>42,751</b>	<b>34,106</b>	<b>970</b>	<b>-</b>	<b>-</b>	<b>86,723</b>	

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).

**41 Financial instruments (Cont'd)**

**41.2 Market risk (Cont'd)**

(a) Interest rate risk (Cont'd)

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 years ended 31 December 2011 and 2010, can be summarised as follows:

	Consolidated financial statements					
	2011			2010		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items	8,171	266	3.26	7,819	136	1.73
Investments	26,908	889	3.30	23,657	796	3.36
Loans	104,937	7,155	6.82	88,446	5,445	6.16
Total performing financial assets	<u>140,016</u>	<u>8,310</u>		<u>119,922</u>	<u>6,377</u>	
<u>Performing financial liabilities</u>						
Deposits	94,670	2,017	2.13	85,921	1,021	1.19
Interbank and money market items	5,380	105	1.95	6,410	151	2.36
Debt issued and borrowings	27,367	948	3.46	17,085	482	2.82
Total performing financial liabilities	<u>127,417</u>	<u>3,070</u>		<u>109,416</u>	<u>1,654</u>	
	Separate financial statements					
	2011			2010		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items	8,009	267	3.34	7,295	129	1.77
Investments	26,878	888	3.30	23,222	784	3.37
Loans	102,733	6,467	6.30	86,865	5,066	5.83
Total performing financial assets	<u>137,620</u>	<u>7,622</u>		<u>117,832</u>	<u>5,979</u>	
<u>Performing financial liabilities</u>						
Deposits	94,519	2,014	2.13	85,913	1,021	1.19
Interbank and money market items	4,610	94	2.04	6,255	82	1.31
Debt issued and borrowings	27,247	943	3.46	16,964	475	2.80
Total performing financial liabilities	<u>126,376</u>	<u>3,051</u>		<u>109,132</u>	<u>1,578</u>	

**41 Financial instruments (Cont'd)**

**41.2 Market risk (Cont'd)**

(b) Foreign exchange risk

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 31 December 2011 and 2010, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and separate financial statements					
	2011			2010		
	USD	EURO*	Other Currencies*	USD	EURO*	Other Currencies*
Spot	134.26	1.11	8.64	77.79	3.04	5.64
Forward						
- Forward contract	(131.33)	(0.42)	(8.46)	(92.07)	(3.30)	(8.12)
<b>Total</b>	<b>2.93</b>	<b>0.69</b>	<b>0.18</b>	<b>(14.28)</b>	<b>(0.26)</b>	<b>(2.48)</b>

\* EURO and other currencies are stated in USD equivalents.

**41 Financial instruments (Cont'd)**

**41.3 Liquidity risk**

The period to maturity, counting from the statements of financial position date, of financial instruments outstanding as at 31 December 2011 and 2010 are as follows:

<b>Descriptions</b>	<b>Consolidated financial statements</b>				
	<b>Counting from 31 December 2011</b>				
	<b>At call Million Baht</b>	<b>Less than 1 year Million Baht</b>	<b>More than 1 year Million Baht</b>	<b>No maturity Million Baht</b>	<b>Total Million Baht</b>
<b><u>Financial Assets</u></b>					
Cash	3,121	-	-	2	3,123
Interbank and money market items	4,602	602	-	1	5,205
Investments	183	6,710	24,831	819	32,543
Investment in subsidiaries	-	-	-	154	154
Loans net of deferred revenue	3,858 <sup>(1)</sup>	48,404	67,027	-	119,289
Accrued income from Thai Asset Management Corporation	-	-	1,010	-	1,010
<b>Total financial asset</b>	<b>11,764</b>	<b>55,716</b>	<b>92,858</b>	<b>976</b>	<b>161,324</b>
<b><u>Financial Liabilities</u></b>					
Deposits	33,552	67,126	896	-	101,574
Interbank and money market items	2,256	2,307	224	-	4,787
Liabilities payable on demand	144	-	-	-	144
Debt issued and borrowings	2,024	31,330	6,962	-	40,316
<b>Total financial liabilities</b>	<b>37,976</b>	<b>100,763</b>	<b>8,082</b>	<b>-</b>	<b>146,821</b>
<b>Descriptions</b>	<b>Consolidated financial statements</b>				
	<b>Counting from 31 December 2010</b>				
	<b>At call Million Baht</b>	<b>Less than 1 year Million Baht</b>	<b>More than 1 year Million Baht</b>	<b>No maturity Million Baht</b>	<b>Total Million Baht</b>
<b><u>Financial Assets</u></b>					
Cash	2,743	-	-	2	2,745
Interbank and money market items	2,555	12,693	-	-	15,248
Investments	80	9,138	11,155	1,104	21,477
Investment in subsidiaries	-	-	-	154	154
Loans net of deferred revenue	3,009 <sup>(1)</sup>	36,363	54,466	-	93,838
<b>Total financial assets</b>	<b>8,387</b>	<b>58,194</b>	<b>65,621</b>	<b>1,260</b>	<b>133,462</b>
<b><u>Financial Liabilities</u></b>					
Deposits	32,885	60,803	968	-	94,656
Interbank and money market items	1,596	2,014	2	-	3,612
Liabilities payable on demand	251	-	-	-	251
Debt issued and borrowings	2,945	14,309	5,400	-	22,654
<b>Total financial liabilities</b>	<b>37,677</b>	<b>77,126</b>	<b>6,370</b>	<b>-</b>	<b>121,173</b>

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**41 Financial instruments (Cont'd)**

**41.3 Liquidity risk (Cont'd)**

Descriptions	Separate financial statements				
	Counting from 31 December 2011				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
<b>Financial Assets</b>					
Cash	3,121	-	-	-	3,121
Interbank and money market items	4,020	557	-	-	4,577
Investments	132	6,710	24,831	819	32,492
Investment in subsidiaries	-	-	-	1,923	1,923
Loans net of deferred revenue	4,272 <sup>(1)</sup>	49,397	63,278	-	116,947
Accrued income from Thai Asset Management Corporation	-	-	1,010	-	1,010
<b>Total financial assets</b>	<b>11,545</b>	<b>56,664</b>	<b>89,119</b>	<b>2,742</b>	<b>160,070</b>
<b>Financial Liabilities</b>					
Deposits	33,263	67,132	896	-	101,291
Interbank and money market items	3,149	1,399	2	-	4,550
Liabilities payable on demand	144	-	-	-	144
Debt issued and borrowings	2,024	31,330	6,856	-	40,210
<b>Total financial liabilities</b>	<b>38,580</b>	<b>99,861</b>	<b>7,754</b>	<b>-</b>	<b>146,195</b>
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
<b>Financial Assets</b>					
Cash	2,743	-	-	-	2,743
Interbank and money market items	2,064	12,648	124	-	14,836
Investments	-	9,138	11,155	1,104	21,397
Investment in subsidiaries	-	-	-	1,323	1,323
Loans net of deferred revenue	3,633 <sup>(1)</sup>	35,397	53,131	-	92,161
<b>Total financial assets</b>	<b>8,440</b>	<b>57,183</b>	<b>64,410</b>	<b>2,427</b>	<b>132,460</b>
<b>Financial Liabilities</b>					
Deposits	32,769	60,803	968	-	94,540
Interbank and money market items	1,671	1,744	2	-	3,417
Liabilities payable on demand	251	-	-	-	251
Debt issued and borrowings	2,945	14,309	5,300	-	22,554
<b>Total financial liabilities</b>	<b>37,636</b>	<b>76,856</b>	<b>6,270</b>	<b>-</b>	<b>120,762</b>

<sup>(1)</sup> As at 31 December 2011, a part of loans classified as maturity at call in consolidated and separate financial statements amounting to Baht 4,110 million and Baht 3,891 million, respectively (31 December 2010: Baht 2,853 million Baht 2,753 million, respectively) are outstanding balances of defaulted loans classified in sub-standard category and above. However, repayment schedules of these loans are dependent upon new restructuring conditions.

**41 Financial instruments (Cont'd)**

**41.4 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:

Description	Consolidated financial statements			
	2011		2010	
	Book Value Million baht	Fair Value Million baht	Book Value Million baht	Fair Value Million baht
<b>Financial Assets</b>				
Cash	3,123	3,123	2,745	2,745
Interbank and money market items - net	5,205	5,205	15,248	15,248
Derivatives financial assets	2,527	2,527	2,476	2,476
Investments - net	32,543	32,642	21,477	21,467
Investment in subsidiaries - net	154	154	154	154
Loans to customers - net	116,212	116,212	91,403	91,403
Accrued income from Thai Asset Management Corporation	1,010	1,010	-	-
<b>Total financial assets</b>	<b>160,774</b>	<b>160,873</b>	<b>133,503</b>	<b>133,493</b>
<b>Financial Liabilities</b>				
Deposits	101,574	101,574	94,656	94,656
Interbank and money market items - net	4,787	4,787	3,612	3,612
Liability payable on demand	144	144	251	251
Derivatives financial assets	2,271	2,271	1,941	1,941
Debt issued and borrowings	40,316	40,423	22,654	22,654
<b>Total financial liabilities</b>	<b>149,092</b>	<b>149,199</b>	<b>123,114</b>	<b>123,114</b>
Description	Separate financial statements			
	2011		2010	
	Book Value Million baht	Fair Value Million baht	Book Value Million baht	Fair Value Million baht
<b>Financial Assets</b>				
Cash	3,121	3,121	2,743	2,743
Interbank and money market items - net	4,577	4,577	14,836	14,836
Derivatives financial assets	2,527	2,527	2,476	2,476
Investments - net	32,492	32,591	21,397	21,387
Investment in subsidiaries - net	1,923	1,923	1,323	1,323
Loans to customers - net	114,210	114,120	89,906	89,906
Accrued income from Thai Asset Management Corporation	1,010	1,010	-	-
<b>Total financial assets</b>	<b>159,770</b>	<b>159,869</b>	<b>132,681</b>	<b>132,671</b>
<b>Financial Liabilities</b>				
Deposits	101,291	101,291	94,540	94,540
Interbank and money market items - net	4,550	4,550	3,417	3,417
Liability payable on demand	144	144	251	251
Derivatives financial assets	2,271	2,271	1,941	1,941
Debt issued and borrowings	40,210	40,318	22,554	22,554
<b>Total financial liabilities</b>	<b>148,466</b>	<b>148,574</b>	<b>122,703</b>	<b>122,703</b>

**41 Financial instruments (Cont'd)**

**41.5 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 2011 and 2010, financial derivatives as classified by their maturities and notional balances in contract are as follows:

	Consolidated and separate financial statements					
	2011			2010		
	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	24,368	402	24,770	16,086	515	16,601
- Sold	24,503	402	24,905	13,966	515	14,481
Foreign currency and interest rate swap contracts						
- Bought	-	2,583	2,583	551	1,508	2,059
- Sold	-	2,954	2,954	2,059	2,135	4,194
Future contracts						
- Bought	1,268	-	1,268	-	-	-
- Sold	-	-	-	-	-	-
Interest rate swap contracts						
- Fixed rate payee	37,002	73,312	110,314	18,522	49,904	68,426
- Floating rate payee	48,529	67,265	115,794	22,050	51,985	74,035
Exchange rate options						
- Call option sales contract	148	-	148	-	-	-
- Put option sales contract	304	-	304	-	-	-
- Call option purchase contract	232	-	232	-	-	-
- Put option purchase contract	77	-	77	-	-	-

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.

**42 Derivatives**

**42.1 Fair value and notional amount classified by type of risk**

	Separate financial statements					
	2011			2010		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Liability Million Baht		Asset Million Baht		
Exchange rate	690	742	49,675	576	733	31,082
Interest rate	1,504	1,504	226,108	1,063	1,050	129,607
Futures	-	-	1,268	-	-	-
Option	6	2	761	-	-	-
Foreign currency swap and interest rate	327	23	5,537	837	158	6,253
Total	2,527	2,271	283,349	2,476	1,941	166,942

**42 Derivatives (Cont'd)**

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

	<b>Consolidated and separate financial statements</b>	
	<b>2011</b>	<b>2010</b>
	<b>Percent</b>	<b>Percent</b>
Financial institutions	85	77
Companies in the Group	7	9
External parties	8	14
Total	<u>100</u>	<u>100</u>

**43 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 2011 and 2010, The Bank and subsidiaries have loans transferred to TAMC are as follows:

	<b>Consolidated and separate financial statements</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Book value</b>	<b>Transfer price</b>	<b>Book value</b>	<b>Transfer price</b>
<b>Loans transferred to TAMC</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
CAP	82,487	21,932	82,342	21,932
NON CAP	15,774	3,465	15,774	3,465
Total	<u>98,261</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>(24,928)</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>469</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 2011, the Bank recognised interest receivable under these promissory notes amounting to Baht 35 million (31 December 2010 : Baht 35 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.

In this year, the Bank recorded gain sharing from TAMC for the NON CAP loans which were only those closed accounts that the Bank entitled to share gain with TAMC amounting to Baht 1,010 million, excluded gain which the Bank obliged to transfer to FIDF as mentioned above. The amount was recognised as gain sharing from the management of non-performing loans by TAMC in statement of comprehensive income and accrued income from TAMC in statement of financial position.

As at 31 December 2011, the Bank’s management believes that no significant future losses will be incurred.

**43 Agreement to transfer non-performing loans to TAMC (Cont'd)**

**Outstanding issues with TAMC**

As of 31 December 2011, 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 totaling Baht 162 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.