

CIMB THAI BANK PUBLIC COMPANY LIMITED

**CONSOLIDATED AND BANK
FINANCIAL STATEMENTS**

31 DECEMBER 2012

AUDITOR'S REPORT

To the Shareholders of CIMB Thai Bank Public Company Limited

I have audited the accompanying consolidated and bank financial statements of CIMB Thai Bank Public Company Limited and its subsidiaries, and of CIMB Thai Bank Public Company Limited, which comprise the consolidated and bank statements of financial position as at 31 December 2012, and the related consolidated and bank statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and bank financial statements referred to above present fairly, in all material respects, the consolidated and bank financial position of CIMB Thai Bank Public Company Limited and its subsidiaries, and of CIMB Thai Bank Public Company Limited as at 31 December 2012, and consolidated and bank results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

Bangkok
27 February 2013

CIMB Thai Bank Public Company Limited
Statements of financial position
As at 31 December 2012 and 2011

	Notes	Consolidated		The Bank	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Assets					
Cash		3,132,947,660	3,122,846,554	3,130,139,363	3,120,642,155
Interbank and money market items, net	6	10,127,546,195	5,205,245,039	10,094,174,784	4,577,356,327
Derivatives assets	7	2,474,146,798	2,526,862,210	2,474,146,798	2,526,862,210
Investments, net	8	40,323,332,324	32,543,164,312	40,323,332,324	32,492,273,880
Investments in subsidiaries, net	8	153,912,645	153,912,645	1,033,147,979	1,923,143,017
Loans and accrued interest receivables	9				
Loans		142,153,766,214	121,719,437,344	136,705,713,235	116,950,978,798
Accrued interest receivables		369,951,501	279,098,921	375,369,578	277,958,703
Total loans and accrued interest receivables		142,523,717,715	121,998,536,265	137,081,082,813	117,228,937,501
<u>Less</u> Deferred revenue		(3,307,156,919)	(2,429,980,354)	(2,786,485)	(3,173,910)
<u>Less</u> Allowance for doubtful debts	10	(3,396,411,721)	(3,345,515,853)	(3,085,180,004)	(3,094,393,744)
<u>Less</u> Revaluation allowance for debt restructuring	11	(15,823,467)	(10,958,714)	(15,823,467)	(10,958,714)
Loans and accrued interest receivables, net		135,804,325,608	116,212,081,344	133,977,292,857	114,120,411,133
Customers' liability under acceptance		35,752,402	69,927,687	35,752,402	69,927,687
Properties for sale, net	12	1,575,564,704	1,484,488,359	1,527,459,397	1,460,650,554
Premises and equipments, net	13	3,568,232,948	3,830,671,693	3,492,719,658	3,673,934,530
Intangible assets, net	14	427,876,223	470,613,974	422,091,055	443,258,237
Accrued income from Thai Asset Management Corporation	46	2,354,020,580	1,009,565,667	2,354,020,580	1,009,565,667
Other assets, net	15	1,538,414,867	1,393,714,576	1,404,654,619	1,133,245,127
Total assets		201,516,072,954	168,023,094,060	200,268,931,816	166,551,270,524

Director _____ Director _____

The accompanying notes to consolidated and separate financial statements from page 11 to 95 are an integral part of the financial statements

CIMB Thai Bank Public Company Limited
Statements of financial position (Cont'd)
As at 31 December 2012 and 2011

	Notes	Consolidated		The Bank	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Liabilities and Shareholders' equity					
Liabilities					
Deposits	16	135,133,586,231	101,573,954,409	135,284,578,984	101,291,200,733
Interbank and money market items	17	11,309,672,672	4,786,952,067	10,359,672,672	4,549,969,313
Liability payable on demand		345,429,219	144,101,067	345,429,219	144,101,067
Financial liabilities designated at fair value					
through profit or loss	18	1,535,308,447	-	1,535,308,447	-
Derivatives liabilities	7	2,002,403,000	2,270,622,392	2,002,403,000	2,270,622,392
Debt issued and borrowings	19	26,226,572,329	40,315,688,037	26,226,572,329	40,210,323,185
Bank's liability under acceptance		35,752,402	69,927,687	35,752,402	69,927,687
Provisions	20	1,429,732,358	1,506,655,509	1,407,123,231	1,455,869,720
Other liabilities	21	3,799,144,302	3,944,270,222	3,483,259,281	3,323,983,009
Total liabilities		181,817,600,960	154,612,171,390	180,680,099,565	153,315,997,106
Shareholders' equity					
Share capital	22				
Registered					
26,105,495,608 ordinary shares of Baht 0.50 each		13,052,747,804		13,052,747,804	
16,315,934,756 ordinary shares of Baht 0.50 each			8,157,967,378		8,157,967,378
Issued and paid-up share capital					
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013		10,542,439,013	
16,315,934,756 ordinary shares of Baht 0.50 each			8,157,967,378		8,157,967,378
Premium on share capital		3,867,738,430	1,483,266,796	3,867,738,430	1,483,266,796
Other reserves	23	1,362,816,577	1,347,561,648	1,362,816,577	1,332,963,823
Accretion of equity interests in subsidiary		(42,753,751)	-	-	-
Retained earnings					
Appropriated - statutory reserve	24	187,500,000	129,500,000	187,500,000	129,500,000
Unappropriated		3,780,731,725	2,203,340,511	3,628,338,231	2,131,575,421
Equity attributable to					
Attributable to owners of the Bank		19,698,471,994	13,321,636,333	19,588,832,251	13,235,273,418
Non-controlling interest		-	89,286,337	-	-
Total shareholders' equity		19,698,471,994	13,410,922,670	19,588,832,251	13,235,273,418
Total liabilities and shareholders' equity		201,516,072,954	168,023,094,060	200,268,931,816	166,551,270,524

The accompanying notes to consolidated and separate financial statements from page 11 to 95 are an integral part of the financial statements

CIMB Thai Bank Public Company Limited
Statements of comprehensive income
For the years ended 31 December 2012 and 2011

	Notes	Consolidated		The Bank	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Interest income	28	10,168,159,353	8,084,721,497	9,171,803,562	7,425,411,452
Interest expenses	29	(4,961,478,452)	(3,451,570,011)	(4,919,385,099)	(3,441,115,412)
Net interest income		5,206,680,901	4,633,151,486	4,252,418,463	3,984,296,040
Fees and service income		1,010,746,092	756,910,528	899,847,124	652,933,947
Fees and service expenses		(145,308,599)	(173,546,115)	(209,452,514)	(220,391,462)
Net fee and service income	30	865,437,493	583,364,413	690,394,610	432,542,485
Gains on trading and foreign exchange transactions, net	31	487,960,028	351,562,280	487,960,028	351,562,280
Gains on financial liabilities designated at fair value through profit or loss, net	32	876,526	-	876,526	-
Gains on investments, net	33	153,085,659	80,202,439	125,701,932	80,158,470
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	46	1,344,454,913	1,009,565,667	1,344,454,913	1,009,565,667
Other operating income	34	269,653,376	714,175,020	269,018,816	683,073,422
Total operating income		8,328,148,896	7,372,021,305	7,170,825,288	6,541,198,364
Other operating expenses					
Employee expenses		2,685,780,132	2,656,546,498	2,300,287,106	2,317,072,141
Directors' remuneration		9,328,000	8,688,000	8,692,000	8,352,000
Premises and equipment expenses		1,341,235,702	1,137,289,499	1,215,792,339	1,025,994,193
Taxes and duties		364,875,817	308,631,311	353,047,358	299,325,941
Others		923,629,654	789,709,392	655,041,795	602,211,459
Total other operating expenses		5,324,849,305	4,900,864,700	4,532,860,598	4,252,955,734
Bad and doubtful debts and impairment losses	35	1,389,215,085	1,076,989,812	1,137,656,013	942,282,551
Profit from continuing operation before income tax expenses		1,614,084,506	1,394,166,793	1,500,308,677	1,345,960,079
Income tax expenses	36	(78,422,223)	(51,149,199)	-	-
Profit from continuing operation		1,535,662,283	1,343,017,594	1,500,308,677	1,345,960,079
Profit (loss) after tax of discontinued operation	37	54,148,490	(17,911,617)	-	-
Net profit for the year		1,589,810,773	1,325,105,977	1,500,308,677	1,345,960,079

The accompanying notes to consolidated and separate financial statements from page 11 to 95 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 2012 and 2011

	Note	Consolidated		The Bank	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Other comprehensive income					
Changes in revaluation surplus		(54,830,081)	643,172,051	(54,830,081)	643,172,051
Gains (losses) on remeasuring available-for-sale investments		83,714,939	(18,714,346)	83,714,939	(18,714,346)
Total other comprehensive income from continuing operation		<u>28,884,858</u>	<u>624,457,705</u>	<u>28,884,858</u>	<u>624,457,705</u>
Other comprehensive income (expenses) on assets of disposal group which was sold during the year		563,399	(5,175,540)	-	-
Total other comprehensive income		<u>29,448,257</u>	<u>619,282,165</u>	<u>28,884,858</u>	<u>624,457,705</u>
Total comprehensive income for the year		<u>1,619,259,030</u>	<u>1,944,388,142</u>	<u>1,529,193,535</u>	<u>1,970,417,784</u>
Net profit attributable to:					
Shareholders of the Bank		1,580,937,081	1,316,386,007	1,500,308,677	1,345,960,079
Non-controlling interests		8,873,692	8,719,970	-	-
		<u>1,589,810,773</u>	<u>1,325,105,977</u>	<u>1,500,308,677</u>	<u>1,345,960,079</u>
Total comprehensive income attributable to:					
Shareholders of the Bank		1,610,385,338	1,935,668,172	1,529,193,535	1,970,417,784
Non-controlling interests		8,873,692	8,719,970	-	-
		<u>1,619,259,030</u>	<u>1,944,388,142</u>	<u>1,529,193,535</u>	<u>1,970,417,784</u>
Earnings per share for profit attributable to the shareholders of the Bank					
	39				
Basic earnings per share (Baht per share)		<u>0.09</u>	<u>0.08</u>	<u>0.08</u>	<u>0.08</u>
Weighted average number of ordinary shares (shares)		<u>18,231,330,003</u>	<u>16,315,934,756</u>	<u>18,231,330,003</u>	<u>16,315,934,756</u>

The accompanying notes to consolidated and separate financial statements from page 11 to 95 are an integral part of the financial statements

CIMB Thai Bank Public Company Limited
Statements of changes in shareholders' equity
For the years ended 31 December 2012 and 2011

Note	Consolidated													
	Attributable to owners of the Bank												Non-controlling interest	Total
	Other reserves					Total other reserves	Accretion of equity interests in subsidiary	Legal reserve	Retained earnings	Total equity attributable to owners of the bank				
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Revaluation surplus (deficit) on change in value of investments	Other						Other comprehensive income (expenses) on assets of disposal group classified as held for sales			
Baht	Baht	Baht	Baht	Baht	Baht									
Balance as at 1 January 2012	8,157,967,378	1,483,266,796	1,209,780,927	122,305,286	877,610	14,597,825	1,347,561,648	-	129,500,000	2,203,340,511	13,321,636,333	89,286,337	13,410,922,670	
Total comprehensive income (expenses) for the year	-	-	(54,830,081)	83,714,939	-	563,399	29,448,257	-	-	1,580,937,081	1,610,385,338	8,873,692	1,619,259,030	
Appropriated - statutory reserve	-	-	-	-	-	-	-	-	58,000,000	(58,000,000)	-	-	-	
Share-based payment	-	-	-	-	967,896	-	967,896	-	-	-	967,896	-	967,896	
Increase in ordinary shares	22 2,384,471,635	2,384,471,634	-	-	-	-	-	-	-	-	4,768,943,269	10,027,260	4,778,970,529	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(11,174,440)	(11,174,440)	
Sold investment in a subsidiary	-	-	-	-	-	(15,161,224)	(15,161,224)	-	-	-	(15,161,224)	-	(15,161,224)	
Others	-	-	-	-	-	-	-	-	-	(375,948)	(375,948)	-	(375,948)	
Changes in equity interests in subsidiary	-	-	-	-	-	-	-	(42,753,751)	-	-	(42,753,751)	(97,012,849)	(139,766,600)	
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	54,830,081	54,830,081	-	54,830,081	
Balance as at 31 December 2012	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,154,950,846</u>	<u>206,020,225</u>	<u>1,845,506</u>	<u>-</u>	<u>1,362,816,577</u>	<u>(42,753,751)</u>	<u>187,500,000</u>	<u>3,780,731,725</u>	<u>19,698,471,994</u>	<u>-</u>	<u>19,698,471,994</u>	
Balance as at 1 January 2011	8,157,967,378	1,483,266,796	566,608,876	141,019,632	-	19,773,365	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	-	-	-	-	-	-	-	-	-	(474,399,953)	(474,399,953)	(1,658,343)	(476,058,296)	
Restated balance	8,157,967,378	1,483,266,796	566,608,876	141,019,632	-	19,773,365	727,401,873	-	63,500,000	947,027,040	11,379,163,087	80,612,312	11,459,775,399	
Total comprehensive income (expenses) for the year	-	-	643,172,051	(18,714,346)	-	(5,175,540)	619,282,165	-	-	1,316,386,007	1,935,668,172	8,719,970	1,944,388,142	
Appropriated - statutory reserve	-	-	-	-	-	-	-	-	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	
Balance as at 31 December 2011	<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>14,597,825</u>	<u>1,347,561,648</u>	<u>-</u>	<u>129,500,000</u>	<u>2,203,340,511</u>	<u>13,321,636,333</u>	<u>89,286,337</u>	<u>13,410,922,670</u>	

The accompanying notes to consolidated and separate financial statements from page 11 to 95 are an integral part of the financial statements

CIMB Thai Bank Public Company Limited
 Statements of changes in shareholders' equity (Cont'd)
 For the years ended 31 December 2012 and 2011

The Bank									
Other reserves									
Note	Issued and paid-up share capital Baht	Share premium Baht	Revaluation surplus on assets Baht	Revaluation surplus (deficit) on change in value of investments Baht	Other Baht	Total other reserves Baht	Legal reserve Baht	Retained earnings Baht	Total Baht
Balance as at 1 January 2012	8,157,967,378	1,483,266,796	1,209,780,927	122,305,286	877,610	1,332,963,823	129,500,000	2,131,575,421	13,235,273,418
Total comprehensive income (expenses) for the year	-	-	(54,830,081)	83,714,939	-	28,884,858	-	1,500,308,677	1,529,193,535
Appropriated - statutory reserve	-	-	-	-	-	-	58,000,000	(58,000,000)	-
Share-based payment	-	-	-	-	967,896	967,896	-	-	967,896
Increase in ordinary shares	22 2,384,471,635	2,384,471,634	-	-	-	-	-	-	4,768,943,269
Others	-	-	-	-	-	-	-	(375,948)	(375,948)
Transfer to retained earnings	-	-	-	-	-	-	-	54,830,081	54,830,081
Balance as at 31 December 2012	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,154,950,846</u>	<u>206,020,225</u>	<u>1,845,506</u>	<u>1,362,816,577</u>	<u>187,500,000</u>	<u>3,628,338,231</u>	<u>19,588,832,251</u>
Balance as at 1 January 2011	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	-	-	-	-	-	-	-	(436,174,318)	(436,174,318)
Restated balance	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	-	-	643,172,051	(18,714,346)	-	624,457,705	-	1,345,960,079	1,970,417,784
Appropriated - statutory reserve	-	-	-	-	-	-	66,000,000	(66,000,000)	-
Share-based payment	-	-	-	-	877,610	877,610	-	-	877,610
Transfer to retained earnings	-	-	-	-	-	-	-	5,927,464	5,927,464
Balance as at 31 December 2011	<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>

The accompanying notes to consolidated and separate financial statements from page 11 to 95 are an integral part of the financial statements

CIMB Thai Bank Public Company Limited
Statements of cash flow
For the years ended 31 December 2012 and 2011

	Note	Consolidated		The Bank	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash flows from operating activities					
Profit before corporate income tax from continuing operations		1,614,084,506	1,394,166,793	1,500,308,677	1,345,960,079
Profit (loss) before corporate income tax from discontinued operations	37	54,148,490	(17,911,617)	-	-
Profit before corporate income tax including discontinued operations		1,668,232,996	1,376,255,176	1,500,308,677	1,345,960,079
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:					
Depreciation and amortisation		538,242,670	411,878,809	502,120,624	377,607,062
Bad debts and doubtful accounts		1,401,239,204	1,074,685,731	1,149,680,132	942,282,551
Reversal of provision for off-balance sheet items		(22,348,819)	(15,012,991)	(22,348,819)	(4,012,991)
Share-based payment		967,896	877,610	967,896	877,610
Provision for employee benefits		118,348,000	123,448,983	108,556,204	101,547,171
Losses on impairment of properties for sale		15,346,473	2,392,065	-	-
Impairment losses on investments		1,081,752	11,100,950	1,081,752	11,144,919
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation		(1,344,454,913)	(1,009,565,667)	(1,344,454,913)	(1,009,565,667)
Unrealised (gains) losses on exchange and derivatives		(153,673,494)	160,835,044	(153,673,494)	160,835,044
Realised (gains) losses of exchange rate on Borrowings		(37,648,000)	11,350,000	(37,648,000)	11,350,000
Losses (gains) on properties for sale		185,325,840	207,341,408	(6,743,207)	76,531,814
Unrealised (gains) losses on revaluation of investments		(8,991,029)	2,633,326	(8,963,088)	2,742,945
Gains on sale of investments		(224,250,866)	(177,905,133)	(152,012,021)	(105,836,681)
Gains on disposal of premises and equipment		(10,980,604)	(79,946,078)	(9,488,057)	(80,610,006)
Losses from write off premises and equipment		7,968,009	3,307,740	7,968,001	3,307,740
Gains on surplus from of revaluation of assets		-	(98,482,551)	-	(98,482,551)
Impairment of premises and equipment		-	5	-	5
Gains on financial liabilities designated at fair value through profit or loss		(12,947,014)	-	(12,947,014)	-
Interest and dividend income		(10,285,041,125)	(7,287,450,589)	(9,322,150,894)	(7,623,635,390)
Interest expenses		4,332,373,659	3,069,771,369	4,290,280,306	3,051,714,539
Losses from operations before changes in operating assets and liabilities					
		(3,831,209,365)	(2,212,484,793)	(3,509,465,915)	(2,836,241,806)
(Increase) decrease in operating assets					
Interbank and money market items		(5,832,814,394)	10,040,371,933	(5,545,325,706)	10,256,224,577
Investments held for trading		(1,028,926,993)	(1,958,806,791)	(1,065,166,892)	(2,054,463,946)
Loans		(23,123,489,021)	(26,003,465,408)	(21,119,329,582)	(24,755,868,050)
Properties for sale		576,407,245	816,006,438	116,311,057	435,904,985
Other assets		(223,824,872)	341,776,656	(106,936,568)	258,600,565
Increase (decrease) in operating liabilities					
Deposits		34,077,402,623	6,910,336,650	33,993,378,250	6,743,720,967
Interbank and money market items		6,513,683,956	1,175,266,666	5,800,666,710	1,132,643,585
Liability payable on demand		201,328,153	(106,533,315)	201,328,153	(106,533,315)
Short-term borrowings		(15,693,777,588)	16,100,335,142	(15,693,777,588)	16,100,335,142
Provisions		(136,870,821)	(74,976,995)	(134,056,604)	(74,976,995)
Other liabilities		820,173,128	(762,917,426)	216,948,965	(762,551,740)
Cash flows (used in) provided by operating activities					
		(7,681,917,949)	4,264,908,757	(6,845,425,720)	4,336,793,968
Cash received from interest income		8,845,212,196	6,300,737,404	7,845,520,878	6,638,398,884
Cash paid for interest expenses		(4,414,181,572)	(2,661,235,618)	(4,374,900,719)	(2,648,502,887)
Net cash paid for income tax		(75,537,258)	(54,441,695)	-	-
Net cash flows (used in) provided by operating activities					
		(3,326,424,583)	7,849,968,848	(3,374,805,561)	8,326,689,965

The accompanying notes to consolidated and separate financial statements from page 11 to 95 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 2012 and 2011

	Consolidated		The Bank	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(15,567,499,365)	(5,475,305,948)	(15,567,499,365)	(5,475,305,948)
Proceeds from disposals of available-for-sale securities	11,965,926,585	980,224	11,965,926,585	342,458
Proceeds from maturity of available-for-sale securities	278,000,000	2,620,000,000	278,000,000	2,620,000,000
Cash paid for purchases of held to maturity securities	(9,116,832,910)	(13,893,398,632)	(9,116,832,910)	(13,893,398,632)
Proceeds from maturity of held to maturity securities	5,539,930,576	7,359,469,428	5,539,930,576	7,359,469,428
Cash paid for increase in ordinary shares in subsidiaries	(139,766,600)	-	(169,783,267)	(600,000,000)
Proceeds from disposals of investment in subsidiaries	1,117,600,000	31,579,041	1,117,600,000	31,579,041
Proceeds from repayment of investment in receivable	340,304,845	132,613,599	340,304,845	132,613,599
Proceeds from disposals of general investments	16,868,875	50,799,105	16,868,875	50,799,105
Proceeds from decrease in capital of general investments	41,525,891	34,980,000	41,525,891	34,980,000
Cash paid for purchases of premises and equipment	(295,444,987)	(648,554,133)	(255,286,146)	(545,864,299)
Proceeds from disposals of premises and equipment	37,914,628	192,259,890	34,841,137	192,488,450
Cash paid for purchases of intangible assets	(81,546,543)	(117,429,333)	(75,450,886)	(96,177,570)
Proceeds from disposals of intangible assets	-	15,812	-	15,812
Dividend received	116,881,772	199,177,398	150,347,332	198,223,938
Interest received	1,000,791,553	544,920,895	1,000,791,553	544,920,895
Net cash flows used in investing activities	(4,745,345,680)	(8,967,892,654)	(4,698,715,780)	(9,445,313,723)
Cash flows from financing activities				
Proceeds from issuing subordinate debentures	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Cash paid for redemption of subordinated debentures	(1,230,000,000)	(1,503,750,000)	(1,230,000,000)	(1,503,750,000)
Dividend paid	(11,174,440)	-	-	-
Proceeds from issuance of structured bills of exchange and debentures	1,544,075,280	-	1,544,075,280	-
Cash received from capital increase	4,778,970,529	-	4,768,943,269	-
Net cash flows provided by financing activities	8,081,871,369	1,496,250,000	8,083,018,549	1,496,250,000
Net increase in cash and cash equivalents	10,101,106	378,326,194	9,497,208	377,626,242
Cash and cash equivalents at beginning of the year	3,122,846,554	2,744,520,360	3,120,642,155	2,743,015,913
Cash and cash equivalents at the end of the year	3,132,947,660	3,122,846,554	3,130,139,363	3,120,642,155
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Properties for sales received in settlement of debts	875,602,530	524,668,561	176,999,322	3,933,000
Properties for sales received in premises and equipment	-	-	18,140,691	-
Changes in revaluation surplus in available-for-sale	84,278,338	23,891,863	83,714,939	18,714,346
Write-off loans and allowance for doubtful debts	719,242,779	652,242,240	562,431,150	589,755,756
Adjustment of brought forward retained earnings due to the adoption of TAS 19 Employee Benefits	-	476,058,295	-	436,174,318
Receivable from disposal of properties for sale	18,763,318	54,640,254	18,763,318	54,640,254
Transfer investments in receivable to loans due to debt restructuring-net	-	125,092,869	-	125,092,869
Revaluation surplus on assets	54,454,133	649,099,515	54,454,133	649,099,515
Statutory reserve	58,000,000	66,000,000	58,000,000	66,000,000
Write-off other liabilities from sales of investment in a subsidiary	-	58,400,000	-	58,400,000
Payable from purchase of intangible assets	17,257,811	2,462,827	17,257,811	2,462,827
Customers' liability under acceptance	34,175,285	8,448,609	34,175,285	8,448,609
Interest amortisation from premium or discount	78,277,924	26,242,284	78,277,924	26,242,284

The accompanying notes to consolidated and separate financial statements from page 11 to 95 are an integral part of the financial statements

CIMB Thai Bank Public Company Limited
Notes to the financial statements
For the years ended 31 December 2012 and 2011

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1 General information

CIMB Thai Bank Public Company Limited (“the Bank”) is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The Bank has operated as a commercial bank in Thailand since 8 March 1949. The address of the Bank’s registered office is as follows:

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. CIMB Group Holdings Berhad is the parent company of the CIMB Group.

All subsidiaries were incorporated as limited companies under Thai laws, and all operate in Thailand, engaging mainly in securities business (until 2 July 2012) debt collection, hire purchase and leasing businesses. The Bank and all subsidiaries are collectively called “the Group”.

The consolidated and bank financial statements were authorised by the Board of Directors on 27 February 2013.

2 Accounting Policies

2.1 Basis of preparation of consolidated and bank financial statements

The consolidated and bank financial statements (“the financial statements”) have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act. The primary financial statements (i.e., statements of financial position, statements of comprehensive income, changes in shareholder equity and cash flow) have been 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 3 December 2010.

The consolidated and bank 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 the GAAP requires the use of certain critical accounting estimates. It also requires management to exercise 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 and bank financial statements, are disclosed in note 4 to the financial statements.

The financial statements have been prepared by including the financial statements of CIMB Thai Bank Public Company Limited and its subsidiaries. The financial statements for the year ended 31 December 2012 have been prepared with some changes related to subsidiaries during the year. Such change is disclosed in Notes 8.7 and 37 to the financial statements.

The Bank has prepared the financial statements for the benefit of the public, which presents its investment in subsidiaries under the cost method.

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

2 Accounting policies

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

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

The new accounting standards, amendments to accounting standards, new financial reporting standard, interpretations that are effective on or after 1 January 2013 and have not been early adopted by the Group:

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
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

Management has assessed that TAS 20 and TSIC10 are not relevant to the business of the Group. For other accounting standards, management are in the process of evaluating the effect of such standards to the financial statements for the year initially applied. New accounting standards which may significantly impact the financial statements are shown as follows.

TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements.

TFRS 8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a way that is consistent with the internal reporting provided to the chief operating decision-maker.

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

Management has assessed that the above TFRIC and TSIC are not relevant to the business of the Group.

2 Accounting policies (cont'd)

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 unless 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 principal and overdue interest has been paid.

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

(b) Interest on margin loans

Interest on margin loans is recognised as income on a 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 Securities and Exchange Commission, dated 15 February 2001, regarding 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 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 unforeseen circumstances arise.

(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 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 calculate hire-purchase income using the effective interest rate method over the period of contracts.

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

2 Accounting policies (cont'd)

2.3 Revenue recognition (cont'd)

(h) Other income

Other income is recognised as income on an accrual basis.

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 Group classifies investments, other than investments in subsidiaries, associates and joint ventures, into 4 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 more than 3 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, and are classified as held-to-maturity and included in long-term investment, except for maturities within 12 months from the statement 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.

2 Accounting policies (cont'd)

2.5 Investments (cont'd)

Available-for-sale investments are presented in the statement 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. 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 gains (losses) on investment. Fair values are calculated on the following basis:

- For marketable debt securities, fair values are calculated by referencing 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 the risk-free yield curve, adjusted by the appropriate risk premium.
- For marketable equity securities, fair values are calculated by referencing the last bid prices quoted on the Stock Exchange of Thailand on the last business day of the period.

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

General investments are carried at cost less impairment.

The Group tests 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 Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Investments in receivables

Investments in receivables purchased from financial institutions are valued at acquisition cost net of any 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 any allowance for doubtful debt. 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 Group determines 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 Bank of Thailand's provisioning guidelines.

2 Accounting policies (cont'd)

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 availed by the Financial Institutions Development Fund (“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 when the Bank receives allocation from TAMC, or when the gain or loss can be accurately estimated.

2.8 Investments in subsidiaries

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

The Bank applies the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, 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 non-controlling interest.

The excess 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 Group.

In the Bank’s financial statements, investments in subsidiaries are reported 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 8.7 to the financial statements.

2 Accounting policies (Cont'd)

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 debtors as well as BoT guidelines. In addition, the Bank takes into consideration the relationship of risks involved, value of collateral and the status of individual debtors including the relationship of allowance for doubtful debts against the loan balance through economic situations which may have an impact on customers' ability to pay.

(b) For securities business receivables

Receivables from clearing house and payables to clearing house

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

Payables to clearing houses comprise the net balance payable to TSD in relation to securities trades settled through the TSD clearing house and the net payable to TCH.

As at 15 February 2010 and onward, receivables from and payables to TSD clearing house in relation to securities trades will be settled through TCH.

Securities business receivables and allowance for doubtful accounts

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

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

Allowance for doubtful accounts is determined based on Securities and Exchange Commission's notification dated 15 February 2001, regarding accounting for sub-standard loans. The announcement requires the subsidiary categorise its loan portfolio into three 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 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 Accounting policies (cont'd)

2.10 Troubled debt restructuring and associated losses

The Group records troubled debt restructuring transactions and related losses 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 any estimated selling expenses, or the amount of investments in receivables (including accrued interest income).

In the case 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") or Customer Loan Rate ("CLR") prevailing at the restructuring date.

Losses arising from restructuring, loss 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 period by re-calculating the net present value of expected cash flows, discounted by the MLR or CLR being quoted to the debtor at the end of the year.

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 the debt restructuring agreement is executed.

2.11 Properties for sale

Properties for sale consisting 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 Group will recognise the provision for impairment of for-sale assets in total.

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

2.12 Premises, equipment and depreciation

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

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 Group 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.

The Group records increases in the carrying amount arising on the revaluation of property and plant. These are credited to other comprehensive income and shown the revaluation surplus on assets (included in unrealised gain) in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each period 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.

2 Accounting policies (cont'd)

2.12 Premises and equipment and depreciation (cont'd)

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

Buildings	20 - 40 years
Equipment	5 years and 10 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

On disposal of revalued assets, the related revaluation reserve amounts are transferred to retained earnings.

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 of 5 and 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group, and will likely 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 overhead.

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

(b) Other intangible assets

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

2 Accounting policies (cont'd)

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Leasehold rights

The Bank amortises the cost of leasehold rights on buildings, which are presented as other assets, for the period of 2-30 years as an operating expense on a straight-line method over the life of the agreement.

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee substantially has all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The corresponding rental obligations and net of finance charges are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.17 Foreign currency translation

Items included in the financial statements of the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

The Group translates foreign currency transactions 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 Accounting policies (cont'd)

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 depend on the purpose of the transactions 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) Hedging transactions

The Bank measures derivatives classified as hedging transactions on a basis equivalent to that used in measurement of hedged underlying assets and liabilities.

Derivatives for fair value hedges are initially recognised at fair value. Changes in fair value are recorded in statement of comprehensive income together with any changes in fair value of hedged assets or liabilities that are attributable to the hedged risk.

2.19 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognised at fair value and derecognised when extinguished.

Measurement is initially at fair value, premium received from fair value will be amortised as income until maturity or at early termination. Changes in the fair value of financial liabilities, designated at fair value through profit or loss, are recognised in the statements of comprehensive income as gain or loss on financial liabilities designated at fair value through profit loss.

2.20 Employee benefits and pension fund

Defined contribution plan

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

Defined benefit plan

The Group has a policy to pay post-employment benefits to employees under the labour law applicable in Thailand.

According to TAS 19 Employee Benefits, the Group set provisions for a pension fund which comprises post-employment benefits under the labour law applicable in Thailand and pension fund.

2 Accounting policies (cont'd)

2.20 Employee benefits and pension fund (cont'd)

Liability in respect of employee benefits is measured using the projected unit-credit method, which is calculated by an independent actuary in accordance with actuarial techniques. The present value of the defined benefits obligations is determined by discounting estimated future cash flows based on government bond yields 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. The amount of net actuarial gains or 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 the consolidated and bank statement of financial position as at 1 January 2011 by increasing provisions for employee benefits amounting to Baht 474 million and Baht 436 million, respectively, and reducing beginning retained earnings by the same amount.

2.21 Provisions

The Group recognises provisions when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is highly likely.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Income tax

The Group calculates income tax based on the taxable profits determined in accordance with tax legislation.

2.23 Share based payment

The Bank operates share-based compensation plans, which include options and shares granted to employees. For entitlements granted to employees under the Management Equity Scheme (MES) before 1 January 2011 to which TFRS 2 has not been applied, the Bank does not include them in the financial statements but discloses them as the requirement of the standard in note 26 to the financial statements.

In March 2011, the Bank established an 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 payment reserve as the proportion of time of the vesting period.

The Bank reverses 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 Group's 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out under policies approved by the Board of Directors. The Group's Treasury identifies, evaluates and hedges financial risks in close co-operation with its 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 the 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 an independent Credit Review 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 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, and 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 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 Financial risk management (cont'd)

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.

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 45.5 to the financial statements.

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 the 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 Group makes 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 Group 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 Group's 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 recoverable. In determining the impairment losses, management believed that estimations are reasonable.

(d) Allowance for impairment of property for sale

The Group assesses 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 than 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 a commitment on provision of post-retirement benefits and pension funds for employees. 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. 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 Group's objectives when managing capital are to safeguard the 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

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

CIMB Thai Bank Public Company Limited
Notes to the financial statements
For the years ended 31 December 2012 and 2011

6 Interbank and money market items, net (assets)

	Consolidated					
	2012			2011		
	At-call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	2,239	-	2,239	1,401	-	1,401
Commercial banks	61	1,000	1,061	602	45	647
Other banks	9	4,300	4,309	6	-	6
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	-	1,352	1,352	-	561	561
Total domestic items	2,853	6,652	9,505	2,553	606	3,159
<u>Add</u> accrued interest receivables	-	1	1	-	-	-
<u>Less</u> allowance for doubtful debts	-	(34)	(34)	-	(3)	(3)
Domestic items, net	2,853	6,619	9,472	2,553	603	3,156
Foreign:						
US dollar	555	-	555	1,942	-	1,942
Yen	20	-	20	17	-	17
Euro	19	-	19	28	-	28
Other currencies	62	-	62	62	-	62
Foreign items, net	656	-	656	2,049	-	2,049
Domestic and foreign items, net	3,509	6,619	10,128	4,602	603	5,205

	The Bank					
	2012			2011		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	2,239	-	2,239	1,401	-	1,401
Commercial banks	36	1,000	1,036	26	-	26
Other banks	-	4,300	4,300	-	-	-
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	-	1,352	1,352	-	561	561
Total domestic items	2,819	6,652	9,471	1,971	561	2,532
<u>Add</u> accrued interest receivables	-	1	1	-	-	-
<u>Less</u> allowance for doubtful debts	-	(34)	(34)	-	(4)	(4)
Domestic items, net	2,819	6,619	9,438	1,971	557	2,528
Foreign:						
US dollar	555	-	555	1,942	-	1,942
Yen	20	-	20	17	-	17
Euro	19	-	19	28	-	28
Other currencies	62	-	62	62	-	62
Foreign items, net	656	-	656	2,049	-	2,049
Domestic and foreign items, net	3,475	6,619	10,094	4,020	557	4,577

As at 31 December 2012, the Bank had promissory notes of Baht 547 million (31 December 2011: Baht 547 million), that were issued by financial institutions which were ordered to be closed, and are avaled by the Financial Institution Development Fund (FIDF).

The FIDF recalled promissory notes amounting to Baht 544 million (31 December 2011: Baht 544 million) to cancel the aval as the FIDF is of the opinion that the Bank has no obligations in respect of the related liabilities.

6 Interbank and money market items, net (assets) (cont'd)

However, the Bank has not yet returned the promissory notes 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 notes availed by FIDF had been presented as assets and the related obligations were presented as liabilities in the same amount of Baht 544 million (31 December 2011: Baht 544 million).

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and the Bank					
	2012			2011		
	Fair value		Notional amount	Fair value		Notional amount
	Asset Million Baht	Liability Million Baht	Million Baht	Asset Million Baht	Liability Million Baht	Million Baht
Exchange rate	776	403	82,781	1,023	767	55,973
Interest rate	1,692	1,598	336,153	1,503	1,504	227,125
Total	2,468	2,001	418,934	2,526	2,271	283,098

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

	Consolidated and the Bank	
	2012 Proportion	2011 Proportion
Financial institutions	80	85
Companies in group	15	7
External parties	5	8
Total	100	100

7.2 Derivative for hedging

Fair value hedge

	Consolidated and the Bank					
	2012			2011		
	Fair value		Notional amount	Fair value		Notional amount
	Asset Million Baht	Liability Million Baht	Million Baht	Asset Million Baht	Liability Million Baht	Million Baht
Interest rate	6	1	676	1	-	251
Total	6	1	676	1	-	251

7 Derivatives (cont'd)

7.2 Derivative for hedging (cont'd)

Fair value hedges are used to hedge the exposure to changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group enters into interest rate swaps to hedge against interest rate risk of loans, bill of exchange and negotiable certificate of deposit. The changes in fair value of the hedging instruments and hedged items are recognised in the statements of comprehensive income.

The net gains (losses) arising from fair value hedges for the years ended 31 December 2012 and 2011 can be summarised as follows:

	Consolidated and the Bank	
	2012	2011
	Million Baht	Million Baht
Gains on hedging instruments, net	4	1
Losses on the hedged items, net	(4)	(1)

8 Investments, net

8.1 Classified by type of investment

	Consolidated		The Bank	
	2012	2011	2012	2011
	Fair value	Fair value	Fair value	Fair value
	Million Baht	Million Baht	Million Baht	Million Baht
Securities held for trading				
Government and state enterprises securities	2,929	2,130	2,929	2,130
Private sector debt securities	357	48	357	48
Domestic marketable equity securities	-	26	-	-
Total securities held for trading	3,286	2,204	3,286	2,178
Available-for-sale securities				
Government and state enterprises securities	10,962	8,229	10,962	8,229
Private sector debt securities	908	195	908	195
Domestic marketable equity securities	2,732	2,662	2,732	2,645
Total available-for-sales securities	14,602	11,086	14,602	11,069
	Cost/	Cost/	Cost/	Cost/
	Amortised Cost	Amortised Cost	Amortised Cost	Amortised Cost
	Million Baht	Million Baht	Million Baht	Million Baht
Held-to-maturity debt securities				
Government and state enterprises securities	21,538	17,489	21,538	17,489
Promissory notes issued by				
Thai Asset Management Corporation	282	469	282	469
Private sector debt securities	321	592	321	592
Investments in receivables (Note 8.6)	178	569	178	524
Total	22,319	19,119	22,319	19,074
<u>Less</u> allowance for impairment	(117)	(173)	(117)	(136)
Total held-to-maturity debt securities	22,202	18,946	22,202	18,938

8 Investments, net (cont'd)

8.1 Classified by type of investment (cont'd)

	Consolidated		The Bank	
	2012	2011	2012	2011
	Fair value Million Baht	Fair value Million Baht	Fair value Million Baht	Fair value Million Baht
General investments				
Domestic non-marketable equity securities	452	514	452	514
Overseas non-marketable equity securities	14	14	14	14
Total	466	528	466	528
<u>Less</u> allowance for impairment	(233)	(221)	(233)	(221)
Total general investments	233	307	233	307
Investments, net	40,323	32,543	40,323	32,492

- (a) As at 31 December 2012, 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 46 to the financial statements) amounting to Baht 282 million (31 December 2011: Baht 469 million). Such promissory notes are non-transferable and avaled by the FIDF.
- (b) As at 31 December 2012, the Bank had an investment in the Vayupak Fund 1, which is a marketable security. The cost of such investment is Baht 2,500 million (31 December 2011: Baht 2,500 million) and it is presented at its fair value of Baht 2,665 million (31 December 2011: Baht 2,578 million), with the gain from revaluation amounting to Baht 165 million (31 December 2011: Baht 78 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 ten-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 2012 and 2011, the Bank had investments pledged as collateral, as mentioned in Note 40.1 to the financial statements.

8 Investments, net (cont'd)

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

	Consolidated and the Bank							
	2012				2011			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Available-for-sale securities								
Government and state enterprises securities	2,207	8,614	107	10,928	1,504	4,938	1,742	8,184
Private sector debt securities	188	414	299	901	50	110	35	195
Total	2,395	9,028	406	11,829	1,554	5,048	1,777	8,379
Add (Less) allowance for revaluation	-	37	4	41	3	(2)	44	45
Available-for-sale securities, net	2,395	9,065	410	11,870	1,557	5,046	1,821	8,424
Held-to-maturity securities								
Government and state enterprises securities	8,563	11,815	1,160	21,538	3,851	13,140	498	17,489
Promissory notes issued by TAMC	282	-	-	282	336	133	-	469
Private sector debt securities	301	20	-	321	291	301	-	592
Total	9,146	11,835	1,160	22,141	4,478	13,574	498	18,550
Less allowance for impairment	(55)	-	-	(55)	(40)	(16)	-	(56)
Held-to-maturity securities, net	9,091	11,835	1,160	22,086	4,438	13,558	498	18,494
Total debt securities	11,486	20,900	1,570	33,956	5,995	18,604	2,319	26,918

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

The following are equity securities in which the Group holds more than 10% of the paid-up share capital of the investee companies, but those companies were not classified as subsidiaries and associated companies. The investments classified by industry are as follows:

	Consolidated and the Bank	
	2012 Million Baht	2011 Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
Less allowance for impairment	(12)	(11)
Investments representing shareholdings in which the Group hold more than 10%, net	10	11

8 Investments, net (cont'd)

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

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

	Consolidated and the Bank			
	2012		2011	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	226	223	261	258
Less allowance for impairment	(3)		(3)	
General investments, net	<u>223</u>		<u>258</u>	

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

As at 31 December 2012 and 2011, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and the Bank							
	2012				2011			
	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	-	-	-
Business continuity and/or weak financial status and operating performance	50	42	(42)	-	51	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	2	(2)	-
	<u>70</u>	<u>43</u>	<u>(43)</u>	<u>-</u>	<u>71</u>	<u>44</u>	<u>(44)</u>	<u>-</u>

8.6 Investments in receivables

	Consolidated		The Bank	
	2012 Million Baht	2011 Million Baht	2012 Million Baht	2011 Million Baht
Investments in receivables	178	569	178	524
Less allowance for impairment	(62)	(117)	(62)	(80)
Investments in receivables, net	<u>116</u>	<u>452</u>	<u>116</u>	<u>444</u>

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8 Investments, net (cont'd)

8.6 Investments in receivables (cont'd)

As at 31 December 2012 and 2011, the outstanding balances of loan receivables can be summarised as follows:

	2012				2011			
	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield)* %
Consolidated								
Total accumulated investments in receivables	5,857	22,948	6,996	19	6,046	24,833	7,069	19
Outstanding investments in receivables as at the statements of financial position date	123	1,437	178	-	306	3,411	569	-
The Bank								
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	123	1,437	178	-	155	1,860	524	-

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

8.7 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		The Bank	
			2012	2011	Cost method	
			%	%	2012	2011
					Million Baht	Million Baht
Subsidiaries - included in consolidated financial statements						
CIMB Securities (Thailand) Co., Ltd.	Securities	Common stock	-	100	-	1,775
CT Coll Co., Ltd.	Debt collection	Common stock	100	100	38	38
Center Auto Lease Co., Ltd.	Leasing/hire-purchase	Common stock	100	100	703	703
Worldlease Co., Ltd.	Hire-purchase and motorcycles motorcycle trading	Common stock	100	75	417	248
Subsidiary - not included in consolidated financial statements						
Krung Thai Thanakit Finance Plc.	In process of liquidation	Common stock	99	99	562	562
Total					1,720	3,326
Less allowance for impairment					(687)	(1,403)
Investments in subsidiary, net					1,033	1,923

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

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

The Board of Directors meeting No. 6/2011 on 24 June 2011 approved increased registered capital of CIMB Securities (Thailand) Co.,Ltd. from Baht 500 million to Baht 1,800 million; and then the Extraordinary General Meeting No. 2/2011 dated on 26 August 2011 approved the increase of capital of Baht 1,300 million by issuing new ordinary shares with a par value of Baht 10 per share.

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

8 Investments, net (cont'd)

8.7 Investments in subsidiary, net (cont'd)

Sale of investments in CIMB Securities (Thailand) Co., Ltd.

On 12 April 2012, the Annual General Meeting of Shareholders No.18 resolved that the Bank sell its investment in equity of CIMB Securities (Thailand) Co., Ltd. 109,999,993 shares which was 99.99% of the registered capital to CIMB Securities International Pte Ltd., the subsidiary of the CIMB Group.

On 2 July 2012, the Bank sold its shareholding in CIMB Securities (Thailand) Co., Ltd. The Bank received cash from selling stock amounting to Baht 1,117 million.

Purchase of investments in ordinary shares in Worldlease Co., Ltd.

On 19 April 2012, the Board of Directors' meeting No. 5/2012 approved an increase in registered capital of Worldlease Co., Ltd., in which the Bank has a 75.04% share, from Baht 240 million to Baht 400 million. Worldlease Co., Ltd. called for 25% paid-up capital and the Bank settled the increased capital of Baht 30,016,667 on 27 April 2012. On 2 May 2012, Worldlease Co., Ltd. registered the capital increase with the Ministry of Commerce. After the registration, the registered capital of Worldlease Co., Ltd was Baht 400 million.

On 18 December 2012, the Bank bought investment in ordinary shares in Worldlease Co.,Ltd., which are all the remaining shares that the Bank did not own of 9,983,333 shares or 24.96% with a total consideration of Baht 140 million. The proportion of the Bank's shareholding in the company increased from 75.04% to 99.99% of the total issue and paid-up shares capital of the company.

9 Loans and accrued interest receivables, net

9.1 Classified by loan type

	Consolidated		The Bank	
	2012 Million Baht	2011 Million Baht	2012 Million Baht	2011 Million Baht
Bank overdrafts	7,209	6,702	7,216	6,702
Loans	85,242	68,584	90,253	72,171
Bills	34,537	34,470	39,228	38,005
Hire-purchase receivables	15,137	11,137	-	-
Securities business receivables	-	751	-	-
Others	35	76	16	73
Total loans	142,160	121,720	136,713	116,951
Valuation reserve from hedging	(7)	(1)	(7)	(1)
<u>Less</u> deferred revenue	(3,307)	(2,430)	(3)	(3)
Total loans net of deferred revenue	138,846	119,289	136,703	116,947
<u>Add</u> accrued interest receivables	370	279	375	278
Total loans net of deferred revenue and accrued interest receivables	139,216	119,568	137,078	117,225
<u>Less</u> allowance for doubtful debts (Note 10)				
Minimum allowance for doubtful accounts required based on BoT's guidelines				
- Individual approach	(1,427)	(1,681)	(1,524)	(1,691)
- Collective approach	(408)	(261)	-	-
General provision for further losses	(1,561)	(1,403)	(1,561)	(1,403)
<u>Less</u> revaluation allowance for debt restructuring (Note 11)	(16)	(11)	(16)	(11)
Loans and accrued interest receivables, net	135,804	116,212	133,977	114,120

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9 Loans and accrued interest receivables, net (cont'd)

9.2 Classified by currency and residency of debtors

	Consolidated					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	132,817	304	133,121	113,291	326	113,617
US dollar	4,000	1,531	5,531	5,479	-	5,479
Other currencies	194	-	194	193	-	193
Total loans net of deferred revenue	137,011	1,835	138,846	118,963	326	119,289

	The Bank					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	130,674	304	130,978	110,949	326	111,275
US dollar	4,000	1,531	5,531	5,479	-	5,479
Other currencies	194	-	194	193	-	193
Total loans net of deferred revenue	134,868	1,835	136,703	116,621	326	116,947

9.3 Classified by types of business and loan classification

	Consolidated						
	2012						
	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	3,168	3	-	-	11	-	3,182
Manufacturing and commerce	48,563	1,860	456	157	770	-	51,806
Real estate and construction	11,054	811	93	-	188	-	12,146
Public utilities and services	14,699	2,335	104	18	666	-	17,822
Personal cash	5,617	254	219	14	8	-	6,112
Housing loans	24,542	332	163	168	409	-	25,614
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	11,833	11,833
Others	9,933	145	75	36	122	20	10,331
Total loans net of deferred revenue	117,576	5,740	1,110	393	2,174	11,853	138,846

	Consolidated						
	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

9 Loans and accrued interest receivables, net (cont'd)

9.3 Classified by types of business and loan classification (cont'd)

	The Bank					
	2012					
	Pass	Special	Sub-	Doubtful	Doubtful	Total
Million Baht	mention	standard	Million Baht	of loss	Million Baht	
Agricultural and mining	3,168	3	-	-	11	3,182
Manufacturing and commerce	48,563	1,860	456	157	770	51,806
Real estate and construction	11,054	811	93	-	188	12,146
Public utilities and services	14,699	2,335	104	18	666	17,822
Personal cash	5,617	254	218	14	8	6,111
Housing loans	24,542	332	164	168	409	25,615
Others	19,643	145	75	36	122	20,021
Total loans net of deferred revenue	127,286	5,740	1,110	393	2,174	136,703

	The Bank					
	2011					
	Pass	Special	Sub-	Doubtful	Doubtful	Total
Million Baht	mention	standard	Million Baht	of loss	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

9.4 Classification of loans

The Group classified loans by type and/or based on the overdue date as summarised below.

(a) Loans of the Group

	Consolidated							
	2012				2011			
	Loans and	Balance	Allowance		Loans and	Balance	Allowance	
accrued	after	provided		accrued	after	provided		
interest	collateral ⁽¹⁾	in the		interest	collateral ⁽¹⁾	in the		
receivables	Minimum	accounts		receivables	Minimum	accounts		
Million	Million	Million		Million	Million	Million		
Baht	Baht	Baht		Baht	Baht	Baht		
Minimum allowance for doubtful accounts based on BoT guidelines								
- Pass	128,127	52,064	1	518	107,720	41,660	1	416
- Special mention	7,064	2,753	2	57	7,684	2,653	2	62
- Sub-standard	1,316	544	100	524	1,669	524	100	514
- Doubtful	478	194	100	198	984	375	100	435
- Doubtful-of-loss	2,231	489	100	538	1,511	473	100	515
- General provision for further losses				1,561				1,403
Total	139,216	56,044		3,396	119,568	45,685		3,345

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT's notification No. Sor Nor Sor 31/2551, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

9 Loans and accrued interest receivables, net (cont'd)

9.4 Classification of loans (cont'd)

	The Bank							
	2012				2011			
	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BoT guidelines								
- Pass	127,608	51,564	1	512	106,721	41,342	1	413
- Special mention	5,780	1,468	2	29	6,609	1,579	2	41
- Sub-standard	1,120	383	100	383	1,528	420	100	420
- Doubtful	396	112	100	112	879	325	100	325
- Doubtful-of-loss	2,174	432	100	488	1,488	450	100	492
- General provision for further losses				1,561				1,403
Total	137,078	53,959		3,085	117,225	44,116		3,094

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT 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 2012, there were defaulted loans amounting to Baht 3,117 million (31 December 2011: Baht 3,447) 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	
	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Pass	-	682	-	-	-	-
Sub-standard debt	-	17	-	-	-	-
Doubtful debt	-	55	-	55	-	61
Total	-	754	-	55	-	61

9 Loans and accrued interest receivables, net (cont'd)

9.4 Classification of loans (cont'd)

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

As at 31 December 2012 and 2011, hire-purchase receivables and financial lease receivables of the subsidiaries were classified based on overdue dates as follows:

	Debt balance, net unearned income		Allowance for doubtful accounts	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Current or overdue less than 1 installment	10,213	7,439	103	74
Overdue 2-3 installments	1,285	1,075	28	22
Overdue 4-6 installments	196	123	141	93
Overdue 7-12 installments	82	50	81	49
Overdue more than 12 installments	51	18	50	18
Debtors under litigation	5	5	5	5
Total	11,832	8,710	408	261

9.5 Non-performing loans

As at 31 December 2012 and 2011, the Group had the following non-performing loans, according to the criteria set up by the Bank of Thailand and the Office of the Securities and Exchange Commission.

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
Banking business	3,678	3,891	3,678	3,891
Other businesses	334	219	-	-

As at 31 December 2012 and 2011, the above non-performing loans under the BoT's criteria were presented in accordance with the notification of the BoT's, defining non-performing loans to be 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 BoT criteria have already been fulfilled.

9 Loans and accrued interest receivables, net (cont'd)

9.6 Hire-purchase and finance lease receivables

As at 31 December 2012, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 11,424 million (31 December 2011: Baht 8,449 million) mostly comprising hire-purchase agreements and financial leases for cars and motorcycles. The term of the agreements are generally between three and six years and interest is mostly charged at a fixed rate.

	Consolidated as at 2012				
	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	4,872	9,519	293	453	15,137
<u>Less</u> unearned finance income	(1,209)	(1,906)	(71)	(119)	(3,305)
Present value of minimum lease payments receivable	3,663	7,613	222	334	11,832
<u>Less</u> allowance for doubtful accounts					(408)
Net receivables under hire-purchase agreements and financial leases					<u>11,424</u>
	Consolidated as at 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>

9.7 Troubled debt restructuring

As at 31 December 2012 and 2011, 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 the Bank	
	2012	2011
Number of debtors	1,970	2,090
Debt balances (Million Baht)	2,407	1,579

9 Loans and accrued interest receivables, net (cont'd)

9.7 Troubled debt restructuring (cont'd)

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

	Consolidated and the Bank		
	2012		
	Number of debtors	Debt balances	
Before restructuring Million Baht		After restructuring Million Baht	
Transfer of asset in full settlement	1	139	-
Modification of terms of payments	1,969	2,268	2,158
Total	1,970	2,407	2,158

	Consolidated and the Bank		
	2011		
	Number of debtors	Debt balances	
Before restructuring Million Baht		After restructuring Million Baht	
Modification of terms of payments	2,090	1,579	1,578
Total	2,090	1,579	1,578

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

Period of debts restructuring contracts	Consolidated and the Bank					
	2012			2011		
	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	481	813	704	490	460	459
5 - 10 years	1,419	743	743	1,563	1,061	1,061
10 - 15 years	19	595	595	11	26	26
More than 15 years	50	116	116	26	32	32
Total	1,969	2,267	2,158	2,090	1,579	1,578

Supplemental information relating to the restructured debts for the years ended 31 December 2012 and 2011 are as follows:

	Consolidated and the Bank	
	2012 Million Baht	2011 Million Baht
Loss on debt restructuring	39	2
Interest income	238	264

9 Loans and accrued interest receivables, net (cont'd)

9.7 Troubled debt restructuring (cont'd)

As at 31 December 2012 and 2011, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
Number of debtors	6,928	7,411	6,928	7,409
Debt balances after restructuring (Million Baht)	2,819	2,807	2,819	2,786

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 2012, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 16 million (31 December 2011: Baht 11 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

In addition, as at 31 December 2012 the Bank may have to realise additional losses of about Baht 20 million (31 December 2011: Baht 20 million) 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. The Bank had already provided 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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10 Allowance for doubtful debts

	Consolidated								
	2012								
	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 1 January 2012	342	41	420	325	492	1,403	3,023	322	3,345
<u>Add</u> addition during the year	-	-	-	-	-	1,086	1,086	237	1,323
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
Transfer from Bangkok Commercial Asset Management Co., Ltd.	-	-	-	-	-	1	1	-	1
Reversal of bad debts	-	-	-	-	-	53	53	(10)	43
<u>Less</u> bad debts written off	-	-	(521)	(22)	(19)	-	(562)	(117)	(679)
Transfer to Sathorn Asset Management Co., Ltd.	-	-	(41)	(104)	(437)	-	(582)	-	(582)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(12)	(12)	-	(12)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific provision	73	(12)	525	(87)	452	(977)	(26)	-	(26)
Transfer to assets of disposal group which was sold during the year	-	-	-	-	-	-	-	(24)	(24)
Balance as at 31 December 2012	415	29	383	112	488	1,561	2,988	408	3,396
	Consolidated								
	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 1 January 2011	305	33	691	60	362	955	2,406	199	2,605
<u>Add</u> addition during the year	(53)	-	-	-	-	942	889	188	1,077
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
Reversal of bad debts	-	-	-	-	-	299	299	-	299
<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	147	119	266	190	(812)	-	(2)	(2)
Balance as at 31 December 2011	342	41	420	325	492	1,403	3,023	322	3,345

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10 Allowance for doubtful debts (cont'd)

	The Bank						
	2012						
	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 1 January 2012	413	41	420	325	492	1,403	3,094
<u>Add</u> addition during the year	-	-	-	-	-	1,086	1,086
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	7	7
Transfer from Bangkok Commercial Asset Management Co., Ltd.	-	-	-	-	-	1	1
Reversal of bad debts	-	-	-	-	-	53	53
<u>Less</u> bad debts written off	-	-	(521)	(22)	(19)	-	(562)
Transfer to Sathorn Asset Management Co., Ltd.	-	-	(41)	(104)	(437)	-	(582)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(12)	(12)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific provision	99	(12)	525	(87)	452	(977)	-
Balance as at 31 December 2012	512	29	383	112	488	1,561	3,085

	The Bank						
	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 1 January 2011	323	34	691	59	363	954	2,424
<u>Add</u> addition during the year	-	-	-	-	-	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
Transfer from 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, collateral value or transfer general provision to specific provision	90	146	119	267	189	(811)	-
Balance as at 31 December 2011	413	41	420	325	492	1,403	3,094

11 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	2012	2011
	Million Baht	Million Baht
Balance - beginning of the year	11	9
<u>Add</u> revaluation allowance transferred from allowance for doubtful debts	12	5
<u>Less</u> revaluation allowance transferred to allowance for doubtful debts	(7)	(3)
Balance - end of the year	16	11

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

12 Properties for sale, net

Properties for sale represent properties from debtors as a result of debt restructuring, 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 a merger and awaiting disposal.

	Consolidated			
	As at 1 January 2012 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2012 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	1,982	181	(151)	2,012
Movable	25	698	(652)	71
Total	2,007	879	(803)	2,083
Others	-	18	-	18
Total properties for sale	2,007	897	(803)	2,101
<u>Less</u> allowance for impairment	(523)	(68)	66	(525)
Properties for sale, net	1,484	829	(737)	1,576

	Consolidated			
	As at 1 January 2011 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2011 Million Baht
Asset from debt repayment				
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

12 Properties for sale, net (cont'd)

	The Bank			
	As at 1 January 2012 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2012 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	1,975	181	(144)	2,012
Total	1,975	181	(144)	2,012
Others	-	18	-	18
Total properties for sale	1,975	199	(144)	2,030
<u>Less</u> allowance for impairment	(514)	(2)	13	(503)
Properties for sale, net	1,461	197	(131)	1,527

	The Bank			
	As at 1 January 2011 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2011 Million Baht
Asset from debt repayment				
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

The Bank provides allowance for impairment of properties for sale by reference to appraisal value. The Bank appraises or reviews the fair value of properties for sale annually in accordance with the Notification of the Bank of Thailand (BoT). However, the actual selling price may differ from the appraisal value. In addition, the Bank is subjected 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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13 Premises and equipment, net

	Consolidated													
	Cost/appraisal value						Accumulated depreciation						As at for impairment	Allowance Net book value
	As at 1 January 2012 Million Baht	Adjustment Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2012 Million Baht	As at 1 January 2012 Million Baht	Adjustment Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	31 December 2012 Million Baht		
Land														
Cost	563	-	-	(2)	(9)	552	-	-	-	-	-	-	-	552
Revaluation surplus (revaluation in 2011)	877	-	-	(15)	(9)	853	-	-	-	-	-	-	-	853
Devaluation of asset (revaluation in 2011)	(38)	-	-	-	-	(38)	-	-	-	-	-	-	-	(38)
Buildings														
Cost	2,068	-	23	(8)	(79)	2,004	(980)	-	(102)	8	36	(1,038)	-	966
Revaluation surplus (revaluation in 2011)	1,082	872	-	(6)	(1)	1,947	(748)	(872)	(45)	5	-	(1,660)	-	287
Devaluation of asset (revaluation in 2011)	(78)	(12)	-	-	-	(90)	53	11	5	-	-	69	-	(21)
Equipment	2,964	-	490	-	(285)	3,169	(2,167)	-	(276)	-	219	(2,224)	(14)	931
Assets under installation and/or construction	249	-	81	-	(292)	38	-	-	-	-	-	-	-	-
Total	7,687	860	594	(31)	(675)	8,435	(3,842)	(861)	(418)	13	255	(4,853)	(14)	3,568

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13 Premises and equipment, net (cont'd)

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

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For the years ended 31 December 2012 and 2011

13 Premises and equipment, net (cont'd)

	The Bank													
	Cost/appraisal value					Accumulated depreciation								
	As at 1 January 2012 Million Baht	Adjustment Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2012 Million Baht	As at 1 January 2012 Million Baht	Adjustment Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2012 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land														
Cost	563	-	-	(2)	(9)	552	-	-	-	-	-	-	-	552
Revaluation surplus (revaluation in 2011)	877	-	-	(15)	(9)	853	-	-	-	-	-	-	-	853
Devaluation of asset (revaluation in 2011)	(38)	-	-	-	-	(38)	-	-	-	-	-	-	-	(38)
Buildings														
Cost	1,994	-	19	(9)	(1)	2,003	(949)	-	(97)	8	1	(1,037)	-	966
Revaluation surplus (revaluation in 2011)	1,082	872	-	(6)	(1)	1,947	(748)	(872)	(45)	5	-	(1,660)	-	287
Devaluation of asset (revaluation in 2011)	(78)	(12)	-	-	-	(90)	53	11	5	-	-	69	-	(21)
Equipment	2,657	-	452	-	(96)	3,013	(1,963)	-	(248)	-	83	(2,128)	(14)	871
Assets under installation and/or construction	238	-	74	-	(289)	23	-	-	-	-	-	-	-	-
Total	7,295	860	545	(32)	(405)	8,263	(3,607)	(861)	(385)	13	84	(4,756)	(14)	3,493

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13 Premises and equipment, net (cont'd)

	The Bank									
	Cost/appraisal value				Accumulated depreciation					
	As at 1 January 2011 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	As at 31 December 2011 Million Baht	As at 1 January 2011 Million Baht	Additions Million Baht	Disposals/ written off Million Baht	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 2011)	450	427	-	877	-	-	-	-	-	877
Devaluation of asset (revaluation in 2011)	(88)	50	-	(38)	-	-	-	-	-	(38)
Buildings										
Cost	2,097	77	(180)	1,994	(917)	(100)	68	(949)	-	1,045
Revaluation surplus (revaluation in 2011)	180	904	(2)	1,082	(63)	(686)	1	(748)	-	334
Devaluation of asset (revaluation in 2011)	(177)	97	2	(78)	85	(31)	(1)	53	-	(25)
Equipment	2,359	326	(28)	2,657	(1,783)	(190)	10	(1,963)	(14)	680
Assets under installation and/or construction	68	407	(237)	238	-	-	-	-	-	238
Total	5,452	2,288	(445)	7,295	(2,678)	(1,007)	78	(3,607)	(14)	3,674

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14 Intangible assets, net

Consolidated						
	As at 1 January 2012	Increase	Transfer in/(out)	Amorti- sation	Written off	As at 31 December 2012
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	-	109	44	(87)	-	58
Computer software	5 - 10 years	359	55	87	(116)	370
Licence fee	5 years	3	-	-	(2)	-
Total		471	99	-	(118)	428
Less allowance for impairment		-				-
Intangible assets, net		471				428

Consolidated						
	As at 1 January 2011	Increase	Transfer in/(out)	Amorti- sation	Written off	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	(19)	359
Licence fee	5 years	4	-	-	(1)	3
Total		470	120	-	(19)	471
Less allowance for impairment		(19)				-
Intangible assets, net		451				471

The Bank					
	As at 1 January 2012	Increase	Transfer In/(out)	Amorti- sation	As at 31 December 2012
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	103	41	(86)	58
Computer software	5 - 10 years	339	52	86	364
Licence fee	5 years	1	-	-	-
Total		443	93	-	422
Less allowance for impairment		-			-
Intangible assets, net		443			422

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14 Intangible assets, net (cont'd)

	The Bank						
	Amortising period	As at 1 January 2011 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Amortisation Million Baht	Written off Million Baht	As at 31 December 2011 Million Baht
	Expenditures in connection with development and improvement of computer systems - under development	-	60	81	(38)	-	-
Computer software	5 - 10 years	399	17	38	(19)	(96)	339
Licence Fee	5 years	2	-	-	-	(1)	1
Total		461	98	-	(19)	(97)	443
<u>Less allowance for impairment</u>		<u>(19)</u>					<u>-</u>
Intangible assets, net		442					443

15 Other assets, net

	Consolidated		The Bank	
	2012 Million baht	2011 Million Baht	2012 Million Baht	2011 Million Baht
Accrued interest and dividend receivables	406	258	406	258
Credit support assets on derivatives	390	331	390	331
Leasehold rights	12	15	12	15
Advances	16	18	16	18
Others assets awaiting account transfer	265	277	265	277
Commission receivables	18	13	18	13
Withholding tax receivable	150	99	133	93
Receivables from clearing house	-	129	-	-
Marginal deposits	60	84	54	45
Account receivable revenue department	49	-	-	-
Prepaid expenses	55	69	51	51
Others	153	138	96	69
Total	1,574	1,431	1,441	1,170
<u>Less allowance for impairment</u>	<u>(36)</u>	<u>(37)</u>	<u>(36)</u>	<u>(37)</u>
Other assets, net	1,538	1,394	1,405	1,133

16 Deposits

16.1 Classified by type of deposits

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
At-call	1,893	2,220	1,905	1,883
Savings	40,157	31,332	40,285	31,381
Fixed	92,208	67,748	92,219	67,753
Negotiable certificate of deposit	876	274	876	274
Total deposits	135,134	101,574	135,285	101,291

16.2 Classified by currency and residency of depositors

	Consolidated					
	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Baht	130,135	1,036	131,171	100,451	757	101,208
US dollar	3,950	-	3,950	357	-	357
Other currencies	13	-	13	9	-	9
Total	134,098	1,036	135,134	100,817	757	101,574

	The Bank					
	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Baht	130,286	1,036	131,322	100,168	757	100,925
US dollar	3,950	-	3,950	357	-	357
Other currencies	13	-	13	9	-	9
Total	134,249	1,036	135,285	100,534	757	101,291

17 Interbank and money market items (liabilities)

	Consolidated					
	2012			2011		
	At-call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
The Bank of Thailand	-	612	612	-	-	-
Commercial banks	42	4,250	4,292	14	1,000	1,014
Other banks	119	1,000	1,119	53	400	453
Finance, finance and securities, securities, and credit foncier companies	1,614	306	1,920	336	2	338
Other financial institutions	587	1,260	1,847	308	32	340
Total domestic items	2,362	7,428	9,790	711	1,434	2,145
Foreign:						
US dollar	213	-	213	1,641	-	1,641
Other currencies	783	524	1,307	534	467	1,001
Total foreign items	996	524	1,520	2,175	467	2,642
Total domestic and foreign items	3,358	7,952	11,310	2,886	1,901	4,787
	The Bank					
	2012			2011		
	At-call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
The Bank of Thailand	-	612	612	-	-	-
Commercial banks	42	3,300	3,342	14	500	514
Other banks	119	1,000	1,119	53	400	453
Finance, finance and securities, securities, and credit foncier companies	1,614	306	1,920	599	2	601
Other financial institutions	587	1,260	1,847	308	32	340
Total domestic items	2,362	6,478	8,840	974	934	1,908
Foreign:						
US dollar	213	-	213	1,641	-	1,641
Other currencies	783	524	1,307	534	467	1,001
Total foreign items	996	524	1,520	2,175	467	2,642
Total domestic and foreign items	3,358	7,002	10,360	3,149	1,401	4,550

18 Financial liabilities designated at fair value through profit or loss

	Consolidated and the Bank
	2012
	Million Baht
Debtentures	1,232
Bill of Exchange	303
Total	<u>1,535</u>

Proportion of transactions classified by type of counterparty and considering notional amount

	Consolidated and the Bank
	2012
	Proportion
Financial institutions	20
External parties	80
Total	<u>100</u>

Financial liabilities designated at fair value through profit or loss are bills of exchange and debtentures which will mature in 11 and 5 years respectively with embedded callable range accrual swap. They bear interest rate at THBFIX 6 month + 0.50% per annum with a payment of interest every six months. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad (Note 32).

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19 Debt issued and borrowings

	Consolidated					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Hybrid instrument						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,566	2,566	-	2,547	2,547
Short term debentures						
Short term debentures maturing in 2013, coupon rate of 2.76% - 2.95% per annum	6,552	-	6,552	-	-	-
Subordinated debentures						
Subordinated debentures of USD 40 million, maturing in 2017	-	-	-	-	1,309	1,309
Non-interest-bearing subordinated debentures of Baht 120 million, maturing in 2014	-	-	-	106	-	106
Subordinated debentures of Baht 3,000 million, maturing in 2021	2,322	678	3,000	2,322	678	3,000
Subordinated debentures of Baht 3,000 million, maturing in 2022	3,000	-	3,000	-	-	-
Subordinated debentures maturing in 2003	544	-	544	544	-	544
	<u>12,418</u>	<u>3,244</u>	<u>15,662</u>	<u>2,972</u>	<u>4,534</u>	<u>7,506</u>
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 2.65% - 2.75% per annum	2,507	-	2,507	-	-	-
Bill of exchange maturing at call, coupon rate of 2.85% - 3.52% per annum	-	-	-	1,480	-	1,480
Bill of exchange maturing in 2012, coupon rate of 2.25% - 4.15% per annum	-	-	-	31,330	-	31,330
Bill of exchange maturing in 2013, coupon rate of 2.45 - 3.45% per annum	8,057	-	8,057	-	-	-
	<u>10,564</u>	<u>-</u>	<u>10,564</u>	<u>32,810</u>	<u>-</u>	<u>32,810</u>
Total	22,982	3,244	26,226	35,782	4,534	40,316
Less current portion of long-term borrowings	(17,660)	-	(17,660)	(33,354)	-	(33,354)
Long-term borrowings, net	<u>5,322</u>	<u>3,244</u>	<u>8,566</u>	<u>2,428</u>	<u>4,534</u>	<u>6,962</u>

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19 Debt issued and borrowings (cont'd)

	The Bank					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Hybrid instrument						
Hybrid securities of Baht 2,500 million maturing in 2019	-	2,566	2,566	-	2,547	2,547
Short term debentures						
Short term debentures maturing in 2013, coupon rate of 2.76% - 2.95% per annum	6,552	-	6,552	-	-	-
Subordinated debentures						
Subordinated debentures of USD 40 million, maturing in 2017	-	-	-	-	1,309	1,309
Subordinated debentures of Baht 3,000 million, maturing in 2021	2,322	678	3,000	2,322	678	3,000
Subordinated debentures of Baht 3,000 million, maturing in 2022	3,000	-	3,000	-	-	-
Subordinated debentures maturing in 2003	544	-	544	544	-	544
	<u>12,418</u>	<u>3,244</u>	<u>15,662</u>	<u>2,866</u>	<u>4,534</u>	<u>7,400</u>
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 2.65% - 2.75% per annum	2,507	-	2,507	-	-	-
Bill of exchange maturing at call, coupon rate of 2.85% - 3.52% per annum	-	-	-	1,480	-	1,480
Bill of exchange maturing in 2012, coupon rate of 2.25% - 4.15% per annum	-	-	-	31,330	-	31,330
Bill of exchange maturing in 2013, coupon rate of 2.45 - 3.45% per annum	8,057	-	8,057	-	-	-
	<u>10,564</u>	<u>-</u>	<u>10,564</u>	<u>32,810</u>	<u>-</u>	<u>32,810</u>
Total	22,982	3,244	26,226	35,676	4,534	40,210
Less current portion of long-term borrowings	<u>(17,660)</u>	<u>-</u>	<u>(17,660)</u>	<u>(33,354)</u>	<u>-</u>	<u>(33,354)</u>
Long-term borrowings, net	<u>5,322</u>	<u>3,244</u>	<u>8,566</u>	<u>2,322</u>	<u>4,534</u>	<u>6,856</u>

- (a) As at 31 December 2012, the Bank had domestic subordinated debentures of Baht 544 million (31 December 2011: Baht 544 million) which had been transferred to the Bank since the merger date.
- (b) On 16 February 2007, the Bank issued 400 unsecured units of a subordinated debenture with a face value of USD100,000 each to overseas investors, 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 2012. They bear interest at the six-month LIBOR US dollar deposit rate plus 350 basis points from year 1-5, and at the six-month LIBOR US dollar deposit rate plus 525 basis points from year six 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 Bank of Thailand.

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

On 21 February 2012, the Bank exercised its option to early redeem all the unsecured subordinated debentures amounting to USD 40 million, maturing on 20 February 2017, with an early redemption call option in 2012. This early redemption was approved by BoT's notification Tor Por Tor. For Kor Kor (21) 102/2555 about the pre-redemption of unsecured subordinated debenture.

19 Debt issued and borrowings (cont'd)

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

There is a call option in the following two cases:

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

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

- (d) On 14 July 2011, the Bank issued unsecured subordinated debentures with a bond holder's representative. The subscription unit is at 3,000,000 units at Baht 1,000 each for a total of Baht 3,000 million carrying a 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.

- (e) On 9 November 2012, the Bank issued unsecured subordinated debentures to financial institutions and high net worth investors. The subscription unit is at 3,000,000 units at Baht 1,000 each and issued price of Baht 1,000 each for an aggregate amount of Baht 3,000 million carrying constant interest rate of 4.80% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due on 9 November 2022. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

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) 1269/2555.

- (f) Bank issued short term debentures of Baht 6,552 million with fixed interest rates, interest will be paid on maturity date.

20 Provisions

	Consolidated		The Bank	
	2012 Million Baht	2011 Million Baht	2012 Million Baht	2011 Million Baht
Provision for contingent loss from legal cases	36	107	36	107
Reserve for off-statements of financial position items	282	297	282	297
Provision for assets damaged from flood	-	11	-	11
Provision for employee benefits	1,092	1,058	1,069	1,007
Provision for putback option of sold debtors	20	34	20	34
Total provisions	1,430	1,507	1,407	1,456

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20 Provisions (cont'd)

Provision for employee benefits

As at 31 December 2012, the pension benefits were only provided to 514 employees (31 December 2011: 542 employees) who were former employees of the Union Bank of Bangkok Public Company Limited which are unfunded obligations. The pension benefits are part of provisions for employee benefits as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,092	1,058	1,069	1,007
Provision for employee benefits	1,092	1,058	1,069	1,007

Movements of provision for pension funds are as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance before adjusted	1,058	545	1,007	545
Sales of investment in subsidiary	(32)	-	-	-
Adjustment to the beginning balance	-	476	-	436
Beginning balance after adjustment	1,026	1,021	1,007	981
Current service costs	80	66	75	57
Interest costs	35	45	34	43
<u>Less</u> pension benefits paid for the year	(49)	(71)	(47)	(71)
<u>Less</u> employees transferred between the Bank and subsidiaries	-	(3)	-	(3)
Ending balance	1,092	1,058	1,069	1,007

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

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	80	66	75	57
Interest costs	35	45	34	43
Total	115	111	109	100

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

	For the years ended 31 December 2012 and 2011
Discount rate	3.5%
Salary increase rate	5%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2008
Disability rate	10% of pre-retirement mortality rate
Pre-retirement withdrawal rate	From Thai Withdrawal Table
Retirement age	60 years old

21 Other liabilities

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Credit support liabilities on derivatives	395	333	395	333
Amount due to Department of Alternative Energy				
Development and Efficiency	519	622	519	622
Other liabilities awaiting accounts transfer	366	298	366	298
Securities business payable	-	325	-	-
Accrued interest	599	657	599	657
Deferred commission	340	388	340	388
Accrued expense	956	944	870	804
Others	624	377	394	222
Total	3,799	3,944	3,483	3,324

22 Share capital

	Consolidated and the Bank			
	2012		2011	
	Number	Amount	Number	Amount
	Million shares	Million Baht	Million shares	Million Baht
Registered				
Beginning of the year				
- Ordinary shares	16,316	8,158	16,316	8,158
Increase of registered capital	9,790	4,895	-	-
End of the year	26,106	13,053	16,316	8,158
Issued and paid up				
Beginning of the year				
- Ordinary shares	16,316	8,158	16,316	8,158
Issurance of new share	4,769	2,384	-	-
End of the year	21,085	10,542	16,316	8,158

On 12 April 2012, the Annual General Meeting of Shareholders No.18 approved an increase in the registered capital of the Bank from Baht 8,156 million to Baht 13,053 million by issuing 9,790 million of new ordinary shares with a par value of Baht 0.50 each and an offering price of Baht 1, resulting the Bank has 26,106 million ordinary shares. The Bank registered an increase in its capital with the Ministry of Commerce on 25 April 2012.

On 7 August 2012, the Bank has registered its increase of paid-up share capital with the Department of Business Development, the Ministry of Commerce. Therefore, the paid-up share capital are Baht 10,542 million which is 21,085 million ordinary shares with a par value of Baht 0.50.

23 Other reserves

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Revaluation surplus on assets	1,155	1,210	1,155	1,210
Revaluation surplus on change in value of investments	206	137	206	122
Share based payment	2	1	2	1
Total	1,363	1,348	1,363	1,333

(a) Revaluation surplus on assets

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

	Consolidated and the Bank	
	2012	2011
	Million Baht	Million Baht
Balance - beginning of the year	1,210	567
<u>Add</u> increase revaluation	-	649
<u>Less</u> amortisation	(45)	(5)
Decrease from sale of office building	(10)	(1)
Balance - end of the year	1,155	1,210

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

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

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Revaluation surplus on investments:				
Debt securities	46	68	46	68
Equity securities	165	92	165	77
Total	211	160	211	145
Revaluation deficit on investments:				
Debt securities	(5)	(23)	(5)	(23)
Total	(5)	(23)	(5)	(23)
Revaluation surplus on change in value of investments, net	206	137	206	122

24 Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside a statutory reserve of at least 5% of its net profit for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. This reserve cannot be used to pay dividend.

25 Capital funds

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

	2012	Total capital	2011	Total capital
	Million Baht	to risk assets	Million Baht	to risk assets
		%		%
Tier I				
Issued and paid-up share capital	10,542		8,158	
Share premium	3,868		1,483	
Statutory reserve	188		130	
Unappropriated surplus	2,440		1,300	
Total tier I capital fund	17,038	10.27	11,071	7.65
Tier II				
Revaluation surplus on assets	740		368	
Reserve for loans classified as pass	546		413	
Long-term subordinated debentures	2,500		4,429	
Hybrid securities	6,000		2,500	
Revaluation surplus on capital securities available-for-sale	74		35	
Total tier II capital fund	9,860	5.94	7,745	5.35
Total capital funds	26,898	16.21	18,816	13.00

The Bank and its financial group will disclose capital maintenance information as at 31 December 2012 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 within four months after the statements of financial position date.

26 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. The eligibility for participation in the Scheme shall be at the discretion of the Nomination and Remuneration Committee of CIMB Group. Entitlements of eligible members of the Scheme are non-assignable and non-transferable whereby the Nomination and Remuneration Committee of CIMB Group Holding Berhad administers the Scheme on behalf of the substantial shareholders. The entitlements granted vest in proportions over the various exercise periods and the Scheme expires on 31 May 2012.

The weighted average fair value of entitlements granted, determined using the binomial valuation model, was MYR 4.89 each at grant date. The basic inputs were as follows:

Expected volatility	32%
Expected dividend yield	1.43%
Expected option life	1.75 years
Weighted average share price at grant date	MYR 6.65
Weighted average risk-free interest rate	3.01%

The volatility, measured as the standard deviation of daily share price returns, was based on statistical analysis of daily prices over the last 2 years.

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

	Entitlements 2012 units '000	Entitlements 2011 units '000	Exercise price MYR per stock
Beginning of financial year	250	284	MYR 1.74
Granted during financial year	-	-	MYR 1.74
Exercised during financial year	(250)	(34)	MYR 1.74
End of financial year	<u>-</u>	<u>250</u>	MYR 1.74

The weighted average share price at the time of exercise was MYR 7.19 in 2012 (2011: MYR7.34).

For 2011, the weighted average remaining contractual life was 2 months. Out of the unexercised entitlements of 250,000 shares, entitlements are exercisable at the end of the reporting period.

26 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 to eligible employees.

The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group Holding Berhad which subjects to continued employment.

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed of at market price and proceeds received will be donated to the CIMB Foundation in Malaysia on behalf of the employee. 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 granted in this financial period, which were purchased over a period of 10 trading days before awarding to the eligible employees of the Bank, was MYR7.70 per share (2011: MYR8.27 per share).

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

	Number of ordinary shares under the EOP as at	
	2012 units '000	2011 units '000
Beginning of financial year	20	-
Awarded during financial year	56	26
Released during financial year	(27)	(6)
End of financial year	49	20

For the year ended 31 December 2012, the Bank set up share-based payment reserves and expenses amounting to Baht 3.1million (for the year ended 31 December 2011: Baht 1.4 million).

27 Important positions and performance classified by type of domestic or foreign transactions

27.1 Position classified by type of transaction

	Consolidated					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	194,010	7,506	201,516	164,430	3,593	168,023
Interbank and money market items, net	9,472	656	10,128	3,156	2,049	5,205
Derivative assets	1,681	793	2,474	1,863	664	2,527
Investments, net and investments in subsidiaries, net	40,169	308	40,477	32,139	558	32,697
Loans to customers and accrued interest receivables, net	130,055	5,749	135,804	115,889	323	116,212
Deposits	134,098	1,036	135,134	100,817	757	101,574
Interbank and money market items	9,790	1,520	11,310	2,145	2,642	4,787
Derivative liabilities	1,201	801	2,002	676	1,595	2,271
Debt issued and borrowings	22,983	3,244	26,227	35,782	4,534	40,316
	The Bank					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
	Total assets	192,763	7,506	200,269	162,958	3,593
Interbank and money market items, net	9,438	656	10,094	2,528	2,049	4,577
Derivative assets	1,681	793	2,474	1,863	664	2,527
Investments, net and investments in subsidiaries, net	41,048	308	41,356	33,857	558	34,415
Loans to customers and accrued interest receivables, net	128,228	5,749	133,977	113,797	323	114,120
Deposits	134,249	1,036	135,285	100,534	757	101,291
Interbank and money market items	8,840	1,520	10,360	1,908	2,642	4,550
Derivative liabilities	1,201	801	2,002	676	1,595	2,271
Debt issued and borrowings	22,983	3,244	26,227	35,676	4,534	40,210

27 Important positions and performance classified by type of domestic or foreign transactions (cont'd)

27.2 Performance classified by type of transaction

	Consolidated					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	10,150	18	10,168	8,005	80	8,085
Interest expenses	(4,793)	(168)	(4,961)	(3,206)	(246)	(3,452)
Net interest income (expenses)	5,357	(150)	5,207	4,799	(166)	4,633
Net fee and services income	865	-	865	583	-	583
Other operating income	2,256	-	2,256	2,156	-	2,156
Other operating expenses	(5,325)	-	(5,325)	(4,901)	-	(4,901)
Bad debts, doubtful debts and impairment losses	(1,389)	-	(1,389)	(1,077)	-	(1,077)
Profit (loss) from continuing operation before income tax expense	<u>1,764</u>	<u>(150)</u>	<u>1,614</u>	<u>1,560</u>	<u>(166)</u>	<u>1,394</u>
	The Bank					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	9,154	18	9,172	7,346	79	7,425
Interest expenses	(4,751)	(168)	(4,919)	(3,196)	(245)	(3,441)
Net interest income (expenses)	4,403	(150)	4,253	4,150	(166)	3,984
Net fee and services income	690	-	690	433	-	433
Other operating income	2,228	-	2,228	2,124	-	2,124
Other operating expenses	(4,533)	-	(4,533)	(4,253)	-	(4,253)
Bad debts, doubtful debts and impairment losses	(1,138)	-	(1,138)	(942)	-	(942)
Profit (loss) from continuing operation before income tax expense	<u>1,650</u>	<u>(150)</u>	<u>1,500</u>	<u>1,512</u>	<u>(166)</u>	<u>1,346</u>

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28 Interest income

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	140	257	140	267
Investments and trading transactions	113	54	113	54
Investments in debt securities	1,115	635	1,115	635
Loans	7,356	6,113	7,803	6,467
Hire-purchase and financial lease income	1,443	1,024	-	-
Others	1	2	1	2
Interest income	<u>10,168</u>	<u>8,085</u>	<u>9,172</u>	<u>7,425</u>

29 Interest expenses

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	million baht	million baht
Deposits	3,159	2,014	3,160	2,014
Interbank and money market items	239	105	196	94
Contribution fees to the Deposit Protection Agency and FIDF	629	386	629	386
Debt securities issued				
- Subordinated debentures	299	299	299	299
- Others	631	644	631	644
Others	4	4	4	4
Interest expenses	<u>4,961</u>	<u>3,452</u>	<u>4,919</u>	<u>3,441</u>

30 Net fees and services income

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	million baht	million baht
Fees and services income				
Acceptances, aval and guarantees	124	102	132	108
ATM and debit card fees	120	110	120	110
Brokerage income	282	190	216	137
Management fees	139	94	139	94
Others	346	260	293	204
Fees and services income	<u>1,011</u>	<u>756</u>	<u>900</u>	<u>653</u>
Fees and services expenses				
Collection fees	52	45	138	112
ATM fees	39	31	39	31
Others	55	97	33	77
Fees and services expenses	<u>146</u>	<u>173</u>	<u>210</u>	<u>220</u>
Net fees and services income	<u>865</u>	<u>583</u>	<u>690</u>	<u>433</u>

31 Gains on tradings and foreign exchange transactions, net

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Gains (losses) on trading and foreign exchange transactions				
Foreign currency and foreign exchange rate derivatives	331	655	331	655
Interest rate derivatives	135	(315)	135	(315)
Debt securities	22	12	22	12
Gains on trading and foreign exchange transactions, net	488	352	488	352

32 Gains on financial instrument designated at fair value through profit or loss

Gains on financial instruments designated at fair value through profit or loss consist of the following items

	Consolidated and the Bank
	2012
	Million Baht
Net change in fair value	
Bills of exchange	19
Debentures	1
Interest expenses	(19)
Total	1

33 Gains on investments

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Gains (losses) on sales				
Available-for-sale	83	-	83	-
Held-to-maturity	1	1	1	1
General investments	(3)	-	(3)	-
Investments in subsidiaries	85	90	58	90
Gains on sales, net	166	91	139	91
Losses on impairment				
General investments	(13)	(11)	(13)	(11)
Losses on impairment, net	(13)	(11)	(13)	(11)
Gains on investments, net	153	80	126	80

34 Other operating income

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	11	82	10	81
Reversal of losses on revaluation land and building	-	98	-	98
Gain on sale of non-performing loan	-	200	-	200
Income from reversal of bad debts	11	12	-	-
Dividend income	117	198	150	198
Other income	131	124	109	106
Other operating income	<u>270</u>	<u>714</u>	<u>269</u>	<u>683</u>

35 Bad debts, doubtful debts and impairment losses

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Held-to-maturity debt instruments	(12)	-	(12)	-
Losses on debt restructuring	39	2	39	2
Loans	1,362	1,075	1,111	940
Total	<u>1,389</u>	<u>1,077</u>	<u>1,138</u>	<u>942</u>

36 Corporate income tax

After adding back certain non-deductible expenses and provisions to the tax computation and deducting tax-exempt income from the profit/loss for the period, the tax losses brought forward by the Bank exceeded the net income for the period. Therefore, no corporate income tax was payable for the year.

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

37 Operating result of disposal group classified as held-for-sale

Assets of disposal group classified as held-for-sale are investments in subsidiary that were approved to be sold by the Annual General Meeting for the year 2012 according to Note 8.7 to the financial statements.

a) Operating result of disposal group classified as held-for-sale

	Consolidated	
	2012	2011
	Million Baht	Million Baht
Revenue	329	400
Expense	(275)	(418)
Profit before tax of discontinued operations	54	(18)
Tax	-	-
Profit after tax of discontinued operations	54	(18) ⁽¹⁾

⁽¹⁾ Profit after tax of discontinued operations is included in the consolidated income statements for the year ended 31 December 2011.

b) Cash flows of assets of disposal group classified as held-for-sale

	Consolidated	
	2012	2011
	Million Baht	Million Baht
Operating cash flows	14	(525)
Investing cash flows	(14)	(75)
Financing cash flows	-	600
Total cash flows	-	-

38 Provident fund

The Group 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 - managed by Tisco Asset Management Company Limited - at rate of 3%-5% of their basic salaries, and the Bank and its subsidiaries contribute at rate of 5%, and disburse to staff when their employment is terminated under the terms and conditions of the fund. For the year ended 31 December 2012, Baht 88 million was contributed to the fund by the Bank and its subsidiaries (31 December 2011: Baht 79 million), of which the Bank contributed Baht 75 million (31 December 2011: Baht 68 million).

39 Earnings per share

Earnings per share as presented in the consolidated and bank statements of comprehensive income are 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 22).

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2012 and 2011.

40 Encumbrance of assets

40.1 Assets used as collateral

The Group placed assets such as cash at banks, and government and state enterprise bonds as collateral against the following:

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Securities sold under repurchase agreements	2,968	-	2,968	-
Utilities usage	7	6	7	6
Guarantees on loans	-	45	-	-
Total	2,975	51	2,975	6

40.2 Assets subject to obligation

The Bank has long-term investments in certain equity securities and other fixed assets obtained as a result of debt restructuring. Under the debt restructuring agreements, the Bank is obligated to dispose of 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 2012 and 2011, the investments subject to such obligation are as follows:

	Consolidated and the Bank			
	2012		2011	
Year of maturity	Number	Cost Million Baht	Number	Cost Million Baht
2012 onwards	2	177	1	-
Assets subject to obligation	2	177	1	-

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41 Commitments and contingent liabilities

41.1 Commitments

As at 31 December 2012 and 2011, significant commitments of the Bank consist of:

	The Bank					
	2012			2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Avals to bills and guarantees of loans:						
Avals to bills ⁽¹⁾	814	-	814	481	-	481
Guarantees on loans	10	-	10	10	30	40
Total avals to bills and guarantees on loans	824	-	824	491	30	521
Liability under unmatured import bills:						
Liability under unmatured import bills	-	553	553	-	578	578
Letters of credit:						
Letters of credit	42	1,886	1,928	234	1,833	2,067
Other commitments:						
Forward and spot contracts						
- Bought	-	36,452	36,452	-	24,770	24,770
- Sold	-	33,774	33,774	-	24,905	24,905
Cross currency and interest rate swap contract						
- Bought	-	4,010	4,010	-	2,583	2,583
- Sold	-	6,684	6,684	-	2,954	2,954
Futures contracts						
- Bought	-	92	92	-	1,268	1,268
- Sold	-	-	-	-	-	-
Interest rate swap contracts						
- Fixed rate payee	154,143	10,741	164,884	99,951	10,363	110,314
- Floating rate payee	160,447	14,428	174,875	103,532	12,262	115,794
Foreign exchange option						
- Call option sales contracts	-	540	540	-	148	148
- Put option sales contracts	-	227	227	-	304	304
- Call option purchase contracts	-	1,050	1,050	-	232	232
- Put option purchase contracts	-	44	44	-	77	77
Undrawn bank overdrafts	10,312	-	10,312	9,326	-	9,326
Investments						
- Bought	3,231	-	3,231	10,114	-	10,114
- Sold	3,081	-	3,081	10,019	-	10,019
Other commitments						
Other guarantees	9,087	794	9,881	7,458	782	8,240
Other commitments	340,301	108,836	449,137	240,400	80,648	321,048
Total commitments	341,167	111,275	452,442	241,125	83,089	324,214

⁽¹⁾ As at 31 December 2012, the Bank avaled note payable of a subsidiary amounting to Baht 550 million (31 December 2011 : Baht 400 million).

41 Commitments and contingent liabilities (cont'd)

41.2 Contingent liabilities

- (a) As at 31 December 2012 and 2011, the Group had the following contingent liabilities in connection with court cases in which the Group 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 Group once they are finalised:

	Consolidated and the Bank	
	2012	2011
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	442	442
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	1,189	253
- Sum of claims that cannot be specifically attributed to the Group	24,591	24,591
	<u>26,222</u>	<u>25,286</u>
Total	<u>26,222</u>	<u>25,286</u>

In the above court cases, 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 to the Emergency Decree Establishing the Thai Asset Management Corporation B.E. 2544. In addition, transfers of loans from the Bank to TAMC of about Baht 959 million occurred before the merger of the Bank.

As at 31 December 2012 there were cases in which the court decided in favor of the plaintiffs, with sums claimed totalling Baht 9 million (in cases where the Bank was the direct defendant) and Baht 32 million (in cases where the Bank was co-defendant). However, the Bank is in the process of appealing the decisions (31 December 2011: Baht 18 million and Baht 13 million, respectively).

As at 31 December 2012, the Group recognised provisions for contingent losses from legal cases of approximately Baht 36 million (31 December 2011: Baht 106 million). The management concluded that such provisions were adequate to cover any possible losses from these legal cases. In addition, the Group recognised reserve for off-statement of financial position items related to guarantees which the Group have been sued as defendants by Baht 282 million (31 December 2011: Baht 284 million).

- (b) The Bank has commitments in respect of loss sharing (if any) under the agreement to transfer non-performing to TAMC, as discussed under Note 46 to the financial statements.

41 Commitments and contingent liabilities (cont'd)

41.3 Commitments under long-term leases

As at 31 December 2012 and 2011, the Group had entered into a number of agreements to lease land, buildings and vehicles for periods longer than six months, under which future rental fees can be summarised as follows:

Lease periods	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	333	262	293	221
4 - 5 years	20	110	20	110
6 - 10 years	9	12	9	12
11 - 30 years	19	7	19	7
Total	<u>381</u>	<u>391</u>	<u>341</u>	<u>350</u>

41.4 Other commitments

As at 31 December 2012, the Bank had other commitments as it entered into various agreements relating to computer system development consultancy services and computer system and software development. As at 31 December 2012, the Bank was obligated to pay a further Baht 16 million and USD 2,274 under such agreements (31 December 2011: Baht 15 million and USD 10,000).

42 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.

During the periods, the Group had significant business transactions with its related parties. These transactions have been conducted based on agreed upon contracts. Below is a summary of those transactions.

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42 Related-party transactions (cont'd)

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	448	336
Fee income	-	-	33	10
Dividend income	-	-	33	-
Other income	-	-	-	2
Expenses:				
Interest expenses	3	1	8	7
Premises and equipments expenses	-	-	(16)	(20)
Fee expenses	-	-	1	-
Other expenses	-	-	86	67
Parent company				
Expenses:				
Interest expenses	36	17	36	17
Premises and equipment expenses	4	-	4	-
Fee expenses	1	-	1	-
Related companies				
Revenue:				
Interest income	5	5	5	5
Fee income	60	-	60	-
Gain on selling investment in subsidiary	86	-	58	-
Other income	-	209	-	209
Expenses :				
Interest expenses	163	151	163	151
Premises and equipment expenses	(7)	-	(7)	-
Fee expenses	100	129	100	129

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42 Related-party transactions (cont'd)

The outstanding balances of significant related-party transactions as at 31 December 2012 and 2011 are as follows:

	Consolidated						
	2012						
	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
<u>Subsidiary company</u>							
Krung Thai Tanakit Finance Plc.	-	-	-	-	-	-	262
	-	-	-	-	-	-	262
<u>Parent company</u>							
CIMB Bank Berhad	-	-	152	245	-	678	422
	-	-	152	245	-	678	422
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	385	-	2,566	45
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	-	-	4
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	69
Sathom Asset Management Co., Ltd.	-	-	-	1	48	-	24
CIMB-GK Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	75
	-	-	1	386	48	2,566	217
<u>Related companies</u>							
Other companies	116	111	-	-	2	-	-
	116	111	-	-	2	-	-
<u>Related persons</u>							
	2	3	-	-	97	-	-
	2	3	-	-	97	-	-
Consolidated							
2011							
	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
<u>Subsidiary company</u>							
Krung Thai Tanakit Finance Plc.	-	-	-	-	259	-	-
	-	-	-	-	259	-	-
<u>Parent company</u>							
CIMB Bank Berhad	-	-	-	244	-	678	182
	-	-	-	244	-	678	182
<u>Companies under common control</u>							
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
<u>Related companies</u>							
Other companies	122	119	-	-	2	-	-
	122	119	-	-	2	-	-
<u>Related persons</u>							
	1	1	-	-	83	9	-
	1	1	-	-	83	9	-

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42 Related-party transactions (cont'd)

	The Bank						
	2012						
	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
<u>Subsidiary companies</u>							
Center Auto Lease Co., Ltd.	7,320	8,063	-	1	72	-	-
CT Coll Co., Ltd.	5	6	-	-	27	-	8
Krung Thai Tanakit Finance Plc.	-	-	-	-	-	-	262
Worldlease Co., Ltd.	1,306	1,645	550	1	52	-	1
	8,631	9,714	550	2	151	-	271
<u>Parent company</u>							
CIMB Bank Berhad	-	-	152	245	-	678	422
	-	-	152	245	-	678	422
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	385	-	2,566	45
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	-	-	4
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	69
Sathorn Asset Management Co., Ltd.	-	-	-	1	48	-	24
CIMB-GK Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	75
	-	-	1	386	48	2,566	217
<u>Related companies</u>							
Other Companies	116	111	-	-	2	-	-
	116	111	-	-	2	-	-
<u>Related persons</u>							
	2	3	-	-	97	-	-
	2	3	-	-	97	-	-
	The Bank						
	2011						
	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
<u>Subsidiary companies</u>							
CIMB Securities (Thailand) Co., Ltd.	190	-	-	-	94	-	1
Center Auto Lease Co., Ltd.	5,158	6,208	-	-	31	-	-
CT Coll Co., Ltd.	-	-	-	-	11	-	7
Krung Thai Tanakit Finance Plc.	-	-	-	-	259	-	-
Worldlease Co., Ltd.	942	915	400	-	28	-	-
	6,290	7,123	400	-	423	-	8
<u>Parent company</u>							
CIMB Bank Berhad	-	-	-	244	-	678	182
	-	-	-	244	-	678	182
<u>Companies under common control</u>							
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
<u>Related companies</u>							
Other Companies	122	119	-	-	2	-	-
	122	119	-	-	2	-	-
<u>Related persons</u>							
	1	1	-	-	83	9	-
	1	1	-	-	83	9	-

As at 31 December 2012, the Bank availed notes payable of a subsidiary amounting to Baht 550 million (31 December 2011: Baht 400 million).

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

42 Related-party transactions (cont'd)

As at 31 December 2012 and 2011, the Bank had commitments in financial derivatives with related-party companies as follows:

	2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	21,526	-	21,526
- Floating rate payee	33,988	4,420	38,408
Forward and spot contracts			
- Bought	-	841	841
- Sold	-	60	60
<u>Related company</u>			
Cross currency and interest rate swap contracts			
- Sold	-	2,855	2,855
Forward and spot contracts			
- Sold	-	22	22
	2011		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
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
<u>Related company</u>			
Cross currency and interest rate swap contracts			
- Sold	-	2,954	2,954
Forward and spot contracts			
- Bought	-	256	256
- Sold	-	95	95

43 Director and management remuneration

The Bank has not extended extraordinary monetary and/or non-monetary benefits to Bank directors and executives at the level of executive vice president and higher, as well as to financial controllers. The benefits were beyond those normally granted, such as director's fees, director's bonuses (if any), income tax, executives' salary and bonus (if any) and share based payment.

	Consolidated		The Bank	
	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	259	282	237	211
Long-term employee benefits	9	9	9	9
Share based payment (note 26 b.)	3	1	3	1
Director and management remuneration	271	292	249	221

The details of share based payment are as follows

	Consolidated and The Bank	
	2012	2011
	thousand units	thousand units
Share options of CIMB Group Holding Berhad	-	240
Shares of CIMB Group Holding Berhad	49	20

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44 Financial information by segment

The Bank operates financial and banking businesses, whereas its subsidiaries' businesses involve securities, fund management, debt collection, asset management, hire-purchase and leasing.

Financial information presented in the consolidated financial statements for the years ended 31 December 2012 and 2011 are as follows:

	2012				
	Bank business Million Baht	Hire- purchase business Million Baht	Other business Million Baht	Eliminations Million Baht	Total Million Baht
Interest income	9,172	1,445	-	(449)	10,168
Interest expenses	(4,919)	(502)	-	460	(4,961)
Net interest income	4,253	943	-	11	5,207
Net fees and service income	690	137	66	(28)	865
Other operating income	2,228	34	-	(6)	2,256
Other operating expenses	(4,533)	(736)	(50)	(6)	(5,325)
Bad and doubtful debts and impairment losses	(1,138)	(276)	-	25	(1,389)
Income tax expenses	-	(74)	(4)	-	(78)
Profit after tax of discontinued operations	-	-	31	23	54
Net profit for the year	<u>1,500</u>	<u>28</u>	<u>43</u>	<u>19</u>	<u>1,590</u>
	2011				
	Bank business Million Baht	Hire- purchase business Million Baht	Other business Million Baht	Eliminations Million Baht	Total Million Baht
Interest income	7,425	1,026	-	(366)	8,085
Interest expenses	(3,441)	(376)	-	365	(3,452)
Net interest income	3,984	650	-	(1)	4,633
Net fees and service income	433	109	48	(7)	583
Other operating income	2,124	32	1	(1)	2,156
Other operating expenses	(4,253)	(595)	(42)	(11)	(4,901)
Bad and doubtful debts and impairment losses	(942)	(189)	-	54	(1,077)
Income tax expenses	-	(49)	(2)	-	(51)
Profit (loss) after tax of discontinued operations	-	-	(38)	20	(18)
Net profit (loss) for the year	<u>1,346</u>	<u>(42)</u>	<u>(33)</u>	<u>54</u>	<u>1,325</u>

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44 Financial information by segment (cont'd)

	Bank business		Hire-purchase business		Other business		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	200,269	166,551	11,864	8,691	43	1,945	(10,660)	(9,164)	201,516	168,023
Interbank and money market items, net (assets)	10,094	4,577	158	93	27	868	(151)	(333)	10,128	5,205
Investments, net	40,323	32,492	-	-	-	51	-	-	40,323	32,543
Loans and accrued interest receivables, net	133,977	114,120	11,439	8,451	6	693	(9,618)	(7,052)	135,804	116,212
Deposits	135,285	101,291	-	-	-	354	(151)	(71)	135,134	101,574
Interbank and money market items (Liabilities)	10,360	4,550	10,653	7,622	6	-	(9,709)	(7,385)	11,310	4,787
Financial liabilities designated at fair value through profit or loss	1,535	-	-	-	-	-	-	-	1,535	-
Debt issued and borrowings	26,227	40,210	-	-	-	106	-	-	26,227	40,316

45 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, deposits, liabilities payable on-demand and borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

45.1 Credit risk

As at 31 December 2012 and 2011, the Bank had the following off-balance statements of financial position commitments. These are calculated according to the period to maturity starting from the contract dates given in the financial statements:

	Consolidated					
	Counting from 31 Dec 2012			Counting from 31 Dec 2011		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Million	Million	Million	Million	Million	Million	
	Baht	Baht	Baht	Baht	Baht	Baht
Aval to bills	234	30	264	81	-	81
Guarantees of loans	10	-	10	40	-	40
Liabilities under unmatured import bills	553	-	553	578	-	578
Letters of credit	1,928	-	1,928	2,067	-	2,067
Other guarantees	9,673	208	9,881	8,098	141	8,240

	The Bank					
	Counting from 31 Dec 2012			Counting from 31 Dec 2011		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Million	Million	Million	Million	Million	Million	
	Baht	Baht	Baht	Baht	Baht	Baht
Aval to bills	784	30	814	481	-	481
Guarantees of loans	10	-	10	40	-	40
Liabilities under unmatured import bills	553	-	553	578	-	578
Letters of credit	1,928	-	1,928	2,067	-	2,067
Other guarantees	9,673	208	9,881	8,099	141	8,240

45 Financial instruments (cont'd)

45.2 Market risk

(a) Interest rate risk

As at 31 December 2012 and 2011, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
2012				
Financial assets				
Cash	-	-	3,133	3,133
Interbank and money market items, net	229	6,618	3,281	10,128
Investments, net	344	36,036	3,943	40,323
Investments in subsidiaries, net	-	-	154	154
Loans net of deferred revenue	87,553	51,291	2	138,846
Accrued income from Thai Asset Management Corporation	-	-	2,354	2,354
Total financial assets	<u>88,126</u>	<u>93,945</u>	<u>12,867</u>	<u>194,938</u>
Financial liabilities				
Deposits	36,385	96,857	1,892	135,134
Interbank and money market items	2,960	7,927	423	11,310
Liabilities payable on demand	-	-	345	345
Financial liabilities designated at fair value through profit or loss	1,535	-	-	1,535
Debt issued and borrowings	2,566	23,116	544	26,226
Total financial liabilities	<u>43,446</u>	<u>127,900</u>	<u>3,204</u>	<u>174,550</u>
2011				
Consolidated				
Descriptions	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	3,123	3,123
Interbank and money market items, net	2,094	603	2,508	5,205
Investments, net	859	23,593	8,091	32,543
Investments in subsidiaries, net	-	-	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
Total financial assets	<u>79,140</u>	<u>66,991</u>	<u>15,193</u>	<u>161,324</u>
Financial liabilities				
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
Total financial liabilities	<u>28,249</u>	<u>114,344</u>	<u>4,228</u>	<u>146,821</u>

45 Financial instruments (cont'd)

45.2 Market risk (cont'd)

(a) Interest rate risk (cont'd)

Descriptions	The Bank			
	2012			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	3,130	3,130
Interbank and money market items, net	193	6,618	3,283	10,094
Investments, net	344	36,036	3,943	40,323
Investments in subsidiaries, net	-	-	1,033	1,033
Loans net of deferred revenue	88,083	48,620	-	136,703
Accrued income from Thai Asset Management Corporation	-	-	2,354	2,354
Total financial assets	88,620	91,274	13,743	193,637
Financial liabilities				
Deposits	36,513	96,867	1,905	135,285
Interbank and money market items	2,560	7,377	423	10,360
Liabilities payable on demand	-	-	345	345
Financial liabilities designated at fair value through profit or loss	1,535	-	-	1,535
Debt issued and borrowings	2,566	23,116	544	26,226
Total financial liabilities	43,174	127,360	3,217	173,751
Descriptions	The Bank			
	2011			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	3,121	3,121
Interbank and money market items, net	1,597	557	2,423	4,577
Investments, net	859	23,593	8,040	32,492
Investments in subsidiaries, net	-	-	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
Total financial assets	78,350	65,072	16,648	160,070
Financial liabilities				
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
Total financial liabilities	28,202	113,744	4,249	146,195

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45 Financial instruments (cont'd)

45.2 Market risk (cont'd)

(a) Interest rate risk (cont'd)

Transactions	Consolidated							Total Million Baht	Weighted average interest rates %
	2012								
	Repricing or maturity date								
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht				
Financial assets									
Interbank and money market items, net	-	6,618	-	-	-	-	6,618	2.85	
Investments, net	-	4,509	7,084	22,592	1,851	-	36,036	3.35	
Loans net of deferred revenue	173	23,624	13,550	11,302	2,642	-	51,291	7.51	
Total financial assets	173	34,751	20,634	33,894	4,493	-	93,945		
Financial liabilities									
Deposits	3,773	55,336	36,286	1,462	-	-	96,857	2.89	
Interbank and money market items	3,375	2,546	1,194	612	200	-	7,927	1.96	
Debt issued and borrowings	2,507	13,101	1,508	-	6,000	-	23,116	3.37	
Total financial liabilities	9,655	70,983	38,988	2,074	6,200	-	127,900		
Consolidated									
2011									
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		Total Million Baht	Weighted average interest rates %	
Financial assets									
Interbank and money market items, net	-	602	-	-	-	1	603	3.41	
Investments, net	-	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	
Total financial assets	400	14,115	18,338	27,815	4,264	2,059	66,991		
Financial liabilities									
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	
Total financial liabilities	9,986	68,391	31,964	1,003	3,000	-	114,344		

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45 Financial instruments (cont'd)

45.2 Market risk (cont'd)

(a) Interest rate risk (cont'd)

The Bank								
2012								
Transactions	Repricing or maturity date					No maturity	Total	Weighted average
	At call	0 - 3	3 - 12	1 - 5	Over 5			
	Million	months	months	years	years	Million	Million	%
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Financial assets								
Interbank and money market items, net	-	6,618	-	-	-	-	6,618	2.85
Investments, net	-	4,509	7,084	22,592	1,851	-	36,036	3.35
Loans net of deferred revenue	173	24,987	14,434	6,607	2,419	-	48,620	4.85
Total financial assets	173	36,114	21,518	29,199	4,270	-	91,274	
Financial liabilities								
Deposits	3,773	55,342	36,291	1,462	-	-	96,867	2.89
Interbank and money market items	3,375	1,996	1,194	612	200	-	7,377	2.49
Debt issued and borrowings	2,507	13,101	1,508	-	6,000	-	23,116	3.37
Total financial liabilities	9,655	70,439	38,993	2,074	6,200	-	127,360	
The Bank								
2011								
Transactions	Repricing or maturity date					No maturity	Total	Weighted average
	At call	0 - 3	3 - 12	1 - 5	Over 5			
	Million	months	months	years	years	Million	Million	%
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Financial assets								
Interbank and money market items, net	-	557	-	-	-	-	557	3.50
Investments, net	-	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
Total financial assets	400	14,495	19,519	24,540	4,060	2,058	65,072	
Financial liabilities								
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
Total financial liabilities	9,985	67,897	31,964	898	3,000	-	113,744	

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).

45 Financial instruments (cont'd)

45.2 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 2012 and 2011, can be summarised as follows:

	Consolidated					
	2012			2011		
	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, net	5,375	141	2.61	8,171	266	3.26
Investments, net	37,078	1,228	3.31	26,908	889	3.30
Loans	124,058	8,799	7.09	104,937	7,155	6.82
Total performing financial assets	<u>166,511</u>	<u>10,168</u>		<u>140,016</u>	<u>8,310</u>	
<u>Performing financial liabilities</u>						
Deposits	117,861	3,159	2.68	94,670	2,017	2.13
Interbank and money market items	8,805	238	2.70	5,380	105	1.95
Financial liabilities designated at fair value through profit or loss	1,029	19	2.76	-	-	-
Debt issued and borrowings	26,814	932	3.47	27,367	948	3.46
Total performing financial liabilities	<u>154,509</u>	<u>4,348</u>		<u>127,417</u>	<u>3,070</u>	
The Bank						
	2012			2011		
	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, net	7,888	140	1.77	8,009	267	3.34
Investments, net	38,086	1,378	3.33	26,878	888	3.30
Loans	122,221	7,804	6.39	102,733	6,467	6.30
Total performing financial assets	<u>168,195</u>	<u>9,322</u>		<u>137,620</u>	<u>7,622</u>	
<u>Performing financial liabilities</u>						
Deposits	115,916	3,160	2.73	94,519	2,014	2.13
Interbank and money market items	10,173	195	1.92	4,610	94	2.04
Financial liabilities designated at fair value through profit or loss	1,029	19	2.76	-	-	-
Debt issued and borrowings	26,783	930	3.48	27,247	943	3.46
Total performing financial liabilities	<u>153,901</u>	<u>4,304</u>		<u>126,376</u>	<u>3,051</u>	

45 Financial instruments (cont'd)

45.2 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 2012 and 2011, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and the Bank					
	2012			2011		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	68.64	(0.51)	6.51	134.26	1.11	8.64
Forward						
- Forward contract	(70.41)	1.06	(4.59)	(131.33)	(0.42)	(8.46)
Total	(1.77)	0.55	1.92	2.93	0.69	0.18

* EURO and other currencies are stated in USD equivalents.

45.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2012 and 2011 were as follows:

Descriptions	Consolidated				
	2012				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
<u>Financial assets</u>					
Cash	3,130	-	-	3	3,133
Interbank and money market items, net	3,509	6,619	-	-	10,128
Investments, net	120	15,343	24,444	416	40,323
Investment in subsidiaries, net	-	-	-	154	154
Loans net of deferred revenue	4,671 ⁽¹⁾	52,984	81,191	-	138,846
Accrued income from Thai Asset Management Corporation	-	-	2,354	-	2,354
Total financial assets	11,430	74,946	107,989	573	194,938
<u>Financial liabilities</u>					
Deposits	42,049	91,623	1,462	-	135,134
Interbank and money market items	3,358	7,140	812	-	11,310
Liabilities payable on demand	345	-	-	-	345
Financial liabilities designated at fair value through profit or loss	-	-	1,535	-	1,535
Debt issued and borrowings	3,051	14,610	8,566	-	26,227
Total financial liabilities	48,803	113,373	12,375	-	174,551

⁽¹⁾ As at 31 December 2012, portions of loans classified as maturity-at-call in the consolidated and separated financial statements, of Baht 4,110 million and Baht 3,678 million respectively, (31 December 2011: Baht 4,110 million and Baht 3,891 million respectively) are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (cont'd)

45.3 Liquidity risk (cont'd)

Descriptions	Consolidated				
	2011				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
<u>Financial assets</u>					
Cash	3,121	-	-	2	3,123
Interbank and money market items, net	4,602	602	-	1	5,205
Investments, net	183	6,710	24,831	819	32,543
Investment in subsidiaries, net	-	-	-	154	154
Loans net of deferred revenue	3,858 ⁽¹⁾	48,404	67,027	-	119,289
Accrued income from Thai Asset Management Corporation	-	-	1,010	-	1,010
Total financial assets	11,764	55,716	92,868	976	161,324
<u>Financial liabilities</u>					
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
Total financial liabilities	37,976	100,763	8,082	-	146,821

(1) As at 31 December 2012, portions of loans classified as maturity-at-call in the consolidated and separated financial statements, of Baht 4,012 million and Baht 3,678 million respectively, (31 December 2011: Baht 4,110 million and Baht 3,891 million respectively) are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

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45 Financial instruments (cont'd)

45.3 Liquidity risk (cont'd)

Descriptions	The Bank				
	2012				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	3,130	-	-	-	3,130
Interbank and money market items, net	3,475	6,619	-	-	10,094
Investments, net	120	15,343	24,444	416	40,323
Investment in subsidiaries, net	-	-	-	1,033	1,033
Loans net of deferred revenue	5,218 ⁽¹⁾	55,231	76,254	-	136,703
Accrued income from Thai Asset Management Corporation	-	-	2,354	-	2,354
Total financial assets	11,943	77,193	103,052	1,449	193,637
Financial liabilities					
Deposits	42,190	91,633	1,462	-	135,285
Interbank and money market items	3,358	6,190	812	-	10,360
Liabilities payable on demand	345	-	-	-	345
Financial liabilities designated at fair value through profit or loss	-	-	1,535	-	1,535
Debt issued and borrowings	3,051	14,610	8,566	-	26,227
Total financial liabilities	48,944	112,433	12,375	-	173,752
Descriptions	The Bank				
	2011				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	3,121	-	-	-	3,121
Interbank and money market items, net	4,020	557	-	-	4,577
Investments, net	132	6,710	24,831	819	32,492
Investment in subsidiaries, net	-	-	-	1,923	1,923
Loans net of deferred revenue	4,272 ⁽¹⁾	49,397	63,278	-	116,947
Accrued income from Thai Asset Management Corporation	-	-	1,010	-	1,010
Total financial assets	11,545	56,664	89,119	2,742	160,070
Financial liabilities					
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
Total financial liabilities	38,580	99,861	7,754	-	146,195

(1) As at 31 December 2012, portions of loans classified as maturity-at-call in the consolidated and separated financial statements, of Baht 4,012 million and Baht 3,678 million respectively, (31 December 2011: Baht 4,110 million and Baht 3,891 million respectively) are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (cont'd)

45.4 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			
	2012		2011	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
<u>Financial assets</u>				
Cash	3,133	3,133	3,123	3,123
Interbank and money market items, net	10,128	10,128	5,205	5,205
Derivatives financial assets	2,474	2,474	2,527	2,527
Investments, net	40,323	40,496	32,543	32,642
Investment in subsidiaries, net	154	154	154	154
Loans to customers, net	135,804	135,804	116,212	116,212
Accrued income from Thai Asset Management Corporation	2,354	2,354	1,010	1,010
Total financial assets	<u>194,370</u>	<u>194,543</u>	<u>160,774</u>	<u>160,873</u>
<u>Financial liabilities</u>				
Deposits	135,134	135,134	101,574	101,574
Interbank and money market items	11,310	11,310	4,787	4,787
Liability payable on demand	345	345	144	144
Financial liabilities designated at fair value through profit or loss	1,535	1,535	-	-
Derivatives financial assets	2,002	2,002	2,271	2,271
Debt issued and borrowings	26,227	26,315	40,316	40,423
Total financial liabilities	<u>176,553</u>	<u>176,641</u>	<u>149,092</u>	<u>149,199</u>

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45 Financial instruments (cont'd)

45.4 Fair value (cont'd)

Description	The Bank			
	2012		2011	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	3,130	3,130	3,121	3,121
Interbank and money market items, net	10,094	10,094	4,577	4,577
Derivatives financial assets	2,474	2,474	2,527	2,527
Investments, net	40,323	40,496	32,492	32,591
Investment in subsidiaries, net	1,033	1,033	1,923	1,923
Loans to customers, net	133,977	133,977	114,120	114,120
Accrued income from Thai Asset Management Corporation	2,354	2,354	1,010	1,010
Total financial assets	193,385	193,558	159,770	159,869
Financial liabilities				
Deposits	135,285	135,285	101,291	101,291
Interbank and money market items	10,360	10,360	4,550	4,550
Liability payable on demand	345	345	144	144
Financial liabilities designated at fair value through profit or loss	1,535	1,535	-	-
Derivatives financial assets	2,002	2,002	2,271	2,271
Debt issued and borrowings	26,227	26,315	40,210	40,318
Total financial liabilities	175,754	176,641	148,466	148,574

45.5 Financial derivatives

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

As at 31 December 2012 and 2011, financial derivatives as classified by their maturities were as follows:

Description	Consolidated and the Bank					
	2012			2011		
	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	35,357	1,095	36,452	24,368	402	24,770
- Sold	33,621	153	33,774	24,503	402	24,905
Cross-currency and interest rate swap contracts						
- Bought	1,238	2,772	4,010	-	2,583	2,583
- Sold	-	6,684	6,684	-	2,954	2,954
Future contracts						
- Bought	92	-	92	1,268	-	1,268
Interest rate swap contracts						
- Fixed-rate payee	58,485	106,399	164,884	37,002	73,312	110,314
- Floating-rate payee	70,539	104,336	174,875	48,529	67,265	115,794
Exchange rate options						
- Call-option sales contract	539	-	539	148	-	148
- Put-option sales contract	227	-	227	304	-	304
- Call-option purchase contract	1,050	-	1,050	232	-	232
- Put-option purchase contract	44	-	44	77	-	77

45 Financial instruments (cont'd)

45.5 Financial derivatives (cont'd)

The Bank sets up policies and relevant risk limits by which it requires risk reporting and control procedures 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.

46 Agreement to transfer non-performing loans to TAMC

On 12 October 2001, the Bank entered into an agreement to transfer non-performing loans to TAMC in accordance with the Emergency Decree establishing TAMC.

As at 31 December 2012 and 2011, the Bank and subsidiaries had loans transferred to TAMC as follows:

Loans transferred to TAMC	Consolidated and the Bank			
	2012		2011	
	Book value Million Baht	Transfer price Million Baht	Book value Million Baht	Transfer price Million Baht
CAP	82,487	21,932	82,487	21,932
NON CAP	15,774	3,465	15,774	3,465
Total	<u>98,261</u>	<u>25,397</u>	<u>98,261</u>	<u>25,397</u>
Less: TAMC notes which have been redeemed by TAMC		<u>(25,115)</u>		<u>(24,928)</u>
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 8.1 (a))		<u>282</u>		<u>469</u>

The Bank is to receive payment in the form of non-transferable, ten-year promissory notes, availed by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 31 December 2012, the Bank recognised interest receivable under these promissory notes amounting to Baht 35 million (31 December 2011 : 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 joined TAMC in sharing the gains and losses arising from TAMC's management of said loans, which is to be allocated at the end of the agreement starting from 1 July 2001. The Bank is liable for all initial losses up to 20 percent of the transfer price. Further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC, while TAMC is liable for all remaining losses 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. 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, under the agreement to transfer CAP loans to TAMC, on 17 November 2006, the Bank transferred rights over future gain sharing to FIDF, although the Bank is still obligated to share losses with TAMC.

46 Agreement to transfer non-performing loans to TAMC (cont'd)

For the year ended 31 December 2012, the Bank recorded a gain sharing from TAMC for the NON CAP loans which related to only those closed accounts that the Bank entitled to share gain with TAMC amounting to Baht 1,344 million (For the year ended 31 December 2011: Baht 1,010 million), excluding any gain which the Bank obliged to transfer to FIDF as mentioned above. The amount was recognised as a 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. Therefore, when combine the amount of gain sharing from TAMC of Baht 1,010 million which the bank recognised in 2011, the bank shows cumulative amount of Baht 2,354 million as accrued income.

As at 31 December 2012, the Bank's management believed that no significant future losses would be incurred.

Outstanding issues with TAMC

As of 31 December 2012, the Bank and TAMC had outstanding issues regarding the follow up of outstanding requisitions of original ownership documents and appraisal reports for collateral, and regarding the valuation of leasehold rights collateral with transfer prices totalling Baht 162 million and interest of Baht 23 million (31 December 2011: Baht 162 million and Baht 21 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 notes, since the Bank has given some of the original ownership documents and appraisal reports for 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 of Baht 54 million (31 December 2011: Baht 54 million) in the financial statements.

47 Post statement of financial position event

On 6 February 2013, the Bank settled the increased capital in Worldlease Co., Ltd. amounting to Baht 50 million. On 12 February 2013, Worldlease Co., Ltd. has registered its increase of share capital with Ministry of Commerce.