

CIMB THAI BANK PUBLIC COMPANY LIMITED

**CONSOLIDATED AND BANK
FINANCIAL STATEMENTS**

31 DECEMBER 2013

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 2013, 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 2013, and consolidated and bank results of operations and cash flows for the year ended in accordance with Thai Financial Reporting Standards.

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

Bangkok
26 February 2014

CIMB Thai Bank Public Company Limited

Statements of financial position

As at 31 December 2013

	Notes	Consolidated			The Bank		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
		Baht	Baht	Baht	Baht	Baht	Baht
Assets							
Cash		3,328,748,596	3,132,947,660	3,122,846,554	3,324,656,939	3,130,139,363	3,120,642,155
Interbank and money market items, net	7	33,555,652,005	10,127,546,195	5,205,245,039	33,509,102,456	10,094,174,784	4,577,356,327
Derivative assets	8	9,100,647,662	2,474,146,798	2,526,862,210	9,100,647,662	2,474,146,798	2,526,862,210
Investments, net	9	53,324,961,980	40,323,332,324	32,543,164,312	53,324,961,980	40,323,332,324	32,492,273,880
Investments in subsidiaries, net	9	10,523,242	153,912,645	153,912,645	1,335,443,948	1,033,147,979	1,923,143,017
Loans and accrued interest receivables	10						
Loans		175,844,355,534	142,153,766,214	121,719,437,344	168,952,844,988	136,705,713,235	116,950,978,798
Accrued interest receivables		453,532,902	369,951,501	279,098,921	462,586,736	375,369,578	277,958,703
Total loans and accrued interest receivables		176,297,888,436	142,523,717,715	121,998,536,265	169,415,431,724	137,081,082,813	117,228,937,501
Less Deferred revenue		(4,757,282,848)	(3,307,156,919)	(2,429,980,354)	(255,170,649)	(2,786,485)	(3,173,910)
Less Allowance for doubtful debts	11	(5,263,612,956)	(3,396,411,721)	(3,345,515,853)	(4,913,545,914)	(3,085,180,004)	(3,094,393,744)
Less Revaluation allowance for debt restructuring	12	(33,422,083)	(15,823,467)	(10,958,714)	(33,422,083)	(15,823,467)	(10,958,714)
Loans and accrued interest receivables, net		166,243,570,549	135,804,325,608	116,212,081,344	164,213,293,078	133,977,292,857	114,120,411,133
Customers' liability under acceptance		57,650,960	35,752,402	69,927,687	57,650,960	35,752,402	69,927,687
Properties for sale, net	13	1,706,018,723	1,575,564,704	1,484,488,359	1,597,877,173	1,527,459,397	1,460,650,554
Premises and equipment, net	14	3,349,094,004	3,568,232,948	3,830,671,693	3,264,147,293	3,492,719,658	3,673,934,530
Intangible assets, net	15	343,053,368	427,876,223	470,613,974	337,319,600	422,091,055	443,258,237
Deferred tax assets	16	1,048,636,577	875,959,481	1,156,590,341	917,960,906	779,357,137	1,097,117,573
Receivable from Thai Asset Management Corporation	49	3,572,457,936	2,354,020,580	1,009,565,667	3,572,457,936	2,354,020,580	1,009,565,667
Other assets, net	17	4,020,544,901	1,538,414,867	1,393,714,576	3,806,401,726	1,404,654,619	1,133,245,127
Total assets		279,661,560,503	202,392,032,435	169,179,684,401	278,361,921,657	201,048,288,953	167,648,388,097

Director _____ Director _____

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
Statements of financial position (Cont'd)
As at 31 December 2013

	Notes	Consolidated			The Bank		
		31 December 2013 Baht	31 December 2012 Baht	1 January 2012 Baht	31 December 2013 Baht	31 December 2012 Baht	1 January 2012 Baht
Liabilities and shareholders' equity							
Liabilities							
Deposits	18	152,132,672,386	135,133,586,231	101,573,954,409	152,272,534,436	135,284,578,984	101,291,200,733
Interbank and money market items, net	19	44,866,261,855	11,309,672,672	4,786,952,067	44,241,461,855	10,359,672,672	4,549,969,313
Liability payable on demand		504,867,176	345,429,219	144,101,067	504,867,176	345,429,219	144,101,067
Financial liabilities designated at fair value through profit or loss	20	5,856,747,052	1,535,308,447	-	5,856,747,052	1,535,308,447	-
Derivative liabilities	8	9,651,786,057	2,002,403,000	2,270,622,392	9,651,786,057	2,002,403,000	2,270,622,392
Debt issued and borrowings	21	37,706,592,055	26,226,572,329	40,315,688,037	37,706,592,055	26,226,572,329	40,210,323,185
Bank's liability under acceptance		57,650,960	35,752,402	69,927,687	57,650,960	35,752,402	69,927,687
Provisions	22	1,401,820,542	1,429,732,358	1,506,655,509	1,373,071,393	1,407,123,231	1,455,869,720
Other liabilities	23	5,653,090,246	3,800,989,809	3,945,147,832	5,281,074,920	3,485,104,788	3,324,860,619
Total liabilities		257,831,488,329	181,819,446,467	154,613,049,000	256,945,785,904	180,681,945,072	153,316,874,716
Shareholders' equity							
Share capital	24						
Registered							
26,105,495,608 ordinary shares of Baht 0.50 each		<u>13,052,747,804</u>	<u>13,052,747,804</u>		<u>13,052,747,804</u>	<u>13,052,747,804</u>	
16,315,934,756 ordinary shares of Baht 0.50 each				<u>8,157,967,378</u>			<u>8,157,967,378</u>
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		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	3,867,738,430	1,483,266,796	3,867,738,430	3,867,738,430	1,483,266,796
Other reserves	25	926,055,341	1,088,776,857	1,080,266,795	926,055,341	1,088,776,857	1,065,668,970
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-	-	-
Retained earnings							
Appropriated - statutory reserve	26	272,000,000	187,500,000	129,500,000	272,000,000	187,500,000	129,500,000
Unappropriated		<u>6,264,593,141</u>	<u>4,928,885,419</u>	<u>3,626,348,095</u>	<u>5,807,902,969</u>	<u>4,679,889,581</u>	<u>3,495,110,237</u>
Attributable to owners of the Bank		21,830,072,174	20,572,585,968	14,477,349,064	21,416,135,753	20,366,343,881	14,331,513,381
Non-controlling interests		-	-	89,286,337	-	-	-
Total shareholders' equity		21,830,072,174	20,572,585,968	14,566,635,401	21,416,135,753	20,366,343,881	14,331,513,381
Total liabilities and shareholders' equity		279,661,560,503	202,392,032,435	169,179,684,401	278,361,921,657	201,048,288,953	167,648,388,097

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CI MB Thai Bank Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2013

	Notes	Consolidated		The Bank	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Interest income	31	12,376,299,267	10,168,159,353	11,028,059,321	9,171,803,562
Interest expenses	32	(5,851,629,502)	(4,961,478,452)	(5,794,877,075)	(4,919,385,099)
Net interest income		6,524,669,765	5,206,680,901	5,233,182,246	4,252,418,463
Fees and service income		1,397,769,012	1,010,746,092	1,159,974,191	899,847,124
Fees and service expenses		(139,518,172)	(145,308,599)	(220,024,731)	(209,452,514)
Net fee and service income	33	1,258,250,840	865,437,493	939,949,460	690,394,610
Gains on tradings and foreign exchange transactions	34	714,313,846	487,960,028	714,313,846	487,960,028
(Losses) gains on financial liabilities designated at fair value through profit or loss	35	(100,799,433)	876,526	(100,799,433)	876,526
Gains on investments, net	36	421,231,316	153,085,659	316,916,689	125,701,932
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	49	1,100,714,818	1,344,454,913	1,100,714,818	1,344,454,913
Other operating income	37	327,606,151	269,653,376	297,211,835	269,018,816
Total operating income		10,245,987,303	8,328,148,896	8,501,489,461	7,170,825,288
Other operating expenses					
Employee expenses		3,105,205,377	2,685,780,132	2,656,753,727	2,300,287,106
Directors' remuneration		9,096,000	9,328,000	8,400,000	8,692,000
Premises and equipment expenses		1,336,198,325	1,341,235,702	1,202,692,791	1,215,792,339
Taxes and duties		286,465,170	364,875,817	269,917,968	353,047,358
Others		1,358,077,429	923,629,654	812,035,636	655,041,795
Total other operating expenses		6,095,042,301	5,324,849,305	4,949,800,122	4,532,860,598
Bad and doubtful debts and impairment losses	38	2,743,502,820	1,389,215,085	2,367,200,000	1,137,656,013
Profit from continuing operation before income tax expenses		1,407,442,182	1,614,084,506	1,184,489,339	1,500,308,677
Income tax expenses	39	82,664,881	(353,276,113)	97,923,390	(311,983,466)
Net profit from continuing operation		1,490,107,063	1,260,808,393	1,282,412,729	1,188,325,211
Profit after tax of discontinued operation	40	-	54,148,490	-	-
Net profit for the year		1,490,107,063	1,314,956,883	1,282,412,729	1,188,325,211

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
Statements of comprehensive income (Cont'd)
For the year ended 31 December 2013

	Note	Consolidated		The Bank	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Other comprehensive (expenses) income					
Changes in revaluation surplus		(35,525,049)	(54,830,081)	(35,525,049)	(54,830,081)
(Losses) gains on remeasuring available-for-sale investments		(167,876,846)	83,714,939	(167,876,846)	83,714,939
Income tax relating to components of other comprehensive income (expenses)		40,680,379	(5,776,971)	40,680,379	(5,776,971)
Total other comprehensive (expenses) income from continuing operation		(162,721,516)	23,107,887	(162,721,516)	23,107,887
Other comprehensive income on assets of disposal group classified as held for sales		-	563,399	-	-
Total other comprehensive (expenses) income		(162,721,516)	23,671,286	(162,721,516)	23,107,887
Total comprehensive income for the year		1,327,385,547	1,338,628,169	1,119,691,213	1,211,433,098
Net profit attributable to:					
Equity holders of the Bank		1,490,107,063	1,306,083,191	1,282,412,729	1,188,325,211
Non-controlling interests		-	8,873,692	-	-
		1,490,107,063	1,314,956,883	1,282,412,729	1,188,325,211
Total comprehensive income attributable to:					
Equity holders of the Bank		1,327,385,547	1,329,754,477	1,119,691,213	1,211,433,098
Non-controlling interests		-	8,873,692	-	-
		1,327,385,547	1,338,628,169	1,119,691,213	1,211,433,098
Earnings per share for profit attributable to the equity holders of the Bank	42				
Basic earnings per share (Baht per share)		0.07	0.07	0.06	0.07
Weighted average number of ordinary shares (shares)		21,084,878,025	18,231,330,003	21,084,878,025	18,231,330,003

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
 Statements of changes in shareholders' equity
 For the year ended 31 December 2013

Consolidated														
Attributable to owners of the Bank														
Note	Issued and paid-up share capital Baht	Share premium Baht	Other reserves			Income tax relating to components of other comprehensive income (expense) Baht	Other comprehensive income(expenses) on assets of disposal group classified as held for sales Baht		Accretion of equity interests in subsidiary Baht	Legal reserve Baht	Retained earnings (deficits) Baht	Total equity attributable to shareholders Baht	Non-controlling interest Baht	Total Baht
			Revaluation surplus (deficit) on assets Baht	Revaluation surplus (deficit) on change in value of investments Baht	Revaluation surplus (deficit) on change in value of investments Baht		Total other reserves Baht							
Balance as at 1 January 2013	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	-	-	1,360,971,071	(42,753,751)	187,500,000	3,780,731,725	19,696,626,488	-	19,696,626,488	
Impact of the adoption of TAS12 Income Tax	6	-	-	-	(272,194,214)	-	(272,194,214)	-	-	1,148,153,694	875,959,480	-	875,959,480	
Restated balance	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	(272,194,214)	-	1,088,776,857	(42,753,751)	187,500,000	4,928,885,419	20,572,585,968	-	20,572,585,968	
Dividend paid	-	-	-	-	-	-	-	-	-	(105,424,390)	(105,424,390)	-	(105,424,390)	
Total comprehensive income (expenses) for the year	-	-	(35,525,049)	(167,876,846)	40,680,379	-	(162,721,516)	-	-	1,490,107,063	1,327,385,547	-	1,327,385,547	
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	84,500,000	(84,500,000)	-	-	-	
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	35,525,049	35,525,049	-	35,525,049	
Balance as at 31 December 2013	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,119,425,797</u>	<u>38,143,379</u>	<u>(231,513,835)</u>	<u>-</u>	<u>926,055,341</u>	<u>(42,753,751)</u>	<u>272,000,000</u>	<u>6,264,593,141</u>	<u>21,830,072,174</u>	<u>-</u>	<u>21,830,072,174</u>	
Balance as at 1 January 2012	8,157,967,378	1,483,266,796	1,209,780,927	122,305,286	-	14,597,825	1,346,684,038	-	129,500,000	2,203,340,511	13,320,758,723	89,286,337	13,410,045,060	
Impact of the adoption of TAS12 Income Tax	6	-	-	-	(266,417,243)	-	(266,417,243)	-	-	1,423,007,584	1,156,590,341	-	1,156,590,341	
Restated balance	8,157,967,378	1,483,266,796	1,209,780,927	122,305,286	(266,417,243)	14,597,825	1,080,266,795	-	129,500,000	3,626,348,095	14,477,349,064	89,286,337	14,566,635,401	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(11,174,440)	(11,174,440)	
Total comprehensive income (expenses) for the year	-	-	(54,830,081)	83,714,939	(5,776,971)	563,399	23,671,286	-	-	1,306,083,191	1,329,754,477	8,873,692	1,338,628,169	
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	58,000,000	(58,000,000)	-	-	-	
Increase in ordinary shares	-	2,384,471,635	-	-	-	-	-	-	-	-	4,768,943,269	10,027,260	4,778,970,529	
Sold investment in a subsidiary	-	-	-	-	-	-	(15,161,224)	(15,161,224)	-	-	(15,161,224)	-	(15,161,224)	
Changes in equity interests in subsidiary	-	-	-	-	-	-	-	(42,753,751)	-	-	(42,753,751)	(97,012,849)	(139,766,600)	
Others	-	-	-	-	-	-	-	-	-	(375,948)	(375,948)	-	(375,948)	
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>(272,194,214)</u>	<u>-</u>	<u>1,088,776,857</u>	<u>(42,753,751)</u>	<u>187,500,000</u>	<u>4,928,885,419</u>	<u>20,572,585,968</u>	<u>-</u>	<u>20,572,585,968</u>	

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
 Statements of changes in shareholders' equity (Cont'd)
 For the year ended 31 December 2013

The Bank									
Other reserves									
	Issued and paid-up share capital	Share premium	Revaluation surplus (deficit) on assets	Revaluation surplus (deficit) on change in value of investments	Income tax relating to components of other comprehensive income (expense)	Total other reserves	Legal reserve	Retained earnings (deficits)	Total
Note	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2013	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	-	1,360,971,071	187,500,000	3,628,338,231	19,586,986,745
Impact of the adoption of TAS12 Income Tax	6	-	-	-	(272,194,214)	(272,194,214)	-	1,051,551,350	779,357,136
Restated balance	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	(272,194,214)	1,088,776,857	187,500,000	4,679,889,581	20,366,343,881
Dividend paid	-	-	-	-	-	-	-	(105,424,390)	(105,424,390)
Total comprehensive income (expenses) for the year	-	-	(35,525,049)	(167,876,846)	40,680,379	(162,721,516)	-	1,282,412,729	1,119,691,213
Appropriated - statutory reserve	26	-	-	-	-	-	84,500,000	(84,500,000)	-
Transfer to retained earnings	-	-	-	-	-	-	-	35,525,049	35,525,049
Balance as at 31 December 2013	10,542,439,013	3,867,738,430	1,119,425,797	38,143,379	(231,513,835)	926,055,341	272,000,000	5,807,902,969	21,416,135,753
Balance as at 1 January 2012	8,157,967,378	1,483,266,796	1,209,780,927	122,305,286	-	1,332,086,213	129,500,000	2,131,575,421	13,234,395,808
Impact of the adoption of TAS12 Income Tax	6	-	-	-	(266,417,243)	(266,417,243)	-	1,363,534,816	1,097,117,573
Restated balance	8,157,967,378	1,483,266,796	1,209,780,927	122,305,286	(266,417,243)	1,065,668,970	129,500,000	3,495,110,237	14,331,513,381
Total comprehensive income (expenses) for the year	-	-	(54,830,081)	83,714,939	(5,776,971)	23,107,887	-	1,188,325,211	1,211,433,098
Appropriated - statutory reserve	26	-	-	-	-	-	58,000,000	(58,000,000)	-
Increase in ordinary shares	-	2,384,471,635	-	-	-	-	-	-	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	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	(272,194,214)	1,088,776,857	187,500,000	4,679,889,581	20,366,343,881

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited

Statements of cash flow

For the year ended 31 December 2013

	Consolidated		The Bank	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit before corporate income tax from continuing operations	1,407,442,182	1,614,084,506	1,184,489,339	1,500,308,677
Profit before corporate income tax from discontinued operations	-	54,148,490	-	-
Profit before corporate income tax including discontinued operations	1,407,442,182	1,668,232,996	1,184,489,339	1,500,308,677
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:				
Depreciation and amortisation	519,559,724	538,242,670	488,984,750	502,120,624
Bad debts and doubtful accounts	2,743,502,819	1,401,239,204	2,367,200,000	1,149,680,132
Reversal of provision for off-balance sheet items	-	(22,348,819)	-	(22,348,819)
Share-based payment	1,769,440	967,896	1,769,440	967,896
Provision for liabilities	12,616,384	118,348,000	6,861,348	108,556,204
Losses on impairment of properties for sale	57,552,298	15,346,473	649,137	-
Losses on impairment of investments	8,983,625	1,081,752	8,983,625	1,081,752
Gain from liquidating a subsidiary	(104,314,627)	-	-	-
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	(1,100,714,818)	(1,344,454,913)	(1,100,714,818)	(1,344,454,913)
Unrealised losses (gains) on exchange and derivatives	745,928,080	(153,673,494)	745,928,080	(153,673,494)
Realised gains of exchange rate on investments	-	(37,648,000)	-	(37,648,000)
Losses (gains) on properties for sale	390,527,419	185,325,840	(27,627,848)	(6,743,207)
Unrealised gains on revaluation of investments	(23,953,281)	(8,991,029)	(23,953,281)	(8,963,088)
Gains on sale of investments	(348,446,867)	(224,250,866)	(348,446,867)	(152,012,021)
Gains on disposal of premises and equipment	(2,026,556)	(10,980,604)	(559,287)	(9,488,057)
Losses from write off premises and equipment	8,214,659	7,968,009	8,195,290	7,968,001
Losses from write off intangible assets	69,751	-	69,751	-
Losses (gains) on financial liabilities designated at fair value through profit or loss	100,799,433	(12,947,014)	100,799,433	(12,947,014)
Interest and dividend income	(12,542,854,103)	(10,285,041,125)	(11,194,614,158)	(9,322,150,894)
Interest expenses	5,060,610,547	4,332,373,659	5,003,858,121	4,290,280,306
Losses from operations before changes in operating assets and liabilities	(3,064,733,891)	(3,831,209,365)	(2,778,127,945)	(3,509,465,915)
(Increase) decrease in operating assets				
Interbank and money market items	(23,378,446,731)	(5,832,814,394)	(23,365,268,593)	(5,545,325,706)
Investments held for trading	(6,898,913,712)	(1,028,926,993)	(6,898,913,712)	(1,065,166,892)
Loans	(34,137,352,601)	(23,123,489,021)	(32,429,988,385)	(21,119,329,582)
Properties for sale	774,818,519	576,407,245	185,732,272	116,311,057
Other assets	(2,434,808,243)	(223,824,872)	(2,345,881,728)	(106,936,568)
Increase (decrease) in operating liabilities				
Deposits	16,999,086,155	34,077,402,623	16,987,955,452	33,993,378,250
Interbank and money market items	33,556,589,183	6,513,683,956	33,881,789,183	5,800,666,710
Liability payable on demand	159,437,957	201,328,153	159,437,957	201,328,153
Short-term borrowings	11,458,977,283	(15,693,777,588)	11,458,977,283	(15,693,777,588)
Provisions	(40,528,200)	(136,870,821)	(40,913,185)	(134,056,604)
Other liabilities	1,699,091,037	820,173,128	1,606,075,332	216,948,965
Cash flows used in operating activities	(5,306,783,244)	(7,681,917,949)	(3,579,126,069)	(6,845,425,720)
Cash received from interest income	10,829,931,549	8,845,212,196	9,478,055,847	7,845,520,878
Cash paid for interest expenses	(5,001,602,921)	(4,414,181,572)	(4,945,239,603)	(4,374,900,719)
Net cash paid for income tax	(78,062,755)	(75,537,258)	-	-
Net cash flows provided by (used in) operating activities	443,482,629	(3,326,424,583)	953,690,175	(3,374,805,561)

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
Statements of cash flow (Cont'd)
For the year ended 31 December 2013

	Consolidated		The Bank	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(24,915,408,473)	(15,567,499,365)	(24,915,408,473)	(15,567,499,365)
Proceeds from disposals of available-for-sale securities	8,892,314,510	11,965,926,585	8,892,314,510	11,965,926,585
Proceeds from maturity of available-for-sale securities	4,137,000,000	278,000,000	4,137,000,000	278,000,000
Cash paid for purchases of held to maturity securities	(3,218,057,523)	(9,116,832,910)	(3,218,057,523)	(9,116,832,910)
Proceeds from maturity of held to maturity securities	8,984,528,846	5,539,930,576	8,984,528,846	5,539,930,576
Cash paid for increase in capital of subsidiaries	-	(139,766,600)	(550,000,000)	(169,783,267)
Proceeds from disposals of investment in subsidiaries	-	1,117,600,000	-	1,117,600,000
Proceeds from repayment of investment in receivable	25,369,250	340,304,845	25,369,250	340,304,845
Proceeds from disposals of general investments	22,812,416	16,868,875	22,812,416	16,868,875
Proceeds from decrease in capital of general investments	31,245,000	41,525,891	31,245,000	41,525,891
Proceeds from liquidating of subsidiary	247,704,030	-	247,704,030	-
Cash paid for purchases of premises and equipment	(225,058,189)	(295,444,987)	(185,015,798)	(255,286,146)
Proceeds from disposals of premises and equipment	10,134,870	37,914,628	7,002,743	34,841,137
Cash paid for purchases of intangible assets	(38,945,913)	(81,546,543)	(37,347,083)	(75,450,886)
Proceeds from disposals of intangible assets	12,712,220	-	12,712,220	-
Dividend received	166,554,836	116,881,772	166,554,836	150,347,332
Interest received	1,408,836,817	1,000,791,553	1,408,836,817	1,000,791,553
Net cash flows used in investing activities	(4,458,257,303)	(4,745,345,680)	(4,969,748,209)	(4,698,715,780)
Cash flows from financing activities				
Dividend paid	(105,424,390)	128,592,160	(105,424,390)	-
Proceeds from issuing subordinate debentures	-	3,000,000,000	-	3,000,000,000
Cash paid for redemption of subordinated debentures	-	(1,230,000,000)	-	(1,230,000,000)
Proceeds from issuance of structured bills of exchange and debentures	5,614,000,000	1,544,075,280	5,614,000,000	1,544,075,280
Cash paid for redemption of structured bills of exchange and debentures	(1,298,000,000)	-	(1,298,000,000)	-
Cash received from capital increase	-	4,639,203,929	-	4,768,943,269
Net cash flows provided by financing activities	4,210,575,610	8,081,871,369	4,210,575,610	8,083,018,549
Net increase in cash and cash equivalents	195,800,936	10,101,106	194,517,576	9,497,208
Cash and cash equivalents at beginning of the year	3,132,947,660	3,122,846,554	3,130,139,363	3,120,642,155
Cash and cash equivalents at the end of the year	3,328,748,596	3,132,947,660	3,324,656,939	3,130,139,363
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipments	2,493,469	1,714,699	2,493,469	581,470
Payable from purchase intangible assets	9,253,569	17,257,811	9,253,569	17,257,811
Properties for sale received from premises and equipment	34,067,000	-	34,067,000	18,140,691
Write-off promissory notes to offset with gain sharing from Thai Asset Management Corporation	108,197,837	-	108,197,837	-

The accompanying notes to the consolidated and bank financial statements from page 11 to 98 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Bank Financial Statements
For the year ended 31 December 2013

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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 Company’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 consolidated and bank financial statements were authorised by the Board of Directors on 26 February 2014.

2 Accounting policies

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

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 9.7 and 40 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 (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 New/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Company are:

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes is provided in Note 2.23 and the significant impact to the Group are described in Note 6.

TAS 21 (Revised 2009) requires the Group to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Company assessed and concluded that Thai Baht is the Company's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.17.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.25. The impact to the Group in applying TFRS 8 is only on a disclosure.

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group:

a) Revised accounting and financial reporting standards which are effective for the periods beginning on or after 1 January 2014

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee benefits
TAS 21 (Revised 2012)	The Effects of changes in foreign exchange rates
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group: (Cont'd)

a) Revised accounting and financial reporting standards which are effective for the periods beginning on or after 1 January 2014 (Cont'd)

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2011. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group: (Cont'd)

a) Revised accounting and financial reporting standards which are effective for the periods beginning on or after 1 January 2014 (Cont'd)

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Group.

TFRS 3 (revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. This standard has no impact to the Group.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group: (Cont'd)

b) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) which are effective for the periods beginning on or after 1 January 2014

TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under TAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Web site costs

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. TFRIC 4 is not relevant to the Group's operations.

TFRIC 5 provides guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. TFRIC 5 is not relevant to the Group's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. TFRIC 7 is not relevant to the Group's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC12 is not relevant to the Group's operations.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group: (Cont'd)

b) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) which are effective for the periods beginning on or after 1 January 2014
(Cont'd)

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. TFRIC 13 is not relevant to the Group's operations.

TFRIC 17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. This interpretation has no impact to the Group.

TFRIC 18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. This interpretation has no impact to the Group.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets". This interpretation has no impact to the Group.

c) New accounting standard which is effective for the periods beginning on or after 1 January 2016

TFRS 4 Insurance Contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

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 settlement 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.

2 Accounting policies (Cont'd)

2.3 Revenue recognition (Cont'd)

(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.

(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.

2 Accounting policies (Cont'd)

2.5 Investments (Cont'd)

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.

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 9.7 to the financial statements.

2 Accounting policies (Cont'd)

2.9 Loans/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 the Bank of Thailand's guidelines. In addition, the Bank takes into consideration the relationship of risks involved, value of collateral and the status of individual 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 hire-purchase receivables

Hire-purchase receivables are stated at net realisable value from the contractual amounts net of unearned hire-purchase income.

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

2.10 Troubled debt restructuring and 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 properties for-sale in total.

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

2 Accounting policies (Cont'd)

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.

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 the statements of comprehensive income.

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 years 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.

2 Accounting policies (Cont'd)

2.13 Intangible assets (Cont'd)

(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.

2.14 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

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

2 Accounting policies (Cont'd)

2.17 Foreign currency translation (Cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

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 the statements of comprehensive income.

(b) Hedging transactions

The Bank measures derivatives classified as hedging transactions according to the natures of items being hedged. The Bank designates certain derivatives as either:

(1) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(2) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. Amount accumulated in equity are recycled to the statement of comprehensive income in the periods in which the hedged item will affect the statements of comprehensive income.

(3) Net investment hedge

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges.

At the inception of the hedge, the Bank documents the relationship between hedging instruments and hedged items, as well as their risk management objective. The Bank also assesses the hedge effectiveness in offsetting changes in fair values or cash flows of hedged items on an ongoing basis both at the hedge inception and every financial reporting date.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 48 to the financial statements.

2 Accounting policies (Cont'd)

2.19 Embedded derivatives

The Bank records embedded derivatives in compliance with the Bank of Thailand's Notification as follows:

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

2.20 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, Day 1 Profit from fair value will be amortised as income using straight-line method 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.

2.21 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.

The liability in respect of employee's benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the statements of income is determined by the corridor approach in accordance with TAS 19 and is recognised as income or expense over the expected average remaining service lives of the related employees participating in the defined benefit plan.

2 Accounting policies (Cont'd)

2.22 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.

2.23 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Bank's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Share based payment

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 Holdings 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.

2 Accounting policies (Cont'd)

2.24 Share based payment (Cont'd)

At the end of each reporting period, the Bank sets up payment reserve as the proportion of time of the vesting period. The reserve presents as other liabilities.

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.

2.25 Segment reporting

Operating segments are presented in respect of the Group's business segments and reported to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Management Committee as its chief operating decision-maker.

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 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Market risk (Cont'd)

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 of financial assets and liabilities.

Interest rate risk arises from interest rate structure, 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.

3.1.2 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's 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 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

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.

3.2 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 28 to financial statement.

6 Impact of the adoption of TAS 12 Income Tax

The effect of the adoption of TAS 12 Income tax to the consolidated and bank statements of financial position of the Group as at 31 December 2012 and 1 January 2012 are as follows:

	Consolidated		The Bank	
	31 December 2012	1 January 2012	31 December 2012	1 January 2012
	Million Baht	Million Baht	Million Baht	Million Baht
Deferred tax assets increase	876	1,157	779	1,097
Other reserves decrease	(272)	(266)	(272)	(266)
Retained earnings increase	1,148	1,423	1,052	1,363

The effect of the adoption of TAS 12 Income tax to the consolidated and bank statements of comprehensive income for the year ended 31 December 2012 are as follows:

	For the year ended 31 December 2012	
	Consolidated Million Baht	The Bank Million Baht
Income tax expenses increase	275	312
Income tax relating to the components of other comprehensive income (expenses) decrease	(6)	(6)
Basic earnings per share increase (Baht per share)	0.02	0.01

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Bank Financial Statements
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7 Interbank and money market items, net (assets)

	Consolidated					
	2013			2012		
	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	3,829	-	3,829	2,239	-	2,239
Commercial banks	70	24,735	24,805	61	1,000	1,061
Other banks	6	2,000	2,006	9	4,300	4,309
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	684	1	685	-	1,352	1,352
Total domestic items	5,133	26,736	31,869	2,853	6,652	9,505
<u>Add</u> Accrued interest receivables	-	11	11	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(3)	(3)	-	(34)	(34)
Domestic items, net	5,133	26,744	31,877	2,853	6,619	9,472
Foreign:						
US dollar	1,067	137	1,204	555	-	555
Yen	54	-	54	20	-	20
Euro	191	151	342	19	-	19
Other currencies	79	-	79	62	-	62
Foreign items, net	1,391	288	1,679	656	-	656
Domestic and foreign items, net	6,524	27,032	33,556	3,509	6,619	10,128
	The Bank					
	2013			2012		
	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	3,829	-	3,829	2,239	-	2,239
Commercial banks	28	24,735	24,763	36	1,000	1,036
Other banks	1	2,000	2,001	-	4,300	4,300
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	684	1	685	-	1,352	1,352
Total domestic items	5,086	26,736	31,822	2,819	6,652	9,471
<u>Add</u> Accrued interest receivables	-	11	11	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(3)	(3)	-	(34)	(34)
Domestic items, net	5,086	26,744	31,830	2,819	6,619	9,438
Foreign:						
US dollar	1,067	137	1,204	555	-	555
Yen	54	-	54	20	-	20
Euro	191	151	342	19	-	19
Other currencies	79	-	79	62	-	62
Foreign items, net	1,391	288	1,679	656	-	656
Domestic and foreign items, net	6,477	27,032	33,509	3,475	6,619	10,094

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

As at 31 December 2013, the Bank had promissory notes of Baht 547 million (31 December 2012: 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 2012: 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. 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 at the statements of financial position date, such promissory notes avaled 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 2012: Baht 544 million).

8 Derivatives

8.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and the Bank					
	2013			2012		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	6,287	7,010	320,054	776	403	82,781
Interest rate	2,791	2,636	543,805	1,692	1,598	336,153
Commodity	7	7	322	-	-	-
Total	9,085	9,652	864,181	2,468	2,001	418,934

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

	Consolidated and the Bank	
	2013 Proportion	2012 Proportion
Financial institutions	87	80
Companies in group	11	15
External parties	2	5
Total	100	100

8 Derivatives (Cont'd)

8.2 Derivative for hedging

Fair value hedge

	Consolidated and the Bank					
	2013			2012		
	Fair value			Fair value		
	Asset	Liability	Notional	Asset	Liability	Notional
	Million	Million	amount	Million	Million	amount
	Baht	Baht	Million	Baht	Baht	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Interest rate	16	-	626	6	1	676
Total	16	-	626	6	1	676

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 2013 and 2012 can be summarised as follows:

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Gains on hedging instruments, net	9	4
Losses on hedged items, net	(9)	(4)

9 Investments, net

9.1 Classified by type of investment

	Consolidated and the Bank	
	2013	2012
	Fair value	Fair value
	Million Baht	Million Baht
Securities held for trading		
Government and state enterprises securities	9,011	2,929
Private sector debt securities	1,215	357
Total securities held for trading	10,226	3,286
Available-for-sale securities		
Government and state enterprises securities	23,494	10,962
Private sector debt securities	2,530	908
Domestic marketable equity securities	594	2,732
Total available-for-sales securities	26,618	14,602

9 Investments, net (Cont'd)

9.1 Classified by type of investment (Cont'd)

	Consolidated and the Bank	
	2013	2012
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	15,605	21,538
Promissory notes issued by Thai Asset Management Corporation	8	282
Private sector debt securities	604	321
Investments in receivables (Note 9.6)	153	178
Total	16,370	22,319
<u>Less</u> Allowance for impairment	(64)	(117)
Total held-to-maturity debt securities	16,306	22,202
	Cost	Cost
	Million Baht	Million Baht
General investments		
Domestic non-marketable equity securities	390	452
Overseas non-marketable equity securities	9	14
Total	399	466
<u>Less</u> Allowance for impairment	(224)	(233)
Total general investments	175	233
Investments, net	53,325	40,323

- (a) As at 31 December 2013, 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 49 to the financial statements) amounting to Baht 8 million (31 December 2012: Baht 282 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 and it is presented at its fair value of Baht 2,665 million, with the gain from revaluation amounting to Baht 165 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.

In December 2013, the Bank had redeemed an investment in the Vayupak Fund1 in the whole amount. Gain on redemption of Vayupak Fund 1 was Baht 271 million.

- (c) As at 31 December 2013 and 2012, the Bank had investments pledged as collateral, as mentioned in Note 43.1 to the financial statements.

9 Investments, net (Cont'd)

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

	Consolidated and the Bank							
	2013				2012			
	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	500	21,057	1,861	23,418	2,207	8,614	107	10,928
Private sector debt securities	39	2,282	200	2,521	188	414	299	901
Total	539	23,339	2,061	25,939	2,395	9,028	406	11,829
<u>Add</u> Allowance for revaluation	1	79	5	85	-	37	4	41
Available-for-sale securities, net	540	23,418	2,066	26,024	2,395	9,065	410	11,870
Held-to-maturity securities								
Government and state enterprises securities	3,855	10,688	1,062	15,605	8,563	11,815	1,160	21,538
Promissory notes issued by TAMC	-	8	-	8	282	-	-	282
Private sector debt securities	122	482	-	604	301	20	-	321
Total	3,977	11,178	1,062	16,217	9,146	11,835	1,160	22,141
<u>Less</u> Allowance for impairment	(1)	-	-	(1)	(55)	-	-	(55)
Held-to-maturity securities, net	3,976	11,178	1,062	16,216	9,091	11,835	1,160	22,086
Total debt securities	4,516	34,596	3,128	42,240	11,486	20,900	1,570	33,956

9.3 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	
	2013 Million Baht	2012 Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
<u>Less</u> Allowance for impairment	(12)	(12)
Investments representing shareholdings in which the Group hold more than 10%, net	10	10

9 Investments, net (Cont'd)

9.4 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			
	2013		2012	
	Cost	Fair value	Cost	Fair value
	Million Baht	Million Baht	Million Baht	Million Baht
General investments				
Investment in property funds	195	<u>190</u>	226	<u>223</u>
<u>Less</u> Allowance for revaluation	(2)		-	
<u>Less</u> Allowance for impairment	<u>(3)</u>		<u>(3)</u>	
General investments, net	<u>190</u>		<u>223</u>	

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

As at 31 December 2013 and 2012, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and the Bank							
	2013				2012			
	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)	-	50	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	1	(1)	-
	<u>70</u>	<u>43</u>	<u>(43)</u>	<u>-</u>	<u>70</u>	<u>43</u>	<u>(43)</u>	<u>-</u>

9.6 Investments in receivables

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Investments in receivables	153	178
<u>Less</u> Allowance for impairment	<u>(62)</u>	<u>(62)</u>
Investments in receivables, net	<u>91</u>	<u>116</u>

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9 Investments, net (Cont'd)

9.6 Investments in receivables (Cont'd)

As at 31 December 2013 and 2012, the outstanding balances of loan receivables can be summarised as follows:

	2013				2012			
	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 and 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	104	1,373	153	-	123	1,437	178	-

9.7 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		The Bank	
			2013 %	2012 %	Cost method	
					2013 Million Baht	2012 Million Baht
Subsidiaries - included in consolidated financial statements						
CT Coll Co., Ltd.	Debt collection	Common stock	100	100	38	38
Center Auto Lease Co., Ltd.	Leasing/hire-purchase	Common stock	100	100	1,203	703
World Lease Co., Ltd.	Hire-purchase and motorcycles motorcycle trading	Common stock	100	100	467	417
Subsidiary - not included in consolidated financial statements						
Krung Thai Thanakit Finance Plc.	In process of liquidation	Common stock	99	99	10	562
Total					1,718	1,720
<u>Less</u> Allowance for impairment					(383)	(687)
Investments in subsidiary, net					<u>1,335</u>	<u>1,033</u>

9 Investments, net (Cont'd)

9.7 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., a wholly owned subsidiary of CIMB Group Sdn Bhd.

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.

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.

An increase in registered capital of Center Auto Lease Co., Ltd.

On 27 June 2013 that the Board of Directors' meeting No. 7/2013 approved an increase in registered capital of Center Auto Lease Co., Ltd., from Baht 1,500 million to Baht 3,500 million. Center Auto Lease Co., Ltd. called for 25% paid-up capital and the Bank settled the increased capital of Baht 500 million on 23 July 2013. On 29 July 2013, Center Auto Lease Co., Ltd. registered the capital increase with the Ministry of Commerce.

A payback from Krung Thai Thanakit Finance Plc

On 20 September 2013, Krung Thai Thanakit Finance Plc's shareholder meeting approved a payback to shareholder 1,076,976,000 registered ordinary shares of Baht 0.2321 each, or a total of Baht 250 million. CIMB Thai's portion is 1,067,229,773 shares or Baht 248 million.

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10 Loans and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated		The Bank	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Bank overdrafts	7,547	7,209	7,564	7,216
Loans	111,508	85,242	114,441	90,253
Bills	35,333	34,537	46,943	39,228
Hire-purchase receivables	21,432	15,137	-	-
Others	35	35	16	16
Total loans	175,855	142,160	168,964	136,713
Valuation reserve from hedging	(11)	(7)	(11)	(7)
<u>Less</u> Deferred revenue	<u>(4,757)</u>	<u>(3,307)</u>	<u>(255)</u>	<u>(3)</u>
Total loans net of deferred revenue	171,087	138,846	168,698	136,703
<u>Add</u> Accrued interest receivables	<u>454</u>	<u>370</u>	<u>462</u>	<u>375</u>
Total loans net of deferred revenue and accrued interest receivables	171,541	139,216	169,160	137,078
<u>Less</u> Allowance for doubtful debts (Note 11)				
Minimum allowance for doubtful accounts required based on BOT's guidelines				
- Individual approach	(2,067)	(1,427)	(2,213)	(1,524)
- Collective approach	(496)	(408)	-	-
General provision for further losses	(2,701)	(1,561)	(2,701)	(1,561)
<u>Less</u> Revaluation allowance for debt restructuring (Note 12)	<u>(33)</u>	<u>(16)</u>	<u>(33)</u>	<u>(16)</u>
Loans and accrued interest receivables, net	166,244	135,804	164,213	133,977

10.2 Classified by currency and residency of debtors

	Consolidated					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	160,888	266	161,154	132,817	304	133,121
US dollar	5,019	1,313	6,332	4,000	1,531	5,531
Other currencies	3,601	-	3,601	194	-	194
Total loans net of deferred revenue	169,508	1,579	171,087	137,011	1,835	138,846
	The Bank					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	158,499	266	158,765	130,674	304	130,978
US dollar	5,019	1,313	6,332	4,000	1,531	5,531
Other currencies	3,601	-	3,601	194	-	194
Total loans net of deferred revenue	167,119	1,579	168,698	134,868	1,835	136,703

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10 Loans and accrued interest receivables, net (Cont'd)

10.3 Classified by types of business and loan classification

	Consolidated						Total Million Baht
	2013						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Securities and hire purchase receivables Million Baht	
Agricultural and mining	3,004	-	191	-	127	-	3,322
Manufacturing and commerce	51,761	2,415	189	701	653	-	55,719
Real estate and construction	15,005	786	-	20	64	-	15,875
Public utilities and services	19,312	1,530	3	141	552	-	21,538
Personal cash	8,397	429	245	2	121	-	9,194
Housing loans	35,122	517	311	206	659	-	36,815
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	16,930	16,930
Others	11,194	168	91	65	157	19	11,694
Total loans net of deferred revenue	143,795	5,845	1,030	1,135	2,333	16,949	171,087

	Consolidated						Total Million Baht
	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	
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

	The Bank						Total Million Baht
	2013						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht		
Agricultural and mining	3,004	-	191	-	127	3,322	
Manufacturing and commerce	51,761	2,415	189	701	653	55,719	
Real estate and construction	15,005	786	-	20	64	15,875	
Public utilities and services	19,312	1,530	3	141	552	21,538	
Personal cash	8,397	429	245	2	121	9,194	
Housing loans	35,122	517	311	206	659	36,815	
Others	25,754	168	91	65	157	26,235	
Total loans net of deferred revenue	158,355	5,845	1,030	1,135	2,333	168,698	

10 Loans and accrued interest receivables, net (Cont'd)

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

	The Bank					Total
	2012					
	Pass	Special	Sub-	Doubtful	Doubtful	
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
		Million Baht	Million Baht	Million Baht	Million Baht	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

10.4 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							
	2013			2012				
	Loans and		Allowance	Loans and		Allowance		
	accrued	Balance	provided	accrued	Balance	provided	in the	
	interest	after	in the	interest	after	in the	accounts	
	receivables	collateral ⁽¹⁾	accounts	receivables	collateral ⁽¹⁾	Minimum	Percentage	
	Million	Million	Million	Million	Million	Percentage	Percentage	
	Baht	Baht	Baht	Baht	Baht	%	%	
	Baht	Baht	Baht	Baht	Baht	%	%	
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	158,670	61,640	1	600	128,127	52,064	1	518
- Special mention	7,945	3,607	2	71	7,064	2,753	2	57
- Sub-standard	1,239	625	100	622	1,316	544	100	524
- Doubtful	1,281	628	100	583	478	194	100	198
- Doubtful-of-loss	2,406	685	100	687	2,231	489	100	538
- General provision for further losses				2,701				1,561
Total	171,541	67,185		5,264	139,216	56,044		3,396

(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.

10 Loans and accrued interest receivables, net (Cont'd)

10.4 Classification of loans (Cont'd)

	The Bank							
	2013				2012			
	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	158,745	61,721	1	616	127,608	51,564	1	512
- Special mention	5,911	1,573	2	30	5,780	1,468	2	29
- Sub-standard	1,036	469	100	469	1,120	383	100	383
- Doubtful	1,135	483	100	483	396	112	100	112
- Doubtful-of-loss	2,333	612	100	615	2,174	432	100	488
- General provision for further losses				2,701				1,561
Total	169,160	64,858		4,914	137,078	53,959		3,085

⁽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.

During the year, the Bank set aside additional provision of Baht 898 million (presented as a part of “general provision for further losses”) as a countercyclical buffer for its performing loan portfolio in accordance with the BOT’s direction.

As at 31 December 2013, there were defaulted loans amounting to Baht 4,172 million (31 December 2012: Baht 3,117 million) for which the Bank has ceased accrual of interest income on accrual basis.

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

As at 31 December 2013 and 2012, 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	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Current or overdue less than 1 installment	14,474	10,213	130	103
Overdue 2-3 installments	2,034	1,285	40	28
Overdue 4-6 installments	203	196	153	141
Overdue 7-12 installments	146	82	100	81
Overdue more than 12 installments	68	51	67	50
Debtors under litigation	5	5	5	5
Total	16,930	11,832	495	408

10 Loans and accrued interest receivables, net (Cont'd)

10.5 Non-performing loans

As at 31 December 2013 and 2012, 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	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
Banking business	4,498	3,678	4,498	3,678
Other businesses	421	334	-	-

As at 31 December 2013 and 2012, 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.

10.6 Hire-purchase and finance lease receivables

As at 31 December 2013, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 16,435 million (31 December 2012: Baht 11,424 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				
	2013				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	6,648	13,542	691	551	21,432
<u>Less</u> Unearned finance income	(1,534)	(2,668)	(170)	(130)	(4,502)
Present value of minimum lease payments receivable	5,114	10,874	521	421	16,930
<u>Less</u> Allowance for doubtful accounts					(495)
Net receivables under hire-purchase agreements and financial leases					<u>16,435</u>
	Consolidated				
	2012				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	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>

10 Loans and accrued interest receivables, net (Cont'd)

10.7 Troubled debt restructuring

As at 31 December 2013 and 2012, 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	
	2013	2012
Number of debtors	2,081	1,970
Debt balances (Million Baht)	2,674	2,407

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

	Consolidated and the Bank		
	2013		
	Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht
Modification of terms of payments	2,080	2,291	2,291
Debt restructuring in various forms	1	383	168
Total	2,081	2,674	2,459

	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

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					
	2013			2012		
	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	188	1,483	1,268	481	814	704
5 - 10 years	1,733	802	802	1,419	743	743
10 - 15 years	29	122	122	19	595	595
More than 15 years	131	267	267	50	116	116
Total	2,081	2,674	2,459	1,969	2,268	2,158

10 Loans and accrued interest receivables, net (Cont'd)

10.7 Troubled debt restructuring (Cont'd)

Supplemental information relating to the restructured debts for the years ended 31 December 2013 and 2012 are as follows:

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Loss on debt restructuring	18	39
Interest income	269	238

As at December 2013 and 2012, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and the Bank	
	2013	2012
Number of debtors	6,876	6,928
Debt balances after restructuring (Million Baht)	3,224	2,819

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 2013, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 33 million (31 December 2012: Baht 16 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

In addition, as at 31 December 2013, the Bank may have to realise additional losses of about Baht 0.4 million (31 December 2012: 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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11 Allowance for doubtful debts

	Consolidated								
	2013								
	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	Hire- purchase receivables Million Baht	Grand total Million Baht
Balance as at 1 January 2013	415	29	383	112	488	1,561	2,988	408	3,396
<u>Add</u> Addition during the year	-	-	-	-	-	2,367	2,367	424	2,791
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
Transfer from interbank and money market	-	-	-	-	-	30	30	-	30
Reversal of bad debts	-	-	-	-	-	86	86	-	86
<u>Less</u> Bad debts written off	-	(20)	(498)	(51)	(63)	(5)	(637)	(337)	(974)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(24)	(24)	-	(24)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific change in classification,	56	21	584	422	190	(1,321)	(48)	-	(48)
Balance as at 31 December 2013	<u>471</u>	<u>30</u>	<u>469</u>	<u>483</u>	<u>615</u>	<u>2,701</u>	<u>4,769</u>	<u>495</u>	<u>5,264</u>
	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	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 classified as held-for-sale	-	-	-	-	-	-	-	(24)	(24)
Balance as at 31 December 2012	<u>415</u>	<u>29</u>	<u>383</u>	<u>112</u>	<u>488</u>	<u>1,561</u>	<u>2,988</u>	<u>408</u>	<u>3,396</u>

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11 Allowance for doubtful debts (Cont'd)

	The Bank						
	2013						
	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 2013	512	29	383	112	488	1,561	3,085
<u>Add</u> Addition during the year	-	-	-	-	-	2,367	2,367
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	7	7
Transfer from interbank and money market	-	-	-	-	-	30	30
Reversal of bad debts	-	-	-	-	-	86	86
<u>Less</u> Bad debts written off	-	(20)	(498)	(51)	(63)	(5)	(637)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(24)	(24)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific provision	104	21	584	422	190	(1,321)	-
Balance as at 31 December 2013	<u>616</u>	<u>30</u>	<u>469</u>	<u>483</u>	<u>615</u>	<u>2,701</u>	<u>4,914</u>

	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	<u>512</u>	<u>29</u>	<u>383</u>	<u>112</u>	<u>488</u>	<u>1,561</u>	<u>3,085</u>

12 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Balance - beginning of the year	16	11
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	24	12
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(7)	(7)
Balance - end of the year	<u>33</u>	<u>16</u>

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

13 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 2013 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2013 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,012	224	(216)	2,020
Movable	71	1,124	(1,007)	188
Total	2,083	1,348	(1,223)	2,208
Others	18	34	(18)	34
Total properties for sale	2,101	1,382	(1,241)	2,242
<u>Less</u> Allowance for impairment	(525)	(155)	144	(536)
Properties for sale, net	<u>1,576</u>	<u>1,227</u>	<u>(1,097)</u>	<u>1,706</u>
	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	<u>1,484</u>	<u>829</u>	<u>(737)</u>	<u>1,576</u>

13 Properties for sale, net (Cont'd)

	The Bank			As at 31 December 2013 Million Baht
	As at 1 January 2013 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,012	224	(216)	2,020
Total	2,012	224	(216)	2,020
Others	18	34	(18)	34
Total properties for sale	2,030	258	(234)	2,054
<u>Less</u> Allowance for impairment	(503)	(1)	48	(456)
Properties for sale, net	<u>1,527</u>	<u>257</u>	<u>(186)</u>	<u>1,598</u>

	The Bank			As at 31 December 2012 Million Baht
	As at 1 January 2012 Million Baht	Additions Million Baht	Disposals 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	<u>1,461</u>	<u>197</u>	<u>(131)</u>	<u>1,527</u>

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. 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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14 Premises and equipment, net

	Consolidated											
	Cost/appraisal value					Accumulated depreciation						
	As at 1 January 2013 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2013 Million Baht	As at 1 January 2013 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2013 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	552	-	(8)	-	544	-	-	-	-	-	-	544
Revaluation surplus (revaluation in 2011)	853	-	(20)	-	833	-	-	-	-	-	-	833
Devaluation of asset (revaluation in 2011)	(38)	-	-	-	(38)	-	-	-	-	-	-	(38)
Buildings												
Cost	2,004	11	(35)	-	1,980	(1,038)	(92)	29	-	(1,101)	-	879
Revaluation surplus (revaluation in 2011)	1,947	-	(12)	-	1,935	(1,660)	(27)	10	-	(1,677)	-	258
Devaluation of asset (revaluation in 2011)	(90)	-	11	-	(79)	69	4	(9)	-	64	-	(15)
Equipment	3,169	215	-	(35)	3,349	(2,224)	(281)	-	19	(2,486)	(14)	849
Assets under installation and/or construction	38	59	-	(58)	39	-	-	-	-	-	-	39
Total	8,435	285	(64)	(93)	8,563	(4,853)	(396)	30	19	(5,200)	(14)	3,349

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14 Premises and equipment, net (Cont'd)

	Consolidated															
	Cost/appraisal value					Accumulated depreciation									Allowance for impairment Million Baht	Net book value 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	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				
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	-	-	-	-	-	-	-	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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14 Premises and equipment, net (Cont'd)

	The Bank												
	Cost/appraisal value				Accumulated depreciation							Allowance for impairment Million Baht	Net book value Million Baht
	As at 1 January 2013 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2013 Million Baht	As at 1 January 2013 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2013 Million Baht			
Land													
Cost	552	-	(8)	-	544	-	-	-	-	-	-	544	
Revaluation surplus (revaluation in 2011)	853	-	(20)	-	833	-	-	-	-	-	-	833	
Devaluation of asset (revaluation in 2011)	(38)	-	-	-	(38)	-	-	-	-	-	-	(38)	
Buildings													
Cost	2,003	12	(35)	-	1,980	(1,037)	(93)	29	-	(1,101)	-	879	
Revaluation surplus (revaluation in 2011)	1,947	-	(12)	-	1,935	(1,660)	(27)	10	-	(1,677)	-	258	
Devaluation of asset (revaluation in 2011)	(90)	-	11	-	(79)	69	4	(9)	-	64	-	(15)	
Equipment	3,013	182	-	(30)	3,165	(2,128)	(253)	-	15	(2,366)	(14)	785	
Assets under installation and/or construction	23	53	-	(58)	18	-	-	-	-	-	-	18	
Total	8,263	247	(64)	(88)	8,358	(4,756)	(369)	30	15	(5,080)	(14)	3,264	

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14 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 year 2011)	877	-	-	(15)	(9)	853	-	-	-	-	-	-	-	853
Devaluation of asset (revaluation in year 2011)	(38)	-	-	-	-	(38)	-	-	-	-	-	-	-	(38)
Buildings														
Cost	1,994	-	19	(9)	(1)	2,003	(949)	-	(97)	8	1	(1,037)	-	966
Revaluation surplus (revaluation in year 2011)	1,082	872	-	(6)	(1)	1,947	(748)	(872)	(45)	5	-	(1,660)	-	287
Devaluation of asset (revaluation in year 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	-	-	-	-	-	-	-	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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15 Intangible assets, net

	Amortising period	Consolidated				As at
		As at 1 January 2013 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Amortisation Million Baht	31 December 2013 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	58	21	(29)	-	50
Computer software	5 - 10 years	370	24	15	(118)	291
Licence fee	5 years	-	3	-	(1)	2
Total		428	48	(14)	(119)	343
Less Allowance for impairment		-				-
Net intangible assets		428				343

	Amortising period	Consolidated				As at	
		As at 1 January 2012 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Amortisation Million Baht	Written off Million Baht	31 December 2012 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	109	44	(87)	-	(8)	58
Computer software	5 - 10 years	359	55	87	(116)	(15)	370
Licence fee	5 years	3	-	-	(2)	(1)	-
Total		471	99	-	(118)	(24)	428
Less Allowance for impairment		-					-
Net intangible assets		471					428

	Amortising period	The Bank				As at
		As at 1 January 2013 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Amortisation Million Baht	31 December 2013 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	58	21	(29)	-	50
Computer software	5 - 10 years	364	23	15	(117)	285
Licence fee	5 years	-	3	-	(1)	2
Total		422	47	(14)	(118)	337
Less Allowance for impairment		-				-
Net intangible assets		422				337

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15 Intangible assets, net (Cont'd)

	Amortising period	The Bank				As at 31 December 2012 Million Baht
		As at 1 January 2012 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Amortisation 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	(113)	364
Licence fee	5 years	1	-	-	(1)	-
Total		443	93	-	(114)	422
Less Allowance for impairment		-				-
Net intangible assets		443				422

16 Deferred income taxes

The gross movement of deferred income tax account is as follows:

	Consolidated		The Bank	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Beginning of the year	876	1,157	779	1,097
Credited to profit or loss	132	(275)	98	(312)
Tax charged/(credited) directly to equity	41	(6)	41	(6)
End of the year	1,049	876	918	779

The movement in deferred tax assets and liabilities during the period is as follows:

	Consolidated			
	Provision Million Baht	Tax losses Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax assets				
At 1 January 2013	270	335	544	1,149
Charged/(credited) to profit or loss	1	(240)	371	132
Charged directly to equity	-	-	19	19
At 31 December 2013	271	95	934	1,300
At 1 January 2012	263	556	609	1,428
Charged/(credited) to the income statement	7	(221)	(61)	(275)
Credited directly to equity	-	-	(4)	(4)
At 31 December 2012	270	335	544	1,149

16 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the period is as follows: (Cont'd)

	Consolidated			
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Total Million Baht	
Deferred tax liabilities				
At 1 January 2013	42	231	273	
Charged/(credited) to profit or loss	-	-	-	
Charged directly to equity	(15)	(7)	(22)	
At 31 December 2013	<u>27</u>	<u>224</u>	<u>251</u>	
At 1 January 2012	29	242	271	
Charged/(credited) to the income statement	-	-	-	
Credited directly to equity	13	(11)	2	
At 31 December 2012	<u>42</u>	<u>231</u>	<u>273</u>	
	The Bank			
	Provision Million Baht	Tax losses Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax assets				
At 1 January 2013	270	335	447	1,052
Charged/(credited) to profit or loss	1	(240)	337	98
Charged directly to equity	-	-	19	19
As at 31 December 2013	<u>271</u>	<u>95</u>	<u>803</u>	<u>1,169</u>
At 1 January 2012	263	556	549	1,368
Charged/(credited) to the income statement	7	(221)	(98)	(312)
Credited directly to equity	-	-	(4)	(4)
At 31 December 2012	<u>270</u>	<u>335</u>	<u>447</u>	<u>1,052</u>
	The Bank			
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Total Million Baht	
Deferred tax liabilities				
At 1 January 2013	42	231	273	
Charged/(credited) to profit or loss	-	-	-	
Charged directly to equity	(15)	(7)	(22)	
As at 31 December 2013	<u>27</u>	<u>224</u>	<u>251</u>	
At 1 January 2012	29	242	271	
Charged/(credited) to the income statement	-	-	-	
Credited directly to equity	13	(11)	2	
At 31 December 2012	<u>42</u>	<u>231</u>	<u>273</u>	

16 Deferred income taxes (Cont'd)

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of Baht 483 million (31 December 2012: Baht 8,525 million), to carry forward against future taxable income; these tax losses will expire in 2014.

17 Other assets, net

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million baht	Million Baht	Million baht	Million Baht
Accrued interest and dividend receivables	447	406	447	406
Credit support assets on derivatives	2,798	390	2,798	390
Leasehold rights	9	12	9	12
Advances	19	16	17	16
Others assets awaiting account transfer	164	265	164	265
Commission receivables	55	18	55	18
Withholding tax receivable	91	150	89	133
Marginal deposits	120	60	113	54
Account receivable revenue department	64	49	-	-
Prepaid expenses	59	55	54	51
Others	231	153	96	96
Total	4,057	1,574	3,842	1,441
<u>Less</u> Allowance for impairment	(36)	(36)	(36)	(36)
Other assets, net	4,021	1,538	3,806	1,405

18 Deposits

18.1 Classified by type of deposits

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
At call	2,082	1,893	2,084	1,905
Savings	46,046	40,157	46,158	40,285
Fixed	100,152	92,208	100,178	92,219
Negotiable certificate of deposit	3,853	876	3,853	876
Total deposits	152,133	135,134	152,273	135,285

18 Deposits (Cont'd)

18.2 Classified by currency and residency of depositors

	Consolidated					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	150,307	1,345	151,652	130,135	1,036	131,171
US dollar	476	-	476	3,950	-	3,950
Other currencies	5	-	5	13	-	13
Total	150,788	1,345	152,133	134,098	1,036	135,134

	The Bank					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	150,447	1,345	151,792	130,286	1,036	131,322
US dollar	476	-	476	3,950	-	3,950
Other currencies	5	-	5	13	-	13
Total	150,928	1,345	152,273	134,249	1,036	135,285

19 Interbank and money market items (liabilities)

	Consolidated					
	2013			2012		
	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	-	475	475	-	612	612
Commercial banks	89	37,069	37,158	42	4,250	4,292
Other banks	125	1,300	1,425	119	1,000	1,119
Finance, finance and securities, securities, and credit foncier companies	1,957	912	2,869	1,614	306	1,920
Other financial institutions	761	237	998	587	1,260	1,847
Total domestic items	2,932	39,993	42,925	2,362	7,428	9,790
Foreign:						
US dollar	469	802	1,271	213	-	213
Other currencies	603	67	670	783	524	1,307
Total foreign items	1,072	869	1,941	996	524	1,520
Total domestic and foreign items	4,004	40,862	44,866	3,358	7,952	11,310

19 Interbank and money market items (liabilities) (Cont'd)

	The Bank					
	2013			2012		
	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	-	475	475	-	612	612
Commercial banks	89	36,444	36,533	42	3,300	3,342
Other banks	125	1,300	1,425	119	1,000	1,119
Finance, finance and securities, securities, and credit foncier companies	1,957	912	2,869	1,614	306	1,920
Other financial institutions	761	237	998	587	1,260	1,847
Total domestic items	2,932	39,368	42,300	2,362	6,478	8,840
Foreign:						
US dollar	469	802	1,271	213	-	213
Other currencies	603	67	670	783	524	1,307
Total foreign items	1,072	869	1,941	996	524	1,520
Total domestic and foreign items	4,004	40,237	44,241	3,358	7,002	10,360

20 Financial liabilities designated at fair value through profit or loss

	Consolidated and the Bank	
	2013 Million Baht	2012 Million Baht
Debentures	5,000	1,232
Bills of Exchange	857	303
Total	5,857	1,535

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

	Consolidated and the Bank	
	2013 Proportion	2012 Proportion
Financial institutions	14	20
External parties	86	80
Total	100	100

Financial liabilities designated at fair value through profit or loss are bills of exchange and debentures which will mature in 11 and 5 years respectively with embedded callable range accrual swap. The bills of exchange bear interest rate at 6.1% per annum with a payment of interest every six months. The debentures bear interest rate at between 0-5.2% per annum variable to reference index of THBFIX 6 month 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, the parent company.

In addition, the Bank issued accreting structured bills of exchange embedded interest rate swap with predetermined return rate and conditions. The maturity date is between 10-15 years. They bear interest rate at between 3.96-5.12% per annum. The Bank entered into interest rate swaps with other parties.

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21 Debt issued and borrowings

	Consolidated and the Bank					
	2013			2012		
	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	62	2,525	2,587	-	2,566	2,566
Short term debentures						
Short term debentures maturing in 2013, coupon rate of 2.76% - 2.95% per annum	-	-	-	6,552	-	6,552
Short term debentures maturing in 2014, coupon rate of 2.44% - 2.99% per annum	20,702	-	20,702	-	-	-
Subordinated debentures						
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Subordinated debentures of Baht 3,000 million, maturing in 2021	3,000	-	3,000	2,322	678	3,000
Subordinated debentures of Baht 3,000 million, maturing in 2022	3,000	-	3,000	3,000	-	3,000
Structured debentures						
Structured debentures	108	-	108	-	-	-
	<u>27,416</u>	<u>2,525</u>	<u>29,941</u>	<u>12,418</u>	<u>3,244</u>	<u>15,662</u>
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 2.47% - 2.95% per annum	4,265	-	4,265	-	-	-
Bill of exchange maturing at call, coupon rate of 2.65% - 2.75% per annum	-	-	-	2,507	-	2,507
Bill of exchange maturing in 2013, coupon rate of 2.45% - 3.45% per annum	-	-	-	8,057	-	8,057
Bill of exchange maturing in 2014, coupon rate of 2.00 - 2.75% per annum	3,501	-	3,501	-	-	-
	<u>7,766</u>	<u>-</u>	<u>7,766</u>	<u>10,564</u>	<u>-</u>	<u>10,564</u>
Total	<u>35,182</u>	<u>2,525</u>	<u>37,707</u>	<u>22,982</u>	<u>3,244</u>	<u>26,226</u>
Less Current portion of long-term borrowings	(29,120)	-	(29,120)	(17,660)	-	(17,660)
Long-term borrowings, net	<u>6,062</u>	<u>2,525</u>	<u>8,587</u>	<u>5,322</u>	<u>3,244</u>	<u>8,566</u>

- (a) As at 31 December 2013, the Bank had domestic subordinated debentures of Baht 544 million (31 December 2012: Baht 544 million) which had been transferred to the Bank since the merger date.
- (b) 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.

- (c) 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.

21 Debt issued and borrowings (Cont'd)

- (d) 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.

- (e) As at 31 December 2013, Bank had short term debentures of Baht 20,702 million (31 December 2012: Baht 6,552 million) with fixed interest rates, interest will be paid on maturity date.
- (f) During the year 2013, the Bank issued various unsecured structured debentures not designated at fair value through profit or loss amounted to Baht 108 million with embedded FX digital option (bullish CNH against USD). The structured debentures will mature in 6 months from respective issuance dates. The Bank will pay 6% per annum at maturity if USD/CNH spot fixing rate on observation date fall below or equal to 99.5% of initial USD/CNH spot fixing rate. In addition, the Bank will pay 0% per annum at maturity if USD/CNH spot fixing rate on observation date is higher than 99.5% of initial USD/CNH spot fixing rate. Investors have the option to early redeem the above structured debentures at market price after 3 months from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.

22 Provisions

	Consolidated		The Bank	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Provision for contingent loss from legal cases	35	36	35	36
Reserve for off-statements of financial position items	282	282	282	282
Provision for employee benefits	1,065	1,092	1,036	1,069
Provision for putback option of sold debtors	20	20	20	20
Total provisions	1,402	1,430	1,373	1,407

Provision for employee benefits

As at 31 December 2013, the pension benefits were only provided to 491 employees (31 December 2012: 514 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	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Present value of post-employment benefit obligations	1,065	1,092	1,036	1,069
Provision for employee benefits	1,065	1,092	1,036	1,069

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22 Provisions (Cont'd)

Movements of provision for pension funds are as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance before adjusted	1,092	1,058	1,069	1,007
Sale investment in subsidiary	-	(32)	-	-
Beginning balance after adjustment	1,092	1,026	1,069	1,007
Current service costs	20	80	15	75
Interest costs	9	35	8	34
<u>Less</u> Pension benefits paid for the year	(56)	(49)	(56)	(47)
Ending balance	1,065	1,092	1,036	1,069

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

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	20	80	15	75
Interest costs	9	35	8	34
Total	29	115	23	109

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

	For the years ended 31 December	
	2013	2012
Discount rate	4.0%	3.5%
Salary increase rate	5%	5%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2008	75.00% of Thai Mortality Ordinary Table 2008
Disability rate	10% of pre-retirement mortality rate	10% of pre-retirement mortality rate
Pre-retirement withdrawal rate	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees: 75% of Thai Withdrawal Table	from Thai Withdrawal Table
Retirement age	60 years old	60 years old

23 Other liabilities

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Credit support liabilities on derivatives	1,618	395	1,618	395
Amount due to Department of Alternative Energy Development and Efficiency	398	519	398	519
Other liabilities awaiting accounts transfer	799	366	799	366
Accrued interest	767	599	767	599
Deferred commission	291	340	291	340
Accrued expense	1,144	956	1,036	870
Others	636	626	372	396
Total	5,653	3,801	5,281	3,485

24 Share capital

	Consolidated and the Bank			
	2013		2012	
	Number	Amount	Number	Amount
	Million shares	Million Baht	Million shares	Million Baht
Registered				
Beginning of the year				
- Ordinary shares	26,106	13,053	16,316	8,158
Increase of registered capital	-	-	9,790	4,895
End of the year	26,106	13,053	26,106	13,053
Issued and paid up				
Beginning of the year				
- Ordinary shares	21,085	10,542	16,316	8,158
Issurance of new share	-	-	4,769	2,384
End of the year	21,085	10,542	21,085	10,542

On 12 April 2012, the Annual General Meeting of Shareholders No.18 approved an increase in the registered capital of the Bank from Baht 8,158 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.

25 Other reserves

	Consolidated		
	31 December	31 December	1 January
	2013	2012	2012
	Million Baht	Million Baht	Million Baht
Revaluation surplus on assets	1,119	1,155	1,210
Revaluation surplus on change in value of investments	38	206	136
Income tax relating to components of other comprehensive expenses	(231)	(272)	(266)
Total	926	1,089	1,080

	The Bank		
	31 December	31 December	1 January
	2013	2012	2012
	Million Baht	Million Baht	Million Baht
Revaluation surplus on assets	1,119	1,155	1,210
Revaluation surplus on change in value of investments	38	206	122
Income tax relating to components of other comprehensive expenses	(231)	(272)	(266)
Total	926	1,089	1,066

(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	
	2013	2012
	Million Baht	Million Baht
Balance - beginning of the year	1,155	1,210
<u>Less</u> Amortisation	(36)	(45)
Decrease from sale of office building	-	(10)
Balance - end of the year	1,119	1,155

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

25 Other reserves (Cont'd)

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

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Revaluation surplus on investments:		
Debt securities	134	46
Equity securities	-	165
Total	<u>134</u>	<u>211</u>
Revaluation deficit on investments:		
Debt securities	(49)	(5)
Equity securities	(47)	-
Total	<u>(96)</u>	<u>(5)</u>
Revaluation surplus on change in value of investments, net	<u>38</u>	<u>206</u>

26 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.

27 Dividend payment

On 12 April 2013, the Annual General Meeting of Shareholders of the Bank approved to pay dividend from the operating results of 2012 at the rate of Baht 0.005 per share, totalling Baht 105.42 million, which was paid on 10 May 2013.

28 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:

	2013⁽¹⁾	Total capital
	Million Baht	to risk assets
		%
<u>Tier I</u>		
Issued and paid up share capital	10,542	
Share premium	3,868	
Statutory reserve	272	
Unappropriated surplus	5,020	
Other reserves	835	
Deffered tax assets	(918)	
	<u>19,619</u>	9.91
<u>Tier II</u>		
Long-term subordinated debentures and hybrid securities	7,650	
Reserve for loan classified as pass	619	
	<u>8,269</u>	4.17
	<u>27,888</u>	14.08

⁽¹⁾ The BoT has announced the implementation of new international capital requirement standards under the Basel III regulatory framework, effective from 1 January 2013 for Bank basis.

	2012⁽²⁾	Total capital
	Million Baht	to risk assets
		%
<u>Tier I</u>		
Issued and paid up share capital	10,542	
Share premium	3,868	
Statutory reserve	188	
Unappropriated surplus	2,440	
	<u>17,038</u>	10.27
<u>Tier II</u>		
Revaluation surplus on assets	740	
Reserve for loan classified as pass	546	
Long-term subordinated debentures	2,500	
Hybrid securities	6,000	
Revaluation surplus on capital securities available-for-sale	74	
	<u>9,860</u>	5.94
	<u>26,898</u>	16.21

⁽²⁾ As at 31 December 2012, the Bank maintained capital fund under Basel II regulatory framework.

The Bank and its financial group will disclose capital maintenance information as at 31 December 2013 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.

29 Share-based payments

Equity Ownership Plan (EOP)

The EOP was introduced in March 2011 where the Bank will grant ordinary shares of CIMB Group Holdings 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, and the granted shares will be released in stages at predetermined dates subject 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 MYR 7.79 per share (31 December 2012: MYR 7.70 per share).

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

	Number of ordinary shares under the EOP as at	
	2013	2012
	units '000	units '000
Beginning of financial year	49	20
Awarded during financial year	60	56
Released during financial year	(21)	(27)
End of financial year	<u>88</u>	<u>49</u>

For the year ended 31 December 2013, the Bank set up share-based payment reserves and expenses amounting to Baht 3.4 million (for the year ended 31 December 2012: Baht 3.1 million).

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

30.1 Position classified by type of transaction

	Consolidated					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	274,979	4,683	279,662	194,886	7,506	202,392
Interbank and money market items, net	31,876	1,680	33,556	9,472	656	10,128
Derivative assets	7,763	1,338	9,101	1,681	793	2,474
Investments, net and investments in subsidiaries, net	53,249	87	53,336	40,169	308	40,477
Loans to customers and accrued interest receivables, net	164,665	1,579	166,244	130,055	5,749	135,804
Deposits	150,788	1,345	152,133	134,098	1,036	135,134
Interbank and money market items	43,712	1,154	44,866	9,790	1,520	11,310
Derivative liabilities	8,139	1,513	9,652	1,201	801	2,002
Debt issued and borrowings	35,182	2,525	37,707	22,983	3,244	26,227

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

30.1 Position classified by type of transaction (Cont'd)

	The Bank					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	273,679	4,683	278,362	193,542	7,506	201,048
Interbank and money market items, net	31,830	1,679	33,509	9,438	656	10,094
Derivative assets	7,763	1,338	9,101	1,681	793	2,474
Investments, net and investments in subsidiaries, net	54,573	87	54,660	41,048	308	41,356
Loans to customers and accrued interest receivables, net	162,634	1,579	164,213	128,228	5,749	133,977
Deposits	150,928	1,345	152,273	134,249	1,036	135,285
Interbank and money market items	43,087	1,154	44,241	8,840	1,520	10,360
Derivative liabilities	8,139	1,513	9,652	1,201	801	2,002
Debt issued and borrowings	35,182	2,525	37,707	22,983	3,244	26,227

30.2 Performance classified by type of transaction

	Consolidated					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	12,269	107	12,376	10,150	18	10,168
Interest expenses	(5,663)	(188)	(5,851)	(4,793)	(168)	(4,961)
Net interest income (expenses)	6,606	(81)	6,525	5,357	(150)	5,207
Net fee and services income	1,258	-	1,258	865	-	865
Gain sharing from the management of the non- performing loans by TAMC	1,101	-	1,101	1,344	-	1,344
Other operating income	1,362	-	1,362	912	-	912
Other operating expenses	(6,095)	-	(6,095)	(5,325)	-	(5,325)
Bad and doubtful debts and impairment losses	(2,744)	-	(2,744)	(1,389)	-	(1,389)
Profit (loss) from continuing operation before income tax expense	1,488	(81)	1,407	1,764	(150)	1,614

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

30.2 Performance classified by type of transaction (Cont'd)

	The Bank					
	2013			2012		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	10,921	107	11,028	9,154	18	9,172
Interest expenses	(5,607)	(188)	(5,795)	(4,751)	(168)	(4,919)
Net interest income (expenses)	5,314	(81)	5,233	4,403	(150)	4,253
Net fee and services income	940	-	940	690	-	690
Gain sharing from the management of the non- performing loans by TAMC	1,101	-	1,101	1,344	-	1,344
Other operating income	1,227	-	1,227	884	-	884
Other operating expenses	(4,950)	-	(4,950)	(4,533)	-	(4,533)
Bad and doubtful debts and impairment losses	(2,367)	-	(2,367)	(1,138)	-	(1,138)
Profit (loss) from continuing operation before income tax expense	1,265	(81)	1,184	1,650	(150)	1,500

31 Interest income

	Consolidated		The Bank	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Interbank and money market items	283	140	283	140
Investments and trading transactions	167	113	167	113
Investments in debt securities	1,257	1,115	1,257	1,115
Loans	8,762	7,356	9,317	7,803
Hire-purchase and financial lease income	1,903	1,443	-	-
Others	4	1	4	1
Interest income	12,376	10,168	11,028	9,172

32 Interest expenses

	Consolidated		The Bank	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Deposits	3,636	3,159	3,637	3,160
Interbank and money market items	434	239	377	196
Contribution fees to the Deposit Protection Agency	15	42	15	42
Contribution fees to FIDF	776	587	776	587
Debt securities issued				
- Subordinated debentures	459	299	459	299
- Others	519	631	519	631
Others	12	4	12	4
Interest expenses	5,851	4,961	5,795	4,919

33 Net fees and services income

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	127	124	143	132
ATM and debit card fees	121	120	121	120
Brokerage income	509	282	362	216
Management fees	154	139	154	139
Others	487	346	380	293
Fees and services income	<u>1,398</u>	<u>1,011</u>	<u>1,160</u>	<u>900</u>
Fees and services expenses				
Collection fees	27	52	130	138
ATM fees	37	39	37	39
Others	76	55	53	33
Fees and services expenses	<u>140</u>	<u>146</u>	<u>220</u>	<u>210</u>
Net fees and services income	<u>1,258</u>	<u>865</u>	<u>940</u>	<u>690</u>

34 Gains on tradings and foreign exchange transactions, net

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Gains (losses) on trading and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	1,181	331
Interest rate derivatives	(514)	135
Debt securities	47	22
Gains on trading and foreign exchange transactions, net	<u>714</u>	<u>488</u>

35 (Losses) gains on financial instrument designated at fair value through profit or loss

(Losses) gains on financial instruments designated at fair value through profit or loss consist of the following items:

	Consolidated and the Bank	
	2013	2012
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	54	19
Debentures	(35)	1
Interest expenses	(120)	(19)
Total	<u>(101)</u>	<u>1</u>

36 Gains on investments, net

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Gains (losses) on sales				
Available-for-sale	318	83	318	83
Held-to-maturity	3	1	3	1
General investments	5	(3)	5	(3)
Investments in subsidiaries	104	85	-	58
Gains on sales, net	430	166	326	139
Losses on impairment				
General investments	(9)	(13)	(9)	(13)
Losses on impairment, net	(9)	(13)	(9)	(13)
Gains on investments, net	421	153	317	126

37 Other operating income

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	2	11	1	10
Gain on sale of properties for sales	-	-	27	7
Income from reversal of bad debts	28	11	-	-
Dividend income	167	117	167	150
Other income	131	131	102	102
Other operating income	328	270	297	269

38 Bad and doubtful debts and impairment losses

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Held-to-maturity debt instruments	-	(12)	-	(12)
Losses on debt restructuring	18	39	18	39
Loans	2,726	1,362	2,349	1,111
Total	2,744	1,389	2,367	1,138

39 Corporate income tax

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the period	46	78	-	-
Total current tax	46	78	-	-
Deferred tax:				
Origination and reversal of temporary differences	(369)	54	(338)	91
Utilisation of tax losses	240	221	240	221
Total deferred tax	(129)	275	(98)	312
Total tax charge	(83)	353	(98)	312

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Bank as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	1,407	1,614	1,184	1,500
Tax calculated at a tax rate of 20% (2012 - 23%)	251	372	237	345
Tax effect of:				
Income not subject to tax	(142)	(45)	(142)	(45)
Expenses not deductible for tax purpose	53	40	52	26
Utilisation of previously unrecognised tax losses to reduce deferred tax	(245)	-	(245)	-
Effect of changes in tax rates	-	(14)	-	(14)
Total tax charge	(83)	353	(98)	312

The weighted average applicable tax rate in the consolidated and bank financial statements in 2013 was -6% and -8% respectively, (2012: 22% and 21% respectively). The decrease is caused by utilisation of previously unrecognised tax losses to reduce deferred tax and a change in corporate income tax rate announced by the Government.

During 2013, as a result of the change in corporate tax rate from 23% to 20% that was effective from 1 January 2013, the relevant deferred tax balances have been re-measured. Deferred tax expected to be reversed during the year ended 31 December 2013 has been measured using the effective rate that will apply for the year which is 20%.

39 Corporate income tax (Cont'd)

The tax (charge)/credit relating to component of other comprehensive income is as follows:

	Consolidated					
	2013			2012		
	Before tax	Tax (charge)	After tax	Before tax	Tax (charge)	After tax
Million Baht	credit	Million Baht	Million Baht	credit	Million Baht	
Fair value gains:						
Land and buildings	49	10	39	70	14	56
Properties for sale	(14)	(3)	(11)	(15)	(3)	(12)
Available-for-sale investment	168	33	135	(84)	(17)	(67)
Other comprehensive income	203	40	163	(29)	(6)	(23)
Current tax		46			78	
Deferred tax		(129)			275	
		(83)			353	

	The Bank					
	2013			2012		
	Before tax	Tax (charge)	After tax	Before tax	Tax (charge)	After tax
Million Baht	credit	Million Baht	Million Baht	credit	Million Baht	
Fair value gains:						
Land and buildings	49	10	39	70	14	56
Properties for sale	(14)	(3)	(11)	(15)	(3)	(12)
Available-for-sale investment	168	33	135	(84)	(17)	(67)
Other comprehensive income	203	40	163	(29)	(6)	(23)
Current tax		-			-	
Deferred tax		(98)			312	
		(98)			312	

In addition, deferred income tax of Baht 7.1 million (31 December 2012: Baht 11.0 million) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

40 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 9.7 to the interim financial statements.

a) Profit after tax of discontinued operations

	Consolidated	
	2013	2012
	Million Baht	Million Baht
Revenue	-	329
Expense	-	(275)
Profit before tax of discontinued operations	-	54
Tax	-	-
Profit after tax of discontinued operations	-	54 ⁽¹⁾

⁽¹⁾ Profit after tax of discontinued operations is included in the consolidated income statements for the year ended 31 December 2012.

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

	Consolidated	
	2013	2012
	Million Baht	Million Baht
Operating cash flows	-	14
Investing cash flows	-	(14)
Financing cash flows	-	-
Total cash flows	-	-

41 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 2013, Baht 98 million was contributed to the fund by the Bank and its subsidiaries (for the year ended 31 December 2012: Baht 88 million), of which the Bank contributed Baht 82 million (for the year ended 31 December 2012: Baht 75 million).

42 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 24).

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2013 and 2012.

43 Encumbrance of assets

43.1 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 and the Bank	
	2013	2012
	Million Baht	Million Baht
Securities sold under repurchase agreements	36,436	2,968
Utilities usage	7	7
Total	<u>36,443</u>	<u>2,975</u>

43.2 Assets subject to obligation

The Bank has long-term investments in certain equity securities of one company 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 2013 and 2012, the investment had net book value net of allowance for impairment of Baht 1.

Moreover, the Bank has obligated properties foreclosed, which have sales restriction conditions within 3 years from the debt restructuring agreement dates. As at 31 December 2013 and 2012, the properties foreclosed had net book value of Baht 392 million and Baht 177 million, respectively.

As at 31 December 2013 and 2012, the investments subject to such obligation are as follows:

	Consolidated and the Bank			
	2013		2012	
	Number	Cost Million Baht	Number	Cost Million Baht
2012 onwards	3	392	2	177
Assets subject to obligation	<u>3</u>	<u>392</u>	<u>2</u>	<u>177</u>

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44 Commitments and contingent liabilities

44.1 Commitments

As at 31 December 2013 and 2012, significant commitments of the Bank consist of:

	The Bank					
	2013			2012		
	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⁾	993	-	993	814	-	814
Guarantees of loans	5	-	5	10	-	10
Total avals to bills and guarantees of loans	998	-	998	824	-	824
Liability under unmaturred import bills:						
Liability under unmaturred import bills	-	569	569	-	553	553
Letters of credit:						
Letters of credit	22	2,591	2,613	42	1,886	1,928
Other commitments:						
Forward and spot contracts						
- Bought	-	132,662	132,662	-	36,452	36,452
- Sold	-	120,208	120,208	-	33,774	33,774
Cross currency and interest rate swap contract						
- Bought	-	22,038	22,038	-	4,010	4,010
- Sold	-	36,863	36,863	-	6,684	6,684
Futures contracts						
- Bought	-	-	-	-	92	92
Interest rate swap contracts						
- Fixed rate payee	254,347	17,351	271,698	154,143	10,741	164,884
- Floating rate payee	231,952	46,608	278,560	160,447	14,428	174,875
Foreign exchange option						
- Call option sales contracts	-	-	-	-	540	540
- Put option sales contracts	-	4,121	4,121	-	227	227
- Call option purchase contracts	-	4,145	4,145	-	1,050	1,050
- Put option purchase contracts	-	16	16	-	44	44
Commodity						
- Bought	-	161	161	-	-	-
- Sold	-	161	161	-	-	-
Undrawn bank overdrafts	15,894	-	15,894	10,312	-	10,312
Investments						
- Bought	2,907	-	2,907	3,231	-	3,231
- Sold	3,677	-	3,677	3,081	-	3,081
Other commitments						
Other guarantees	9,112	929	10,041	9,087	794	9,881
Other commitments	517,889	385,263	903,152	340,301	108,836	449,137
Total commitments	518,909	388,423	907,332	341,167	111,275	452,442

⁽¹⁾ As at 31 December 2013, the Bank avaled note payable of a subsidiary amounting to Baht 500 million (31 December 2012: Baht 550 million).

44 Commitments and contingent liabilities (Cont'd)

44.2 Contingent liabilities

As at 31 December 2013 and 2012, 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	
	2013	2012
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	577	442
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	1,189	1,189
- Sum of claims that cannot be specifically attributed to the Group	24,589	24,591
Total	26,355	26,222

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 2013, there were cases in which the court decided in favor of the plaintiffs, with sums claimed totalling Baht 20 million in cases where the Bank was the direct defendant, and Baht 30 million in cases where the Bank was co-defendant. However, the Bank is in the process of appealing the decisions (31 December 2012: Baht 9 million and Baht 32 million, respectively).

As at 31 December 2013, the Group recognised provisions for contingent losses from legal cases of approximately Baht 35 million (31 December 2012: Baht 36 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 2012: Baht 282 million).

44.3 Commitments under long-term leases

As at 31 December 2013 and 2012, 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	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	319	333	278	293
4 - 5 years	5	20	5	20
6 - 10 years	22	9	22	9
11 - 30 years	81	19	81	19
Total	427	381	386	341

44 Commitments and contingent liabilities (Cont'd)

44.4 Other commitments

As at 31 December 2013, 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 2013, the Bank was obligated to pay a further Baht 92 million and USD 77.3 thousand under such agreements (31 December 2012: Baht 16 million and USD 2.3 thousand).

45 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.

	Consolidated		The Bank	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	556	448
Fee income	-	-	21	33
Dividend income	-	-	-	33
Gain on payback from liquidated subsidiary	104	-	104	-
Expenses:				
Interest expenses	1	3	2	8
Fee expenses	-	-	-	1
Premises and equipments expenses	-	-	(9)	(16)
Other expenses	-	-	104	86
Parent company				
Revenue:				
Other income	127	-	127	-
Expenses:				
Interest expenses	5	36	5	36
Fee expenses	-	1	-	1
Premises and equipment expenses	6	4	6	4
Other expenses	110	-	110	-
Related companies				
Revenue:				
Interest income	3	5	3	5
Fee income	81	60	81	60
Gain on selling investment in subsidiary	-	86	-	58
Expenses:				
Interest expenses	157	163	157	163
Fee expenses	83	100	83	100
Premises and equipment expenses	8	(7)	8	(7)
Other expenses	98	-	98	-

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45 Related-party transactions (Cont'd)

The outstanding balances of significant related-party transactions as at 31 December 2013 and 2012 are as follows:

	Consolidated						
	2013						
	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
Subsidiary company							
Krung Thai Tanakit Finance Plc.	-	-	-	-	-	-	13
	-	-	-	-	-	-	13
Parent company							
CIMB Bank Berhad	-	-	78	493	-	-	451
	-	-	78	493	-	-	451
Companies under common control							
CIMB Bank (L) Ltd.	-	-	-	187	-	2,525	267
CIMB NIAGA	-	-	-	1	-	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	-	-	45
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	923
Sathorn Asset Management Co., Ltd.	-	-	-	1	95	-	34
	-	-	1	189	95	2,525	1,269
Related persons							
	14	23	-	-	107	-	-
	14	23	-	-	107	-	-
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
Subsidiary company							
Krung Thai Tanakit Finance Plc.	-	-	-	-	-	-	262
	-	-	-	-	-	-	262
Parent company							
CIMB Bank Berhad	-	-	152	245	-	678	422
	-	-	152	245	-	678	422
Companies under common control							
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
Related companies							
Other companies	116	111	-	-	2	-	-
	116	111	-	-	2	-	-
Related persons							
	2	3	-	-	97	-	-
	2	3	-	-	97	-	-

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45 Related-party transactions (Cont'd)

	The Bank						
	2013						
	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.	9,822	11,701	-	1	13	-	-
CT Coll Co., Ltd.	6	6	-	-	56	-	10
Krung Thai Tanakit Finance Plc.	-	-	-	-	-	-	13
World Lease Co., Ltd.	2,023	2,862	500	1	70	-	-
	11,851	14,569	500	2	139	-	23
<u>Parent company</u>							
CIMB Bank Berhad	-	-	78	493	-	-	451
	-	-	78	493	-	-	451
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	187	-	2,525	267
CIMB NIAGA	-	-	-	1	-	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	-	-	45
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	923
Sathorn Asset Management Co., Ltd.	-	-	-	1	95	-	34
	-	-	1	189	95	2,525	1,269
<u>Related persons</u>							
	14	23	-	-	107	-	-
	14	23	-	-	107	-	-
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
World Lease 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	-	-

As at 31 December 2013, the Bank availed notes payable of a subsidiary amounting to Baht 500 million (31 December 2012: Baht 550 million).

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

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45 Related-party transactions (Cont'd)

As at 31 December 2013 and 2012, the Bank had commitments in financial derivatives with related-party companies as follows:

	2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	44,845	89	44,934
- Floating rate payee	37,242	4,937	42,179
Forward and spot contracts			
- Bought	-	1,410	1,410
- Sold	-	121	121
Commodity			
- Bought	-	81	81
- Sold	-	81	81
<u>Related company</u>			
Cross currency and interest rate swap contracts			
- Sold	-	2,268	2,268
Forward and spot contracts			
- Bought	-	116	116
- Sold	-	4	4
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

46 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	
	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	265	259	244	237
Long-term employee benefits	9	9	9	9
Share based payment (Note 29)	3	3	3	3
Director and management remuneration	<u>277</u>	<u>271</u>	<u>256</u>	<u>249</u>

The details of share based payment are as follows:

	Consolidated and the Bank	
	2013	2012
	Thousand Units	Thousand Units
Shares of CIMB Group Holdings Berhad	88	49

47 Financial information by segment

Business segment reporting is consisted of :

Consumer banking

Consumer banking provides financial services to individuals and commercial customers. The products include consumer sales & distribution, retail financial services, commercial banking and personal financing.

Wholesale banking

Wholesale banking comprises of investment banking, corporate banking, and treasury and market.

- Investment banking service provides financial advisory, trade securities transactions, and asset management businesses.
- Corporate banking and treasury and market are responsible for corporate lending and deposit taking, transaction banking, treasury and market activities.

Others

Other services comprise of all middle and back office processes, cost centers and nonprofit generating divisions of companies whose results are not material to the Group.

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47 Financial information by segment (Cont'd)

Financial information presented in the consolidated financial statements as at 31 December 2013 and 2012 and for the years ended 31 December 2013 and 2012 are as follows:

	Consolidated				
	2013				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	4,627	1,529	369	-	6,525
Inter-segment	(16)	-	-	16	-
Net fees and service income	1,007	293	(26)	(16)	1,258
Other operating income	212	477	1,775	(1)	2,463
Other operating expenses	(4,763)	(1,345)	12	1	(6,095)
Bad and doubtful debts and impairment losses	(1,620)	(56)	(1,116)	48	(2,744)
Income tax expenses	(15)	-	98	-	83
Net profit for the year	<u>(568)</u>	<u>898</u>	<u>1,112</u>	<u>48</u>	<u>1,490</u>

	Consolidated				
	2012				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	3,711	1,277	219	-	5,207
Inter-segment	(11)	-	-	11	-
Net fees and service income	693	275	(74)	(29)	865
Other operating income	152	503	1,607	(6)	2,256
Other operating expenses	(3,771)	(1,258)	(291)	(5)	(5,325)
Bad and doubtful debts and impairment losses	(967)	(278)	(169)	25	(1,389)
Income tax expenses	(41)	-	(312)	-	(353)
Profit after tax of discontinued operation	54	-	-	-	54
Net profit for the year	<u>(180)</u>	<u>519</u>	<u>980</u>	<u>(4)</u>	<u>1,315</u>

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47 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other business		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	278,362	201,048	17,129	11,960	77	44	(15,906)	(10,660)	279,662	202,392
Interbank and money market items - net (assets)	33,509	10,094	130	158	57	27	(140)	(151)	33,556	10,128
Investments, net	53,325	40,323	-	-	-	-	-	-	53,325	40,323
Loans and accrued interest receivables, net	164,213	133,977	16,449	11,439	6	6	(14,424)	(9,618)	166,244	135,804
Deposits	152,273	135,285	-	-	-	-	(140)	(151)	152,133	135,134
Interbank and money market items (liabilities)	44,241	10,360	15,179	10,653	6	6	(14,560)	(9,709)	44,866	11,310
Financial liabilities designated at fair value through profit or loss	5,857	1,535	-	-	-	-	-	-	5,857	1,535
Debt issued and borrowings	37,707	26,227	-	-	-	-	-	-	37,707	26,227

48 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.

48.1 Credit risk

As at 31 December 2013 and 2012, the Bank had the following off-balance statement of financial position. These are calculated according to the period to maturity starting from the contract dates given in the financial statements:

	Consolidated					
	Counting from 2013			Counting from 2012		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Aval to bills	473	20	493	234	30	264
Guarantees of loans	5	-	5	10	-	10
Liabilities under unmatured import bills	569	-	569	553	-	553
Letters of credit	2,613	-	2,613	1,928	-	1,928
Other guarantees	9,790	252	10,042	9,673	208	9,881

	The Bank					
	Counting from 2013			Counting from 2012		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Aval to bills	973	20	993	784	30	814
Guarantees of loans	5	-	5	10	-	10
Liabilities under unmatured import bills	569	-	569	553	-	553
Letters of credit	2,613	-	2,613	1,928	-	1,928
Other guarantees	9,790	252	10,042	9,673	208	9,881

48 Financial instruments (Cont'd)

48.2 Market risk

(a) Interest rate risk

As at 31 December 2013 and 2012, 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	
2013				
Financial assets				
Cash	-	-	3,329	3,329
Interbank and money market items, net	466	29,707	3,383	33,556
Investments, net	99	52,457	769	53,325
Investments in subsidiaries, net	-	-	11	11
Loans net of deferred revenue	110,050	61,036	1	171,087
Receivable from Thai Asset Management Corporation	-	-	3,572	3,572
Total financial assets	110,615	143,200	11,065	264,880
Financial liabilities				
Deposits	41,225	108,826	2,082	152,133
Interbank and money market items	1,682	42,582	602	44,866
Liabilities payable on demand	-	-	505	505
Financial liabilities designated at fair value through profit or loss	5,857	-	-	5,857
Debt issued and borrowings	2,587	34,576	544	37,707
Total financial liabilities	51,351	185,984	3,733	241,068
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
Receivable from Thai Asset Management Corporation	-	-	2,354	2,354
Total financial assets	88,126	93,945	12,867	194,938
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	2,567	23,116	544	26,227
Total financial liabilities	43,447	127,900	3,204	174,551

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48 Financial instruments (Cont'd)

48.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	The Bank			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
2013				
Financial assets				
Cash	-	-	3,325	3,325
Interbank and money market items, net	427	29,707	3,375	33,509
Investments, net	99	52,457	769	53,325
Investments in subsidiaries, net	-	-	1,335	1,335
Loans net of deferred revenue Receivable from Thai Asset Management Corporation	111,836	56,862	-	168,698
	-	-	3,572	3,572
Total financial assets	112,362	139,026	12,376	263,764
Financial liabilities				
Deposits	41,337	108,852	2,084	152,273
Interbank and money market items	1,682	41,957	602	44,241
Liabilities payable on demand	-	-	505	505
Financial liabilities designated at fair value through profit or loss	5,857	-	-	5,857
Debt issued and borrowings	2,587	34,576	544	37,707
Total financial liabilities	51,463	185,385	3,735	240,583
2012				
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 Receivable from Thai Asset Management Corporation	88,083	48,620	-	136,703
	-	-	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	2,567	23,116	544	26,227
Total financial liabilities	43,175	127,360	3,217	173,752

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48 Financial instruments (Cont'd)

48.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Transactions	Consolidated							Total Million Baht	Weighted average interest rates %
	2013								
	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	2,000	27,707	-	-	-	-	29,707	2.24	
Investments, net	-	1,206	4,686	42,940	3,625	-	52,457	3.45	
Loans net of deferred revenue	245	25,900	13,788	19,628	1,475	-	61,036	7.48	
Total financial assets	2,245	54,813	18,474	62,568	5,100	-	143,200		
Financial liabilities									
Deposits	4,824	41,733	55,064	7,205	-	-	108,826	2.93	
Interbank and money market items	1,330	40,070	363	143	676	-	42,582	2.57	
Debt issued and borrowings	7,711	17,358	3,507	-	6,000	-	34,576	3.15	
Total financial liabilities	13,865	99,161	58,934	7,348	6,676	-	185,984		
Consolidated									
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		Total Million Baht	Weighted average interest rates %	
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		

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48 Financial instruments (Cont'd)

48.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Transactions	The Bank							Weighted average interest rates %
	2013							
	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		
Financial assets								
Interbank and money market items, net	2,000	27,707	-	-	-	-	29,707	2.24
Investments, net	-	1,206	4,686	42,940	3,625	-	52,457	3.45
Loans net of deferred revenue	245	28,547	17,579	9,541	950	-	56,862	4.47
Total financial assets	2,245	57,460	22,265	52,481	4,575	-	139,026	
Financial liabilities								
Deposits	4,824	41,748	55,074	7,206	-	-	108,852	2.93
Interbank and money market items	1,330	39,558	325	68	676	-	41,957	2.21
Debt issued and borrowings	7,711	17,358	3,507	-	6,000	-	34,576	3.15
Total financial liabilities	13,865	98,664	58,906	7,274	6,676	-	185,385	
The Bank								
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	Total Million Baht		Weighted average interest rates %
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	3,772	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	9,654	70,439	38,993	2,074	6,200	127,360		

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).

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48 Financial instruments (Cont'd)

48.2 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 the years ended 31 December 2013 and 2012, can be summarised as follows:

	Consolidated					
	2013			2012		
	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	9,252	283	3.06	5,375	141	2.61
Investments, net	46,157	1,425	3.09	37,078	1,228	3.31
Loans	153,793	10,665	6.93	124,058	8,799	7.09
Total performing financial assets	<u>209,202</u>	<u>12,373</u>		<u>166,511</u>	<u>10,168</u>	
<u>Performing financial liabilities</u>						
Deposits	139,884	3,636	2.60	117,861	3,159	2.68
Interbank and money market items	19,182	435	2.27	8,805	238	2.70
Financial liabilities designated at fair value through profit or loss	4,327	120	2.27	1,029	19	2.76
Debt issued and borrowings	29,137	978	3.36	26,814	932	3.47
Total performing financial liabilities	<u>192,530</u>	<u>5,169</u>		<u>154,509</u>	<u>4,348</u>	
	The Bank					
	2013			2012		
	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	11,798	283	2.40	7,888	140	1.77
Investments, net	47,298	1,591	3.36	38,086	1,378	3.33
Loans	151,233	9,318	6.16	122,221	7,804	6.39
Total performing financial assets	<u>210,329</u>	<u>11,192</u>		<u>168,195</u>	<u>9,322</u>	
<u>Performing financial liabilities</u>						
Deposits	140,076	3,637	2.60	115,916	3,160	2.73
Interbank and money market items	18,636	377	2.02	10,173	195	1.92
Financial liabilities designated at fair value through profit or loss	4,327	120	2.77	1,029	19	3.72
Debt issued and borrowings	29,137	978	3.36	26,783	930	3.48
Total performing financial liabilities	<u>192,176</u>	<u>5,112</u>		<u>153,901</u>	<u>4,304</u>	

48 Financial instruments (Cont'd)

48.2 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 2013 and 2012, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and the Bank					
	2013			2012		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	236.55	112.95	12.77	68.64	(0.51)	6.51
Forward						
- Forward contract	(243.62)	(113.06)	(10.91)	(70.41)	1.06	(4.59)
Total	(7.07)	(0.11)	1.86	(1.77)	0.55	1.92

* EURO and other currencies are stated in USD equivalents.

48.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2013 and 2012 were as follows:

Descriptions	Consolidated				
	2013				
	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	3,325	-	-	4	3,329
Interbank and money market items, net	6,524	27,032	-	-	33,556
Investments, net	-	5,892	46,574	859	53,325
Investment in subsidiaries, net	-	-	-	11	11
Loans net of deferred revenue	13,061 ⁽¹⁾	45,823	112,203	-	171,087
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	22,910	78,747	162,349	874	264,880
<u>Financial liabilities</u>					
Deposits	48,128	96,797	7,208	-	152,133
Interbank and money market items	4,004	40,043	819	-	44,866
Liabilities payable on demand	505	-	-	-	505
Financial liabilities designated at fair value through profit or loss	-	-	5,857	-	5,857
Debt issued and borrowings	8,256	20,864	8,587	-	37,707
Total financial liabilities	60,893	157,704	22,471	-	241,068

⁽¹⁾ As at 31 December 2013, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 4,919 million and Baht 4,497 million respectively, (31 December 2012: Baht 4,012 million and Baht 3,678 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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48 Financial instruments (Cont'd)

48.3 Liquidity risk (Cont'd)

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
Receivable from Thai Asset Managment 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 2013, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 4,919 million and Baht 4,497 million respectively, (31 December 2012: Baht 4,012 million and Baht 3,678 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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48 Financial instruments (Cont'd)

48.3 Liquidity risk (Cont'd)

Descriptions	The Bank				
	2013				
	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	3,325	-	-	-	3,325
Interbank and money market items, net	6,477	27,032	-	-	33,509
Investments, net	-	5,892	46,574	859	53,325
Investment in subsidiaries, net	-	-	-	1,335	1,335
Loans net of deferred revenue	14,689 ⁽¹⁾	52,254	101,755	-	168,698
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	24,491	85,178	151,901	2,194	263,764
Financial liabilities					
Deposits	48,242	96,823	7,208	-	152,273
Interbank and money market items	4,004	39,493	744	-	44,241
Liabilities payable on demand	505	-	-	-	505
Financial liabilities designated at fair value through profit or loss	-	-	5,857	-	5,857
Debt issued and borrowings	8,256	20,864	8,587	-	37,707
Total financial liabilities	61,007	157,180	22,396	-	240,583
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
Receivable 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

⁽¹⁾ As at 31 December 2013, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 4,919 million and Baht 4,497 million respectively, (31 December 2012: Baht 4,012 million and Baht 3,678 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.

48 Financial instruments (Cont'd)

48.4 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			
	2013		2012	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	3,329	3,329	3,133	3,133
Interbank and money market items, net	33,556	33,556	10,128	10,128
Derivatives assets	9,101	9,101	2,474	2,474
Investments, net	53,325	53,453	40,323	40,496
Investment in subsidiaries, net	11	11	154	154
Loans to customers, net	166,244	166,244	135,804	135,804
Receivable from Thai Asset Management Corporation	3,572	3,572	2,354	2,354
Total financial assets	269,138	269,266	194,370	194,543
Financial liabilities				
Deposits	152,133	152,133	135,134	135,134
Interbank and money market items	44,866	44,866	11,310	11,310
Liability payable on demand	505	505	345	345
Financial liabilities designated at fair value through profit or loss	5,857	5,857	1,535	1,535
Derivatives liabilities	9,652	9,652	2,002	2,002
Debt issued and borrowings	37,707	37,680	26,227	26,315
Total financial liabilities	250,720	250,693	176,553	176,641
The Bank				
Description	2013		2012	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	3,325	3,325	3,130	3,130
Interbank and money market items, net	33,509	33,509	10,094	10,094
Derivatives assets	9,101	9,101	2,474	2,474
Investments, net	53,325	53,454	40,323	40,496
Investment in subsidiaries, net	1,335	1,335	1,033	1,033
Loans to customers, net	164,213	164,213	133,977	133,977
Receivable from Thai Asset Management Corporation	3,572	3,572	2,354	2,354
Total financial assets	268,380	268,509	193,385	193,558
Financial liabilities				
Deposits	152,273	152,273	135,285	135,285
Interbank and money market items	44,241	44,241	10,360	10,360
Liability payable on demand	505	505	345	345
Financial liabilities designated at fair value through profit or loss	5,857	5,857	1,535	1,535
Derivatives liabilities	9,652	9,652	2,002	2,002
Debt issued and borrowings	37,707	37,680	26,227	26,315
Total financial liabilities	250,235	250,208	175,754	175,842

48 Financial instruments (Cont'd)

48.5 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 2013 and 2012, financial derivatives as classified by their maturities were as follows:

	Consolidated and the Bank					
	2013			2012		
	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	127,988	4,674	132,662	35,357	1,095	36,452
- Sold	120,169	39	120,208	33,621	153	33,774
Cross-currency and interest rate swap contracts						
- Bought	2,960	19,078	22,038	1,238	2,772	4,010
- Sold	13,103	23,760	36,863	-	6,684	6,684
Future contracts						
- Bought	-	-	-	92	-	92
Interest rate swap contracts						
- Fixed-rate payee	111,706	159,992	271,698	58,485	106,399	164,884
- Floating-rate payee	111,603	166,957	278,560	70,539	104,336	174,875
Exchange rate options						
- Call-option sales contract	-	-	-	539	-	539
- Put-option sales contract	1,577	2,544	4,121	227	-	227
- Call-option purchase contract	1,805	2,340	4,145	1,050	-	1,050
- Put-option purchase contract	16	-	16	44	-	44
Commodity						
- Bought	161	-	161	-	-	-
- Sold	161	-	161	-	-	-

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.

49 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 2013 and 2012, the Bank and subsidiaries had loans transferred to TAMC as follows:

Loans transferred to TAMC	Consolidated and the Bank			
	2013		2012	
	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>(25,389)</u>		<u>(25,115)</u>
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 9.1 (a))		<u>8</u>		<u>282</u>

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

The Bank is to receive payment in the form of non-transferable, ten-year promissory notes, avaled by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 31 December 2013, the Bank recognised interest receivable under these promissory notes amounting to Baht 0.4 million (31 December 2012: 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.

As at 31 December 2013, the Bank recorded receivable from TAMC amounting to Baht 3,572 million (31 December 2012: Baht 2,354 million). The Bank received a confirmation letter issued by Ploenchit Capital Limited, who was appointed as an assets manager to TAMC during its termination on 27 December 2013.

As at 31 December 2013, the Bank's management believed that no significant future losses would be incurred.

Outstanding issues with TAMC

As at 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. 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 as at 31 December 2012 in the financial statements.

As at 31 December 2013, the Bank had no the outstanding issues as mentioned above with TAMC.