

CIMB THAI BANK PUBLIC COMPANY LIMITED

**CONSOLIDATED AND BANK
FINANCIAL STATEMENTS**

31 DECEMBER 2014

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 2014, 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 2014, and consolidated and bank results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

Bangkok
25 February 2015

CIMB Thai Bank Public Company Limited

Statements of Financial Position

As at 31 December 2014

	Notes	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Assets					
Cash		3,989,621,938	3,328,748,596	3,987,736,777	3,324,656,939
Interbank and money market items, net	6	6,522,689,913	33,555,652,005	6,453,199,978	33,509,102,456
Derivative assets	7	10,803,916,302	9,100,647,662	10,803,916,302	9,100,647,662
Investments, net	8	55,253,273,115	53,324,961,980	55,253,273,115	53,324,961,980
Investments in subsidiaries, net	8	-	10,523,242	1,324,920,707	1,335,443,948
Loans and accrued interest receivables	9				
Loans		194,610,261,270	175,844,355,534	188,334,023,282	168,952,844,988
Accrued interest receivables		455,304,547	453,532,902	459,212,620	462,586,736
Total loans and accrued interest receivables		195,065,565,817	176,297,888,436	188,793,235,902	169,415,431,724
Less Deferred revenue		(4,642,328,361)	(4,757,282,848)	(163,150,115)	(255,170,649)
Less Allowance for doubtful debts	10	(5,979,008,801)	(5,263,612,956)	(5,447,517,156)	(4,913,545,914)
Less Revaluation allowance for debt restructuring	11	(68,351,237)	(33,422,083)	(68,351,237)	(33,422,083)
Loans and accrued interest receivables, net		184,375,877,418	166,243,570,549	183,114,217,394	164,213,293,078
Customers' liability under acceptance		68,889,332	57,650,960	68,889,332	57,650,960
Properties for sale, net	12	1,826,291,636	1,706,018,723	1,582,424,466	1,597,877,173
Premises and equipment, net	13	3,071,759,407	3,349,094,004	3,002,336,396	3,264,147,293
Intangible assets, net	14	361,802,153	343,053,368	355,963,642	337,319,600
Deferred tax assets	15	932,252,708	1,048,636,577	730,902,722	917,960,906
Receivable from Thai Asset Management Corporation	47	3,572,457,936	3,572,457,936	3,572,457,936	3,572,457,936
Other assets, net	16	3,365,142,396	4,020,544,901	3,196,065,790	3,806,401,726
Total assets		274,143,974,254	279,661,560,503	273,446,304,557	278,361,921,657

Director _____

Director _____

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited

Statements of Financial Position (Cont'd)

As at 31 December 2014

	Notes	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Liabilities and shareholders' equity					
Liabilities					
Deposits	17	183,894,650,541	152,132,672,386	184,105,739,854	152,272,534,436
Interbank and money market items, net	18	18,304,766,777	44,866,261,855	18,230,366,777	44,241,461,855
Liability payable on demand		344,291,120	504,867,176	344,291,120	504,867,176
Financial liabilities designated at fair value through profit or loss	19	7,693,132,792	5,856,747,052	7,693,132,792	5,856,747,052
Derivative liabilities	7	10,396,602,437	9,651,786,057	10,396,602,437	9,651,786,057
Debt issued and borrowings	20	24,512,208,453	37,706,592,055	24,512,208,453	37,706,592,055
Bank's liability under acceptance		68,889,332	57,650,960	68,889,332	57,650,960
Provisions	21	1,349,021,686	1,401,820,542	1,311,935,645	1,373,071,393
Other liabilities	22	4,892,161,996	5,653,090,246	4,556,103,564	5,281,074,920
Total liabilities		251,455,725,134	257,831,488,329	251,219,269,974	256,945,785,904
Shareholders' equity					
Share capital	23				
Registered					
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013		10,542,439,013	
26,105,495,608 ordinary shares of Baht 0.50 each			13,052,747,804		13,052,747,804
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
Premium on share capital		3,867,738,430	3,867,738,430	3,867,738,430	3,867,738,430
Other reserves	24	986,868,234	926,055,341	986,868,234	926,055,341
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	25	341,300,000	272,000,000	341,300,000	272,000,000
Unappropriated		6,992,657,194	6,264,593,141	6,488,688,906	5,807,902,969
Total shareholders' equity		22,688,249,120	21,830,072,174	22,227,034,583	21,416,135,753
Total liabilities and shareholders' equity		274,143,974,254	279,661,560,503	273,446,304,557	278,361,921,657

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited

Statements of Comprehensive Income

For the year ended 31 December 2014

	Notes	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Interest income	30	13,927,429,582	12,376,299,267	12,460,684,461	11,028,059,321
Interest expenses	31	(6,038,723,192)	(5,851,629,502)	(6,028,333,772)	(5,794,877,075)
Net interest income		7,888,706,390	6,524,669,765	6,432,350,689	5,233,182,246
Fees and service income		1,547,716,018	1,397,769,012	1,236,361,987	1,159,974,191
Fees and service expenses		(208,850,553)	(139,518,172)	(296,494,840)	(220,024,731)
Net fee and service income	32	1,338,865,465	1,258,250,840	939,867,147	939,949,460
Gains on tradings and foreign exchange transactions	33	1,804,875,080	714,313,846	1,804,875,080	714,313,846
Losses on financial liabilities designated at fair value through profit or loss	34	(1,093,726,426)	(100,799,433)	(1,093,726,426)	(100,799,433)
Gains on investments, net	35	329,535,536	421,231,316	329,535,536	316,916,689
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	47	-	1,100,714,818	-	1,100,714,818
Other operating income	36	237,961,382	327,606,151	186,960,038	297,211,835
Total operating income		10,506,217,427	10,245,987,303	8,599,862,064	8,501,489,461
Other operating expenses					
Employee expenses		3,742,090,542	3,105,205,377	3,249,134,056	2,656,753,727
Directors' remuneration		9,260,000	9,096,000	8,804,000	8,400,000
Premises and equipment expenses		1,399,493,378	1,336,198,325	1,268,595,392	1,202,692,791
Taxes and duties		408,517,126	286,465,170	393,443,378	269,917,968
Others		1,581,197,029	1,358,077,429	789,876,300	812,035,636
Total other operating expenses		7,140,558,075	6,095,042,301	5,709,853,126	4,949,800,122
Bad and doubtful debts and impairment losses	37	2,129,643,339	2,743,502,820	1,702,567,406	2,367,200,000
Profit before income tax expenses		1,236,016,013	1,407,442,182	1,187,441,532	1,184,489,339
Income tax expenses	38	(247,212,868)	82,664,881	(245,916,503)	97,923,390
Net profit for the year		988,803,145	1,490,107,063	941,525,029	1,282,412,729

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 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 2014

	Consolidated		The Bank	
	2014	2013	2014	2013
Note	Baht	Baht	Baht	Baht
Other comprehensive income (expenses)				
Changes in revaluation surplus	(24,262,109)	(35,525,049)	(24,262,109)	(35,525,049)
Gains (losses) on remeasuring available-for-sale investments	240,733,492	(167,876,846)	240,733,492	(167,876,846)
Gains arising from translating the financial statement of a foreign operation	7,337,610	-	7,337,610	-
Losses on cash flow hedges	(149,627,279)	-	(149,627,279)	-
Income tax relating to components of other comprehensive (expenses) income	(13,368,821)	40,680,379	(13,368,821)	40,680,379
Total other comprehensive income (expenses)	60,812,893	(162,721,516)	60,812,893	(162,721,516)
Total comprehensive income for the year	1,049,616,038	1,327,385,547	1,002,337,922	1,119,691,213
Net profit attributable to:				
Equity holders of the Bank	988,803,145	1,490,107,063	941,525,029	1,282,412,729
Non-controlling interests	-	-	-	-
	988,803,145	1,490,107,063	941,525,029	1,282,412,729
Total comprehensive income attributable to:				
Equity holders of the Bank	1,049,616,038	1,327,385,547	1,002,337,922	1,119,691,213
Non-controlling interests	-	-	-	-
	1,049,616,038	1,327,385,547	1,002,337,922	1,119,691,213
Earnings per share for profit attributable to the equity holders of the Bank	40			
Basic earnings per share (Baht per share)	0.05	0.07	0.04	0.06
Weighted average number of ordinary shares (shares)	21,084,878,025	21,084,878,025	21,084,878,025	21,084,878,025

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 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 2014

Consolidated												
Attributable to owners of the Bank												
Notes	Issued and paid-up share capital Baht	Share premium Baht	Other reserves		Losses arising from translating the financial statement of a foreign operation Baht	Gains on cash flow hedges Baht	Income tax relating to components of other comprehensive income Baht	Total other reserves Baht	Accretion of equity interests in subsidiary Baht	Legal reserve Baht	Retained earnings Baht	Total Baht
			Revaluation surplus on assets Baht	Revaluation surplus (deficit) on change in value of investments Baht								
Balance as at 1 January 2014	10,542,439,013	3,867,738,430	1,119,425,797	38,143,379	-	-	(231,513,835)	926,055,341	(42,753,751)	272,000,000	6,264,593,141	21,830,072,174
Dividend paid	26	-	-	-	-	-	-	-	-	-	(210,848,780)	(210,848,780)
Total comprehensive (expenses) income for the year	-	-	(24,262,109)	240,733,492	7,337,610	(149,627,279)	(13,368,821)	60,812,893	-	-	988,803,145	1,049,616,038
Appropriated - statutory reserve	25	-	-	-	-	-	-	-	-	69,300,000	(69,300,000)	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	19,409,688	19,409,688
Balance as at 31 December 2014	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,095,163,688</u>	<u>278,876,871</u>	<u>7,337,610</u>	<u>(149,627,279)</u>	<u>(244,882,656)</u>	<u>986,868,234</u>	<u>(42,753,751)</u>	<u>341,300,000</u>	<u>6,992,657,194</u>	<u>22,688,249,120</u>
Balance as at 1 January 2013	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
Dividend paid	26	-	-	-	-	-	-	-	-	-	(105,424,390)	(105,424,390)
Total comprehensive (expenses) income for the year	-	-	(35,525,049)	(167,876,846)	-	-	40,680,379	(162,721,516)	-	-	1,490,107,063	1,327,385,547
Appropriated - statutory reserve	25	-	-	-	-	-	-	-	-	84,500,000	(84,500,000)	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	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>-</u>	<u>-</u>	<u>(231,513,835)</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>

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 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 2014

The Bank											
Other reserves											
Notes	Issued and paid-up share capital Baht	Share premium Baht	Revaluation surplus on assets Baht	Revaluation surplus (deficit) on change in value of investments Baht	Losses arising from translating the financial statement of a foreign operation Baht	Gains on cash flow hedges Baht	Income tax relating to components of other comprehensive income Baht	Total other reserves Baht	Legal reserve Baht	Retained earnings Baht	Total Baht
Balance as at 1 January 2014	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
Dividend paid	26	-	-	-	-	-	-	-	-	(210,848,780)	(210,848,780)
Total comprehensive (expenses) income for the year	-	-	(24,262,109)	240,733,492	7,337,610	(149,627,279)	(13,368,821)	60,812,893	-	941,525,029	1,002,337,922
Appropriated - statutory reserve	25	-	-	-	-	-	-	-	69,300,000	(69,300,000)	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	19,409,688	19,409,688
Balance as at 31 December 2014	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,095,163,688</u>	<u>278,876,871</u>	<u>7,337,610</u>	<u>(149,627,279)</u>	<u>(244,882,656)</u>	<u>986,868,234</u>	<u>341,300,000</u>	<u>6,488,688,906</u>	<u>22,227,034,583</u>
Balance as at 1 January 2013	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	26	-	-	-	-	-	-	-	-	(105,424,390)	(105,424,390)
Total comprehensive (expenses) income 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	25	-	-	-	-	-	-	-	84,500,000	(84,500,000)	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	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>-</u>	<u>-</u>	<u>(231,513,835)</u>	<u>926,055,341</u>	<u>272,000,000</u>	<u>5,807,902,969</u>	<u>21,416,135,753</u>

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited

Statements of Cash Flows

For the year ended 31 December 2014

	Consolidated		The Bank	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit before corporate income tax	1,236,016,013	1,407,442,182	1,187,441,532	1,184,489,339
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:				
Depreciation and amortisation	518,920,584	519,559,724	494,154,138	488,984,750
Bad debts and doubtful accounts	2,129,643,339	2,743,502,819	1,702,567,406	2,367,200,000
Reversal of provision for off-balance sheet items	(90,880,000)	-	(90,880,000)	-
Share-based payment	7,396,892	1,769,440	7,396,892	1,769,440
Provision for liabilities	150,899,422	12,616,384	142,690,798	6,861,348
Losses on impairment of properties for sale	69,486,326	57,552,298	203,691	649,137
Losses on impairment of investments	-	8,983,625	-	8,983,625
Reversal of impairment losses on investments in subsidiaries	-	(104,314,627)	-	-
Gain sharing from the management of the non-performing loans by Thai Asset Management Corporation	-	(1,100,714,818)	-	(1,100,714,818)
Unrealised (gains) losses on exchange and derivatives	(1,457,976,392)	745,928,080	(1,457,976,392)	745,928,080
Losses (gains) on properties for sale	591,065,360	390,527,419	(15,912,856)	(27,627,848)
Unrealised losses (gains) on revaluation of investments	22,516,398	(23,953,281)	22,516,398	(23,953,281)
Gains on sale of investments	(453,705,914)	(348,446,867)	(453,705,914)	(348,446,867)
Gains on disposal of premises and equipment	(3,870,312)	(2,026,556)	(3,477,968)	(559,287)
Losses from write off premises and equipment	19,036,757	8,214,659	19,036,757	8,195,290
Losses from write off leasehold rights	2,314,144	69,751	2,314,144	69,751
Losses on financial liabilities designated at fair value through profit or loss	1,093,726,426	100,799,433	1,093,726,426	100,799,433
Interest and dividend income	(13,978,652,436)	(12,542,854,103)	(12,511,907,316)	(11,194,614,158)
Interest expenses	5,110,319,237	5,060,610,547	5,099,929,817	5,003,858,121
Losses from operations before changes in operating assets and liabilities	(5,033,744,156)	(3,064,733,891)	(4,761,882,447)	(2,778,127,945)
(Increase) decrease in operating assets				
Interbank and money market items	27,021,999,228	(23,378,446,731)	27,044,939,614	(23,365,268,593)
Investments held for trading	3,548,028,199	(6,898,913,712)	3,548,028,199	(6,898,913,712)
Loans	(21,762,185,863)	(34,137,352,601)	(20,462,513,058)	(32,429,988,385)
Properties for sale	1,007,089,896	774,818,519	172,716,286	185,732,272
Other assets	656,115,612	(2,434,808,243)	613,934,470	(2,345,881,728)
Increase (decrease) in operating liabilities				
Deposits	31,761,978,155	16,999,086,155	31,833,205,418	16,987,955,452
Interbank and money market items	(26,561,495,078)	33,556,589,183	(26,011,095,078)	33,881,789,183
Liability payable on demand	(160,576,057)	159,437,957	(160,576,057)	159,437,957
Short-term borrowings	(14,379,308,526)	11,458,977,283	(14,379,308,526)	11,458,977,283
Provisions	(106,580,457)	(40,528,200)	(106,708,726)	(40,913,185)
Other liabilities	(947,076,805)	1,699,091,037	(900,529,228)	1,606,075,332
Cash flows used in operating activities	(4,955,755,852)	(5,306,783,244)	(3,569,789,133)	(3,579,126,069)
Cash received from interest income	12,311,195,461	10,829,931,549	10,849,596,102	9,478,055,847
Cash paid for interest expenses	(5,452,994,418)	(5,001,602,921)	(5,442,147,607)	(4,945,239,603)
Cash paid for income tax	(58,026,091)	(78,062,755)	-	-
Net cash flows provided by operating activities	1,844,419,100	443,482,629	1,837,659,362	953,690,175

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 are an integral part of the financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2014

	Consolidated		The Bank	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(54,106,282,038)	(24,915,408,473)	(54,106,282,038)	(24,915,408,473)
Proceeds from disposals of available-for-sale securities	31,109,002,243	8,892,314,510	31,109,002,243	8,892,314,510
Proceeds from maturity of available-for-sale securities	26,015,683,807	4,137,000,000	26,015,683,807	4,137,000,000
Cash paid for purchases of held to maturity securities	(12,020,896,051)	(3,218,057,523)	(12,020,896,051)	(3,218,057,523)
Proceeds from maturity of held to maturity securities	3,972,000,340	8,984,528,846	3,972,000,340	8,984,528,846
Cash paid for purchase of investment in subsidiaries	-	-	-	(550,000,000)
Proceeds from repayment of investment in receivable	48,205,321	25,369,250	48,205,321	25,369,250
Cash paid for purchases of general investments	(182,610)	-	(182,610)	-
Proceeds from disposals of general investments	164,902	22,812,416	164,902	22,812,416
Proceeds from decrease in capital of general investments	31,160,601	31,245,000	31,160,601	31,245,000
Proceeds from paypack of investment in subsidiary	22,540,041	247,704,030	22,540,041	247,704,030
Cash paid for purchases of premises and equipment	(232,063,643)	(225,058,189)	(223,997,232)	(185,015,798)
Proceeds from disposals of premises and equipment	11,974,809	10,134,870	11,398,972	7,002,743
Cash paid for purchases of intangible assets	(140,095,981)	(38,945,913)	(138,631,410)	(37,347,083)
Proceeds from disposals of intangible assets	-	12,712,220	-	12,712,220
Dividend received	51,222,854	166,554,836	51,222,854	166,554,836
Interest received	1,678,324,931	1,408,836,817	1,678,336,020	1,408,836,817
Net cash flows used in investing activities	(3,559,240,474)	(4,458,257,303)	(3,550,274,240)	(4,969,748,209)
Cash flows from financing activities				
Dividend paid	(210,848,780)	(105,424,390)	(210,848,780)	(105,424,390)
Proceeds from issuing subordinate debentures	4,066,540,000	-	4,066,540,000	-
Cash paid for redemption of subordinated debentures	(2,500,000,000)	-	(2,500,000,000)	-
Proceeds from issuance of structured bills of exchange and debentures	11,405,500,000	5,614,000,000	11,405,500,000	5,614,000,000
Cash paid for redemption of structured bills of exchange and debentures	(10,392,000,000)	(1,298,000,000)	(10,392,000,000)	(1,298,000,000)
Net cash flows provided by financing activities	2,369,191,220	4,210,575,610	2,369,191,220	4,210,575,610
Foreign currency translation differences	6,503,496	-	6,503,496	-
Net increase in cash and cash equivalents	660,873,342	195,800,936	663,079,838	194,517,576
Cash and cash equivalents at beginning of the year	3,328,748,596	3,132,947,660	3,324,656,939	3,130,139,363
Cash and cash equivalents at the end of the year	3,989,621,938	3,328,748,596	3,987,736,777	3,324,656,939
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	30,592,954	2,493,469	30,592,954	2,493,469
Properties for sale received from premises and equipment	125,838,175	34,067,000	125,838,175	34,067,000
Write-off promissory notes to offset with gain sharing from Thai Asset Management Corporation	-	108,197,837	-	108,197,837
Change in revaluation surplus in available-for-sale	240,733,432	167,876,846	240,733,492	167,876,846
Interest amortisation from premium or discount	100,700,529	19,003,019	100,700,529	19,003,019

The accompanying notes to the consolidated and bank financial statements from page 11 to 96 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 2014

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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 the debt collection business, hire-purchase and leasing business.

The Bank has received a banking license for CIMB Thai - Vientiane Branch (“Vientiane branch”) from the Bank of the Lao PDR (“BOL”) on 4 June 2014. Vientiane Branch operates banking business on 25 July 2014.

The consolidated and bank financial statements were authorised by the Board of Directors on 25 February 2015.

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 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 New financial reporting standards and revised financial reporting standards

1) Revised accounting standards which are effective on 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
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

The Group's management has determined that such revised accounting standard, financial reporting standards and related interpretations will not significantly impact the financial statements being presented.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2) New financial reporting standards, revised accounting standards and revised financial reporting standards which are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted:

a) Financial reporting standards which are expected to have a significant impact to the Group:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 20	Stripping costs in the production phase of a surface mine

Management evaluates that the new financial reporting standards, revised accounting standards and revised financial reporting standards have no significant impact to the financial statements being presented except TAS 19 (revised 2014). The key changes is actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. And TFRS 13 which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. The management is currently assessing the impact from applying TAS 19 (revised 2014) and TFRS 13.

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2) New financial reporting standards, revised accounting standards and revised financial reporting standards which are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted: (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows: (Cont'd)

TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers

c) New financial reporting standard which is effective on 1 January 2016.

TFRS4 (revised 2014) 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 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.

(c) Gains (losses) on sale of investments

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

(d) Gains (losses) on sale of properties for sale

Gains (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.

(e) 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.

(f) Other income

Other income is recognised as income on an accrual basis.

2 Accounting policies (Cont'd)

2.4 Expense recognition

(a) Interest expenses

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

(b) Commission fee under hire-purchase agreements

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

(c) Other expense

Other expense is recognised as expense on an accrual basis.

2.5 Investments

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

(1) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price not more than 3 months. Trading investments are traded in active markets and included in short-term investment.

(2) Available-for-sale investments are investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, and are included in long-term investment unless management has expressed the intention of holding the investment for less than 12 months from the statements of financial position date, in which case they are included in short-term investment.

(3) Held-to-maturity investments are investments with fixed maturity that the management has the intent and ability to hold to maturity, and are classified as held-to-maturity and included in long-term investment, except for maturities within 12 months from the statement of financial position date which are classified as short-term investment.

(4) General investments are investments in non-marketable equity securities.

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

2 Accounting policies (Cont'd)

2.5 Investments (Cont'd)

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

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

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

General investments are carried at cost less impairment.

The Group tests for impairment when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statements of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Investments in receivables

Investments in receivables purchased from financial institutions are valued at acquisition cost net of any allowance for impairment, if any. Loss on impairment of investments is included in statements of comprehensive income.

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

The Group determines allowance for impairment of investments in receivables based on the present value of expected future cash flows from collateral disposal or debt collection in accordance with the Bank of Thailand's provisioning guidelines.

2 Accounting policies (Cont'd)

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

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

2.8 Investments in subsidiaries

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

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

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

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

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

In the Bank’s financial statements, investments in subsidiaries are reported using the cost method

A list of the Bank’s principal subsidiaries and the financial effects of acquisitions and disposals of subsidiaries are shown in Note 8.7 to the financial statements.

2 Accounting policies (Cont'd)

2.9 Loans/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 premises 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.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

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.

2 Accounting policies (Cont'd)

2.18 Financial derivatives (Cont'd)

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 46 to the financial statements.

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.

2 Accounting policies (Cont'd)

2.21 Employee benefits and pension fund (Cont'd)

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.

2.22 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.

2 Accounting policies (Cont'd)

2.23 Current and deferred income taxes (Cont'd)

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.

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.

3.1.1.2 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 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Credit risk

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

The Bank'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.

3.1.3 Liquidity risk

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

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

3 Financial risk management (Cont'd)

3.2 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.

4 Critical accounting estimates, assumptions and judgements (Cont'd)

(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) Premises, equipment and intangible assets

Management determines the estimated useful lives and residual values for the Groups' premises, 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 27 to financial statement.

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Bank Financial Statements
For the year ended 31 December 2014

6 Interbank and money market items, net (assets)

	Consolidated					
	2014			2013		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	2,648	-	2,648	3,829	-	3,829
Commercial banks	116	959	1,075	70	24,735	24,805
Other banks	10	-	10	6	2,000	2,006
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	30	825	855	684	1	685
Total domestic items	3,348	1,784	5,132	5,133	26,736	31,869
Add Accrued interest receivables	-	-	-	-	11	11
Less Allowance for doubtful debts	-	(3)	(3)	-	(3)	(3)
Domestic items, net	3,348	1,781	5,129	5,133	26,744	31,877
Foreign:						
US dollar	698	-	698	1,067	137	1,204
Yen	48	-	48	54	-	54
Euro	56	-	56	191	151	342
Other currencies	592	-	592	79	-	79
Foreign items, net	1,394	-	1,394	1,391	288	1,679
Domestic and foreign items, net	4,742	1,781	6,523	6,524	27,032	33,556
	The Bank					
	2014			2013		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	2,648	-	2,648	3,829	-	3,829
Commercial banks	15	1,000	1,015	28	24,735	24,763
Other banks	-	-	-	1	2,000	2,001
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	30	825	855	684	1	685
Total domestic items	3,237	1,825	5,062	5,086	26,736	31,822
Add Accrued interest receivables	-	-	-	-	11	11
Less Allowance for doubtful debts	-	(3)	(3)	-	(3)	(3)
Domestic items, net	3,237	1,822	5,059	5,086	26,744	31,830
Foreign:						
US dollar	698	-	698	1,067	137	1,204
Yen	48	-	48	54	-	54
Euro	56	-	56	191	151	342
Other currencies	592	-	592	79	-	79
Foreign items, net	1,394	-	1,394	1,391	288	1,679
Domestic and foreign items, net	4,631	1,822	6,453	6,477	27,032	33,509

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

As at 31 December 2014, the Bank had promissory notes of Baht 545 million (31 December 2013: 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 2013: 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 2013: Baht 544 million).

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and the Bank					
	2014			2013		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Asset Million Baht		Liability Million Baht		
Exchange rate	4,698	5,079	714,137	6,287	7,010	320,054
Interest rate	6,074	4,917	794,882	2,791	2,635	543,805
Commodity	-	-	-	7	7	322
Total	10,772	9,996	1,509,019	9,085	9,652	864,181

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

	Consolidated and the Bank	
	2014 Proportion	2013 Proportion
Financial institutions	93	87
Companies in the Group	5	11
External parties	2	2
Total	100	100

7.2 Derivative for hedging

7.2.1 Fair value hedge

	Consolidated and the Bank					
	2014			2013		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Asset Million Baht		Liability Million Baht		
Interest rate	32	-	571	16	-	626
Total	32	-	571	16	-	626

7 Derivatives (Cont'd)

7.2 Derivative for hedging (Cont'd)

7.2.1 Fair value hedge (Cont'd)

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

The net gains (losses) arising from fair value hedges for the years ended 31 December 2014 and 2013 can be summarised as follows:

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Gains on hedging instruments, net	15	9
Losses on hedged items, net	(16)	(9)

7.2.2 Cash flow hedge

	Consolidated and the Bank		
	2014		
	Fair value		Notional amount
Assets	Liabilities		
	Million Baht	Million Baht	Million Baht
Exchange rate	-	247	
Interest rate	-	153	
Total	-	400	7,862

Cash flow hedges are used to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates and interest rates of financial assets and financial liabilities. The Bank hedges cash flows from subordinated debentures against foreign exchange rates risk and interest rates risk using Cross Currency and Interest Rate Swap contract with CIMB Bank Berhad and other parties.

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 31 December 2014 can be summarised as follows:

	Consolidated and the Bank		
	2014		
	3 month or less	More than 3 month to 1 year	More than 1 year to 5 years
	Million Baht	Million Baht	Million Baht
Cash outflow	106	105	4,616

As at 31 December 2013, the Bank had no derivative designated as cash flow hedge.

8 Investments, net

8.1 Classified by type of investment

	Consolidated and the Bank	
	2014	2013
	Fair value	Fair value
	Million Baht	Million Baht
Securities held for trading		
Government and state enterprises securities	4,777	9,011
Private sector debt securities	1,968	1,215
Total securities held for trading	6,745	10,226
Available-for-sale securities		
Government and state enterprises securities	20,648	23,494
Private sector debt securities	2,771	2,530
Domestic marketable equity securities	683	594
Total available-for-sales securities	24,102	26,618

	Consolidated and the Bank	
	2014	2013
	Cost/ Amortised Cost	Cost/ Amortised Cost
	Million Baht	Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	23,731	15,605
Promissory notes issued by		
Thai Asset Management Corporation	8	8
Private sector debt securities	481	604
Investments in receivables (Note 8.6)	104	153
Total	24,324	16,370
<u>Less</u> Allowance for impairment	(62)	(64)
Total held-to-maturity debt securities	24,262	16,306

	Cost	Cost
	Million Baht	Million Baht
General investments		
Domestic non-marketable equity securities	359	390
Overseas non-marketable equity securities	9	9
Total	368	399
<u>Less</u> Allowance for impairment	(224)	(224)
Total general investments	144	175
Investments, net	55,253	53,325

8 Investments, net (Cont'd)

8.1 Classified by type of investment (Cont'd)

- (a) As at 31 December 2014, 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 47 to the financial statements) amounting to Baht 8 million (31 December 2013: Baht 8 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 2014 and 2013, the Bank had investments pledged as collateral, as mentioned in Note 41.1 to the financial statements.

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

	Consolidated and the Bank							
	2014				2013			
	Periods remaining				Periods remaining			
	1 year	1 - 5	Over	Total	1 year	1 - 5	Over	Total
Million	years	5 years	Million	Million	years	5 years	Million	
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Available-for-sale securities								
Government and state enterprises securities	-	20,456	-	20,456	500	21,057	1,861	23,418
Private sector debt securities	481	2,091	156	2,728	39	2,282	200	2,521
Total	481	22,547	156	23,184	539	23,339	2,061	25,939
Add Allowance for revaluation	3	225	7	235	1	79	5	85
Available-for-sale securities, net	484	22,772	163	23,419	540	23,418	2,066	26,024
Held-to-maturity securities								
Government and state enterprises securities	5,188	18,293	250	23,731	3,855	10,688	1,062	15,605
Promissory notes issued by TAMC	8	-	-	8	-	8	-	8
Private sector debt securities	10	471	-	481	122	482	-	604
Total	5,206	18,764	250	24,220	3,977	11,178	1,062	16,217
Less Allowance for impairment	-	-	-	-	(1)	-	-	(1)
Held-to-maturity securities, net	5,206	18,764	250	24,220	3,976	11,178	1,062	16,216
Total debt securities	5,690	41,536	413	47,639	4,516	34,596	3,128	42,240

8 Investments, net (Cont'd)

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

The following are equity securities in which the 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	
	2014	2013
	Million Baht	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

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

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

	Consolidated and the Bank			
	2014		2013	
	Cost	Fair value	Cost	Fair value
	Million Baht	Million Baht	Million Baht	Million Baht
General investments				
Investment in property funds	165	158	195	190
<u>Less</u> Allowance for revaluation	(4)		(2)	
<u>Less</u> Allowance for impairment	(3)		(3)	
General investments, net	158		190	

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

As at 31 December 2014 and 2013, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and the Bank							
	2014				2013			
	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	-	-	-
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)	-
	68	43	(43)	-	70	43	(43)	-

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8 Investments, net (Cont'd)

8.6 Investments in receivables

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Investments in receivables	104	153
<u>Less</u> Allowance for impairment	(62)	(62)
Investments in receivables, net	42	91

As at 31 December 2014 and 2013, the outstanding balances of transferred loan receivables can be summarised as follows:

	2014				2013			
	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	91	1,318	104	-	104	1,373	153	-

8.7 Investments in subsidiaries, net

Company name	Nature of business	Type of securities	Percentage of holding		The Bank	
			2014	2013	Cost method	
			%	%	2014	2013
					Million Baht	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	1,203
World Lease Co., Ltd.	Hire-purchase and motorcycles motorcycle trading	Common stock	100	100	467	467
Subsidiary - not included in consolidated financial statements						
Krung Thai Thanakit Finance Plc.	In process of liquidation	Common stock	-	99	-	10
Total					1,708	1,718
<u>Less</u> Allowance for impairment					(383)	(383)
Investments in subsidiary, net					1,325	1,335

8 Investments, net (Cont'd)

8.7 Investments in subsidiaries, net (Cont'd)

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

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 at the rate of Baht 0.2321 per share from total of 1,076,976,000 registered ordinary shares, or a total of Baht 250 million. The Bank's portion is 1,067,229,773 shares or Baht 248 million.

On 21 May 2014, Krung Thai Thanakit Finance Plc's the Extraordinary general shareholder meeting approved a payback to shareholder at the rate of Baht 0.0211 per share from total of 1,076,976,000 registered ordinary shares, or a total of Baht 22.74 million. The Bank's portion is 1,067,229,773 shares or Baht 22.54 million.

Currently, Krung Thai Thanakit Finance Plc is still in the process of liquidation.

9 Loans and accrued interest receivables, net

9.1 Classified by loan type

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Bank overdrafts	7,683	7,547	7,690	7,564
Loans	130,700	111,508	134,140	114,441
Bills	32,663	35,333	46,518	46,943
Hire-purchase receivables	23,554	21,432	-	-
Others	25	35	1	16
Total loans	194,625	175,855	188,349	168,964
Valuation reserve from hedging	(15)	(11)	(15)	(11)
<u>Less</u> Deferred revenue	(4,642)	(4,757)	(163)	(255)
Total loans net of deferred revenue	189,968	171,087	188,171	168,698
<u>Add</u> Accrued interest receivables	455	454	459	462
Total loans net of deferred revenue and accrued interest receivables	190,423	171,541	188,630	169,160
<u>Less</u> Allowance for doubtful debts (Note 10)				
Minimum allowance for doubtful accounts required based on BoT's guidelines				
- Individual approach	(3,762)	(2,563)	(3,231)	(2,213)
General provision for further losses	(2,217)	(2,701)	(2,217)	(2,701)
<u>Less</u> Revaluation allowance for debt restructuring (Note 11)	(68)	(33)	(68)	(33)
Loans and accrued interest receivables, net	184,376	166,244	183,114	164,213

9.2 Classified by currency and residency of debtors

	Consolidated					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	180,988	271	181,259	160,888	266	161,154
US dollar	4,838	1,338	6,176	5,019	1,313	6,332
Other currencies	2,533	-	2,533	3,601	-	3,601
Total loans net of deferred revenue	188,359	1,609	189,968	169,508	1,579	171,087
	The Bank					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	179,191	271	179,462	158,499	266	158,765
US dollar	4,838	1,338	6,176	5,019	1,313	6,332
Other currencies	2,533	-	2,533	3,601	-	3,601
Total loans net of deferred revenue	186,562	1,609	188,171	167,119	1,579	168,698

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

9.3 Classified by types of business and loan classification

	Consolidated						Total Million Baht
	2014						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	hire purchase receivables Million Baht	
Agricultural and mining	3,072	-	-	2	291	-	3,365
Manufacturing and commerce	50,981	1,997	607	209	1,010	-	54,804
Real estate and construction	16,847	216	-	-	40	-	17,103
Public utilities and services	20,965	1,739	-	67	574	-	23,345
Personal cash	9,513	550	276	-	178	-	10,517
Housing loans	45,805	837	507	458	996	-	48,603
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	19,075	19,075
Others	12,493	157	123	89	270	24	13,156
Total loans net of deferred revenue	159,676	5,496	1,513	825	3,359	19,099	189,968

	Consolidated						Total Million Baht
	2013						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	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

	The Bank					Total Million Baht
	2014					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	
Agricultural and mining	3,072	-	-	2	291	3,365
Manufacturing and commerce	50,981	1,997	607	209	1,010	54,804
Real estate and construction	16,847	216	-	-	40	17,103
Public utilities and services	20,965	1,739	-	67	574	23,345
Personal cash	9,513	550	276	-	178	10,517
Housing loans	45,805	837	507	458	996	48,603
Others	29,794	157	123	90	270	30,434
Total loans net of deferred revenue	176,977	5,496	1,513	826	3,359	188,171

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

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

	The Bank					Total
	2013					
	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	3,004	-	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

9.4 Classification of loans

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

(a) Loans of the Group

	Consolidated							
	2014			2013				
	Loans and	Balance	Allowance	Loans and	Balance	Allowance	Allowance	
	accrued	after	provided	accrued	after	in the	provided	
	interest	collateral ⁽¹⁾	in the	interest	collateral ⁽¹⁾	accounts	in the	
	receivables	Minimum	accounts	receivables	Minimum	Percentage	accounts	
	Million	percentage	Million	Million	Percentage	%	Million	
	Baht	%	Baht	Baht	Baht	%	Baht	
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	176,240	62,925	1	561	158,670	61,640	1	600
- Special mention	7,817	3,961	2	55	7,945	3,607	2	71
- Sub-standard	1,764	1,120	100	1,118	1,239	625	100	622
- Doubtful	1,072	606	100	572	1,281	628	100	583
- Doubtful-of-loss	3,530	1,234	100	1,456	2,406	685	100	687
- General provision for further losses				2,217				2,701
Total	190,423	69,846		5,979	171,541	67,185		5,264

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

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

9.4 Classification of loans (Cont'd)

	The Bank							
	2014				2013			
	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	177,381	64,073	1	640	158,745	61,721	1	616
- Special mention	5,539	1,683	2	19	5,911	1,573	2	30
- Sub-standard	1,525	921	100	922	1,036	469	100	469
- Doubtful	826	359	100	359	1,135	483	100	483
- Doubtful-of-loss	3,359	1,064	100	1,291	2,333	612	100	615
- General provision for further losses				2,217				2,701
Total	188,630	68,100		5,448	169,160	64,858		4,914

⁽¹⁾ For allowance 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 2013, 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 2014, the Group and the Bank had defaulted loans amounting to Baht 5,773 million and Baht 5,117 million, respectively (31 December 2013: Baht 4,593 million and Baht 4,172 million, respectively), were ceased recognition of interest income.

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

As at 31 December 2014 and 2013, 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	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Current or overdue less than 1 installment	16,141	14,474	94	130
Overdue 2-3 installments	2,278	2,034	37	40
Overdue 4-6 installments	238	203	196	153
Overdue 7-12 installments	247	146	213	100
Overdue more than 12 installments	166	68	160	67
Debtors under litigation	5	5	5	5
Total	19,075	16,930	705	495

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

9.5 Non-performing loans

As at 31 December 2014 and 2013, 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	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
Banking business	5,698	4,498	5,698	4,498
Other businesses	657	421	-	-

As at 31 December 2014 and 2013, the above non-performing loans under the BoT's criteria were presented in accordance with the notification of the BoT's, defining non-performing loans to be debts classified as sub-standard, doubtful and doubtful-of-loss, and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with BoT criteria have already been fulfilled.

9.6 Hire-purchase and finance lease receivables

As at 31 December 2014, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 18,370 million (31 December 2013: Baht 16,435 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				
	2014				
	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	6,983	15,241	593	737	23,554
<u>Less</u> Unearned finance income	(1,104)	(3,084)	(133)	(158)	(4,479)
Present value of minimum lease payments receivable	5,879	12,157	460	579	19,075
<u>Less</u> Allowance for doubtful accounts					(705)
Net receivables under hire-purchase agreements and financial leases					<u>18,370</u>
	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>

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

9.7 Troubled debt restructuring

As at 31 December 2014 and 2013, 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	
	2014	2013
Number of debtors	2,452	2,081
Debt balances (Million Baht)	1,787	2,674

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

	Consolidated and the Bank		
	2014		
	Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht
Modification of terms of payments	2,452	1,787	1,787
Total	2,452	1,787	1,787

	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

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					
	2014			2013		
	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	141	697	697	188	1,483	1,268
5 - 10 years	2,159	656	656	1,733	802	802
10 - 15 years	31	190	190	29	122	122
More than 15 years	121	244	244	131	267	267
Total	2,452	1,787	1,787	2,081	2,674	2,459

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

9.7 Troubled debt restructuring (Cont'd)

Supplemental information relating to the restructured debts for the years ended 31 December 2014 and 2013 are as follows:

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Loss on debt restructuring	35	18
Interest income	246	269

As at December 2014 and 2013, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and the Bank	
	2014	2013
Number of debtors	7,191	6,876
Debt balances after restructuring (Million Baht)	3,432	3,224

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 2014, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 68 million (31 December 2013: Baht 33 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

In addition, as at 31 December 2014, the Bank may have to realise additional losses of about Baht 0.5 million (31 December 2013: Baht 0.4 million) from debt restructuring through waiver of part of the principal or interest receivables if the restructured debtors are able to comply with the conditions as stipulated in the debt restructuring agreements. The Bank had already provided a provision for such losses, which is presented as part of the allowance for doubtful debts in the statements of financial position.

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10 Allowance for doubtful debts

	Consolidated								
	2014								
	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 2014	471	30	469	483	615	2,701	4,769	495	5,264
<u>Add</u> Addition during the year	-	-	-	-	-	1,702	1,702	455	2,157
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	6	6	-	6
Reversal of bad debts	-	-	-	-	-	141	141	-	141
<u>Less</u> Bad debts written off	-	-	(86)	(2)	(1,177)	(10)	(1,275)	(245)	(1,520)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(41)	(41)	-	(41)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	(4)	(11)	538	(122)	1,853	(2,282)	(28)	-	(28)
Balance as at 31 December 2014	<u>467</u>	<u>19</u>	<u>921</u>	<u>359</u>	<u>1,291</u>	<u>2,217</u>	<u>5,274</u>	<u>705</u>	<u>5,979</u>
	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 allowance to specific allowance	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>

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10 Allowance for doubtful debts (Cont'd)

	The Bank						
	2014						
	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 2014	616	30	469	483	615	2,701	4,914
<u>Add</u> Addition during the year	-	-	-	-	-	1,702	1,702
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	6	6
Reversal of bad debts	-	-	-	-	-	141	141
<u>Less</u> Bad debts written off	-	-	(86)	(1)	(1,177)	(10)	(1,274)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(41)	(41)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	24	(11)	538	(122)	1,853	(2,282)	-
Balance as at 31 December 2014	<u>640</u>	<u>19</u>	<u>921</u>	<u>360</u>	<u>1,291</u>	<u>2,217</u>	<u>5,448</u>

	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 allowance to specific allowance	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>

11 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Balance - beginning of the year	33	16
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	41	24
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(6)	(7)
Balance - end of the year	<u>68</u>	<u>33</u>

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

12 Properties for sale, net

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

	Consolidated			As at 31 December 2014 Million Baht
	As at 1 January 2014 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,020	35	(198)	1,857
Movable	188	1,646	(1,441)	393
Total	2,208	1,681	(1,639)	2,250
Others	34	126	(10)	150
Total properties for sale	2,242	1,807	(1,649)	2,400
<u>Less</u> Allowance for impairment	(536)	(330)	292	(574)
Properties for sale, net	1,706	1,477	(1,357)	1,826

	Consolidated			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
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	1,576	1,227	(1,097)	1,706

12 Properties for sale, net (Cont'd)

	The Bank			
	As at 1 January 2014 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2014 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,020	35	(198)	1,857
Total	2,020	35	(198)	1,857
Others	34	126	(10)	150
Total properties for sale	2,054	161	(208)	2,007
<u>Less</u> Allowance for impairment	(456)	-	31	(425)
Properties for sale, net	<u>1,598</u>	<u>161</u>	<u>(177)</u>	<u>1,582</u>

	The Bank			
	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
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 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 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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13 Premises and equipment, net

	Consolidated											
	Cost/appraisal value					Accumulated depreciation						
	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	544	-	(33)	-	511	-	-	-	-	-	-	511
Revaluation surplus (revaluation in 2011)	833	-	(87)	-	746	-	-	-	-	-	-	746
Devaluation of asset (revaluation in 2011)	(38)	-	2	-	(36)	-	-	-	-	-	-	(36)
Buildings												
Cost	1,980	42	(73)	-	1,949	(1,101)	(94)	66	-	(1,129)	-	820
Revaluation surplus (revaluation in 2011)	1,935	-	(28)	-	1,907	(1,677)	(24)	26	-	(1,675)	-	232
Devaluation of asset (revaluation in 2011)	(79)	-	5	-	(74)	64	4	(4)	-	64	-	(10)
Equipment	3,370	218	-	(480)	3,108	(2,486)	(278)	-	451	(2,313)	(12)	783
Assets under installation and/or construction	18	134	-	(126)	26	-	-	-	-	-	-	26
Total	8,563	394	(214)	(606)	8,137	(5,200)	(392)	88	451	(5,053)	(12)	3,072

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13 Premises and equipment, net (Cont'd)

	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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13 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 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht			
Land													
Cost	544	-	(33)	-	511	-	-	-	-	-	-	511	
Revaluation surplus (revaluation in 2011)	833	-	(87)	-	746	-	-	-	-	-	-	746	
Devaluation of asset (revaluation in 2011)	(38)	-	2	-	(36)	-	-	-	-	-	-	(36)	
Buildings													
Cost	1,980	42	(73)	-	1,949	(1,101)	(93)	66	-	(1,129)	-	820	
Revaluation surplus (revaluation in 2011)	1,935	-	(28)	-	1,907	(1,677)	(24)	26	-	(1,675)	-	232	
Devaluation of asset (revaluation in 2011)	(79)	-	5	-	(74)	64	4	(4)	-	64	-	(10)	
Equipment	3,165	209	-	(478)	2,896	(2,366)	(255)	-	449	(2,171)	(12)	713	
Assets under installation and/or construction	18	134	-	(126)	26	-	-	-	-	-	-	26	
Total	8,358	385	(214)	(604)	7,925	(5,080)	(368)	88	449	(4,911)	(12)	3,002	

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13 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 Intangible assets, net

Consolidated					
Amortising period	As at 1 January 2014 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Amortisation Million Baht	As at 31 December 2014 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	50	94	(85)	-
Computer software	5 - 10 years	291	53	81	(124)
Licence fee	5 years	2	-	-	-
Total		343	147	(4)	(124)
Less Allowance for impairment		-			-
Net intangible assets		343			362

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

The Bank					
Amortising period	As at 1 January 2014 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Amortisation Million Baht	As at 31 December 2014 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	50	94	(85)	-
Computer software	5 - 10 years	285	52	81	(123)
Licence fee	5 years	2	-	-	-
Total		337	146	(4)	(123)
Less Allowance for impairment		-			-
Net intangible assets		337			356

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14 Intangible assets, net (Cont'd)

	Amortising period	The Bank				As at 31 December 2013 Million Baht
		As at 1 January 2013 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	-	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

15 Deferred income taxes

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

	Consolidated		The Bank	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Beginning of the year	1,049	876	918	779
Charged/(credited) to profit or loss	(99)	132	(169)	98
Tax charged/(credited) directly to equity	(18)	41	(18)	41
End of the year	932	1,049	731	918

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 2014	271	95	934	1,300
Charged/(credited) to profit or loss	(1)	(95)	1	(95)
Charged directly to equity	-	-	20	20
At 31 December 2014	270	-	955	1,225
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

15 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	Temporary differences Million Baht	Total Million Baht
Deferred tax liabilities				
At 1 January 2014	27	224	-	251
Charged/(credited) to profit or loss	2	(4)	6	4
Tax charge directly to equity	38	-	-	38
At 31 December 2014	<u>67</u>	<u>220</u>	<u>6</u>	<u>293</u>
At 1 January 2013	42	231	-	273
Tax credited directly to equity	(15)	(7)	-	(22)
At 31 December 2013	<u>27</u>	<u>224</u>	<u>-</u>	<u>251</u>
The Bank				
	Provision Million Baht	Tax losses Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax assets				
At 1 January 2014	271	95	803	1,169
Credited to profit or loss	(7)	(95)	(63)	(165)
Charged directly to equity	-	-	20	20
As at 31 December 2014	<u>264</u>	<u>-</u>	<u>760</u>	<u>1,024</u>
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>
The Bank				
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax liabilities				
At 1 January 2014	27	224	-	251
Charged/(credited) to profit or loss	2	(4)	6	4
Tax charged directly to equity	38	-	-	38
At 31 December 2014	<u>67</u>	<u>220</u>	<u>6</u>	<u>293</u>
At 1 January 2013	42	231	-	273
Tax credited directly to equity	(15)	(7)	-	(22)
At 31 December 2013	<u>27</u>	<u>224</u>	<u>-</u>	<u>251</u>

15 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. As at 31 December 2014, the Group does not has unrecognised tax losses to carry forward against future taxable income (31 December 2013: Baht 483 million).

16 Other assets, net

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million baht	Million Baht	Million baht	Million Baht
Accrued interest and dividend receivables	439	447	439	447
Credit support assets on derivatives	2,011	2,798	2,011	2,798
Leasehold rights	4	9	4	9
Advances	17	19	17	17
Others assets awaiting account transfer	106	164	106	164
Commission receivables	52	55	52	55
Withholding tax receivable	82	91	80	89
Marginal deposits	86	120	80	113
Account receivable revenue department	-	64	-	-
Prepaid expenses	101	59	98	54
Others	503	231	345	96
Total	3,401	4,057	3,232	3,842
<u>Less</u> Allowance for impairment	(36)	(36)	(36)	(36)
Other assets, net	3,365	4,021	3,196	3,806

17 Deposits

17.1 Classified by type of deposits

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
At call	2,243	2,082	2,244	2,084
Savings	49,701	46,046	49,845	46,158
Fixed	128,626	100,152	128,692	100,178
Negotiable certificate of deposit	3,325	3,853	3,325	3,853
Total deposits	183,895	152,133	184,106	152,273

17 Deposits (Cont'd)

17.2 Classified by currency and residency of depositors

	Consolidated					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	181,254	1,574	182,828	150,307	1,345	151,652
US dollar	1,041	22	1,063	476	-	476
Other currencies	2	2	4	5	-	5
Total	182,297	1,598	183,895	150,788	1,345	152,133
	The Bank					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	181,465	1,574	183,039	150,447	1,345	151,792
US dollar	1,041	22	1,063	476	-	476
Other currencies	2	2	4	5	-	5
Total	182,508	1,598	184,106	150,928	1,345	152,273

18 Interbank and money market items (liabilities)

	Consolidated					
	2014			2013		
	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	-	391	391	-	475	475
Commercial banks	78	2,125	2,203	89	37,069	37,158
Other banks	69	2,500	2,569	125	1,300	1,425
Finance, finance and securities, securities, and credit foncier companies	6,585	1,287	7,872	1,957	912	2,869
Other financial institutions	319	1,946	2,265	761	237	998
Total domestic items	7,051	8,249	15,300	2,932	39,993	42,925
Foreign:						
US dollar	499	15	514	469	802	1,271
Other currencies	2,423	68	2,491	603	67	670
Total foreign items	2,922	83	3,005	1,072	869	1,941
Total domestic and foreign items	9,973	8,332	18,305	4,004	40,862	44,866

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

	The Bank					
	2014			2013		
	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	-	391	391	-	475	475
Commercial banks	78	2,050	2,128	89	36,444	36,533
Other banks	69	2,500	2,569	125	1,300	1,425
Finance, finance and securities, securities, and credit foncier companies	6,585	1,287	7,872	1,957	912	2,869
Other financial institutions	319	1,946	2,265	761	237	998
Total domestic items	7,051	8,174	15,225	2,932	39,368	42,300
Foreign:						
US dollar	499	15	514	469	802	1,271
Other currencies	2,423	68	2,491	603	67	670
Total foreign items	2,922	83	3,005	1,072	869	1,941
Total domestic and foreign items	9,973	8,257	18,230	4,004	40,237	44,241

19 Financial liabilities designated at fair value through profit or loss

	Consolidated and the Bank	
	2014 Million Baht	2013 Million Baht
Debentures	3,790	5,000
Bills of Exchange	3,903	857
Total	7,693	5,857

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

	Consolidated and the Bank	
	2014 Proportion	2013 Proportion
Financial institutions	46	14
External parties	54	86
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 6.10% per annum with a payment of interest every six months. The debentures bear interest rate at between 0 - 4.30% per annum variable to reference index of THBFX 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 2014, the Bank issued debentures which will mature in 5 years with embedded callable range accrual swap. The debentures bear interest rate at between 0 - 5.00% per annum variable to reference index of THBFX 6 month with a payment of interest every six months. The Bank entered into interest rate swaps with other parties.

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19 Financial liabilities designated at fair value through profit or loss (Cont'd)

In 2014, the Bank issued debentures which will mature in 5 years with embedded callable inverse floater derivatives. The debentures bear interest rate at 6.60% per annum minus reference index of THBFIX 6 month with a payment of interest every six months.

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 7 - 15 years. They bear interest rate at between 3.77% - 5.18% per annum with a payment of interest every six months. The Bank entered into interest rate swaps with other parties.

In 2014, the Bank issued accreting structured bills of exchange embedded callable range accrual swap. The maturity date is 10 years. They bear interest rate at between 0 - 6.50% 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.

20 Debt issued and borrowings

	Consolidated and the Bank					
	2014			2013		
	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
Short term debentures						
Short term debentures maturing in 2015, coupon rate of 2.23% - 2.99% per annum	12,863	-	12,863	20,702	-	20,702
Subordinated debentures						
Subordinate debentures maturing in 2003	544	-	544	544	-	544
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,770	3,770	-	-	-
Subordinated debentures of Baht 3,000 million, maturing in 2021, coupon rate of 5.35% per annum	3,000	-	3,000	3,000	-	3,000
Subordinated debentures of Baht 3,000 million, maturing in 2022, coupon rate of 4.80% per annum	3,000	-	3,000	3,000	-	3,000
Structured debentures						
Structured debentures	313	-	313	108	-	108
	<u>19,720</u>	<u>3,770</u>	<u>23,490</u>	<u>27,416</u>	<u>2,525</u>	<u>29,941</u>
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.70% - 2.95% per annum	1,022	-	1,022	4,265	-	4,265
Bill of exchange maturing in 2014, coupon rate of 2.00% - 2.75% per annum	-	-	-	3,501	-	3,501
	<u>1,022</u>	<u>-</u>	<u>1,022</u>	<u>7,766</u>	<u>-</u>	<u>7,766</u>
Total	20,742	3,770	24,512	35,182	2,525	37,707
Less Current portion of long-term borrowings	<u>(14,742)</u>	<u>-</u>	<u>(14,742)</u>	<u>(29,120)</u>	<u>-</u>	<u>(29,120)</u>
Long-term borrowings, net	<u>6,000</u>	<u>3,770</u>	<u>9,770</u>	<u>6,062</u>	<u>2,525</u>	<u>8,587</u>

20 Debt issued and borrowings (Cont'd)

- (a) As at 31 December 2014, the Bank had domestic subordinated debentures of Baht 544 million (31 December 2013: 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 Bank of Thailand.

On 27 March 2014, the Bank exercised its option to early redeem all cumulative hybrid instruments amounting to Baht 2,500 million, maturing on 27 March 2019, which the Bank was able to early redeem (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 53/2557 The request for approval of redemption of cumulative hybrid instruments.

- (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 II capital according to the correspondence For Kor Kor (02) 808/2554.

- (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 Bank of Thailand.

The Bank has an approval from Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor (02) 1269/2555.

- (e) As at 31 December 2014, the Bank had short term debentures of Baht 12,863 million (31 December 2013: Baht 20,702 million) with fixed interest rates, interest will be paid on maturity date.
- (f) On 7 July 2014, the Bank issued MYR 400 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 4,000,000 units of MYR 100 each, interest rate of 5.60% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2024. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by Bank of Thailand.

The Bank has an approval from Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor.(02) 453/2557.

20 Debt issued and borrowings (Cont'd)

- (g) As at 31 December 2014, the Bank had structured debentures of Baht 313 million (31 December 2013: Baht 108 million) as follows:.
- As at 31 December 2013, the Bank had 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.
 - As at 31 December 2014, the Bank issued various unsecured structured debentures amounted to Baht 124 million with embedded FX digital bullish CNH against USD. The structured debentures will mature in 6 months from respective issuance dates. The Bank will pay 5% per annum at maturity if USD/CNH spot fixing rate on observation date fall below or equal to 99.75% 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 99.75% of initial USD/CNH spot fixing rate. Investors have the option to early redeem the above structured debentures at market price after 90 days from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.
 - As at 31 December 2014, the Bank issued various unsecured structured debentures amounted to Baht 149 million with embedded FX digital bullish CNH against USD. The structured debentures will mature in 1 year from respective issuance dates. The Bank will pay 7% per annum at maturity if USD/CNH spot fixing rate on observation date fall below or equal to 99.00% 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 99.00% of initial USD/CNH spot fixing rate. Investors have the option to early redeem the above structured debentures at market price after 6 months from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.
 - As at 31 December 2014, the Bank issued various unsecured structured debentures (Maxi Precious Shark Fin Bearish Gold Derivatives Debentures) of Baht 40 million with 6 months from respective issuance dates. The Bank will pay interest at maturity date according to the movement of the underlying (closing gold price in the morning. "GOLD-AMFIX"), Investors have the option to early redeem the above structured debentures after 90 days from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.

21 Provisions

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	33	35	33	35
Reserve for off-statements of financial position items	192	282	192	282
Provision for employee benefits	1,124	1,065	1,087	1,036
Provision for putback option of sold debtors	-	20	-	20
Total provisions	1,349	1,402	1,312	1,373

21 Provisions (Cont'd)

Provision for employee benefits

As at 31 December 2014, the pension benefits were only provided to 463 employees (31 December 2013: 491 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	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,124	1,065	1,087	1,036
Provision for employee benefits	1,124	1,065	1,087	1,036

Movements of provision for pension funds are as follows:

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,065	1,092	1,036	1,069
Current service costs	85	20	79	15
Interest costs	42	9	40	8
<u>Less</u> Pension benefits paid for the year	(68)	(56)	(68)	(56)
Ending balance	1,124	1,065	1,087	1,036

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

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	85	20	79	15
Interest costs	42	9	40	8
Total	127	29	119	23

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

	For the years ended 31 December	
	2014	2013
Discount rate	3.25%	4.00%
Salary increase rate	5.00%	5.00%
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	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees: 75% of Thai Withdrawal Table
Retirement age	60 years old	60 years old

22 Other liabilities

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Credit support liabilities on derivatives	1,351	1,618	1,351	1,618
Amount due to Department of Alternative Energy Development and Efficiency	253	398	253	398
Other liabilities awaiting accounts transfer	380	799	380	799
Accrued interest	782	767	782	767
Deferred commission	243	291	243	291
Accrued expense	1,313	1,144	1,193	1,036
Others	570	636	354	372
Total	4,892	5,653	4,556	5,281

23 Share capital

	Consolidated and the Bank			
	2014		2013	
	Number	Amount	Number	Amount
	Million shares	Million Baht	Million shares	Million Baht
Registered				
Beginning of the year				
- Ordinary shares	26,106	13,053	26,106	13,053
Reduction of shares	(5,021)	(2,511)	-	-
End of the year	21,085	10,542	26,106	13,053
Issued and paid up				
Beginning of the year				
- Ordinary shares	21,085	10,542	21,085	10,542
Issurance of new share	-	-	-	-
End of the year	21,085	10,542	21,085	10,542

On 11 April 2014, the Annual General Meeting of Shareholders approved a decrease in the Bank's registered capital from Baht 13,052,747,804 to Baht 10,542,439,013 by cancelling 5,020,617,583 unsold and unoffered registered ordinary shares with a par value of Baht 0.50 per share, totaling Baht 2,510,308,791.

24 Other reserves

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Revaluation surplus on assets	1,095	1,119
Revaluation surplus on change in value of investments	279	38
Foreign currency translation	7	-
Deficit from measuring fair value of hedging instrument for cash flow hedge	(149)	-
Income tax relating to components of other reserves	(245)	(231)
Total	987	926

(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	
	2014	2013
	Million Baht	Million Baht
Balance - beginning of the year	1,119	1,155
<u>Less</u> Amortisation	(24)	(36)
Balance - end of the year	<u>1,095</u>	<u>1,119</u>

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

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

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Revaluation surplus on investments:		
Debt securities	236	134
Equity securities	91	-
Total	327	134
Revaluation deficit on investments:		
Debt securities	-	(49)
Equity securities	(48)	(47)
Total	(48)	(96)
Revaluation surplus on change in value of investments, net	<u>279</u>	<u>38</u>

25 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.

On 11 April 2014, the Annual General Meeting of Shareholders of the Bank approved an appropriation of net profit of Baht 38.30 million as a statutory reserve.

On 21 August 2014, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 31.00 million as a statutory reserve.

On 12 April 2013, the Annual General Meeting of Shareholders of the Bank approved an appropriation of net profit of Baht 58.60 million as a statutory reserve.

On 22 August 2013, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 25.90 million as a statutory reserve.

As at 31 December 2014, the Bank had total statutory reserve of Baht 341.30 million (31 December 2013: Baht 272 million).

26 Dividend payment

On 11 April 2014, the Annual General Meeting of Shareholders of the Bank approved to pay dividend from the operating results of 2013 at the rate of Baht 0.01 per share, totaling Baht 210.84 million, which was paid on 9 May 2014.

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.

27 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:

	2014 Million Baht	Total capital to risk assets %	2013 Million Baht	Total capital to risk assets %
Tier I				
Issued and paid up share capital	10,542		10,542	
Share premium	3,868		3,868	
Statutory reserve	341		272	
Unappropriated surplus	6,158		5,020	
Other reserves	737		835	
Deduction on Tier I capital fund	(682)		(918)	
Total Tier I capital fund	20,964	9.91	19,619	9.91
Tier II				
Long-term subordinated debentures and hybrid securities	10,070		7,650	
Reserve for loan classified as pass	641		619	
Total Tier II capital fund	10,711	5.07	8,269	4.17
Total capital funds	31,675	14.98	27,888	14.08

27 Capital funds (Cont'd)

The Bank and its financial group will disclose capital maintenance information as at 31 December 2014 in accordance with the Notification of 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.

28 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. For shares granted pre-2014, proceeds received will be donated to the CIMB Foundation in Malaysia on behalf of the employee. While for shares granted in 2014, proceeds from disposal will be returned to the Bank. 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 specified period before awarding to the eligible employees of the Bank, was MYR 7.15 per share (31 December 2013: MYR 7.79 per share).

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

	Number of ordinary shares under the EOP as at	
	2014	2013
	Thousand Units	Thousand Units
Beginning of financial year	88	49
Awarded during financial year	280	60
Released during financial year	(48)	(21)
End of financial year	<u>320</u>	<u>88</u>

For the year ended 31 December 2014, the Bank set up share-based payment reserves and expenses amounting to Baht 11.1 million (for the year ended 31 December 2013: Baht 3.4 million).

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

29.1 Position classified by type of transaction

	Consolidated					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	270,097	4,047	274,144	274,979	4,683	279,662
Interbank and money market items , net	5,129	1,394	6,523	31,876	1,680	33,556
Derivative assets	9,876	928	10,804	7,763	1,338	9,101
Investments, net and investments in subsidiaries, net	55,126	127	55,253	53,249	87	53,336
Loans to customers and accrued interest receivables, net	182,777	1,599	184,376	164,665	1,579	166,244
Deposits	182,297	1,598	183,895	150,788	1,345	152,133
Interbank and money market items	15,300	3,005	18,305	43,712	1,154	44,866
Derivative liabilities	8,679	1,718	10,397	8,139	1,513	9,652
Debt issued and borrowings	20,742	3,770	24,512	35,182	2,525	37,707

	The Bank					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	269,399	4,047	273,446	273,679	4,683	278,362
Interbank and money market items, net	5,060	1,393	6,453	31,830	1,679	33,509
Derivative assets	9,876	928	10,804	7,763	1,338	9,101
Investments, net and investments in subsidiaries, net	56,451	127	56,578	54,573	87	54,660
Loans to customers and accrued interest receivables, net	181,515	1,599	183,114	162,634	1,579	164,213
Deposits	182,508	1,598	184,106	150,928	1,345	152,273
Interbank and money market items	15,225	3,005	18,230	43,087	1,154	44,241
Derivative liabilities	8,679	1,718	10,397	8,139	1,513	9,652
Debt issued and borrowings	20,742	3,770	24,512	35,182	2,525	37,707

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

29.2 Performance classified by type of transaction

	Consolidated					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	13,838	89	13,927	12,269	107	12,376
Interest expenses	(5,960)	(79)	(6,039)	(5,663)	(188)	(5,851)
Net interest income (expenses)	7,878	10	7,888	6,606	(81)	6,525
Net fee and services income	1,339	-	1,339	1,258	-	1,258
Gain sharing from the management of the non- performing loans by TAMC	-	-	-	1,101	-	1,101
Other operating income	1,279	-	1,279	1,362	-	1,362
Other operating expenses	(7,140)	-	(7,140)	(6,095)	-	(6,095)
Bad and doubtful debts and impairment losses	(2,130)	-	(2,130)	(2,744)	-	(2,744)
Profit (loss) from continuing operation before income tax expense	<u>1,226</u>	<u>10</u>	<u>1,236</u>	<u>1,488</u>	<u>(81)</u>	<u>1,407</u>

	The Bank					
	2014			2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	12,372	89	12,461	10,921	107	11,028
Interest expenses	(5,950)	(79)	(6,029)	(5,607)	(188)	(5,795)
Net interest income (expenses)	6,422	10	6,432	5,314	(81)	5,233
Net fee and services income	940	-	940	940	-	940
Gain sharing from the management of the non- performing loans by TAMC	-	-	-	1,101	-	1,101
Other operating income	1,228	-	1,228	1,227	-	1,227
Other operating expenses	(5,710)	-	(5,710)	(4,950)	-	(4,950)
Bad and doubtful debts and impairment losses	(1,703)	-	(1,703)	(2,367)	-	(2,367)
Profit (loss) from continuing operation before income tax expense	<u>1,177</u>	<u>10</u>	<u>1,187</u>	<u>1,265</u>	<u>(81)</u>	<u>1,184</u>

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30 Interest income

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	151	283	151	283
Investments and trading transactions	169	167	169	167
Investments in debt securities	1,366	1,257	1,366	1,257
Loans	10,053	8,762	10,767	9,317
Hire-purchase and financial lease income	2,180	1,903	-	-
Others	8	4	8	4
Interest income	13,927	12,376	12,461	11,028

31 Interest expenses

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	3,921	3,636	3,923	3,637
Interbank and money market items	340	434	328	377
Contribution fees to the Deposit Protection Agency	17	15	17	15
Contribution fees to FIDF	911	776	911	776
Debt securities issued				
- Subordinated debentures	354	459	354	459
- Others	485	519	485	519
Others	11	12	10	12
Interest expenses	6,039	5,851	6,028	5,795

32 Net fees and services income

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	115	127	116	143
ATM and debit card fees	109	121	109	121
Brokerage income	562	509	386	362
Management fees	97	154	97	154
Others	665	487	528	380
Fees and services income	1,548	1,398	1,236	1,160
Fees and services expenses				
Collection fees	65	27	184	130
ATM fees	38	37	37	37
Others	106	76	75	53
Fees and services expenses	209	140	296	220
Net fees and services income	1,339	1,258	940	940

33 Gains on tradings and foreign exchange transactions, net

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Gains (losses) on trading and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	667	1,181
Interest rate derivatives	1,037	(514)
Debt securities	101	47
	<hr/>	<hr/>
Gains on trading and foreign exchange transactions, net	<u>1,805</u>	<u>714</u>

34 Losses on financial instrument designated at fair value through profit or loss

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

	Consolidated and the Bank	
	2014	2013
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	(709)	54
Debentures	(192)	(35)
Interest expenses	(193)	(120)
	<hr/>	<hr/>
Total	<u>(1,094)</u>	<u>(101)</u>

35 Gains on investments, net

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales				
Available-for-sale	317	318	317	318
Held-to-maturity	1	3	1	3
General investments	-	5	-	5
Investments in subsidiaries	12	104	12	-
Gains on sales, net	<u>330</u>	<u>430</u>	<u>330</u>	<u>326</u>
Losses on impairment				
General investments	-	(9)	-	(9)
Losses on impairment, net	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Gains on investments, net	<u><u>330</u></u>	<u><u>421</u></u>	<u><u>330</u></u>	<u><u>317</u></u>

36 Other operating income

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	4	2	3	1
Gains on sales of properties for sales	-	-	16	27
Income from reversal of bad debts	41	28	-	-
Dividend income	51	167	51	167
Other income	142	131	117	102
Other operating income	<u>238</u>	<u>328</u>	<u>187</u>	<u>297</u>

37 Bad and doubtful debts and impairment losses

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Loans	2,095	2,726	1,668	2,349
Losses on debt restructuring	35	18	35	18
Total	<u>2,130</u>	<u>2,744</u>	<u>1,703</u>	<u>2,367</u>

38 Corporate income tax

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the period	149	46	77	-
Total current tax	149	46	77	-
Deferred tax:				
Origination and reversal of temporary differences	3	(369)	74	(338)
Utilisation of tax losses	95	240	95	240
Total deferred tax	98	(129)	169	(98)
Total tax charge(credit)	247	(83)	246	(98)

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	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	1,236	1,407	1,187	1,184
Tax calculated at a tax rate of 20%	242	251	237	237
Tax effect of:				
Income not subject to tax	(16)	(142)	(16)	(142)
Expenses not deductible for tax purpose	19	53	18	52
Utilisation of previously unrecognised tax losses to reduce deferred tax	-	(245)	-	(245)
Effect of changes in tax rates	2	-	7	-
Total tax charge(credit)	247	(83)	246	(98)

The weighted average applicable tax rate in the consolidated and bank financial statements in 2014 was 20% and 21% respectively. The weighted average applicable tax rate in the consolidated and bank financial statements in 2013 was: -6% and -8%, respectively. The decrease is caused by utilisation of previously unrecognised tax losses to reduce deferred tax.

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38 Corporate income tax (Cont'd)

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

	Consolidated					
	2014			2013		
	Before tax	Tax (charge)	After tax	Before tax	Tax (charge)	After tax
Million Baht	credit	Million Baht	Million Baht	Million Baht	credit	Million Baht
Fair value gains:						
Land and buildings	(112)	22	(90)	(49)	10	(39)
Properties for sale	88	(18)	70	14	(3)	11
Cash flow hedges	(150)	30	(120)	-	-	-
Available-for-sale investment	241	(48)	193	(168)	33	(135)
Other comprehensive income	67	(14)	53	(203)	40	(163)
Current tax		149			46	
Deferred tax		98			(129)	
		<u>247</u>			<u>(83)</u>	

	The Bank					
	2014			2013		
	Before tax	Tax (charge)	After tax	Before tax	Tax (charge)	After tax
Million Baht	credit	Million Baht	Million Baht	Million Baht	credit	Million Baht
Fair value gains:						
Land and buildings	(112)	22	(90)	(49)	10	(39)
Properties for sale	88	(18)	70	14	(3)	11
Cash flow hedges	(150)	30	(120)	-	-	-
Available-for-sale investment	241	(48)	193	(168)	33	(135)
Other comprehensive income	67	(14)	53	(203)	40	(163)
Current tax		77			-	
Deferred tax		169			(98)	
		<u>246</u>			<u>(98)</u>	

In addition, deferred income tax of Baht 4.9 million (31 December 2013: Baht 7.1 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.

39 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 2014, Baht 108 million was contributed to the fund by the Bank and its subsidiaries (for the year ended 31 December 2013: Baht 98 million), of which the Bank contributed Baht 94 million (for the year ended 31 December 2013: Baht 82 million).

40 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 23).

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2014 and 2013.

41 Encumbrance of assets

41.1 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	
	2014	2013
	Million Baht	Million Baht
Securities sold under repurchase agreements	-	36,436
Utilities usage	7	7
Total	<u>7</u>	<u>36,443</u>

41.2 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 2014 and 2013, 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 2014 and 2013, the properties foreclosed had net book value of Baht 392 million and Baht 392 million, respectively.

As at 31 December 2014 and 2013, the investments subject to such obligation are as follows:

	Consolidated and the Bank			
	2014		2013	
	Number	Cost Million Baht	Number	Cost Million Baht
2013 onwards	3	392	3	392
Assets subject to obligation	<u>3</u>	<u>392</u>	<u>3</u>	<u>392</u>

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42 Commitments and contingent liabilities

42.1 Commitments

As at 31 December 2014 and 2013, significant commitments of the Bank consist of:

	Consolidated and the Bank					
	2014			2013		
	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⁾	96	-	96	993	-	993
Guarantees of loans	5	-	5	5	-	5
Total avals to bills and guarantees of loans	101	-	101	998	-	998
Liability under unmaturing import bills:						
Liability under unmaturing import bills	13	592	605	-	569	569
Letters of credit:						
Letters of credit	69	1,610	1,679	22	2,591	2,613
Other commitments:						
Forward and spot contracts						
- Bought	-	308,427	308,427	-	132,662	132,662
- Sold	-	260,867	260,867	-	120,208	120,208
Cross currency and interest rate swap contract						
- Bought	-	56,243	56,243	-	22,038	22,038
- Sold	-	89,874	89,874	-	36,863	36,863
Interest rate swap contracts						
- Fixed rate payee	350,389	28,231	378,620	254,347	17,351	271,698
- Floating rate payee	324,717	92,017	416,734	231,952	46,608	278,560
Foreign exchange option						
- Call option sales contracts	-	33	33	-	-	-
- Put option sales contracts	-	2,477	2,477	-	4,121	4,121
- Call option purchase contracts	-	4,046	4,046	-	4,145	4,145
- Put option purchase contracts	-	33	33	-	16	16
Swaption						
- Sold	100	-	100	-	-	-
Commodity						
- Bought	-	-	-	-	161	161
- Sold	-	-	-	-	161	161
Undrawn bank overdrafts	16,961	-	16,961	15,894	-	15,894
Investments						
- Bought	2,640	-	2,640	2,907	-	2,907
- Sold	4,126	-	4,126	3,677	-	3,677
Other commitments						
Other guarantees	8,030	366	8,396	9,112	929	10,041
Other commitments	706,963	842,614	1,549,577	517,889	385,263	903,152
Total commitments	707,146	844,816	1,551,962	518,909	388,423	907,332

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

42 Commitments and contingent liabilities (Cont'd)

42.2 Contingent liabilities

As at 31 December 2014 and 2013, 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	
	2014	2013
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	305	577
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	328	1,189
- Sum of claims that cannot be specifically attributed to the Group	24,578	24,589
Total	25,211	26,355

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 2014, there were cases in which the court decided in favor of the plaintiffs, with sums claimed totalling Baht 15 million in cases where the Bank was the direct defendant, and Baht 20 million in cases where the Bank was co-defendant. However, the Bank is in the process of appealing the decisions (31 December 2013: Baht 20 million and Baht 30 million, respectively).

As at 31 December 2014, the Group recognised provisions for contingent losses from legal cases of approximately Baht 33 million (31 December 2013: Baht 35 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 192 million (31 December 2013: Baht 282 million).

42.3 Commitments under long-term leases

As at 31 December 2014 and 2013, 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	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	363	319	299	278
4 - 5 years	6	5	6	5
6 - 10 years	15	22	15	22
11 - 30 years	2	81	2	81
Total	386	427	322	386

42 Commitments and contingent liabilities (Cont'd)

42.4 Other commitments

As at 31 December 2014, 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 2014, the Bank was obligated to pay a further Baht 81.8 million and MYR 469 thousand under such agreements (31 December 2013: Baht 92 million and USD 77.3 thousand).

43 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 year, 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	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	715	556
Fee income	-	-	7	21
Gain on payback from liquidated subsidiary	12	104	12	-
Expenses:				
Interest expenses	-	1	2	2
Fee expenses	-	-	119	-
Premises and equipments expenses	-	-	(9)	(9)
Other expenses	-	-	-	104
Parent company				
Revenue:				
Other income	290	127	290	127
Expenses:				
Interest expenses	-	5	-	5
Premises and equipment expenses	34	6	34	6
Other expenses	194	110	194	110
Related companies				
Revenue:				
Interest income	-	3	-	3
Fee income	115	81	115	81
Other income	25	-	25	-
Expenses:				
Interest expenses	(49)	157	(49)	157
Fee expenses	148	83	148	83
Premises and equipment expenses	(6)	8	(6)	8
Other expenses	-	98	-	98

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43 Related-party transactions (Cont'd)

The outstanding balances of significant related-party transactions as at 31 December 2014 and 2013 are as follows:

	Consolidated						
	2014						
	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>Parent company</u>							
CIMB Bank Berhad	-	-	133	834	-	-	1,099
	-	-	133	834	-	-	1,099
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	-	28
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	2
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	11
CIMB NIAGA	-	-	-	1	-	-	1
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	-	107
Sathorn Asset Management Co., Ltd.	-	-	-	2	39	-	10
	-	-	-	3	39	-	159
	23	24	-	-	377	-	1
<u>Related persons</u>							
	23	24	-	-	377	-	1
<u>Consolidated</u>							
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 company</u>							
Krung Thai Tanakit Finance Plc.	-	-	-	-	-	-	13
	-	-	-	-	-	-	13
<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
	14	23	-	-	107	-	-
<u>Related persons</u>							
	14	23	-	-	107	-	-

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43 Related-party transactions (Cont'd)

	The Bank						
	2014						
	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.	13,603	14,630	-	1	70	-	-
CT Coll Co., Ltd.	7	7	-	-	79	-	27
World Lease Co., Ltd.	2,938	2,669	-	1	62	-	-
	16,548	17,306	-	2	211	-	27
<u>Parent company</u>							
CIMB Bank Berhad	-	-	133	834	-	-	1,099
	-	-	133	834	-	-	1,099
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	-	28
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	2
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	11
CIMB NIAGA	-	-	-	1	-	-	1
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	-	107
Sathorn Asset Management Co., Ltd.	-	-	-	2	39	-	10
	-	-	-	3	39	-	159
<u>Related persons</u>							
	23	24	-	-	377	-	1
	23	24	-	-	377	-	1
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	-	-

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

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

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43 Related-party transactions (Cont'd)

As at 31 December 2014 and 2013, the Bank had commitments in financial derivatives with related-party companies as follows:

	2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	32,485	89	32,574
- Floating rate payee	34,991	4,417	39,408
Forward and spot contracts			
- Bought	-	988	988
- Sold	-	116	116
Cross currency and interest rate swap contracts			
- Bought	-	4,467	4,467
Foreign exchange option			
- Put option sales contracts	-	22	22
- Call option purchase contracts	-	24	24
Swaption			
- Sold	100	-	100
<u>Company under common control</u>			
Forward and spot contracts			
- Bought	-	24	24
	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>Companies under common control</u>			
Cross currency and interest rate swap contracts			
- Sold	-	2,268	2,268
Forward and spot contracts			
- Bought	-	116	116
- Sold	-	4	4

44 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 payments.

	Consolidated		The Bank	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	344	265	323	244
Long-term employee benefits	13	9	12	9
Share based payments (Note 28)	11	3	11	3
Director and management remuneration	<u>368</u>	<u>277</u>	<u>346</u>	<u>256</u>

The details of share based payment are as follows:

	Consolidated and the Bank	
	2014	2013
	Thousand Units	Thousand Units
Shares of CIMB Group Holdings Berhad	320	88

45 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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45 Financial information by segment (Cont'd)

Financial information presented in the consolidated financial statements as at 31 December 2014 and 2013 and for the years ended 31 December 2014 and 2013 are as follows:

	Consolidated				
	2014				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	5,694	1,765	429	-	7,888
Inter-segment	(2)	-	-	2	-
Net fees and service income	1,110	339	(108)	(2)	1,339
Other operating income	389	622	269	(1)	1,279
Other operating expenses	(5,492)	(1,605)	(44)	1	(7,140)
Bad and doubtful debts and impairment losses	(1,913)	(355)	111	27	(2,130)
Income tax expenses	(1)	-	(246)	-	(247)
Net (loss) profit for the year	<u>(215)</u>	<u>766</u>	<u>411</u>	<u>27</u>	<u>989</u>

	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 (loss) profit for the year	<u>(568)</u>	<u>898</u>	<u>1,112</u>	<u>48</u>	<u>1,490</u>

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45 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other business		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	273,446	278,362	19,281	17,129	116	77	(18,699)	(15,906)	274,144	279,662
Interbank and money market items - net (assets)	6,453	33,509	202	130	79	57	(211)	(140)	6,523	33,556
Investments, net	55,253	53,325	-	-	-	-	-	-	55,253	53,325
Loans and accrued interest receivables, net	183,114	164,213	18,388	16,449	7	6	(17,133)	(14,424)	184,376	166,244
Deposits	184,106	152,273	-	-	-	-	(211)	(140)	183,895	152,133
Interbank and money market items (liabilities)	18,230	44,241	17,369	15,179	7	6	(17,301)	(14,560)	18,305	44,866
Financial liabilities designated at fair value through profit or loss	7,693	5,857	-	-	-	-	-	-	7,693	5,857
Debt issued and borrowings	24,512	37,707	-	-	-	-	-	-	24,512	37,707

46 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.

46.1 Credit risk

As at 31 December 2014 and 2013, 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 2014			Counting from 2013		
	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	86	10	96	473	20	493
Guarantees of loans	5	-	5	5	-	5
Liabilities under unmatured import bills	605	-	605	569	-	569
Letters of credit Acceptance	1,679	-	1,679	2,613	-	2,613
Other guarantees	69	-	69	-	-	-
	8,122	274	8,396	9,790	251	10,041

	The Bank					
	Counting from 2014			Counting from 2013		
	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	86	10	96	973	20	993
Guarantees of loans	5	-	5	5	-	5
Liabilities under unmatured import bills	605	-	605	569	-	569
Letters of credit Acceptance	1,679	-	1,679	2,613	-	2,613
Other guarantees	69	-	69	-	-	-
	8,122	274	8,396	9,790	251	10,041

46 Financial instruments (Cont'd)

46.2 Market risk

(a) Interest rate risk

As at 31 December 2014 and 2013, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated			
	2014			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	3,990	3,990
Interbank and money market items, net	471	1,855	4,197	6,523
Investments, net	50	51,768	3,435	55,253
Loans net of deferred revenue	128,634	61,333	1	189,968
Receivable from Thai Asset Management Corporation	-	-	3,572	3,572
Total financial assets	129,155	114,956	15,195	259,306
Financial liabilities				
Deposits	41,379	140,273	2,243	183,895
Interbank and money market items	6,633	10,743	929	18,305
Liabilities payable on demand	-	-	344	344
Financial liabilities designated at fair value through profit or loss	7,693	-	-	7,693
Debt issued and borrowings	-	23,968	544	24,512
Total financial liabilities	55,705	174,984	4,060	234,749
Consolidated				
2013				
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
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

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46 Financial instruments (Cont'd)

46.2 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	
2014				
Financial assets				
Cash	-	-	3,988	3,988
Interbank and money market items, net	411	1,855	4,187	6,453
Investments, net	50	51,768	3,435	55,253
Investments in subsidiaries, net	-	-	1,325	1,325
Loans net of deferred revenue Receivable from Thai Asset Management Corporation	130,190	57,981	-	188,171
	-	-	3,572	3,572
Total financial assets	130,651	111,604	16,507	258,762
Financial liabilities				
Deposits	41,522	140,340	2,244	184,106
Interbank and money market items	6,633	10,668	929	18,230
Liabilities payable on demand	-	-	344	344
Financial liabilities designated at fair value through profit or loss	7,693	-	-	7,693
Debt issued and borrowings	-	23,968	544	24,512
Total financial liabilities	55,848	174,976	4,061	234,885

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

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Transactions	Consolidated							Total Million Baht	Weighted average interest rates %
	2014								
	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	30	1,825	-	-	-	-	1,855	2.64	
Investments, net	-	4,614	1,763	44,789	602	-	51,768	3.45	
Loans net of deferred revenue	71	22,859	14,908	20,858	2,637	-	61,333	8.68	
Total financial assets	101	29,298	16,671	65,647	3,239	-	114,956		
Financial liabilities									
Deposits	8,322	49,433	63,453	19,065	-	-	140,273	2.39	
Interbank and money market items	2,411	2,382	5,331	619	-	-	10,743	1.65	
Debt issued and borrowings	1,022	2,318	10,858	-	9,770	-	23,968	3.64	
Total financial liabilities	11,755	54,133	79,642	19,684	9,770	-	174,984		
Consolidated									
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	Weighted average interest rates %	
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		

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The Bank								
2014								
Transactions	Repricing or maturity date					No maturity	Total	Weighted average
	At call	0 - 3	3 - 12	1 - 5	Over 5			
	Million	months	months	years	years	Million	Million	%
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Financial assets								
Interbank and money market items, net	30	1,825	-	-	-	-	1,855	2.64
Investments, net	-	4,614	1,763	44,789	602	-	51,768	3.45
Loans net of deferred revenue	71	28,941	16,457	10,339	2,173	-	57,981	5.64
Total financial assets	101	35,380	18,220	55,128	2,775	-	111,604	
Financial liabilities								
Deposits	8,322	49,489	63,464	19,065	-	-	140,340	2.40
Interbank and money market items	2,411	2,369	5,294	594	-	-	10,668	1.65
Debt issued and borrowings	1,022	2,318	10,858	-	9,770	-	23,968	3.64
Total financial liabilities	11,755	54,176	79,616	19,659	9,770	-	174,976	
The Bank								
2013								
Transactions	Repricing or maturity date					No maturity	Total	Weighted average
	At call	0 - 3	3 - 12	1 - 5	Over 5			
	Million	months	months	years	years	Million	Million	%
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Financial assets								
Interbank and money market items, net	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 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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46 Financial instruments (Cont'd)

46.2 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 2014 and 2013, can be summarised as follows:

	Consolidated					
	2014			2013		
	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	4,846	151	3.11	9,252	283	3.06
Investments, net	53,194	1,535	2.89	46,157	1,425	3.09
Loans	178,422	12,234	6.86	153,793	10,665	6.93
Total performing financial assets	<u>236,462</u>	<u>13,920</u>		<u>209,202</u>	<u>12,373</u>	
<u>Performing financial liabilities</u>						
Deposits	162,817	3,921	2.44	139,884	3,636	2.60
Interbank and money market items	19,753	340	1.72	19,182	435	2.27
Financial liabilities designated at fair value through profit or loss	7,981	193	2.42	4,327	120	2.27
Debt issued and borrowings	28,820	838	2.91	29,137	978	3.36
Total performing financial liabilities	<u>219,371</u>	<u>5,292</u>		<u>192,530</u>	<u>5,169</u>	
The Bank						
	2014			2013		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
	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	8,798	151	1.71	11,798	283	2.40
Investments, net	54,519	1,587	2.91	47,298	1,591	3.36
Loans	176,541	10,767	6.10	151,233	9,318	6.16
Total performing financial assets	<u>239,858</u>	<u>12,505</u>		<u>210,329</u>	<u>11,192</u>	
<u>Performing financial liabilities</u>						
Deposits	163,091	3,923	2.44	140,076	3,637	2.60
Interbank and money market items	20,462	327	1.60	18,636	377	2.02
Financial liabilities designated at fair value through profit or loss	7,981	193	2.42	4,327	120	2.77
Debt issued and borrowings	28,820	838	2.91	29,137	978	3.36
Total performing financial liabilities	<u>220,354</u>	<u>5,281</u>		<u>192,176</u>	<u>5,112</u>	

46 Financial instruments (Cont'd)

46.2 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 2014 and 2013, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and the Bank					
	2014			2013		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	205.49	25.43	(107.32)	236.55	112.95	12.77
Forward						
- Forward contract	(216.88)	(24.10)	106.49	(243.62)	(113.06)	(10.91)
Total	(11.39)	1.33	(0.83)	(7.07)	(0.11)	1.86

* EURO and other currencies are stated in USD equivalents.

46.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2014 and 2013 were as follows:

Descriptions	Consolidated				
	2014				
	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	3,988	-	-	2	3,990
Interbank and money market items, net	4,701	1,822	-	-	6,523
Investments, net	-	8,993	45,391	869	55,253
Loans net of deferred revenue	14,203 ⁽¹⁾	46,298	129,467	-	189,968
Receivable from Thai					
Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	22,892	57,113	178,430	871	259,306
<u>Financial liabilities</u>					
Deposits	51,944	112,886	19,065	-	183,895
Interbank and money market items	9,973	7,706	626	-	18,305
Liabilities payable on demand	344	-	-	-	344
Financial liabilities designated					
at fair value through profit or loss	-	-	7,693	-	7,693
Debt issued and borrowings	1,566	13,176	9,770	-	24,512
Total financial liabilities	63,827	133,768	37,154	-	234,749

⁽¹⁾ As at 31 December 2014, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 6,355 million and Baht 5,698 million respectively, (31 December 2013: Baht 4,919 million and Baht 4,497 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.

46 Financial instruments (Cont'd)

46.3 Liquidity risk (Cont'd)

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 2014, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 6,355 million and Baht 5,698 million respectively, (31 December 2013: Baht 4,919 million and Baht 4,497 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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46 Financial instruments (Cont'd)

46.3 Liquidity risk (Cont'd)

Descriptions	The Bank				
	2014				
	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	3,988	-	-	-	3,988
Interbank and money market items, net	4,631	1,822	-	-	6,453
Investments, net	-	8,993	45,391	869	55,253
Investment in subsidiaries, net	-	-	-	1,325	1,325
Loans net of deferred revenue	15,790 ⁽¹⁾	53,922	118,459	-	188,171
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	24,409	64,737	167,422	2,194	258,762
Financial liabilities					
Deposits	52,088	112,953	19,065	-	184,106
Interbank and money market items	9,973	7,655	602	-	18,230
Liabilities payable on demand	344	-	-	-	344
Financial liabilities designated at fair value through profit or loss	-	-	7,693	-	7,693
Debt issued and borrowings	1,566	13,176	9,770	-	24,512
Total financial liabilities	63,971	133,784	37,130	-	234,885
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

⁽¹⁾ As at 31 December 2014, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 6,355 million and Baht 5,698 million respectively, (31 December 2013: Baht 4,919 million and Baht 4,497 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.

46 Financial instruments (Cont'd)

46.4 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:

Descriptions	Consolidated			
	2014		2013	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	3,990	3,990	3,329	3,329
Interbank and money market items, net	6,523	6,523	33,556	33,556
Derivatives assets	10,804	10,804	9,101	9,101
Investments, net	55,253	55,567	53,325	53,453
Investment in subsidiaries, net	-	-	11	11
Loans to customers, net	184,376	184,376	166,244	166,244
Receivable from Thai Asset Management Corporation	3,572	3,572	3,572	3,572
Total financial assets	264,518	264,832	269,138	269,266
Financial liabilities				
Deposits	183,895	183,895	152,133	152,133
Interbank and money market items	18,305	18,305	44,866	44,866
Liability payable on demand	344	344	505	505
Financial liabilities designated at fair value through profit or loss	7,693	7,693	5,857	5,857
Derivatives liabilities	10,397	10,397	9,652	9,652
Debt issued and borrowings	24,512	24,313	37,707	37,680
Total financial liabilities	245,146	244,947	250,720	250,693
The Bank				
Descriptions	2014		2013	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
	Financial assets			
Cash	3,988	3,988	3,325	3,325
Interbank and money market items, net	6,453	6,453	33,509	33,509
Derivatives assets	10,804	10,804	9,101	9,101
Investments, net	55,253	55,567	53,325	53,454
Investment in subsidiaries, net	1,325	1,325	1,335	1,335
Loans to customers, net	183,114	183,114	164,213	164,213
Receivable from Thai Asset Management Corporation	3,572	3,572	3,572	3,572
Total financial assets	264,509	264,823	268,380	268,509
Financial liabilities				
Deposits	184,106	184,106	152,273	152,273
Interbank and money market items	18,230	18,230	44,241	44,241
Liability payable on demand	344	344	505	505
Financial liabilities designated at fair value through profit or loss	7,693	7,693	5,857	5,857
Derivatives liabilities	10,397	10,397	9,652	9,652
Debt issued and borrowings	24,512	24,313	37,707	37,680
Total financial liabilities	245,282	245,083	250,235	250,208

46 Financial instruments (Cont'd)

46.5 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 2014 and 2013, financial derivatives as classified by their maturities were as follows:

	Consolidated and the Bank					
	2014			2013		
	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	305,000	3,427	308,427	127,988	4,674	132,662
- Sold	260,012	855	260,867	120,169	39	120,208
Cross-currency and interest rate swap contracts						
- Bought	2,571	53,672	56,243	2,960	19,078	22,038
- Sold	37,907	51,967	89,874	13,103	23,760	36,863
Interest rate swap contracts						
- Fixed-rate payee	165,284	213,336	378,620	111,706	159,992	271,698
- Floating-rate payee	181,743	234,992	416,735	111,603	166,957	278,560
Foreign exchange options						
- Call-option sales contract	33	-	33	-	-	-
- Put-option sales contract	818	1,659	2,477	1,577	2,544	4,121
- Call-option purchase contract	2,544	1,502	4,046	1,805	2,340	4,145
- Put-option purchase contract	33	-	33	16	-	16
Swaption						
- Sold	-	100	100	-	-	-
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.

47 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 2014 and 2013, the Bank and subsidiaries had loans transferred to TAMC as follows:

Loans transferred to TAMC	Consolidated and the Bank			
	2014		2013	
	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>
<u>Less</u> TAMC notes which have been redeemed by TAMC		<u>(25,389)</u>		<u>(25,389)</u>
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 8.1 (a))		<u>8</u>		<u>8</u>

47 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, availed by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 31 December 2014, the Bank recognised interest receivable under these promissory notes amounting to Baht 0.5 million (31 December 2013: Baht 0.4 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 2014, the Bank recorded receivable from TAMC amounting to Baht 3,572 million (31 December 2013: Baht 3,572 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.

According to the memorandum of gain (loss) sharing no. KorKorMor. 64/2558 between the Comptroller General's Department, FIDF and the Bank, in February 2015, the Comptroller General's Department agreed to pay the outstanding balance of Baht 3,572 million by settlement in cash amounting to Baht 3,370 million and promissory notes issued by Bangkok Commercial Asset Management Co., Ltd. amounting to Baht 202 million. The Bank received the money and the promissory notes on 20 February 2015 and 23 February 2015, respectively.