

CIMB THAI BANK PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND BANK
FINANCIAL STATEMENTS**

30 JUNE 2014

AUDITOR'S REPORT

To the Shareholders of CIMB Thai Bank Public Company Limited

Audit report

I have audited the interim 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 30 June 2014, and the related consolidated and bank statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period 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 interim financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of interim 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 interim 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 interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim 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 interim 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 interim 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 interim 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 30 June 2014, and consolidated and bank results of operations and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

Review Report

I have reviewed the consolidated and bank statements of comprehensive income for the three-month period ended 30 June 2014 of CIMB Thai Bank Public Company Limited and its subsidiaries, and of CIMB Thai Bank Public Company Limited, respectively. Management is responsible for the preparation and presentation of these consolidated and bank statements of comprehensive income in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these consolidated and bank statements of comprehensive income based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the consolidated and bank statements of comprehensive income for the three-month period ended 30 June 2014 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

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

Bangkok
21 August 2014

CIMB Thai Bank Public Company Limited

Statements of financial position

As at 30 June 2014

	Notes	Consolidated		The Bank	
		30 June	31 December	30 June	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Assets					
Cash		2,871,641,939	3,328,748,596	2,867,966,532	3,324,656,939
Interbank and money market items, net	6	6,180,457,408	33,555,652,005	6,086,047,013	33,509,102,456
Derivative assets	7	6,619,086,668	9,100,647,662	6,619,086,668	9,100,647,662
Investments, net	8	53,506,588,817	53,324,961,980	53,506,588,817	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		182,686,296,503	175,844,355,534	176,328,755,836	168,952,844,988
Accrued interest receivables		410,162,998	453,532,902	412,263,524	462,586,736
Total loans and accrued interest receivables		183,096,459,501	176,297,888,436	176,741,019,360	169,415,431,724
Less Deferred revenue		(4,730,084,164)	(4,757,282,848)	(207,248,959)	(255,170,649)
Less Allowance for doubtful debts	10	(5,610,068,661)	(5,263,612,956)	(5,120,757,036)	(4,913,545,914)
Less Revaluation allowance for debt restructuring	11	(53,310,351)	(33,422,083)	(53,310,351)	(33,422,083)
Loans and accrued interest receivables, net		172,702,996,325	166,243,570,549	171,359,703,014	164,213,293,078
Customers' liability under acceptance		36,950,104	57,650,960	36,950,104	57,650,960
Properties for sale, net	12	1,740,724,136	1,706,018,723	1,633,971,567	1,597,877,173
Premises and equipment, net	13	3,211,927,155	3,349,094,004	3,130,714,468	3,264,147,293
Intangible assets, net	14	341,161,852	343,053,368	335,377,885	337,319,600
Deferred tax assets	15	956,082,940	1,048,636,577	781,856,701	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	2,349,087,492	4,020,544,901	2,194,202,973	3,806,401,726
Total assets		254,089,162,772	279,661,560,503	253,449,844,385	278,361,921,657

Director _____

Director _____

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited

Statements of financial position (Cont'd)

As at 30 June 2014

	Notes	Consolidated		The Bank	
		30 June	31 December	30 June	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Liabilities					
Deposits	17	158,279,846,436	152,132,672,386	158,469,681,409	152,272,534,436
Interbank and money market items, net	18	24,933,040,209	44,866,261,855	24,833,440,209	44,241,461,855
Liability payable on demand		892,370,421	504,867,176	892,370,421	504,867,176
Financial liabilities designated at fair value					
through profit or loss	19	8,593,073,463	5,856,747,052	8,593,073,463	5,856,747,052
Derivative liabilities	7	6,642,458,503	9,651,786,057	6,642,458,503	9,651,786,057
Debt issued and borrowings	20	27,843,339,111	37,706,592,055	27,843,339,111	37,706,592,055
Bank's liability under acceptance		36,950,104	57,650,960	36,950,104	57,650,960
Provisions	21	1,431,883,264	1,401,820,542	1,398,965,660	1,373,071,393
Other liabilities	22	3,201,069,342	5,653,090,246	2,924,582,045	5,281,074,920
Total liabilities		231,854,030,853	257,831,488,329	231,634,860,925	256,945,785,904
Shareholders' equity					
Share capital	23				
Registered					
21,084,878,025 ordinary shares of Baht 0.50 each		<u>10,542,439,013</u>		<u>10,542,439,013</u>	
26,105,495,608 ordinary shares of Baht 0.50 each			<u>13,052,747,804</u>		<u>13,052,747,804</u>
Issued and paid-up share capital					
21,084,878,025 ordinary shares of Baht 0.50 each		10,542,439,013	10,542,439,013	10,542,439,013	10,542,439,013
Premium on share capital		3,867,738,430	3,867,738,430	3,867,738,430	3,867,738,430
Other reserves	24	904,822,029	926,055,341	904,822,029	926,055,341
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	25	310,300,000	272,000,000	310,300,000	272,000,000
Unappropriated		6,652,586,198	6,264,593,141	6,189,683,988	5,807,902,969
Total shareholders' equity		22,235,131,919	21,830,072,174	21,814,983,460	21,416,135,753
Total liabilities and shareholders' equity		254,089,162,772	279,661,560,503	253,449,844,385	278,361,921,657

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited

Statements of Comprehensive Income (Unaudited)

For the three-month period ended 30 June 2014

	Notes	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Interest income	30	3,363,509,473	2,933,920,325	2,997,976,779	2,602,547,656
Interest expenses	31	(1,448,139,721)	(1,362,568,943)	(1,446,944,930)	(1,342,678,147)
Net interest income		1,915,369,752	1,571,351,382	1,551,031,849	1,259,869,509
Fees and service income		338,260,127	312,606,520	273,058,550	270,827,179
Fees and service expenses		(62,830,270)	(44,728,199)	(86,558,582)	(63,963,250)
Net fee and service income	32	275,429,857	267,878,321	186,499,968	206,863,929
Gains on trading and foreign exchange transactions	33	222,513,410	148,271,925	222,513,410	148,271,925
(Losses) gains on financial liabilities designated at fair value through profit or loss	34	(112,157,189)	32,135,541	(112,157,189)	32,135,541
Gains on investments, net	35	73,409,263	10,399,069	73,409,263	10,399,069
Other operating income	36	60,498,518	38,515,510	44,030,748	22,219,972
Total operating income		2,435,063,611	2,068,551,748	1,965,328,049	1,679,759,945
Other operating expenses					
Employee expenses		926,512,051	772,279,562	805,597,029	664,034,374
Directors' remuneration		2,506,000	2,322,000	2,392,000	2,148,000
Premises and equipment expenses		343,027,029	323,207,176	308,849,651	289,583,429
Taxes and duties		95,692,304	83,612,925	92,745,270	79,673,434
Others		394,271,334	334,629,679	201,046,872	220,124,306
Total other operating expenses		1,762,008,718	1,516,051,342	1,410,630,822	1,255,563,543
Bad and doubtful debts and impairment losses	37	438,567,953	276,012,412	279,000,000	143,400,000
Profit before income tax expenses		234,486,940	276,487,994	275,697,227	280,796,402
Income tax expenses	38	(50,164,556)	(45,851,117)	(57,312,229)	(53,269,482)
Net profit for the periods		184,322,384	230,636,877	218,384,998	227,526,920

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited

Statements of Comprehensive Income (Unaudited) (Cont'd)

For the three-month period ended 30 June 2014

	Note	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Other comprehensive expenses					
Changes in revaluation surplus		(5,986,535)	(7,043,152)	(5,986,535)	(7,043,152)
Losses on remeasuring available-for-sale investments		(26,802,800)	(97,352,764)	(26,802,800)	(97,352,764)
Income tax relating to components of other comprehensive expenses		6,557,867	20,890,112	6,557,867	20,890,112
Total other comprehensive expenses		(26,231,468)	(83,505,804)	(26,231,468)	(83,505,804)
Total comprehensive income for the periods		158,090,916	147,131,073	192,153,530	144,021,116
Net profit attributable to:					
Equity holders of the Bank		184,322,384	230,636,877	218,384,998	227,526,920
Non-controlling interests		-	-	-	-
		184,322,384	230,636,877	218,384,998	227,526,920
Total comprehensive income attributable to:					
Equity holders of the Bank		158,090,916	147,131,073	192,153,530	144,021,116
Non-controlling interests		-	-	-	-
		158,090,916	147,131,073	192,153,530	144,021,116
Earnings per share for profit attributable to the equity holders of the Bank					
	40				
Basic earnings per share (Baht per share)		0.01	0.01	0.01	0.01
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 interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income
For the six-month period ended 30 June 2014

	Notes	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Interest income	30	6,717,567,503	5,732,784,084	5,976,885,241	5,091,471,061
Interest expenses	31	(2,947,068,514)	(2,701,369,107)	(2,938,771,818)	(2,667,582,617)
Net interest income		3,770,498,989	3,031,414,977	3,038,113,423	2,423,888,444
Fees and service income		700,315,443	595,203,497	557,021,671	517,426,135
Fees and service expenses		(105,740,234)	(68,151,507)	(152,915,151)	(104,663,916)
Net fee and service income	32	594,575,209	527,051,990	404,106,520	412,762,219
Gains on tradings and foreign exchange transactions	33	459,612,250	248,244,337	459,612,250	248,244,337
(Losses) gains on financial instrument designated at fair value through profit or loss	34	(67,440,381)	39,466,667	(67,440,381)	39,466,667
Gains on investments, net	35	273,861,805	41,750,236	273,861,805	41,750,236
Other operating income	36	102,134,041	154,207,410	70,074,373	135,321,943
Total operating income		5,133,241,913	4,042,135,617	4,178,327,990	3,301,433,846
Other operating expenses					
Employee expenses		1,805,695,495	1,508,712,619	1,564,293,560	1,298,902,106
Directors' remuneration		4,540,000	4,644,000	4,252,000	4,296,000
Premises and equipment expenses		686,258,138	651,029,641	622,971,917	585,979,628
Taxes and duties		195,830,035	168,106,045	187,642,052	159,993,003
Others		747,386,858	565,315,346	376,951,315	367,735,319
Total other operating expenses		3,439,710,526	2,897,807,651	2,756,110,844	2,416,906,056
Bad and doubtful debts and impairment losses	37	908,133,873	489,308,364	635,000,000	261,300,000
Profit before income tax expenses		785,397,514	655,019,602	787,217,146	623,227,790
Income tax expenses	38	(160,347,893)	(111,326,056)	(168,379,563)	(106,913,056)
Net profit for the periods		625,049,621	543,693,546	618,837,583	516,314,734

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the six-month period ended 30 June 2014

	Note	Consolidated		The Bank	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Other comprehensive expenses					
Changes in revaluation surplus		(12,092,216)	(14,116,212)	(12,092,216)	(14,116,212)
Losses on remeasuring available-for-sale investments		(14,449,424)	(109,412,109)	(14,449,424)	(109,412,109)
Income tax relating to components of other comprehensive expenses		5,308,328	24,716,593	5,308,328	24,716,593
Total other comprehensive expenses		(21,233,312)	(98,811,728)	(21,233,312)	(98,811,728)
Total comprehensive income for the periods		603,816,309	444,881,818	597,604,271	417,503,006
Net profit attributable to:					
Equity holders of the Bank		625,049,621	543,693,546	618,837,583	516,314,734
Non-controlling interests		-	-	-	-
		625,049,621	543,693,546	618,837,583	516,314,734
Total comprehensive income attributable to:					
Equity holders of the Bank		603,816,309	444,881,818	597,604,271	417,503,006
Non-controlling interests		-	-	-	-
		603,816,309	444,881,818	597,604,271	417,503,006
Earnings per share for profit attributable to the equity holders of the Bank					
	40				
Basic earnings per share (Baht per share)		0.03	0.03	0.03	0.02
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 interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of changes in shareholders' equity
For the six-month period ended 30 June 2014

Consolidated										
Attributable to owners of the Bank										
Other reserves										
Notes	Issued and	Share	Revaluation	Revaluation	Income tax relating	Total	Accretion of	Legal	Retained	Total
	paid-up	premium	surplus on	(deficit) on	to components of	other reserves	equity interests	reserve	earnings	
	share capital		assets	change in value	other comprehensive		in subsidiary			
	Baht	Baht	Baht	Baht	expenses	Baht	Baht	Baht	Baht	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 income										
(expenses) for the period		-	(12,092,216)	(14,449,424)	5,308,328	(21,233,312)	-	-	625,049,621	603,816,309
Appropriated - statutory reserve	25	-	-	-	-	-	-	38,300,000	(38,300,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	12,092,216	12,092,216
Balance as at 30 June 2014	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,107,333,581</u>	<u>23,693,955</u>	<u>(226,205,507)</u>	<u>904,822,029</u>	<u>(42,753,751)</u>	<u>310,300,000</u>	<u>6,652,586,198</u>	<u>22,235,131,919</u>
Balance as at 1 January 2013	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	-	1,360,971,071	(42,753,751)	187,500,000	3,780,731,725	19,696,626,488
Impact of the adoption of										
TAS12 Income Tax		-	-	-	(272,194,214)	(272,194,214)	-	-	1,148,153,694	875,959,480
Restated balance	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,154,950,846</u>	<u>206,020,225</u>	<u>(272,194,214)</u>	<u>1,088,776,857</u>	<u>(42,753,751)</u>	<u>187,500,000</u>	<u>4,928,885,419</u>	<u>20,572,585,968</u>
Dividend paid	26	-	-	-	-	-	-	-	(105,424,390)	(105,424,390)
Total comprehensive income										
(expenses) for the period		-	(14,116,212)	(109,412,109)	24,716,593	(98,811,728)	-	-	543,693,546	444,881,818
Appropriated - statutory reserve	25	-	-	-	-	-	-	58,600,000	(58,600,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	14,116,212	14,116,212
Balance as at 30 June 2013	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,140,834,634</u>	<u>96,608,116</u>	<u>(247,477,621)</u>	<u>989,965,129</u>	<u>(42,753,751)</u>	<u>246,100,000</u>	<u>5,322,670,787</u>	<u>20,926,159,608</u>

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
 Statements of changes in shareholders' equity (Cont'd)
 For the six-month period ended 30 June 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	Income tax relating to components of other comprehensive expenses 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 income (expenses) for the period		-	(12,092,216)	(14,449,424)	5,308,328	(21,233,312)	-	618,837,583	597,604,271
Appropriated - statutory reserve	25	-	-	-	-	-	38,300,000	(38,300,000)	-
Transfer to retained earnings		-	-	-	-	-	-	12,092,216	12,092,216
Balance as at 30 June 2014	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,107,333,581</u>	<u>23,693,955</u>	<u>(226,205,507)</u>	<u>904,822,029</u>	<u>310,300,000</u>	<u>6,189,683,988</u>	<u>21,814,983,460</u>
Balance as at 1 January 2013	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	-	1,360,971,071	187,500,000	3,628,338,231	19,586,986,745
Impact of the adoption of TAS12 Income Tax		-	-	-	(272,194,214)	(272,194,214)	-	1,051,551,350	779,357,136
Restated balance	10,542,439,013	3,867,738,430	1,154,950,846	206,020,225	(272,194,214)	1,088,776,857	187,500,000	4,679,889,581	20,366,343,881
Dividend paid	26	-	-	-	-	-	-	(105,424,390)	(105,424,390)
Total comprehensive income (expenses) for the period		-	(14,116,212)	(109,412,109)	24,716,593	(98,811,728)	-	516,314,734	417,503,006
Appropriated - statutory reserve	25	-	-	-	-	-	58,600,000	(58,600,000)	-
Transfer to retained earnings		-	-	-	-	-	-	14,116,212	14,116,212
Balance as at 30 June 2013	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,140,834,634</u>	<u>96,608,116</u>	<u>(247,477,621)</u>	<u>989,965,129</u>	<u>246,100,000</u>	<u>5,046,296,137</u>	<u>20,692,538,709</u>

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of cash flow
For the six-month period ended 30 June 2014

	Consolidated		The Bank	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit before income tax expenses	785,397,514	655,019,602	787,217,146	623,227,790
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:				
Depreciation and amortisation	255,361,461	254,551,198	245,004,374	241,514,657
Bad debts and doubtful accounts	908,133,873	489,308,364	635,000,000	261,300,000
Share-based payment	415,085	(112,606)	415,085	(112,606)
Provision for liabilities	75,235,395	58,726,671	71,131,074	55,849,152
Losses on impairment of properties for sale	6,569,217	25,000,492	203,691	649,137
Impairment losses on investments	-	8,983,624	-	8,983,624
Unrealised (gains) losses on exchange and derivatives	(451,228,292)	84,660,718	(451,228,292)	84,660,718
Losses (gains) on properties for sale	307,799,219	135,664,764	448,261	(6,403,700)
Unrealised losses on revaluation of investments	49,788,556	9,406,905	49,788,556	9,406,905
Gains on sale of investments	(374,067,176)	(57,185,530)	(374,067,176)	(57,185,530)
Gains on disposal of equipment	(2,480,879)	(1,841,026)	(2,161,437)	(367,480)
Losses from write off premises and equipment	2,585,920	2,679,074	2,585,920	2,664,419
Losses from write off leasehold	-	69,751	-	69,751
Losses(gain) from financial liabilities designated at fair value through profit or loss	67,440,381	(51,090,238)	67,440,381	(51,090,238)
Interest and dividend income	(6,738,359,789)	(5,816,515,087)	(5,997,677,527)	(5,175,202,064)
Interest expenses	2,501,875,537	2,326,662,130	2,493,578,841	2,292,875,640
Losses from operations before changes in operating assets and liabilities	(2,605,533,978)	(1,876,011,194)	(2,472,321,103)	(1,709,159,825)
(Increase) decrease in operating assets				
Interbank and money market items	27,350,941,607	5,942,773,306	27,398,802,453	5,960,679,449
Investments held for trading	(275,173,643)	(2,595,977,863)	(275,173,643)	(2,595,977,863)
Loans	(8,171,327,042)	(12,863,037,383)	(7,847,810,509)	(11,519,654,819)
Properties for sale	450,783,374	347,239,213	18,790,748	108,943,699
Other assets	1,663,155,265	(973,889,635)	1,610,148,765	(936,154,026)

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of cash flow (Cont'd)
For the six-month period ended 30 June 2014

	Consolidated		The Bank	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Increase (decrease) in operating liabilities				
Deposits	6,147,174,050	3,557,464,903	6,197,146,973	3,645,977,086
Interbank and money market items	(19,933,221,646)	(351,742,487)	(19,408,021,646)	(1,151,742,487)
Liability payable on demand	387,503,245	578,135,325	387,503,245	578,135,325
Short-term borrowings	(7,276,817,775)	5,630,768,917	(7,276,817,775)	5,630,768,917
Provisions	(45,172,672)	(14,191,294)	(45,236,807)	(14,383,787)
Other liabilities	(2,464,770,618)	349,648,611	(2,359,809,897)	325,922,596
Cash flows used in operating activities	(4,772,459,833)	(2,268,819,581)	(4,072,799,196)	(1,676,645,735)
Cash received from interest income	5,992,838,308	5,114,516,943	5,259,109,353	4,474,287,577
Cash paid for interest expenses	(2,790,927,811)	(2,321,344,222)	(2,782,103,723)	(2,287,834,695)
Cash paid for tax	(19,306,660)	(46,256,098)	-	-
Net cash flows (used in) provided by operating activities	(1,589,855,996)	478,097,042	(1,595,793,566)	509,807,147
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(46,200,276,047)	(16,469,858,429)	(46,200,276,047)	(16,469,858,429)
Proceeds from disposals of available-for-sale securities	26,954,451,293	8,621,198,141	26,954,451,293	8,621,198,141
Proceeds from maturity and principle payment of available-for-sale securities	26,014,576,337	735,000,000	26,014,576,337	735,000,000
Cash paid for purchases of held to maturities securities	(7,435,467,969)	(2,375,247,453)	(7,435,467,969)	(2,375,247,453)
Proceeds from maturity and principle payment of held to maturities securities	970,150,000	5,169,697,658	970,150,000	5,169,697,658
Proceeds from repayment of investment in receivable	36,794,538	13,351,768	36,794,537	13,351,768
Cash paid for purchases of general investments	(179,710)	-	(179,710)	-
Proceeds from disposals of general investments	382,395	3,093,403	382,395	3,093,403
Proceeds from decrease in capital of general investments	15,000,000	16,245,000	15,000,000	16,245,000
Cash paid for purchases of investment in subsidiaries	-	-	-	(50,000,000)
Proceeds from payback of investment in subsidiaries	22,540,041	-	22,540,041	-
Cash paid for purchases of premises and equipment	(91,310,558)	(74,290,131)	(85,215,945)	(55,798,202)
Proceeds from disposals of equipment	8,076,633	2,115,505	7,598,741	589,522
Cash paid for purchases of intangible assets	(42,234,211)	(11,888,241)	(41,497,111)	(11,348,939)
Proceeds from disposals of intangible assets	-	12,712,220	-	12,712,220
Dividend received	20,792,286	83,731,003	20,792,286	83,731,003
Interest received	784,803,091	645,875,304	784,803,091	645,875,304
Net cash flows provided by (used in) investing activities	1,058,098,119	(3,628,264,252)	1,064,451,939	(3,660,759,004)

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Statements of cash flow (Cont'd)
For the six-month period ended 30 June 2014

	Consolidated		The Bank	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Cash flows from financing activities				
Dividend paid	(210,848,780)	(105,424,390)	(210,848,780)	(105,424,390)
Cash paid for redemption subordinated debentures	(2,500,000,000)	(920,000,000)	(2,500,000,000)	(920,000,000)
Cash paid for redemption of structured bill of exchange	(4,606,000,000)	-	(4,606,000,000)	-
Proceeds from issuance of structured bill of exchange	7,391,500,000	3,674,000,000	7,391,500,000	3,674,000,000
Net cash flows provided by financing activities	74,651,220	2,648,575,610	74,651,220	2,648,575,610
Net decrease in cash and cash equivalents				
Cash and cash equivalents at beginning of the period	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 period	2,871,641,939	2,631,356,060	2,867,966,532	2,627,763,116
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	21,171,315	7,683,395	21,171,315	7,683,395
Payable from purchase intangible assets	16,167,035	3,741,698	16,167,035	3,741,698
Properties for sale received from premises and equipment	47,858,056	24,151,444	47,858,056	24,151,444
Changes in revaluation surplus in available-for-sale securities	14,449,424	109,412,110	14,449,424	109,412,110
Interest amortisation from premium or discount	35,939,299	6,406,258	35,939,299	6,406,258

The accompanying notes to the interim financial statements from page 14 to 103 are an integral part of the interim financial statements.

CIMB Thai Bank Public Company Limited
Notes to the Interim Financial Statements
For the six-month period ended 30 June 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 debt collection, hire purchase and leasing businesses.

The consolidated and bank financial statements were authorised by the Board of Directors on 21 August 2014.

2 Accounting policies

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

2.1 Basis of preparation of interim consolidated and bank financial statements

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

2 Accounting policies (Cont'd)

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

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

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

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

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

TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 10	Interim financial reporting and impairment
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 interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) will not significantly impact the interim financial statements being presented.

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

(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 property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.17 Foreign currency translation

(a) Functional and presentation currency

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

2 Accounting policies (Cont'd)

2.17 Foreign currency translation (Cont'd)

(b) Transactions and balances

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

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

2.18 Financial derivatives

The Bank regards its obligations under financial derivatives contracts as off-statements of financial position items. The accounting treatments for financial derivatives transactions depend on the purpose of the transactions as follows:

(a) Trading transactions

The Bank records its obligations under financial derivatives contracts originated for trading purposes at fair value. Gains/losses arising from changes in value are included in the statements of comprehensive income.

(b) Hedging transactions

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

(1) Fair value hedge

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

(2) Cash flow hedge

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

(3) Net investment hedge

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

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 46 to the interim financial statements.

2 Accounting policies (Cont'd)

2.19 Embedded derivatives

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

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

2.20 Financial liabilities at fair value through profit or loss

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

Measurement is initially at fair value, Day 1 Profit from fair value will be amortised as income using straight-line method until maturity or at early termination. Changes in the fair value of financial liabilities, designated at fair value through profit or loss, are recognised in the statements of comprehensive income as gain or loss on financial liabilities designated at fair value through profit loss.

2.21 Employee benefits and pension fund

Defined contribution plan

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

Defined benefit plan

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

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

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

2 Accounting policies (Cont'd)

2.22 Provisions

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

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

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

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

2.23 Current and deferred income taxes

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

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

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

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

2.24 Share based payment

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

2 Accounting policies (Cont'd)

2.24 Share based payment (Cont'd)

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

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

2.25 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

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

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

3.1.1 Market risk

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

The Bank has a Market Risk Management Unit, which is responsible for assessment of market risk, and uses tools and systems that are widely accepted as efficient to help measure, monitor and manage market risk. This supports the Bank in ensuring that market risk is monitored and managed effectively, preventing the occurrence of unacceptable levels of market risk, and enabling the Bank to take action to adjust market risk to appropriate levels in a timely manner.

3.1.1.1 Foreign exchange risk

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

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

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Market risk (Cont'd)

3.1.1.2 Interest rate risk

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

Interest rate risk arises from interest rate structure, the characteristics and structure of the Bank's assets, liabilities and capital. The Bank has set risk limits for interest rate risk under the banking accounts, with consent from the Assets and Liabilities Committee (ALCO), in order to manage risk at an appropriate level, while interest rate risk limits for the trading accounts are approved by the Risk Management Committee.

3.1.1.3 Equity position risk

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

3.1.2 Credit risk

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

The Bank's credit risk management processes are implemented under a credit risk management policy, and have been structured in order to maintain checks and balances and clear segregation of responsibilities between the marketing, credit approval, inspection and risk management functions. The Bank manages credit risk at the customer standalone risk level and the portfolio level, developing different and appropriate credit risk rating tools to measure the risk at each level. For corporate customers and small-medium enterprise customers, risk grading tools and an SME rating, respectively, have been developed to grade customer credit risk levels. For individual retail customers, with multi-purpose credit, whether uncollateralised (personal cash) or collateralised (mortgage power), including home loans, the Bank has developed a credit scoring system for use in risk evaluation.

In respect of the credit review and approval process, the Bank has appointed a Credit Committee to consider the granting of credit facilities at different levels, based on the credit limit, focusing on borrowers' ability to make repayment, the type of credit, the financial status of the borrower, the economic situation and the status of the borrowers' industry. Furthermore, the Bank has established an independent Credit Review Unit to ensure that the credit approval process is transparent and effective.

The maximum credit risk exposure is the carrying value of the financial assets after deducting allowance for losses as stated in the statements of financial position, and the risk of off-statements of financial position commitments, e.g., loan guarantees and other guarantees, and derivative contracts.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.3 Liquidity risk

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

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

3.2 Fair value estimation

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

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

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

4 Critical accounting estimates, assumptions and judgements

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

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

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

(a) Allowance for doubtful accounts for loans

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

(b) Fair value of financial derivative instruments

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

(c) Impairment of investments

Investments are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In determining the impairment losses, management believed that estimations are reasonable.

(d) Allowance for impairment of property for sale

The Group assesses allowance for impairment of property for sale when net realisable value falls below the book value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets. However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

(e) Building, equipment and intangible assets

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

(f) Provision for post retirement benefits and pension fund

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

5 Capital risk management

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

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

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 27 to the interim financial statement.

CIMB Thai Bank Public Company Limited
Notes to the Interim Financial Statements
For the six-month period ended 30 June 2014

6 Interbank and money market items, net (assets)

	Consolidated					
	30 June 2014			31 December 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	3,229	-	3,229	3,829	-	3,829
Commercial banks	79	-	79	70	24,735	24,805
Other banks	28	202	230	6	2,000	2,006
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	2	829	831	684	1	685
Total domestic items	3,882	1,031	4,913	5,133	26,736	31,869
<u>Add</u> Accrued interest receivables	-	1	1	-	11	11
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(3)	(3)
Domestic items, net	3,882	1,028	4,910	5,133	26,744	31,877
Foreign:						
US dollar	493	123	616	1,067	137	1,204
Yen	56	-	56	54	-	54
Euro	50	-	50	191	151	342
Other currencies	548	-	548	79	-	79
Foreign items, net	1,147	123	1,270	1,391	288	1,679
Domestic and foreign items, net	5,029	1,151	6,180	6,524	27,032	33,556
The Bank						
	30 June 2014			31 December 2013		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	3,229	-	3,229	3,829	-	3,829
Commercial banks	13	-	13	28	24,735	24,763
Other banks	-	202	202	1	2,000	2,001
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	2	829	831	684	1	685
Total domestic items	3,788	1,031	4,819	5,086	26,736	31,822
<u>Add</u> Accrued interest receivables	-	1	1	-	11	11
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(3)	(3)
Domestic items, net	3,788	1,028	4,816	5,086	26,744	31,830
Foreign:						
US dollar	493	123	616	1,067	137	1,204
Yen	56	-	56	54	-	54
Euro	50	-	50	191	151	342
Other currencies	548	-	548	79	-	79
Foreign items, net	1,147	123	1,270	1,391	288	1,679
Domestic and foreign items, net	4,935	1,151	6,086	6,477	27,032	33,509

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

As at 30 June 2014, the Bank had promissory notes of Baht 547 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					
	30 June 2014			30 December 2013		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	2,858	3,048	532,420	6,287	7,010	320,054
Interest rate	3,732	3,591	713,330	2,791	2,636	543,805
Commodity	6	3	1,040	7	7	322
Total	6,596	6,642	1,246,790	9,085	9,652	864,181

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

	Consolidated and the Bank	
	30 June 2014	31 December 2013
	Proportion	Proportion
Financial institutions	90	87
Companies in the group	9	11
External parties	1	2
Total	100	100

7 Derivatives (Cont'd)

7.2 Derivative for hedging

Fair value hedge

	Consolidated and the Bank					
	30 June 2014			31 December 2013		
	Fair value			Fair value		
	Asset	Liability	Notional	Asset	Liability	Notional
	Million	Million	amount	Million	Million	amount
	Baht	Baht	Million	Baht	Baht	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Interest rate	23	-	599	16	-	626
Total	23	-	599	16	-	626

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 three-month and six-month periods ended 30 June 2014 and 2013 can be summarised as follows:

	Consolidated and the Bank			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on hedging instruments, net	4	2	7	4
Losses on the hedged items, net	(6)	(2)	(9)	(3)

8 Investments, net

8.1 Classified by type of investment

	Consolidated and the Bank	
	30 June	31 December
	2014	2013
	Fair value	Fair value
	Million Baht	Million Baht
Securities held for trading		
Government and state enterprises securities	9,031	9,011
Private sector debt securities	1,503	1,215
Total securities held for trading	10,534	10,226
Available-for-sale securities		
Government and state enterprises securities	16,592	23,494
Private sector debt securities	2,884	2,530
Domestic marketable equity securities	614	594
Total available-for-sales securities	20,090	26,618

8 Investments, net (Cont'd)

8.1 Classified by type of investment (Cont'd)

	Consolidated and the Bank	
	30 June 2014	31 December 2013
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	22,129	15,605
Promissory notes issued by		
Thai Asset Management Corporation	8	8
Private sector debt securities	532	604
Investments in receivables (Note 8.6)	116	153
Total	22,785	16,370
<u>Less</u> Allowance for impairment	(62)	(64)
Total held-to-maturity debt securities	22,723	16,306
	Cost	Cost
	Million Baht	Million Baht
General investments		
Domestic non-marketable equity securities	375	390
Overseas non-marketable equity securities	9	9
Total	384	399
<u>Less</u> Allowance for impairment	(224)	(224)
Total general investments	160	175
Investments, net	53,507	53,325

(a) As at 30 June 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 interim financial statements) amounting to Baht 8 million (31 December 2013: Baht 8 million). Such promissory notes are non-transferable and availed 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 Fund 1 in the whole amount. Gain on redemption of Vayupak Fund 1 was Baht 271 million.

(c) As at 30 June 2014 and 31 December 2013, the Bank had investments pledged as collateral, as mentioned in Note 41.1 to the interim financial statements.

8 Investments, net (Cont'd)

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

	Consolidated and the Bank							
	30 June 2014				31 December 2013			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Available-for-sale securities								
Government and state enterprises securities	-	16,567	-	16,567	500	21,057	1,861	23,418
Private sector debt securities	10	2,649	200	2,859	39	2,282	200	2,521
Total	10	19,216	200	19,426	539	23,339	2,061	25,939
<u>Add</u> Allowance for revaluation	-	47	3	50	1	79	5	85
Available-for-sale securities, net	10	19,263	203	19,476	540	23,418	2,066	26,024
Held-to-maturity securities								
Government and state enterprises securities	7,400	13,676	1,053	22,129	3,855	10,688	1,062	15,605
Promissory notes issued by TAMC	8	-	-	8	-	8	-	8
Private sector debt securities	50	482	-	532	122	482	-	604
Total	7,458	14,158	1,053	22,669	3,977	11,178	1,062	16,217
<u>Less</u> Allowance for impairment	-	-	-	-	(1)	-	-	(1)
Held-to-maturity securities, net	7,458	14,158	1,053	22,669	3,976	11,178	1,062	16,216
Total debt securities	7,468	33,421	1,256	42,145	4,516	34,596	3,128	42,240

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	
	30 June 2014 Million Baht	31 December 2013 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 Investments, net (Cont'd)

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

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

	Consolidated and the Bank			
	30 June 2014		31 December 2013	
	Cost	Fair value	Cost	Fair value
	Million Baht	Million Baht	Million Baht	Million Baht
General investments				
Investment in property funds	180	175	195	190
<u>Less</u> Allowance for revaluation	(2)		(2)	
<u>Less</u> Allowance for impairment	(3)		(3)	
General investments, net	175		190	

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

As at 30 June 2014 and 31 December 2013, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and the Bank							
	30 June 2014				31 December 2013			
	Number	Cost	Allowance for	Book	Number	Cost	Allowance for	Book
of	Million	revaluation/	value	of	Million	revaluation/	value	
companies	Baht	impairment	Million	companies	Baht	impairment	Million	
		Million	Baht			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)	-

8.6 Investments in receivables

	Consolidated and the Bank	
	30 June	31 December
	2014	2013
	Million Baht	Million Baht
Investments in receivables	116	153
<u>Less</u> Allowance for impairment	(62)	(62)
Investments in receivables, net	54	91

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8 Investments, net (Cont'd)

8.6 Investments in receivables (Cont'd)

As at 30 June 2014 and 31 December 2013, the outstanding balances of loan receivables can be summarised as follows:

	30 June 2014				31 December 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	95	1,331	116	-	104	1,373	153	-

8.7 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		The Bank	
			30 June 2014	31 December 2013	Cost method	
			%	%	30 June 2014	31 December 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 subsidiary, 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 1,076,976,000 registered ordinary shares of Baht 0.2321 each, or a total of Baht 250 million. CIMB Thai's portion is 1,067,229,773 shares or Baht 248 million.

On 21 May 2014, Krung Thai Thanakit Finance Plc's the Extraordinary general shareholder meeting approved a payback to shareholder 1,076,976,000 registered ordinary shares of Baht 0.0211 each, or a total of Baht 22.74 million. CIMB Thai'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.

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9 Loans and accrued interest receivables, net

9.1 Classified by loan type

	Consolidated		The Bank	
	30 June 2014 Million Baht	31 December 2013 Million Baht	30 June 2014 Million Baht	31 December 2013 Million Baht
Bank overdrafts	7,681	7,547	7,688	7,564
Loans	118,016	111,508	122,043	114,441
Bills	34,153	35,333	46,593	46,943
Hire-purchase receivables	22,810	21,432	-	-
Others	39	35	18	16
Total loans	182,699	175,855	176,342	168,964
Valuation reserve from hedging	(13)	(11)	(13)	(11)
Less Deferred revenue	(4,730)	(4,757)	(207)	(255)
Total loans net of deferred revenue	177,956	171,087	176,122	168,698
Add Accrued interest receivables	410	454	412	462
Total loans net of deferred revenue and accrued interest receivables	178,366	171,541	176,534	169,160
Less Allowance for doubtful debts (Note 10)				
Minimum allowance for doubtful accounts required based on BoT's guidelines - Individual approach	(3,056)	(2,563)	(2,567)	(2,213)
General provision for further losses	(2,554)	(2,701)	(2,554)	(2,701)
Less Revaluation allowance for debt restructuring (Note 11)	(53)	(33)	(53)	(33)
Loans and accrued interest receivables, net	172,703	166,244	171,360	164,213

9.2 Classified by currency and residency of debtors

	Consolidated					
	30 June 2014			31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	169,578	240	169,818	160,888	266	161,154
US dollar	3,699	1,284	4,983	5,019	1,313	6,332
Other currencies	3,155	-	3,155	3,601	-	3,601
Total loans net of deferred revenue	176,432	1,524	177,956	169,508	1,579	171,087
	The Bank					
	30 June 2014			31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	167,743	240	167,983	158,499	266	158,765
US dollar	3,700	1,284	4,984	5,019	1,313	6,332
Other currencies	3,155	-	3,155	3,601	-	3,601
Total loans net of deferred revenue	174,598	1,524	176,122	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						
	30 June 2014						
	Pass	Special	Sub-	Doubtful	Doubtful	Securities	Total
	Million	mention	standard	Million	of loss	and hire	Million
	Baht	Million	Million	Million	Million	purchase	Baht
		Baht	Baht	Baht	Baht	receivables	Million
						Million	Baht
						Baht	Baht
Agricultural and mining	2,960	15	-	180	117	-	3,272
Manufacturing and commerce	51,394	2,238	243	513	812	-	55,200
Real estate and construction	13,441	668	23	-	84	-	14,216
Public utilities and services	19,718	2,071	-	86	570	-	22,445
Personal cash	8,738	485	316	1	115	-	9,655
Housing loans	41,196	573	446	267	841	-	43,323
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	18,287	18,287
Others	11,030	123	83	88	213	21	11,558
Total loans net of deferred revenue	148,477	6,173	1,111	1,135	2,752	18,308	177,956

	Consolidated						
	31 December 2013						
	Pass	Special	Sub-	Doubtful	Doubtful	Securities	Total
	Million	mention	standard	Million	of loss	and hire	Million
	Baht	Million	Million	Million	Million	purchase	Baht
		Baht	Baht	Baht	Baht	receivables	Million
						Million	Baht
						Baht	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						
	30 June 2014						
	Pass	Special	Sub-	Doubtful	Doubtful	Total	
	Million	mention	standard	Million	of loss	Million	Million
	Baht	Million	Million	Million	Million	Baht	Baht
		Baht	Baht	Baht	Baht	Million	Baht
						Baht	Baht
Agricultural and mining	2,960	15	-	180	117	-	3,272
Manufacturing and commerce	51,394	2,238	243	513	812	-	55,200
Real estate and construction	13,441	668	23	-	84	-	14,216
Public utilities and services	19,718	2,071	-	86	570	-	22,445
Personal cash	8,738	485	316	1	115	-	9,655
Housing loans	41,196	573	446	267	841	-	43,323
Others	27,504	123	83	88	213	-	28,011
Total loans net of deferred revenue	164,951	6,173	1,111	1,135	2,752	176,122	176,122

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

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

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

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							
	30 June 2014				31 December 2013			
	Loans and	Balance	Allowance	Loans and	Balance	Allowance	Loans and	Allowance
accrued	after	provided	accrued	after	in the	accrued	after	in the
interest	collateral ⁽¹⁾	in the	interest	collateral ⁽¹⁾	accounts	interest	collateral ⁽¹⁾	accounts
receivables	Minimum	percentage	receivables	Minimum	Percentage	receivables	Minimum	Percentage
Million	Million	%	Million	Million	%	Million	Million	%
Baht	Baht	%	Baht	Baht	%	Baht	Baht	%
Minimum allowance for doubtful accounts based on BoT guidelines								
- Pass	164,070	58,773	1	586	158,670	61,640	1	600
- Special mention	8,678	4,182	2	82	7,945	3,607	2	71
- Sub-standard	1,386	752	100	829	1,239	625	100	622
- Doubtful	1,374	747	100	691	1,281	628	100	583
- Doubtful-of-loss	2,858	865	100	868	2,406	685	100	687
- General provision for further losses				2,554				2,701
Total	178,366	65,319		5,610	171,541	67,185		5,264

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

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

9.4 Classification of loans (Cont'd)

	The Bank							
	30 June 2014				31 December 2013			
	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Balance after collateral ⁽¹⁾	Minimum percentage	Allowance provided in the accounts
Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht	
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	165,313	64,403	1	642	158,745	61,721	1	616
- Special mention	6,221	1,951	2	37	5,911	1,573	2	30
- Sub-standard	1,113	533	100	611	1,036	469	100	469
- Doubtful	1,135	512	100	512	1,135	483	100	483
- Doubtful-of-loss	2,752	760	100	765	2,333	612	100	615
- General provision for further losses				2,554				2,701
Total	176,534	68,159		5,121	169,160	64,858		4,914

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

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 30 June 2014, the Group and the Bank had defaulted loans amounting to Baht 5,468 million and Baht 4,851 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 30 June 2014 and 31 December 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	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current or overdue less than 1 installment	15,212	14,474	108	130
Overdue 2-3 installments	2,458	2,034	45	40
Overdue 4-6 installments	273	203	218	153
Overdue 7-12 installments	239	146	179	100
Overdue more than 12 installments	100	68	99	67
Debtors under litigation	5	5	5	5
Total	18,287	16,930	654	495

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

9.5 Non-performing loans

As at 30 June 2014 and 31 December 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	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
Banking business	4,999	4,498	4,999	4,498
Other businesses	617	421	-	-

As at 30 June 2014 and 31 December 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 30 June 2014, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 17,633 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				
	30 June 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	7,070	14,270	672	798	22,810
<u>Less</u> Unearned finance income	(1,497)	(2,689)	(156)	(181)	(4,523)
Present value of minimum lease payments receivable	5,573	11,581	516	617	18,287
<u>Less</u> Allowance for doubtful accounts					(654)
Net receivables under hire-purchase agreements and financial leases					<u>17,633</u>
	Consolidated				
	31 December 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 30 June 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	
	For the six-month periods ended 30 June	
	2014	2013
Number of debtors	1,589	622
Debt balances (Million Baht)	1,138	1,453

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

	Consolidated and the Bank		
	For the six-month period ended 30 June 2014		
	Number of debtors	Debt balances	
Before restructuring Million Baht		After restructuring Million Baht	
Modification of terms of payments	1,589	1,138	1,138
Total	1,589	1,138	1,138

	Consolidated and the Bank		
	For the six-month period ended 30 June 2013		
	Number of debtors	Debt balances	
Before restructuring Million Baht		After restructuring Million Baht	
Modification of terms of payments	622	1,453	1,453
Total	622	1,453	1,453

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					
	For the six-month period ended 30 June 2014			For the six-month period ended 30 June 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	98	69	69	75	1,092	1,092
5 - 10 years	1,383	851	851	514	239	239
10 - 15 years	13	21	21	11	77	77
More than 15 years	95	197	197	22	45	45
Total	1,589	1,138	1,138	622	1,453	1,453

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 six-month periods ended 30 June 2014 and 2013 are as follows:

	Consolidated and the Bank	
	For the six-month periods	
	ended 30 June	
	2014	2013
	Million Baht	Million Baht
Loss on debt restructuring	20	11
Interest income	102	133

As at 30 June 2014 and 31 December 2013, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and the Bank	
	30 June	31 December
	2014	2013
Number of debtors	7,223	6,876
Debt balances after restructuring (Million Baht)	3,082	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 30 June 2014, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 53 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 30 June 2014, the Bank may have to realise additional losses of about Baht 0.4 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									
30 June 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 period	-	-	-	-	-	635	635	293	928
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	1	1	-	1
Transfer from interbank and money market	-	-	-	-	-	-	-	-	-
Reversal of bad debts	-	-	-	-	-	57	57	-	57
<u>Less</u> Bad debts written off	-	-	(6)	(1)	(453)	(5)	(465)	(134)	(599)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(21)	(21)	-	(21)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific change in classification,	7	7	148	30	602	(814)	(20)	-	(20)
Balance as at 30 June 2014	<u>478</u>	<u>37</u>	<u>611</u>	<u>512</u>	<u>764</u>	<u>2,554</u>	<u>4,956</u>	<u>654</u>	<u>5,610</u>
Consolidated									
31 December 2013									
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful -of-loss Million Baht	General provision for further losses Million Baht	Total Million Baht	Hire- purchase receivables Million Baht	Grand total Million Baht
Balance as at 1 January 2013	415	29	383	112	488	1,561	2,988	408	3,396
<u>Add</u> Addition during the year	-	-	-	-	-	2,367	2,367	424	2,791
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	7	7	-	7
Transfer from interbank and money market	-	-	-	-	-	30	30	-	30
Reversal of bad debts	-	-	-	-	-	86	86	-	86
<u>Less</u> Bad debts written off	-	(20)	(498)	(51)	(63)	(5)	(637)	(337)	(974)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(24)	(24)	-	(24)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific change in classification,	56	21	584	422	190	(1,321)	(48)	-	(48)
Balance as at 31 December 2013	<u>471</u>	<u>30</u>	<u>469</u>	<u>483</u>	<u>615</u>	<u>2,701</u>	<u>4,769</u>	<u>495</u>	<u>5,264</u>

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10 Allowance for doubtful debts (Cont'd)

	The Bank						
	30 June 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 period	-	-	-	-	-	635	635
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	1	1
Transfer from interbank and money market	-	-	-	-	-	-	-
Reversal of bad debts	-	-	-	-	-	57	57
<u>Less</u> Bad debts written off	-	-	(6)	(1)	(453)	(5)	(465)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(21)	(21)
Increase (decrease) due to change in classification, collateral value or transfer general provision to specific provision	26	7	148	30	603	(814)	-
Balance as at 30 June 2014	<u>642</u>	<u>37</u>	<u>611</u>	<u>512</u>	<u>765</u>	<u>2,554</u>	<u>5,121</u>

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

11 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	30 June 2014	31 December 2013
	Million Baht	Million Baht
Balance - beginning of the period/year	33	16
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	21	24
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(1)	(7)
Balance - end of the period/ year	<u>53</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 1 January 2014 Million Baht	Additions Million Baht	Disposals Million Baht	As at 30 June 2014 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,020	27	(44)	2,003
Movable	188	744	(740)	192
Total	2,208	771	(784)	2,195
Others	34	48	-	82
Total properties for sale	2,242	819	(784)	2,277
<u>Less</u> Allowance for impairment	(536)	(131)	131	(536)
Properties for sale, net	<u>1,706</u>	<u>688</u>	<u>(653)</u>	<u>1,741</u>
	Consolidated			
	As at 1 January 2013 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2013 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,012	224	(216)	2,020
Movable	71	1,124	(1,007)	188
Total	2,083	1,348	(1,223)	2,208
Others	18	34	(18)	34
Total properties for sale	2,101	1,382	(1,241)	2,242
<u>Less</u> Allowance for impairment	(525)	(155)	144	(536)
Properties for sale, net	<u>1,576</u>	<u>1,227</u>	<u>(1,097)</u>	<u>1,706</u>

12 Properties for sale, net (Cont'd)

	The Bank			
	As at			As at
	1 January	Additions	Disposals	30 June
	2014	Million Baht	Million Baht	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,020	27	(44)	2,003
Total	2,020	27	(44)	2,003
Others	34	48	-	82
Total properties for sale	2,054	75	(44)	2,085
<u>Less</u> Allowance for impairment	(456)	-	5	(451)
Properties for sale, net	<u>1,598</u>	<u>75</u>	<u>(39)</u>	<u>1,634</u>

	The Bank			
	As at			As at
	1 January	Additions	Disposals	31 December
	2013	Million Baht	Million Baht	2013
	Million Baht	Million Baht	Million Baht	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 the Bank of Thailand. However, the actual selling price may differ from the appraisal value. In addition, the Bank is subjected to restrictions on the allowable periods it may hold such properties, as stipulated by the Bank of Thailand. If the Bank is unable to dispose of the properties within allowable periods, the Bank has to set aside additional provision in accordance with the Bank of Thailand guidelines. The Bank's management believes that the carrying value of such properties is suitable to the current situation and the current disposal plan of its properties for sale.

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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 30 June 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 30 June 2014 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	544	-	(28)	-	516	-	-	-	-	-	-	516
Revaluation surplus (revaluation in 2011)	833	-	(17)	-	816	-	-	-	-	-	-	816
Devaluation of asset (revaluation in 2011)	(38)	-	2	-	(36)	-	-	-	-	-	-	(36)
Buildings												
Cost	1,980	12	(34)	-	1,958	(1,101)	(46)	31	-	(1,116)	-	842
Revaluation surplus (revaluation in 2011)	1,935	-	(23)	-	1,912	(1,677)	(12)	21	-	(1,668)	-	244
Devaluation of asset (revaluation in 2011)	(79)	-	-	-	(79)	64	2	-	-	66	-	(13)
Equipment	3,370	43	-	(198)	3,215	(2,486)	(138)	-	189	(2,435)	(14)	766
Assets under installation and/or construction	18	77	-	(18)	77	-	-	-	-	-	-	77
Total	8,563	132	(100)	(216)	8,379	(5,200)	(194)	52	189	(5,153)	(14)	3,212

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13 Premises and equipment, net (Cont'd)

	Consolidated											Net book value Million Baht
	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	
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	3,184	221	-	(35)	3,370	(2,224)	(281)	-	19	(2,486)	(14)	870
Assets under installation and/or construction	23	53	-	(58)	18	-	-	-	-	-	-	18
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 30 June 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 30 June 2014 Million Baht			
Land													
Cost	544	-	(28)	-	516	-	-	-	-	-	-	516	
Revaluation surplus (revaluation in 2011)	833	-	(17)	-	816	-	-	-	-	-	-	816	
Devaluation of asset (revaluation in 2011)	(38)	-	2	-	(36)	-	-	-	-	-	-	(36)	
Buildings													
Cost	1,980	12	(34)	-	1,958	(1,101)	(46)	31	-	(1,116)	-	842	
Revaluation surplus (revaluation in 2011)	1,935	-	(23)	-	1,912	(1,677)	(12)	21	-	(1,668)	-	244	
Devaluation of asset (revaluation in 2011)	(79)	-	-	-	(79)	64	2	-	-	66	-	(13)	
Equipment	3,165	37	-	(196)	3,006	(2,366)	(129)	-	188	(2,307)	(14)	685	
Assets under installation and/or construction	18	77	-	(18)	77	-	-	-	-	-	-	77	
Total	8,358	126	(100)	(214)	8,170	(5,080)	(185)	52	188	(5,025)	(14)	3,131	

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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						
	As at 1 January 2014	Increase	Transfer in/(out)	Amortisation	As at 30 June 2014	
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
Expenditures in connection with development and improvement of computer systems - under development	-	50	35	(7)	-	78
Computer software	5 - 10 years	291	23	6	(59)	261
Licence fee	5 years	2	-	-	-	2
Total		343	58	(1)	(59)	341
Less Allowance for impairment		-				-
Net intangible assets		343				341

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

The Bank						
	As at 1 January 2014	Increase	Transfer In/(out)	Amorti- sation	As at 30 June 2014	
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
Expenditures in connection with development and improvement of computer systems - under development	-	50	35	(7)	-	78
Computer software	5 - 10 years	285	23	6	(59)	255
Licence fee	5 years	2	-	-	-	2
Total		337	58	(1)	(59)	335
Less Allowance for impairment		-				-
Net intangible assets		337				335

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14 Intangible assets, net (Cont'd)

	The Bank					
	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)	-	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	
	30 June 2014 Million Baht	31 December 2013 Million Baht	30 June 2014 Million Baht	31 December 2013 Million Baht
Beginning of the period/year	1,049	876	918	779
Charged/(credited) to profit or loss	(98)	132	(141)	98
Tax charged directly to equity	5	41	5	41
End of the period/year	956	1,049	782	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	11	(95)	(10)	(94)
Tax credited directly to equity	-	-	(11)	(11)
At 30 June 2014	282	-	913	1,195
At 1 January 2013	270	335	544	1,149
Charged/(credited) to profit or loss	1	(240)	371	132
Tax 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 to profit or loss	1	-	3	4
Tax credited directly to equity	(14)	(2)	-	(16)
At 30 June 2014	<u>14</u>	<u>222</u>	<u>3</u>	<u>239</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
Charged/(credited) to profit or loss	5	(95)	(47)	(137)
Tax credited directly to equity	-	-	(11)	(11)
As at 30 June 2014	<u>276</u>	<u>-</u>	<u>745</u>	<u>1,021</u>
At 1 January 2013	270	335	447	1,052
Charged/(credited) to profit or loss	1	(240)	337	98
Tax charged directly to equity	-	-	19	19
As at 31 December 2013	<u>271</u>	<u>95</u>	<u>803</u>	<u>1,169</u>

15 Deferred income taxes (Cont'd)

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

	The Bank			
	Fair value gain from investment	Gain from revaluation of assets	Temporary differences	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Deferred tax liabilities				
At 1 January 2014	27	224	-	251
Charged to profit or loss	1	-	3	4
Tax credited directly to equity	(14)	(2)	-	(16)
At 30 June 2014	<u>14</u>	<u>222</u>	<u>3</u>	<u>239</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>

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 30 June 2014, the Group does not have unrecognised tax losses to carry forward against future taxable income (31 December 2013: Baht 483 million).

16 Other assets, net

	Consolidated		The Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million baht	Million Baht	Million baht	Million Baht
Accrued interest and dividend receivables	430	447	430	447
Credit support assets on derivatives	1,256	2,798	1,256	2,798
Leasehold rights	8	9	8	9
Advances	20	19	20	17
Others assets awaiting account transfer	94	164	94	164
Commission receivables	63	55	63	55
Withholding tax receivable	116	91	111	89
Marginal deposits	84	120	77	113
VAT receivable	19	64	-	-
Prepaid expenses	115	59	113	54
Others	180	231	58	96
Total	2,385	4,057	2,230	3,842
<u>Less</u> Allowance for impairment	(36)	(36)	(36)	(36)
Other assets, net	<u>2,349</u>	<u>4,021</u>	<u>2,194</u>	<u>3,806</u>

17 Deposits

17.1 Classified by type of deposits

	Consolidated		The Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million baht	Million Baht	Million baht	Million Baht
At call	2,250	2,082	2,252	2,084
Savings	47,016	46,046	47,178	46,158
Fixed	104,088	100,152	104,114	100,178
Negotiable certificate of deposit	4,926	3,853	4,926	3,853
Total deposits	158,280	152,133	158,470	152,273

17.2 Classified by currency and residency of depositors

	Consolidated					
	30 June 2014			31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	156,295	1,594	157,889	150,307	1,345	151,652
US dollar	387	1	388	476	-	476
Other currencies	3	-	3	5	-	5
Total	156,685	1,595	158,280	150,788	1,345	152,133

	The Bank					
	30 June 2014			31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	156,485	1,594	158,079	150,447	1,345	151,792
US dollar	387	1	388	476	-	476
Other currencies	3	-	3	5	-	5
Total	156,875	1,595	158,470	150,928	1,345	152,273

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18 Interbank and money market items (liabilities)

	Consolidated					
	30 June 2014			31 December 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	-	437	437	-	475	475
Commercial banks	60	1,930	1,990	89	37,069	37,158
Other banks	116	12,900	13,016	125	1,300	1,425
Finance, finance and securities, securities, and credit foncier companies	3,897	2,125	6,022	1,957	912	2,869
Other financial institutions	2,007	262	2,269	761	237	998
Total domestic items	<u>6,080</u>	<u>17,654</u>	<u>23,734</u>	<u>2,932</u>	<u>39,993</u>	<u>42,925</u>
Foreign:						
US dollar	523	14	537	469	802	1,271
Other currencies	594	68	662	603	67	670
Total foreign items	<u>1,117</u>	<u>82</u>	<u>1,199</u>	<u>1,072</u>	<u>869</u>	<u>1,941</u>
Total domestic and foreign items	<u><u>7,197</u></u>	<u><u>17,736</u></u>	<u><u>24,933</u></u>	<u><u>4,004</u></u>	<u><u>40,862</u></u>	<u><u>44,866</u></u>

	The Bank					
	30 June 2014			31 December 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	-	437	437	-	475	475
Commercial banks	60	1,830	1,890	89	36,444	36,533
Other banks	116	12,900	13,016	125	1,300	1,425
Finance, finance and securities, securities, and credit foncier companies	3,897	2,125	6,022	1,957	912	2,869
Other financial institutions	2,007	262	2,269	761	237	998
Total domestic items	<u>6,080</u>	<u>17,554</u>	<u>23,634</u>	<u>2,932</u>	<u>39,368</u>	<u>42,300</u>
Foreign:						
US dollar	523	14	537	469	802	1,271
Other currencies	594	68	662	603	67	670
Total foreign items	<u>1,117</u>	<u>82</u>	<u>1,199</u>	<u>1,072</u>	<u>869</u>	<u>1,941</u>
Total domestic and foreign items	<u><u>7,197</u></u>	<u><u>17,636</u></u>	<u><u>24,833</u></u>	<u><u>4,004</u></u>	<u><u>40,237</u></u>	<u><u>44,241</u></u>

19 Financial liabilities designated at fair value through profit or loss

	Consolidated and the Bank	
	30 June 2014 Million Baht	31 December 2013 Million Baht
Debentures	5,780	5,000
Bills of Exchange	2,813	857
Total	8,593	5,857

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

	Consolidated and the Bank	
	30 June 2014 Proportion	31 December 2013 Proportion
Financial institutions	33	14
External parties	67	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 - 5.00% per annum variable to reference index of THBFIX 6 month with a payment of interest every six months. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad, the parent company.

In 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 - 4.30% per annum variable to reference index of THBFIX 6 month with a payment of interest every six months. The Bank entered into interest rate swaps with other parties.

In addition, the Bank issued accreting structured bills of exchange embedded interest rate swap with predetermined return rate and conditions. The maturity date is between 10 - 15 years. They bear interest rate at between 3.96 - 5.18% per annum with a payment of interest at maturity date. 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 at maturity date. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad, the parent company.

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20 Debt issued and borrowings

	Consolidated and the Bank					
	30 June 2014			31 December 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 2014, coupon rate of 2.25% - 2.85% per annum	17,881	-	17,881	20,702	-	20,702
Subordinated debentures						
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Subordinated debentures of Baht 3,000 million, maturing in 2021, 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	30	-	30	108	-	108
	<u>24,455</u>	<u>-</u>	<u>24,455</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 1.75% - 2.05% per annum	3,338	-	3,338	4,265	-	4,265
Bill of exchange maturing in 2014, coupon rate of 2.30% per annum	50	-	50	3,501	-	3,501
	<u>3,388</u>	<u>-</u>	<u>3,388</u>	<u>7,766</u>	<u>-</u>	<u>7,766</u>
Total	27,843	-	27,843	35,182	2,525	37,707
<u>Less</u> Current portion of long-term borrowings	(21,843)	-	(21,843)	(29,120)	-	(29,120)
Long-term borrowings, net	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>6,062</u>	<u>2,525</u>	<u>8,587</u>

20 Debt issued and borrowings (Cont'd)

- (a) As at 30 June 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 the 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 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 2 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 the Bank of Thailand.

The Bank has an approval from Bank of Thailand to count the subordinated debenture as tier 2 capital according to the correspondence For Kor Kor (02) 1269/2555.

- (e) As at 30 June 2014, Bank had short term debentures of Baht 17,881 million (31 December 2013: Baht 20,702 million) with fixed interest rates, interest will be paid on maturity date.
- (f) As at 30 June 2014, the Bank issued various unsecured structured debentures not designated at fair value through profit or loss amounted to Baht 30 million (31 December 2013: 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.

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21 Provisions

	Consolidated		The Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	35	35	35	35
Reserve for off-statements of financial position items	282	282	282	282
Provision for employee benefits	1,095	1,065	1,062	1,036
Provision for putback option of sold debtors	20	20	20	20
Total provisions	1,432	1,402	1,399	1,373

Provision for employee benefits

As at 30 June 2014, the pension benefits were only provided to 477 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	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,095	1,065	1,062	1,036
Provision for employee benefits	1,095	1,065	1,062	1,036

Movements of provision for pension funds are as follows:

	Consolidated		The Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,065	1,092	1,036	1,069
Current service costs	45	20	41	15
Interest costs	21	9	21	8
<u>Less</u> Pension benefits paid for the period/year	(36)	(56)	(36)	(56)
Ending balance	1,095	1,065	1,062	1,036

21 Provisions (Cont'd)

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

	Consolidated		The Bank	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	23	20	20	19
Interest costs	10	9	11	9
Total	33	29	31	28

	Consolidated		The Bank	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	45	39	41	37
Interest costs	21	19	21	19
Total	66	58	62	56

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

	Consolidated and the Bank
	30 June 2014 and 31 December 2013
Discount rate	4.00%
Salary increase rate	5.00%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2008
Disability 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
Retirement age	60 years old

22 Other liabilities

	Consolidated		The Bank	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Credit support liabilities on derivatives	137	1,618	137	1,618
Amount due to Department of Alternative Energy Development and Efficiency	306	398	306	398
Other liabilities awaiting accounts transfer	248	799	248	799
Accrued interest	681	767	681	767
Deferred commission	267	291	267	291
Accrued expense	1,000	1,144	923	1,036
Others	562	636	363	372
Total	3,201	5,653	2,925	5,281

23 Share capital

	Consolidated and the Bank			
	30 June 2014		31 December 2013	
	Number	Amount	Number	Amount
	Million shares	Million Baht	Million shares	Million Baht
Registered				
Beginning of the period/year				
- Ordinary shares	26,106	13,053	26,106	13,053
Increase of registered capital	-	-	-	-
Reduction of shares	(5,021)	(2,511)	-	-
End of the period/year	21,085	10,542	26,106	13,053
Issued and paid up				
Beginning of the period/year				
- Ordinary shares	21,085	10,542	21,085	10,542
Issurance of new share	-	-	-	-
End of the period/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 THB 13,052,747,804 to THB 10,542,439,013 by cancelling 5,020,617,583 unsold and unoffered registered ordinary shares with a par value of THB 0.50 per share, totaling THB 2,510,308,791.

24 Other reserves

	Consolidated and the Bank	
	30 June 2014 Million Baht	31 December 2013 Million Baht
Revaluation surplus on assets	1,107	1,119
Revaluation surplus on change in value of investments	24	38
Income tax relating to components of other comprehensive expenses	(226)	(231)
Total	<u>905</u>	<u>926</u>

(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	
	30 June 2014 Million Baht	31 December 2013 Million Baht
Balance - beginning of the period/year	1,119	1,155
<u>Less</u> Amortisation	(12)	(36)
Balance - end of the period/year	<u>1,107</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	
	30 June 2014 Million Baht	31 December 2013 Million Baht
Revaluation surplus on investments:		
Debt securities	64	134
Total	<u>64</u>	<u>134</u>
Revaluation deficit on investments:		
Debt securities	(13)	(49)
Equity securities	(27)	(47)
Total	<u>(40)</u>	<u>(96)</u>
Revaluation surplus on change in value of investments, net	<u>24</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 resulting in a total statutory reserve as at 30 June 2014 of Baht 310.30 million.

26 Dividend payment

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

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.

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:

	30 June 2014	Total capital	31 December 2013	Total capital
	Million Baht	to risk assets	Million Baht	to risk assets
		%		%
<u>Tier I</u>				
Issued and paid up share capital	10,542		10,542	
Share premium	3,868		3,868	
Statutory reserve	310		272	
Unappropriated surplus	5,559		5,020	
Other reserves	835		835	
Deduction on Tier I capital fund	(849)		(918)	
Total Tier I capital fund	<u>20,265</u>	10.20	<u>19,619</u>	9.91
<u>Tier II</u>				
Long-term subordinated debentures and hybrid securities	6,000		7,650	
Reserve for loan classified as pass	644		619	
Total Tier II capital fund	<u>6,644</u>	3.34	<u>8,269</u>	4.17
Total capital funds	<u><u>26,909</u></u>	13.54	<u><u>27,888</u></u>	14.08

The Bank has maintained capital fund under BoT notification of international capital requirement standards under the Basel III regulatory framework and will disclose capital maintenance information as at 30 June 2014 in accordance with the Notification of the Bank of Thailand RE: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision on its website at www.cimbthai.com within four months after the statements of financial position date.

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	
	30 June 2014 units '000	31 December 2013 units '000
Beginning of financial period/year	88	49
Awarded during financial period/year	280	60
Released during financial period/year	(34)	(21)
End of financial period/year	<u>334</u>	<u>88</u>

For the six-month period ended 30 June 2014, the Bank set up share-based payment reserves and expenses amounting to Baht 3.0 million (for the six-month period ended 30 June 2013: Baht 1.5 million).

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

29.1 Position classified by type of transaction

	Consolidated					
	30 June 2014			31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	250,444	3,645	254,089	274,979	4,683	279,662
Interbank and money market items , net	4,910	1,270	6,180	31,876	1,680	33,556
Derivative assets	5,841	778	6,619	7,763	1,338	9,101
Investments, net and investments in subsidiaries, net	53,420	87	53,507	53,249	87	53,336
Loans to customers and accrued interest receivables, net	171,193	1,510	172,703	164,665	1,579	166,244
Deposits	156,685	1,595	158,280	150,788	1,345	152,133
Interbank and money market items	23,633	1,200	24,833	43,712	1,154	44,866
Derivative liabilities	5,170	1,472	6,642	8,139	1,513	9,652
Debt issued and borrowings	27,843	-	27,843	35,182	2,525	37,707

	The Bank					
	30 June 2014			31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	249,805	3,645	253,450	273,679	4,683	278,362
Interbank and money market items, net	4,816	1,270	6,086	31,830	1,679	33,509
Derivative assets	5,841	778	6,619	7,763	1,338	9,101
Investments, net and investments in subsidiaries, net	54,745	87	54,832	54,573	87	54,660
Loans to customers and accrued interest receivables, net	169,849	1,511	171,360	162,634	1,579	164,213
Deposits	156,874	1,596	158,470	150,928	1,345	152,273
Interbank and money market items	23,633	1,200	24,833	43,087	1,154	44,241
Derivative liabilities	5,170	1,472	6,642	8,139	1,513	9,652
Debt issued and borrowings	27,843	-	27,843	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					
	For the three-month period ended 30 June 2014			For the three-month period ended 30 June 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest incomes	3,343	20	3,363	2,905	28	2,933
Interest expenses	(1,440)	(8)	(1,448)	(1,318)	(44)	(1,362)
Net interest incomes(expenses)	1,903	12	1,915	1,587	(16)	1,571
Net fee and services income	275	-	275	268	-	268
Other operating incomes	244	-	244	230	-	230
Other operating expenses	(1,762)	-	(1,762)	(1,516)	-	(1,516)
Bad and doubtful debts and impairment losses	(438)	-	(438)	(276)	-	(276)
Profit (loss) before income tax expenses	<u>222</u>	<u>12</u>	<u>234</u>	<u>293</u>	<u>(16)</u>	<u>277</u>

	The Bank					
	For the three-month period ended 30 June 2014			For the three-month period ended 30 June 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest incomes	2,978	20	2,998	2,574	28	2,602
Interest expenses	(1,439)	(8)	(1,447)	(1,298)	(44)	(1,342)
Net interest incomes(expenses)	1,539	12	1,551	1,276	(16)	1,260
Net fee and services income	186	-	186	207	-	207
Other operating incomes	228	-	228	213	-	213
Other operating expenses	(1,410)	-	(1,410)	(1,256)	-	(1,256)
Bad and doubtful debts and impairment losses	(279)	-	(279)	(143)	-	(143)
Profit (loss) before income tax expenses	<u>264</u>	<u>12</u>	<u>276</u>	<u>297</u>	<u>(16)</u>	<u>281</u>

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

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

	Consolidated					
	For the six-month period ended 30 June 2014			For the six-month period ended 30 June 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest incomes	6,673	44	6,717	5,679	53	5,732
Interest expenses	(2,987)	40	(2,947)	(2,605)	(96)	(2,701)
Net interest incomes(expenses)	3,686	84	3,770	3,074	(43)	3,031
Net fee and services income	595	-	595	527	-	527
Other operating incomes	768	-	768	484	-	484
Other operating expenses	(3,440)	-	(3,440)	(2,898)	-	(2,898)
Bad and doubtful debts and impairment losses	(908)	-	(908)	(489)	-	(489)
Profit (loss) before income tax expenses	701	84	785	698	(43)	655
	The Bank					
	For the six-month period ended 30 June 2014			For the six-month period ended 30 June 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest incomes	5,933	44	5,977	5,038	53	5,091
Interest expenses	(2,979)	40	(2,939)	(2,571)	(96)	(2,667)
Net interest incomes(expenses)	2,954	84	3,038	2,467	(43)	2,424
Net fee and services income	404	-	404	413	-	413
Other operating incomes	736	-	736	464	-	464
Other operating expenses	(2,756)	-	(2,756)	(2,417)	-	(2,417)
Bad and doubtful debts and impairment losses	(635)	-	(635)	(261)	-	(261)
Profit (loss) before income tax expenses	703	84	787	666	(43)	623

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30 Interest income

	Consolidated		The Bank	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Interbank and money market items	23	60	23	60
Investments and trading transactions	42	42	42	42
Investments in debt securities	320	276	320	276
Loans	2,431	2,098	2,612	2,224
Hire purchase and financial lease income	547	457	-	-
Others	-	-	1	-
Interest income	3,363	2,933	2,998	2,602

	Consolidated		The Bank	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Interbank and money market items	92	134	92	134
Investments and trading transactions	95	78	95	78
Investments in debt securities	637	538	637	538
Loans	4,798	4,089	5,151	4,340
Hire purchase and financial lease income	1,094	892	-	-
Others	1	1	2	1
Interest income	6,717	5,732	5,977	5,091

31 Interest expenses

	Consolidated		The Bank	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Deposits	946	836	946	837
Interbank and money market items	76	77	75	57
Contribution fee to the Deposit Protection Agency	4	3	4	3
Contribution fee to FIDF	218	186	218	186
Debt securities issued				
- Subordinated debentures	76	114	76	114
- Others	127	144	127	144
Others	1	2	1	1
Interest expenses	1,448	1,362	1,447	1,342

31 Interest expenses (Cont'd)

	Consolidated		The Bank	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Deposits	1,890	1,701	1,891	1,701
Interbank and money market items	192	134	183	100
Contribution fee to the Deposit Protection Agency	8	7	8	7
Contribution fee to FIDF	437	368	437	368
Debt securities issued				
- Subordinated debentures	96	227	96	227
- Others	318	262	318	262
Others	6	2	6	2
Interest expenses	2,947	2,701	2,939	2,667

32 Net fees and services income

	Consolidated		The Bank	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Fees and service income				
Acceptances, aval and guarantees	26	36	26	42
ATM and Debit card fees	27	31	27	31
Brokerage income	137	97	101	73
Management fee	19	30	19	30
Others	129	119	100	95
Fees and service income	338	313	273	271
Fees and service expenses				
Collection fees	(24)	(17)	(55)	(41)
ATM fees	(10)	(10)	(10)	(10)
Others	(29)	(18)	(22)	(13)
Fees and service expenses	(63)	(45)	(87)	(64)
Net fees and service income	275	268	186	207

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32 Net fees and services income (Cont'd)

	Consolidated		The Bank	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and service income				
Acceptances, aval and guarantees	55	60	57	69
ATM and Debit card fees	57	64	57	64
Brokerage income	277	186	187	143
Management fee	40	47	40	47
Others	271	238	216	194
Fees and service income	<u>700</u>	<u>595</u>	<u>557</u>	<u>517</u>
Fees and service expenses				
Collection fees	(32)	(18)	(95)	(64)
ATM fees	(21)	(18)	(21)	(18)
Others	(52)	(32)	(37)	(22)
Fees and service expenses	<u>(105)</u>	<u>(68)</u>	<u>(153)</u>	<u>(104)</u>
Net fees and service income	<u>595</u>	<u>527</u>	<u>404</u>	<u>413</u>

33 Gains on tradings and foreign exchange transactions, net

	Consolidated and the Bank			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gains (losses) on tradings and foreign exchange transactions				
Foreign currencies and foreign exchange rate derivatives	135	155	137	114
Interest rate derivatives	100	6	274	136
Debt securities	(10)	(13)	50	(3)
Total	<u>225</u>	<u>148</u>	<u>461</u>	<u>247</u>
Losses on hedging transactions	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>1</u>
Gains on tradings and foreign exchange transactions, net	<u>223</u>	<u>148</u>	<u>459</u>	<u>248</u>

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

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

	Consolidated and the Bank			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Net change in fair value				
Bills of exchange	(9)	53	70	56
Debentures	(53)	7	(48)	29
Interest expenses	(50)	(28)	(89)	(46)
Total	<u>(112)</u>	<u>32</u>	<u>(67)</u>	<u>39</u>

35 Gains on investments, net

	Consolidated and the Bank			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales				
Available-for-sale	61	16	262	47
Held-to-maturity	-	2	-	3
General investments	-	1	-	1
Investment in subsidiaries	12	-	12	-
Gains on sales, net	<u>73</u>	<u>19</u>	<u>274</u>	<u>51</u>
Losses on impairment				
General investments	-	(9)	-	(9)
Losses on impairment, net	-	(9)	-	(9)
Gains on investments, net	<u>73</u>	<u>10</u>	<u>274</u>	<u>42</u>

36 Other operating income

	Consolidated		The Bank	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gain on sale of premises and equipment	1	1	1	-
Losses on sale of properties for sale	-	-	-	(3)
Income from reversal of bad debts	10	6	-	-
Dividend income	17	4	17	4
Other income	32	28	26	21
Other operating income	<u>60</u>	<u>39</u>	<u>44</u>	<u>22</u>

	Consolidated		The Bank	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Gain on sale of premises and equipment	2	2	2	-
Gain on sale of properties for sale	-	-	-	6
Income from reversal of bad debts	20	10	-	-
Dividend income	21	84	21	84
Other income	59	58	47	45
Other operating income	<u>102</u>	<u>154</u>	<u>70</u>	<u>135</u>

37 Bad and doubtful debts and impairment losses

	Consolidated		The Bank	
	For three-month periods ended 30 June		For three-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Loss on debt restructuring (reversal)	10	(8)	10	(8)
Loans	428	284	269	151
Total	438	276	279	143

	Consolidated		The Bank	
	For six-month periods ended 30 June		For six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Loss on debt restructuring	20	11	20	11
Loans	888	478	615	250
Total	908	489	635	261

38 Corporate income tax

	Consolidated		The Bank	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the period	43	12	27	-
Total current tax	43	12	27	-
Deferred tax:				
Origination and reversal of temporary differences	(17)	(31)	6	(12)
Utilisation of tax losses	24	65	24	65
Total deferred tax	7	34	30	53
Total tax charge	50	46	57	53

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38 Corporate income tax (Cont'd)

	Consolidated		The Bank	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the period	62	25	27	-
Total current tax	62	25	27	-
Deferred tax:				
Origination and reversal of temporary differences	3	(25)	46	(4)
Utilisation of tax losses	95	111	95	111
Total deferred tax	98	86	141	107
Total tax charge	160	111	168	107

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	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	234	276	276	281
Tax calculated at a tax rate of 20%	47	53	55	56
Tax effect of:				
Income not subject to tax	(4)	(13)	(3)	(8)
Expenses not deductible for tax purpose	-	6	(2)	5
Effect of changes in tax rates	7	-	7	-
Total tax charge	50	46	57	53

	Consolidated		The Bank	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	785	655	787	623
Tax calculated at a tax rate of 20%	153	128	157	125
Tax effect of:				
Income not subject to tax	(5)	(33)	(5)	(33)
Expenses not deductible for tax purpose	9	16	9	15
Effect of changes in tax rates	3	-	7	-
Total tax charge	160	111	168	107

The weighted average applicable tax rate in the interim consolidated and bank financial statements as at 30 June 2014 was 20% and 21% respectively, (30 June 2013: 17% and 17% respectively).

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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					
	For the three-month period ended 30 June 2014			For the three-month period ended 30 June 2013		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	(6)	1	(5)	(21)	4	(17)
Properties for sale	-	-	-	14	(3)	11
Available-for-sale financial asset	(27)	6	(21)	(97)	19	(78)
Other comprehensive income	(33)	7	(26)	(104)	20	(84)
Current tax		43			12	
Deferred tax		7			34	
		<u>50</u>			<u>46</u>	

	The Bank					
	For the three-month period ended 30 June 2014			For the three-month period ended 30 June 2013		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	(6)	1	(5)	(21)	4	(17)
Properties for sale	-	-	-	14	(3)	11
Available-for-sale financial asset	(27)	6	(21)	(97)	19	(78)
Other comprehensive income	(33)	7	(26)	(104)	20	(84)
Current tax		27			-	
Deferred tax		30			53	
		<u>57</u>			<u>53</u>	

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38 Corporate income tax (Cont'd)

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

	Consolidated					
	For the six-month period ended 30 June 2014			For the six-month period ended 30 June 2013		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	(30)	6	(24)	(30)	6	(24)
Properties for sale	18	(4)	14	15	(3)	12
Available-for-sale financial asset	(14)	3	(11)	(109)	22	(87)
Other comprehensive income	(26)	5	(21)	(124)	25	(99)
Current tax		62			25	
Deferred tax		98			86	
		<u>160</u>			<u>111</u>	
	The Bank					
	For the six-month period ended 30 June 2014			For the six-month period ended 30 June 2013		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains:						
Land and buildings	(30)	6	(24)	(30)	6	(24)
Properties for sale	18	(4)	14	15	(3)	12
Available-for-sale financial asset	(14)	3	(11)	(109)	22	(87)
Other comprehensive income	(26)	5	(21)	(124)	25	(99)
Current tax		27			-	
Deferred tax		141			107	
		<u>168</u>			<u>107</u>	

In addition, deferred income tax of Baht 2.4 million (30 June 2013: Baht 2.8 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 six-month period ended 30 June 2014, Baht 53 million was contributed to the fund by the Bank and its subsidiaries (for the six-month period ended 30 June 2013: Baht 47 million), of which the Bank contributed Baht 46 million (for the six-month period ended 30 June 2013: Baht 41 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 period by the weighted average number of ordinary shares held by outside shareholders in issue during the period (Note 23).

There are no potential dilutive ordinary shares in issue for the six-month periods ended 30 June 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	
	30 June 2014 Million Baht	31 December 2013 Million Baht
Securities sold under repurchase agreements	15,236	36,436
Utilities usage	7	7
Total	<u>15,243</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 30 June 2014 and 31 December 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 30 June 2014, the properties foreclosed had net book value of Baht 392 million (31 December 2013: Baht 392 million).

As at 30 June 2014 and 31 December 2013, the investments subject to such obligation are as follows:

Year of maturity	Consolidated and the Bank			
	30 June 2014		31 December 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 30 June 2014 and 31 December 2013, significant commitments of the Bank consist of:

	Consolidated and the Bank					
	30 June 2014			31 December 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⁾	403	-	403	993	-	993
Guarantees of loans	5	-	5	5	-	5
Total avals to bills and guarantees of loans	408	-	408	998	-	998
Liability under unmatured import bills:						
Liability under unmatured import bills	-	432	432	-	569	569
Letters of credit:						
Letters of credit	14	1,542	1,556	22	2,591	2,613
Other commitments:						
Forward and spot contracts						
- Bought	-	229,035	229,035	-	132,662	132,662
- Sold	-	189,489	189,489	-	120,208	120,208
Cross currency and interest rate swap contract						
- Bought	-	38,228	38,228	-	22,038	22,038
- Sold	-	66,065	66,065	-	36,863	36,863
Interest rate swap contracts						
- Fixed rate payee	347,073	17,329	364,402	254,347	17,351	271,698
- Floating rate payee	288,487	69,634	358,121	231,952	46,608	278,560
Foreign exchange option						
- Call option sales contracts	-	454	454	-	-	-
- Put option sales contracts	-	3,714	3,714	-	4,121	4,121
- Call option purchase contracts	-	5,088	5,088	-	4,145	4,145
- Put option purchase contracts	-	345	345	-	16	16
Commodity						
- Bought	-	521	521	-	161	161
- Sold	-	519	519	-	161	161
Undrawn bank overdrafts	15,947	-	15,947	15,894	-	15,894
Investments						
- Bought	10,579	-	10,579	2,907	-	2,907
- Sold	10,147	-	10,147	3,677	-	3,677
Other commitments						
Other guarantees	8,573	998	9,571	9,112	929	10,041
Other commitments	680,806	621,419	1,302,225	517,889	385,263	903,152
Total commitments	681,228	623,393	1,304,621	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 30 June 2014 and 31 December 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	
	30 June 2014 Million Baht	31 December 2013 Million Baht
Sum claimed in cases where the Group is sole defendant	464	577
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	1,189	1,189
- Sum of claims that cannot be specifically attributed to the Group	24,589	24,589
Total	26,242	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 30 June 2014, there were cases in which the court decided in favor of the plaintiffs, with sums claimed totalling Baht 20 million in cases where the Bank was the direct defendant, and Baht 891 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 30 June 2014, the Group recognised provisions for contingent losses from legal cases of approximately Baht 35 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 282 million (31 December 2013: Baht 282 million).

42.3 Commitments under long-term leases

As at 30 June 2014 and 31 December 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	
	30 June 2014 Million Baht	31 December 2013 Million Baht	30 June 2014 Million Baht	31 December 2013 Million Baht
1 - 3 years	346	319	291	278
4 - 5 years	2	5	2	5
6 - 10 years	21	22	21	22
11 - 30 years	14	81	14	81
Total	383	427	328	386

42 Commitments and contingent liabilities (Cont'd)

42.4 Other commitments

As at 30 June 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 30 June 2014, the Bank was obligated to pay a further Baht 58 million and USD 2.1 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 periods, the Group had significant business transactions with its related parties. These transactions have been conducted based on agreed upon contracts. Below is a summary of those transactions.

	Consolidated		The Bank	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	182	126
Fee income	-	-	1	7
Gain on payback from liquidated subsidiary	12	-	12	-
Expenses:				
Interest expense	-	-	1	-
Premises and equipment expenses	-	-	(4)	(3)
Fee expenses	-	-	32	24
Ultimate parent company				
Revenue:				
Other income	9	(9)	9	(9)
Expenses:				
Interest expenses	-	(5)	-	(5)
Premises and equipment expenses	8	7	8	7
Other expenses	73	12	73	12
Related companies				
Revenue:				
Interest income	-	1	-	1
Fee income	18	18	18	18
Other income	-	(51)	-	(51)
Expenses:				
Interest expenses	2	44	2	44
Premises and equipment expenses	(2)	(3)	(2)	(3)
Fee expenses	52	41	52	41
Other expenses	(1)	7	(1)	7

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43 Related party transactions (Cont'd)

	Consolidated		The Bank	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	353	251
Fee income	-	-	4	11
Gain on payback from liquidated subsidiary	12	-	12	-
Expenses:				
Interest expenses	-	1	1	1
Premises and equipment expenses	-	-	(5)	(5)
Fee expenses	-	-	63	46
Ultimate parent company				
Revenue:				
Other income	90	22	90	22
Expenses:				
Premises and equipment expenses	15	13	15	13
Other expenses	192	92	192	92
Related companies				
Revenue:				
Interest income	-	2	-	2
Fee income	36	54	36	54
Other income	25	-	25	-
Expenses :				
Interest expense	(51)	82	(51)	82
Premises and equipment expenses	(3)	(4)	(3)	(4)
Fee expenses	70	45	70	45
Other expenses	-	7	-	7

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43 Related-party transactions (Cont'd)

The outstanding balances of significant related-party transactions as at 30 June 2014 and 31 December 2013 are as follows:

Consolidated							
30 June 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	-	-	160	629	-	-	692
	-	-	160	629	-	-	692
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	-	72
CIMB NIAGA	-	-	-	1	-	-	1
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	12
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	-	-	107
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	291
Sathom Asset Management Co., Ltd.	-	-	-	1	192	-	57
	-	-	1	2	192	-	540
<u>Related persons</u>							
	23	23	-	-	109	-	1
	23	23	-	-	109	-	1
Consolidated							
31 December 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
Sathom Asset Management Co., Ltd.	-	-	-	1	95	-	34
	-	-	1	189	95	2,525	1,269
<u>Related persons</u>							
	14	23	-	-	107	-	-
	14	23	-	-	107	-	-

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43 Related-party transactions (Cont'd)

	The Bank						
	30 June 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.	13,043	13,465	-	-	53	-	-
CT Coll Co., Ltd.	6	6	-	-	63	-	20
World Lease Co., Ltd.	3,017	3,005	-	1	74	-	-
	16,066	16,476	-	1	190	-	20
<u>Parent company</u>							
CIMB Bank Berhad	-	-	160	629	-	-	692
	-	-	160	629	-	-	692
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	-	72
CIMB NIAGA	-	-	-	1	-	-	1
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	12
CIMB-Principal Asset Management Co., Ltd.	-	-	1	-	-	-	107
CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	-	291
Sathorn Asset Management Co., Ltd.	-	-	-	1	192	-	57
	-	-	1	2	192	-	540
<u>Related persons</u>							
	23	23	-	-	109	-	1
	23	23	-	-	109	-	1
The Bank							
31 December 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 30 June 2014 and 31 December 2013, the Bank had commitments in financial derivatives with related-party companies as follows:

	30 June 2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	58,352	88	58,440
- Floating rate payee	38,437	4,698	43,135
Cross currency and interest rate swap contracts			
- Bought	-	4,053	4,053
Forward and spot contracts			
- Bought	-	1,144	1,144
- Sold	-	1,464	1,464
Commodity			
- Bought	-	93	93
- Sold	-	425	425
<u>Related company</u>			
Forward and spot contracts			
- Bought	-	32	32
- Sold	-	2	2
	31 December 2013		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	44,845	89	44,934
- Floating rate payee	37,242	4,937	42,179
Forward and spot contracts			
- Bought	-	1,410	1,410
- Sold	-	121	121
Commodity			
- Bought	-	81	81
- Sold	-	81	81
<u>Related company</u>			
Cross currency and interest rate swap contracts			
- Sold	-	2,268	2,268
Forward and spot contracts			
- Bought	-	116	116
- Sold	-	4	4

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 payment.

	Consolidated		The Bank	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	78	63	73	58
Long-term employee benefits	3	2	3	2
Share-based payment (Note 28)	2	1	2	1
Director and management remuneration	83	66	78	61

	Consolidated		The Bank	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	204	143	192	132
Long-term employee benefits	6	4	6	4
Share-based payment (Note 28)	3	2	3	2
Director and management remuneration	213	149	201	138

The details of share based payment are as follows:

	Consolidated and The Bank	
	30 June 2014	30 June 2013
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	280	47

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.

Financial information presented in the consolidated financial statements as at 30 June 2014 and 31 December 2013 and for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

	Consolidated				
	For the three-month period ended 30 June 2014				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	1,383	407	125	-	1,915
Inter-segment	-	-	-	-	-
Net fees and service income	247	63	(35)	-	275
Other operating income	77	138	28	1	244
Other operating expenses	(1,338)	(399)	(25)	-	(1,762)
Bad and doubtful debts and impairment losses	(580)	(1)	142	1	(438)
Income tax expenses	7	-	(57)	-	(50)
	<u>(204)</u>	<u>208</u>	<u>178</u>	<u>2</u>	<u>184</u>
Net (loss) profit for the period					

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45 Financial information by segment (Cont'd)

	Consolidated				
	For the three-month period ended 30 June 2013				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	1,093	371	108	-	1,572
Inter-segment	(6)	-	-	6	-
Net fees and service income	226	69	(21)	(6)	268
Other operating income	49	152	28	-	229
Other operating expenses	(1,171)	(325)	(20)	-	(1,516)
Bad and doubtful debts and impairment losses	(337)	54	(4)	11	(276)
Income tax expenses	7	-	(53)	-	(46)
Net (loss) profit for the period	<u>(139)</u>	<u>321</u>	<u>38</u>	<u>11</u>	<u>231</u>

	Consolidated				
	For the six-month period ended 30 June 2014				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	2,680	810	280	-	3,770
Inter-segment	(2)	-	-	2	-
Net fees and service income	500	150	(53)	(2)	595
Other operating income	189	409	170	-	768
Other operating expenses	(2,612)	(772)	(56)	-	(3,440)
Bad and doubtful debts and impairment losses	(1,063)	(130)	265	20	(908)
Income tax expenses	8	-	(168)	-	(160)
Net (loss) profit for the period	<u>(300)</u>	<u>467</u>	<u>438</u>	<u>20</u>	<u>625</u>

	Consolidated				
	For the six-month period ended 30 June 2013				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	2,163	701	167	-	3,031
Inter-segment	(9)	-	-	9	-
Net fees and service income	441	118	(23)	(9)	527
Other operating income	90	231	163	-	484
Other operating expenses	(2,220)	(636)	(42)	-	(2,898)
Bad and doubtful debts and impairment losses	(701)	115	82	15	(489)
Income tax expenses	(4)	-	(107)	-	(111)
Net (loss) profit for the period	<u>(240)</u>	<u>529</u>	<u>240</u>	<u>15</u>	<u>544</u>

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45 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other business		Eliminations		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	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	253,450	278,362	18,396	17,129	94	77	(17,850)	(15,906)	254,089	279,662
Interbank and money market items - net (assets)	6,086	33,509	221	130	63	57	(190)	(140)	6,180	33,556
Investments, net	53,507	53,325	-	-	-	-	-	-	53,507	53,325
Loans and accrued interest receivables, net	171,360	164,213	17,649	16,449	6	6	(16,312)	(14,424)	172,703	166,244
Deposits	158,470	152,273	-	-	-	-	(190)	(140)	158,280	152,133
Interbank and money market items (liabilities)	24,833	44,241	16,567	15,179	6	6	(16,473)	(14,560)	24,933	44,866
Financial liabilities designated at fair value through profit or loss	8,593	5,857	-	-	-	-	-	-	8,593	5,857
Debt issued and borrowings	27,843	37,707	-	-	-	-	-	-	27,843	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 30 June 2014 and 31 December 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 statements of financial position:

	Consolidated					
	Counting from 30 June 2014			Counting from 31 December 2013		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Million	Million	Million	Million	Million	Million	
	Baht	Baht	Baht	Baht	Baht	Baht
Aval to bills	383	20	403	473	20	493
Guarantees of loans	5	-	5	5	-	5
Liabilities under						
unmatured import bills	432	-	432	569	-	569
Letters of credit	1,556	-	1,556	2,613	-	2,613
Other guarantees	9,225	346	9,571	9,790	252	10,042

	The Bank					
	Counting from 30 June 2014			Counting from 31 December 2013		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Million	Million	Million	Million	Million	Million	
	Baht	Baht	Baht	Baht	Baht	Baht
Aval to bills	383	20	403	973	20	993
Guarantees of loans	5	-	5	5	-	5
Liabilities under						
unmatured import bills	432	-	432	569	-	569
Letters of credit	1,556	-	1,556	2,613	-	2,613
Other guarantees	9,225	346	9,571	9,790	252	10,042

46 Financial instruments (Cont'd)

46.2 Market risk

(a) Interest rate risk

As at 30 June 2014 and 31 December 2013, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated			Total Million Baht
	30 June 2014			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
Financial assets				
Cash	-	-	2,872	2,872
Interbank and money market items, net	409	1,154	4,617	6,180
Investments, net	62	52,571	874	53,507
Loans net of deferred revenue	116,689	61,266	1	177,956
Receivable from Thai Asset Management Corporation	-	-	3,572	3,572
Total financial assets	117,160	114,991	11,936	244,087

Financial liabilities				
Deposits	39,169	116,861	2,250	158,280
Interbank and money market items	3,524	20,623	786	24,933
Liabilities payable on demand	-	-	892	892
Financial liabilities designated at fair value through profit or loss	8,593	-	-	8,593
Debt issued and borrowings	-	27,299	544	27,843
Total financial liabilities	51,286	164,783	4,472	220,541

Descriptions	Consolidated			Total Million Baht
	31 December 2013			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing 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

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	The Bank			Total Million Baht
	30 June 2014			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	2,867	2,867
Interbank and money market items, net	342	1,154	4,590	6,086
Investments, net	62	52,571	874	53,507
Investments in subsidiaries, net	-	-	1,325	1,325
Loans net of deferred revenue Receivable from Thai Asset Management Corporation	118,634	57,488	-	176,122
	-	-	3,572	3,572
Total financial assets	119,038	111,213	13,228	243,479
<u>Financial liabilities</u>				
Deposits	39,330	116,888	2,252	158,470
Interbank and money market items	3,525	20,523	785	24,833
Liabilities payable on demand	-	-	892	892
Financial liabilities designated at fair value through profit or loss	8,593	-	-	8,593
Debt issued and borrowings	-	27,299	544	27,843
Total financial liabilities	51,448	164,710	4,473	220,631
<u>The Bank</u>				
31 December 2013				
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial assets</u>				
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
<u>Financial liabilities</u>				
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							Weighted average interest rates %
	30 June 2014							
	Repricing or maturity date							
At call	0 - 3	3 - 12	1 - 5	Over 5	No	Total		
Million Baht	months Million Baht	months Million Baht	years Million Baht	years Million Baht	maturity Million Baht	Million Baht		
Financial assets								
Interbank and money market items, net	-	1,154	-	-	-	-	1,154	2.74
Investments, net	-	2,740	5,639	42,925	1,267	-	52,571	3.35
Loans net of deferred revenue	91	23,677	15,727	19,573	2,198	-	61,266	8.25
Total financial assets	91	27,571	21,366	62,498	3,465	-	114,991	
Financial liabilities								
Deposits	7,847	57,780	49,548	1,686	-	-	116,861	2.54
Interbank and money market items	2,888	16,794	180	761	-	-	20,623	1.67
Debt issued and borrowings	6,238	11,369	3,692	-	6,000	-	27,299	3.04
Total financial liabilities	16,973	85,943	53,420	2,447	6,000	-	164,783	

Transactions	Consolidated							Weighted average interest rates %
	31 December 2013							
	Repricing or maturity date							
At call	0 - 3	3 - 12	1 - 5	Over 5	No	Total		
Million Baht	months Million Baht	months Million Baht	years Million Baht	years Million Baht	maturity Million Baht	Million Baht		
Financial assets								
Interbank and money market items, net	2,000	27,707	-	-	-	-	29,707	2.24
Investments, net	-	1,206	4,686	42,940	3,625	-	52,457	3.45
Loans net of deferred revenue	245	25,900	13,788	19,628	1,475	-	61,036	7.48
Total financial assets	2,245	54,813	18,474	62,568	5,100	-	143,200	
Financial liabilities								
Deposits	4,824	41,733	55,064	7,205	-	-	108,826	2.93
Interbank and money market items	1,330	40,070	363	143	676	-	42,582	2.57
Debt issued and borrowings	7,711	17,358	3,507	-	6,000	-	34,576	3.15
Total financial liabilities	13,865	99,161	58,934	7,348	6,676	-	185,984	

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The Bank								
30 June 2014								
Transactions	Repricing or maturity date						Total Million Baht	Weighted average interest rates %
	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	-	1,154	-	-	-	-	1,154	2.74
Investments, net	-	2,740	5,639	42,925	1,267	-	52,571	3.35
Loans net of deferred revenue	91	26,818	19,097	9,808	1,674	-	57,488	5.11
Total financial assets	91	30,712	24,736	52,733	2,941	-	111,213	
Financial liabilities								
Deposits	7,847	57,797	49,558	1,686	-	-	116,888	2.54
Interbank and money market items	2,888	16,781	142	712	-	-	20,523	1.71
Debt issued and borrowings	6,238	11,369	3,692	-	6,000	-	27,299	3.04
Total financial liabilities	16,973	85,947	53,392	2,398	6,000	-	164,710	
The Bank								
31 December 2013								
Transactions	Repricing or maturity date						Total Million Baht	Weighted average interest rates %
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht		
Financial assets								
Interbank and money market items, net	2,000	27,707	-	-	-	-	29,707	2.24
Investments, net	-	1,206	4,686	42,940	3,625	-	52,457	3.45
Loans net of deferred revenue	245	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).

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 for the six-month period ended 30 June 2014 and for the year ended 31 December 2013, can be summarised as follows:

	Consolidated					
	For the six-month period ended 30 June 2014			For the year ended 31 December 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	5,721	92	3.22	9,252	283	3.06
Investments, net	51,067	732	2.87	46,157	1,425	3.09
Loans	173,057	5,892	6.81	153,793	10,665	6.93
Total performing financial assets	<u>229,845</u>	<u>6,715</u>		<u>209,202</u>	<u>12,373</u>	
<u>Performing financial liabilities</u>						
Deposits	152,459	1,890	2.48	139,884	3,636	2.60
Interbank and money market items	20,782	192	1.85	19,182	435	2.27
Financial liabilities designated at fair value through profit or loss	7,115	89	2.50	4,327	120	2.27
Debt issued and borrowings	32,000	414	2.59	29,137	978	3.36
Total performing financial liabilities	<u>212,356</u>	<u>2,585</u>		<u>192,530</u>	<u>5,169</u>	
The Bank						
	For the six-month period ended 30 June 2014			For the year ended 31 December 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	8,954	92	2.05	11,798	283	2.40
Investments, net	51,058	732	2.87	47,298	1,591	3.36
Loans	171,075	5,151	6.02	151,233	9,318	6.16
Total performing financial assets	<u>231,088</u>	<u>5,975</u>		<u>210,329</u>	<u>11,192</u>	
<u>Performing financial liabilities</u>						
Deposits	152,712	1,891	2.48	140,076	3,637	2.60
Interbank and money market items	21,406	183	1.71	18,636	377	2.02
Financial liabilities designated at fair value through profit or loss	7,115	89	2.50	4,327	120	2.77
Debt issued and borrowings	32,000	414	2.59	29,137	978	3.36
Total performing financial liabilities	<u>213,233</u>	<u>2,577</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 30 June 2014 and 31 December 2013, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and the Bank					
	30 June 2014			31 December 2013		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	166.89	92.24	21.91	236.55	112.95	12.77
Forward						
- Forward contract	(172.74)	(90.97)	(8.75)	(243.62)	(113.06)	(10.91)
Total	(5.85)	1.27	13.16	(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 30 June 2014 and 31 December 2013 were as follows:

Descriptions	Consolidated				
	30 June 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	2,868	-	-	4	2,872
Interbank and money market items, net	5,029	1,151	-	-	6,180
Investments, net	-	8,487	44,192	828	53,507
Investment in subsidiaries, net	-	-	-	-	-
Loans net of deferred revenue	13,329 ⁽¹⁾	46,558	118,069	-	177,956
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	21,226	56,188	165,841	832	244,087
<u>Financial liabilities</u>					
Deposits	49,266	107,333	1,681	-	158,280
Interbank and money market items	7,197	16,975	761	-	24,933
Liabilities payable on demand	892	-	-	-	892
Financial liabilities designated at fair value through profit or loss	-	-	8,593	-	8,593
Debt issued and borrowings	6,782	15,061	6,000	-	27,843
Total financial liabilities	64,137	139,369	17,035	-	220,541

⁽¹⁾ As at 30 June 2014, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 5,616 million and Baht 4,999 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)

	Consolidated				
	31 December 2013				
Descriptions	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	<u>22,910</u>	<u>78,747</u>	<u>162,349</u>	<u>874</u>	<u>264,880</u>
<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	<u>60,893</u>	<u>157,704</u>	<u>22,471</u>	<u>-</u>	<u>241,068</u>

⁽¹⁾ As at 30 June 2014, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 5,616 million and Baht 4,999 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				
	30 June 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	2,868	-	-	-	2,868
Interbank and money market items, net	4,935	1,151	-	-	6,086
Investments, net	-	8,487	44,192	828	53,507
Investment in subsidiaries, net	-	-	-	1,325	1,325
Loans net of deferred revenue	15,294 ⁽¹⁾	53,069	107,759	-	176,122
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	23,097	62,707	155,523	2,153	243,480
Financial liabilities					
Deposits	49,430	107,359	1,681	-	158,470
Interbank and money market items	7,198	16,923	712	-	24,833
Liabilities payable on demand	892	-	-	-	892
Financial liabilities designated at fair value through profit or loss	-	-	8,593	-	8,593
Debt issued and borrowings	6,782	15,061	6,000	-	27,843
Total financial liabilities	64,302	139,343	16,986	-	220,631
The Bank					
31 December 2013					
Descriptions	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 30 June 2014, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 5,616 million and Baht 4,999 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:

Description	Consolidated			
	30 June 2014		31 December 2013	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	2,872	2,872	3,329	3,329
Interbank and money market items, net	6,180	6,180	33,556	33,556
Derivatives assets	6,619	6,619	9,101	9,101
Investments, net	53,507	53,681	53,325	53,453
Investment in subsidiaries, net	-	-	11	11
Loans to customers, net	172,703	172,703	166,244	166,244
Receivable from Thai Asset Management Corporation	3,572	3,572	3,572	3,572
Total financial assets	245,453	245,627	269,138	269,266
Financial liabilities				
Deposits	158,280	158,280	152,133	152,133
Interbank and money market items	24,933	24,933	44,866	44,866
Liability payable on demand	892	892	505	505
Financial liabilities designated at fair value through profit or loss	8,593	8,593	5,857	5,857
Derivatives liabilities	6,642	6,642	9,652	9,652
Debt issued and borrowings	27,843	27,873	37,707	37,680
Total financial liabilities	227,183	227,213	250,720	250,693
The Bank				
Description	30 June 2014		31 December 2013	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	2,867	2,867	3,325	3,325
Interbank and money market items, net	6,086	6,086	33,509	33,509
Derivatives assets	6,619	6,619	9,101	9,101
Investments, net	53,507	53,681	53,325	53,454
Investment in subsidiaries, net	1,325	1,325	1,335	1,335
Loans to customers, net	171,360	171,360	164,213	164,213
Receivable from Thai Asset Management Corporation	3,572	3,572	3,572	3,572
Total financial assets	245,336	245,510	268,380	268,509
Financial liabilities				
Deposits	158,470	158,470	152,273	152,273
Interbank and money market items	24,833	24,833	44,241	44,241
Liability payable on demand	892	892	505	505
Financial liabilities designated at fair value through profit or loss	8,593	8,593	5,857	5,857
Derivatives liabilities	6,642	6,642	9,652	9,652
Debt issued and borrowings	27,843	27,873	37,707	37,680
Total financial liabilities	227,273	227,303	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 30 June 2014 and 31 December 2013, financial derivatives as classified by their maturities were as follows:

	Consolidated and the Bank					
	30 June 2014			31 December 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
Spot and forward contracts						
- Bought	225,528	3,507	229,035	127,988	4,674	132,662
- Sold	188,515	974	189,489	120,169	39	120,208
Cross-currency and interest rate swap contracts						
- Bought	1,629	36,599	38,228	2,960	19,078	22,038
- Sold	30,675	35,390	66,065	13,103	23,760	36,863
Interest rate swap contracts						
- Fixed-rate payee	160,047	204,355	364,402	111,706	159,992	271,698
- Floating-rate payee	140,911	217,210	358,121	111,603	166,957	278,560
Exchange rate options						
- Call-option sales contract	454	-	454	-	-	-
- Put-option sales contract	1,546	2,168	3,714	1,577	2,544	4,121
- Call-option purchase contract	3,012	2,076	5,088	1,805	2,340	4,145
- Put-option purchase contract	345	-	345	16	-	16
Commodity						
- Bought	521	-	521	161	-	161
- Sold	519	-	519	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 interest rates or foreign exchange 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 30 June 2014 and 31 December 2013, the Bank and subsidiaries had loans transferred to TAMC as follows:

Loans transferred to TAMC	Consolidated and the Bank			
	30 June 2014		31 December 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 30 June 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 30 June 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.

As at 30 June 2014, the Bank's management believed that no significant future losses would be incurred.

48 Subsequent events

On 7 July 2014, the Bank issued MYR 400 million of subordinated debentures pursuant to Tier 2 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 the Bank of Thailand.

The Bank has an approval from Bank of Thailand to count the subordinated debenture as tier 2 capital according to the correspondence For Kor Kor.(02) 453/2557.