

Industrial and Commercial Bank of China (Thai) Public
Company Limited and its subsidiary
Report and consolidated financial statements
31 December 2012

Independent Auditor's Report

To the Shareholders of

Industrial and Commercial Bank of China (Thai) Public Company Limited

I have audited the accompanying consolidated financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary and of Industrial and Commercial Bank of China (Thai) Public Company Limited as at 31 December 2012, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited
Bangkok: 1 March 2013

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2012 and 2011

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Cash		368,845	289,865	367,960	289,369
Interbank and money market items - net	6	6,148,596	9,741,811	5,980,601	9,681,032
Derivative assets	7	122,210	403,884	122,210	403,884
Investments - net	8	15,814,076	11,428,643	15,814,076	11,428,643
Investments in a subsidiary and an associate - net	9, 10	388,150	336,816	4,054,874	3,540,920
Loans to customers and accrued interest receivables	12				
Loans to customers		113,221,465	72,334,970	93,602,314	63,343,799
Accrued interest receivables		150,654	140,539	165,775	147,027
Total loans to customers and accrued interest receivables		113,372,119	72,475,509	93,768,089	63,490,826
Less: Deferred revenue		(6,717,030)	(4,782,912)	(779)	(1,295)
Allowance for doubtful accounts	13.1	(2,083,082)	(1,196,682)	(1,688,810)	(824,401)
Revaluation allowance on debt restructuring	13.2	(23,997)	(12,386)	(23,997)	(12,386)
Loans to customers and accrued interest receivables - net		104,548,010	66,483,529	92,054,503	62,652,744
Properties foreclosed - net	14	1,056,259	1,198,139	953,251	1,164,977
Premises and equipment - net	15	163,841	171,200	121,399	143,663
Intangible assets - net	16	76,895	89,998	64,773	76,296
Leasehold rights - net		186,410	197,062	186,410	197,062
Accrued income - net		208,837	113,400	188,680	102,895
Receivables on credit support for derivative contracts		579	64,572	579	64,572
Other receivables - net		283,847	246,119	135,487	173,931
Other assets	17	31,164	24,076	20,485	18,389
Total assets		129,397,719	90,789,114	120,065,288	89,938,377

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 31 December 2012 and 2011

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Deposits	19	67,205,115	20,832,339	67,208,062	20,833,789
Interbank and money market items	20	36,190,027	1,491,510	33,690,027	1,491,510
Liabilities payable on demand		13,535	29,230	13,535	29,230
Derivative liabilities	7	129,041	671,593	129,041	671,593
Debts issued and borrowings	21	8,315,367	51,451,656	2,725,376	51,451,656
Provisions for post-employment benefits	22.1	116,294	113,130	93,310	94,671
Provisions for other liabilities	22.2, 40.2	328,700	326,050	328,700	326,050
Accrued interest payables		542,006	421,714	483,706	421,714
Other liabilities	23	1,514,140	1,090,294	657,467	530,075
Total liabilities		114,354,225	76,427,516	105,329,224	75,850,288
Shareholders' equity					
Share capital	24				
Registered, issued and fully paid					
451,081 non-cumulative preference shares of Baht 8.92 each (31 December 2011: 451,081 shares of Baht 10 each)		4,023	4,511	4,023	4,511
1,590,001,864 ordinary shares of Baht 8.92 each (31 December 2011: 1,590,001,864 shares of Baht 10 each)		14,182,817	15,900,018	14,182,817	15,900,018
Other component of shareholders' equity					
- Revaluation surplus on investments	25	359,895	155,770	359,895	155,770
Retained earnings					
Appropriated - Statutory reserve	27	100,000	-	100,000	-
Unappropriated (deficit)		396,759	(1,698,701)	89,329	(1,972,210)
Equity attributable to the Bank's shareholders	11	15,043,494	14,361,598	14,736,064	14,088,089
Non-controlling interest of a subsidiary		-	-	-	-
Total shareholders' equity		15,043,494	14,361,598	14,736,064	14,088,089
Total liabilities and shareholders' equity		129,397,719	90,789,114	120,065,288	89,938,377

The accompanying notes are an integral part of the financial statements.

Mr. Youbin Chen
Chief Executive Officer

Mr. Guohui Song
Senior Executive Vice President

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of comprehensive income

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Interest income	28	6,078,724	4,524,300	4,713,661	3,539,238
Interest expenses	29	(2,917,115)	(1,809,547)	(2,805,081)	(1,784,792)
Net interest income		3,161,609	2,714,753	1,908,580	1,754,446
Fees and service income	30	368,673	232,477	59,990	39,425
Fees and service expenses	30	(1,118)	-	(1,118)	-
Net fees and service income		367,555	232,477	58,872	39,425
Net gains on trading and foreign exchange transactions	31	22,645	9,337	22,645	9,337
Net gains on investments	32	12,257	7,100	12,257	7,100
Shares of profits from investment under equity method	10.1	43,983	20,250	-	-
Gains on disposals of equipment, properties foreclosed and other assets		159,402	160,085	139,225	149,712
Gain on disposal of non-performing loans		6,946	29,288	6,946	29,288
Bad debts recovery		154,040	323,011	106,158	304,486
Dividend income		7,139	7,137	264,993	16,617
Other operating income		75,399	52,567	15,091	17,156
Total operating income		4,010,975	3,556,005	2,534,767	2,327,567
Other operating expenses					
Personnel expenses		992,475	885,574	616,406	594,218
Directors' remuneration	34	14,924	4,525	14,324	3,925
Premises and equipment expenses		166,031	147,752	124,901	115,072
Amortisation expense on intangible assets		31,464	48,167	27,769	44,437
Taxes and duties		178,992	144,806	143,076	117,625
Fees and service expenses		78,805	55,671	18,520	26,695
Losses on impairment of properties foreclosed and other assets		309,849	66,198	66,503	6,067
Provisions for other liabilities		2,650	4,850	2,650	4,850
Others		186,275	142,861	98,328	78,074
Total other operating expenses		1,961,465	1,500,404	1,112,477	990,963
Bad debts, doubtful accounts and impairment losses	35	1,362,010	948,377	900,402	542,411
Profits from operation before income taxes		687,500	1,107,224	521,888	794,193
Income taxes	36	(209,729)	(412,537)	(78,038)	(235,434)
Profits for the years		477,771	694,687	443,850	558,759
Other comprehensive income (loss)					
Gains (losses) on revaluation of available-for-sale investments	37	204,125	(8,807)	204,125	(8,807)
Total other comprehensive income (loss)		204,125	(8,807)	204,125	(8,807)
Total comprehensive income		681,896	685,880	647,975	549,952

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of comprehensive income (continued)

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profits for the years attributable to:					
Equity holders of the Bank		477,771	694,687	443,850	558,759
Non-controlling interest of a subsidiary		-	-		
		<u>477,771</u>	<u>694,687</u>		
Total comprehensive income attributable to:					
Equity holders of the Bank		681,896	685,880	647,975	549,952
Non-controlling interest of a subsidiary		-	-		
		<u>681,896</u>	<u>685,880</u>		
Earnings per share of equity holders of the Bank					
	38				
Basic earning per share (Baht per share)		<u>0.30</u>	<u>0.44</u>	<u>0.28</u>	<u>0.35</u>

The accompanying notes are an integral part of the financial statements.

Mr. Youbin Chen
Chief Executive Officer

Mr. Guohui Song
Senior Executive Vice President

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of cash flows

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profits from operation before income taxes	687,500	1,107,224	521,888	794,193
Adjustments to reconcile profits from operation before income taxes to net cash provided by (paid from) operating activities:				
Shares of profits from investment under equity method	(43,983)	(20,250)	-	-
Depreciation and amortisation	90,425	108,602	74,627	96,458
Bad debts, doubtful accounts and impairment losses	1,362,010	948,377	900,402	542,411
Gain on disposal of non-performing loans	(6,946)	-	(6,946)	-
Gains on disposals of equipment	(2,276)	(3,859)	(1,921)	(3,884)
Losses on write-off of fixed assets	58	2,348	1	1,905
Gains on disposals of properties foreclosed	(157,126)	(156,226)	(137,303)	(145,828)
Losses on impairment of properties foreclosed and other assets	309,849	64,360	66,503	4,214
Net gains on investments	(12,257)	(7,100)	(12,257)	(7,100)
Net gains on trading and foreign exchange transactions	(22,645)	(9,337)	(22,645)	(9,337)
Provisions for post-employment benefits (reversal)	3,164	19,917	(1,361)	13,652
Provisions for other liabilities	2,650	4,850	2,650	4,850
Other income from revaluation of other receivables	(2,219)	(4,254)	(2,219)	(4,254)
Increase in fees receivable	(9,652)	(3,348)	-	-
Decrease in expenses as a result of transferring receivables under				
Legal Execution Department	(132)	(1,143)	(132)	(1,143)
Increase in other accrued expenses	79,590	26,934	60,080	6,211
Interest income	(6,078,724)	(4,524,300)	(4,713,661)	(3,539,238)
Cash received on interest income	5,260,401	4,015,514	3,887,111	3,027,811
Interest expenses	2,917,115	1,809,547	2,805,082	1,784,792
Cash paid on interest expenses	(1,481,230)	(585,202)	(1,429,012)	(560,446)
Dividend income	(7,139)	(7,136)	(264,993)	(16,616)
Cash received on dividend income	7,139	7,136	7,139	7,136
Cash paid on income taxes	(375,062)	(317,289)	(189,991)	(195,889)
Income from operating activities before changes in operating assets and liabilities	2,520,510	2,475,365	1,543,042	1,799,898
(Increase) decrease in operating assets				
Interbank and money market items	3,582,585	(5,160,523)	3,689,797	(5,164,083)
Derivative assets	578,738	1,211,657	578,738	1,211,657
Short-term investments	-	9,268	-	9,268
Loans to customers	(39,406,514)	(14,206,655)	(30,273,550)	(12,924,829)
Properties foreclosed	(1,878)	628,735	291,491	304,869
Receivables on credit support for derivative contracts	63,993	401,066	63,993	401,066
Other receivables	(29,851)	341,238	46,321	272,524
Other assets	22,782	16,959	27,773	21,067

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of cash flows (continued)

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Increase (decrease) in operating liabilities				
Deposits	46,372,776	(6,184,854)	46,374,273	(6,186,110)
Interbank and money market items	34,698,518	(297,343)	32,198,518	202,657
Liabilities payable on demand	(15,695)	(223,746)	(15,695)	(223,746)
Derivative liabilities	(816,970)	(809,504)	(816,970)	(809,504)
Payables on credit support for derivative contracts	-	(446,842)	-	(446,842)
Other liabilities	419,146	3,499	91,777	22,493
Net cash provided by (used in) operating activities	47,988,140	(22,241,680)	53,799,508	(21,509,615)
Cash flows from investing activities				
Cash paid for investment in a subsidiary	-	-	(500,000)	(750,000)
Cash paid for investment in an associate	(13,954)	(35,750)	(13,954)	(35,750)
(Increase) in long-term investments	(4,131,992)	(749,024)	(4,131,992)	(749,024)
(Increase) in investments in receivable	(82,295)	-	(82,295)	-
Cash received on interest income on investments	730,611	392,099	730,611	392,099
Cash received on dividend income from a subsidiary and an associate	6,604	9,480	257,854	9,480
Cash received on disposals of equipment	3,315	4,004	1,927	3,972
Cash paid for purchases of equipment	(35,675)	(26,929)	(13,628)	(16,052)
Cash paid for acquisition of intangible assets	(19,519)	(6,974)	(16,348)	(1,712)
Net cash used in investing activities	(3,542,905)	(413,094)	(3,767,825)	(1,146,987)
Cash flows from financing activities				
Cash received on long-term debts issued and borrowings	277,158,843	519,443,406	271,568,851	519,443,406
Cash paid on repayments of long-term debts issued and borrowings	(320,295,131)	(495,777,891)	(320,295,131)	(495,777,891)
Cash paid on interest expenses on borrowings	(1,225,745)	(989,775)	(1,224,230)	(989,702)
Cash paid on liabilities under finance lease agreements	(4,222)	(3,918)	(2,582)	(2,206)
Net cash provided by (used in) financing activities	(44,366,255)	22,671,822	(49,953,092)	22,673,607
Net increase in cash and cash equivalents	78,980	17,048	78,591	17,005
Cash and cash equivalents at beginning of the years	289,865	272,817	289,369	272,364
Cash and cash equivalents at end of the years	368,845	289,865	367,960	289,369

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements								
Equity attributable to the Bank's shareholders								
Note	Issued and paid-up share capital		Other component in shareholders' equity - Revaluation surplus on investments	Retained earnings (deficit)		Total equity attributable to the Bank's shareholders	Equity attributable to non-controlling interests of a subsidiary	Total
	Preference shares	Ordinary shares		Appropriated - Statutory reserve	Unappropriated			
Balance as at 1 January 2011	4,643	15,899,886	164,577	-	(2,393,388)	13,675,718	-	13,675,718
Total comprehensive income (loss) for the year	-	-	(8,807)	-	694,687	685,880	-	685,880
Conversion of preference shares to ordinary shares	(132)	132	-	-	-	-	-	-
Balance as at 31 December 2011	4,511	15,900,018	155,770	-	(1,698,701)	14,361,598	-	14,361,598
Balance as at 1 January 2012	4,511	15,900,018	155,770	-	(1,698,701)	14,361,598	-	14,361,598
Total comprehensive income for the year	-	-	204,125	-	477,771	681,896	-	681,896
Reduction of share capital by means of decreasing the par value to offset the deficit	24	(488)	(1,717,201)	-	-	1,717,689	-	-
Appropriated to statutory reserve	-	-	-	100,000	(100,000)	-	-	-
Balance as at 31 December 2012	4,023	14,182,817	359,895	100,000	396,759	15,043,494	-	15,043,494

The accompanying notes are an integral part of the financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Separate financial statements						
	Note	Issued and paid-up share capital		Other component in shareholders' equity - Revaluation surplus on investments	Retained earnings (deficit)		Total
		Preference shares	Ordinary shares		Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2011		4,643	15,899,886	164,577	-	(2,530,969)	13,538,137
Total comprehensive income (loss) for the year		-	-	(8,807)	-	558,759	549,952
Conversion of preference shares to ordinary shares		(132)	132	-	-	-	-
Balance as at 31 December 2011		<u>4,511</u>	<u>15,900,018</u>	<u>155,770</u>	<u>-</u>	<u>(1,972,210)</u>	<u>14,088,089</u>
Balance as at 1 January 2012		4,511	15,900,018	155,770	-	(1,972,210)	14,088,089
Total comprehensive income for the year		-	-	204,125	-	443,850	647,975
Reduction of share capital by means of decreasing the par value to offset the deficit	24	(488)	(1,717,201)	-	-	1,717,689	-
Appropriated to statutory reserve		-	-	-	100,000	(100,000)	-
Balance as at 31 December 2012		<u>4,023</u>	<u>14,182,817</u>	<u>359,895</u>	<u>100,000</u>	<u>89,329</u>	<u>14,736,064</u>
		-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**Industrial and Commercial Bank of China (Thai)
Public Company Limited and its subsidiary
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For the years ended 31 December 2012 and 2011**

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**Industrial and Commercial Bank of China (Thai)
Public Company Limited and its subsidiary
Notes to financial statements
For the years ended 31 December 2012 and 2011**

1. The Bank's information

Industrial and Commercial Bank of China (Thai) Public Company Limited (“the Bank”), registered the change of its status to be a public company limited under Thai laws on 15 April 1993 and it has been licensed by the Ministry of Finance on 21 December 2005 to operate commercial banking business in Thailand. Its registered address is at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok. As at 31 December 2012 and 2011, the Bank had altogether 19 branches including a head office.

The Bank applied to delist its shares from the Stock Exchange of Thailand (“SET”) and the SET’s Board of Governors ordered the shares of the Bank to be delisted from the SET with effective date on 19 March 2011.

As at 31 December 2012 and 2011, Industrial and Commercial Bank of China Limited, incorporated in the People’s Republic of China, is the parent company of the Bank, holding 97.70% of the issued and paid-up share capital of the Bank.

As at 31 December 2012 and 2011, the Bank has only one subsidiary, which has been established as a limited company under Thai laws, and operating its businesses in Thailand and has a core business in leasing and hire purchase businesses.

2. Basis of preparation of financial statements

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and the presentation of the financial statements has been made in compliance with the Bank of Thailand’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the financial statements in Thai language.

2.2 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and the following subsidiary.

Company's name	Type of business	Country of incorporation	Percentage of shares held by the Bank as of		Assets as a percentage to the consolidated totals as at		Revenue as a percentage to the consolidated totals for the years ended 31 December			
			31	31	31	31				
			December	December	December	December	2012	2011	2012	2011
			2012	2011	2012	2011	Percent	Percent	Percent	Percent
ICBC (Thai) Leasing Company Limited	Hire purchase and finance lease	Thailand	99.99	99.99	34.35	34.87	45.18	41.38		

- (b) The Bank and its subsidiary do not treat investments in any mutual funds in which they hold more than 50% of outstanding units as investments in a subsidiary because they do not have control over the financial and operating policies of these funds. In case that the Bank and its subsidiary receive shares as a result of debt restructuring of a borrower, which causes the Bank and its subsidiary to hold more than 50 percent of the paid-up share capital of such company, the Bank and its subsidiary will not treat that investee company as a subsidiary, since they intend to hold such investment temporarily.
- (c) The subsidiary is fully consolidated as from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Bank, except that the subsidiary calculates depreciation of motor vehicles using the sum-of-the-years digits method. However, the effect of the use of a different method of depreciation for motor vehicles is not significant to the consolidated financial statements as a whole.
- (e) Material balances and transactions between the Bank and its subsidiary have been eliminated from the consolidated financial statements.

- (f) Non-controlling interests represent the portion of profit or loss and net assets of a subsidiary that is not held by the Bank and are presented separately in the consolidated profit or loss and within equity in the consolidated statements of financial position.

2.3 Separate financial statements

The separate financial statements, which present investments in a subsidiary and an associate under the cost method, have been prepared solely for the benefit of the public.

3. New and revised accounting standards issued but not yet effective

The Federation of Accounting Professions issued the following new and revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The Bank's management has assessed and believe that the above accounting standards, financial reporting standard and accounting treatment guidance including standard interpretations, which are effective for fiscal years beginning on or after 1 January 2013, will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. In adopting this accounting standard in the year 2013, the Bank and its subsidiary would have to apply this accounting standard as at they had always been adopting it. Hence effects to the consolidated and separate financial statements will be as follow:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	_____	_____
Retained earning as at 1 January 2013 would be increased by	296	178
Other component of shareholders' equity as at 1 January 2013 would be decreased by	72	72

With respect to the accounting standards and financial reporting standard, including standard interpretations, which are effective for fiscal years beginning on or after 1 January 2014, the Bank's management is evaluating the impact when they are initially applied to the financial statements and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

(a) Interest and discounts on loans

Interest on loans is recognised as revenue on an accrual basis over the term of the loans based on the amount of principal outstanding. For loans on which principal and/or interest payments have been defaulted for more than three months from the due dates, the Bank and its subsidiary cease accrual of interest income and reverse the interest previously accrued as revenue from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

The Bank recognises interest income on restructured loans on the same accrual basis used for loans discussed above with reference to interest rates stipulated in the agreements (excluding interest charged and suspended for payment in the future), with the exception of restructured loans that are subject to monitoring for compliance with restructuring conditions, interest income on which is to be recognised 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.

Interest or discounts, which are already included in the face value of notes receivable or loans, are recorded as deferred interest and taken up as revenue evenly throughout the term of the notes or loans.

(b) Hire purchase income

Hire purchase income is recognised as revenue, using the effective interest rate method, over the period of the contracts. For hire purchase receivables on which installments have been defaulted and overdue for more than three months from the due dates, the subsidiary cease accrual of revenue and reverse the revenue previously accrued from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

(c) Finance lease income

Finance lease income is recognised as revenue, using the effective interest rate method, over the period of the contracts. For finance lease receivables on which installments have been defaulted and overdue for more than three months from the due dates, the subsidiary ceases accrual of revenue and reverse the revenue previously accrued from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

(d) Interest and dividends on investments

Interest on investments is recognised as revenue on an accrual basis based on the effective rate method. Dividends from securities are recognised as revenue when the right to receive the dividends is established.

(e) Gains (losses) on investments

Gains (losses) on investments are recognised as revenue/expenses on the transaction dates.

(f) Gains (losses) on derivatives trading

Gains (losses) on derivatives trading are recognised as revenue/expenses on the transaction dates.

(g) Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered taking into account the stage of completion.

4.2 Expense recognition

(a) Interest expenses

Interest expenses are recognised as expense on an accrual basis.

(b) Commissions and direct expenses from the hire purchase business

Commissions and initial direct expenses at the inception of a hire-purchase contract are deferred and to be amortised as expenses throughout the contract period, using the effective interest rate method, with the amortisation deducted from interest income.

(c) Other expenses

Other expenses are recognised on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and cheques in transit.

4.4 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to resale commitments are presented as assets under the caption of “Interbank and money market items” in the statements of financial position, and the underlying securities are treated as collateral to the receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of “Interbank and money market items” in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

Differences between the purchase and sale considerations are recognised as interest income or expenses over the transaction periods.

4.5 Investments in securities

- (a) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income (loss) and will be recorded in profit or loss from operation when the investments are sold.
- (b) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (c) Investments in non-marketable equity securities, which the Bank classifies as general investments, are stated at cost less allowance for impairment loss (if any).

Purchases and sales of investments in equity securities are recognised on the trade dates, while purchases and sales of investments in debt securities are recognised on the settlement dates.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount, together with the associated cumulative gain or loss from changes in fair value of investments that was previously reported in other comprehensive income (loss), is recognised as income or expense in profit or loss from operation. If the Bank disposes a part of its holding in a particular investment, the deemed cost of the part sold is determined using the weighted average method.

Losses on impairment of investments are recognised as expenses in profit or loss from operation.

In the event the Bank reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification dates. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss from operation or recorded as revaluation surplus (deficit) on investments in shareholders' equity, depending on the type of investment that is reclassified.

Fair values of securities

For government securities and state enterprise securities, fair values are calculated by using the Bank of Thailand formula, based on the yield curve of The Thai Bond Market Association or other financial institutions.

For private sector debt securities which can be freely traded on an open market or for which quoted market prices are readily available, the last trading price quoted by The Thai Bond Market Association is used as a fair value. In the absence of such price, fair value is determined applying the yield curve of The Thai Bond Market Association or other financial institutions, adjusted for an appropriate risk premium, in accordance with the criteria established by the Bank of Thailand. For private sector debt securities, which cannot be freely traded on an open market or for which a quoted market price is not readily available, the Bank uses the fair value that is determined by financial institutions who issued or sold those securities. The fair value of investment in receivables that are not freely traded in an open market, is calculated using the investment yield as at the investment date, and thereafter adjusted by a change in credit risk of the debtor being invested.

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the year of the Stock Exchange of Thailand

Fair value of investment units is determined using the net asset value announced as of the end of the reporting period.

4.6 Investments in a subsidiary and an associate

Investments in a subsidiary and an associate, recorded in the separate financial statements, are stated at cost net of allowance for impairment loss (if any). Losses on impairment are recorded as expenses in profit or loss from operation.

Investment in an associate, recorded in the consolidated financial statements, is recorded using the equity method. Under this method, investment is initially recorded at the acquisition cost and is adjusted to reflect the attributable share of the profit or loss from the operation of associate proportionately to its investment holding percentage and is reduced by the amount of dividend received.

If the Bank receives shares as a result of debt restructuring of a borrower, and as a result the Bank holds more than 50 percent or 20 percent of the paid-up share capital of such company, the Bank will not treat the investee company as a subsidiary or an associate, respectively, but will treat it as a general investment since the Bank intends to hold such investment temporarily. Such investment is stated at cost less allowance for impairment losses (if any).

4.7 Loans to customers

Loans to customers are presented at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Deferred revenue and unearned discounts on loans to customers are deducted from the loans to customers balances.

Hire purchase receivables and finance lease receivables are stated at outstanding balances according to the hire-purchase and finance lease contracts net of outstanding balances of unearned income, which are presented net of deferred commission expenses and initial direct costs.

4.8 Allowance for doubtful accounts

(a) The Bank provides allowance for doubtful accounts in accordance with the BOT guidelines, using the minimum rates stipulated by the BOT. The Bank sets provision for “pass” loans (including restructured receivables) and “special-mention” loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivables) after deducting collateral value, calculated in accordance with the BOT’s guidelines. For non-performing loans, the Bank sets provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, discounted using the discount rate and duration expected to be able to dispose the collateral as stipulated in the BOT’s notifications.

The subsidiary operating finance lease and hire-purchase businesses provides an allowance for doubtful accounts with reference to number of months past due and provisioning rates as stipulated in the BOT’s notifications. Allowance for doubtful accounts is set for “pass” and “special-mention” loans at minimum rates of 1% and 2%, respectively, of the loan balances after deducting collateral value, calculated in accordance with the BOT’s guidelines, and at 100% of the balances of non-performing loans after deducting the present value of expected future cash flows from collateral disposal, calculated in accordance with the BOT’s guidelines.

In addition, the Bank has a loan loss provisioning policy whereby it provides additional reserves for certain group of possible impaired loans of the Bank and its subsidiary that are classified as “Pass” and “Special Mention” (collectively called “the possible impaired loans”), at rates higher than the minimum rates specified by BOT. Such rates are determined taking into considerations the probability of the loans becoming non-performing loans (PD) and the loss rates if those loans are not recovered in full (LGD), adjusted by an additional amount of reserve on a case by case basis if it is expected not to be recovered from the debtor.

- (b) The Bank writes off bad debts in accordance with the BOT’s guidelines and as approved by the Executive Committee where by it will reverse the related allowance for doubtful accounts against the decrease in bad debts and doubtful accounts in profit or loss from operation. At the same time, the Bank writes off the balances of bad debts and charged them against bad debts and doubtful accounts as expenses in profit or loss from operation. All bad debts recovered are recognised as revenue in profit or loss from operation.
- (c) Allowance for doubtful accounts additionally set up during the periods is recognised as expense for the years.

4.9 Troubled debt restructuring

The Bank records troubled debt restructuring transactions with reference to criteria stipulated by the Bank of Thailand.

In cases where the troubled debt restructuring involves debt/asset swaps and/or debt/equity swaps, the Bank records assets and/or equity received in settlement of debts at their fair value less estimated selling expenses (if any) provided that it does not exceed the book value of outstanding principal and accrued interest receivables. Losses arising from the excess of the carrying value over the fair value of those assets and equity transferred are recognised as expense in profit or loss from operation, taking into account existing allowance for doubtful accounts.

In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank records losses arising from revaluation of the fair value of the debts after restructuring determined by the present value of expected cash flows to be received in accordance with new restructuring agreements, discounted by the Bank's minimum interest rates on loans to large customers. The lower of the then-determined present value and the carrying value is accounted for as allowance for revaluation on debt restructuring and recognised as expenses in profit or loss from operation in the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in profit or loss from operation over the remaining period of the restructuring periods or is reviewed by revaluing the net present value of expected cash flows to be received over the remaining period.

Losses arising from debt restructuring through waivers of principal and/or recorded accrued interest receivables are recognised as expenses in profit or loss from operation.

4.10 Properties foreclosed

Properties foreclosed are stated at the lower of cost at the acquisition date and net realisable value. Cost at the acquisition date of properties foreclosed is stated at their fair value but it is not to exceed the balance of principal and accrued interest receivables. Net realisable value is determined with reference to the appraisal value less estimated selling expenses.

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in profit or loss from operation when significant risk and rewards have been transferred to the buyer.

Impairment loss is recognised as expenses in profit or loss from operation.

4.11 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line method (except for the depreciation of motor vehicles of a subsidiary, which is calculated by reference to their cost, after deducting residual values, on the sum-of-the-years digits method) over the following estimated periods of useful lives.

Buildings	34 years
Furniture, fixtures and office equipment	1 - 3, 5 and 10 years
Motor vehicles	5 years

No depreciation is determined for land.

Depreciation is recognised as expense in profit or loss from operation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss from operation when the asset is derecognised

4.12 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and allowance for impairment loss (if any).

The Bank and its subsidiary amortise intangible assets with finite useful lives or with useful lives, which can be estimated on a systematic basis over their economic benefit lives and test for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation amounts are recognised as expenses in profit or loss from operation.

Intangible assets of the Bank and its subsidiary with finite useful lives or with useful lives, which can be estimated on a systematic basis, are computer softwares and deferred license fee of which the estimated useful lives are 5 and 10 years.

4.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and allowance for impairment loss (if any). Leasehold rights are amortised on a straight-line basis over the lease period of 30 years and the amortisation amounts are recognised as expenses in profit or loss from operation.

4.14 Long-term leases

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership to the Bank and its subsidiary, as lessees, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is recorded as expense in profit or loss from operation over the lease period. Assets acquired under finance leases are depreciated over the shorter of the useful lives of the assets and the lease periods.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss from operation on a straight-line basis over the lease term.

4.15 Sales of commercial papers

Commercial papers sold without recourse are recorded by crediting the “Notes receivable” account.

Commercial papers without an aval or acceptance and sold at a discount with recourse, are recorded as liabilities under the caption of “Liabilities from sale of commercial papers”. Commercial papers with an aval or acceptance from other commercial banks or other financial institutions, sold at a discount with recourse, are recorded by crediting the “Notes receivable” account, and disclosed such commitment as a part of “Contingent liabilities”.

4.16 Impairment of assets

At the end of each reporting period, the Bank and its subsidiary perform impairment reviews in respect of the premises and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised as expense in profit or loss from operation when the recoverable amount of an asset, which is the higher of the asset’s fair value less costs to sell and its value in use, is less than the carrying amount.

Impairment loss is recognised as expense in profit or loss from operation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Bank and its subsidiary estimate the asset’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss has been recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss from operation.

4.17 Employee benefits

Short-term employment benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plan

The Bank, its subsidiary and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiary. The fund’s assets are held in a separate trust fund and the Bank and its subsidiary’s contributions are recognised as expenses when incurred.

Defined benefit plan

The Bank and its subsidiary treat the severance payments they must make to employees upon retirement under labor law as a post-employment retirement benefit plan (“the defined benefit plan”).

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss from operation.

4.18 Provisions

Provisions are recognised when the Bank and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of such obligation can be made.

4.19 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains or losses on exchange are recognised as revenue or expense in profit or loss from operation.

4.20 Income taxes

Income taxes are provided for in the accounts at the amount expected to be paid to the taxation authorities, based on the taxable profits determined in accordance with tax legislation.

4.21 Derivatives

The Bank has entered into off-balance sheet transactions involving derivatives in order to respond to clients’ needs and to manage its own foreign exchange and interest rate risks. Obligations under derivative contracts are measured according to the purpose of entering into those transactions as follows.

Trading Book

As at the end of reporting period, foreign exchange contracts are measured at fair value. Gains or losses arising from revaluation are recognised as income or expense in profit or loss from operation.

The fair values of foreign exchange contracts are determined, using the forward exchange rates at the end of reporting period for the contract periods remaining on those dates.

Banking Book (Not held for trading)

As at the end of reporting period, the Bank recognises foreign exchange contracts, interest rate swap contracts, and cross currency and interest rate swap contracts on an accrual basis as follows.

- (a) The currency exchange components are translated at the exchange rates ruling as at the end of reporting period, with unrealised gains or losses on translation are recognised as income or expense in profit or loss from operation. Premiums or discounts on contracts are amortised on a straight-line basis over the contract periods and recognised as income or expense in profit or loss from operation.
- (b) Interest rate swap components are recognised on an accrual basis, in the same manner as the hedged assets or liabilities. That is, interest income or interest expense is recognised over the term of the contract periods as income or expense in profit or loss from operation.

These measurement methods are in compliance with the principles stipulated by the Bank of Thailand's Notification No. 67/2551 dated 3 August 2008.

4.22 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Bank and its subsidiary, whether directly or indirectly, or which are under common control with the Bank and its subsidiary.

They also include associates and individuals which directly or indirectly own a voting interest in the Bank and its subsidiary that gives them significant influence over the Bank and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiary's operations, together with closed family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether risk and rewards of those assets and liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether or not significant risk and rewards of ownership of the leased asset has been transferred to the Bank and its subsidiary, taking into consideration terms and conditions of the arrangement.

5.3 Allowance for doubtful accounts

Allowance for doubtful accounts provided on loans to customers and accrued interest receivables are intended to adjust the value of loans and receivables for probable credit losses. The management follows the BOT's guidelines regarding the provision of allowance for doubtful debts. The use of judgment to estimate losses expected to be incurred on loans to customers, taking into consideration an analysis of each debtor's status, payment history, collection experience from the debtor, the value of collateral and surrounding economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not freely traded in an open market or for which quoted market prices are not readily available, the management exercises judgment in estimating the fair value of such financial instruments, using the generally accepted valuation method. The inputs used in such fair value calculation are comparable to those from the observable markets, taking into consideration of liquidity and correlation and long-term volatility of financial instruments

5.5 Allowance for impairment loss on investments

The Bank considers available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

5.6 Allowance for impairment loss on properties foreclosed

The Bank and its subsidiary determine allowance for impairment loss on properties foreclosed when net realisable value of such assets falls below their carrying. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal values, types and characteristics of assets, the period of time for which to be recouped from disposals and changes in the economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowance for impairment loss and adjustments to the allowances may therefore be required in the future.

5.7 Premises and equipments and Depreciation

In determining depreciation of premises and equipments, the management is required to make estimates of the useful lives and residual values of the Bank and its subsidiary's premises and equipments and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipments for impairment loss on a periodical basis and record impairment loss (if any) in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.8 Intangible assets

In consideration of allowance for impairment loss on intangible assets, it requires management to forecast cash flows that will be generated by the assets or the cash generating units, and to select a suitable discount rate in order to determine the present value of those cash flows. In addition, in amortising intangible assets, the management estimates the useful lives of those intangible assets that have finite useful lives and reviews these estimates whenever circumstances change.

5.9 Profit or loss sharing from management of non-performing assets

In calculation of profit or loss sharing from management of non-performing assets transferred to Thai Asset Management Corporation ("TAMC"), the Bank estimates the amounts expected to be recouped from debtors or the underlying collaterals or the guarantors for which management exercises judgment in determination of assumptions with respect to recovery rates on the outstanding debts under the debt restructuring agreements or collateral value. The management considers that the assumptions used are appropriate based on the availability of information to the Bank and current circumstances. The different assumptions used and the change in circumstances in the future may affect the estimated amount of loss sharing already recorded.

5.10 Provisions for post-employment benefits

Provisions for post-employment retirement benefits are determined, using actuarial techniques. The determination is made involving various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate, which are based on the management's knowledge of current events and arrangement. However, actual post-employment benefit payment may differ from the estimates.

5.11 Litigation

The Bank and its subsidiary have contingent liabilities as a result of litigation being made against them for claims of compensation. The management has used judgement to assess of the results of the litigation and recorded provisions for liabilities as at the reporting period-ended date. However, actual results could differ from the estimates.

6. Interbank and money market items (assets)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	767,116	-	767,116	218,721	-	218,721
Commercial banks	213,834	600,000	813,834	104,115	5,860,000	5,964,115
Specialised financial institutions	1,951	1,400,000	1,401,951	-	-	-
Other financial institutions	48,262	-	48,262	-	-	-
Total	1,031,163	2,000,000	3,031,163	322,836	5,860,000	6,182,836
Add: Accrued interest receivables	91	-	91	4	3,201	3,205
Less: Allowance for doubtful accounts	-	(20,000)	(20,000)	-	-	-
Domestic items - net	1,031,254	1,980,000	3,011,254	322,840	5,863,201	6,186,041
Foreign items						
USD currency	96,114	1,531,580	1,627,694	40,147	204,408	244,555
AUD currency	636	-	636	1,139	-	1,139
Renminbi currency	14,540	1,478,952	1,493,492	1,643	3,294,076	3,295,719
Euro currency	4,286	-	4,286	1,516	14,868	16,384
HKD currency	2,451	-	2,451	2,290	-	2,290
Other currencies	2,606	-	2,606	1,989	-	1,989
Total	120,633	3,010,532	3,131,165	48,724	3,513,352	3,562,076
Add: Accrued interest receivables	-	36,080	36,080	-	28,807	28,807
Less: Allowance for doubtful accounts	-	(29,903)	(29,903)	-	(35,113)	(35,113)
Foreign items - net	120,633	3,016,709	3,137,342	48,724	3,507,046	3,555,770
Total domestic and foreign items	1,151,887	4,996,709	6,148,596	371,564	9,370,247	9,741,811

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	767,116	-	767,116	218,721	-	218,721
Commercial banks	47,798	600,000	647,798	43,340	5,860,000	5,903,340
Specialised financial institutions	-	1,400,000	1,400,000	-	-	-
Other financial institutions	48,262	-	48,262	-	-	-
Total	863,176	2,000,000	2,863,176	262,061	5,860,000	6,122,061
Add: Accrued interest receivables	83	-	83	-	3,201	3,201
Less: Allowance for doubtful accounts	-	(20,000)	(20,000)	-	-	-
Domestic items - net	863,259	1,980,000	2,843,259	262,061	5,863,201	6,125,262
Foreign items						
USD currency	96,114	1,531,580	1,627,694	40,147	204,408	244,555
AUD currency	636	-	636	1,139	-	1,139
Renminbi currency	14,540	1,478,952	1,493,492	1,643	3,294,076	3,295,719
Euro currency	4,286	-	4,286	1,516	14,868	16,384
HKD currency	2,451	-	2,451	2,290	-	2,290
Other currencies	2,606	-	2,606	1,989	-	1,989
Total	120,633	3,010,532	3,131,165	48,724	3,513,352	3,562,076
Add: Accrued interest receivables	-	36,080	36,080	-	28,807	28,807
Less: Allowance for doubtful accounts	-	(29,903)	(29,903)	-	(35,113)	(35,113)
Foreign items - net	120,633	3,016,709	3,137,342	48,724	3,507,046	3,555,770
Total domestic and foreign items	983,892	4,996,709	5,980,601	310,785	9,370,247	9,681,032

7. Derivatives

7.1 Trading book

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Fair value		Notional amount ⁽¹⁾	Fair value		Notional amount ⁽¹⁾
Assets	Liabilities	Assets		Liabilities		
Type of risk						
Foreign currency	31,471	29,184	5,822,671	150,091	146,153	9,651,648

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

Below are the proportion of derivative trading transactions with counterparties, classified by types of counterparty, determined on the basis of the notional amount, as at 31 December 2012 and 2011.

Counterparties	Consolidated and separate financial statements	
	31 December 2012	31 December 2011
Financial institutions	95.37%	94.93%
Corporation	4.63%	5.06%
Companies within the Group	-	0.01%
Total	100.00%	100.00%

7.2 Derivatives not entered for trading purpose (Banking book)

As at 31 December 2012 and 2011, the Bank has commitments under forward foreign exchange contracts, interest rate swap contracts and cross currency and interest rates swap contracts, which are measured based on an accrual basis. The gains or losses on exchange as a result of translation to the period-end rates under the accrual basis are recorded as a part of “Derivative assets” or “Derivative liabilities” in the statements of financial position and interest receivables or payables that are determined as they accrue based on the contracts as at the end of reporting period are recorded as a part of “Accrued income” or recorded as “Accrued interest payables”, as the case may be, in the statements of financial position.

(Unit: Thousand Baht)

Type of risk	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Carrying value ⁽²⁾		Notional amount ⁽¹⁾	Carrying value ⁽²⁾		Notional amount ⁽¹⁾
Assets	Liabilities	Assets		Liabilities		
Currency	62,712	99,857	16,170,535	206,248	513,848	12,681,138
Interest rate	_(3)	_(3)	20,900,000	_(3)	_(3)	23,050,000
Currency and interest rate	28,027 ⁽³⁾	_(3)	918,948	47,545 ⁽³⁾	11,592 ⁽³⁾	894,980
Total	90,739	99,857	37,989,483	253,793	525,440	36,626,118

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

⁽²⁾ Carrying value is the value determined based on an accrual basis as described in accounting policy regarding to derivatives for banking book.

⁽³⁾ Not included interest receivables and payables, which are recorded as a part of “Accrued income” or recorded as “Accrued interest payables” in the statements of financial position, as the case maybe.

8. Investments

8.1 Classified by types of investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2012	31 December 2011
<u>Available-for-sale investments - fair value</u>		
Government and state enterprise securities	7,408,593	5,759,583
Foreign debt securities	8,084,193	5,059,508
Domestic marketable equity securities	133,137	70,329
Investment in receivable	82,295	-
Total available-for-sale investments	<u>15,708,218</u>	<u>10,889,420</u>
<u>Held-to-maturity debt securities - cost/amortised cost</u>		
Government and state enterprise securities	13,060	46,425
Private sector debt securities	-	400,000
Total held-to-maturity debt securities	<u>13,060</u>	<u>446,425</u>
<u>General investments - cost</u>		
Domestic non-marketable equity securities	104,716	104,716
Less: Allowance for impairment	(11,918)	(11,918)
General investments - net	<u>92,798</u>	<u>92,798</u>
Investments - net	<u><u>15,814,076</u></u>	<u><u>11,428,643</u></u>

As at 31 December 2012, investments of the Bank and its subsidiary were not subject to any restrictions on their holding and disposal (31 December 2011: the Bank placed government bonds amounting to Baht 4 million, which were classified as available-for-sale investments, with the Court as security).

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

(Unit: Thousand Baht)

	Consolidated and separate financial statement			
	31 December 2012			
	Periods to maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprises securities	2,952,974	3,756,048	687,174	7,396,196
Foreign debt securities	-	7,831,207	-	7,831,207
Investment in receivable	-	82,295	-	82,295
Total	2,952,974	11,669,550	687,174	15,309,698
Add: Allowance for revaluation	3,140	259,216	3,027	265,383
Total available-for-sale investments	2,956,114	11,928,766	690,201	15,575,081
Held-to-maturity debt securities				
Government and state enterprises securities	13,060	-	-	13,060
Total held-to-maturity debt securities	13,060	-	-	13,060
Total debt securities	2,969,174	11,928,766	690,201	15,588,141

(Unit: Thousand Baht)

	Consolidated and separate financial statement			
	31 December 2011			
	Periods to maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprises securities	2,763,989	2,536,288	450,000	5,750,277
Foreign debt securities	789,160	3,406,225	749,363	4,944,748
Total	3,553,149	5,942,513	1,199,363	10,695,025
Add : Allowance for revaluation	2,252	50,073	71,741	124,066
Total available-for-sale investments	3,555,401	5,992,586	1,271,104	10,819,091
Held-to-maturity debt securities				
Government and state enterprises securities	46,425	-	-	46,425
Private sector debt securities	400,000	-	-	400,000
Total held-to-maturity debt securities	446,425	-	-	446,425
Total debt securities	4,001,826	5,992,586	1,271,104	11,265,516

8.3 Promissory notes from Thai Asset Management Corporation

During 2001 to 2003, the Bank transferred non-performing loans to the Thai Asset Management Corporation (“TAMC”) whereby TAMC issued non-transferable promissory notes for the value of the assets transferred. On the face of the notes indicated the amounts accounting to the transfer prices, the issuance dates (being the same as the transfer dates), and the maturity dates being 10 years after the issuance dates. The promissory notes are availed by the Financial Institutions Development Fund (“FIDF”) and may be redeemed by TAMC prior to maturity.

On the last working day of each year, TAMC shall calculate interest based on a quarterly average deposit rate and pay interest on an annual basis at the end of every year.

The Bank is jointly responsible, together with TAMC, for future profit or loss sharing from TAMC’s management of the non-performing loans.

- If there are profits, the first portion not exceeding 20 percent of the transfer price shall be equally shared between the Bank and TAMC. The second portion shall be fully given to the Bank; provided that, when added to the first portion, the sum shall not exceed the difference between the book value and the transfer price. Any remaining profits after the second portion shall be for TAMC.
- If there are losses, the first portion not exceeding 20 percent of the transfer price shall be borne solely by the Bank. The second portion remaining after the first portion that does not exceed 20 percent of transfer price shall be equally shared and borne between the Bank and TAMC. Any remaining losses after the second portion shall be borne by TAMC.

The Bank is still jointly liable for share of the profit or loss at the end of fifth and tenth years counting from 1 July 2001.

The Bank received performance reports on non-performing loan management from TAMC. TAMC informed the Bank that there are profits or losses to share. However, such share of profits or losses was on only certain transferred non-performing loans. Shares of profits or losses on all transferred non-performing loans will be known when the liquidation process of TAMC is completed. However, as at 31 December 2012 and 2011, the Bank has provision of Baht 222 million for obligation from its share of losses that may arise from the management of all non-performing loans transferred, which is presented as a part of “Provision for other liabilities”. Such amount was the aggregate of incurred profits or losses of each loan, the result of which is already informed by TAMC and an estimate of profit or loss that may be incurred for the unsettled loans, which management determined based on the Bank’s historical experiences, debt restructuring plan made with TAMC and debtors’ collateral information, etc.

As a result of transferring non-performing loans to TAMC, the Bank received promissory notes from TAMC of Baht 2,599 million, maturing from 31 October 2011 to 30 September 2013 in settlement for transfer prices of non-performing loans transferred, and the Bank classified such promissory notes as held-to-maturity debt securities. Up to 31 December 2012 and 2011, TAMC has made payment and redeemed promissory notes totalling Baht 2,586 million and Baht 2,553 million, respectively. Following such redemptions, the balances of promissory notes as at 31 December 2012 and 2011 were Baht 13 million and Baht 46 million, respectively.

For the years ended 31 December 2012 and 2011, the Bank recognised interest income on promissory notes from TAMC totaling Baht 0.6 million and Baht 9 million, respectively.

8.4 Investment in a related company

The Bank has the following investment in a related company, where the Bank holds 10% or more of the issued and paid-up share capital of the investee company, which is recorded as a part of general investments and classified as long-term investments, is presented below.

(Unit: Thousand Baht)

Consolidated and separate financial statement						
Company's name	Type of business	Type of invested in securities	Nature of relationship	31 December 2012		
				Paid-up capital	Shareholding percentage	Cost
					%	
<u>Related company</u>						
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's management	200,000	10.00	20,390
Total investment in a related company						20,390

(Unit: Thousand Baht)

Consolidated and separate financial statement						
Company's name	Type of business	Type of invested in securities	Nature of relationship	31 December 2011		
				Paid-up capital	Shareholding percentage	Cost
					%	
<u>Related company</u>						
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's management	200,000	10.00	20,390
Total investment in a related company						20,390

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
Companies with problems regarding to financial status and operating performance	13,911	1,993	(11,918)	13,911	1,993	(11,918)

9. Investments in a subsidiary

As at 31 December 2012 and 2011, investments in a subsidiary, which is accounted for under the cost method in the separate financial statements, consist of investments in ordinary shares of the following company:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up capital		Shareholding percentage		Book value under the cost method		Dividends received	
		31 December	31 December	31 December	31 December	31 December	31 December	For the years ended	
		2012	2011	2012	2011	2012	2011	2012	2011
ICBC (Thai) Leasing Company Limited	Hire purchase	3,750	3,250	99.99	99.99	3,750	3,250	251	-

On 13 July 2011, the subsidiary's Extraordinary General Meeting No. 1/2011 of Shareholders resolved to approve the increase of its registered share capital by 100 million shares with a par value of Baht 10 each. As at 31 December 2011, the subsidiary had registered share capital totaling Baht 4 billion, comprising 400 million ordinary shares with a par value of Baht 10 each while it had the issued and paid-up share capital of Baht 3,250 million, comprising 300 million shares with a par value of Baht 10 each, 100% paid up and 100 million shares with a par value of Baht 10 each, 25% paid up.

On 21 December 2011, the subsidiary's Extraordinary General Meeting No. 3/2011 of Shareholders passed a resolution to approve the increase of its registered share capital by 100 million shares with a par value of Baht 10 each and the subsidiary registered the increase in its share capital with the Ministry of Commerce on 17 February 2012. Hence, the subsidiary has the registered share capital of Baht 5 billion, comprising 500 million ordinary shares with a par value of Baht 10 each. It also passed a resolution to call up for payment of the additional 100 million ordinary shares at Baht 2.50 each. The Bank already made payment of Baht 250 million for such capital call on 14 February 2012.

Later on 25 April 2012, the subsidiary's Extraordinary General Meeting of Shareholders passed a resolution approving an increase in the subsidiary's registered share capital from Baht 5 billion to Baht 6 billion through the issuance of additional 100 million ordinary shares at a par value of Baht 10 each or a total of Baht 1 billion. The subsidiary called for the payment of additional 100 million shares at Baht 2.50 each, representing 25% of a par value, or a total of Baht 250 million. The Bank already made payment on such additional shares on 25 July 2012. Hence, as at 31 December 2012, the subsidiary has a registered share capital of Baht 6 billion, comprising 600 million ordinary shares, with a par value of Baht 10 each, and paid-up share capital of Baht 3,750 million, comprising 300 million shares with a par value of Baht 10 each, 100% paid up, and 300 million shares with a par value of Baht 10 each, 25% paid up.

10. Investments in an associate

10.1 Details of investment in an associate

As at 31 December 2012 and 2011, investment in an associate in the consolidated and separate financial statements is investment in ordinary shares of the following company:

Company's name	Type of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2012	2011	Carrying value under equity method		Carrying value under cost method	
					2012	2011	2012	2011
(Unit: Million Baht)								
			%	%				
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	24.08	24.39	388	337	305	291

On 30 January 2012, the Extraordinary General Meeting of Shareholders of Finansia Syrus Securities Public Company Limited passed a resolution to offer the remaining 35,751,715 shares unissued to the existing shareholders, at a ratio of 1 new share for every 11.62022 existing shares for Baht 1.60 per share and the Bank already paid Baht 14 million for the purchase of 8,721,347 newly issued ordinary shares of such company on 24 February 2012. Following the purchase of the additional shares of such company, the Bank holds 110,065,325 shares in Finansia Syrus Securities Public Company Limited, or equivalent to 24.08% of the issued and paid-up share capital of such company.

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Shares of profit from investment in an associate for the years ended 31 December		Dividends received for the years ended 31 December	
	2012	2011	2012	2011
Finansia Syrus Securities Public Company Limited	44	20	7	9

The share of profit from investment in an associate for the years ended 31 December 2012 and 2011, amounted to Baht 44 million and Bath 20 million, respectively, calculated based on the financial statements of the associate as summarised in Note 10.2 to the financial statements.

10.2 Summarised financial information of the associate

Financial information of the associate as at 31 December 2012 and 2011 and for the years ended 31 December 2012 and 2011, as summarised from its consolidated financial statements is presented below:

Company's name	Paid-up share capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profits for the years ended 31 December ⁽¹⁾	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Finansia Syrus Securities Public Company Limited	731	665	4,195	3,038	2,519	1,591	1,812	1,625	182

⁽¹⁾ Exclude other comprehensive income (loss)

As at 31 December 2012 and 2011, the fair values of the associate which were computed from the last bid price as at the last business day of the year of the Stock Exchange of Thailand, based on the Bank's shareholding percentage, were Baht 286 million and Baht 223 million, respectively.

11. Reconciliations of shareholders' equity between those stated in the consolidated and the separate financial statements

	(Unit: Thousand Baht)	
	31 December 2012	31 December 2011
Equity attributable to the Bank's shareholders in the separate financial statements	14,736,064	14,088,089
<u>Reconciled items</u>		
Accumulated share of profits from investments under equity method	776,129	484,354
Accumulated dividends received from its subsidiary and associate	(468,699)	(210,845)
Total amounts of reconciled items	307,430	273,509
Equity attributable to the Bank's shareholders in the consolidated financial statements	15,043,494	14,361,598

12. Loans to customers and accrued interest receivables

12.1 Classified by types of loans

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Overdrafts	855,355	938,205	855,355	938,205
Loans	35,805,964	23,547,411	35,554,049	23,280,512
Notes receivable	25,760,910	11,530,752	57,192,910	39,125,082
Hire purchase receivables	50,178,090	35,903,334	-	-
Financial lease receivables	621,146	415,268	-	-
Total loans to customers	113,221,465	72,334,970	93,602,314	63,343,799
Less: Deferred revenues	(6,717,030)	(4,782,912)	(779)	(1,295)
Total loans to customers net of deferred revenues	106,504,435	67,552,058	93,601,535	63,342,504
Add: Accrued interest receivables	150,654	140,539	165,775	147,027
Total loans to customers, net of deferred revenues, plus accrued interest receivables	106,655,089	67,692,597	93,767,310	63,489,531
Less: Allowance for doubtful accounts				
- Provision at minimum rates required by BOT	(962,753)	(813,568)	(942,938)	(765,465)
- Provision in excess of minimum rates required by BOT	(1,120,329)	(383,114)	(745,872)	(58,936)
Allowance for revaluation on debt restructuring	(23,997)	(12,386)	(23,997)	(12,386)
Loans to customers and accrued interest receivables - net	104,548,010	66,483,529	92,054,503	62,652,744

Late in 2011, there was widespread flooding in Thailand, which has affected some of the Bank's debtors. Under the consideration of the Bank's management, which is also in line with the Bank of Thailand's policy, the Bank provided assistance to those debtors in term of postponing principal repayments or interest payments for a certain period and will not consider them as non-performing loans. As at 31 December 2012 and 2011, there are 3,944 and 4,864 debtors, respectively, with outstanding balances of 2,191 and Baht 3,204 million which are rescheduled to repay to the Bank and its subsidiary due to the impact of the flood (the Bank only: there are 37 and 33 debtors with outstanding balances of 637 and Baht 823 million, respectively). The Bank and its subsidiary have set aside provision for these loans in accordance with the Bank of Thailand's guideline. The Bank and its subsidiary's management have assessed the situation and believe that provision set aside on these loans is adequate to cover loan losses that might incur from those debtors affected by the flood.

12.2 Classified by remaining periods to maturity of loan agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
Not over 1 year ⁽¹⁾	45,816,856	24,471,920	54,394,196	27,074,577
Over 1 year	60,687,579	43,080,138	39,207,339	36,267,927
Total loans to customers ⁽²⁾	106,504,435	67,552,058	93,601,535	63,342,504
Add: Accrued interest receivables	150,654	140,539	165,775	147,027
Total	106,655,089	67,692,597	93,767,310	63,489,531

⁽¹⁾ Included expired contracts

⁽²⁾ Total loans to customers net of deferred revenues

12.3 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	86,492,436	-	86,492,436	65,845,234	-	65,845,234
US dollar	1,285,808	18,135,480	19,421,288	416,952	1,113,768	1,530,720
Renminbi	574,237	-	574,237	147,964	-	147,964
Euro	16,430	-	16,430	27,986	-	27,986
Pound sterling	44	-	44	154	-	154
Total ⁽¹⁾	88,368,955	18,135,480	106,504,435	66,438,290	1,113,768	67,552,058

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	73,589,536	-	73,589,536	61,635,680	-	61,635,680
US dollar	1,285,808	18,135,480	19,421,288	416,952	1,113,768	1,530,720
Renminbi	574,237	-	574,237	147,964	-	147,964
Euro	16,430	-	16,430	27,986	-	27,986
Pound sterling	44	-	44	154	-	154
Total ⁽¹⁾	75,466,055	18,135,480	93,601,535	62,228,736	1,113,768	63,342,504

⁽¹⁾ Total loans to customers net of deferred revenues.

12.4 Classified by types of business and loan classification

(Unit: Thousand Baht)

	Consolidated financial statement					
	31 December 2012					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	250,007	67,352	-	-	11,947	329,306
Manufacturing and commerce	35,072,964	372,979	516,703	30,461	415,297	36,408,404
Real estate and construction	7,069,830	47,836	107,730	36,337	412,716	7,674,449
Public utilities and services	13,860,899	287,087	64,514	-	64,215	14,276,715
Housing loans	40,287	12,048	2,878	512	2,397	58,122
Others	43,730,449	3,419,807	365,124	223,630	18,429	47,757,439
Total ⁽¹⁾	100,024,436	4,207,109	1,056,949	290,940	925,001	106,504,435

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

	Consolidated financial statement					
	31 December 2011					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	298,851	69,498	-	-	13,163	381,512
Manufacturing and commerce	16,978,699	388,912	200,406	49,428	349,127	17,966,572
Real estate and construction	4,881,470	72,704	350	165,365	299,979	5,419,868
Public utilities and services	8,074,674	301,125	16,377	67,397	66,648	8,526,221
Housing loans	54,114	23,672	2,785	4,452	4,094	89,117
Others	31,270,631	3,220,700	414,944	244,063	18,430	35,168,768
Total ⁽¹⁾	61,558,439	4,076,611	634,862	530,705	751,441	67,552,058

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

Separate financial statement

31 December 2012					
Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	250,007	67,352	-	-	329,306
Manufacturing and commerce	66,253,049	372,979	516,703	30,461	67,588,489
Real estate and construction	7,069,830	47,836	107,730	36,337	7,674,449
Public utilities and services	13,860,899	287,087	64,514	-	14,276,715
Housing loans	40,287	12,048	2,878	512	58,122
Others	3,272,678	384,707	76	-	3,674,454
Total ⁽¹⁾	90,746,750	1,172,009	691,901	67,310	93,601,535

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

Separate financial statement

31 December 2011					
Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	298,851	69,498	-	-	381,512
Manufacturing and commerce	44,306,130	388,912	200,406	49,428	45,294,003
Real estate and construction	4,881,470	72,704	350	165,365	5,419,868
Public utilities and services	8,074,674	301,125	16,377	67,397	8,526,221
Housing loans	54,114	23,672	2,785	4,452	89,117
Others	3,614,616	173	-	-	3,631,783
Total ⁽¹⁾	61,229,855	856,084	219,918	286,642	63,342,504

⁽¹⁾ Total loans to customers net of deferred revenues.

12.5 Classified by loan classification

(Unit: Thousand Baht)

Consolidated financial statement				
31 December 2012				
	Loans to customers and accrued interest receivables ⁽²⁾	Net balance used in setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	100,162,551	34,234,148	1	342,341
Special-mention	4,215,886	1,142,393	2	22,848
Sub-standard	1,060,578	408,584	100	408,584
Doubtful	290,940	130,229	100	130,229
Doubtful of loss	925,134	58,751	100	58,751
Total	106,655,089	35,974,105		962,753
Provision in excess of minimum rates required by BOT				1,120,329
Total				2,083,082

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

(Unit: Thousand Baht)

Consolidated financial statement				
31 December 2011				
	Loans to customers and accrued interest receivables ⁽²⁾	Net balance used in setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	61,666,135	25,833,088	1	258,331
Special-mention	4,101,163	684,055	2	13,681
Sub-standard	635,283	345,574	100	345,574
Doubtful	530,705	193,069	100	193,069
Doubtful of loss	759,311	2,913	100	2,913
Total	67,692,597	27,058,699		813,568
Provision in excess of minimum rates required by BOT				383,114
Total				1,196,682

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

(Unit: Thousand Baht)

Separate financial statement				
31 December 2012				
	Net balance used in			
	Loans to customers and accrued interest receivables ⁽²⁾	setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	90,899,986	61,412,943	1	614,129
Special-mention	1,180,786	475,508	2	9,510
Sub-standard	695,530	239,460	100	239,460
Doubtful	67,310	21,707	100	21,707
Doubtful of loss	923,698	58,132	100	58,132
Total	<u>93,767,310</u>	<u>62,207,750</u>		942,938
Provision in excess of minimum rates required by BOT				<u>745,872</u>
Total				<u>1,688,810</u>

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

(Unit: Thousand Baht)

Separate financial statement				
31 December 2011				
	Net balance used in			
	Loans to customers and accrued interest receivables ⁽²⁾	setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	61,344,039	50,678,574	1	506,786
Special-mention	880,636	35,056	2	701
Sub-standard	220,339	171,848	100	171,848
Doubtful	286,642	83,836	100	83,836
Doubtful of loss	757,875	2,294	100	2,294
Total	<u>63,489,531</u>	<u>50,971,608</u>		765,465
Provision in excess of minimum rates required by BOT				<u>58,936</u>
Total				<u>824,401</u>

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

12.6 Non-performing loans

As at 31 December 2012 and 2011, the Bank and its subsidiary have the following non-performing loans.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Non-performing loans (principal only)	2,272,888	1,917,008	1,682,775	1,256,565
Percentage of non-performing loans to total loans ⁽¹⁾	2.04%	2.49%	1.71%	1.73%

⁽¹⁾ The denominator base included interbank and money market items (loans).

Non-performing loans as at 31 December 2012 and 2011, as presented above are in accordance with the Notification of the Bank of Thailand, defining the non-performing loans to be classified as “sub-standard”, “doubtful” and “doubtful of loss”, and exclude outstanding loans for which debt restructuring agreements have been made and which have already met the conditions for upgrade to “pass” or “special mention” under the Bank of Thailand’s criteria.

12.7 Non-accrued loans to customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Non-accrued loans (principal only)	1,662,912	1,879,137	1,072,798	1,218,694
Percentage of total loans ⁽¹⁾	1.49%	2.44%	1.09%	1.68%

⁽¹⁾ The denominator base included interbank and money market items (loans).

The above loans to customers exclude overdue loans, which have been already restructured and are qualified for classification as “Pass” or “Special-mention”.

12.8 Sale of non-performing loans to Bangkok Commercial Asset Management Co., Ltd.

On 9 November 2011, the Bank entered into the sale and purchase agreements to sell non-performing loans (including relevant other assets), having the carrying value of approximately Baht 167 million to Bangkok Commercial Asset Management Co., Ltd. (“BAM”), which submitted the highest bid for these assets for Baht 200 million. This sale of non-performing loans and the underlying collateral is a compliance with the Royal Decree on Asset Management Companies, B.E. 2541. On 30 November 2011, BAM already paid Baht 200 million to the Bank for these assets.

Under the above agreement, BAM can cancel the transfer of particular assets, in the event that the rights over the debt and collateral cannot be transferred to BAM because the documentation of the debt or collateral is absent or incomplete, the collateral is evicted, or the courts do not permit BAM to assume the rights of litigant from the Bank by no later than 120 days counting from 30 November 2011, which is the transfer date. Should the transfer of any assets be cancelled due to a fault of the Bank, BAM is to receive a refund of the price settled on such asset on the settlement date and the Bank is to receive any amount received from such asset over the cancellation period, after deducting any costs incurred during the period prior to the cancellation of the transfer. However, up to such due dates, BAM did not cancel any assets bought from the Bank.

12.9 Loans to companies having problems with financial position and operating results

As at 31 December 2012 and 2011, the Bank and its subsidiary had loans and accrued interest receivables due from companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

(Unit: Million Baht)

		Consolidated and separate financial statements						Allowance for doubtful accounts and allowance for revaluation	
		Number of loans		Debt balances		Collateral			
		31 December		31 December		31 December		31 December	
		2012	2011	2012	2011	2012	2011	2012	2011
Listed companies under rehabilitation and/or delisting conditions		1	1	7	9	7	9	5	-

12.10 Troubled debt restructuring

The Bank entered into troubled debt restructuring contracts with its debtors during the years ended 31 December 2012 and 2011 as follows:

(Unit: Million Baht)

		Separate financial statements			
		For the years ended 31 December			
		2012		2011	
		Outstanding		Outstanding	
		balances before		balances before	
		restructuring		restructuring	
		Number of debtors		Number of debtors	
Restructured debts		24	778	34	809

The restructured debts discussed above can be classified by methods of debt restructuring as follows:

(Unit: Million Baht)

Separate financial statement								
For the year ended 31 December 2012								
Number of debtors	Debt balances		Average period of the remaining term of debt restructuring	Type of assets transferred	Fair value	Loss on debt restructuring ⁽¹⁾	Present value loss from debt restructuring	
	Before restructuring	After restructuring						
Modification of terms of payments	23	769	769	3 years	-	-	-	15
Transfer of assets and modification of repayment conditions	1	9	-	-	Land and building	9	9	-
Total restructured debts	24	778	769			9	9	15
Loans and accrued interest receivables as at 31 December 2012	<u>753</u>	<u>93,768</u>						

⁽¹⁾ Losses on debt restructuring are the amounts before deducting allowance for doubtful accounts already provided for troubled debts in the accounts on the restructuring dates.

(Unit: Million Baht)

Separate financial statement								
For the year ended 31 December 2011								
Number of debtors	Debt balances		Average period of the remaining term of debt restructuring	Type of assets transferred	Fair value	Loss on debt restructuring ⁽¹⁾	Present value loss from debt restructuring	
	Before restructuring	After restructuring						
Modification of terms of payments	32	740	740	6 years	-	-	-	8
Transfer of assets and modification of repayment conditions	2	69	69	3 years	Land and building	128	-	-
Total restructured debts	34	809	809			128	-	8
Loans and accrued interest receivables as at 31 December 2011	<u>717</u>	<u>63,490</u>						

⁽¹⁾ Losses on debt restructuring are the amounts before deducting allowance for doubtful accounts already provided for troubled debts in the accounts on the restructuring dates.

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

	(Unit: Million Baht)	
	Separate financial statements	
	For the years ended	
	31 December	
	2012	2011
Part of debt forgiven to debtors during the years in case that they fulfilled debt restructuring conditions during the years	-	11
Interest income recognised in profit or loss for the years	143	186
Settlement by debtors		
Principal	254	273
Interest	168	177

As at 31 December 2012 and 2011, troubled debtors, which the Bank has completed restructuring, can be summarised the principal and interest as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	Number of	Debt balances
	debtors	after restructuring
Balance of restructured debts up to 31 December 2012	88	1,699
Balance of restructured debts up to 31 December 2011	108	1,485

During the years ended 31 December 2012 and 2011, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 0.8 million and Baht 6.3 million, respectively, and amortised allowance for revaluation on debt restructuring as interest income totaling Baht 2.7 million and Baht 1.1 million, respectively.

As at 31 December 2012 and 2011, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

The Bank was not able to estimate the amount of future losses on outstanding loans currently being restructured at this stage.

12.11 Hire purchase receivables/financial lease receivables

As at 31 December 2012 and 2011, the subsidiary had net hire purchase and financial lease receivables amounting to Baht 44,083 million and Baht 31,537 million, respectively, the majority of which is hire purchase or financial lease contracts for motor vehicles, machinery and equipment for their customers' operating businesses. The average contract periods are 1 to 7 years and the interest rates are fixed as specified in the contracts.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2012					
Amounts due under agreements					
	Not over 1 year	1-5 years	Over 5 years	Non- performing loans	Total
Aggregate initial investments					
under the contracts	14,810	34,346	1,451	192	50,799
Less: Deferred revenues ⁽¹⁾	(2,689)	(3,949)	(43)	(36)	(6,717)
Present value of minimum lease payments	12,121	30,397	1,408	156	44,082
Allowance for doubtful accounts					(642)
Hire purchases/finance leases receivables - net					43,440

⁽¹⁾ Net of commissions and initial direct expenses incurred at the inception of contracts.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2011					
Amounts due under agreements					
	Not over 1 year	1-5 years	Over 5 years	Non- performing loans	Total
Aggregate initial investments					
under the contracts	10,838	24,506	821	187	36,352
Less: Deferred revenues ⁽¹⁾	(1,977)	(2,783)	(21)	(34)	(4,815)
Present value of minimum lease payments	8,861	21,723	800	153	31,537
Allowance for doubtful accounts					(370)
Hire purchases/finance leases receivables - net					31,167

⁽¹⁾ Net of commissions and initial direct expenses incurred at the inception of contracts.

12.12 Hire purchase receivables/financial lease receivables of a subsidiary classified by aging

As at 31 December 2012 and 2011, hire purchase and financial lease receivables of the subsidiary, engaged in leasing and hire purchase businesses, are classified by the due date of the contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	31 December 2012	31 December 2011
Not yet due	40,458	23,926
Overdue not over 90 days	3,035	6,951
Overdue 91-180 days	365	415
Overdue 181-365 days	223	244
Overdue more than 365 days	1	1
Total	44,082	31,537
Allowance for doubtful accounts	642	370

12.13 Loans to a subsidiary

As at 31 December 2012 and 2011, the Bank has loans to a subsidiary as follows:

Company's name	Types of loans	Period of contracts	Interest rates as at 31 December		Amounts principal outstanding as at 31 December	
			2012 (% per annum)	2011 (% per annum)	2012 Million Baht	2011 Million Baht
Subsidiary						
ICBC (Thai) Leasing Company Limited						
	Revolving loan	At call	4.20	4.40	13,122	4,886
	Revolving loan	July 09 - July 15	4.0 - 5.22	3.70 - 5.22	18,310	22,708
Total					31,432	27,594
Allowance for doubtful accounts					574	276

13. Allowance for doubtful accounts and revaluation allowance on debt restructuring

13.1 Allowance for doubtful accounts

(Unit: Thousand Baht)

	Consolidated financial statement						Total
	For the year ended 31 December 2012						
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess Reserve ⁽¹⁾	
Balances - beginning of the year	258,331	13,681	345,574	193,069	2,913	383,114	1,196,682
Allowance for doubtful accounts	84,010	9,167	63,010	(62,840)	503,710	727,215	1,324,272
Transfer from other account	-	-	-	-	-	10,000	10,000
Bad debts written-off	-	-	-	-	(447,872)	-	(447,872)
Balances - end of the year	342,341	22,848	408,584	130,229	58,751	1,120,329	2,083,082

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

(Unit: Thousand Baht)

Consolidated financial statement							
For the year ended 31 December 2011							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess reserve ⁽¹⁾	Total
Balances - beginning of the year	208,437	4,924	317,310	85,258	135,570	252,297	1,003,796
Allowance for doubtful accounts	49,894	8,757	34,352	108,221	586,581	130,817	918,622
Bad debts written-off	-	-	-	-	(620,307)	-	(620,307)
Decrease as a result of disposal of loans	-	-	(6,088)	(410)	(98,931)	-	(105,429)
Balances - end of the year	<u>258,331</u>	<u>13,681</u>	<u>345,574</u>	<u>193,069</u>	<u>2,913</u>	<u>383,114</u>	<u>1,196,682</u>

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

(Unit: Thousand Baht)

Separate financial statement							
For the year ended 31 December 2012							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess reserve ⁽¹⁾	Total
Balances - beginning of the year	506,786	701	171,848	83,836	2,294	58,936	824,401
Allowance for doubtful accounts	107,343	8,809	67,612	(62,129)	64,093	676,936	862,664
Transfer from other account	-	-	-	-	-	10,000	10,000
Bad debts written-off	-	-	-	-	(8,255)	-	(8,255)
Balances - end of the year	<u>614,129</u>	<u>9,510</u>	<u>239,460</u>	<u>21,707</u>	<u>58,132</u>	<u>745,872</u>	<u>1,688,810</u>

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

(Unit: Thousand Baht)

Separate financial statement							
For the year ended 31 December 2011							
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess reserve ⁽¹⁾	Total
Balances - beginning of the year	360,890	-	243,725	41,060	13,603	45,229	704,507
Allowance for doubtful accounts	145,896	701	(65,789)	43,186	374,955	13,707	512,656
Bad debts written-off	-	-	-	-	(287,333)	-	(287,333)
Decrease as a result of disposal of loans	-	-	(6,088)	(410)	(98,931)	-	(105,429)
Balances - end of the year	<u>506,786</u>	<u>701</u>	<u>171,848</u>	<u>83,836</u>	<u>2,294</u>	<u>58,936</u>	<u>824,401</u>

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

13.2 Revaluation allowance on debt restructuring

(Unit: Thousand Baht)

Consolidated and separate financial statements		
For the year ended 31 December		
	2012	2011
Balances - beginning of the year	12,386	11,725
Increase during the year	14,265	1,804
Amortise during the year	(2,654)	(1,143)
Balances - end of the year	<u>23,997</u>	<u>12,386</u>

14. Properties foreclosed

The majority of properties foreclosed are from auction bidding and settlement of debts by the restructured debtors.

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant buyback rights or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements.

For the years ended 31 December 2012 and 2011, movements of properties foreclosed can be summarised as follows:

(Unit: Thousand Baht)

Consolidated financial statement					
For the year ended 31 December 2012					
Type of properties foreclosed	Balance as at 1 January 2012	Additions	Disposals	Balance as at 31 December 2012	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties					
Internal appraisers	394,857	9,000	(52,402)	351,455	29,146
External appraisers	879,519	-	(67,220)	812,299	69,404
Movable assets	42,417	1,043,749	(947,423)	138,743	-
Assets from auction bidding					
Immovable properties					
Internal appraisers	174,809	-	(66,567)	108,242	-
Total	1,491,602	1,052,749	(1,133,612)	1,410,739	98,550
Less: Allowance for impairment	(293,463)	(264,458)	203,441	(354,480)	(16,194)
Properties foreclosed – net	1,198,139	788,291	(930,171)	1,056,259	82,356

(Unit: Thousand Baht)

Consolidated financial statement					
For the year ended 31 December 2011					
Type of properties foreclosed	Balance as at 1 January 2012	Additions	Disposals	Balance as at 31 December 2011	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties					
Internal appraisers	374,195	69,022	(48,360)	394,857	29,146
External appraisers	938,805	50,000	(109,286)	879,519	69,404
Movable assets	10,143	390,503	(358,229)	42,417	-
Assets from auction bidding					
Immovable properties					
Internal appraisers	213,714	2,130	(41,035)	174,809	-
Total	1,536,857	511,655	(556,910)	1,491,602	98,550
Less: Allowance for impairment	(322,004)	(44,038)	72,579	(293,463)	(37,232)
Properties foreclosed – net	1,214,853	467,617	(484,331)	1,198,139	61,318

(Unit: Thousand Baht)

Separate financial statement

For the year ended 31 December 2012

Type of properties foreclosed	Balance as at			Balance as at		Portion subject to disposal restrictions, buyback rights or first refusal rights
	1 January 2012	Additions	Disposals	31 December 2012		
Assets transferred in settlement of debts						
Immovable properties						
Internal appraisers	394,857	9,000	(52,402)	351,455	29,146	
External appraisers	879,519	-	(67,220)	812,299	69,404	
Assets from auction bidding						
Immovable properties						
Internal appraisers	174,809	-	(66,567)	108,242	-	
Total	1,449,185	9,000	(186,189)	1,271,996	98,550	
Less: Allowance for impairment	(284,208)	(56,538)	22,001	(318,745)	(16,194)	
Properties foreclosed - net	1,164,977	(47,538)	(164,188)	953,251	82,356	

(Unit: Thousand Baht)

Separate financial statement

For the year ended 31 December 2011

Type of properties foreclosed	Balance as at			Balance as at		Portion subject to disposal restrictions, buyback rights or first refusal rights
	1 January 2011	Additions	Disposals	31 December 2011		
Assets transferred in settlement of debts						
Immovable properties						
Internal appraisers	374,195	69,022	(48,360)	394,857	29,146	
External appraisers	938,805	50,000	(109,286)	879,519	69,404	
Assets from auction bidding						
Immovable properties						
Internal appraisers	213,714	2,130	(41,035)	174,809	-	
Total	1,526,714	121,152	(198,681)	1,449,185	98,550	
Less: Allowance for impairment	(319,878)	(3,113)	38,783	(284,208)	(37,232)	
Properties foreclosed - net	1,206,836	118,039	(159,898)	1,164,977	61,318	

15. Premises and equipment

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
As at 1 January 2011	8,500	6,892	365,791	134,474	515,657
Additions	-	-	24,083	3,118	27,201
Disposals/written-off	-	-	(14,355)	(12,403)	(26,758)
As at 31 December 2011	8,500	6,892	375,519	125,189	516,100
Additions	-	-	34,654	7,303	41,957
Disposals/written-off	-	-	(2,822)	(14,257)	(17,079)
Transfers from intangible assets	-	-	102	-	102
As at 31 December 2012	8,500	6,892	407,453	118,235	541,080
Accumulated depreciation					
As at 1 January 2011	-	(281)	(234,545)	(84,557)	(319,383)
Depreciation for the year	-	(203)	(31,492)	(18,088)	(49,783)
Accumulated depreciation on disposals/written-off	-	-	12,359	12,403	24,762
As at 31 December 2011	-	(484)	(253,678)	(90,242)	(344,404)
Depreciation for the year	-	(202)	(32,974)	(15,133)	(48,309)
Accumulated depreciation on disposals/written-off	-	-	2,283	13,191	15,474
As at 31 December 2012	-	(686)	(284,369)	(92,184)	(377,239)
Allowance for impairment					
As at 1 January 2011	-	-	-	-	-
Increase during the year	-	-	(283)	(213)	(496)
As at 31 December 2011	-	-	(283)	(213)	(496)
Decrease during the year	-	-	283	213	496
As at 31 December 2012	-	-	-	-	-
Net book value					
1 January 2011	8,500	6,611	131,246	49,917	196,274
31 December 2011	8,500	6,408	121,558	34,734	171,200
31 December 2012	8,500	6,206	123,084	26,051	163,841
Depreciation for the years ended					
31 December 2011					49,783
31 December 2012					48,309

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
As at 1 January 2011	8,500	6,892	326,817	118,506	460,715
Additions	-	-	12,442	3,119	15,561
Disposals/written-off	-	-	(13,013)	(12,403)	(25,416)
As at 31 December 2011	8,500	6,892	326,246	109,222	450,860
Additions	-	-	13,857	-	13,857
Disposals/written-off	-	-	(1,904)	(10,752)	(12,656)
Transfers from intangible assets	-	-	102	-	102
As at 31 December 2012	8,500	6,892	338,301	98,470	452,163
Accumulated depreciation					
As at 1 January 2011	-	(281)	(213,461)	(75,508)	(289,250)
Depreciation for the year	-	(203)	(24,329)	(16,837)	(41,369)
Accumulated depreciation on disposals/written-off	-	-	11,515	12,403	23,918
As at 31 December 2011	-	(484)	(226,275)	(79,942)	(306,701)
Depreciation for the year	-	(202)	(22,611)	(13,394)	(36,207)
Accumulated depreciation on disposals/written-off	-	-	1,581	10,563	12,144
As at 31 December 2012	-	(686)	(247,305)	(82,773)	(330,764)
Allowance for impairment					
As at 1 January 2011	-	-	-	-	-
Increase during the year	-	-	(283)	(213)	(496)
As at 31 December 2011	-	-	(283)	(213)	(496)
Decrease during the year	-	-	283	213	496
As at 31 December 2012	-	-	-	-	-
Net book value					
1 January 2011	8,500	6,611	113,356	42,998	171,465
31 December 2011	8,500	6,408	99,688	29,067	143,663
31 December 2012	8,500	6,206	90,996	15,697	121,399
Depreciation for the years ended					
31 December 2011					41,369
31 December 2012					36,207

As at 31 December 2012 and 2011, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 13 million and Baht 10 million, respectively (the Bank only: Baht 5 million and Baht 7 million, respectively).

As at 31 December 2012 and 2011, the Bank and its subsidiary have certain assets which have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 216 million and Baht 203 million, respectively (the Bank only: Baht 200 million and Baht 180 million, respectively).

16. Intangible assets

(Unit: Thousand Baht)

Consolidated financial statements						
	Net book value as at 1 January 2012				Net book value as at 31 December 2012	
		Increase	Transferred in/ (transferred out)	Amortisation		
Computer softwares	86,487	1,650	3,630	(31,310)		60,457
Computer softwares under development	3,511	762	(3,732)	-		541
Deferred license fee	-	16,050	-	(153)		15,897
Total	89,998	18,462	(102)⁽¹⁾	(31,463)		76,895

⁽¹⁾ Transfers to "Premises and equipment"

(Unit: Thousand Baht)

Consolidated financial statements						
	Net book value as at 1 January 2011				Net book value as at 31 December 2011	
		Increase	Transferred in/ (transferred out)	Amortisation		
Computer softwares	128,616	4,338	1,700	(48,167)		86,487
Computer softwares under development	2,376	2,835	(1,700)	-		3,511
Total	130,992	7,173	-	(48,167)		89,998

(Unit: Thousand Baht)

Separate financial statements						
	Net book value as at 1 January 2012				Net book value as at 31 December 2012	
		Increase	Transferred in/ (transferred out)	Amortisation		
Computer softwares	73,166	186	3,140	(27,616)		48,876
Computer softwares under development	3,130	112	(3,242)	-		-
Deferred license fee	-	16,050	-	(153)		15,897
Total	76,296	16,348	(102)⁽¹⁾	(27,769)		64,773

⁽¹⁾ Transfers to "Premises and equipment"

(Unit: Thousand Baht)

Separate financial statements						
	Net book value as at 1 January 2011				Net book value as at 31 December 2011	
		Increase	Transferred in/ (transferred out)	Amortisation		
Computer softwares	117,005	598	-	(44,437)		73,166
Computer softwares under development	2,016	1,114	-	-		3,130
Total	119,021	1,712	-	(44,437)		76,296

As at 31 December 2012 and 2011, the remaining amortisation periods of intangible assets are 1 - 119 months and 1 - 60 months, respectively (the Bank only: 1 - 119 months and 1 - 60 months, respectively).

17. Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2012	2011	2012	2011
Prepaid expenses	14,481	11,754	10,718	10,201
Deposits	12,836	9,310	6,536	5,770
Advance	1,444	786	1,433	766
Others	2,403	2,226	1,798	1,652
Total other assets	31,164	24,076	20,485	18,389

18. Classification of assets

As at 31 December 2012 and 2011, the quality of assets of the Bank and its subsidiary classified in accordance with the Notification of the Bank of Thailand is as follows:

(Unit: Million Baht)

	Consolidated financial statements									
	Loans to customers and accrued interest receivables		Investments		Properties foreclosed		Other assets		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Pass	105,238 ⁽¹⁾	71,069 ⁽¹⁾	-	-	-	-	-	-	105,238	71,069
Special-mention	4,216	4,101	-	-	-	-	-	-	4,216	4,101
Sub-standard	1,061	635	-	-	-	-	-	-	1,061	635
Doubtful	291	531	-	-	-	-	-	-	291	531
Doubtful of loss	925	759	12	12	354	293	185	84	1,476	1,148
Total	111,731	77,095	12	12	354	293	185	84	112,282	77,484

⁽¹⁾ The classified debts included loans to the financial institutions, which are presented as a part of "interbank and money market items" (assets) in the statements of financial position.

(Unit: Million Baht)

	Separate financial statements									
	Loans to customers and accrued interest receivables		Investments		Properties foreclosed		Other assets		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Pass	95,975 ⁽¹⁾	70,747 ⁽¹⁾	-	-	-	-	-	-	95,975	70,747
Special-mention	1,181	881	-	-	-	-	-	-	1,181	881
Sub-standard	696	220	-	-	-	-	-	-	696	220
Doubtful	67	287	-	-	-	-	-	-	67	287
Doubtful of loss	924	758	12	12	319	284	6	8	1,261	1,062
Total	98,843	72,893	12	12	319	284	6	8	99,180	73,197

⁽¹⁾ The classified debts included loans to the financial institutions, which are presented as a part of "interbank and money market items" (assets) in the statements of financial position.

19. Deposits

19.1 Classified by types of deposits

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
At call	5,798,018	4,542,389	5,799,633	4,542,409
Savings deposits	2,009,863	1,113,220	2,011,195	1,114,650
Time deposits				
- Less than 6 months	33,886,182	8,961,174	33,886,182	8,961,174
- 6 months and up to 1 year	18,999,612	675,011	18,999,612	675,011
- Over 1 year	6,511,440	5,540,545	6,511,440	5,540,545
Total deposits	67,205,115	20,832,339	67,208,062	20,833,789

19.2 Classified by remaining periods of deposit contracts

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Not over 1 year (included matured contracts)	66,925,622	20,528,439	66,928,569	20,529,889
Over 1 year	279,493	303,900	279,493	303,900
Total deposits	67,205,115	20,832,339	67,208,062	20,833,789

19.3 Classified by currencies and residency of depositors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	66,167,732	524,564	66,692,296	20,513,093	163,586	20,676,679
US dollar	423,995	15,505	439,500	130,366	-	130,366
Other currencies	51,968	21,351	73,319	23,529	1,765	25,294
Total deposits	66,643,695	561,420	67,205,115	20,666,988	165,351	20,832,339

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	66,170,679	524,564	66,695,243	20,514,543	163,586	20,678,129
US dollar	423,995	15,505	439,500	130,366	-	130,366
Other currencies	51,968	21,351	73,319	23,529	1,765	25,294
Total deposits	66,646,642	561,420	67,208,062	20,668,438	165,351	20,833,789

20. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	-	918,003	918,003	-	-	-
Commercial banks	35	13,394,069	13,394,104	-	1,020,008	1,020,008
Other financial institutions	2,883,581	3,629,034	6,512,615	461,207	4,033	465,240
Total domestic items	2,883,616	17,941,106	20,824,722	461,207	1,024,041	1,485,248
Foreign						
Baht currency	49,505	-	49,505	6,262	-	6,262
USD currency	-	15,315,800	15,315,800	-	-	-
Total foreign items	49,505	15,315,800	15,365,305	6,262	-	6,262
Total domestic and foreign items	2,933,121	33,256,906	36,190,027	467,469	1,024,041	1,491,510

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	-	918,003	918,003	-	-	-
Commercial banks	35	10,894,069	10,894,104	-	1,020,008	1,020,008
Other financial institutions	2,883,581	3,629,034	6,512,615	461,207	4,033	465,240
Total domestic items	2,883,616	15,441,106	18,324,722	461,207	1,024,041	1,485,248
Foreign						
Baht currency	49,505	-	49,505	6,262	-	6,262
USD currency	-	15,315,800	15,315,800	-	-	-
Total foreign items	49,505	15,315,800	15,365,305	6,262	-	6,262
Total domestic and foreign items	2,933,121	30,756,906	33,690,027	467,469	1,024,041	1,491,510

21. Debts issued and borrowings

As at 31 December 2012 and 2011, the Bank and its subsidiary had debts issued and borrowings as follow:

Type of loans	Currency	Interest rates as at 31 December			Maturity dates	Consolidated financial statements	
		2012	2011	2012		2011	
		(Percent per annum)	(Percent per annum)				
Bills of Exchange	Baht	2.25% - 4.20 %	2.00% - 4.25%	2012 - 2015	1,496,123	51,451,656	
Secured debentures	Baht	3.79% - 3.98%	-	2014 - 2015	5,589,991	-	
Unsecured debentures	Baht	3.78%	-	2013 - 2014	1,229,253	-	
Total					8,315,367	51,451,656	

(Unit: Thousand Baht)

Type of loans	Currency	Interest rates as at 31 December			Maturity dates	Separate financial statements	
		2012	2011	2012		2011	
		(Percent per annum)	(Percent per annum)				
Bills of Exchange	Baht	2.25% - 4.20 %	2.00% - 4.25%	2012 - 2015	1,496,123	51,451,656	
Unsecured debentures	Baht	3.78%	-	2013 - 2014	1,229,253	-	
Total					2,725,376	51,451,656	

22. Provisions

22.1 Provisions for post-employment benefits

The Bank and its subsidiary treat the severance payments they must make to employees upon retirement under labor law as a post-employment retirement benefit plan.

Change in provisions for post-employment benefits for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Defined benefit obligation - beginning of the years	113	92	94	80
Current service cost	23	22	17	16
Interest cost	4	4	4	3
Benefits paid during the years	(7)	(5)	(5)	(5)
Actuarial gains	(17)	-	(17)	-
Balance - ending of the years	<u>116</u>	<u>113</u>	<u>93</u>	<u>94</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Current service cost	16	12	12	7
Interest cost	4	4	4	3
Actuarial gain recognised during the years	(17)	-	(17)	-
Total expense recognised in profit or loss	<u>3</u>	<u>16</u>	<u>(1)</u>	<u>10</u>

Principal actuarial assumptions at the valuation dates were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.35 - 3.56	4	3.35	4
Future salary increase rate	6	6	6	6
Staff turnover rate	0 - 19	0 - 20	0 - 19	0 - 20

Amounts of defined benefit obligation at the end of the current year and previous two years are as follows:

(Unit: Million Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	116	93	(15)	(16)
Year 2011	113	94	-	-
Year 2010	92	80	-	-

22.2 Provisions for other liabilities

(Unit: Thousand Baht)

	Consolidated and separate financial statements							
	For the year ended 31 December 2012				For the year ended 31 December 2011			
	Share of losses from management of non-performing loans	Loss from lawsuit	Others	Total	Share of losses from management of non-performing loans	Loss from lawsuit	Others	Total
Balance - beginning of the year	222,000	102,950	1,100	326,050	-	99,650	-	99,650
Increase (decrease) during the years	-	3,750	(1,100)	2,650	-	3,750	1,100	4,850
Actually payments	-	-	-	-	-	(450)	-	(450)
Transferred from allowance for impairment of investments ⁽¹⁾	-	-	-	-	222,000	-	-	222,000
Balance - ending of the year	222,000	106,700	-	328,700	222,000	102,950	1,100	326,050

⁽¹⁾ Previously, provision on profit or loss sharing from management of non-performing assets transferred to Thai Asset Management Corporation ("TAMC") was presented as a deduction of promissory notes received from TAMC.

23. Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Other payables	782,980	454,159	109,203
Cash received in advance	136,232	55,303	136,232	55,303
Accrued expenses	410,580	246,635	323,567	179,132
Withholding tax payable	17,128	16,251	13,399	14,418
Special business tax payable	15,493	13,628	15,493	13,628
Payables under finance lease contracts	12,006	8,416	3,786	5,861
Corporate income tax payable	57,613	222,946	12,112	124,065
Others	82,108	72,956	43,675	38,475
Total other liabilities	1,514,140	1,090,294	657,467	530,075

24. Share capital

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares. If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and then the Class A preference shares and Class B preference shares proportionately. All preferences had a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders has been the same as those of the ordinary shareholders since then.

Holders of both classes of preference shares are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. All Class A preference shares were already converted into ordinary shares before the year 2010 and the Class B preference shareholders are still entitled to convert the remaining Class B preference shares into ordinary shares.

During the year ended 31 December 2011, 13,251 Class B preference shares were converted into ordinary shares and during the year ended 31 December 2012, there are no exercises of conversion rights made by Class B preference shares. Hence, as at 31 December 2012 and 2011, there were 1,590,001,864 ordinary shares in issue, and 451,081 Class B preference shares outstanding.

On 14 November 2012, the Bank was granted permission from the Bank of Thailand to decrease the Bank's registered and paid-up share capital. On 19 November 2012, the Bank's Extraordinary General Meeting No. 1/2012 of Shareholders resolved to approve the reduction of the Bank's registered and paid-up share capital by means of decrease the par value from Baht 10 per share to Baht 8.92 per share, resulting in the decrease in its registered and paid-up share capital from Baht 15,904,529,450 to Baht 14,186,840,269. The decrease of its registered and paid-up capital of Baht 1,717,689,181 shall be made against the Bank's deficit.

The Bank also registered the reductions in its registered capital, its paid-up capital and its par value with the Ministry of Commerce on 30 November 2012.

Reconciliation of number of ordinary shares and preference shares for the years ended 31 December 2012 and 2011 are as follow:

	For the year ended 31 December 2012		For the year ended 31 December 2011	
	Shares	Amount (Baht)	Shares	Amount (Baht)
<u>Registered share capital</u>				
<u>Ordinary shares</u>				
Ordinary shares at the beginning of the years	1,590,001,864	15,900,018,640	1,587,719,304	15,877,193,040
Registered conversion of preference shares into ordinary shares	-	-	2,282,560	22,825,600
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(1,717,202,013)	-	-
Ordinary shares at the end of the years	<u>1,590,001,864</u>	<u>14,182,816,627</u>	<u>1,590,001,864</u>	<u>15,900,018,640</u>
<u>Preference shares</u>				
Preference shares at the beginning of the years	451,081	4,510,810	2,733,641	27,336,410
Registered conversion of preference shares into ordinary shares	-	-	(2,282,560)	(22,825,600)
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(487,168)	-	-
Preference shares at the end of the years	<u>451,081</u>	<u>4,023,642</u>	<u>451,081</u>	<u>4,510,810</u>
<u>Issued and paid-up share capital</u>				
<u>Ordinary shares</u>				
Ordinary shares at the beginning of the years	1,590,001,864	15,900,018,640	1,589,988,613	15,899,886,130
Conversion of preference shares into ordinary shares	-	-	13,251	132,510
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(1,717,202,013)	-	-
Ordinary shares at the end of the years	<u>1,590,001,864</u>	<u>14,182,816,627</u>	<u>1,590,001,864</u>	<u>15,900,018,640</u>
<u>Preference shares</u>				
Preference shares at the beginning of the years	451,081	4,510,810	464,332	4,643,320
Conversion of preference shares into ordinary shares	-	-	(13,251)	(132,510)
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(487,168)	-	-
Preference shares at the end of the years	<u>451,081</u>	<u>4,023,642</u>	<u>451,081</u>	<u>4,510,810</u>

25. Other component of shareholders' equity - revaluation surplus on investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2012	2011
Balances - beginning of the years	155,770	164,577
Increase from changes in value of securities	225,804	73,522
Decrease from changes in value of securities	(22,288)	(87,840)
Losses on sale of investments transferred to be recognised in profit or loss from operation	609	5,511
Balances - end of the years	359,895	155,770

26. 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. As at 31 December 2012 and 2011, the capital funds are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2012	31 December 2011
<u>Tier 1 capital</u>		
Registered and fully paid share capital	14,186,840	15,904,529
Investments in debt securities already counted as other financial institutions' capital funds	(172,624)	(224,659)
Deficit	(11,232)	(2,257,639)
Total	14,002,984	13,422,231
<u>Tier 2 capital</u>		
Reserve for assets classified as "Pass"	664,032	541,899
Revaluation surplus on investments in available-for-sale equity securities	42,530	14,267
Investments in debt securities already counted as other financial institutions' capital funds	(172,624)	(224,659)
Total	533,938	331,507
Total capital funds	14,536,922	13,753,738

As at 31 December 2012 and 2011, the calculation of capital ratios which are determined in accordance with the criteria regulating capital funds of commercial banks as announced in the Notification of the Bank of Thailand, are as follows:

(Unit: Percentage)

Capital ratios	Separate financial statements			
	31 December 2012		31 December 2011	
	The Bank	Requirement	The Bank	Requirement
Tier 1 capital to risk assets	13.72	4.25	17.10	4.25
Total capital to risk assets	14.23	8.50	17.52	8.50

In order to comply with the Bank of Thailand's notification on Basel II's Pillar III, re: Public Disclosure of Capital Maintenance Information for Commercial Banks, the Bank disclosed capital adequacy and capital risk exposure information as of 30 June 2012 through the Bank's website at www.icbcthai.com on 15 October 2012, and will disclose capital adequacy and capital risk exposure information as of 31 December 2012 through the Bank's website within April 2013.

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act. B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net income after deducting brought forward accumulated deficit (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

On 1 March 2013, the Board of Directors' Meeting No.1/2013 resolved to approve the appropriation of Baht 100 million to a statutory reserve from profit for the year 2012 after deducting brought forward accumulated deficit, which is net of the effect from capital reduction.

28. Interest Income

Interest income for the years ended 31 December 2012 and 2011 consisted of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Interest income on:				
Interbank and money market items	318,836	183,650	318,647	183,457
Investments in debt securities	771,160	438,183	771,160	438,183
Loans to customers	2,319,234	1,950,549	3,621,929	2,909,431
Hire purchase and finance lease	2,669,122	1,944,791	1,553	1,040
Others	372	7,127	372	7,127
Total interest income	6,078,724	4,524,300	4,713,661	3,539,238

29. Interest expenses

Interest expenses for the years ended 31 December 2012 and 2011 consisted of:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Interest expenses on:				
Deposits	1,263,352	531,887	1,263,363	531,894
Interbank and money market items	331,677	72,054	278,864	47,292
Debts issued - non-secure debenture	94,433	-	36,717	-
Borrowings	935,677	1,114,401	935,677	1,114,401
Contribution fee to the Deposit Protection Agency and Bank of Thailand	289,738	91,191	289,738	91,191
Borrowing fee expense	2,140	-	624	-
Others	98	14	98	14
Total interest expenses	<u>2,917,115</u>	<u>1,809,547</u>	<u>2,805,081</u>	<u>1,784,792</u>

30. Net fees and service income

Net fees and service income for the years ended 31 December 2012 and 2011 consisted of:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Fees and service income				
- Acceptances, aval and guarantees	24,626	13,305	32,144	13,305
- Letter of credit fee income	5,108	7,774	5,108	7,774
- Hire purchase/finance lease fee income	316,201	193,052	-	-
- Others	22,738	18,346	22,738	18,346
Total fees and service income	<u>368,673</u>	<u>232,477</u>	<u>59,990</u>	<u>39,425</u>
Fees and service expenses	<u>(1,118)</u>	<u>-</u>	<u>(1,118)</u>	<u>-</u>
Net fees and service income	<u>367,555</u>	<u>232,477</u>	<u>58,872</u>	<u>39,425</u>

31. Net gains on foreign currency trading and exchange transactions

Net gains on foreign currency trading and exchange transactions for the years ended 31 December 2012 and 2011 consisted of:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2012	2011
Foreign currencies and derivatives on foreign exchange	22,645	6,689
Equity securities	-	2,648
Total	22,645	9,337

32. Net gains on investments

For the years ended 31 December 2012 and 2011, the Bank had gains on disposals of available-for-sale investments amounted to Baht 12 million and Baht 7 million, respectively.

33. Provident fund

The Bank, its subsidiary and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The Bank, its subsidiary and their employees contribute to the fund on a monthly basis at the rate of 3 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

For the years ended 31 December 2012 and 2011, the Bank and its subsidiary contributed Baht 15 million and Baht 14 million, respectively, to the provident fund (the Bank only: Baht 10 million and Baht 10 million, respectively).

34. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries and related benefits payable to directors who are executives of the Bank and its subsidiary) paid to the Bank and subsidiary's directors in accordance with Section 90 of the Public Limited Companies Act.

35. Bad debts, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment loss in the statement of comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2012	2011	2012	2011
Bad debts and doubtful accounts				
Interbank and money market items	14,790	17,134	14,790	17,134
Loans to customers	1,324,272	918,622	862,664	512,656
Losses on debt restructuring	22,948	12,621	22,948	12,621
Total	<u>1,362,010</u>	<u>948,377</u>	<u>900,402</u>	<u>542,411</u>

36. Income taxes

Corporate income taxes have been calculated based on profits from operation before income taxes after adding back certain expenses and provision non-deductible for tax computation purposes and deducting tax-exempted revenues.

37. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	For the years ended	
	31 December	
	2012	2011
Other comprehensive income		
Available-for-sale investments:		
Unrealised gains (losses) incurred during the years	203,516	(14,318)
Add: Realised losses that are transferred to be recognised in profit or loss from operation	<u>609</u>	<u>5,511</u>
Other comprehensive income for the years	<u>204,125</u>	<u>(8,807)</u>

38. Earnings per share

Basic earnings per share is calculated by dividing profits for the years attributable to equity holders of the Bank (excluding other comprehensive income/loss), by the weighted average number of ordinary shares and the preference shares, which have the same right as ordinary shares, in issue during the years.

39. Related party transactions

39.1 Type of relationship

The Bank had significant business transactions with its major shareholder of the Bank, companies that are related with the major shareholder of the Bank, the Bank's subsidiary and related companies, including transactions with directors or management employees from executive vice president level or equivalent position upward, persons related to the related persons, entities in which the related persons have management authority, or entities in which the Bank or directors or such management employees from executive vice president level or equivalent position upward or persons related to the related persons hold in the aggregate more than 10 percent of the issued share capital.

Relationship with related parties are summarised below:

1. The parent company of the Bank, holding 97.70% of the Bank's issued and paid-up share capital, is Industrial and Commercial Bank of China Limited.
2. The subsidiary of the Bank is ICBC (Thai) Leasing Company Limited.
3. The accounting standard defines associates as those entities over which the investor has significant influence, but are not treated as subsidiaries. If the investor's direct and indirect voting rights are at least 20 percent of the issued share capital of such company, it is presumed that the investor has significant influence over the company. The associate of the Bank is Finansia Syrus Securities Public Company Limited.
4. The subsidiary of the Bank's associated is ACL Securities Company Limited.
5. The companies that are related with Industrial and Commercial Bank of China Limited, the major shareholder of the Bank, which have transaction with the Bank are
 - Industrial and Commercial Bank of China (Asia) Limited
 - PT. Bank ICBC Indonesia or Industrial and Commercial Bank of China (Indonesia) Limited

6. The companies that are related through the Bank's directors or management and have transactions with the Bank, consist of

- Bangkok BTMU Company Limited
- M-Home SPV 3 Company Limited
- Siam Piwat Company Limited
- Siam Piwat Holding Company Limited

39.2 Significant business transactions

During the years, the Bank and its subsidiary had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those related parties. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	For the years ended 31 December		For the years ended 31 December		
	2012	2011	2012	2011	
Parent company					
Interest income	60	12	60	12	With reference to the terms and prices as offered to other customers
Fee income	8	3	8	3	With reference to the terms and prices as offered to other customers
Interest expenses	38	-	38	-	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Subsidiary (eliminated from the consolidated financial statements)					
Interest income	-	-	1,323	978	With reference to the terms and prices as offered to other customers
Dividend income	-	-	251	-	As announced by the investee company
Fee income	-	-	8	-	With reference to the terms and prices as offered to other customers
Associate					
Interest income	-	1	-	1	With reference to the terms and prices as offered to other customers
Interest expenses	4	1	4	1	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Dividend income	-	-	7	9	As announced by the investee companies
Fee and service expenses	-	1	-	1	Market rates
Related company					
Dividend income	2	2	2	2	As announced by the investee companies
Interest expenses	1	-	1	-	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Related directors and management					
Interest expenses	1	1	1	1	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand

The Bank has established guidelines whereby interest rates, fees, service and rental charges are to be set for related companies as if the transactions were being executed with unrelated parties, with the key consideration being maximisation of benefit to the Bank.

39.3 Outstanding balances with related parties

As at 31 December 2012 and 2011, the outstanding balances of transactions between the Bank and its subsidiary and their related parties, or between the Bank or its subsidiary and their related parties can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Interbank and money market items (assets)				
Industrial and Commercial Bank of China Limited	126	119	126	119
Industrial and Commercial Bank of China (Asia) Limited	3	26	3	26
Industrial and Commercial Bank of China (Indonesia) Limited	-	95	-	95
Investments ⁽¹⁾				
ICBC (Thai) Leasing Company Limited	-	-	3,750	3,250
Finansia Syrus Securities Public Company Limited	305	291	305	291
Bangkok BTMU Company Limited	20	20	20	20
⁽¹⁾ are stated at investment amount				
Loans to customers				
ICBC (Thai) Leasing Company Limited	-	-	31,432	27,594
Accrued interest receivables				
ICBC (Thai) Leasing Company Limited	-	-	15	7
Other assets				
Industrial and Commercial Bank of China Limited	-	16	-	16
Finansia Syrus Securities Public Company Limited	1	1	1	1
Interbank and money market items (liabilities)				
Industrial and Commercial Bank of China Limited	15,365	6	15,365	6
Finansia Syrus Securities Public Company Limited	329	36	329	36
Deposits and debts issued and borrowings				
ICBC (Thai) Leasing Company Limited	-	-	3	1
ACL Security Company Limited	180	-	180	-
M-Home SPV 3 Company Limited	4	5	4	5
Related persons	54	48	54	48
Off-balance sheet items				
<i>Letter of guarantee ⁽¹⁾</i>				
Industrial and Commercial Bank of China Limited	443	928	443	928
Industrial and Commercial Bank of China (Asia) Limited	-	1	-	1
<i>Guarantee on loans ⁽¹⁾</i>				
ICBC (Thai) Leasing Company Limited	5,600	-	5,600	-
⁽¹⁾ are stated at guarantee amount				
<i>Forward-bought ⁽²⁾</i>				
Industrial and Commercial Bank of China (Asia) Limited	205	55	205	55
⁽²⁾ are stated at notional amount				

For restructured loans, interest rates will be according to conditions as stipulated in debt restructuring agreements.

The Bank's policy in setting up allowance for doubtful accounts on loans to related parties is similar to other debtors. As at 31 December 2012 and 2011, the Bank set up allowance for doubtful accounts on loans to related parties totaling Baht 574 million and Baht 276 million, respectively.

Movements of loans (included interbank and money market items - assets) to related parties for the year ended 31 December 2012 are as follows:

(Unit: Million Baht)

	1 January 2012	Addition during the year	Repayment during the year	31 December 2012	Period of contracts
ICBC (Thai) Leasing Company Limited	4,886	48,063	(39,827)	13,122	At call
ICBC (Thai) Leasing Company Limited	22,708	10,310	(14,708)	18,310	9 Jul 09 - 20 Jul 15
Industrial and Commercial Bank of China Limited	10	31,278	(31,242)	46	At call
Industrial and Commercial Bank of China Limited	109	4,155	(4,184)	80	22 Aug 12 - 18 Feb 13
Industrial and Commercial Bank of China (Asia) Limited	1	22,099	(22,097)	3	At call
Industrial and Commercial Bank of China (Asia) Limited	25	5,011	(5,036)	-	Matured
Industrial and Commercial Bank of China (Indonesia) Limited	95	-	(95)	-	Matured

Movements of deposits, debts issued and borrowings (included interbank and money market items - liabilities) from related companies for the year ended 31 December 2012 are as follows:

(Unit: Million Baht)

	1 January 2012	Deposits/ borrowings during the year	Repayment during the year	31 December 2012	Period of contracts
ICBC (Thai) Leasing Company Limited	1	6,122	(6,120)	3	At call
Industrial and Commercial Bank of China Limited	6	100	(56)	50	At call
Industrial and Commercial Bank of China Limited	-	28,554	(13,239)	15,315	17 Dec 12 - 27 Mar 13
Industrial and Commercial Bank of China (Asia) Limited	2	23	(22)	3	At call
ACL Securities Company Limited	-	2,604	(2,424)	180	At call
Finansia Syrus Securities Public Company Limited	36	4,190	(3,897)	329	At call
M-Home SPV 3 Company Limited	5	-	(1)	4	At call
Siam Piwat Company Limited	-	125	(125)	-	Matured
Related persons	4	82	(75)	11	At call
Related persons	44	130	(131)	43	10 Jul 12 - 19 Jun 13

39.4 Directors and management's remuneration

During in the years ended 31 December 2012 and 2011, the Bank and its subsidiary incurred their directors and management's remuneration as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2012	2011	2012	2011
Short-term employee benefits	162	141	100	90
Post-employment benefits	5	7	2	4

The Bank's directors and executives from the rank of executive vice president upwards do not receive benefits, either in monetary or non-monetary terms, other than the normal benefits such as monthly directors' remuneration, meeting allowances, salaries and bonuses, as the case may be. Directors who are executives of the Bank do not receive remuneration, in accordance with the Bank's policy, and the representative directors who are executives of Industrial and Commercial Bank of China Limited do not receive remuneration, in accordance with Industrial and Commercial Bank of China Limited's policies, except for those benefits granted in accordance with employment agreements such as housing allowances, medical expenses, life and accident insurance and home trip expenses, in accordance with the established criteria. Nevertheless, directors with permanent residence abroad can reimburse expenses of travelling and accommodation incurred in connection with the operation of the Bank's business, at the amount actually incurred.

40. Contingent liabilities and commitments

40.1 Commitments

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bill and guarantee on loan	5,605	98	5,703	2	100	102
Letters of credit	-	372	372	5	207	212
Other contingencies						
Forward exchange contracts - bought	-	5,361	5,361	-	8,419	8,419
Forward exchange contracts - sold	-	16,505	16,505	-	13,900	13,900
Interest rate swap contracts	20,900	-	20,900	23,050	-	23,050
Cross currency and interest rate swap contracts						
Bought contracts	-	-	-	-	162	162
Sold contracts	-	919	919	-	729	729
Undraw committed lines	1,724	988	2,712	2,703	-	2,703
Others	884	509	1,393	781	947	1,728
Total	29,113	24,752	53,865	26,541	24,464	51,005

40.2 Contingent liabilities from litigations

- 40.2.1 On 21 October 1999, the Bank was sued by a provident fund claiming compensation of Baht 220 million (an unrealized loss from investment) plus accrued interest of Baht 23 million (calculated from the default date to the filing date) on the grounds that the Bank had breached an agreement dated 8 June 1995, under which the Bank was appointed as the provident fund manager. On 31 January 2003, the Court of First Instance dismissed the plaintiff's case. On 27 February 2007, the Appeal Court overturned this decision and the Bank was ordered to pay the plaintiff Baht 50 million plus interest at 7.5 percent per annum counting from 11 June 1998. The Bank does not agree with the Appeal Court's decision and has appointed a law firm to lodge an appeal with the Supreme Court. The case is currently being considered by the Supreme Court. However, as at 31 December 2012 and 2011, the Bank has provisions for liabilities of Baht 105 million and Baht 101 million, respectively.
- 40.2.2 In November 2009, the Bank foreclosed one guarantor's assets, as per an order of the Court of First Instance, and the guarantor petitioned the Court of First Instance to order the Bank to release the assets. The Court of First Instance dismissed the petition at the execution stage, but the guarantor lodged an appeal. On 22 February 2011, this guarantor filed another case against the Bank with the Court of First Instance, seeking compensation of Baht 5 million for a tort. Later on 4 January 2012, this guarantor filed a petition to withdraw such lawsuit and the Court approved this and ordered the case be struck from the system on 9 January 2012 so the case is considered final.
- 40.2.3 In September 2010, the Bank and a real estate development company, which had transferred assets to the Bank to settle debt, were ordered by the Court of First Instance to jointly return house booking deposits amounting to Baht 1.7 million plus interest at 7.5 percent per annum to 3 homebuyers, who had lodged complaints via Office of the Consumer Protection Board. The Bank disagreed with the order and lodged an appeal with the Appeal Court. Later, on 18 January 2012, the Appeal Court overturned the decision, and dismissed the plaintiff's case. The plaintiff did not agree with the Appeal Court's decision, and submitted a petition to the Supreme Court. The case is currently being considered by the Supreme Court. However, as at 31 December 2012 and 2011, the Bank recorded provisions for these liabilities of Baht 1.7 million.

40.2.4 As at 31 December 2012 and 2011, ACL Securities Company Limited (a former subsidiary of the Bank that the Bank has already divested and which is now a subsidiary of Finansia Syrus Securities Public Company Limited, an associate of the Bank) had contingent liabilities as a result of a litigation claim brought by a former executive of ACL Securities Company Limited, who sued the Bank and ACL Securities Company Limited in a civil law case, claiming compensation of approximately Baht 117 million for a tort and breach of contract. The Court of the First Instance dismissed the case on 18 August 2011. Later, on 17 October 2011, the plaintiff appealed the case and the Bank and such company lodged statements of objection on 24 January 2012. The case is currently being considered by the Appeal Court.

In addition, on 5 October 2012 the former executive of ACL Securities Company Limited sued the Bank and ACL Securities Company Limited in a labour case, seeking damages of approximately Baht 52 million for unfair dismissal. This case arose in the ordinary course of the business of ACL Securities Company Limited. Subsequently, on 18 February 2013, the Central Labour Court dismissed the case. However, the former executive of ACL Securities Company Limited can submit a place to the Appeal Court within 15 days.

The opinion of the Bank's management is that it is highly unlikely that the Bank and such company will have to pay the claimed amount. As at 31 December 2012 and 2011, the Bank therefore recorded no provision for the claim.

40.3 Commitments under agreement to transfer non-performing assets to TAMC

From 2001 to 2003, the Bank transferred its non-performing loans to TAMC as described in Note 8.3 to the financial statements, the Bank is still jointly liable for a share of profits or losses arising from TAMC's management of the non-performing assets. The gains or losses cannot be estimated with certainty at this stage because the liquidation process of TAMC is not yet completed. However, the Bank has estimated and recorded its share of losses of Baht 222 million that may arise from the management of all non-performing loans transferred. As at 31 December 2012 and 2011, such amount has been presented as a part of "Provisions for other liabilities".

40.4 Operating lease commitments

The Bank and its subsidiary have entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 0.5 and 15 years.

As at 31 December 2012 and 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Payable within:				
Less than 1 year	97	85	75	70
1 to 5 years	77	74	49	64
More than 5 years	23	23	23	23

41. Segment information

The Bank and its subsidiary's business operations involve 2 principal segments: (1) banking business and (2) hire purchase/finance leases business. These operations are mainly carried on in Thailand. Below is financial information by segment of the Bank and its subsidiary.

41.1 Financial position classified by business activity

Financial position classified by business activity as at 31 December 2012 and 2011 can be summarised as follows:

(Unit: Million Baht)

	For the years ended 31 December									
	Banking business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total assets	120,065	89,938	44,470	31,658	164,535	121,596	(35,137)	(30,807)	129,398	90,789
Interbank and money markets - net (assets)	5,981	9,681	171	62	6,152	9,743	(3)	(1)	6,149	9,742
Investments - net	19,869	14,970	-	-	19,869	14,970	(3,667)	(3,205)	16,202	11,765
Loans to customers and accrued interest receivables - net	92,054	62,653	43,941	31,432	135,995	94,085	(31,447)	(27,601)	104,548	66,484
Properties foreclosed – net	953	1,165	103	33	1,056	1,198	-	-	1,056	1,198
Deposits	67,208	20,833	-	-	67,208	20,833	(3)	(1)	67,205	20,832
Interbank and money market (liabilities)	33,690	1,492	33,932	27,594	67,622	29,086	(31,432)	(27,594)	36,190	1,492
Debts issued and borrowings	2,725	51,452	5,590	-	8,315	51,452	-	-	8,315	51,452
Commitments	53,865	51,005	-	-	53,865	51,005	-	-	53,865	51,005

41.2 Results of operations classified by business activity

Results of operations classified by business activity for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

	For the years ended 31 December									
	Banking business		Hire purchase/finance leases business		Total		Elimination entries		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest income	4,714	3,539	2,688	1,963	7,402	5,502	(1,323)	(978)	6,079	4,524
Interest expenses	(2,805)	(1,784)	(1,442)	(1,003)	(4,247)	(2,787)	1,330	978	(2,917)	(1,809)
Net interest income	1,909	1,755	1,246	960	3,155	2,715	7	-	3,162	2,715
Net fees and service income	59	40	316	193	375	233	(7)	-	368	233
Net gains on tradings and foreign exchange transactions	22	9	-	-	22	9	-	-	22	9
Net gains on investments	12	7	-	-	12	7	-	-	12	7
Share of profit from investments in an associated company under equity method	44	20	-	-	44	20	-	-	44	20
Other operating income	526	508	88	64	614	572	(211)	-	403	572
Total operating income	2,572	2,339	1,650	1,217	4,222	3,556	(211)	-	4,011	3,556
Other operating expenses	(1,112)	(991)	(849)	(509)	(1,961)	(1,500)	-	-	(1,961)	(1,500)
Bad debt, doubtful accounts and impairment loss ⁽¹⁾	(900)	(543)	(462)	(406)	(1,362)	(949)	-	-	(1,362)	(949)
Profits from operation before income taxes	560	805	339	302	899	1,107	(211)	-	688	1,107
Income taxes	(79)	(235)	(131)	(177)	(210)	(412)	-	-	(210)	(412)
Profits for the years	481	570	208	125	689	695	(211)	-	478	695

⁽¹⁾ Included loss on debt restructuring/reversal of loss on debt restructuring

Transfer prices between business segments are as set out in Note 39 to the financial statements.

42. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity security of another enterprise.

42.1 Credit Risk

Credit risk is the risk that the party to a financial agreement fails to honour an obligation and consequently cause the Bank and its subsidiary to incur a financial loss. The Bank and its subsidiary have disclosed significant concentrations of credit risk in Note 12.4 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial instruments less provision for losses as stated in the statements of financial position. The risk from off-balance sheet derivative financial instruments is presented in Note 40.1 to the financial statements.

In addition, the Bank manages credit risk by the following means, including through careful consideration of credit approval process, analysis of risk factors and the ability to service debts of borrowers and performing credit review to examine process, which examines and reviews the quality of the Bank's loan portfolio so as to prevent and provide a remedy for problem loans in the future.

42.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Bank manages interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

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

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2012				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	No interest	Total
<u>Financial assets</u>				
Cash	-	-	369	369
Interbank and money market items - net	81	5,045	1,023	6,149
Derivative assets	-	-	122	122
Investments - net	2,650	12,938	614	16,202
Loans to customers net of deferred revenues	41,769	64,138	597	106,504
<u>Financial liabilities</u>				
Deposits	3,414	63,625	166	67,205
Interbank and money market items	2	36,138	50	36,190
Liabilities payable on demand	-	-	14	14
Derivative liabilities	-	-	129	129
Debts issued and borrowings	-	8,326	-	8,326

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2011				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	No interest	Total
<u>Financial assets</u>				
Cash	-	-	290	290
Interbank and money market items - net	33	9,370	339	9,742
Derivative assets	-	-	404	404
Investments - net	1,785	9,481	499	11,765
Loans to customers net of deferred revenues	20,465	46,426	661	67,552
<u>Financial liabilities</u>				
Deposits	2,676	18,095	61	20,832
Interbank and money market items	5	1,480	7	1,492
Liabilities payable on demand	-	-	29	29
Derivative liabilities	-	-	672	672
Debts issued and borrowings	-	51,452	-	51,452

(Unit: Million Baht)

Separate financial statement as at 31 December 2012

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
<u>Financial assets</u>				
Cash	-	-	368	368
Interbank and money market items - net	1	5,045	935	5,981
Derivative assets	-	-	122	122
Investments - net	2,650	12,938	4,281	19,869
Loans to customers net of deferred revenues	41,769	51,825	7	93,601
<u>Financial liabilities</u>				
Deposits	3,416	63,625	167	67,208
Interbank and money market items	2	33,638	50	33,690
Liabilities payable on demand	-	-	14	14
Derivative liabilities	-	-	129	129
Debts issued and borrowings	-	2,726	-	2,726

(Unit: Million Baht)

Separate financial statement as at 31 December 2011

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
<u>Financial assets</u>				
Cash	-	-	289	289
Interbank and money market items - net	1	9,370	310	9,681
Derivative assets	-	-	404	404
Investments - net	1,785	9,481	3,704	14,970
Loans to customers net of deferred revenues	20,464	42,878	1	63,343
<u>Financial liabilities</u>				
Deposits	2,677	18,095	62	20,834
Interbank and money market items	5	1,480	7	1,492
Liabilities payable on demand	-	-	29	29
Derivative liabilities	-	-	672	672
Debts issued and borrowings	-	51,452	-	51,452

In addition, the Bank entered into interest rate swap contracts as described in Note 42.5 to the financial statements.

The periods from the reporting period - end to the repricing or maturity dates (whichever dates are earlier) of financial instruments which have fixed interest rates are as follows:

(Unit: Million Baht)							
Consolidated financial statement as at 31 December 2012							
Transactions	At call	Repricing or maturity periods				Total	Average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	48	4,799	198	-	-	5,045	2.71%
Investments - net	-	766	1,890	9,592	690	12,938	3.80%
Loans to customers net of deferred revenues	1,540	15,152	14,283	31,325	1,838	64,138	6.41%
Financial liabilities							
Deposits	4,228	43,999	15,119	279	-	63,625	3.08%
Interbank and money market items	2,716	32,452	52	918	-	36,138	1.81%
Debts issued and borrowings	14	544	1,214	6,554	-	8,326	3.78%

(Unit: Million Baht)							
Consolidated financial statement as at 31 December 2011							
Transactions	At call	Repricing or maturity periods				Total	Average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	-	7,229	2,141	-	-	9,370	3.27%
Investments - net	-	1,880	2,076	4,254	1,271	9,481	3.99%
Loans to customers net of deferred revenues	686	12,739	7,614	23,960	1,427	46,426	6.35%
Financial liabilities							
Deposits	2,918	10,526	4,347	304	-	18,095	3.11%
Interbank and money market items	456	1,024	-	-	-	1,480	3.04%
Debts issued and borrowings	1,896	39,110	10,101	345	-	51,452	3.46%

(Unit: Million Baht)							
Separate financial statement as at 31 December 2012							
Transactions	At call	Repricing or maturity periods				Total	Average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	48	4,799	198	-	-	5,045	2.71%
Investments - net	-	766	1,890	9,592	690	12,938	3.80%
Loans to customers net of deferred revenues	14,662	14,965	10,224	11,537	437	51,825	4.74%
Financial liabilities							
Deposits	4,228	43,999	15,119	279	-	63,625	3.08%
Interbank and money market items	2,716	29,952	52	918	-	33,638	1.65%
Debts issued and borrowings	14	544	1,214	954	-	2,726	3.56%

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2011						Average interest rates
	At call	Repricing or maturity periods				Total	
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	-	7,229	2,141	-	-	9,370	3.27%
Investments - net	-	1,880	2,076	4,254	1,271	9,481	3.99%
Loans to customers net of deferred revenues	5,572	11,804	6,585	18,282	635	42,878	4.88%
Financial liabilities							
Deposits	2,918	10,526	4,347	304	-	18,095	3.11%
Interbank and money market items	456	1,024	-	-	-	1,480	3.04%
Debts issued and borrowings	1,896	39,110	10,101	345	-	51,452	3.46%

In addition, the average balances of the financial assets or liabilities of the Bank and its subsidiary generating revenues or incurring expenses, calculated based on the average balances outstanding during the year, and the average interest rates for the year ended 31 December 2012 and 2011 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Average Balances	Average Interest	Average rate (% per annum)	Average Balances	Average Interest	Average rate (% per annum)
Financial Assets						
Interbank and money market items	10,124	319	3.15%	8,627	191	2.21%
Investment	13,112	771	5.88%	9,002	438	4.87%
Loans to customers net of deferred revenues	81,668	4,988	6.11%	61,268	3,895	6.36%
Financial Liabilities						
Deposits	42,707	1,263 ⁽¹⁾	2.96%	23,123	532 ⁽¹⁾	2.30%
Interbank and money market items	15,549	332	2.13%	2,363	72	3.05%
Debts issued and borrowings	31,364	1,030	3.28%	39,658	1,114	2.81%

⁽¹⁾ Not include contributions to the Deposit Protection Agency and the Bank of Thailand

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Average Balances	Average Interest	Average rate (% per annum)	Average Balances	Average Interest	Average rate (% per annum)
Financial Assets						
Interbank and money market items	10,010	319	3.18%	8,534	191	2.23%
Investment	13,112	771	5.88%	9,002	438	4.87%
Loans to customers net of deferred revenues	74,016	3,622	4.89%	56,731	2,909	5.13%
Financial Liabilities						
Deposits	42,709	1,263 ⁽¹⁾	2.96%	23,123	532 ⁽¹⁾	2.30%
Interbank and money market items	14,318	279	1.95%	1,997	47	2.37%
Debts issued and borrowings	29,641	972	3.28%	39,370	1,114	2.83%

⁽¹⁾ Not include contributions to the Deposit Protection Agency and the Bank of Thailand

42.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank has established a liquidity management policy, to ensure that the Bank has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits. The liquidity management policy is approved by the Group Risk Management Committee, the Executive Committee and the Board of Directors, respectively.

To manage the Bank's liquidity, the Treasury Division projects funding demand and identifies appropriate sources of funds consistent with the Bank's business and strategic plans. For the purpose of liquidity risk management, the Bank has set risk limits, required liquidity ratios, and liquidity control procedures, and the liquidity gap and liquidity management's performance are reported to the Asset and Liability Committee (ALCO) on a monthly basis. Moreover, the Risk Management Division closely monitors risk to ensure it remains within the limits set, and reports to the Group Risk Management Committee on a regular basis.

Moreover, the Bank has also formulated the liquidity contingency plans to handle any potential liquidity problems. These plans designate working procedures and explicitly assign roles and responsibilities to the relevant parties.

The Asset and Liability Committee has the following roles and responsibilities.

1. Review and verify the validity of the assumptions utilized by the Treasury Division in liquidity management
2. Formulate strategies relating to the regular and daily liquidity management
3. Ensure that liquidity management is efficient and appropriate policies and procedures for liquidity risk are established
4. Set interest rate policy
5. Ensure that the Bank has adequate information systems to measure, monitor, control and report liquidity risk
6. Approve the limits for mismatches in sources and uses of fund
7. Diversify sources of funds
8. Verify the liquidity contingency plan

Group liquidity management is decentralized, with the subsidiary, ICBC (Thai) Leasing Co., Ltd. independently managing its own cash inflows and outflows. ICBC (Thai) Leasing Co., Ltd, sources funds mainly from the Bank, which will provide liquidity support, with the amount of funds based on Limited of Authority via the Asset and Liability Committee. Nevertheless, the Bank performs regular controlling and monitoring of the liquidity risk of its subsidiary and the subsidiary's liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

The major uses of funds by the Bank are lending to corporate customers and investment in investment grade securities, but the Bank also designates limits to diversify the use of funds, such as limits on individual industries and lending limits for each individual. The Bank's main sources of funds are public deposits and borrowings. The Bank has set guidelines to reduce deposit concentrations, such as limits of the amount deposited per customer and limits of the amount deposited per corporate customer and per state enterprise.

The Bank has employed a conservative liquidity management policy, whereby it holds appropriate amounts of liquid assets, which can be easily converted into cash if liquidity problems arise. The Bank also maintains liquidity ratios in accordance with its expected liquidity requirement levels, for which there are three defined levels, depending on the economic, political and money market conditions. Such ratios are closely monitored on a daily basis.

The Bank generates reports and sets limits in liquidity management as follows:

1. Daily reports on the liquidity ratios used in determining the required amount of liquid assets, including liquid assets to total deposits ratio, liquid assets to top 20 large depositors ratio
2. Daily reports on amounts and types of liquid assets and their returns
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which reflects the period to maturity both on the basis of the contract and after behavioral adjustment. Liquidity gap reports are prepared on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.
4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1-month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate

5. Annual liquidity risk self assessment report
6. Monthly reports on any transactions or facilities exceeding approved limits
7. Monthly reports on the ratio of net liquidity deficit to deposits, the ratio of deposits from corporate customers and public enterprises and individual deposits.

The Bank also conducts stress tests on a quarterly basis, and regularly reviews the assumptions used to ensure they reflect current economic conditions, business strategies, and other relevant current and future factors. Stress test scenarios include a bank-specific crisis, a general market crisis and a combination of both scenarios that it is thought would have a severely adverse impact, and the Bank has prepared action plans to respond to the occurrence of such events. In addition, the Bank has prepared reports on its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in accordance with the BOT's guideline.

The periods to maturity, counting from the reporting period - end, of financial instruments outstanding as at 31 December 2012 and 2011, are as follows:

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2012								
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing assets	Total
<u>Financial assets</u>								
Interbank and money market items - net	1,152	4,799	198	-	-	-	-	6,149
Investments - net	13	1,066	1,890	11,929	690	614	-	16,202
Loans to customer net of deferred revenues	584	17,120	28,781	49,562	8,184	-	2,273	106,504
<u>Financial liabilities</u>								
Deposits	7,808	43,999	15,119	279	-	-	-	67,205
Interbank and money market items	2,768	32,452	52	918	-	-	-	36,190
Liabilities payable on demand	14	-	-	-	-	-	-	14
Debts issued and borrowings	14	544	1,214	6,554	-	-	-	8,326
<u>Off-balance sheet items</u>								
Avals to bill and guarantee on loan	-	54	49	5,600	-	-	-	5,703
Letters of credit	31	341	-	-	-	-	-	372
Other contingencies	763	23,615	9,455	13,957	-	-	-	47,790

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2011

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing	
							assets	Total
Financial assets								
Interbank and money market items - net	372	7,229	2,141	-	-	-	-	9,742
Investments - net	-	1,880	2,122	5,993	1,271	499	-	11,765
Loans to customer net of deferred revenues	154	14,130	10,389	35,396	5,566	-	1,917	67,552
Financial liabilities								
Deposits	5,655	10,526	4,347	304	-	-	-	20,832
Interbank and money market items	468	1,024	-	-	-	-	-	1,492
Liabilities payable on demand	29	-	-	-	-	-	-	29
Debts issued and borrowings	1,896	39,110	10,101	345	-	-	-	51,452
Off-balance sheet items								
Avals to bill	-	52	50	-	-	-	-	102
Letters of credit	15	197	-	-	-	-	-	212
Other contingencies	448	15,039	12,562	22,642	-	-	-	50,691

(Unit: Million Baht)

Separate financial statement as at 31 December 2012

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing	
							assets	Total
Financial assets								
Interbank and money market items - net	984	4,799	198	-	-	-	-	5,981
Investments - net	13	1,066	1,890	11,929	690	4,281	-	19,869
Loans to customer net of deferred revenues	13,706	16,933	24,722	29,774	6,783	-	1,683	93,601
Financial liabilities								
Deposits	7,811	43,999	15,119	279	-	-	-	67,208
Interbank and money market items	2,768	29,952	52	918	-	-	-	33,690
Liabilities payable on demand	14	-	-	-	-	-	-	14
Debts issued and borrowings	14	544	1,214	954	-	-	-	2,726
Off-balance sheet items								
Avals to bill and guarantee on loan	-	54	49	5,600	-	-	-	5,703
Letters of credit	31	341	-	-	-	-	-	372
Other contingencies	763	23,615	9,455	13,957	-	-	-	47,790

(Unit: Million Baht)

Separate financial statement as at 31 December 2011

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing	
							assets	Total
Financial assets								
Interbank and money market items - net	311	7,229	2,141	-	-	-	-	9,681
Investments - net	-	1,880	2,122	5,993	1,271	3,704	-	14,970
Loans to customer net of deferred revenues	5,040	13,195	9,361	29,718	4,772	-	1,257	63,343
Financial liabilities								
Deposits	5,657	10,526	4,347	304	-	-	-	20,834
Interbank and money market items	468	1,024	-	-	-	-	-	1,492
Liabilities payable on demand	29	-	-	-	-	-	-	29
Debts issued and borrowings	1,896	39,110	10,101	345	-	-	-	51,452
Off-balance sheet items								
Avals to bill	-	52	50	-	-	-	-	102
Letters of credit	15	197	-	-	-	-	-	212
Other contingencies	448	15,039	12,562	22,642	-	-	-	50,691

42.4 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 or the values of financial assets and liabilities.

Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank has a policy to hedge this foreign exchange exposure through management of its net foreign exchange position and operating in accordance with a risk management policy.

The Bank and its subsidiary's significant foreign currency position as at 31 December 2012 and 2011 can be summarised as follows:

Consolidated and separate financial statements as at 31 December 2012									
Outstanding balances of financial instruments									
	US dollar	Euro	Yen	Pound sterling	New Zealand dollar	Australian dollar	Hong Kong dollar	Singapore dollar	Renminbi
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<u>In-balance foreign currency position</u>									
Interbank and money market items (assets)	1,631.07	4.29	0.39	0.90	0.81	0.64	2.45	0.49	1,526.17
Investments - net	8,166.49	-	-	-	-	-	-	-	-
Loans to customers and accrued interest receivables	19,461.03	16.47	-	0.04	-	-	-	-	576.99
Deposits and accrued interest payables	439.50	1.68	13.29	0.01	-	-	-	-	58.34
Interbank and money market items (liabilities)	15,325.66	-	514.26	-	-	-	-	-	-
<u>Off-balance foreign currency position</u>									
Letters of credit	263.56	38.94	25.93	-	-	-	-	-	43.53
Forward contracts - Bought	4,722.82	90.03	547.57	-	-	-	1.07	-	-
Forward contracts - Sold	16,378.81	104.68	20.21	-	-	-	1.07	-	-
Cross currency and interest rate swap contracts									
Sold contracts	918.95	-	-	-	-	-	-	-	-
Other contingencies	1,477.16	-	20.21	-	-	-	-	-	98.33
Average exchange rate as at 31 December 2012									
(Baht per 1 foreign currency unit)	30.6316	40.5563	0.3545305	49.3458	25.1304	31.7757	3.951	25.034	4.9164
Consolidated and separate financial statements as at 31 December 2011									
Outstanding balances of financial instruments									
	US dollar	Euro	Yen	Pound sterling	New Zealand dollar	Australian dollar	Hong Kong dollar	Singapore dollar	Renminbi
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<u>In-balance foreign currency position</u>									
Interbank and money market items (assets)	244.73	16.38	0.27	0.27	1.43	1.14	2.29	0.03	3,324.34
Investments - net	4,843.59	-	-	-	-	-	-	-	215.92
Loans to customers and accrued interest receivables	1,531.04	28.05	-	0.15	-	-	-	-	148.43
Deposits and accrued interest payables	130.37	14.87	-	-	-	-	-	-	10.44
<u>Off-balance foreign currency position</u>									
Letters of credit	186.98	11.50	8.39	-	-	-	-	-	-
Forward contracts - Bought	8,184.24	80.85	-	-	-	-	-	-	154.00
Forward contracts - Sold	13,790.75	108.84	-	0.15	-	-	-	-	-
Cross currency and interest rate swap contracts									
Bought contracts	161.55	-	-	-	-	-	-	-	-
Sold contracts	728.90	-	-	-	-	-	-	-	-
Other contingencies	946.44	0.18	-	-	-	-	-	-	100.66
Average exchange rate as at 31 December 2011									
(Baht per 1 foreign currency unit)	31.6912	41.0274	0.4084	48.8578	24.4950	32.1971	4.0795	24.3854	5.0328

42.5 Financial derivatives

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

The Bank has a policy to mitigate risk associated with financial derivatives by stipulating policies and limits that require risk reporting and control procedures for the various types of risk, as a control over financial derivative activities. The Bank manages the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process that is 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.

The Bank has entered into interest rate swap contracts in order to manage risk associated with loans and investments, as follows:

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Notional amount		Maturity	Notional amount		Maturity
Interest rate swap contracts						
- swap the fixed interest rates for the floating interest	20,150	Million Baht	2013 - 2015	21,550	Million Baht	2012 - 2015
- swap the floating interest rates for the fixed interest rates	750	Million Baht	2013 - 2014	1,500	Million Baht	2012 - 2014

The Bank has entered into cross currency interest rate swap contracts in order to manage the risk associated with investments in foreign debt securities, as follows:

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Notional amount		Maturity	Notional amount		Maturity
Cross currency interest rate swap contracts						
- Receive interest at a floating rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	-	-	-	8	Million USD	2012
- Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	30	Million USD	2015 - 2016	15	Million USD	2012 - 2016
- Receive interest at a fixed rate on USD notional amounts and to pay interest at a fixed rate on CNY notional amounts	-	-	-	33	Million CNY	2012

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

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Not over	Over 1	Total	Not over	Over 1	Total
	1 year	year		1 year	year	
Forward exchange contracts						
- Bought	5,361	-	5,361	7,151	1,268	8,419
- Sold	16,505	-	16,505	12,442	1,458	13,900
Interest rate swap contracts	9,100	11,800	20,900	4,950	18,100	23,050
Cross currency and interest rate swap contracts						
- Bought	-	-	-	162	-	162
- Sold	-	919	919	412	317	729

42.6 Fair value

Fair value represents the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. The Bank has estimated the fair value of their financial instruments as follows:

(a) Financial assets

The methodology used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the statements of financial position, including cash, interbank and money market items and loans to customers, which are considered to approximate their respective carrying values since they are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions and which are traded on an active and liquid market, such as investments in securities, fair values are determined from the quoted market price.

(b) Financial liabilities

The fair values of financial liabilities, including deposits, liabilities payable on demand, interbank and money market items and debt issued and borrowings are considered to approximate their respective carrying values for the same reasons as described above.

As at 31 December 2012 and 2011, the fair value of financial instruments of the Bank and its subsidiary are as follow:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2012		31 December 2011	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	369	369	290	290
Interbank and money market items - net	6,149	6,149	9,742	9,742
Derivative assets	122	82	404	137
Investments - net	16,202	16,096	11,765	11,653
Loans to customers - net	104,548	104,548	66,484	66,484
Total	127,390	127,244	88,685	88,306
<u>Financial liabilities</u>				
Deposits	67,205	67,205	20,832	20,832
Interbank and money market items	36,190	36,190	1,492	1,492
Liabilities payable on demand	14	14	29	29
Derivative liabilities	129	112	672	394
Debts issued and borrowings	8,326	8,326	51,452	51,452
Total	111,864	111,847	74,477	74,199

(Unit: Million Baht)

	Separate financial statements			
	31 December 2012		31 December 2011	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	368	368	289	289
Interbank and money market items - net	5,981	5,981	9,681	9,681
Derivative assets	122	82	404	137
Investments - net	19,869	19,850	14,970	14,904
Loans to customers - net	92,055	92,055	62,653	62,653
Total	118,395	118,336	87,997	87,664
<u>Financial liabilities</u>				
Deposits	67,208	67,208	20,834	20,834
Interbank and money market items	33,690	33,690	1,492	1,492
Liabilities payable on demand	14	14	29	29
Derivative liabilities	129	112	672	394
Debts issued and borrowings	2,726	2,726	51,452	51,452
Total	103,767	103,750	74,479	74,201

43. Events after reporting period

On 16 January 2013, the subsidiary's Extraordinary General Meeting No.1/2013 of Shareholders resolved to approve the increase in its registered share capital from Baht 6,000 million to Baht 7,000 million through the issuance of additional 100 million ordinary shares at a par value of Baht 10 each or a total of Baht 1,000 million. The subsidiary called for the payment of additional 100 million shares at Bath 2.50 each, representing 25% of a par value, or a total of Baht 250 million. The Bank already made payment on such additional shares on 1 February 2013.

44. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors of the Bank on 1 March 2013.