



Gazing 山 (Mountain)  
Tan Rui Rong

## Contents

2	Company Profile	15	Independent Auditor's Report	136	Report of the Nomination and Compensation Committee
3	Financial Highlights	16	Financial Statements and Notes to Consolidated Financial Statements	137	Corporate Governance
4	Chairman's Statement	116	Other Information	140	Branch Network
6	Board of Directors	126	Risk Management	146	Company Information
6	Senior Management Team	134	Report of the Audit Committee		
7	Organisation Structure	135	Opinion of the Audit Committee on the Bank's Internal Control System		
8	Management Discussion and Analysis 2013				





## Gazing 山 (Mountain)

by Tan Rui Rong  
Oil on Canvas

Mr Tan Rui Rong's Gazing 山 is the design inspiration for this year's UOB Group Annual Report. The painting received the Silver Award in the 2013 UOB Painting of the Year (Singapore) Competition.

Mr Tan was moved by the philosophy of Buddhism Master Qing Yuan Wei Xin who said 见山是山 (a mountain is a mountain), 见山不是山 (a mountain is not a mountain), 见山还是山 (a mountain is still a mountain). The saying's deeper meaning reflects the changing perspectives people have as they progress through different stages in their lives.

Referencing Master Qing's philosophy, the artist uses the character 山 to represent the mountain. To the young boy standing at its foot, the immense mountain represents the promise of the future. With knowledge and resilience he will be able to scale its heights. It is a journey that will see him gain the wisdom to seize the many opportunities that will present themselves over time.

The UOB Painting of the Year Competition now in its 32<sup>nd</sup> year, promotes awareness and appreciation of the arts and challenges artists to produce works that inspire audiences across Southeast Asia.

## Company Profile

United Overseas Bank (Thai) Public Company Limited (UOB (Thai)) is a fully-licensed commercial bank. With its network of 155 branches, 353 ATMs and 35 foreign exchange kiosks nationwide (as at 31 December 2013), UOB (Thai) offers consumer and corporate customers a comprehensive suite of quality products and services to meet their financial objectives and needs. To complement its commercial banking business, UOB (Thai) has two subsidiaries providing futures broking and debt collection services.

UOB (Thai) is rated among the top banks in Thailand by Moody's Investors Service, Fitch Ratings, and Standard & Poor's:

### Moody's Investors Service:

International Ratings	Long-Term	Baa1
	Short-Term	Prime-2
	Financial Strength	D

### Fitch Ratings:

International Ratings	Long-Term	A-
	Short-Term	F2
	Viability	bb+
	Support	1
National Ratings	Long-term	AAA(thai)
	Short-term	F1+(thai)

### Standard & Poor's:

International Ratings	Long-term	BBB+
	Short-term	A2
ASEAN Regional Ratings	Long-term	axA+
	Short-term	axA-1

UOB (Thai) is 99.66 per cent owned by Singapore-based United Overseas Bank Limited (UOB), which has a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America.

A regional bank rooted in Thailand, UOB (Thai) provides customers with financial expertise and connectivity across Asia. It offers innovative financial solutions, quality products and excellent service through understanding and identifying the needs of its customers.

## Financial Highlights

	<b>Audited Financial Statements</b>	
	<b>2013</b>	2012
<b>Financial Position (Million Baht)</b>		
Assets	<b>407,863</b>	356,075
Loans	<b>255,427</b>	213,332
Allowance for doubtful accounts	<b>6,931</b>	5,201
Deposits	<b>234,641</b>	201,719
Liabilities	<b>370,570</b>	321,633
Shareholders' equity	<b>37,293</b>	34,442
Capital funds	<b>39,011</b>	31,273
<b>Earnings Performance (Million Baht)</b>		
Net interest income	<b>10,331</b>	9,188
Non-interest income	<b>2,767</b>	2,543
Provisions for doubtful accounts	<b>2,662</b>	1,448
Net profit before tax	<b>3,337</b>	2,849
Net profit after tax	<b>2,947</b>	2,202
<b>Ratios (%)</b>		
Net interest income to average assets	<b>2.70</b>	2.81
Return on average assets	<b>0.77</b>	0.67
Return on average equity	<b>8.22</b>	6.62
Earnings per share - basic (Baht)	<b>1.19</b>	0.89
Book value per share (Baht)	<b>15.00</b>	13.86
Capital adequacy ratio	<b>15.92</b>	15.98

## Chairman's Statement

Through it all, UOB (Thai) will maintain sound risk management and due diligence processes to focus on the long-term business sustainability and growth of our business.



### 2013 Review

Thailand's economy in 2013 began as broadly stable, coming off the momentum gained the year before. The key drivers of growth initially, were strong consumer consumption, as well as investment and net exports. However, speculation on the tapering of quantitative easing in the United States and the slowdown in domestic demand contributed to slower overall growth. Political uncertainties in the fourth quarter combined with expired government stimulus programmes, slowed the economy even further. Thailand's gross domestic product growth for 2013 declined to 2.9 per cent from 6.4 per cent in 2012.

### 2013 Bank Performance

Despite slower economic growth in the second half of the year, UOB (Thai) achieved net profit after tax of Baht 2.9 billion in 2013, a growth of 33.8 per cent over 2012. This was driven by solid growth in fee income at 18.6 per cent, along with well-balanced, double-digit loans growth across all customer segments.

Total loans increased from Baht 213 billion to Baht 255 billion, an increase of 19.7 per cent from 2012. The non-performing loans ratio was 1.69 per cent, which was lower than the industry's average of 2.31 per cent. Total deposits increased by 16.3 per cent. The Bank's capital adequacy ratio stood at 15.9 per cent which is the third highest among the 14 commercial banks in Thailand and well above the minimum set by the Bank of Thailand. The Bank set aside additional general loan provisions as a preparatory reserve for economic uncertainties.

### **Corporate Developments**

The trend of increased intra-regional trade provides a unique opportunity for us to serve our customers through our integrated regional network. In 2013, we formed a Foreign Direct Investment Advisory Unit to assist companies seeking to invest in Thailand and overseas.

Following the successful launch of our core platform banking in 2012, we undertook an end-to-end processing revamp to minimise the paperwork and waiting time for customers. We also augmented our Personal Internet Banking service to provide customers with more convenient access to their accounts from remote locations.

### **2014 Outlook**

With an improving world economy expected this year, particularly in the U.S., Thailand would likely benefit from increased private investment and a more vibrant manufacturing sector.

It remains to be seen what impact political events will have on Thailand's economy. What is clear is that prolonged tensions will affect investor and consumer confidence. Through it all, UOB (Thai) will maintain sound risk management and due diligence processes to focus on the long-term business sustainability and growth of our business.

### **Acknowledgement**

On behalf of the Board of Directors, I would like to express our appreciation to our customers for their continued support and to the management and staff for their hard work and dedication as they run the day-to-day business.

My appreciation also goes to my fellow Board members for their guidance and wise counsel.

### **Wee Cho Yaw**

Chairman  
February 2014

## Board of Directors

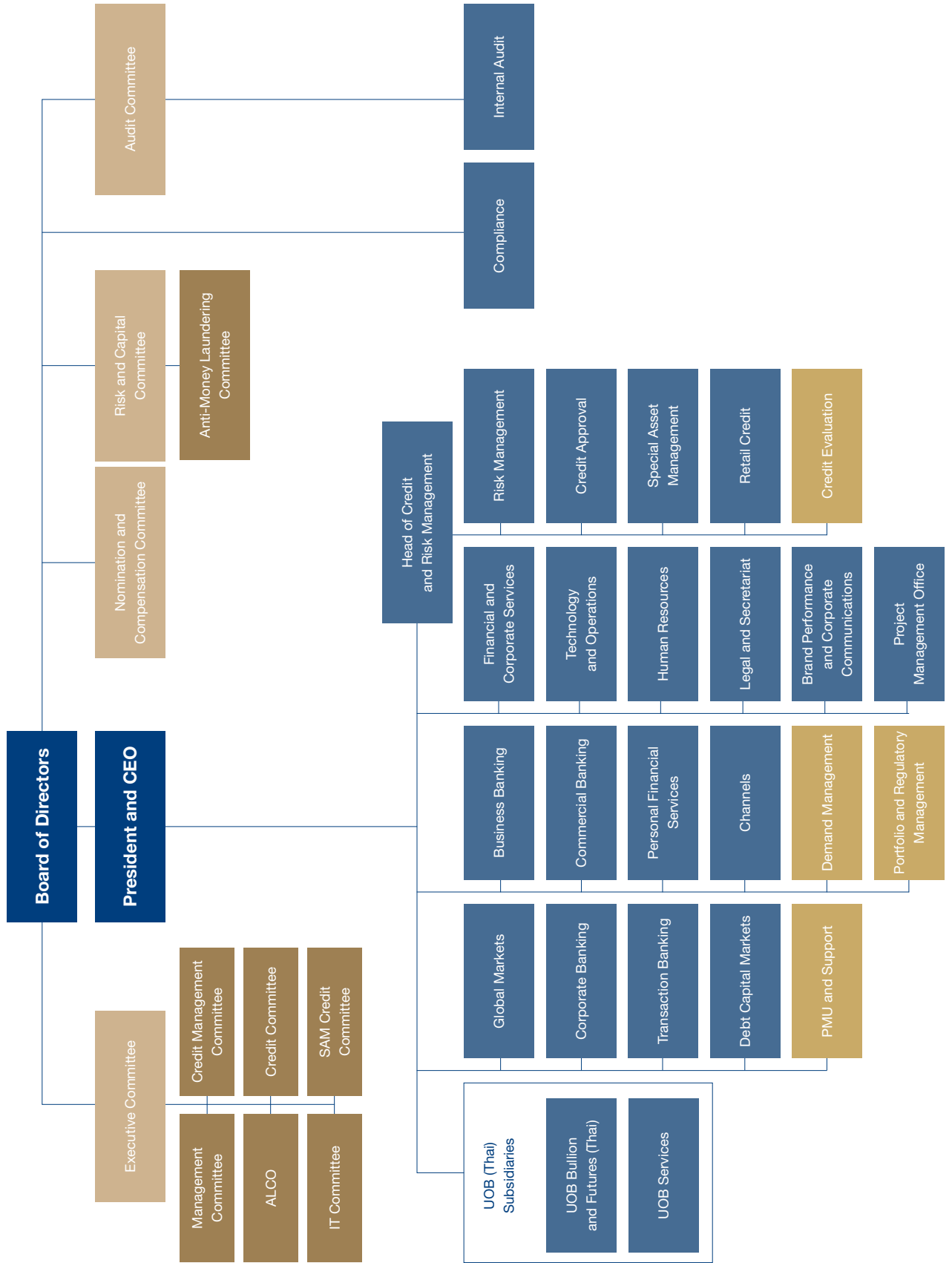
Wee Cho Yaw	Chairman
Wee Ee Cheong	Deputy Chairman
Chinnawat Bulsuk	Independent Director
Suebtrakul Soonthornthum	Independent Director
Arun Chirachavala	Independent Director
Lee Chin Yong	Director
Cheo Chai Hong	Director
Peter Foo Moo Tan	Director
Sanchai Apisaksirikul	Director

## Senior Management Team

Peter Foo Moo Tan	President and Chief Executive Officer
Steven Ngeo Swee Guan	Managing Director, Head of Credit and Risk Management
Loh Chen Hwee	Executive Director, Country Head of Global Markets
Pailin Ngsriwongse	Executive Director, Country Head of Corporate Banking
Patchanee Vongsilpawattana	Executive Director, Country Head of Transaction Banking
Pisal Kattiyothaivong	Executive Director, Country Head of Debt Capital Markets
Sayumrat Maranate	Executive Director, Country Head of Business Banking
Piyaporn Ratanaprasartporn	Executive Director, Country Head of Commercial Banking
Yuttachai Teyarachakul	Executive Director, Country Head of Personal Financial Services
Lim Keng Teck	Executive Director, Country Head of Channels and Country Head of Human Resources
Roongthip Angkasirisan	Executive Director, Country Head of Risk Management
Yau Chi Choi	Executive Director, Country Head of Retail Credit
Ho Swit Moy Margaret	Executive Director, Country Head of Credit Approval
Pojanee Rungsang	Executive Director, Country Head of Special Asset Management
Sanchai Apisaksirikul	Executive Director, Country Head of Finance and Corporate Services
Sirima Taecharungnirun	Executive Director, Country Head of Technology and Operations
Ngamjitt Sirijindalert	Executive Director, Country Head of Project Management Office
Busba Virochpoka	Executive Director, Country Head of Brand Performance and Corporate Communications
Pornchai Wiwatpattarakul	Executive Director, Country Head of Compliance and Country Head of Legal and Secretariat
Manit Panichakul	Executive Director, Country Head of Internal Audit



# Organisation Structure





# **Management Discussion and Analysis 2013**

# Management Discussion and Analysis 2013

## Statutory Financial Results

The Bank reported a net profit before tax of Baht 3,337 million, an increase of Baht 488 million from last year. This was due mainly to higher net interest income from robust loans growth of 20% and higher income on insurance and loan-related fees. Operating results remained strong despite provision for loans. In 2013, the Bank set aside a substantial loans provision of Baht 2,662 million, compared with Baht 1,448 million in 2012, of which Baht 1,710 million was for countercyclical resources to handle potential economic and political risks. Corporate income tax expenses decreased by Baht 73 million from last year due to the tax rate reduction from 23% to 20%. As a result, net profit after tax was higher by Baht 745 million year-on-year to Baht 2,947 million in 2013. The Bank's total assets as at 31 December 2013 were at Baht 408 billion, an increase of 14.5%.

## Summarised Statutory Financial Results

For the years ended 31 December 2013 and 2012

Statements of Comprehensive Income	Million Baht		
	2013 audited	2012 audited	% change
Interest income	17,578	15,617	12.6
Interest expenses	7,247	6,430	12.7
Net Interest income	10,331	9,188	12.4
Non-interest income	2,767	2,543	8.8
Total income	13,099	11,731	11.7
Operating expenses	7,100	7,434	(4.5)
Operating profit	5,999	4,297	39.6
Impairment loss of loans	2,662	1,448	83.8
Net profit before tax	3,337	2,849	17.1
Income tax	630	703	(10.3)
Non-controlling interest of subsidiaries	2	2	19.5
Profit from discontinuing operation	242	58	319.4
Net profit	2,947	2,202	33.8

## Key Financial Position Items

	Million Baht		
	31 Dec 13 audited	31 Dec 12 audited	% change
Total assets	407,863	356,075	14.5
Total loans	255,427	213,332	19.7
Non-performing loans (NPLs)	5,262	5,571	(5.5)
Total deposits	234,641	201,719	16.3

# Management Discussion and Analysis 2013

## Key Financial Ratios (%)

	Million Baht		
	31 Dec 13 audited	31 Dec 12 audited	change
Net interest income to average assets	2.7	2.8	(0.1)
Loans to deposits ratio	108.9	105.8	3.1
NPLs to total loans ratio	1.7	2.1	(0.4)
Capital adequacy ratio	15.9	16.0	(0.1)

### Net Interest Income

Net interest income (NII) for 2013 was Baht 10,331 million, a 12.4% or Baht 1,144 million increase from the same period the year before, after payment to the Financial Institutions Development Fund which was higher than last year by Baht 186 million. The higher NII was due mainly to higher average loans volume as well as credit margin.

### Non-Interest Income

Non-interest income for 2013 was Baht 2,767 million, an increase of Baht 224 million or 8.8% compared with the previous year. This was due mainly to higher fees and services income largely from insurance and loan-related items. In addition, there was an extra gain of Baht 166 million from the divestment of a subsidiary. There were, however, lower gains on the sale of investments and properties foreclosed compared with 2012.

### Operating Expenses

The Bank's operating expenses for 2013 was at Baht 7,100 million, a decrease of 4.5% compared with last year mainly from an impairment reversal of properties foreclosed and other assets in 2013, partly offset by higher staff costs especially in lending and sales and non-staff business-related expenses.

### Impairment Loss of Loans

In line with the Bank's prudent and conservative provision policy, the Bank set aside a total of Baht 2,662 million in loan loss provisions for 2013, which was 83.8% higher than provisions made for the previous year.

### Capital Expenditure

The Bank's capital expenditure for 2013 totalled Baht 528 million, compared with Baht 739 million in 2012, a decrease of Baht 211 million primarily due to the Bank's Core Banking project and branch renovations in the previous year.

### Dividend Payment Policy

The Bank's dividend payment policy is governed by Bank of Thailand (BOT) and The Public Company Limited Act. The dividend payment is subject to approval by shareholders at the Annual General Meeting, and does not exceed 45% of net profit for the year.

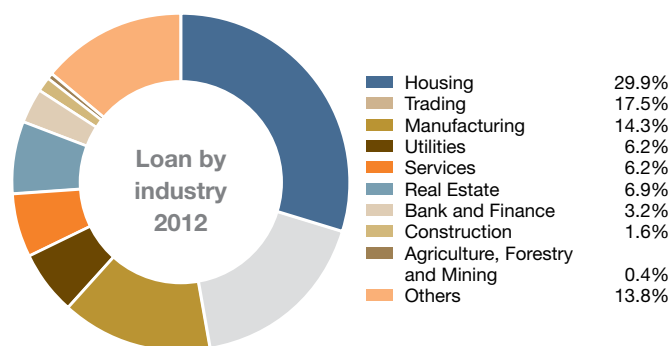
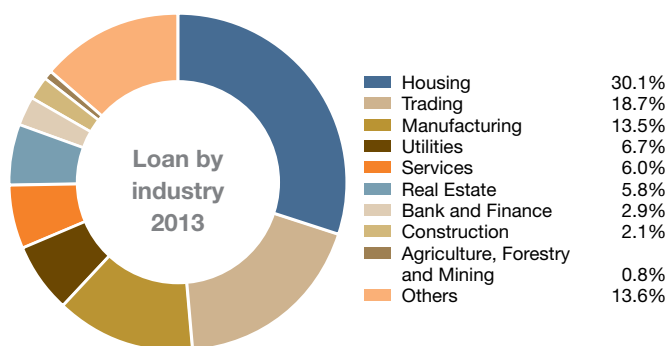
### Assets

The total assets of the Bank and its subsidiaries as at 31 December 2013 was at Baht 407,863 million, an increase of Baht 51,787 million or 14.5% from the previous year. The increase was due largely to an increase in the Bank's core business in lending assets by Baht 42,095 million or 19.7%, in derivative assets by Baht 6,630 million or 222.6% and in investment activities by Baht 5,532 million or 4.3%.

# Management Discussion and Analysis 2013

## Loan by Industry

	% of total loans	
	2013	2012
Housing	30.1	29.9
Trading	18.7	17.5
Manufacturing	13.5	14.3
Utilities	6.7	6.2
Services	6.0	6.2
Real Estate	5.8	6.9
Bank and Finance	2.9	3.2
Construction	2.1	1.6
Agriculture, Forestry and Mining	0.8	0.4
Others	13.6	13.8
<b>Total Loans</b>	<b>100.0</b>	<b>100.0</b>



The proportion of trading industry loans to total loans increased from 17.5% in 2012 to 18.7% in 2013. Loans to the utilities industry went up from 6.2% to 6.7% while loans to the real estate industry decreased from 6.9% to 5.8%.

## Loans to Top 10 Customer Groups

	% of total loans	
	2013	2012
Loans to top 10 customer groups	7.6	6.9
Others	92.4	93.1
<b>Total loans</b>	<b>100.0</b>	<b>100.0</b>

The concentration of loans in 2013 increased from the previous year. Loans to the top 10 largest customer groups accounted for 7.6% of total loans, up from 6.9% in 2012.

# Management Discussion and Analysis 2013

## Classification of Loans\*

	2013		2012	
	Million Baht	%	Million Baht	%
Pass	301,488	97.0	253,728	96.5
Special mention	3,979	1.3	3,755	1.4
Total Performing loans	305,467	98.3	257,483	97.9
Substandard	1,321	0.4	1,169	0.4
Doubtful	628	0.2	436	0.2
Doubtful of loss	3,313	1.1	3,966	1.5
Total NPLs	5,262	1.7	5,571	2.1
<b>Grand total</b>	<b>310,729</b>	<b>100.0</b>	<b>263,054</b>	<b>100.0</b>

\* Including interbank and money market loans

## Asset Quality Ratios

	2013		2012	
		%		%
NPLs / Total loans*		1.7		2.1
Allowance for doubtful accounts / NPLs		131.7		93.4
Allowance for doubtful accounts / Total loans*		2.7		2.4

\* Including interbank and money market loans

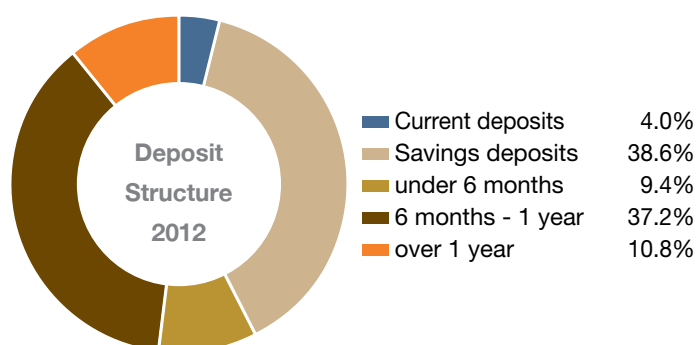
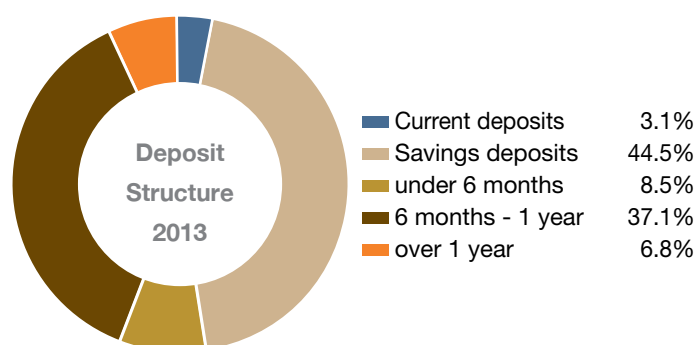
## Non-Performing Loan (NPL) Management

NPLs in 2013 stayed at Baht 5,262 million, a decrease of Baht 309 million when compared with 2012. As a result, the NPLs to total loans ratio was 1.7%, a decrease of 0.4% from last year.

# Management Discussion and Analysis 2013

## Deposit Structure

	% of total deposits	
	2013	2012
Current deposits	3.1	4.0
Savings deposits	44.5	38.6
Time deposits	52.4	57.4
- under 6 months	8.5	9.4
- 6 months - 1 year	37.1	37.2
- over 1 year	6.8	10.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>



As at 31 December 2013, the Bank had total deposits of Baht 234,641 million, an increase of 16.3% from end-2012. Total fixed deposits accounted for 52.4% of total deposits, while savings deposits accounted for 44.5%. The remaining 3.1% were current deposits. Loans-to-deposits ratio was 108.9% as at end-2013 compared with 105.8% as at end-2012.

If including bill of exchanges with deposits, loans-to-deposits ratio as at 31 December 2013 would be 99.4%, an increase of 4.2% year-on-year, compared with 95.2% in 2012.

# Management Discussion and Analysis 2013

## Capital Funds

	2013		2012	
	Million Baht	%	Million Baht	%
Total capital	<b>39,011</b>	<b>15.9</b>	31,273	16.0
CET 1 & Tier 1 capital	<b>32,268</b>	<b>13.2</b>	28,163	14.4
Tier 2 capital and others	<b>6,743</b>	<b>2.7</b>	3,110	1.6

The Bank adopted the Foundation Internal Ratings Based Approach (FIRB) under Basel III capital framework. As at 31 December 2013, the Bank's Total Capital Adequacy Ratio remained strong at 15.9% while the CET1 and Tier 1 ratio were at 13.2%, which was above the Bank of Thailand (BOT)'s minimum requirement of 8.50% and 4.25% respectively.



# Independent Auditor's Report

To the Shareholders of United Overseas Bank (Thai) Public Company Limited

I have audited the accompanying consolidated financial statements of United Overseas Bank (Thai) Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 31 December 2013, and the related 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. I have also audited the separate financial statements of United Overseas Bank (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 United Overseas Bank (Thai) Public Company Limited and its subsidiaries and of United Overseas Bank (Thai) Public Company Limited as at 31 December 2013, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



## Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 25 February 2014



# **Financial Statements and Notes to Consolidated Financial Statements**

# Statements of Financial Position

As at 31 December 2013 and 2012

	Note	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
<b>Assets</b>					
Cash	8	<b>4,783,075</b>	4,665,188	<b>4,783,075</b>	4,665,078
Interbank and money market items - net	9	<b>60,448,919</b>	55,875,200	<b>60,448,750</b>	55,511,458
Derivatives assets	10	<b>9,609,506</b>	2,979,265	<b>9,609,506</b>	2,979,265
Investments - net	11	<b>73,117,780</b>	72,159,296	<b>73,117,780</b>	72,158,671
Investments in subsidiaries and associate - net	12	<b>5,661</b>	5,661	<b>199,911</b>	332,636
Loans to customers and accrued interest receivables - net	14				
Loans to customers		<b>255,427,471</b>	213,332,469	<b>255,427,471</b>	213,331,344
Accrued interest receivables		<b>755,391</b>	608,161	<b>755,391</b>	608,161
Total loans to customers and accrued interest receivables		<b>256,182,862</b>	213,940,630	<b>256,182,862</b>	213,939,505
Less: Deferred revenue		<b>(495,848)</b>	(450,841)	<b>(495,848)</b>	(450,841)
Less: Allowance for doubtful accounts	15	<b>(6,930,723)</b>	(5,201,295)	<b>(6,930,723)</b>	(5,201,295)
Total loans to customers and accrued interest receivables - net		<b>248,756,291</b>	208,288,494	<b>248,756,291</b>	208,287,369
Customers' liability under acceptance		<b>110,782</b>	92,059	<b>110,782</b>	92,059
Properties foreclosed - net	16	<b>1,888,938</b>	1,869,098	<b>1,888,938</b>	1,869,098
Premises and equipment - net	17	<b>5,121,778</b>	5,211,601	<b>5,116,575</b>	5,196,951
Other intangible assets - net	18	<b>894,334</b>	883,801	<b>885,879</b>	872,568
Deferred tax assets - net	19	<b>552,492</b>	1,405,300	<b>548,057</b>	1,400,498
Other assets - net	20	<b>2,573,060</b>	2,640,393	<b>2,561,635</b>	2,593,561
<b>Total assets</b>		<b>407,862,616</b>	356,075,356	<b>408,027,179</b>	355,959,212

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

# Statements of Financial Position

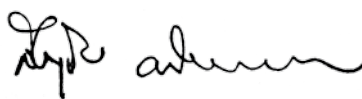
(continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
<b>Liabilities and shareholders' equity</b>					
<b>Liabilities</b>					
Deposits	22	234,641,259	201,719,429	234,868,278	201,933,782
Interbank and money market items	23	90,031,482	82,803,759	90,031,482	82,846,579
Liability payable on demand		2,855,964	3,566,822	2,855,964	3,566,822
Derivatives liabilities	10	7,782,163	4,136,102	7,782,163	4,136,102
Debt issued and borrowings	24	28,018,584	22,904,765	28,018,584	22,904,765
Bank's liability under acceptance		110,782	92,059	110,782	92,059
Provisions for long-term employee benefits	25	1,492,902	1,371,833	1,485,078	1,349,397
Provisions for other liabilities	26	266,080	313,353	266,080	313,353
Accrued expenses		1,515,148	1,902,470	1,493,081	1,819,675
Other liabilities	27	3,855,479	2,822,752	3,882,971	2,829,116
<b>Total liabilities</b>		<b>370,569,843</b>	<b>321,633,344</b>	<b>370,794,463</b>	<b>321,791,650</b>
<b>Shareholders' equity</b>					
Share capital					
Registered share capital					
2,485,661,305 ordinary shares at par value					
of Baht 10 each					
		<b>24,856,613</b>	24,856,613	<b>24,856,613</b>	24,856,613
Issued and paid-up share capital					
2,485,661,305 ordinary shares at par value					
of Baht 10 each					
		<b>24,856,613</b>	24,856,613	<b>24,856,613</b>	24,856,613
Other components of equity	28	1,983,243	1,995,955	1,983,243	1,995,955
Retained earnings					
Appropriated					
Statutory reserve					
	29	469,000	309,000	469,000	309,000
Unappropriated					
		<b>9,947,134</b>	7,245,601	<b>9,923,860</b>	7,005,994
Equity attributable to equity holders of the Bank		<b>37,255,990</b>	34,407,169	<b>37,232,716</b>	34,167,562
Non-controlling interests of the subsidiaries		<b>36,783</b>	34,843	-	-
<b>Total shareholders' equity</b>		<b>37,292,773</b>	<b>34,442,012</b>	<b>37,232,716</b>	<b>34,167,562</b>
<b>Total liabilities and shareholders' equity</b>		<b>407,862,616</b>	<b>356,075,356</b>	<b>408,027,179</b>	<b>355,959,212</b>



**Peter Foo Moo Tan**  
President and Chief Executive Officer

**Sanchai Apisaksirikul**  
Director and Executive Director

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

# Statements of Comprehensive Income

For the years ended 31 December 2013 and 2012

	Note	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
			(Restated)		
<b>Continuing Operations</b>					
Interest income	41	<b>17,578,068</b>	15,617,190	<b>17,578,021</b>	15,617,115
Interest expenses	42	<b>7,246,661</b>	6,429,569	<b>7,249,869</b>	6,431,083
<b>Net interest income</b>		<b>10,331,407</b>	9,187,621	<b>10,328,152</b>	9,186,032
Fees and service income		<b>3,078,853</b>	2,637,299	<b>3,078,504</b>	2,637,333
Fees and service expenses		<b>360,353</b>	344,446	<b>532,804</b>	516,743
<b>Net fees and service income</b>	43	<b>2,718,500</b>	2,292,853	<b>2,545,700</b>	2,120,590
Net losses on trading and foreign exchange transactions	44	<b>(454,742)</b>	(436,776)	<b>(454,742)</b>	(436,776)
Net gains on investments	45	<b>162,134</b>	321,374	<b>136,408</b>	321,374
Dividend income		<b>24,555</b>	31,749	<b>549,554</b>	56,749
Gain on NPL repayment		<b>83,022</b>	-	<b>83,022</b>	-
Other operating income		<b>233,872</b>	334,055	<b>235,383</b>	329,470
<b>Total operating income</b>		<b>13,098,748</b>	11,730,876	<b>13,423,477</b>	11,577,439
<b>Other operating expenses</b>					
Employee's expenses	46	<b>3,964,827</b>	3,774,363	<b>3,857,485</b>	3,668,897
Directors' remuneration		<b>9,390</b>	8,110	<b>9,390</b>	8,110
Premises and equipment expenses		<b>1,121,862</b>	1,074,453	<b>1,116,105</b>	1,068,492
Taxes and duties		<b>567,268</b>	497,419	<b>567,262</b>	497,411
(Reversal) losses on impairment of properties foreclosed and other assets		<b>(734,857)</b>	134,695	<b>(734,857)</b>	134,695
Data Processing charges		<b>545,997</b>	363,313	<b>545,997</b>	363,313
Other expenses		<b>1,625,664</b>	1,581,317	<b>1,610,048</b>	1,564,026
<b>Total other operating expenses</b>		<b>7,100,151</b>	7,433,670	<b>6,971,430</b>	7,304,944
<b>Bad debt, doubtful accounts and impairment loss</b>	47	<b>2,661,947</b>	1,448,481	<b>2,661,947</b>	1,448,481
<b>Profit before income tax expenses</b>		<b>3,336,650</b>	2,848,725	<b>3,790,100</b>	2,824,014
Income tax expenses	37	<b>629,974</b>	702,664	<b>625,356</b>	690,159
<b>Profit from continuing operations</b>		<b>2,706,676</b>	2,146,061	<b>3,164,744</b>	2,133,855
<b>Discontinued operations</b>					
<b>Net profit after tax from discontinued operations</b>	13	<b>242,134</b>	57,731	-	-
<b>Net profit</b>		<b>2,948,810</b>	2,203,792	<b>3,164,744</b>	2,133,855

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

# Statements of Comprehensive Income

(continued)

	Note	(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
			(Restated)		
<b>Other comprehensive income (loss)</b>					
<b>Continuing operations</b>	48				
Gain on revaluation of available-for-sale investments		<b>3,558</b>	115,104	<b>3,558</b>	115,104
Actuarial gains (losses) on defined benefit plans		<b>(132,998)</b>	19,154	<b>(133,443)</b>	18,907
Income tax relating to components of other comprehensive income (loss)		<b>25,888</b>	(26,851)	<b>25,977</b>	(26,802)
<b>Total other comprehensive income (loss) from continuing operations</b>		<b>(103,552)</b>	107,407	<b>(103,908)</b>	107,209
<b>Discontinued operations</b>					
<b>Other comprehensive income from discontinued operations</b>	13	<b>1,185</b>	369	-	-
<b>Total other comprehensive income from discontinued operations</b>		<b>1,185</b>	369	-	-
<b>Total other comprehensive income (loss)</b>		<b>(102,367)</b>	107,776	<b>(103,908)</b>	107,209
<b>Total comprehensive income</b>					
Total comprehensive income from continuing operations		<b>2,603,124</b>	2,253,468	<b>3,060,836</b>	2,241,064
Total comprehensive income from discontinued operations		<b>243,319</b>	58,100	-	-
<b>Total comprehensive income</b>		<b>2,846,443</b>	2,311,568	<b>3,060,836</b>	2,241,064
<b>Net profit attributable to:</b>					
Equity holders of the Bank					
Net profit from continuing operations		<b>2,704,718</b>	2,144,422	<b>3,164,744</b>	2,133,855
Net profit from discontinued operations		<b>242,134</b>	57,731	-	-
Net profit attributable to the Bank		<b>2,946,852</b>	2,202,153	<b>3,164,744</b>	2,133,855
Non-controlling interests of the subsidiaries					
Net profit from continuing operations		<b>1,958</b>	1,639		
Net profit from discontinued operations		-	-		
Net profit attributable to non-controlling interests of subsidiaries		<b>1,958</b>	1,639		
		<b>2,948,810</b>	2,203,792		

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

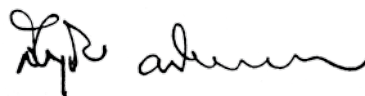
# Statements of Comprehensive Income

(continued)

	(Unit: Thousand Baht)				
	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
			(Restated)		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank					
Total comprehensive income from continuing operations		<b>2,601,184</b>	2,251,829	<b>3,060,836</b>	2,241,064
Total comprehensive income from discontinued operations		<b>243,319</b>	58,100	-	-
Total comprehensive income attributable to the Bank		<b>2,844,503</b>	2,309,929	<b>3,060,836</b>	2,241,064
Non-controlling interests of the subsidiaries					
Total comprehensive income from continuing operations		<b>1,940</b>	1,639		
Total comprehensive income from discontinued operations		-	-		
Total comprehensive income attributable to non-controlling interests of the subsidiaries		<b>1,940</b>	1,639		
		<b>2,846,443</b>	2,311,568		
<b>Earnings per share of equity holders of the Bank</b>					
Basic earning per share (Baht)	38				
From continuing operations		<b>1.09</b>	0.87	<b>1.27</b>	0.86
From discontinued operations		<b>0.10</b>	0.02	-	-
		<b>1.19</b>	0.89	<b>1.27</b>	0.86



**Peter Foo Moo Tan**  
President and Chief Executive Officer

**Sanchai Apisaksirikul**  
Director and Executive Director

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

# Statements of Changes in Shareholders' Equity

For the years ended 31 December 2013 and 2012

	Consolidated financial statements							(Unit: Thousand Baht)	
	Equity attributable to equity holders of the Bank								
	Other components of equity			Retained earnings		Total equity attributable to equity holders of the Bank	Non-controlling interests of the subsidiaries		Total
	Issued and paid-up share capital	Revaluation surplus on assets	Revaluation surplus on investments	Appropriated Statutory reserve	Unappropriated				
<b>Beginning balance as of 1 January 2012</b>	24,856,613	1,660,109	268,748	202,000	5,109,770	32,097,240	33,204	32,130,444	
Transferred and amortisation of revaluation surplus on assets	-	(24,985)	-	-	24,985	-	-	-	
Net profit for the year	-	-	-	-	2,202,153	2,202,153	1,639	2,203,792	
Other comprehensive income	-	-	92,083	-	15,693	107,776	-	107,776	
Total comprehensive income for the year	-	-	92,083	-	2,217,846	2,309,929	1,639	2,311,568	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	107,000	(107,000)	-	-	-	
<b>Ending balance as of 31 December 2012</b>	24,856,613	1,635,124	360,831	309,000	7,245,601	34,407,169	34,843	34,442,012	
<b>Beginning balance as of 1 January 2013</b>	24,856,613	1,635,124	360,831	309,000	7,245,601	34,407,169	34,843	34,442,012	
Disposal and amortisation of revaluation surplus on assets	-	(15,560)	-	-	19,878	4,318	-	4,318	
Net profit for the year	-	-	-	-	2,946,852	2,946,852	1,958	2,948,810	
Other comprehensive income (loss)	-	-	2,848	-	(105,197)	(102,349)	(18)	(102,367)	
Total comprehensive income for the year	-	-	2,848	-	2,841,655	2,844,503	1,940	2,846,443	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	160,000	(160,000)	-	-	-	
<b>Ending balance as of 31 December 2013</b>	24,856,613	1,619,564	363,679	469,000	9,947,134	37,255,990	36,783	37,292,773	

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



# Statements of Changes in Shareholders' Equity

(continued)

(Unit: Thousand Baht)

	Separate financial statements						Total
	Issued and paid-up share capital	Other components of equity	Revaluation surplus on assets	Revaluation surplus on investments	Appropriated Statutory reserve	Retained earnings Unappropriated	
<b>Beginning balance as of 1 January 2012</b>	24,856,613	1,660,109	268,748	202,000	4,939,028	31,926,498	
Transferred and amortisation of revaluation surplus on assets	-	(24,985)	-	-	-	24,985	
Net profit for the year	-	-	-	-	2,133,855	2,133,855	
Other comprehensive income	-	-	92,083	-	15,126	107,209	
Total comprehensive income for the year	-	-	92,083	-	2,148,981	2,241,064	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	107,000	(107,000)	-	
<b>Ending balance as of 31 December 2012</b>	24,856,613	1,635,124	360,831	309,000	7,005,994	34,167,562	
<b>Beginning balance as of 1 January 2013</b>	24,856,613	1,635,124	360,831	309,000	7,005,994	34,167,562	
Disposal and amortisation of revaluation surplus on assets	-	(15,560)	-	-	19,878	4,318	
Net profit for the year	-	-	-	-	3,164,744	3,164,744	
Other comprehensive income (loss)	-	-	2,848	-	(106,756)	(103,908)	
Total comprehensive income for the year	-	-	2,848	-	3,057,989	3,060,836	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	160,000	(160,000)	-	
<b>Ending balance as of 31 December 2013</b>	24,856,613	1,619,564	363,679	469,000	9,923,860	37,232,716	



*(Signature)*

**Peter Foo Moo Tan**

President and Chief Executive Officer

*(Signature)*

**Sanchai Apisaksirikul**

Director and Executive Director

# Statements of Cash Flows

For the years ended 31 December 2013 and 2012

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		
<b>Cash flows from operating activities</b>				
Profit before income tax expenses from continuing operations	<b>3,336,650</b>	2,848,725	<b>3,790,100</b>	2,824,014
Profit before income tax expenses from discontinued operations	<b>263,097</b>	78,448	-	-
Profit before income tax expenses	<b>3,599,747</b>	2,927,173	<b>3,790,100</b>	2,824,014
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation	<b>339,226</b>	328,312	<b>335,618</b>	322,960
Amortisation and loss on assets written off	<b>184,492</b>	192,618	<b>182,841</b>	190,812
Unrealised (Gain) loss on revaluation of investments	<b>(14,985)</b>	10,530	<b>(14,985)</b>	10,530
Impairment (Gain) loss on securities	<b>(9,461)</b>	15,188	<b>16,265</b>	15,188
Bad debt, doubtful accounts and impairment loss	<b>3,104,519</b>	2,074,925	<b>3,104,519</b>	2,074,925
Gain on entire business transfer of a subsidiary	<b>(165,505)</b>	-	-	-
(Reversal) losses on impairment of properties foreclosed and other assets	<b>(734,857)</b>	134,695	<b>(734,857)</b>	134,695
Gain on disposal of investments	<b>(166,334)</b>	(336,373)	<b>(166,334)</b>	(336,373)
Gain on disposal of premises and equipment	<b>(5,154)</b>	(20,375)	<b>(3,992)</b>	(20,306)
(Gain) loss on exchange	<b>(1,235,272)</b>	484,894	<b>(1,235,272)</b>	484,894
(Increase) decrease in accrued other income	<b>33,397</b>	(33,674)	<b>(13,726)</b>	(18,251)
Increase in provisions for long-term employee benefits	<b>134,381</b>	135,506	<b>131,952</b>	132,079
Increase (decrease) in provisions	<b>(47,273)</b>	12,799	<b>(47,273)</b>	12,799
Increase in accrued other expenses	<b>159,294</b>	71,180	<b>156,950</b>	42,969
Net interest income	<b>(10,331,407)</b>	(9,187,621)	<b>(10,328,152)</b>	(9,186,033)
Dividend income	<b>(24,555)</b>	(31,850)	<b>(549,554)</b>	(56,749)
Cash received on interest income	<b>18,108,691</b>	16,426,308	<b>18,115,181</b>	16,204,987
Cash received on dividend income	<b>24,555</b>	31,850	<b>24,555</b>	31,748
Cash paid on interest expenses	<b>(7,213,059)</b>	(5,902,977)	<b>(7,216,390)</b>	(5,909,849)
Cash paid on income tax	<b>(291,280)</b>	(334,891)	<b>(271,140)</b>	(302,495)
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>5,449,160</b>	6,998,217	<b>5,276,306</b>	6,652,544

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

# Statements of Cash Flows

(continued)

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		
(Increase) decrease in operating assets				
Interbank and money market items	(5,021,652)	3,682,855	(4,928,713)	3,668,059
Investment in securities for trading	(4,402,555)	(9,883,475)	(4,402,555)	(9,883,475)
Derivatives assets	1,396,453	2,323,218	1,396,453	2,323,218
Loans to customers	(42,853,540)	(26,543,591)	(42,853,681)	(26,543,349)
Properties foreclosed	564,125	1,209,650	564,125	1,209,650
Other assets	348,274	(748,036)	423,424	(422,924)
Increase (decrease) in operating liabilities				
Deposits	32,748,734	35,432,044	32,761,399	35,594,602
Interbank and money market items	6,343,784	38,028,676	6,300,965	38,032,250
Liability payable on demand	(711,180)	1,532,059	(711,180)	1,532,059
Derivatives liabilities	(2,193,412)	(1,957,366)	(2,193,413)	(1,957,366)
Debt issued and short-term borrowings	(480,019)	(19,268,157)	(480,019)	(19,426,157)
Provisions for long-term employee benefits	(129,714)	(115,959)	(129,714)	(115,919)
Other liabilities	1,013,585	(145,451)	1,020,375	(146,470)
<b>Net cash provided by (used in) operating activities</b>	<b>(7,927,957)</b>	<b>30,544,684</b>	<b>(7,956,228)</b>	<b>30,516,722</b>
<b>Cash flows from investing activities</b>				
Proceeds from sales of investments	79,154,418	34,520,037	79,154,418	34,520,037
Cash paid for investments	(76,181,072)	(63,095,420)	(76,181,072)	(63,095,420)
Dividend received from subsidiary companies	-	-	525,000	25,000
Cash received from liquidation of a subsidiary	-	-	107,000	-
Cash received from entire business transfer of a subsidiary	600,000	-	-	-
Proceeds from sales of premises and equipment	10,033	20,468	3,998	20,399
Purchases of premises and equipment	(344,982)	(589,883)	(343,384)	(588,046)
Purchases of intangible assets	(183,204)	(148,747)	(182,386)	(147,553)
Proceeds from sales of intangible assets	74	-	74	-
<b>Net cash provided by (used in) investing activities</b>	<b>3,055,267</b>	<b>(29,293,545)</b>	<b>3,083,648</b>	<b>(29,265,583)</b>

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

# Statements of Cash Flows

(continued)

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		
<b>Cash flows from financing activities</b>				
Cash received for debt issued and long-term borrowings	4,990,577	12,712	4,990,577	12,712
<b>Net cash provided by financing activities</b>	4,990,577	12,712	4,990,577	12,712
<b>Net Increase in cash and cash equivalents</b>	117,887	1,263,851	117,997	1,263,851
Cash and cash equivalents as at 1 January	4,665,188	3,401,337	4,665,078	3,401,227
<b>Cash and cash equivalents as at 31 December</b>	4,783,075	4,665,188	4,783,075	4,665,078

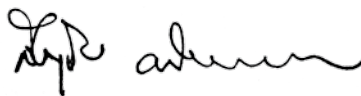
## Supplemental disclosures of cash flows information

Non-cash item

Properties foreclosed received in settlement of debts from borrowing	109,671	35,784	109,671	35,784
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**Peter Foo Moo Tan**  
President and Chief Executive Officer

**Sanchai Apisaksirikul**  
Director and Executive Director

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

# Notes to Consolidated Financial Statements

For the years ended 31 December 2013 and 2012

## 1. Corporate information

United Overseas Bank (Thai) Public Company Limited (“the Bank”) is a public company incorporated and domiciled in Thailand. The Bank’s main business is commercial banking. The registered office of the Bank is at 191 South Sathon Road, Sathon, Bangkok. As at 31 December 2013, the Bank conducts its business through a network of 155 branches, covering all parts of Thailand (2012: 162 branches). Its major shareholder is United Overseas Bank Limited, a company registered in Singapore.

All subsidiaries were incorporated as companies under Thai law and operate their businesses in Thailand. Their principal businesses are derivatives brokerage, and debt collection services.

## 2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and the presentation of the financial statements has been made in accordance with the Bank of Thailand (“the BOT”)’s Notification No. Sor Nor Sor. 11/2553 regarding “Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 3 December 2010, which is effective for fiscal years beginning on or after 1 January 2011.

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 Thai language financial statements.

The financial statements have been prepared on a historical cost basis except for those that have been disclosed in the accounting policy.

## 3. Basis of consolidation

(a) These consolidated financial statements include the financial statements of United Overseas Bank (Thai) Public Company Limited (“the Bank”) and the following subsidiaries (“the subsidiaries”):

	Business type	Country of registration	Percentage of share holdings		Percentage of total assets included in consolidated assets		Percentage of income included in consolidated income	
			As at 31 December		As at 31 December		For the years ended	
			2013	2012	2013	2012	2013	2012
<b>Subsidiaries</b>								
UOB Bullion and Futures (Thai) Co., Ltd.	Derivatives Brokerage	Thailand	<b>75.00</b>	75.00	<b>0.01</b>	0.01	<b>0.13</b>	0.17
UOB Services Co., Ltd.	Debt Collection Business	Thailand	<b>99.99</b>	99.99	-	0.01	-	-
Thai Wealth Management Co., Ltd. (formerly known as UOB Asset Management (Thai) Co., Ltd.)	Liquidation	Thailand	<b>99.99</b>	99.99	-	0.12	<b>2.66</b>	2.57
UOB Leasing (Thai) Co., Ltd.	Liquidation	Thailand	<b>99.99</b>	99.99	-*	-*	-*	-*

\* The consolidated financial statements for the years ended 31 December 2013 and 2012 excluded the financial statements of a subsidiary company, UOB Leasing (Thai) Company Limited.

## Notes to Consolidated Financial Statements

(continued)

The consolidated financial statements for the years ended 31 December 2013 and 2012 excluded the financial statements of a subsidiary company, UOB Leasing (Thai) Company Limited, because all of its business had already been transferred to the Bank, including its assets, liabilities, commitments and employees. The subsidiary company registered its dissolution with the Ministry of Commerce in the year 2010 and is in the process of being liquidated. The Management believes that the financial statements as prepared by the management of the subsidiary for the years ended 31 December 2013 and 2012 are immaterial, with the subsidiary presenting total assets as at 31 December 2013 of Baht 8 million (2012: Baht 7 million), shareholders' equity of Baht 8 million (2012: Baht 7 million) and profit from operation for the year 2013 of Baht 0.04 million (2012: loss Baht 0.01 million).

UOB Asset Management (Thai) Co., Ltd transferred its entire business to UOB Asset Management (Thailand) Company Limited on 1 July 2013. It changed its name to "Thai Wealth Management Co., Ltd" and registered the dissolution of the business with the Ministry of Commerce in October 2013. The consolidated financial statements for the year ended 31 December 2013 included operating results of Thai Wealth Management Co., Ltd. from 1 January 2013 to 31 December 2013 because the Bank still exercises control over this subsidiary. The operating results was separately presented under "Profit from discontinued operations" in the consolidated statements of comprehensive income for the years ended 31 December 2013 and 2012 for comparative purposes. Details are as disclosed in Note 13 to the financial statements.

- (b) Subsidiaries are entities in which the Bank has control over the financial and operating policies of those entities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases. The effects to the consolidated financial statements of all significant transactions between the Bank and its subsidiaries are eliminated in the consolidated financial statements, including investment in subsidiaries and share capital of subsidiaries.
- (c) The financial statements of the subsidiaries are prepared using the same accounting periods and significant accounting policies as the Bank.
- (d) The accompanying financial statements include the accounts of all branches after elimination of significant inter-branch transactions and balances.
- (e) If the Bank receives shares as a result of debt restructuring of a borrower, which causes the Bank to hold more than 20% or 50% of the shares of such company, the Bank will not treat that investee company as an associated or a subsidiary company, but will treat it as general investments since the Bank intends to hold such shares only temporarily.
- (f) The consolidated financial statements do not include the financial statements of unit trusts in which the Bank holds more than 50% of their issued units since the Bank has no control over their financial and operating policies.
- (g) The separate financial statements, which present investments in subsidiaries and associate under the cost method, have been prepared solely for the benefit of the public.
- (h) Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Bank and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position.

# Notes to Consolidated Financial Statements

(continued)

## 4. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

### (a) Accounting standards that became effective in the current accounting year

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:

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

Accounting Treatment Guidance for Transfers of Financial Assets

The above accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the Thai Accounting Standard No.12 "Income Taxes", which the Bank and its subsidiaries have early adopted before the effective date.

### (b) Accounting standards that will become effective in the future

	<u>Effective date</u>	
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014

# Notes to Consolidated Financial Statements

(continued)

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Bank and its subsidiaries already assessed and believe that TAS 31 (revised 2012), TFRS 4, TSIC 29, TFRIC 5, TFRIC 7, TFRIC 12 and TFRIC 18 are not relevant to the business of the Bank and its subsidiaries while the remaining Accounting Standards, Financial Reporting Standard, Accounting Standard Interpretations and Financial Reporting Standard Interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

## 5. Significant accounting policies

Significant accounting policies adopted by the Bank and its subsidiaries are summarised below.

### 5.1 Revenue recognition

#### (a) Interest and discount on loans

The Bank recognises interest on loans as income on an accrual basis. In accordance with the BOT's regulation, interest in arrears for more than three months from the due date, regardless of whether the loans are covered by collateral, is not accrued as interest income but is instead recognised as income when received. In addition, interest accrued in arrears for three months is reversed against interest income.

If loans are restructured, the Bank recognises interest income on a cash basis, and can return to recognise income on an accrual basis only when the criteria per the BOT's guideline are met.

Interest income from loans under litigation process and receivables purchased is recognised on a cash basis.

#### (b) Hire purchase and financial lease income recognition

Interest on hire-purchase receivables and financial lease receivables under hire-purchase agreements and financial lease agreements with effective dates on or after 1 January 2008 are recognised over the installment period, using the effective interest rate and income is recognised as the installments fall due irrespective of actual collections.

For hire purchase agreements and long-term financial lease agreements with effective dates before 1 January 2008, the Bank and a subsidiary company uses the outstanding balances of the pre-existing finance leases as of 1 January 2008 as the beginning balances and apply the effective interest rate method over the remainder of the lease period.

Rental income from operating lease contracts and car rent are recognised based on the term of lease except for overdue receivables more than three months, which are recognised on a cash basis.

#### (c) Revenues from factoring are recognised on an accrual basis except for overdue receivables more than three months, which are recognised on a cash basis.

#### (d) Management fees and registrar fees are calculated as a percentage of the net asset value of the funds managed by a subsidiary or fixed amount as mentioned in prospectus and recognised as income on an accrual basis.



# Notes to Consolidated Financial Statements

(continued)

(e) Brokerage fees on derivatives business and service fees on derivatives business are recognised as income on the transaction date.

(f) Gains (losses) resulting from sales of securities and derivatives are recognised as at transaction date.

(g) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividend is established.

(h) Fee income and other service income are recognised on an accrual basis.

## 5.2 Expenses recognition

The Bank and its subsidiaries recognise expenses on an accrual basis.

## 5.3 Cash

Cash is the amount included in the statements of financial position under the caption of cash, and consist of cash on hand and cheques in transit.

## 5.4 Claims on securities/Liabilities to deliver securities

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 (Private Repo). Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items - assets" and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items - liabilities" at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

If securities purchased subject to a resale commitment are then sold on by the Bank subject to repurchase commitments, this gives rise to "Claims on securities" and "Liabilities to deliver securities" as follows:

Claims on securities are the rights that the Bank retains to recall securities which are pledged as collateral for securities sold subject to repurchase commitments, because the securities pledged in this transaction were previously received as collateral by the Bank for a purchase of securities subject to a resale commitment.

Liabilities to deliver securities is the Bank's commitment to return to the counterparties or securities companies those securities which are held as collateral for securities purchased subject to a resale commitment, because the Bank has used the securities as collateral for another sale of securities subject to repurchase commitments.

## 5.5 Investments

The Bank and its subsidiaries classify investments in all types of debt securities and marketable equity securities as either trading securities, available-for-sale securities, or held-to-maturity securities, and classify non-marketable equity securities as general investment or investments in subsidiaries and associated company.

Investments classified as trading securities are stated at fair value. Change in the fair value of these securities are recorded as gains or losses in profit or loss.

Investments classified as available-for-sale securities are stated at fair value. Change in the fair value of the securities are recorded in other comprehensive income in the statement of comprehensive income and will be recognised in profit or loss when the securities are sold.

Investments in debt securities held-to-maturity are stated at amortised cost net of allowance for impairment. Any loss from impairment is charged to profit or loss.

# Notes to Consolidated Financial Statements

(continued)

General investments, other than investments in subsidiaries and associated company, are stated at cost net of allowance for impairment (if any). Loss on impairment is charged to profit or loss.

Purchases and sales of investments are recognised on settlement date.

Realised gains or losses resulting from the disposal of securities are recognised in profit or loss from operation by using the weighted average cost calculation method.

Interest income from debt securities is recognised on an accrual basis. Premiums and discounts arising on the acquisition of securities are amortised or accreted to interest income in profit or loss based on effective yield rate over the term of the securities.

Income from equity investments and other non-fixed income investments is recognised as dividend income when the right to receive the dividend is established.

Fair values of securities are calculated on the following basis:

- (i) For government securities and state enterprises securities, fair values are calculated by using the BOT formula, based on the average latest bidding price posted on the Thai Bond Market Association.
- (ii) For listed equity securities, fair value is the last bid price quoted in The Stock Exchange of Thailand on the last business day of the year.
- (iii) For unit trust, fair value is the Net Assets Value (NAV) as at the end of the year.
- (iv) For private enterprises debt securities, the average latest bidding price of the Thai Bond Market Association are used as fair values. In the absence of such prices, fair values are determined by applying the aforementioned the BOT yield curve adjusted for risk in accordance with the criteria established by the BOT.

In the event the Bank reclassifies investments from one type to another, such investments will be readjusted to their fair value on the date of reclassification. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as gains or losses in profit or loss in the statements of comprehensive income or recorded as other components of equity, depending on the type of investment which is reclassified.

## 5.6 Investments in subsidiaries and associated company

### Separate financial statements

Investments in subsidiaries and associated company are stated at cost net of allowance for impairment (if any). Loss on impairment is recorded as an expense in profit or loss.

### Consolidated financial statements

Investments in associated company are recorded using the equity method. Under this method, investments are initially recorded at the acquisition cost and are adjusted to reflect the attributable share of the profits or losses of the associated company, in proportion to the investment.

## 5.7 Loans

Loans include overdrafts, term-loans, trade bills, hire purchase and financial lease receivables and other loans. All items categorised under loans (except for hire purchase, financial lease and overdrafts) are disclosed at the principal amount outstanding, net of unearned discounts received in advance, with accrued interest presented separately in the statements of financial position, as a single line item for all loans together.

# Notes to Consolidated Financial Statements

(continued)

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of deferred revenue, which is presented after netting commission expenses and initial direct cost on the inception of the contracts.

Overdrafts are stated at the drawn amounts together with any accrued interest.

Discounts received in advance in respect of bills purchased and other unearned interest income are recognised on an accrual basis over the period to maturity of the bills.

Loans purchased by or transferred to the Bank are stated at acquisition cost, after deducting allowance for impairment.

## 5.8 Allowance for doubtful accounts

The Bank provides allowance for doubtful accounts in accordance with the Notifications of the Bank of Thailand (“the BOT”) and adjusts the allowance by any additional amounts that are expected not to be collectible, based on an analysis and evaluation of the current status of the debtors, the credit risk of the debtors, collateral, historical loss and management’s experience. Additional allowances (reversals of allowances) are recognised as expenses during the year.

For loans and receivables classified as pass (including restructured receivables) and special mentioned, the Bank records provision at rates of not less than 1% and not less than 2% of the loan balances (excluding accrued interest receivable) net of collateral value, in accordance with the BOT’s guideline, and adjusts the allowance taking into consideration the probability of default and the loss given default. Parameters and assumptions have been reviewed and will be monitored on an ongoing basis to ensure they remain applicable.

For non-performing loans and receivables which are classified as sub-standard, doubtful and doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to the BOT’s guidelines.

For unsecured consumer loan, the collective approach is applied based on historical loss experience of each customer group.

Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.

Bad debts are written off during the period that the Bank considers they are uncollectible as approved by the Special Asset Management Credit Committee and are deducted from the allowance for doubtful accounts. All bad debt recovered are recognised as income on cash basis which is presented as an offset to bad debts and doubtful accounts in profit or loss from operation.

The Bank writes off unsecured consumer loans that are overdue more than 180 days. Those unsecured consumer loans comprise of credit card receivables and other unsecured personal loans.

## 5.9 Troubled debt restructuring

The Bank restructures loans by means of transferring assets, transferring equity or modifying the terms of the loan.

Loans which have been restructured through a modification of terms are stated at the present value of estimated future receivable cash flows using discount rates equivalent to the market interest rates applicable at the time of the restructuring. The difference between the fair value of the loan as at the restructuring date and the previous book value is accounted for as revaluation allowance for debt restructuring and amortised to profit or loss from operation as interest income based on the amount received over the remaining period of the restructuring agreement.

# Notes to Consolidated Financial Statements

(continued)

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Bank records the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtor (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as interest income in part of profit or loss from operation.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised in part of profit or loss from operation when incurred.

## 5.10 Properties foreclosed

Properties foreclosed of the Bank are stated at the lower of cost and net realisable value. Net realisable value is determined by using the latest appraisal value, considering selling expenses in accordance with the BOT's guidelines. Properties foreclosed which have been received as a result of an asset swap are recorded at the lower of the legally claimable value of the loan or the net realisable value of the foreclosed property.

Losses on impairment are charged to profit or loss in the statement of comprehensive income. Gains or losses on the sale of properties foreclosed are recognised only when such properties are sold.

## 5.11 Premises and equipment and depreciation

Land is stated at cost or reappraised value. Premises is stated at cost or reappraised value less accumulated depreciation and allowance for impairment (if any). Equipment is stated at cost less accumulated depreciation.

Depreciation is calculated by reference to their cost or reappraised value on a straight-line basis over the following estimated useful lives:

Premises	-	50 years
Equipment	-	5 years or 10 years

No depreciation is determined for land and assets under installation.

Premises and equipment are initially recorded at cost. Land and premises are however subsequently revalued by the independent appraisers to their fair value in accordance with the guidelines announced by the BOT. The Bank's policy is to revalue these assets every 5 years in order that the book value of these assets at the end of reporting period does not differ materially from their fair value.

Differences arising from revaluation are dealt with in the financial statements as follows:

- When the Bank's carrying amount of asset is increased as a result of a revaluation, the increase is credited directly to the other comprehensive income (loss) and the cumulative increase is recognised in shareholders' equity as "Revaluation surplus on assets" under the heading of other components of shareholders' equity in statements of financial position. However, if the asset is previously devalued and the Bank used to recognise such a revaluation decrease as an expense in profit or loss from operation, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When the Bank's carrying amount of asset is decreased as a result of a revaluation, the decrease is recognised as an expense in profit or loss from operation. However, if the asset is previously revalued and still has the outstanding revaluation surplus left in shareholders' equity under the heading of "Revaluation surplus on asset", the revaluation decrease is then charged to the other comprehensive income (loss) to the extent that it does not exceed on amount already held in "Revaluation surplus on assets" in respect of the same assets.

Amortisation of the revaluation surplus on assets is transferred directly to retained earnings (deficit).

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

# Notes to Consolidated Financial Statements

(continued)

An item of property, plant 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss from operation when the asset is derecognised.

## 5.12 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation under the heading of “Other assets” in statements of financial position. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in profit or loss from operation.

## 5.13 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and an accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss from operation.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Application softwares	5 years or 10 years
Others	5 years

## 5.14 Entire Business Transfer/discontinued operations

In the consolidated statements of comprehensive income of the reporting period and the prior comparable period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations and shown as profit from discontinued operation in the line item next to profit from continuing operations.

## 5.15 Provisions - other liabilities

Provisions are recognised when the Bank and its subsidiaries has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. In the event that no independent market value can be obtained, then an estimate is assessed.

## 5.16 Related party transactions

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

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

## 5.17 Impairment of assets

At each reporting date, the Bank and its subsidiaries performs impairment reviews in respect of an asset whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Bank and its subsidiaries could obtain from the disposal of the asset in an arm’s length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

# Notes to Consolidated Financial Statements

(continued)

An impairment loss is recognised in profit or loss. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Bank and its subsidiaries estimates 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 was 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

## 5.18 Employee benefits

### **Short-term benefits**

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

Leave entitlements are recognised when they accrue to employees. Provision for leave entitlements is made based on contractual terms, with adjustment for expected attrition.

### **Post-employment benefits**

#### *Defined contribution plans*

The Bank and its employees established the provident funds under the Provident Fund Act B.E. 2530. According to the Fund's regulations, every employee, after the probation period, is entitled to apply for membership. The employees contribute to the fund at the rate of 2% or 5% or 6% of basic salary and the Bank contributes to the fund at the rate of 5% - 6% of basic salary. The employees are entitled to the benefits upon termination of employment status except when the terminated employee has violated the rules of the Bank.

The Bank's subsidiaries and their employees also established their provident funds under the Provident Fund Act B.E. 2530. The Bank's subsidiaries and their employees contribute to the funds at the rate between 2% - 10% of basic salary depending upon the number of years of services of each employee. The funds will be paid to employees upon termination in accordance with the rules of the funds.

The funds set up by the Bank and its subsidiaries are managed independently by UOB Asset Management (Thailand) Co., Ltd. Therefore, these funds do not appear in the consolidated or separate statements of financial position of the Bank and the relevant subsidiaries.

The Bank and its subsidiaries's contributions are recognised as expenses when incurred.

#### *Defined benefit plans or other defined benefit plans*

The Bank and its subsidiaries has obligations in respect of the severance payments it must make to employees upon retirement under labor law and also has long-term employment benefit scheme for employees of Bank of Asia Public Co., Ltd. who joined the Bank prior to 16 May 2005 and have been employed at least 15 years, the benefits being based on the latest month's salary and the years of service. Employees will receive half of this long-term employment benefits when they resign or will receive it in full when they retire. The Bank and its subsidiaries treats these severance payment to be post-employment benefits.

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 the other comprehensive income.

# Notes to Consolidated Financial Statements

(continued)

## 5.19 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor 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.

## 5.20 Share-based payment transactions

The cost of the share-based payment plan of United Overseas Bank Limited (“major shareholder”) will be invoiced by the major shareholder, and the Bank will treat the invoiced amounts as a liability in statements of financial position, and recognise them as an expense in profit or loss from operation over the vesting period of the shares.

## 5.21 Contributions to the Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses for the year on an accrual basis.

## 5.22 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### *Current tax*

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### *Deferred tax*

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank and its subsidiaries recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Bank and its subsidiaries reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank and its subsidiaries records deferred tax directly to shareholders’ equity if the tax relates to items that are recorded directly to shareholders’ equity.

## 5.23 Translation of foreign currency

The consolidated and separate financial statements are presented in Baht, which is also the Bank and its subsidiaries’ functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies and commitments, which related to forward exchange contracts and currency swap contracts, outstanding at the end of reporting period, are translated into Baht at the exchange rate ruling at the end of reporting period announced by the BOT.

Gains and losses on exchange rate included in profit or loss from operation.

# Notes to Consolidated Financial Statements

(continued)

## 5.24 Financial derivatives

Financial derivative contracts are recorded as commitments and the changes in fair value are recorded in profit or loss from operation.

Outstanding financial derivative contracts are valued at fair value. At the end of reporting period, the unrealised gains or losses on outstanding financial derivative contracts, are presented on a gross basis in the statements of financial position.

## 5.25 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries have a legally enforceable right to set off the recognised amount and the transactions are intended to be settled on a net basis.

## 6. 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. However, the use of different estimates and assumptions could affect the amounts of accounting estimate. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows:

### ***Allowance for doubtful accounts on loans to customer and accrued interest receivables***

Allowances for doubtful accounts on loans to customer and accrued interest receivables are intended to adjust the value of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in accordance with the BOT's guidelines.

### ***Fair value of financial instruments***

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercised judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

### ***Impairment of investments***

The Bank and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management's judgment.

### ***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 or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

### ***Post-employment benefits under defined benefit plan***

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate and inflation rates. Management had to exercise judgment to determine the appropriateness of these assumptions, based on their best knowledge of current events and arrangements.



# Notes to Consolidated Financial Statements

(continued)

## ***Intangible assets***

The initial recognition and measurement of other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## ***Litigation***

The Bank has contingent liabilities as a result of litigation. The Bank's management has used judgment to assess of the results of the litigation. The estimated loss has been recorded under contingent liabilities as at the end of reporting period.

## ***Leases***

In determining whether a lease is to be classified as an operating lease or financial lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

## ***Premises and equipment and depreciation***

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment and to review estimate useful lives and residual values when there are any changes.

The Bank measures land and buildings at revalued amounts. Fair value from revaluation is determined by independent appraiser using market approach for land and depreciated replacement cost approach for buildings. Such valuation is based on certain assumptions and estimates.

In addition, the management is required to consider premises and equipment for impairment at the end of reporting period and record impairment losses 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.

## ***Allowance for impairment of property foreclosed***

The Bank assesses allowance for impairment of property foreclosed when net realisable value is below book value. The management uses judgment in estimating impairment loss, taking into account changes in the value of asset, appraisal value, the type and quality of asset, how long it is expected to take to dispose of the asset and changes in economic circumstances.

## ***Profit and loss sharing from transfer non-performing loan***

In calculating profits or losses arising from the management of non-performing loans transferred to the Thai Asset Management Corporation (TAMC), the Bank projects of the amounts expect to be received from the debtors, from collateral value or from guarantors. The management considers these assumptions to be appropriate given the currently available information and current situation.

## ***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## **7. Regulatory rule related to capital fund**

According to the BOT's Notification Sor Nor Sor 25/2552, commercial banks are required to disclose certain additional capital information for their position. The Bank will disclose such mandatory information as at 31 December 2013 in its website ([www.uob.co.th](http://www.uob.co.th)) by the end of April 2014. The Bank also disclosed capital adequacy and capital risk exposure information as of 31 December 2012 since 29 April 2013.

# Notes to Consolidated Financial Statements

(continued)

## 8. Cash

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
Cash	4,502	4,516
Cheques in transit	281	149
<b>Total</b>	<b>4,783</b>	<b>4,665</b>

## 9. Interbank and money market items - net (Assets)

	(Unit: Million Baht)					
	Consolidated financial statements					
	As at 31 December					
	2013			2012		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic Items</b>						
The Bank of Thailand and Financial Institutions Development Fund	49,371	2,400	51,771	46,265	4,700	50,965
Commercial banks	104	4,144	4,248	125	997	1,122
Specific financial institutions	-	-	-	1	647	648
Other financial institutions	-	1,610	1,610	276	2,183	2,459
<b>Total</b>	<b>49,475</b>	<b>8,154</b>	<b>57,629</b>	<b>46,667</b>	<b>8,527</b>	<b>55,194</b>
Add: Accrued interest receivables	15	6	21	14	19	33
Less: Deferred revenue	-	(30)	(30)	-	(8)	(8)
Allowance for doubtful accounts	-	(42)	(42)	-	(13)	(13)
<b>Total domestic items</b>	<b>49,490</b>	<b>8,088</b>	<b>57,578</b>	<b>46,681</b>	<b>8,525</b>	<b>55,206</b>
<b>Foreign Items</b>						
US Dollar	679	1,572	2,251	263	-	263
Yen	72	-	72	65	-	65
EURO	138	3	141	41	-	41
Other currencies	413	-	413	300	-	300
<b>Total</b>	<b>1,302</b>	<b>1,575</b>	<b>2,877</b>	<b>669</b>	<b>-</b>	<b>669</b>
Add: Accrued interest receivables	-	2	2	-	-	-
Less: Allowance for doubtful accounts	(2)	(6)	(8)	-	-	-
<b>Total foreign items</b>	<b>1,300</b>	<b>1,571</b>	<b>2,871</b>	<b>669</b>	<b>-</b>	<b>669</b>
<b>Total domestic and foreign items</b>	<b>50,790</b>	<b>9,659</b>	<b>60,449</b>	<b>47,350</b>	<b>8,525</b>	<b>55,875</b>

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December					
	2013			2012		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic Items</b>						
The Bank of Thailand and Financial Institutions Development Fund	49,371	2,400	51,771	46,265	4,700	50,965
Commercial banks	104	4,144	4,248	109	801	910
Specific financial institutions	-	-	-	-	500	500
Other financial institutions	-	1,610	1,610	276	2,183	2,459
<b>Total</b>	<b>49,475</b>	<b>8,154</b>	<b>57,629</b>	<b>46,650</b>	<b>8,184</b>	<b>54,834</b>
Add: Accrued interest receivables	15	6	21	14	15	29
Less: Deferred revenue	-	(30)	(30)	-	(8)	(8)
Allowance for doubtful accounts	-	(42)	(42)	-	(13)	(13)
<b>Total domestic items</b>	<b>49,490</b>	<b>8,088</b>	<b>57,578</b>	<b>46,664</b>	<b>8,178</b>	<b>54,842</b>
<b>Foreign Items</b>						
US Dollar	679	1,572	2,251	263	-	263
Yen	72	-	72	65	-	65
EURO	138	3	141	41	-	41
Other currencies	413	-	413	300	-	300
<b>Total</b>	<b>1,302</b>	<b>1,575</b>	<b>2,877</b>	<b>669</b>	<b>-</b>	<b>669</b>
Add: Accrued interest receivables	-	2	2	-	-	-
Less: Allowance for doubtful accounts	(2)	(6)	(8)	-	-	-
<b>Total foreign items</b>	<b>1,300</b>	<b>1,571</b>	<b>2,871</b>	<b>669</b>	<b>-</b>	<b>669</b>
<b>Total domestic and foreign items</b>	<b>50,790</b>	<b>9,659</b>	<b>60,449</b>	<b>47,333</b>	<b>8,178</b>	<b>55,511</b>

## Notes to Consolidated Financial Statements

(continued)

### 10. Derivatives assets/liabilities

As at 31 December 2013 and 2012, the Bank has notional amounts and fair value of derivatives held for trading book classified by type of risk is as follows:

Type of risk	(Unit: Million Baht)					
	Consolidated and separate financial statements					
	As at 31 December					
	2013			2012		
	Fair Value		Notional amount	Fair Value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	7,840	5,965	447,873	1,177	2,231	223,900
Interest rate	1,739	1,786	523,275	1,802	1,905	529,663
Commodity derivatives	31	31	4,074	-	-	-
<b>Total</b>	<b>9,610</b>	<b>7,782</b>	<b>975,222</b>	<b>2,979</b>	<b>4,136</b>	<b>753,563</b>

As at 31 December 2013 and 2012, the proportion, determined based on the notional amount, of derivatives transactions divided by type of counterparty is as follows:

Counterparty	(Unit: Percentage)	
	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
Financial institutions	86.36	92.88
Companies in the group*	4.66	2.59
Others	8.98	4.53
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

\* Companies in the group mean United Overseas Bank Limited and United Overseas Bank Group of Companies.

# Notes to Consolidated Financial Statements

(continued)

## 11. Investments

### 11.1 Classified by types of investment

	(Unit: Million Baht)	
	Consolidated financial statements	
	As at 31 December	
	2013	2012
	Fair value	Fair value
<b>Securities for trading</b>		
Government and state enterprises securities	30,266	25,848
Total	30,266	25,848
<b>Available-for-sale securities</b>		
Government and state enterprises securities	42,214	45,364
Private sector debt securities	-	176
Marketable domestic equity securities	383	514
Marketable foreign equity securities	199	126
Unit trusts	-	54
Total	42,796	46,234
	<b>Cost</b>	<b>Cost</b>
<b>General investments</b>		
Non-marketable domestic equity securities	120	119
Non-marketable foreign equity securities	15	15
Unit trusts	9	40
Total	144	174
Less: Allowance for impairment of securities	(88)	(97)
Total	56	77
Total investments - net	73,118	72,159

# Notes to Consolidated Financial Statements

(continued)

	(Unit: Million Baht)	
	Separate financial statements	
	As at 31 December	
	2013	2012
	Fair value	Fair value
<b>Securities for trading</b>		
Government and state enterprises securities	<b>30,266</b>	25,848
Total	<b>30,266</b>	25,848
<b>Available-for-sale securities</b>		
Government and state enterprises securities	<b>42,214</b>	45,364
Private sector debt securities	-	176
Marketable domestic equity securities	<b>383</b>	514
Marketable foreign equity securities	<b>199</b>	126
Unit trusts	-	54
Total	<b>42,796</b>	46,234
	<b>Cost</b>	Cost
<b>General investments</b>		
Non-marketable domestic equity securities	<b>120</b>	118
Non-marketable foreign equity securities	<b>15</b>	15
Unit trusts	<b>9</b>	40
Total	<b>144</b>	173
Less: Allowance for impairment of securities	<b>(88)</b>	(97)
Total	<b>56</b>	76
Total investments - net	<b>73,118</b>	72,158

As at 31 December 2013 and 2012, the Bank classified promissory notes received from TAMC as “other receivable”, which were presented as part of other assets, as detailed in Note 20 to the financial statements. These promissory notes matured in 2011, as detailed in Note 14.8.3 to the financial statements.

As at 31 December 2013, the Bank has commitments to purchase debt securities of Baht 3,976 million (2012: Baht 7,210 million) and commitments to sell debt securities of Baht 3,169 million (2012: Baht 11,790 million).

The Bank has commitments in relation to an investment agreement to purchase investment units denominated in US Dollar currency. As at 31 December 2012, the Bank was committed to pay US Dollar 0.3 million, converted using the exchange rate ruling at the end of reporting period, for this investment.

## Notes to Consolidated Financial Statements

(continued)

### 11.2 Classified by the remaining period to maturity of the debt securities

Investments in debt instruments, excluding trading debt instruments, classified by remaining maturities are as follows:

	(Unit: Million Baht)			
	Consolidated and separate financial statement			
	As at 31 December 2013			
	Remaining within			
	1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	25,961	16,162	-	42,123
Private sector debt securities	25	-	-	25
<b>Total</b>	<b>25,986</b>	<b>16,162</b>	<b>-</b>	<b>42,148</b>
Add: Allowance for revaluation	23	68	-	91
Less: Allowance for impairment of securities	(25)	-	-	(25)
<b>Total</b>	<b>25,984</b>	<b>16,230</b>	<b>-</b>	<b>42,214</b>

	(Unit: Million Baht)			
	Consolidated and separate financial statement			
	As at 31 December 2012			
	Remaining within			
	1 year	1 - 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	36,355	8,955	-	45,310
Private sector debt securities	25	175	-	200
<b>Total</b>	<b>36,380</b>	<b>9,130</b>	<b>-</b>	<b>45,510</b>
Add: Allowance for revaluation	12	43	-	55
Less: Allowance for impairment of securities	(25)	-	-	(25)
<b>Total</b>	<b>36,367</b>	<b>9,173</b>	<b>-</b>	<b>45,540</b>

# Notes to Consolidated Financial Statements

(continued)

## 12. Investments in subsidiaries and associated company

Company's name	Nature of business	Type of security	Consolidated financial statements														
			Paid-up share capital			Percentage of holding			Cost method		Equity method		Dividend income recognised for the years ended		Shares of profit (loss) for the years ended		
			As at 31 December 2013	2012	2013	As at 31 December 2013	2012	2013	As at 31 December 2013	2012	2013	As at 31 December 2012	2013	As at 31 December 2012	2013		
			(Million Baht)	(Million Baht)	(%)	(Million Baht)	(Million Baht)	(%)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)		
<b>Subsidiary - not included in consolidated financial statement</b>																	
UOB Leasing (Thai) Co., Ltd.	Liquidation	Common stock	4	4	99.99	99.99	6	6	6*	6*	6	6	6	6	6	6	-
Investments in subsidiaries and associated company - net							6	6	6*	6*	-	-	-	-	-	-	-

\* The consolidated financial statements for the years ended 31 December 2013 and 2012 excluded the financial statements of UOB Leasing (Thai) Co., Ltd, which was deregistered under liquidation. Such investment then stated at cost.

Company's name	Nature of business	Type of security	Paid-up share capital						Percentage of holding		Investment (Cost method)		Dividend income recognised for the years ended				
			As at 31 December 2013		2012		2013		As at 31 December 2012		2013		As at 31 December 2012				
			(Million Baht)	(Million Baht)	(%)	(%)	(Million Baht)	(Million Baht)	(%)	(%)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)			
			(Million Baht)	(Million Baht)	(%)	(%)	(Million Baht)	(Million Baht)	(%)	(%)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)			
<b>Subsidiaries</b>																	
UOB Bullion and Futures (Thai) Co., Ltd.	Derivatives brokerage	Common stock	175	175	75.00	75.00	132	132	132	132	-	-	-	-	-	-	-
UOB Services Co., Ltd.	Debt Collection Business	Common stock	60	60	99.99	99.99	60	60	60	60	35	35	25	25	25	25	25
Thai Wealth Management Co., Ltd. (formerly known as UOB Asset Management (Thai) Co., Ltd.)	Liquidation	Common stock	3	100	99.99	99.99	28	135	28	135	490	490	-	-	-	-	-
UOB Leasing (Thai) Co., Ltd.	Liquidation	Common stock	4	4	99.99	99.99	6	6	6	6	-	-	-	-	-	-	-
Investments in subsidiaries and associated company							226	333	226	333	525	525	25	25	25	25	25
Less: Allowance for impairment of securities							(26)	-	(26)	-	-	-	-	-	-	-	-
Investments in subsidiaries and associated company - net							200	333	200	333	525	525	25	25	25	25	25



# Notes to Consolidated Financial Statements

(continued)

On 25 July 2013, the Extraordinary General Meeting of the Shareholders of Thai Wealth Management Co., Ltd. approved an interim dividend distribution to its shareholders at the rate of Baht 49 per share, totalling Baht 490 million, and a partial return of capital, totalling Baht 107 million, to shareholders including the Bank, in proportion to their shareholding. The Bank received the interim dividend distribution and the return of capital on 30 July 2013 and 29 November 2013, respectively.

## 13. Entire Business Transfer/discontinued operations

In accordance with to the plan for the business restructuring of the group that is being undertaken to improve the efficiency of the Bank's operations, the Executive Committee of the Bank approved a plan to transfer the entire business of a subsidiary, UOB Asset Management (Thai) Co., Ltd. to UOB Asset Management (Thailand) Co., Ltd. (formally known as ING Funds (Thailand) Co., Ltd.), which is a company in the United Overseas Bank Group.

On 17 May 2013, UOB Asset Management (Thai) Co., Ltd. ("as transferor") entered into an agreement to transfer all of its business to UOB Asset Management (Thailand) Co., Ltd. ("as transferee"). This accorded with a resolution passed by the Extraordinary General Meeting of the Shareholders of UOB Asset Management (Thai) Co., Ltd. held on 3 June 2013, whereby UOB Asset Management (Thai) Co., Ltd. was to transfer assets, liabilities and all obligations, including its employees. The transfer was completed on 1 July 2013 at a price of Baht 600 million, which was determined based on guidelines provided by an independent financial advisor.

The Ministry of Finance and the Office of Securities and Exchange Commission have approved the cessation of the business operations of UOB Asset Management (Thai) Co., Ltd. and the return of its securities and derivatives business license, effective on 16 October 2013.

In accordance with a resolution of the Extraordinary General Meeting of Shareholders of UOB Asset Management (Thai) Co., Ltd. on 25 July 2013, UOB Asset Management (Thai) Co., Ltd. registered the change of its name from "UOB Asset Management (Thai) Co., Ltd. to "Thai Wealth Management Co., Ltd" with the Ministry of Commerce on 30 October 2013, and registered its dissolution and the appointment of liquidators of its business with the Ministry of Commerce on 31 October 2013.

All proceeds from the entire business transfer have been received by Thai Wealth Management Co., Ltd. and a gain on the entire business transfer of Baht 166 million was recognised in the consolidated financial statements for the year ended 31 December 2013.

## Notes to Consolidated Financial Statements

(continued)

Summarised financial information of Thai Wealth Management Co., Ltd. as at 1 July 2013 (the transfer date) is as follows:

<b>Book Value</b>	<b>(Unit: Million Baht)</b>
<b>Assets</b>	
Interbank and money market items - net	453
Investments - net	1
Loans to customers and accrued interest receivables - net	1
Premises and equipment - net	2
Other Intangible assets - net	2
Other assets - net	82
<b>Total assets</b>	<b>541</b>
<b>Liabilities</b>	
Provisions for long-term employee benefits	15
Accrued expenses	77
Other liabilities	15
<b>Total liabilities</b>	<b>107</b>
Net Book Value	434
Transfer price	600
Gain on entire business transfer	166

Interbank and money market items included deposits of Thai Wealth Management Co., Ltd. with the Bank amounting to Baht 432 million.

## Notes to Consolidated Financial Statements

(continued)

To comply with the requirements of Thai Financial Reporting Standards, the operating results of Thai Wealth Management Co., Ltd. were separately presented under “Profit from discontinued operations” and “Other comprehensive income from discontinued operations” in the consolidated statements of comprehensive income for the years ended 31 December 2013, and those of 2012 for comparative purposes. Details are as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2013	2012
<b>Consolidated statement of comprehensive income</b>		
Interest income	7	11
Interest expenses	-	-
<b>Net interest income</b>	<b>7</b>	<b>11</b>
Fees and service income	376	472
Fees and service expenses	155	194
<b>Net fees and service income</b>	<b>221</b>	<b>278</b>
Gain on entire business transfer	166	-
Other operating income	1	1
<b>Total operating income</b>	<b>395</b>	<b>290</b>
<b>Other operating expenses</b>		
Employee’s expenses	90	154
Premises and equipment expenses	8	19
Other expenses	34	38
<b>Total other operating expenses</b>	<b>132</b>	<b>211</b>
Profit before income tax expenses	263	79
Income tax	21	20
<b>Net profit after tax from discontinued operations</b>	<b>242</b>	<b>59</b>
<b>Other comprehensive income</b>		
Actuarial gains on defined benefit plans	1	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income from discontinued operations	1	-
<b>Total comprehensive income from discontinued operations</b>	<b>243</b>	<b>59</b>

## Notes to Consolidated Financial Statements

(continued)

Changes of operating assets and operating liabilities of Thai Wealth Management Co., Ltd which included in consolidated cash flows statements for the year ended 31 December 2013 are as follows:

	<b>(Unit: Million Baht)</b>
	<b>2013</b>
Operating assets increase	
- Interbank and money market items	<b>(386)</b>
- Other assets	<b>(63)</b>
	<b>(449)</b>
Operating liabilities decrease	
- Accrued expense	<b>(69)</b>
- Other liabilities	<b>(27)</b>
	<b>(96)</b>

Cash flow information of Thai Wealth Management Co., Ltd for the years ended 31 December 2013 and 2012 is as follows:

	<b>(Unit: Million Baht)</b>	
	<b>For the years ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
Net cash used in operating activities	<b>(3)</b>	(84)
Net cash provided by (used in) investing activities	<b>3</b>	(1)
Net cash provided by financing activities	-	-

## Notes to Consolidated Financial Statements

(continued)

### 14. Loans to customers and accrued interest receivables - net

#### 14.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Overdrafts	17,296	14,396	17,296	14,396
Loans	170,543	140,380	170,543	140,379
Trade bills	61,814	53,412	61,814	53,412
Hire-purchase receivables	1,888	1,413	1,888	1,413
Financial lease receivables	3,485	3,235	3,485	3,235
Others	402	496	402	496
Less: Deferred revenue	(496)	(451)	(496)	(451)
Total loans to customers net of deferred revenue	254,932	212,881	254,932	212,880
Add: Accrued interest receivables	755	608	755	608
Total loans to customers net of deferred revenue and accrued interest receivables	255,687	213,489	255,687	213,488
Less: Allowance for doubtful accounts				
1. The BOT's minimum requirement provision				
- Individual approach	(3,060)	(3,122)	(3,060)	(3,122)
- Collective approach	(345)	(263)	(345)	(263)
2. Provision in excess of the BOT's minimum rates required	(3,526)*	(1,816)*	(3,526)*	(1,816)*
Total loans to customers and accrued interest receivables - net	248,756	208,288	248,756	208,287

\* Allowance for doubtful accounts includes a reserve for cyclical business factors, including economic factors, and other risk that may affect the quality of assets.

## Notes to Consolidated Financial Statements

(continued)

### 14.2 Classified by currencies and residential status of debtors

**(Unit: Million Baht)**

	<b>Consolidated financial statements</b>					
	<b>As at 31 December</b>					
	<b>2013</b>			<b>2012</b>		
	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>
Baht	<b>236,854</b>	<b>182</b>	<b>237,036</b>	201,586	166	201,752
US Dollar	<b>16,459</b>	<b>952</b>	<b>17,411</b>	9,101	1,225	10,326
Other currencies	<b>485</b>	-	<b>485</b>	803	-	803
<b>Total loans, net of deferred revenue</b>	<b>253,798</b>	<b>1,134</b>	<b>254,932</b>	211,490	1,391	212,881

**(Unit: Million Baht)**

	<b>Separate financial statements</b>					
	<b>As at 31 December</b>					
	<b>2013</b>			<b>2012</b>		
	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>	<b>Domestic</b>	<b>Overseas</b>	<b>Total</b>
Baht	<b>236,854</b>	<b>182</b>	<b>237,036</b>	201,585	166	201,751
US Dollar	<b>16,459</b>	<b>952</b>	<b>17,411</b>	9,101	1,225	10,326
Other currencies	<b>485</b>	-	<b>485</b>	803	-	803
<b>Total loans, net of deferred revenue</b>	<b>253,798</b>	<b>1,134</b>	<b>254,932</b>	211,489	1,391	212,880

## Notes to Consolidated Financial Statements

(continued)

### 14.3 Classified by types of business and loan classification

(Unit: Million Baht)

	Separate financial statement					
	As at 31 December 2013					
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,998	6	-	-	67	2,071
Manufacturing and commerce	78,122	1,825	423	162	1,434	81,966
Real estate and construction	19,364	282	1	-	329	19,976
Public utilities and services	31,159	645	350	-	123	32,277
Housing loans	74,415	565	274	224	1,261	76,739
Others	40,633	656	273	242	99	41,903
<b>Total loans, net of deferred revenue</b>	<b>245,691</b>	<b>3,979</b>	<b>1,321</b>	<b>628</b>	<b>3,313</b>	<b>254,932</b>

(Unit: Million Baht)

	Separate financial statement					
	As at 31 December 2012					
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	813	11	1	-	86	911
Manufacturing and commerce	63,588	1,890	141	21	2,054	67,694
Real estate and construction	17,231	424	117	39	304	18,115
Public utilities and services	25,264	559	392	-	159	26,374
Housing loans	61,439	414	317	176	1,290	63,636
Others	35,220	456	201	200	73	36,150
<b>Total loans, net of deferred revenue</b>	<b>203,555</b>	<b>3,754</b>	<b>1,169</b>	<b>436</b>	<b>3,966</b>	<b>212,880</b>

## Notes to Consolidated Financial Statements

(continued)

### 14.4 Classified by loan classification in accordance with the Notification of the BOT

(Unit: Million Baht)

	Separate financial statement					
	As at 31 December 2013					
	Loans to customers and accrued interest receivables	Other claims	Total	Net balance used in calculate allowance for doubtful accounts <sup>(1)</sup>	Percentage of allowance for doubtful account set up	Allowance for doubtful accounts
					(%)	
The BOT's minimum requirement provision						
Pass	246,418	15	246,433	89,499	1	894
Special mention	4,007	2	4,009	1,996	2	40
Sub-standard	1,321	2	1,323	612	100	612
Doubtful	628	1	629	257	100	257
Doubtful of loss	3,313	5	3,318	1,610	100	1,610
Provision in excess of the BOT's minimum rates required <sup>(2)</sup>	-	-	-	-		3,526
<b>Total</b>	<b>255,687</b>	<b>25</b>	<b>255,712</b>	<b>93,974</b>		<b>6,939</b>

<sup>(1)</sup> Net balance used in calculate allowance for doubtful accounts for pass and special mention loans is debt balance excluded accrued interest receivable net of collateral. For sub-standard, doubtful and doubtful of loss loans, that is debt balance and accrued interest receivables, net of deferred revenue, remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

<sup>(2)</sup> Allowance for doubtful accounts includes a reserve for cyclical business factors, including economic factors, and other risk that may affect the quality of assets.

(Unit: Million Baht)

	Separate financial statement					
	As at 31 December 2012					
	Loans to customers and accrued interest receivables	Other claims	Total	Net balance used in calculate allowance for doubtful accounts <sup>(1)</sup>	Percentage of allowance for doubtful account set up	Allowance for doubtful accounts
					(%)	
The BOT's minimum requirement provision						
Pass	204,140	17	204,157	72,182	1	722
Special mention	3,776	1	3,777	1,520	2	31
Sub-standard	1,169	1	1,170	440	100	440
Doubtful	436	1	437	187	100	187
Doubtful of loss	3,967	5	3,972	2,012	100	2,012
Provision in excess of the BOT's minimum rates required <sup>(2)</sup>	-	-	-	-		1,816
<b>Total</b>	<b>213,488</b>	<b>25</b>	<b>213,513</b>	<b>76,341</b>		<b>5,208</b>

<sup>(1)</sup> Net balance used in calculate allowance for doubtful accounts for pass and special mention loans is debt balance excluded accrued interest receivable net of collateral. For sub-standard, doubtful and doubtful of loss loans, that is debt balance and accrued interest receivables, net of deferred revenue, remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals.

<sup>(2)</sup> Allowance for doubtful accounts includes a reserve for cyclical business factors, including economic factors, and other risk that may affect the quality of assets.

As at 31 December 2013, loan provisions mentioned above include provision for other claims, amounting to Baht 8 million (2012: Baht 7 million).



## Notes to Consolidated Financial Statements

(continued)

As at 31 December 2013 and 2012 the Bank has classified unsecured consumer loan in accordance with the Notification of the BOT for non-performing loans (excluding receivables classified as pass and special mention) using a collective approach, as follows:

Overdue (Days)	(Unit: Million Baht)		
	Separate financial statement		
	As at 31 December 2013		
	Unsecured consumer loans	The range of provision (%)	Provision amount
0 - 119	231	73 - 94	173
120 - 179	232	73 - 94	172
<b>Total</b>	<b>463</b>		<b>345</b>

Overdue (Days)	(Unit: Million Baht)		
	Separate financial statement		
	As at 31 December 2012		
	Unsecured consumer loans	The range of provision (%)	Provision amount
0 - 119	162	73 - 94	121
120 - 179	191	73 - 94	142
<b>Total</b>	<b>353</b>		<b>263</b>

### 14.5 Hire-purchase/finance lease receivables

As at 31 December 2013, the Bank has receivables under hire-purchase agreements and financial leases net of deferred revenue amounting to Baht 4,894 million (2012: Baht 4,222 million), mostly comprising hire-purchase agreements and financial leases for vehicles and machines. The terms of the agreements are generally between 3 - 5 years and most interest is charged at a fixed rate.

	(Unit: Million Baht)				
	As at 31 December 2013				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in hire-purchase/ finance leases	306	4,948	27	92	5,373
Less: Deferred revenue*	(7)	(459)	(5)	(8)	(479)
Present value of minimum lease payments receivables	299	4,489	22	84	4,894
Less: Allowance for doubtful accounts					(132)
<b>Net hire-purchase/finance lease receivables</b>					<b>4,762</b>

\* After deduction of commission and deferred initial direct costs of hire-purchase (if any)

## Notes to Consolidated Financial Statements

(continued)

	(Unit: Million Baht)				
	As at 31 December 2012				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in hire-purchase/ finance leases	291	4,228	35	94	4,648
Less: Deferred revenue*	(7)	(406)	(7)	(6)	(426)
Present value of minimum lease payments receivables	284	3,822	28	88	4,222
Less: Allowance for doubtful accounts					(128)
Net hire-purchase/finance lease receivables					4,094

\* After deduction of commission and deferred initial direct costs of hire-purchase (if any)

### 14.6 Non-accrual loans

The Bank had non-accrual loans, according to the BOT's criteria (NPLs and restructured NPLs under current period) as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	As at 31 December	
	2013	2012
Non-accrual loans (principal only)	5,262	5,571
Percentage of total loans*	1.69	2.12

\* Including interbank and money market loans

In December 2012, the Bank signed the Sale and Purchase Agreement with a non-related asset management company for non-performing loans with principal balances on the transfer date totalling approximately Baht 2,301 million. The transfer price for the non-performing loans approximated their net carrying values. The effect of this sale was recognised in statements of comprehensive income for the year ended 31 December 2012.

### 14.7 Troubled debt restructuring

During the years ended 31 December 2013 and 2012 the Bank entered into troubled debt restructuring agreements with debtors. The number of debtors and their debt balances (including recorded accrued interest receivables) before restructuring can be summarised below.

	(Unit: Million Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Debt balances before restructuring	1,183	2,803
Total number of customers	3,027	1,654

## Notes to Consolidated Financial Statements

(continued)

Detail of the restructured debtors during the years ended 31 December 2013 and 2012 referred to above can be classified by method of troubled debt restructuring as follows:

(Unit: Million Baht)					
Separate financial statement					
For the year ended 31 December 2013					
Type of restructuring	Number of customers subject to restructuring	Debt balances before restructuring	Type of assets	Fair value of assets	Debt balances after restructuring
Asset swap for settlement	3	320	Cash	320	-
Modification of terms	3,024	863	-	-	863
<b>Total</b>	<b>3,027</b>	<b>1,183</b>		<b>320</b>	<b>863</b>

(Unit: Million Baht)					
Separate financial statement					
For the year ended 31 December 2012					
Type of restructuring	Number of customers subject to restructuring	Debt balances before restructuring	Type of assets	Fair value of assets	Debt balances after restructuring
Asset swap for settlement	1	5	Cash	5	-
Modification of terms	1,653	2,798	-	-	2,798
<b>Total</b>	<b>1,654</b>	<b>2,803</b>		<b>5</b>	<b>2,798</b>

The Bank recorded losses on restructuring for the year in relation to certain particular customers as utilisation of allowance for doubtful accounts rather than charging to profit or loss from operation since the Bank had already fully provided allowance for those loans.

The debts restructured by means of modification of the term of repayment referred to above during the years ended 31 December 2013 and 2012 can be classified by the term of repayment under the restructuring agreement as follows:

(Unit: Million Baht)			
Separate financial statement			
For the year ended 31 December 2013			
	Number of debtors	Debt balances (Million Baht)	
		Before restructuring	After restructuring
Term of repayment according to the restructuring agreements:			
Not more than 5 years	3,008	594	594
5 - 10 years	9	252	252
10 - 15 years	3	9	9
More than 15 years	4	8	8
<b>Total</b>	<b>3,024</b>	<b>863</b>	<b>863</b>

## Notes to Consolidated Financial Statements

(continued)

	(Unit: Million Baht)		
	Separate financial statement		
	For the year ended 31 December 2012		
	Number of debtors	Debt balances (Million Baht)	
Before restructuring		After restructuring	
Term of repayment according to the restructuring agreements:			
Not more than 5 years	1,612	2,705	2,705
5 - 10 years	5	8	8
10 - 15 years	19	47	47
More than 15 years	17	38	38
<b>Total</b>	<b>1,653</b>	<b>2,798</b>	<b>2,798</b>

As at 31 December 2013 and 2012, the troubled debtors restructuring for which the Bank completed the restructuring can be summarised as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	Number of debtors	Debt balances after restructuring
Balance of restructured debtors as at 31 December 2013	<b>11,276</b>	<b>9,640</b>
Balance of restructured debtors as at 31 December 2012	11,391	9,208

As at 31 December 2013, the Bank has committed additional funds to restructured debtors amounting to Baht 45 million (2012: Baht 154 million).

### 14.8 Sale of non-performing assets to Thai Asset Management Corporation ("TAMC")

#### 14.8.1 Asset transfer agreements and profit or loss sharing

On 12 October 2001, the Bank entered into an agreement with the Thai Asset Management Corporation (TAMC) to transfer non-performing loans (NPL) in accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544. Under the agreement, the Bank was to receive a ten-year non-transferable promissory note with interest rate availed by the Financial Institutions Development Fund.

In accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544, the TAMC and the Bank are jointly responsible for any profits or losses arising from managing the impaired assets in accordance with the conditions specified in the agreement at the end of the fifth year and at the end of the tenth year commencing 1 July 2001. The calculation of such profits or losses shall take into consideration the cost of transfer and all operating expenses of the TAMC, including interest on the promissory note. In the event that the TAMC incurs losses on the impaired assets transferred to it by the Bank, the Bank will be responsible for the first portion of losses, not exceeding 20% of the transfer price. The second portion of losses, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the Bank. The remaining losses will be absorbed by the TAMC. In the event that the TAMC makes profits on the impaired assets transferred to it by the Bank, the first portion of profits, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the Bank. Should there be any profits remaining, the Bank is entitled to the remaining profits up to an amount not exceeding the sum of the book value of the assets transferred less the transfer price and the Bank's share of the first portion of the profits.

On 8 June 2013, TAMC was liquidated in accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544 and transferred its remaining assets and liabilities, including all TAMC's accounting books and documents, to the Ministry of Commerce, which is to manage them.

# Notes to Consolidated Financial Statements

(continued)

## 14.8.2 Disputes over requested transfer price adjustment and reporting results of non-performing loan management by TAMC.

Throughout the period that assets were managed by TAMC, the Bank received notifications of reducing transfer price adjustments from TAMC. Disputes raised by the Bank can be summarised, in order, as follows:

- (a) On 30 June 2006, TAMC requested the Bank to reduce the transfer value of machinery that was pledged as collateral by a major debtor and the transfer value of that debtor, by a total of Baht 1,660 million since those assets were not valid collateral under the law.

The Bank filed a lawsuit against TAMC as a result of above dispute and on 12 March 2009, the Court of First Instance ruled in favor of the Bank. However, TAMC appealed, and on 30 June 2012 the Court of Appeal ordered TAMC to pay the Bank at the face value after reducing the value of the pledged collateral. The Bank appealed to the Supreme Court in January 2013. Currently the case is being processed by the Supreme Court.

- (b) On 10 July 2006 and 7 December 2006, TAMC requested the Bank to consider adjusting the collateral value and transfer price of leasehold rights amounting to Baht 5.4 million since the Bank did not have preferential rights over the property.

The Bank filed a lawsuit against TAMC regarding their dispute over the leasehold rights. The Court of First Instance ruled in favor of the Bank on 12 November 2012. However, TAMC filed an appeal and the Bank replied to the appeal on 15 May 2013. On 7 November 2013, the Court of Appeal ruled in favor of the Bank.

- (c) On 30 April 2013, the Bank received a TAMC gain/loss sharing report as at 30 November 2012, which the Bank had profit sharing arising from the management of impaired assets totalling Baht 308 million, excluding the value of those assets mentioned above in (a) and (b). However, the Bank has the argumentations as mentioned in (a) and (b) above, and issued a letter to TAMC dated 30 May 2013 to dispute and object to the gain/loss sharing report.

## 14.8.3 Settlement of promissory notes

As at 31 December 2013 and 2012, the outstanding balance of the promissory notes received from TAMC was Baht 2,864 million (before adjustment of price following the disputes mentioned in 14.8.2). These matured in the year 2011 and were presented in the statements of financial position under "Other receivable". The management of the Bank has set aside provisions for contingent losses from the gain/loss sharing from TAMC's management of the impaired assets totalling Baht 1,900 million (2012: Baht 2,240 million), which are presented as deductions from other receivable in the statements of financial position. The decrease from the amount recorded as of 31 December 2012 was the result of the reversal of provisions for contingent losses from the gain/loss sharing in June 2013, after the Bank reviewed the adequacy of provisions for such losses at the end of year.

On 14 October 2011, the Bank received a letter from TAMC concerning the principles and procedures for redemption of promissory notes, under the liquidation committee of TAMC stipulated principles and guidelines for the management of matured promissory notes. The procedure for promissory notes under dispute and over which legal action has already been taken is that when the promissory notes matured, TAMC would made deposits with the transferor bank in TAMC's name equal to the amount of principal and interest payable. In 2011, TAMC deposited a total of Baht 3,110 million with the Bank in accordance with these guidelines, and the Bank treats these as normal deposits.

# Notes to Consolidated Financial Statements

(continued)

## 15. Allowance for doubtful accounts

(Unit: Million Baht)

Separate financial statement							
For the year ended 31 December 2013							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Provision in excess of the BOT's minimum rates required	Total
Beginning balance	722	31	438	187	2,007	1,816	5,201
Doubtful accounts	208	9	172	69	936	1,710	3,104
Transferred to allowance for doubtful accounts of loans to interbank and money market	(36)	-	-	-	-	-	(36)
Bad debts written off	-	-	-	-	(1,350)	-	(1,350)
Others	-	-	-	-	12	-	12
Ending balance	894	40	610	256	1,605	3,526*	6,931

\* Allowance for doubtful accounts includes a reserve for cyclical business factors, including economic factors, and other risk that may affect the quality of assets.

(Unit: Million Baht)

Separate financial statement							
For the year ended 31 December 2012							
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Provision in excess of the BOT's minimum rates required	Total
Beginning balance	595	28	804	288	2,909	1,125	5,749
Doubtful accounts	123	3	(365)	(101)	1,725	691	2,076
Allowance for doubtful accounts of NPL sold during the year	-	-	-	-	(1,715)	-	(1,715)
Transferred to allowance for doubtful accounts of loans to interbank and money market	4	-	-	-	-	-	4
Bad debts written off	-	-	-	-	(908)	-	(908)
Others	-	-	(1)	-	(4)	-	(5)
Ending balance	722	31	438	187	2,007	1,816*	5,201

\* Allowance for doubtful accounts includes a reserve for cyclical business factors, including economic factors, and other risk that may affect the quality of assets.

## Notes to Consolidated Financial Statements

(continued)

### 16. Properties foreclosed - net

Properties foreclosed represent properties obtained from debtors as a result of debt restructuring or properties obtained as a result of a successful bid for the mortgaged assets of debtors at auction and including the owned closed branch's premises and awaiting for sale.

Under the debt restructuring agreements, in cases the debtors restructure their debts by means of a debt/asset swap, the Bank grants buy-back rights or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements. The buy-back prices are normally agreed to be the transfer prices of the properties on the restructuring dates or plus interest.

As at 31 December 2013 and 2012, the details of properties foreclosed are as follows:

Type of properties foreclosed	(Unit: Million Baht)			
	Consolidated and separate financial statement			
	For the year ended 31 December 2013			
	Beginning balance	Addition	Disposal	Ending balance
Assets transferred in settlement of debts and assets from bidding				
Immovable	3,690	184	(637)	3,237
Movable	-	-	-	-
Total	3,690	184	(637)	3,237
Others	2	-	(2)	-
Total properties foreclosed	3,692	184	(639)	3,237
Less: Allowance for impairment	(1,823)	-	475	(1,348)
Properties foreclosed - net	1,869	184	(164)	1,889

Type of properties foreclosed	(Unit: Million Baht)			
	Consolidated and separate financial statement			
	For the year ended 31 December 2012			
	Beginning balance	Addition	Disposal	Ending balance
Assets transferred in settlement of debts and assets from bidding				
Immovable	4,854	57	(1,221)	3,690
Movable	-	-	-	-
Total	4,854	57	(1,221)	3,690
Others	1	2	(1)	2
Total properties foreclosed	4,855	59	(1,222)	3,692
Less: Allowance for impairment	(1,713)	(120)	10	(1,823)
Properties foreclosed - net	3,142	(61)	(1,212)	1,869

During the year ended 31 December 2013, the Bank reviewed the adequacy of the allowance for impairment and as a result reversed the allowance for impairment of properties foreclosed amounting of Baht 400 million.

## Notes to Consolidated Financial Statements

(continued)

Immovable assets foreclosed classified by external and internal appraisers as at 31 December 2013 and 2012 consist of the following:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
<b>Foreclosed assets - immovable assets</b>		
Appraised by external appraisers	<b>3,048</b>	3,443
Appraised by internal appraisers	<b>189</b>	247
<b>Total</b>	<b>3,237</b>	3,690



# Notes to Consolidated Financial Statements

(continued)

## 17. Premises and equipment

	(Unit: Million Baht)				
	Consolidated financial statement				
	For the year ended 31 December 2013				
	Land	Premises	Equipment	Assets under installation	Total
<b>Cost</b>					
Beginning balance	1,382	1,444	4,542	35	7,403
Acquisition	-	-	206	139	345
Transfer in (out)	(24)	(19)	134	(134)	(43)
Disposal and written off	-	-	(254)	-	(254)
Decrease from transfer of a subsidiary company	-	-	(20)	-	(20)
Ending balance	1,358	1,425	4,608	40	7,431
<b>Increase from revaluation</b>					
Beginning balance	1,728	331	-	-	2,059
Transfer out	(46)	-	-	-	(46)
Ending balance	1,682	331	-	-	2,013
<b>Accumulated depreciation</b>					
Beginning balance	-	(884)	(3,229)	-	(4,113)
Depreciation charged for the year	-	(30)	(310)	-	(340)
Disposal and written off	-	-	235	-	235
Transfer out	-	10	-	-	10
Decrease from transfer of a subsidiary company	-	-	18	-	18
Ending balance	-	(904)	(3,286)	-	(4,190)
<b>Impairment loss</b>					
Beginning balance	(54)	(83)	-	-	(137)
Transfer out	1	4	-	-	5
Ending balance	(53)	(79)	-	-	(132)
<b>Net book value</b>					
Beginning balance	3,056	808	1,313	35	5,212
Ending balance	2,987	773	1,322	40	5,122
Depreciation charge included in profit or loss from operation for the years ended 31 December:					
2012					328
2013					340

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Consolidated financial statement				
	For the year ended 31 December 2012				
	Land	Premises	Equipment	Assets under installation	Total
<b>Cost</b>					
Beginning balance	1,386	1,447	4,098	17	6,948
Acquisition	-	-	313	278	591
Transfer in (out)	(4)	(3)	259	(260)	(8)
Disposal and written off	-	-	(128)	-	(128)
Ending balance	1,382	1,444	4,542	35	7,403
<b>Increase from revaluation</b>					
Beginning balance	1,740	337	-	-	2,077
Transfer out	(12)	(6)	-	-	(18)
Ending balance	1,728	331	-	-	2,059
<b>Accumulated depreciation</b>					
Beginning balance	-	(859)	(3,044)	-	(3,903)
Depreciation charged for the year	-	(30)	(298)	-	(328)
Disposal and written off	-	5	113	-	118
Ending balance	-	(884)	(3,229)	-	(4,113)
<b>Impairment loss</b>					
Beginning balance	(54)	(83)	-	-	(137)
Ending balance	(54)	(83)	-	-	(137)
<b>Net book value</b>					
Beginning balance	3,072	842	1,054	17	4,985
Ending balance	3,056	808	1,313	35	5,212
Depreciation charge included in profit or loss from operation for the years ended 31 December:					
2011					313
2012					328

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement				
	For the year ended 31 December 2013				
	Land	Premises	Equipment	Assets under installation	Total
<b>Cost</b>					
Beginning balance	1,382	1,444	4,488	35	7,349
Acquisition	-	-	204	139	343
Transfer in (out)	(24)	(19)	134	(134)	(43)
Disposal and written off	-	-	(238)	-	(238)
Ending balance	1,358	1,425	4,588	40	7,411
<b>Increase from revaluation</b>					
Beginning balance	1,728	331	-	-	2,059
Transfer out	(46)	-	-	-	(46)
Ending balance	1,682	331	-	-	2,013
<b>Accumulated depreciation</b>					
Beginning balance	-	(884)	(3,190)	-	(4,074)
Depreciation charged for the year	-	(30)	(306)	-	(336)
Transfer out	-	10	-	-	10
Disposal and written off	-	-	225	-	225
Ending balance	-	(904)	(3,271)	-	(4,175)
<b>Impairment loss</b>					
Beginning balance	(54)	(83)	-	-	(137)
Transfer out	1	4	-	-	5
Ending balance	(53)	(79)	-	-	(132)
<b>Net book value</b>					
Beginning balance	3,056	808	1,298	35	5,197
Ending balance	2,987	773	1,317	40	5,117
Depreciation charge included in profit or loss from operation for the years ended 31 December:					
2012					323
2013					336

## Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement				
	For the year ended 31 December 2012				
	Land	Premises	Equipment	Assets under installation	Total
<b>Cost</b>					
Beginning balance	1,386	1,447	4,046	17	6,896
Acquisition	-	-	311	278	589
Transfer in (out)	(4)	(3)	259	(260)	(8)
Disposal and written off	-	-	(128)	-	(128)
Ending balance	1,382	1,444	4,488	35	7,349
<b>Increase from revaluation</b>					
Beginning balance	1,740	337	-	-	2,077
Transfer out	(12)	(6)	-	-	(18)
Ending balance	1,728	331	-	-	2,059
<b>Accumulated depreciation</b>					
Beginning balance	-	(859)	(3,010)	-	(3,869)
Depreciation charged for the year	-	(30)	(293)	-	(323)
Disposal and written off	-	5	113	-	118
Ending balance	-	(884)	(3,190)	-	(4,074)
<b>Impairment loss</b>					
Beginning balance	(54)	(83)	-	-	(137)
Ending balance	(54)	(83)	-	-	(137)
<b>Net book value</b>					
Beginning balance	3,072	842	1,036	17	4,967
Ending balance	3,056	808	1,298	35	5,197
Depreciation charge included in profit or loss from operation for the years ended 31 December:					
2011					307
2012					323

As at 31 December 2013, certain premises and equipment items of the Bank and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,309 million (2012: Baht 2,234 million). The Bank only: Baht 2,305 million (2012: Baht 2,211 million).

# Notes to Consolidated Financial Statements

(continued)

## Revaluation surplus

This represents surplus arising from revaluation of land and premises

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2013	2012
<b>Beginning balance</b>	<b>2,044</b>	2,075
Amortisation charged for the year	<b>(15)</b>	(15)
Transferred out during the year	<b>(5)</b>	(16)
<b>Ending balance</b>	<b>2,024</b>	2,044

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

## 18. Other intangible assets

As at 31 December 2013 and 2012, the intangible assets are as follows:

	(Unit: Million Baht)			
	Consolidated financial statement			
	For the year ended 31 December 2013			
	Application software	Assets under installation	Others	Total
<b>Cost</b>				
Beginning balance	2,001	5	2	2,008
Acquisition	176	7	-	183
Transfer in (out)	11	(11)	-	-
Decrease from transfer of a subsidiary company	(11)	-	-	(11)
<b>Ending balance</b>	<b>2,177</b>	<b>1</b>	<b>2</b>	<b>2,180</b>
<b>Accumulated amortisation</b>				
Beginning balance	(1,124)	-	-	(1,124)
Amortisation for the year	(171)	-	-	(171)
Decrease from transfer of a subsidiary company	9	-	-	9
<b>Ending balance</b>	<b>(1,286)</b>	<b>-</b>	<b>-</b>	<b>(1,286)</b>
<b>Net book value</b>				
Beginning balance	877	5	2	884
<b>Ending balance</b>	<b>891</b>	<b>1</b>	<b>2</b>	<b>894</b>
Remaining useful lives (years)	5 - 10	-	-	
Amortisation charge included in profit or loss from operation for the years ended 31 December:				
2012				165
<b>2013</b>				<b>171</b>

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Consolidated financial statement			
	For the year ended 31 December 2012			
	Application software	Assets under installation	Others	Total
<b>Cost</b>				
Beginning balance	1,932	17	2	1,951
Acquisition	83	66	-	149
Transfer in (out)	78	(78)	-	-
Written off	(92)	-	-	(92)
Ending balance	2,001	5	2	2,008
<b>Accumulated amortisation</b>				
Beginning balance	(1,038)	-	-	(1,038)
Amortisation for the year	(165)	-	-	(165)
Written off	79	-	-	79
Ending balance	(1,124)	-	-	(1,124)
<b>Net book value</b>				
Beginning balance	894	17	2	913
Ending balance	877	5	2	884
Remaining useful lives (years)	5 - 10	-	-	
Amortisation charge included in profit or loss from operation for the years ended 31 December:				
2011				150
2012				165

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement			
	For the year ended 31 December 2013			
	Application software	Assets under installation	Others	Total
<b>Cost</b>				
Beginning balance	1,974	5	2	1,981
Acquisition	175	7	-	182
Transfer in (out)	11	(11)	-	-
Written off	-	-	-	-
Ending balance	2,160	1	2	2,163
<b>Accumulated amortisation</b>				
Beginning balance	(1,108)	-	-	(1,108)
Amortisation for the year	(169)	-	-	(169)
Written off	-	-	-	-
Ending balance	(1,277)	-	-	(1,277)
<b>Net book value</b>				
Beginning balance	866	5	2	873
Ending balance	883	1	2	886
Remaining useful lives (years)	5 - 10	-	-	
Amortisation charge included in profit or loss from operation for the years ended 31 December:				
2012				163
2013				169

## Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement			
	For the year ended 31 December 2012			
	Application software	Assets under installation	Others	Total
<b>Cost</b>				
Beginning balance	1,906	17	2	1,925
Acquisition	82	66	-	148
Transfer in (out)	78	(78)	-	-
Written off	(92)	-	-	(92)
Ending balance	1,974	5	2	1,981
<b>Accumulated amortisation</b>				
Beginning balance	(1,024)	-	-	(1,024)
Amortisation for the year	(163)	-	-	(163)
Written off	79	-	-	79
Ending balance	(1,108)	-	-	(1,108)
<b>Net book value</b>				
Beginning balance	882	17	2	901
Ending balance	866	5	2	873
Remaining useful lives (years)	5 - 10	-	-	
Amortisation charge included in profit or loss from operation for the years ended 31 December:				
2011				148
2012				163

As at 31 December 2013, certain intangible assets of the Bank and its subsidiaries have been fully amortised but are still in use. The gross carrying amount, before deducting accumulated amortisation, of those assets amounted to Baht 465 million (2012: Baht 207 million). The Bank only: Baht 464 million (2012: Baht 198 million).



# Notes to Consolidated Financial Statements

(continued)

## 19. Deferred Tax

The following table shows major components of deferred tax assets and deferred tax liabilities as at 31 December 2013 and 2012.

	(Unit: Million Baht)							
	Consolidated financial statements				Separate financial statements			
	Statements of financial position As at 31 December		Statements of comprehensive income for the years ended 31 December		Statements of financial position As at 31 December		Statements of comprehensive income for the years ended 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012
Deferred tax assets on:								
Allowance for doubtful accounts	47	47	-	108	47	47	-	108
Allowance for impairment of properties foreclosed	270	364	94	(16)	270	364	94	(16)
Allowance for impairment and revaluation of assets	25	27	2	-	25	27	2	-
Allowance for impairment and revaluation of investments	93	98	5	67	93	98	5	67
Provisions for long-term employee benefits	298	274	-	-	297	270	-	-
Provisions for other liabilities	53	63	10	(3)	53	63	10	(3)
Unrealised loss on financial derivatives	-	231	231	(172)	-	231	231	(172)
Other receivables	385	451	66	-	385	451	66	-
Write off	17	233	216	1	17	233	216	1
Loss carried forward	102	-	(102)	-	99	-	(99)	-
Others	221	209	(12)	8	221	208	(13)	6
	<b>1,511</b>	<b>1,997</b>	<b>510</b>	<b>(7)</b>	<b>1,507</b>	<b>1,992</b>	<b>512</b>	<b>(9)</b>
Deferred tax liabilities on:								
Revaluation surplus on assets	405	412	(3)	(3)	405	412	(3)	(3)
Revaluation surplus on investments	91	90	-	-	91	90	-	-
Unrealised gain on financial derivatives	364	-	364	-	364	-	364	-
Others	99	90	9	3	99	90	9	3
	<b>959</b>	<b>592</b>	<b>370</b>	<b>-</b>	<b>959</b>	<b>592</b>	<b>370</b>	<b>-</b>
Deferred tax - net	<b>552</b>	<b>1,405</b>			<b>548</b>	<b>1,400</b>		
Deferred tax - expense (income)			<b>880</b>	<b>(7)</b>			<b>882</b>	<b>(9)</b>

## Notes to Consolidated Financial Statements

(continued)

Movements in the deferred tax during the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Beginning balance	1,405	1,425	1,400	1,418
Charge to profit or loss from operation	(880)	7	(882)	9
Charge to shareholders' equity	4	-	4	-
Charge to other comprehensive income	26	(27)	26	(27)
From discontinued operations	(3)	-	-	-
Ending balance	552	1,405	548	1,400

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2013	2012
Deferred tax relating to revaluation surplus (deficit) on investments	(1)	(23)
Deferred tax relating to actuarial gains (losses) on defined benefit plans	27	(4)
	26	(27)

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Bank reflected the changes in tax rates in its deferred tax calculation.

## Notes to Consolidated Financial Statements

(continued)

Income tax effects relating to components of other comprehensive income

	(Unit: Million Baht)					
	Consolidated financial statements					
	For the years ended 31 December					
	2013			2012		
	Before tax amount	Tax benefit (expense)	Net of tax amount	Before tax amount	Tax benefit (expense)	Net of tax amount
Increase (decrease) in surplus on change in value of investments	3	(1)	2	115	(23)	92
Actuarial gains (losses) on defined benefit plans	(132)	27	(105)	20	(4)	16
	<b>(129)</b>	<b>26</b>	<b>(103)</b>	<b>135</b>	<b>(27)</b>	<b>108</b>

	(Unit: Million Baht)					
	Separate financial statements					
	For the years ended 31 December					
	2013			2012		
	Before tax amount	Tax benefit (expense)	Net of tax amount	Before tax amount	Tax benefit (expense)	Net of tax amount
Increase (decrease) in surplus on change in value of investments	3	(1)	2	115	(23)	92
Actuarial gains (losses) on defined benefit plans	(133)	27	(106)	19	(4)	15
	<b>(130)</b>	<b>26</b>	<b>(104)</b>	<b>134</b>	<b>(27)</b>	<b>107</b>

### 20. Other assets

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Accrued income	357	393	354	354
Suspense debtors	305	136	305	136
Prepaid and deferred expenses	242	195	238	190
Deposits	208	420	205	419
Leasehold right - net	83	94	83	94
Other receivable - TAMC	3,110	3,110	3,110	3,110
Others	223	583	222	582
Total	<b>4,528</b>	4,931	<b>4,517</b>	4,885
Less: Allowance for impairment	<b>(1,955)</b>	(2,291)	<b>(1,955)</b>	(2,291)
Other assets - net	<b>2,573</b>	2,640	<b>2,562</b>	2,594

# Notes to Consolidated Financial Statements

(continued)

## 21. Classified assets

	(Unit: Million Baht)				
	Separate financial statement				
	As at 31 December 2013				
	Investments	Loans <sup>(1)</sup>	Properties foreclosed	Other assets	Total
<b>Classifications</b>					
Pass	-	301,488	-	15	301,503
Special mention	-	3,979	-	2	3,981
Sub-standard	-	1,321	-	2	1,323
Doubtful	-	628	-	1	629
Doubtful of loss	140	3,313	581	1,953	5,987
<b>Total</b>	<b>140</b>	<b>310,729</b>	<b>581</b>	<b>1,973</b>	<b>313,423</b>

<sup>(1)</sup> Including interbank and money market loans.

	(Unit: Million Baht)				
	Separate financial statement				
	As at 31 December 2012				
	Investments	Loans <sup>(1)</sup>	Properties foreclosed	Other assets	Total
<b>Classifications</b>					
Pass	-	253,728	-	17	253,745
Special mention	-	3,755	-	1	3,756
Sub-standard	-	1,169	-	1	1,170
Doubtful	-	436	-	1	437
Doubtful of loss	161	3,966	420	1,949	6,496
<b>Total</b>	<b>161</b>	<b>263,054</b>	<b>420</b>	<b>1,969</b>	<b>265,604</b>

<sup>(1)</sup> Including interbank and money market loans.

## Notes to Consolidated Financial Statements

(continued)

### 22. Deposits

#### 22.1 Classified by types of deposits

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Current accounts	7,208	8,067	7,208	8,067
Savings accounts	104,461	77,907	104,522	77,962
Fixed deposits	122,972	115,745	123,138	115,905
<b>Total</b>	<b>234,641</b>	<b>201,719</b>	<b>234,868</b>	<b>201,934</b>

#### 22.2 Classified by currencies and residential status of depositors

	(Unit: Million Baht)					
	Consolidated financial statements					
	As at 31 December					
	2013			2012		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	225,367	6,422	231,789	194,476	5,048	199,524
US Dollar	1,966	301	2,267	1,373	344	1,717
Others	174	411	585	207	271	478
<b>Total</b>	<b>227,507</b>	<b>7,134</b>	<b>234,641</b>	<b>196,056</b>	<b>5,663</b>	<b>201,719</b>

	(Unit: Million Baht)					
	Separate financial statements					
	As at 31 December					
	2013			2012		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	225,594	6,422	232,016	194,691	5,048	199,739
US Dollar	1,966	301	2,267	1,373	344	1,717
Others	174	411	585	207	271	478
<b>Total</b>	<b>227,734</b>	<b>7,134</b>	<b>234,868</b>	<b>196,271</b>	<b>5,663</b>	<b>201,934</b>

# Notes to Consolidated Financial Statements

(continued)

## 23. Interbank and money market items (Liabilities)

	(Unit: Million Baht)					
	Consolidated financial statements					
	As at 31 December					
	2013			2012		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
The Bank of Thailand and Financial Institutions						
Development Fund	-	1,253	1,253	-	1,312	1,312
Commercial banks	1,017	5,600	6,617	1,373	600	1,973
Specific financial institutions	1,400	638	2,038	501	1,907	2,408
Other financial institutions	7,779	178	7,957	2,633	752	3,385
<b>Total domestic items</b>	<b>10,196</b>	<b>7,669</b>	<b>17,865</b>	<b>4,507</b>	<b>4,571</b>	<b>9,078</b>
<b>Foreign items</b>						
US Dollar	19,661	51,845	71,506	15,912	57,281	73,193
Other currencies	660	-	660	533	-	533
<b>Total foreign items</b>	<b>20,321</b>	<b>51,845</b>	<b>72,166</b>	<b>16,445</b>	<b>57,281</b>	<b>73,726</b>
<b>Total domestic and foreign items</b>	<b>30,517</b>	<b>59,514</b>	<b>90,031</b>	<b>20,952</b>	<b>61,852</b>	<b>82,804</b>

	(Unit: Million Baht)					
	Separate financial statements					
	As at 31 December					
	2013			2012		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
The Bank of Thailand and Financial Institutions						
Development Fund	-	1,253	1,253	-	1,312	1,312
Commercial banks	1,017	5,600	6,617	1,373	600	1,973
Specific financial institutions	1,400	638	2,038	501	1,907	2,408
Other financial institutions	7,779	178	7,957	2,676	752	3,428
<b>Total domestic items</b>	<b>10,196</b>	<b>7,669</b>	<b>17,865</b>	<b>4,550</b>	<b>4,571</b>	<b>9,121</b>
<b>Foreign items</b>						
US Dollar	19,661	51,845	71,506	15,912	57,281	73,193
Other currencies	660	-	660	533	-	533
<b>Total foreign items</b>	<b>20,321</b>	<b>51,845</b>	<b>72,166</b>	<b>16,445</b>	<b>57,281</b>	<b>73,726</b>
<b>Total domestic and foreign items</b>	<b>30,517</b>	<b>59,514</b>	<b>90,031</b>	<b>20,995</b>	<b>61,852</b>	<b>82,847</b>

## Notes to Consolidated Financial Statements

(continued)

### 24. Debt issued and Borrowings

As at 31 December 2013 and 2012, debt issued and borrowings, comprising subordinated debentures and domestic borrowings, are classified by type of securities, maturity and interest rate as follows:

(Unit: Million Baht)

Consolidated and separate financial statement						
As at 31 December 2013						
Type	Maturity	Interest rate per annum (%)	Currency	Amount		
				Domestic	Foreign	Total
Subordinated Debentures	25 Mar 2023	Floating rate LIBOR + 176 bps	USD	-	5,578	5,578
Bills of exchange	27 Jun 2014 - 8 Jun 2015	5	THB	22,440	-	22,440
Term loan agreement	4 Sep 2014	-	THB	1	-	1
<b>Total</b>				<b>22,441</b>	<b>5,578</b>	<b>28,019</b>

(Unit: Million Baht)

Consolidated and separate financial statement						
As at 31 December 2012						
Type	Maturity	Interest rate per annum (%)	Currency	Amount		
				Domestic	Foreign	Total
Bills of exchange	2 Jan 2013 - 8 Jun 2015	2.25 - 5.00	THB	22,899	-	22,899
Term loan agreement	20 Jan 2013 - 4 Sep 2014	-	THB	6	-	6
<b>Total</b>				<b>22,905</b>	<b>-</b>	<b>22,905</b>

#### **Subordinated debentures**

On 25 March 2013, the Bank issued Subordinated Debenture No.1/2013, amounting to USD 170 million, to United Overseas Bank Limited. The debentures have a tenor of 10 years and bear interest at a floating rate equal to 3-month LIBOR + 176 bps, and the Bank has the right to make early redemption, as approved by the BOT. The debentures have loss absorption features that will come into effect at the point of non-viability, in accordance with BOT guidelines laid down with reference to Basel III principles.

On 2 May 2013, the BOT granted approval for the Bank to count Baht 4,973 million received from the issue of the above subordinated debentures as part of its Tier 2 capital, in accordance with the conditions specified in the BOT's notifications regarding the Basel III framework.

## Notes to Consolidated Financial Statements

(continued)

### 25. Provisions for long-term employee benefits

Changes in provisions for long-term employee benefits under retirement plans as at 31 December 2013 and 2012 can be summarised as follows:

	(Unit: Million Baht)	
	For the year ended 31 December 2013	
	Consolidated financial statement	Separate financial statement
Defined benefit obligation at beginning of year	1,372	1,349
Current service cost	85	84
Interest cost	48	48
Actuarial losses on defined benefit plans for the year	132	133
Employee benefits paid during the year	(129)	(129)
Decrease from transfer of subsidiary company	(15)	-
Provision for long-term employee benefits at end of year	1,493	1,485

	(Unit: Million Baht)	
	For the year ended 31 December 2012	
	Consolidated financial statement	Separate financial statement
Defined benefit obligation at beginning of year	1,372	1,352
Current service cost	89	86
Interest cost	47	46
Actuarial losses on defined benefit plans for the year	(20)	(19)
Employee benefits paid during the year	(116)	(116)
Provision for long-term employee benefits at end of year	1,372	1,349

Long-term employee benefits expense included in profit or loss from operation for the years ended 31 December 2013 and 2012 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statement		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Current service cost	85	89	84	86
Interest cost	48	47	48	46
Total employee benefits expense included in profit or loss from operation	133	136	132	132

Long-term employee benefits expense is recognised as an expense in profit or loss from operation.

Total actuarial gains (losses) on defined benefit plans recognised in the other comprehensive income (loss) of the Bank and its subsidiaries as at 31 December 2013 by losses Baht 132 million (2012: gains Baht 20 million). The Bank only: by losses Baht 133 million (2012: gains Baht 19 million).



## Notes to Consolidated Financial Statements

(continued)

The principal assumptions used in determining employee benefits under retirement plans can be summarised as follows:

	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
Future salary increases rate (depending on age)	5% - 7.5%	4% - 6%
Turnover rate (depending on age)	1% - 25%	1.5% - 21%
Discount rate	4.2%	3.8%

Amounts of defined benefit obligation for the current and previous 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 2013	1,493	1,485	69	70
Year 2012	1,372	1,349	2	2
Year 2011	1,372	1,352	66	65
Year 2010	1,232	1,219	-	-

## Notes to Consolidated Financial Statements

(continued)

### 26. Provisions - other liabilities

Outstanding balance comprise the following:

	(Unit: Million Baht)			
	Consolidated and separate financial statement			
	For the year ended 31 December 2013			
	Contingencies	Obligation for litigation cases	Other	Total
Beginning balance	212	90	11	313
Decrease during the year	(26)	-	-	(26)
Utilised	-	(10)	-	(10)
Transfer to allowance for impairment of other assets	-	-	(11)	(11)
Ending balance	186	80	-	266

	(Unit: Million Baht)			
	Consolidated and separate financial statement			
	For the year ended 31 December 2012			
	Contingencies	Obligation for litigation cases	Other	Total
Beginning balance	185	105	11	301
Increase during the year	27	-	-	27
Transfer to allowance for impairment of other assets	-	(15)	-	(15)
Ending balance	212	90	11	313

### 27. Other liabilities

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Suspense creditors and Accounts payable - others	728	663	742	677
Deposits	1,131	93	1,133	95
Bills collection - branches	-	17	-	17
Deferred income	1,086	1,173	1,085	1,164
Interest payable	804	771	806	772
Others	106	106	117	104
Total	3,855	2,823	3,883	2,829

# Notes to Consolidated Financial Statements

(continued)

## 28. Other components of equity

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
Revaluation surplus on assets	2,024	2,044
<b>Revaluation surplus on investments</b>		
Revaluation surplus on investments		
Available-for-sale investments		
Debt instruments	92	58
Equity instruments	365	396
<b>Total</b>	<b>457</b>	<b>454</b>
Revaluation deficit on investments		
Available-for-sale investments		
Debt instruments	-	(3)
Equity instruments	(2)	-
<b>Total</b>	<b>(2)</b>	<b>(3)</b>
<b>Total revaluation surplus on investments</b>	<b>455</b>	<b>451</b>
<b>Deferred tax relating to components of other comprehensive income (loss)</b>	<b>(496)</b>	<b>(499)</b>
<b>Total</b>	<b>1,983</b>	<b>1,996</b>

## 29. Statutory reserve

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

In addition, under the Civil and Commercial Code, the Bank's subsidiaries are required to set aside a statutory reserve at least 5% of their net income each time dividend is declared until the reserve reaches 10% of registered share capital. The statutory reserve cannot be used for dividend payment.

# Notes to Consolidated Financial Statements

(continued)

## 30. 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 Financial Institutions Businesses Act B.E.2551.

The Bank of Thailand issued the BOT's Notification No. Sor Nor Sor. 13/2555 regarding "Components of Capital Funds for Commercial Banks Registered in Thailand" to be in line with Basel III guidelines. The notification has been effective since 1 January 2013.

As at 31 December 2013, Capital Funds of the Bank under Basel III framework, consists of the following:

	(Unit: Million Baht)
	Separate financial statement
	As at 31 December 2013
<b>Tier 1 Capital</b>	
<b>Common Equity Tier 1 (CET1)</b>	
Paid-up share capital	24,856
Statutory reserves	469
Retained earnings after appropriation	7,006
Unrealised revaluation surplus on land appraisal	1,346
Unrealised revaluation surplus on building appraisal	241
Net revaluation surplus from equity securities - Available-for-sale	291
Deduct: Deductions items from Common Equity Tier 1 – Deferred tax assets	(1,941)
<b>Total Common Equity Tier 1</b>	<b>32,268</b>
<b>Additional Tier 1</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>32,268</b>
<b>Tier 2 Capital</b>	
Subordinated debentures	4,973
General provision	947
Surplus of provisions	823
<b>Total Tier 2 Capital</b>	<b>6,743</b>
<b>Total Capital Funds</b>	<b>39,011</b>

	Separate financial statement	
	As at 31 December 2013	
Capital Adequacy Ratio	The Bank	The BOT's Minimum Requirement
	(%)	(%)
Common Equity Tier 1 to risk-weighted assets	13.17	4.50
Tier 1 Capital Funds to risk-weighted assets	13.17	6.00
Total Capital Funds to risk-weighted assets	15.92	8.50

## Notes to Consolidated Financial Statements

(continued)

As at 31 December 2012, Capital Funds of the Bank under Basel II framework, consists of the following:

	(Unit: Million Baht)
	Separate financial statement
	As at 31 December 2012
<b>Tier 1 Capital</b>	
Paid-up share capital	24,857
Statutory reserves	309
Retained earnings after appropriation	4,939
Deduct: Deductions items from Tier 1 Capital - Deferred tax assets	(1,942)
<b>Total Tier 1 Capital</b>	<b>28,163</b>
<b>Tier 2 Capital</b>	
Unrealised revaluation surplus on land appraisal	1,209
Unrealised revaluation surplus on building appraisal	158
General provision	904
Surplus of provisions	661
Net revaluation surplus from equity securities - Available-for-sale	178
<b>Total Tier 2 Capital</b>	<b>3,110</b>
<b>Total Capital Funds</b>	<b>31,273</b>

	Separate financial statement	
	As at 31 December 2012	
Capital Adequacy Ratio	The Bank	The BOT's Minimum Requirement
	(%)	(%)
Tier 1 Capital Funds to risk-weighted assets	14.39	4.25
Total Capital Funds to risk-weighted assets	15.98	8.50

# Notes to Consolidated Financial Statements

(continued)

## 31. Share-based compensation plans

The Bank's Board of Directors Meeting No. 573 approved a resolution to join the share-based payment plan ("the Plan") under which compensation in the form of restricted shares (RS) and share appreciation rights (SAR) of United Overseas Bank Limited ("major shareholder") is awarded to senior members of management selected by the Nomination and Compensation Committee (NCC) of the Bank, based on criterias such as individual performance, potential, leadership skills, job level and market competitive practices. All participants in the Plan must have at least 1 year of service as at the selection date.

### *Details of the plan are below:*

- (a) Restricted Shares (RS), represent ordinary shares of United Overseas Bank Limited that participants will be entitled to receive upon fulfillment of certain time and performance conditions. Upon vesting, participants will receive United Overseas Bank Limited's shares represented by the restricted shares
- (b) Share Appreciation Rights (SAR) are the rights to receive a number of United Overseas Bank's Limited shares equivalent in value to the difference between the prevailing market value and the grant value of the shares of the major shareholder, divided by the prevailing market value of the shares of the major shareholder. Upon vesting of the SAR, participants have up to six years from the date of grant to exercise their rights.

For year ended 31 December 2013 the Bank recorded expenses of Baht 45 million (2012: Baht 24 million) for the above plan and expenses that will be reimbursed from the major shareholder as other liabilities, as disclosed in Note 27 to the financial statements.

## 32. Commitments and contingencies liabilities

### 32.1 Commitments

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
Aval to bills	1,293	991
Guarantees of loans	3,407	2,384
Liabilities under unmatured import bills	824	1,445
Letters of credit	3,724	3,516
Other commitments		
- Undrawn overdraft amount	22,683	22,171
- Spot foreign exchange contracts	6,286	4,429
- Other guarantees	21,437	17,439
Total	59,654	52,375

## Notes to Consolidated Financial Statements

(continued)

### 32.2 Operating lease commitments

As at 31 December 2013 and 2012, the Bank and its subsidiaries had land/building lease agreements for branch offices and vehicles lease agreements, for which the lease terms range from 3 - 30 years and are renewable. The Bank and its subsidiaries also have committed to pay future rental payments which can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2013	2012	2013	2012
Land and building rental commitments	414	400	414	400
Car rental commitments	110	103	110	89
<b>Total</b>	<b>524</b>	<b>503</b>	<b>524</b>	<b>489</b>

### 32.3 Commitments under Bancassurance Agreement

On 31 January 2010, the UOB Group and the Bank signed a business partner agreement (Bancassurance Agreement) with an Insurance Group. Under the agreement the Bank received a sum of the fees in advance. With the commitment to the agreement for 12 years from the date of the agreement. The Bank amortises such fees income over the term of the agreement and presents the fees received in advance under other liabilities - deferred income, as disclosed in Note 27 to the financial statements.

### 32.4 Other commitments

The Bank has contractual commitments in respect of the purchase and servicing of information technology systems as well as other services. The outstanding balances of these major contractual commitments as at 31 December 2013, were approximately Baht 314 million (2012: Baht 270 million).

As at 31 December 2013, the Bank also has commitments in relation to various "to-sell and to-purchase" agreements for its foreclosed properties, the net book value of which was Baht 104 million (2012: Baht 88 million). The estimated gains under those agreements is Baht 9 million (2012: gains Baht 2 million).

In addition, the Bank has commitments in respect of the loss sharing under the Non-performing Loan Transfer Agreement made with TAMC under dispute, as per details discussed in Note 14.8 to the financial statements.

## 33. Assets pledged as collateral

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	Net book value	
	As at 31 December	
	2013	2012
Government bonds		
Pledged as collateral for Intraday Liquidity Facilities to the BOT	7,235	5,411
Pledged as collateral for against borrowing to the BOT	-	2,025
Pledged as collateral for Private Repurchase Agreements (Private Repo)	5,983	1,295

## Notes to Consolidated Financial Statements

(continued)

### 34. Litigation

In the course of operating its banking business, the Bank has various labor suits and civil suits brought against it, including cases of tort. Under these lawsuits, claims against the Bank as at 31 December 2013 totaled Baht 1,241 million (2012: Baht 1,405 million). The Bank's management believes that the contingent liability (if any) resulting from the lawsuits will not have a material impact to the Bank's financial position or results of operations.

### 35. Related party transactions

During the year, the Bank had significant business transactions with its subsidiaries, associated, related companies (related by ways of shareholding and/or common shareholders and/or common directors) and related persons (Directors and Senior Management who are the level of Executive Director upwards, and their close family members). These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Bank, companies and those parties. Interest rates on loans to employees are calculated based on the Bank's employee welfare rule.

As at 31 December 2013, the Bank also has staff welfare loans to executives from level of Executive Director upwards of Baht 28 million (2012: Baht 19 million) and also has normal loans to Senior Management and their close family members with the outstanding balance of Baht 74 million (2012: Baht 26 million) and the average balance for the year ended of Baht 27 million (2012: Baht 14 million).

In addition, as at 31 December 2013, the Bank also has deposits of those staff and their close family members of Baht 86 million (2012: Baht 83 million).

Significant transactions, outstanding balances, income and expenses incurred with related parties, apart from those disclosed in the other notes, are summarised below.

(Unit: Million Baht)								
Consolidated financial statements								
For the years ended 31 December								
2013					2012			
	Associated company	Related companies	Group of major shareholder (UOB)	Total	Associated company	Related companies	Group of major shareholder (UOB)	Total
Interest income	-	-	2	2	-	-	12	12
Interest expenses	-	53	305	358	-	52	237	289
Fees and service income	-	-	95	95	-	-	18	18
Net gain (loss) on foreign currency trading and exchange transaction	-	-	(747)	(747)	-	3	349	352
Other operating income	-	-	1	1	-	-	1	1
Data processing charges	-	-	546	546	-	-	363	363
Other expenses	-	-	20	20	-	-	18	18



## Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

Consolidated financial statements										
For the years ended 31 December										
2013					2012					
Subsidiaries	Associated company	Related companies	Group of major shareholder (UOB)	Total	Subsidiaries	Associated company	Related companies	Group of major shareholder (UOB)	Total	
Interest income	-	-	-	2	2	-	-	-	12	12
Interest expenses	7	-	53	304	364	9	-	52	234	295
Fees and service income	162	-	-	82	244	181	-	-	4	185
Fees and service expenses	175	-	-	-	175	174	-	-	-	174
Net gain (loss) on foreign currency trading and exchange transaction	-	-	-	(747)	(747)	-	-	3	349	352
Other operating income	7	-	-	1	8	9	-	-	1	10
Premises and equipment expenses	(3)	-	-	-	(3)	(4)	-	-	-	(4)
Data processing charges	-	-	-	546	546	-	-	-	363	363
Other expenses	-	-	-	20	20	-	-	-	18	18

In addition, for the year ended 31 December 2013, the Bank also has paid Baht 96 million (2012: Baht 12 million) on software development to United Overseas Bank Limited, major shareholder.

### Senior management personnel compensation

For the years ended 31 December 2013 and 2012, the remuneration that the Bank and its subsidiaries paid to their directors and senior management, who are key management personnel with authority and responsibility, whether direct or indirect, for planning, direction and controlling the operations of the Bank and its subsidiaries, consisted of monthly remuneration, salaries, provident fund contributions and long-term benefits. This was as follows:

(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Short-term employee benefits	333	429	323	354
Post-employment benefits	17	20	17	18
Share-based payment	43	24	43	24
Total	393	473	383	396

# Notes to Consolidated Financial Statements

(continued)

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

	Consolidated financial statements													(Unit: Million Baht)						
	2013						2012													
	Average outstanding loans to customers	Interbank and money market items (assets)	Derivatives assets	Other assets	Commitments	Deposits	Interbank and money market items (assets)	Derivatives assets	Other assets	Commitments	Deposits	Interbank and money market items (liabilities)			Derivatives liabilities	Debt issued and borrowings	Other liabilities	2013 Pricing policy of loans		
<b>Non-consolidated subsidiary company</b>																				
UOB Leasing (Thai) Co., Ltd.	-	-	-	-	-	8	-	-	-	-	-	-	-	-	7	-	-	-	N/A	
<b>Related companies</b>																				
Loxley Pcl.	-	-	-	-	18	-	-	-	-	-	18	1	-	-	-	-	-	-	N/A	
The Muangthai Life Assurance Pcl.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,003	-	4	N/A	
Underwaterworld Pattaya Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	113	-	-	96	-	-	-	N/A	
PPHR (Thailand) Limited	-	-	-	-	-	-	-	-	-	-	-	13	-	-	9	-	-	-	N/A	
Haw Par Tiger Balm (Thailand) Limited	-	-	-	-	-	70	-	-	-	-	-	-	-	-	41	-	-	-	N/A	
Loxley Wireless Co., Ltd.	-	-	-	-	-	3	-	-	-	-	-	-	-	-	3	-	-	-	N/A	
Loxbit Pcl.	-	-	-	-	1	1	-	-	-	-	1	1	-	-	-	-	-	-	N/A	
TRC Construction Pcl.	-	-	-	-	-	12	-	-	-	-	34	8	-	-	-	-	-	-	N/A	
TISCO Securities Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	N/A	
TISCO Asset Management Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	33	-	-	-	-	-	-	N/A	
<b>Major shareholders</b>																				
United Overseas Bank Limited	-	1,191	64	1	50,355	-	73,018	648	5,578	149	-	162	250	4	20,999	-	73,316	3	105	Money market reference rate
United Overseas Bank Group of Companies	-	-	51	-	48	-	2,825	-	-	74	-	-	-	38	105	-	1,118	-	105	Money market reference rate

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statements																				
	2013							2012													
	Average outstanding loans to customers	Interbank and money market (assets)	Derivatives assets	Other assets	Commitments	Deposits	Interbank and money market (liabilities)	Derivatives liabilities	Debt issued and borrowings	Average outstanding loans to customers	Interbank and money market (assets)	Derivatives assets	Other assets	Commitments	Deposits	Interbank and money market (liabilities)	Derivatives liabilities	Debt issued and borrowings	Other liabilities	2013 Pricing policy of loans	
<b>Subsidiary companies</b>																					
UOB Bullion and Futures (Thai) Co., Ltd.	-	-	-	11	-	124	-	-	1	-	-	-	12	-	117	-	-	-	-	1	N/A
UOB Services Co., Ltd.	-	-	-	2	-	98	-	-	16	-	-	-	2	-	98	-	-	-	18	-	N/A
That Wealth Management Co., Ltd. (formerly known as UOB Asset Management (Thai) Co., Ltd.)	-	-	-	-	-	-	5	-	-	-	-	-	10	-	-	43	-	-	1	-	N/A
UOB Leasing (Thai) Co., Ltd.	-	-	-	-	-	8	-	-	-	-	-	-	-	-	7	-	-	-	-	-	N/A
<b>Related companies</b>																					
Loxley Pcl.	-	-	-	-	18	-	-	-	-	-	-	-	-	-	18	1	-	-	-	-	N/A
The Muangthai Life Assurance Pcl.	-	-	-	-	-	-	1,003	-	3	-	-	-	-	-	-	1,003	-	-	4	-	N/A
Underwaterworld Pattaya Co., Ltd.	-	-	-	-	-	113	-	-	-	-	-	-	-	-	-	96	-	-	-	-	N/A
PPHR (Thailand) Limited	-	-	-	-	-	13	-	-	-	-	-	-	-	-	-	9	-	-	-	-	N/A
Haw Par Tiger Balm (Thailand) Limited	-	-	-	-	-	70	-	-	-	-	-	-	-	-	-	41	-	-	-	-	N/A
Loxley Wireless Co., Ltd.	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	3	-	-	-	-	N/A
Loxbit Pcl.	-	-	-	-	1	1	-	-	-	-	-	-	-	-	1	1	-	-	-	-	N/A
TRC Construction Pcl.	-	-	-	-	-	12	-	-	-	-	-	-	-	-	34	8	-	-	-	-	N/A
TISCO Securities Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	-	N/A
TISCO Asset Management Co., Ltd.	-	-	-	-	-	-	33	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Major shareholders</b>																					
United Overseas Bank Limited	-	1,191	64	1	50,355	-	73,018	648	5,578	149	-	162	250	4	20,999	-	73,316	3	-	105	Money market reference rate
United Overseas Bank Group of Companies	-	51	-	48	-	-	2,825	-	-	3	-	-	-	37	105	-	1,118	-	-	-	Money market reference rate

## Notes to Consolidated Financial Statements

(continued)

### 36. Other benefits paid to the directors and management

As at 31 December 2013 and 2012, the Bank and its subsidiaries had not paid other benefits to their directors and management other than those they normally receive. Directors receive monthly directors' remuneration and management receive salary, bonus and other benefits, as discussed in Note 31 and Note 35 to the financial statements.

### 37. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
<b>Current income tax:</b>				
Current income tax charge	7	696	-	686
Adjustment in respect of current income tax of previous year	(36)	14	(36)	14
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	880	(32)	882	(35)
Effects of changes in the applicable tax rates	-	25	-	25
Adjustment	(221)	-	(221)	-
Income tax expense reported in the statement of comprehensive income	<b>630</b>	703	<b>625</b>	690

## Notes to Consolidated Financial Statements

(continued)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Accounting profit before income tax expense from continuing operations	<b>3,337</b>	2,849	<b>3,790</b>	2,824
Accounting profit before income tax expense from discontinued operations	<b>263</b>	78	-	-
Accounting profit before income tax expense	<b>3,600</b>	2,927	<b>3,790</b>	2,824
Applicable tax rate	<b>20%</b>	23%	<b>20%</b>	23%
Accounting profit before income tax expense multiplied by applicable tax rate	<b>720</b>	673	<b>758</b>	650
Income not subject to tax	<b>(42)</b>	(14)	<b>(109)</b>	(14)
Expense not deductible for tax	<b>8</b>	21	<b>8</b>	15
Adjustment in respect of current income tax of previous year	<b>(36)</b>	14	<b>(36)</b>	14
Effects of change in the applicable tax rate	-	25	-	25
Other adjustment	<b>(3)</b>	4	-	-
Income tax recognition	<b>4</b>	-	<b>4</b>	-
Income tax expense	<b>651</b>	723	<b>625</b>	690
Income tax expense reported in the statement of comprehensive income from continuing operations	<b>630</b>	703	<b>625</b>	690
Income tax expense reported in the statement of comprehensive income from discontinued operations	<b>21</b>	20	-	-
	<b>651</b>	723	<b>625</b>	690

# Notes to Consolidated Financial Statements

(continued)

## 38. Earnings per share

Basic earnings per share is calculated by dividing net income for the years attributable to equity holders of the Bank (exclude other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Profit for the year from continuing operations (Million Baht)	<b>2,707</b>	2,146	<b>3,165</b>	2,134
Earning per share from continuing operations (Baht/share)	<b>1.09</b>	0.87	<b>1.27</b>	0.86
Profit for the year from discontinued operations (Million Baht)	<b>242</b>	58	-	-
Earning per share from discontinued operations (Baht/share)	<b>0.10</b>	0.02	-	-
Weighted average number of shares (shares)	<b>2,485,661,305</b>	2,485,661,305	<b>2,485,661,305</b>	2,485,661,305

## 39. Segment Information

### (a) Operating segments

The following segment information are in accordance with internal management report of the Bank submit to Management Committee who form as Chief Operating Decision Maker (CODM) to decide resources allocation and evaluate performance of business segment.

The Bank segregate business unit into 3 segments; Group Retail (“GR”), Institutional Financial Services (“IFS”) and other, for driving business and decision-making which base on key customer segments and product groups which are used in business decision and internal management reporting as follows:

#### **Group Retail (“GR”)**

The Group Retail segment covers personal financial services (PFS) and business banking (BB) with products of deposits, credit and debit cards, insurance, wealth management, investments estate planning, consumer loan, secured and unsecured loan with focus on mortgages and wide range of products through a variety of distribution channels.

#### **Institutional Financial Services (“IFS”)**

The Institutional Financial Services segment covers corporate banking and commercial banking. The corporate banking provides integrated banking solution to large corporations. The products and services are sophisticated and customised to specific customers through a variety of distribution channels. The commercial banking focuses on medium-sized companies with a broad range of products and services that include current accounts, deposits, lending, syndicate loans, cash management, letter of guarantee, trade finance & cross-border payments, underwriting and corporate advisory services

#### **Other**

Other segment includes Global Markets (GM), financial institution group (FIG), risk management, property-related activities and income and expenses not attributable to other operating segments. The global market provides treasury products and advisory services such as foreign exchange, derivatives and fixed income instruments while financial institution group maintains correspondence with and provide financial services to Bank and non-bank financial institutions.

## Notes to Consolidated Financial Statements

(continued)

- (b) The accounting policies for operating segment information were align with policies summarised in significant accounting policies.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Total operating income included of net interest income, net fee and service income and other income. The management relies on total operating income and use it for performance measure. The total operating expenses included of allocated expenses in respect of cross-sell activities.

Transfer prices between operating segments are on arm's length basis in a manner similar to transaction with third parties.

No operating income from transactions with a single external customers amounted to 10% or more of the consolidated operating income.

Capital expenditure and related depreciation together with tax expense will not be allocated to business segment under management reporting policy.

In 2013, Thai Wealth Management Co., Ltd., a subsidiary transferred their business as disclosed in Note 13 to the financial statements. Hence, their results are separately reported in discontinued operation lines.

Financial information of the Bank and its subsidiaries presented by segment is as follow:

	(Unit: Million Baht)				
	Consolidated financial statement				
	For the year ended 31 December 2013				
	Group Retail	Institutional Financial Services	Other	Elimination	Total operating segment
Net interest income	6,121	2,458	1,752	-	10,331
Non interest income	2,457	690	149	(528)	2,768
Operating income	8,578	3,148	1,901	(528)	13,099
Operating expenses	4,995	1,257	876	(28)	7,100
Bad debt, doubtful accounts and impairment loss	1,439	11	1,212	-	2,662
Profits before income tax expenses	2,144	1,880	(187)	(500)	3,337
Income tax expenses					630
Profit from continuing operations before non-controlling interests					2,707
Profit from discontinued operations					242
Net profits before non-controlling interests					2,949
Total operating income included of:					
Operating income from third party*	5,458	3,409	1,464	-	10,331
Inter-segment operating income (expenses)	663	(951)	288	-	-
Depreciation					340
Capital expenditure					345

\* Including income from a major shareholder and United Overseas Bank Group of Companies

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)					
Consolidated financial statement					
For the year ended 31 December 2012					
	Group Retail	Institutional Financial Services	Other	Elimination	Total operating segment
Net interest income	5,332	2,134	1,722	-	9,188
Non interest income	2,000	537	58	(52)	2,543
Operating income	7,332	2,671	1,780	(52)	11,731
Operating expenses	4,699	1,210	1,552	(27)	7,434
Bad debt, doubtful accounts and impairment loss	779	212	457	-	1,448
Profits before income tax expenses	1,854	1,249	(229)	(25)	2,849
Income tax expenses					703
Profit from continuing operations before non-controlling interests					2,146
Profit from discontinued operations					58
Net profits before non-controlling interests					2,204
Total operating income included of:					
Operating income from third party*	4,547	3,165	1,476	-	9,188
Inter-segment operating income (expenses)	785	(1,031)	246	-	-
Depreciation					325
Capital expenditure					591

\* Including income from a major shareholder and United Overseas Bank Group of Companies

(Unit: Million Baht)					
Consolidated financial statement					
As at 31 December 2013					
	Group Retail	Institutional Financial Services	Other	Elimination	Total operating segment
Total Assets	145,000	110,911	152,404	(452)	407,863
Total Liabilities	158,058	58,150	154,619	(257)	370,570

(Unit: Million Baht)					
Consolidated financial statement					
As at 31 December 2012					
	Group Retail	Institutional Financial Services	Other	Elimination	Total operating segment
Total Assets	114,125	94,475	148,103	(628)	356,075
Total Liabilities	150,936	49,761	121,238	(302)	321,633



# Notes to Consolidated Financial Statements

(continued)

## (c) Geographic information

The Bank and subsidiaries are operated business in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

## 40. Distribution of statements of financial position items by geographic locations and results of operations classified by type of businesses

Key statement of financial position items as at 31 December 2013 and 2012, classified by type of business are as follows:

	(Unit: Million Baht)				
	Consolidated financial statement				
	As at 31 December 2013				
	Commercial Bank	Others*	Total	Eliminated transaction**	Consolidated total
Total assets	408,027	287	408,314	(451)	407,863
Interbank and money market items - net (assets)	60,449	228	60,677	(228)	60,449
Investments - net	73,318	-	73,318	(195)	73,123
Loans to customers and accrued interest receivables - net	248,756	-	248,756	-	248,756
Deposits	234,868	-	234,868	(227)	234,641
Interbank and money market items (liabilities)	90,031	-	90,031	-	90,031
Debt issued and borrowings	28,019	-	28,019	-	28,019

\* Type of business are derivatives brokerage and debt collection under of subsidiaries operations.

\*\*Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance with accounting standards.

	(Unit: Million Baht)				
	Consolidated financial statement				
	As at 31 December 2012				
	Commercial Bank	Others*	Total	Eliminated transaction**	Consolidated total
Total assets	355,959	744	356,703	(628)	356,075
Interbank and money market items - net (assets)	55,511	623	56,134	(259)	55,875
Investments - net	72,491	1	72,492	(327)	72,165
Loans to customers and accrued interest receivables - net	208,287	1	208,288	-	208,288
Deposits	201,934	-	201,934	(215)	201,719
Interbank and money market items (liabilities)	82,847	-	82,847	(43)	82,804
Debt issued and borrowings	22,905	-	22,905	-	22,905

\* Type of business are fund management, derivatives brokerage and debt collection under of subsidiaries operations.

\*\*Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance with accounting standards.

## Notes to Consolidated Financial Statements

(continued)

Distribution of statements of financial position items by geographic locations of the Bank as at 31 December 2013 and 2012 are as follows:

	(Unit: Million Baht)					
	Separate financial statements					
	As at 31 December					
	2013			2012		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Total assets	408,027	-	408,027	355,959	-	355,959
Interbank and money market items - net (assets)	60,449	-	60,449	55,511	-	55,511
Investments - net	73,318	-	73,318	72,491	-	72,491
Loans to customers and accrued interest receivables - net	248,756	-	248,756	208,287	-	208,287
Deposits	234,868	-	234,868	201,934	-	201,934
Interbank and money market items (liabilities)	90,031	-	90,031	82,847	-	82,847
Debt issued and borrowings	28,019	-	28,019	22,905	-	22,905

Results of the Bank's operations for the years ended 31 December 2013 and 2012 classified by type of business are as follows:

	(Unit: Million Baht)				
	Consolidated financial statement				
	For the year ended 31 December 2013				
	Commercial Bank	Others*	Total	Eliminated transaction**	Consolidated total
Interest income	17,578	5	17,583	(5)	17,578
Less: Interest expenses	7,250	2	7,252	(5)	7,247
Net interest income	10,328	3	10,331	-	10,331
Net fees and service income	2,546	196	2,742	(23)	2,719
Other operating income	550	4	554	(505)	49
Less: Other operating expenses	6,972	157	7,129	(29)	7,100
Less: Bad debt, doubtful accounts and impairment loss	2,662	-	2,662	-	2,662
Profit before income tax expenses	3,790	46	3,836	(499)	3,337

\* Type of business are derivatives brokerage and debt collection under of subsidiaries operations.

\*\* Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance with accounting standards.

# Notes to Consolidated Financial Statements

(continued)

	(Unit: Million Baht)				
	Consolidated financial statement				
	For the year ended 31 December 2012				
	Commercial Bank	Others*	Total	Eliminated transaction**	Consolidated total
Interest income	15,617	5	15,622	(5)	15,617
Less: Interest expenses	6,431	3	6,434	(5)	6,429
Net interest income	9,186	2	9,188	-	9,188
Net fees and service income	2,121	195	2,316	(23)	2,293
Other operating income	270	9	279	(29)	250
Less: Other operating expenses	7,305	156	7,461	(27)	7,434
Less: Bad debt, doubtful accounts and impairment loss	1,448	-	1,448	-	1,448
Profit before income tax expenses	2,824	50	2,874	(25)	2,849

\* Type of business are fund management, derivatives brokerage and debt collection under of subsidiaries operations.

\*\* Eliminated transaction are transactions between the Bank and its subsidiaries and are eliminated upon consolidation in accordance with accounting standards.

Results of the Bank's operations for the years ended 31 December 2013 and 2012 distributed by geographic locations are as follows:

	(Unit: Million Baht)					
	Separate financial statements					
	For the years ended 31 December					
	2013			2012		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Interest income	<b>17,578</b>	-	<b>17,578</b>	15,617	-	15,617
Less: Interest expenses	<b>7,250</b>	-	<b>7,250</b>	6,431	-	6,431
Net interest income	<b>10,328</b>	-	<b>10,328</b>	9,186	-	9,186
Net fees and service income	<b>2,546</b>	-	<b>2,546</b>	2,121	-	2,121
Other operating income	<b>550</b>	-	<b>550</b>	270	-	270
Less: Other operating expenses	<b>6,972</b>	-	<b>6,972</b>	7,305	-	7,305
Less: Bad debt, doubtful accounts and impairment loss	<b>2,662</b>	-	<b>2,662</b>	1,448	-	1,448
Profit before income tax expenses	<b>3,790</b>	-	<b>3,790</b>	2,824	-	2,824

# Notes to Consolidated Financial Statements

(continued)

## 41. Interest income

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Interbank and money market items	1,179	1,010	1,179	1,010
Investments and trading transactions	682	738	682	738
Investments in debt securities	1,104	1,054	1,104	1,054
Loans	14,303	12,579	14,303	12,579
Hire purchase and financial lease income	308	235	308	235
Others	2	1	2	1
<b>Total interest income</b>	<b>17,578</b>	<b>15,617</b>	<b>17,578</b>	<b>15,617</b>

## 42. Interest expenses

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Deposits	4,654	3,627	4,658	3,630
Interbank and money market items	381	644	381	645
Payments to the Deposit Protection Agency and Financial Institutions Development Fund	980	794	980	794
Debt issued				
- Bills of exchange	1,123	1,350	1,123	1,351
- Subordinated debentures	94	-	94	-
Others	15	14	14	11
<b>Total interest expenses</b>	<b>7,247</b>	<b>6,429</b>	<b>7,250</b>	<b>6,431</b>

# Notes to Consolidated Financial Statements

(continued)

## 43. Net fees and service income

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Fees and service income				
- Acceptances, aval and guarantees	311	265	311	265
- Credit cards	719	729	719	729
- Insurance fees	881	717	881	717
- Mutual Fund management and underwriting fees	215	160	215	160
- Others	953	766	953	766
<b>Total fees and service income</b>	<b>3,079</b>	<b>2,637</b>	<b>3,079</b>	<b>2,637</b>
Fees and service expenses				
- Agency referral fees	94	109	96	112
- Service expenses	2	14	177	188
- Others	264	221	260	216
<b>Total fees and service expenses</b>	<b>360</b>	<b>344</b>	<b>533</b>	<b>516</b>
<b>Net fees and service income</b>	<b>2,719</b>	<b>2,293</b>	<b>2,546</b>	<b>2,121</b>

## 44. Net losses on trading and foreign exchange transactions

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2013	2012
<b>Gains (losses) on foreign currency trading and exchange transactions</b>		
- Foreign currencies and derivatives on foreign exchange	550	240
- Foreign currencies - Swap Cost	(1,023)	(682)
- Derivatives on interest rates	11	(81)
- Debt securities	2	86
- Others	5	-
<b>Net losses on trading and foreign exchange transactions</b>	<b>(455)</b>	<b>(437)</b>

# Notes to Consolidated Financial Statements

(continued)

## 45. Net gains on investments

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Gains (losses) on disposal of securities				
- Available-for-sale securities	154	303	154	303
- General investments	12	(6)	12	(6)
- Investments in associate	-	39	-	39
<b>Total</b>	<b>166</b>	<b>336</b>	<b>166</b>	<b>336</b>
Losses on impairment of investments				
- General investments	(4)	(15)	(4)	(15)
- Investments in subsidiary	-	-	(26)	-
<b>Total</b>	<b>(4)</b>	<b>(15)</b>	<b>(30)</b>	<b>(15)</b>
<b>Net gains on investments</b>	<b>162</b>	<b>321</b>	<b>136</b>	<b>321</b>

## 46. Employee's expenses

	(Unit: Million Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2013	2012
Salaries and bonuses	2,967	2,729
Post-employment benefit costs		
- Defined contribution plans	111	106
- Defined benefit plans	135	134
Share-based compensation plan (Note 31)	45	24
Others	707	781
<b>Total employee's expenses</b>	<b>3,965</b>	<b>3,774</b>

	(Unit: Million Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2013	2012
Salaries and bonuses	2,885	2,652
Post-employment benefit costs		
- Defined contribution plans	108	103
- Defined benefit plans	133	132
Share-based compensation plan (Note 31)	45	24
Others	686	758
<b>Total employee's expenses</b>	<b>3,857</b>	<b>3,669</b>

# Notes to Consolidated Financial Statements

(continued)

## 47. Bad debt, doubtful accounts and impairment loss

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2013	2012
Bad debt and doubtful accounts of interbank and money market items	36	(4)
Bad debt and doubtful accounts of loans to customers	2,626	1,452
Total bad debt, doubtful accounts and impairment loss	2,662	1,448

## 48. Components of other comprehensive income (losses)

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2013	2012
<b>Other comprehensive income (losses) - Continuing Operations</b>		
Gains (losses) on revaluation of available-for-sale investments		
Unrealised losses during the year	(114)	(225)
Less: Reclassification of adjustment for the realised gains that included in profit or loss	117	340
Total	3	115
Actuarial gains (losses) on defined benefit plans	(133)	19
Income tax relating to components of other comprehensive income (loss)	26	(27)
Other comprehensive income (losses) - net	(104)	107

## 49. Disclosure of financial instruments

The Bank enters into financial instruments which are considered to be commitments arising in the normal course of business, in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in foreign exchange rates and interest rates. These commitments include commitments to extend credit, standby letters of credit, financial guarantees and forward foreign exchange contracts. Such instruments involve, to varying degrees, elements of credit risk, interest rate risk and foreign exchange risk in excess of the amount already recognised in the financial statements. The contracts or notional amounts of those instruments reflect the extent of the commitments that the Bank involved in particular classes of financial instruments.

The Bank enters into derivative contracts as part of its risk management strategy primarily to manage market risks arising from the Bank's underlying assets and liabilities and to reduce customer risks. In entering into financial instruments which are considered to be commitments, the Bank is governed by policies and parameters proposed by the Assets and Liabilities Committee and endorsed by the Corporate Risk Management Committee and Board of Directors.

### 49.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial assets and financial liabilities, are disclosed in Note 5 to the financial statements.

# Notes to Consolidated Financial Statements

(continued)

## 49.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank and its subsidiaries. The Bank and its subsidiaries have adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses as a result of defaults.

In the case of recognised financial assets, the carrying amount of the assets recorded in the statements of financial position, net of allowance for doubtful accounts, represents the Bank's and its subsidiaries' maximum exposure to credit risk.

Furthermore, the Bank's exposure to credit risk in the event of non-performance by the counterparties to commitments to extend credit, standby letters of credit, and financial guarantees is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and accepting conditional obligations as it does for on-statements of financial position instruments. For derivatives, the contract or notional amounts do not represent the real exposure to credit loss. The Bank controls the credit risk of its derivatives through the credit approval process, credit limits, and monitoring procedures set by its Executive Committee. Credit risks also arise from the possibility that the counterparty to the commitments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The following table shows the credit equivalent of unmatured commitments in accordance with the BOT's ruling.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	As at 31 December	
	2013	2012
Foreign exchange contracts	6,150	1,177
Interest rate swap contracts	1,127	1,248
Cross currency interest rate swap contracts	718	64
Options	130	-
Commodity derivatives contracts	304	-
Avals to bills	1,336	1,128
Guarantees of loans	3,182	2,275
Performance guarantees	7,682	6,152
Bid guarantees	181	193
Liability under unmatured import bills	205	312
Import letters of credit	844	737
Others	52	22
Total	21,911	13,308

## 49.3 Commodity Price Risk

Commodity price risk is the risk arising from the price change of commodities, which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings and cost of funds.

The Bank currently does not hold any commodity position. All commodity is being managed on back-to-back basis. The risk is independently monitored by Market Risk Management and Market Risk Control.



# Notes to Consolidated Financial Statements

(continued)

## 49.4 Interest rate risk

Interest rate risk arises when there is the potential for a change in interest rates to have an adverse effect on the net interest income of the Bank and its subsidiaries in the current reporting period, and in the future. Interest rate risk arises from the structure and characteristics of the Bank and its subsidiaries' assets, liabilities, shareholders' equity and interest rate linked derivative contracts, and from maturity mismatch in the repricing dates of their assets and liabilities.

The table below shows the Bank and its subsidiaries' exposure to interest rate risk, the remaining period to the earlier of contractual repricing dates or maturity dates, and the average contractual interest rate, where applicable, for classes of financial assets and financial liabilities subject to interest rate risk.

In the below table, financial assets and liabilities represent outstanding balance in statement of financial position and derivatives represent notional amount.

	(Unit: Million Baht)						
	Consolidated financial statement						
	As at 31 December 2013						
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total	Average rate of return per annum (%)
<b>Financial assets</b>							
Cash	-	-	-	-	4,783	4,783	-
Interbank and money market items - net	54,117	2,514	-	-	3,818	60,449	2.16
Derivatives assets	-	-	-	-	9,610	9,610	-
Investments - net	3,141	48,697	20,199	444	642	73,123	2.39
Loans to customers*	204,870	18,015	25,118	10	7,414	255,427	7.00
Other receivable - TAMC - net	-	-	-	-	1,210	1,210	-
<b>Financial liabilities</b>							
Deposits	160,783	66,182	2,405	-	5,271	234,641	2.23
Interbank and money market items	87,320	3	1,891	-	817	90,031	0.55
Liabilities payable on demand	-	-	-	-	2,856	2,856	-
Derivatives liabilities	-	-	-	-	7,782	7,782	-
Debt issued and borrowings	5,579	22,233	207	-	-	28,019	4.33
<b>Derivatives</b>							
Derivatives on foreign exchange and interest rates							
- floating rate payer	3,337	4,495	-	-	-	7,832	1.97
- fixed rate payer	-	354	5,219	-	-	5,573	1.58
- floating rate payee	5,779	7,471	-	-	-	13,250	0.71
- fixed rate payee	-	-	155	-	-	155	-
Derivatives on interest rates							
- floating rate payer	140,954	116,530	-	-	-	257,484	2.13
- fixed rate payer	40,323	113,036	105,479	6,953	-	265,791	2.76
- floating rate payee	134,216	136,742	411	-	-	271,369	2.26
- fixed rate payee	40,226	80,417	124,051	7,212	-	251,906	2.76

\* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2012							
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total	Average rate of return per annum (%)
<b>Financial assets</b>							
Cash	-	-	-	-	4,665	4,665	-
Interbank and money market items - net	51,376	576	-	-	3,923	55,875	2.58
Derivatives assets	-	-	-	-	2,979	2,979	-
Investments - net	32,428	24,519	13,417	1,024	777	72,165	2.79
Loans to customers*	177,950	9,051	18,890	17	7,424	213,332	7.19
Other receivable - TAMC - net	-	-	-	-	870	870	-
<b>Financial liabilities</b>							
Deposits	136,549	56,961	2,392	-	5,817	201,719	2.33
Interbank and money market items	79,244	711	1,950	-	899	82,804	0.41
Liabilities payable on demand	-	-	-	-	3,567	3,567	-
Derivatives liabilities	-	-	-	-	4,136	4,136	-
Debt issued and borrowings	470	-	22,435	-	-	22,905	4.88
<b>Derivatives</b>							
Derivatives on foreign exchange and interest rates							
- floating rate payer	2,225	2,542	-	-	-	4,767	1.98
- fixed rate payer	-	1,067	354	-	-	1,421	5.69
- floating rate payee	2,579	3,610	-	-	-	6,189	1.35
- fixed rate payee	-	-	-	-	-	-	-
Derivatives on interest rates							
- floating rate payer	142,658	112,348	-	-	-	255,006	2.77
- fixed rate payer	27,712	84,972	154,340	7,227	-	274,251	3.09
- floating rate payee	168,365	105,886	-	-	-	274,251	2.75
- fixed rate payee	28,817	61,128	158,599	6,462	-	255,006	3.07

\* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement						Average rate of return per annum (%)
	As at 31 December 2013						
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total	
<b>Financial assets</b>							
Cash	-	-	-	-	4,783	4,783	-
Interbank and money market items - net	54,117	2,514	-	-	3,818	60,449	2.16
Derivatives assets	-	-	-	-	9,610	9,610	-
Investments - net	3,141	48,697	20,199	444	837	73,318	2.39
Loans to customers*	204,870	18,015	25,118	10	7,414	255,427	7.00
Other receivable - TAMC - net	-	-	-	-	1,210	1,210	-
<b>Financial liabilities</b>							
Deposits	160,860	66,332	2,405	-	5,271	234,868	2.23
Interbank and money market items	87,320	3	1,891	-	817	90,031	0.55
Liabilities payable on demand	-	-	-	-	2,856	2,856	-
Derivatives liabilities	-	-	-	-	7,782	7,782	-
Debt issued and borrowings	5,579	22,233	207	-	-	28,019	4.33
<b>Derivatives</b>							
Derivatives on foreign exchange and interest rates							
- floating rate payer	3,337	4,495	-	-	-	7,832	1.97
- fixed rate payer	-	354	5,219	-	-	5,573	1.58
- floating rate payee	5,779	7,471	-	-	-	13,250	0.71
- fixed rate payee	-	-	155	-	-	155	-
Derivatives on interest rates							
- floating rate payer	140,954	116,530	-	-	-	257,484	2.13
- fixed rate payer	40,323	113,036	105,479	6,953	-	265,791	2.76
- floating rate payee	134,216	136,742	411	-	-	271,369	2.26
- fixed rate payee	40,226	80,417	124,051	7,212	-	251,906	2.76

\* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement						Average rate of return per annum (%)
	As at 31 December 2012						
	Floating rate/ Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total	
<b>Financial assets</b>							
Cash	-	-	-	-	4,665	4,665	-
Interbank and money market items - net	51,158	430	-	-	3,923	55,511	2.58
Derivatives assets	-	-	-	-	2,979	2,979	-
Investments - net	32,428	24,519	13,417	1,024	1,103	72,491	2.79
Loans to customers*	177,950	9,051	18,889	17	7,424	213,331	7.19
Other receivable - TAMC - net	-	-	-	-	870	870	-
<b>Financial liabilities</b>							
Deposits	136,606	57,119	2,392	-	5,817	201,934	2.33
Interbank and money market items	79,287	711	1,950	-	899	82,847	0.41
Liabilities payable on demand	-	-	-	-	3,567	3,567	-
Derivatives liabilities	-	-	-	-	4,136	4,136	-
Debt issued and borrowings	470	-	22,435	-	-	22,905	4.88
<b>Derivatives</b>							
Derivatives on foreign exchange and interest rates							
- floating rate payer	2,225	2,542	-	-	-	4,767	1.98
- fixed rate payer	-	1,067	354	-	-	1,421	5.69
- floating rate payee	2,579	3,610	-	-	-	6,189	1.35
- fixed rate payee	-	-	-	-	-	-	-
Derivatives on interest rates							
- floating rate payer	142,658	112,348	-	-	-	255,006	2.77
- fixed rate payer	27,712	84,972	154,340	7,227	-	274,251	3.09
- floating rate payee	168,365	105,886	-	-	-	274,251	2.75
- fixed rate payee	28,817	61,128	158,599	6,462	-	255,006	3.07

\* Under the Bank's interest rate risk management policy, non-accrual loans and loans to customers are overdue with contract had matured are reported in the non-interest bearing bucket.

# Notes to Consolidated Financial Statements

(continued)

## 49.5 Exchange rate risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities, and financial derivatives caused by fluctuations in foreign exchange rates.

The Bank's foreign exchange exposures comprise of trading and non-trading. Non-trading foreign exchange exposures are principally derived from customer businesses. The Bank utilises mainly spot foreign exchange, foreign currency forwards, and swaps to hedge its foreign exchange exposures.

Foreign exchange risk is managed through policies and risk limits approved by the Executive Committee (EXCO). The limits, such as exposure by currency are independently monitored by Market Risk Management and Market Risk Control.

## 49.6 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries may not be able to meet their obligations as they fall due as a result of inability to release their assets or to cover funding requirements at an appropriate price, resulting in losses to the Bank and its subsidiaries.

The Bank maintains sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals and loan disbursements, and repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

The Bank manages liquidity at a centralised level. Liquidity risk is managed in accordance with a framework of policies, controls and limits established by the Bank's Assets and Liabilities Committee (ALCO). These policies, controls and limits enable the Bank to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimising excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable debt securities.

The Bank takes a conservative stance in its liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfall.

The distribution of deposits is managed actively to ensure a balance between cost effectiveness, continued accessibility to funds, and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Bank's core deposits and the maintenance of customer confidence. Core deposits are generally stable non-bank deposits, such as current accounts, savings accounts and fixed deposits. The Bank monitors the stability of its core deposits by analysing their volatility over time.

The Bank uses the funds to lend to customers and invests excess funds in government securities.

The Bank's liquidity risk management is aligned with the regulatory liquidity risk management framework, and is measured and managed on a projected cash flow basis. The Bank is monitored under 'business as usual', and 3 crisis scenarios which are 'bank-specific crisis', 'general market crisis' and 'combination crisis'.

Liquidity Gap Analysis or Cash Flow Mismatch Analysis under the 'Business as Usual' scenario is measured and monitored against Net Cumulative Outflow (NCO) Limits which are set for overnight, 7 days and 30 days. In the event that a limit is breached, an investigation will be conducted and the related documents reported to relevant parties, in accordance with the escalation process.

For stress testing (bank-specific crisis, general market crisis and combined scenarios), additional assumptions are taken into account such as sudden increase in deposit withdrawals, reduction in loan repayments, potential trading losses, or liquidation of securities with haircuts. These assumptions are agreed by Business Units and approved by Board of Directors or delegated committee.

## Notes to Consolidated Financial Statements

(continued)

The frequency of liquidity risk assessment is conducted on daily and monthly basis. Liquidity gap or maturity mismatch analysis report is produced by Balance Sheet Risk Management Unit and monitored by Market Risk Control against approved Net Cumulative Outflow Limits. Other reports such as early warning indicators as well as sources and utilisation of funds are produced on a monthly basis.

Behavioural modeling is carried out and reviewed regularly to ensure that the cash flow requirements for the 'business as usual' and crisis scenarios are realistic. Loans and deposits which do not have maturity dates and fixed deposits which are rolled over frequently, are generally estimated based on their past statistics or trends. Cash flow mismatch limits are established to limit the Bank's liquidity exposure. The Bank also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

Contingency funding plans are in place to identify liquidity crisis using a series of warning indicators. Crisis escalation processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

The Bank uses liquidity ratios as early warning indicators such as Loans to Deposits Ratio, Single Depositor Ratio and Top 20 Depositors Ratio, Undrawn Facilities Ratio, Deposit Withdrawal Ratio and Net Cumulative Outflow.

## Notes to Consolidated Financial Statements

(continued)

The maturity analysis of financial assets, financial liabilities represent outstanding balance in statement of financial position and commitments represent notional amount, which are computed from the remaining maturity to repayment date is as follows:

	(Unit: Million Baht)						
	Consolidated financial statement						
	As at 31 December 2013						
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Cash	4,783	-	-	-	-	-	4,783
Interbank and money market items - net	50,641	7,190	2,514	-	104	-	60,449
Derivatives assets	-	-	-	-	-	9,610	9,610
Investments - net	10	1,483	48,707	21,837	444	642	73,123
Loans to customers*	2,911	66,373	31,524	58,478	96,141	-	255,427
Other receivable - TAMC - net	-	-	-	-	1,210	-	1,210
<b>Financial liabilities</b>							
Deposits	114,644	51,410	66,182	2,405	-	-	234,641
Interbank and money market items	30,517	57,620	3	1,891	-	-	90,031
Liabilities payable on demand	2,856	-	-	-	-	-	2,856
Derivatives liabilities	-	-	-	-	-	7,782	7,782
Debt issued and borrowings	-	-	22,233	5,786	-	-	28,019
<b>Commitments</b>							
Avals to bills	24	1,132	137	-	-	-	1,293
Guarantee of loans	19	394	646	658	1,690	-	3,407
Liabilities under unmaturred import bills	48	619	157	-	-	-	824
Letters of credit	227	3,218	279	-	-	-	3,724
Other commitments							
Undrawn overdraft amount	22,683	-	-	-	-	-	22,683
Spot foreign exchange contracts	1,808	4,478	-	-	-	-	6,286
Other guarantees	11,774	1,604	6,282	1,753	24	-	21,437
<b>Derivatives</b>							
Derivatives on foreign exchange	21,557	279,309	134,074	12,933	-	-	447,873
Derivatives on interest rates	-	80,549	193,453	235,108	14,165	-	523,275
Others derivatives	-	4,074	-	-	-	-	4,074

\* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in more than 5 years bucket.

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2013							
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Cash	4,665	-	-	-	-	-	4,665
Interbank and money market items - net	47,335	7,957	583	-	-	-	55,875
Derivatives assets	-	-	-	-	-	2,979	2,979
Investments - net	-	32,093	22,896	15,375	1,024	777	72,165
Loans to customers*	2,601	52,586	27,087	52,370	78,688	-	213,332
Other receivable - TAMC - net	-	-	-	-	870	-	870
<b>Financial liabilities</b>							
Deposits	87,065	55,301	56,961	2,392	-	-	201,719
Interbank and money market items	21,007	59,137	710	1,950	-	-	82,804
Liabilities payable on demand	3,567	-	-	-	-	-	3,567
Derivatives liabilities	-	-	-	-	-	4,136	4,136
Debt issued and borrowings	24	446	-	22,435	-	-	22,905
<b>Commitments</b>							
Avals to bills	19	813	159	-	-	-	991
Guarantee of loans	29	184	264	536	1,371	-	2,384
Liabilities under unmatured import bills	77	846	522	-	-	-	1,445
Letters of credit	183	2,544	789	-	-	-	3,516
Other commitments							
Undrawn overdraft amount	22,171	-	-	-	-	-	22,171
Spot foreign exchange contracts	2,082	2,347	-	-	-	-	4,429
Other guarantees	10,103	2,231	4,121	960	24	-	17,439
<b>Derivatives</b>							
Derivatives on foreign exchange	5,669	152,372	63,956	1,903	-	-	223,900
Derivatives on interest rates	-	56,935	146,100	312,939	13,689	-	529,663
Others derivatives	-	-	-	-	-	-	-

\* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in more than 5 years bucket.



# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

	Separate financial statement						Total
	As at 31 December 2013						
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	
<b>Financial assets</b>							
Cash	4,783	-	-	-	-	-	4,783
Interbank and money market items - net	50,641	7,190	2,514	-	104	-	60,449
Derivatives assets	-	-	-	-	-	9,610	9,610
Investments - net	10	1,483	48,707	21,837	444	837	73,318
Loans to customers*	2,911	66,373	31,524	58,478	96,141	-	255,427
Other receivable - TAMC - net	-	-	-	-	1,210	-	1,210
<b>Financial liabilities</b>							
Deposits	114,705	51,426	66,332	2,405	-	-	234,868
Interbank and money market items	30,517	57,620	3	1,891	-	-	90,031
Liabilities payable on demand	2,856	-	-	-	-	-	2,856
Derivatives liabilities	-	-	-	-	-	7,782	7,782
Debt issued and borrowings	-	-	22,233	5,786	-	-	28,019
<b>Commitments</b>							
Avals to bills	24	1,132	137	-	-	-	1,293
Guarantee of loans	19	394	646	658	1,690	-	3,407
Liabilities under unmatu- red import bills	48	619	157	-	-	-	824
Letters of credit	227	3,218	279	-	-	-	3,724
Other commitments							
Undrawn overdraft amount	22,683	-	-	-	-	-	22,683
Spot foreign exchange contracts	1,808	4,478	-	-	-	-	6,286
Other guarantees	11,774	1,604	6,282	1,753	24	-	21,437
<b>Derivatives</b>							
Derivatives on foreign exchange	21,557	279,309	134,074	12,933	-	-	447,873
Derivatives on interest rates	-	80,549	193,453	235,108	14,165	-	523,275
Others derivatives	-	4,074	-	-	-	-	4,074

\* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in more than 5 years bucket.

# Notes to Consolidated Financial Statements

(continued)

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2012							
	Call	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Cash	4,665	-	-	-	-	-	4,665
Interbank and money market items - net	47,318	7,762	431	-	-	-	55,511
Derivatives assets	-	-	-	-	-	2,979	2,979
Investments - net	-	32,093	22,896	15,375	1,024	1,103	72,491
Loans to customers*	2,601	52,586	27,087	52,369	78,688	-	213,331
Other receivable - TAMC - net	-	-	-	-	870	-	870
<b>Financial liabilities</b>							
Deposits	87,119	55,304	57,119	2,392	-	-	201,934
Interbank and money market items	21,050	59,137	710	1,950	-	-	82,847
Liabilities payable on demand	3,567	-	-	-	-	-	3,567
Derivatives liabilities	-	-	-	-	-	4,136	4,136
Debt issued and borrowings	24	446	-	22,435	-	-	22,905
<b>Commitments</b>							
Avals to bills	19	813	159	-	-	-	991
Guarantee of loans	29	184	264	536	1,371	-	2,384
Liabilities under unmaturred import bills	77	846	522	-	-	-	1,445
Letters of credit	183	2,544	789	-	-	-	3,516
Other commitments							
Undrawn overdraft amount	22,171	-	-	-	-	-	22,171
Spot foreign exchange contracts	2,082	2,347	-	-	-	-	4,429
Other guarantees	10,103	2,231	4,121	960	24	-	17,439
<b>Derivatives</b>							
Derivatives on foreign exchange	5,669	152,372	63,956	1,903	-	-	223,900
Derivatives on interest rates	-	56,935	146,100	312,939	13,689	-	529,663
Others derivatives	-	-	-	-	-	-	-

\* Under the Bank's liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in more than 5 years bucket.

## 49.7 Estimated fair value of financial instruments

The fair values of financial instruments have been estimated by the Bank and its subsidiaries using available market information and appropriate valuation methodologies.

# Notes to Consolidated Financial Statements

(continued)

## 49.8 Fair value of financial instruments

As at 31 December 2013 and 2012, the fair values of financial instruments included in the statements of financial position of the Bank and its subsidiaries are as follows:

Type of financial instruments	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December			
	2013		2012	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial assets</b>				
Cash	4,783	4,783	4,665	4,665
Interbank and money market items - net	60,449	60,449	55,875	55,875
Derivatives assets	9,610	9,610	2,979	2,979
Investments - net	73,123	73,217	72,165	72,439
Loans to customers and accrued interest receivables - net	248,756	248,756	208,288	208,288
Other receivable - TAMC - net	1,210	1,210	870	870
<b>Financial liabilities</b>				
Deposits	234,641	234,641	201,719	201,719
Interbank and money market items	90,031	90,031	82,804	82,804
Liabilities payable on demand	2,856	2,856	3,567	3,567
Derivatives liabilities	7,782	7,782	4,136	4,136
Debt issued and borrowings	28,019	28,019	22,905	22,905

Type of financial instruments	(Unit: Million Baht)			
	Separate financial statements			
	As at 31 December			
	2013		2012	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial assets</b>				
Cash	4,783	4,783	4,665	4,665
Interbank and money market items - net	60,449	60,449	55,511	55,511
Derivatives assets	9,610	9,610	2,979	2,979
Investments - net	73,318	73,412	72,491	72,765
Loans to customers and accrued interest receivables - net	248,756	248,756	208,287	208,287
Other receivable - TAMC - net	1,210	1,210	870	870
<b>Financial liabilities</b>				
Deposits	234,868	234,868	201,934	201,934
Interbank and money market items	90,031	90,031	82,847	82,847
Liabilities payable on demand	2,856	2,856	3,567	3,567
Derivatives liabilities	7,782	7,782	4,136	4,136
Debt issued and borrowings	28,019	28,019	22,905	22,905

# Notes to Consolidated Financial Statements

(continued)

## 49.9 Methods and assumptions in estimating fair value of financial instruments

The following methods and assumptions were used by the Bank and its subsidiaries in estimating fair value of financial instruments as disclosed herein.

### (a) Cash and interbank and money market items

The carrying amounts of cash and interbank and money market items which have remaining maturities of less than 1 year or bear floating rates of interest approximate their fair value. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

### (b) Investments

Fair value for securities is based on quoted market prices, where available. If quoted market prices are not available, fair value is based on quoted market prices of comparable instruments after adjusting for risk involved or the net asset values of such securities.

### (c) Loans to customers

For floating rate loans that reprice frequently and have no significant change in credit risk, fair value is based on carrying values. The fair value of fixed rate loans that reprice within 1 year from the statements of financial position date is based on the carrying value at the statements of financial position date. Fair value for other fixed interest rate loans is estimated by using discounted cash flow analysis and using average interest rates currently being offered for loans with similar terms to borrowers of similar credit quality except in case of immaterial, carrying value will be used.

Fair value of hire-purchase and financial lease receivables is estimated by using discounted cash flow analysis and using interest rates currently being offered with average remaining years to maturity.

### (d) Accrued interest receivables

Fair value of accrued interest receivable is based on carrying values.

### (e) Deposit liabilities

The fair value of deposits which is payable on demand by the depositor, is equal to the carrying value of such deposits. The fair value of floating rate, certificates of deposit (CDs) and fixed rate deposits repricable within 1 year approximate their carrying value at the reporting date. Fair value for other fixed rate deposits is estimated using a discounted cash flow calculation that applies the current average deposit rates of the four major commercial banks to a schedule of aggregate expected monthly maturities on time deposits except in case of immaterial, carrying value will be used.

### (f) Interbank and money market items (liabilities)

The carrying amount of interbank and money market items which have remaining maturities less than 1 year or bear floating rates of interest approximates their fair value at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

### (g) Debt issued and borrowings

The fair value of borrowings with remaining maturities less than 1 year approximates their carrying value at the reporting date. Fair value of borrowings with remaining maturities greater than 1 year is estimated using discounted cash flow analysis based on the average current borrowing rates for similar types of borrowing arrangements.

## Notes to Consolidated Financial Statements

(continued)

### (h) Fair value of commitments

#### Commitments to aval, guarantee and letters of credit

These financial instruments are generally not intended to be sold or traded such that estimated fair values are not readily ascertainable. Fair value of these items were not calculated for the following reasons:

- minority of the commitments extending beyond 1 year would commit the Bank to a predetermined rate of interest
- the fees attaching to these commitments are the same as those currently charged to similar arrangements
- the quantum of fees collected under these arrangements, upon which fair value would be determined, is not material

#### Other commitments

The fair values of foreign exchange contracts were obtained from quoted market prices of similar foreign exchange contracts. For the other derivative contracts, the fair value is estimated using discounted cash flow.

### 50. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 25 February 2014.

## Other Information

### 1. Subsidiaries companies of UOB (Thai)

#### 1. UOB Services Company Limited

Business	: Collection services
Location	: 690, 17 <sup>th</sup> -18 <sup>th</sup> Floor, Sukhumvit Road, Klongton, Klong Toey, Bangkok 10110
Telephone	: 0 2680 5555
Facsimile	: 0 2258 6900
Paid-up capital	: THB 60,000,000 (10,000,000 ordinary shares)
UOB (Thai)'s holding	: 99.99 per cent

#### 2. UOB Bullion and Futures (Thai) Company Limited

Business	: Trading in Futures Contracts
Location	: 191, 7 <sup>th</sup> Floor, South Sathon Road, Yannawa, Sathon, Bangkok 10120
Telephone	: 0 2213 2611
Facsimile	: 0 2213 2614
Paid-up capital	: THB 175,000,000 (1,750,000 ordinary shares)
UOB (Thai)'s holding	: 75.00 per cent

#### 3. UOB Leasing (Thai) Company Limited

Business	: The Company registered the closure on 15 October, 2010
Location	: 191 South Sathon Road, Yannawa, Sathon, Bangkok 10120
Telephone	: 0 2343 4527
Facsimile	: 0 2285 1633
Paid-up capital	: THB 3,975,396 (32,000,000 ordinary shares)
UOB (Thai)'s holding	: 99.99 per cent

#### 4. Thai Wealth Management Company Limited (Former name : UOB Asset Management (Thai) Company Limited)

Business	: The Company registered the closure on 31 October, 2013
Location	: 173/27-30, 32-33, 25 <sup>th</sup> Floor, Asia Center Building, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120
Telephone	: 0 2786 2299, 0 2786 2170
Facsimile	: 0 2786 2371
Paid-up capital	: THB 2,700,000 (10,000,000 ordinary shares)
UOB (Thai)'s holding	: 99.99 per cent

## Other Information

### 2. Details of Directors

Name	Period	Work Experience
1. Wee Cho Yaw	Jul 2004 - Present	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors (Authorised Signatory), UOB (Thai)</li> </ul>
	May 2013 - Present	<ul style="list-style-type: none"> <li>Chairman Emeritus &amp; Adviser, United Overseas Bank Limited, Singapore</li> </ul>
	May 2007 - Apr 2013	<ul style="list-style-type: none"> <li>Chairman, United Overseas Bank Limited, Singapore</li> </ul>
	1974 - Apr 2007	<ul style="list-style-type: none"> <li>Chairman and CEO, United Overseas Bank Limited, Singapore</li> </ul>
2. Wee Ee Cheong	Jul 2004 - Present	<ul style="list-style-type: none"> <li>Deputy Chairman of the Board of Directors (Authorised Signatory), UOB (Thai)</li> </ul>
	May 2007 - Present	<ul style="list-style-type: none"> <li>Deputy Chairman and CEO, United Overseas Bank Limited, Singapore</li> </ul>
	2000 - Apr 2007	<ul style="list-style-type: none"> <li>Deputy Chairman and President, United Overseas Bank Limited, Singapore</li> </ul>
3. Suebtrakul Soonthornthum	Aug 2012 - Present	<ul style="list-style-type: none"> <li>Member of the Nomination and Compensation Committee, UOB (Thai)</li> </ul>
	Aug 2010 - Aug 2012	<ul style="list-style-type: none"> <li>Chairman of the Nomination and Compensation Committee, UOB (Thai)</li> </ul>
	Aug 2008 - Aug 2010	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee, UOB (Thai)</li> </ul>
	Aug 2004 - Present	<ul style="list-style-type: none"> <li>Independent Director and Member of the Audit Committee, UOB (Thai)</li> </ul>
1992 - Present	<ul style="list-style-type: none"> <li>Director &amp; Senior Executive Vice President, Loxley Public Company Limited</li> </ul>	
4. Arun Chirachavala	Aug 2012 - Present	<ul style="list-style-type: none"> <li>Chairman of the Nomination and Compensation Committee, UOB (Thai)</li> </ul>
	2012 - Present	<ul style="list-style-type: none"> <li>Chairman of Corporate Governance Committee, TRC Construction Pcl.</li> </ul>
	Aug 2010 - Aug 2012	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee, UOB (Thai)</li> </ul>
	Apr 2009 - Present	<ul style="list-style-type: none"> <li>Chairman, K.W.C. Warehouse Co., Ltd.</li> </ul>
	Jun 2009 - Present	<ul style="list-style-type: none"> <li>Independent Director, TRC Construction Pcl.</li> </ul>
	Apr 2008 - Present	<ul style="list-style-type: none"> <li>Independent Director and Member of the Audit Committee, UOB (Thai)</li> </ul>
	Apr 2008 - Present	<ul style="list-style-type: none"> <li>Chairman, Krundhep Document Co., Ltd.</li> </ul>
	Aug 2007 - Present	<ul style="list-style-type: none"> <li>Executive Chairman, Krungdhep Sophon Pcl.</li> </ul>
Nov 2006 - Present	<ul style="list-style-type: none"> <li>Director, Palang Sophon Limited.</li> </ul>	
5. Chinnawat Bulsuk	Aug 2012 - Present	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee, UOB (Thai)</li> </ul>
	Aug 2008 - Aug 2010	<ul style="list-style-type: none"> <li>Chairman of the Nomination and Compensation Committee, UOB (Thai)</li> </ul>
	Aug 2006 - Aug 2008	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee, UOB (Thai)</li> </ul>
	Aug 2004 - Present	<ul style="list-style-type: none"> <li>Independent Director, UOB (Thai)</li> </ul>
2003 - Present	<ul style="list-style-type: none"> <li>Director &amp; CEO, Thai Samut Asset Co., Ltd.</li> </ul>	
6. Lee Chin Yong	Aug 2004 - Present	<ul style="list-style-type: none"> <li>Authorised Signatory Director, UOB (Thai)</li> </ul>
	2003 - Present	<ul style="list-style-type: none"> <li>Managing Director, United Overseas Bank Limited, Singapore</li> </ul>
7. Cheo Chai Hong	Nov 2009 - Present	<ul style="list-style-type: none"> <li>Authorised Signatory Director, UOB (Thai)</li> </ul>
	July 2005 - Present	<ul style="list-style-type: none"> <li>Managing Director, United Overseas Bank Limited, Singapore</li> </ul>

## Other Information

Name	Period	Work Experience
8. Peter Foo Moo Tan	Oct 2012 - Present	• Authorised Signatory Director and President & CEO, UOB (Thai)
	Jun 2012 - Sep 2012	• Deputy President and Deputy CEO, UOB (Thai)
	July 2011 - May 2012	• Managing Director, United Overseas Bank Limited, Singapore
	2004 - 2011	• CEO, Fortis Bank sa/nv, Singapore
9. Sanchai Apisaksirikul	Mar 2012 - Present	• Authorised Signatory Director, UOB (Thai)
	2007 - Present	• Executive Director, UOB (Thai)
	2001 - 2006	• Senior Vice President, Bank of Asia Pcl.
	2000 - 2001	• Vice President, Bank of Asia Pcl.

### 3. Directors' Remuneration

as of 31 December 2013

	Baht		
	Board of Directors	Audit Committee	Nomination & Compensation Committee
1. Wee Cho Yaw	1,540,000	-	-
2. Wee Ee Cheong	1,180,000	-	115,000
3. Chinnawat Bulsuk	820,000	720,000	-
4. Suebtrakul Soonthornthum	820,000	360,000	240,000
5. Arun Chirachavala	820,000	360,000	460,000
6. Lee Chin Yong	460,000	-	115,000
7. Cheo Chai Hong	460,000	-	-
8. Peter Foo Moo Tan	460,000	-	-
9. Sanchai Apisaksirikul	460,000	-	-
<b>Total</b>	<b>7,020,000</b>	<b>1,440,000</b>	<b>930,000</b>

### 4. Senior Management's Remuneration

In 2013, the Bank paid cash remuneration to the Bank's senior management amounted Baht 333,854,600 (2012 paid Baht 330,065,621). In addition to cash remuneration, the Bank also paid non-cash remuneration, which included provident fund contribution, life and medical insurance premiums, and travelling allowance as disclosed in the Notes to Consolidated Financial Statement no. 35 in this Annual Report.



## Other Information

### 5. Directorships of Directors and Senior Management as at year-end 2013

#### Directors

##### 1. Wee Cho Yaw

Company	Position
<b>UOB Business Group</b>	
1. United Overseas Bank Ltd.	Chairman Emeritus & Adviser
2. United Overseas Insurance Ltd.	Chairman
3. United Overseas Bank (Malaysia) Bhd.	Chairman Emeritus & Adviser
4. UOB Australia Ltd.	Chairman
5. Far Eastern Bank Ltd.	Chairman Emeritus & Adviser
6. PT Bank UOB Indonesia	President Commissioner
7. United Overseas Bank (China) Ltd.	Supervisor
8. Overseas Union Bank Limited (pending dissolution-merged into UOB)	Chairman
<b>Wee Family Business Group</b>	
1. C.Y.Wee & Company Pte. Ltd.	Chairman
2. Kheng Leong Company (Pte.) Ltd.	Chairman
3. Wee Investments (Pte.) Ltd.	Chairman
4. UOL Group Ltd.	Chairman
5. Pan Pacific Hotels Group Limited	Chairman
6. Haw Par Corporation Ltd.	Chairman
7. United Industrial Corporation Ltd.	Chairman
8. Singapore Land Ltd.	Chairman
9. Marina Centre Holdings Pte. Ltd.	Chairman
10. Aquamarina Hotel Pte. Ltd.	Chairman
11. Hotel Marina City Pte. Ltd.	Chairman
12. Marina Bay Hotel Pte. Ltd.	Chairman
13. Wee Property (UK) Pte. Ltd.	Chairman
<b>Non-Profit/Community Service Business Group</b>	
1. Kim Mui Hoey Kuan	Chairman
2. Singapore Chinese Chamber of Commerce & Industry	Honorary President
3. Singapore Federation of Chinese Clan Associations	Honorary President
4. Singapore Hokkien Huay Kuan	Honorary President
5. Wee Foundation	Chairman

## Other Information

### 2. Wee Ee Cheong

Company	Position
<b>UOB Business Group</b>	
1. Chung Khiaw Bank (Malaysia) Bhd.	Director
2. Far Eastern Bank Ltd.	Director
3. Hermes UOB Capital Management Ltd.	Director
4. OUB Centre Ltd.	Chairman
5. Overseas Union Bank Ltd. (pending dissolution-merged into UOB)	Director
6. PT Bank UOB Indonesia	Vice President Commissioner
7. United Overseas Bank Ltd.	Director
8. United Overseas Bank (China) Ltd.	Chairman
9. United Overseas Bank (Malaysia) Bhd.	Director
10. United Overseas Insurance Ltd.	Director
11. UOBGC General Partners Ltd.	Director
12. UOB Australia Ltd.	Director
13. UOB Developments Pte. Ltd.	Director
14. UOB Global Capital LLC	Chairman
15. UOB Global Capital Pte. Ltd.	Chairman
16. UOB Travel Planners Pte. Ltd.	Director
17. Walden AB Ayala Ventures Co. Inc.	Director
<b>Wee Family Business Group</b>	
1. C Y Wee & Co Pte. Ltd.	Director
2. E C Wee Pte. Ltd.	Director
3. Kheng Leong Co (HK) Ltd.	Director
4. Kheng Leong Company (Pte.) Ltd.	Director
5. K.I.P. Industrial Holdings Ltd.	Director
6. KLC Holdings Ltd.	Director
7. KLC Holdings (Hong Kong) Ltd.	Director
8. Phoebus Singapore Holdings Pte. Ltd.	Director
9. Portfolio Nominees Ltd.	Director
10. Richly Joy Holdings Ltd.	Director
11. Wee Investments Pte. Ltd.	Director
12. Wee Venture (Overseas) Ltd.	Director
13. Pilkon Development Co., Ltd.	Director
14. Plaza Hotel Co., Ltd.	Director
15. Wee Property (UK) Pte. Ltd.	Director

## Other Information

Company	Position
<b>Non-Profit/Community Service/Relationship (Networking) Business Group</b>	
1. ASEAN Finance Corporation Ltd.	Director
2. INSEAD East Asia Council & International Council	Advisory Board Member
3. Singapore-China Foundation	Member, Board of Governors
4. Singapore Chinese Chamber of Commerce & Industry	Honorary Council Member
5. The Association of Banks in Singapore	Council Member
6. The Institute of Banking & Finance	Director
7. Visa APCEMEA Senior Client Council	Member
8. Wee Foundation	Director

### 3. Chinnawat Bulsuk

Company	Position
<b>Chinnawat Bulsuk's Business Group</b>	
1. Thai Samut Asset Co., Ltd.	Director & CEO
<b>Other Business Group</b>	
1. Chong Choe Co., Ltd.	Director

### 4. Suebtrakul Soonthornthum

Company	Position
<b>Loxley Business Group</b>	
1. Loxley Public Co., Ltd.	Director & SEVP
2. Loxley Global Co., Ltd.	Director
3. Loxley GTECH Technology Co., Ltd.	Director
4. Loxley Trading Co., Ltd.	Director
5. Loxley Property Development Co., Ltd.	Director
6. Guardfire Co., Ltd.	Chairman
7. Foseco (Thailand) Co., Ltd.	Chairman
8. General Aviation Co., Ltd.	Director
9. NS BlueScope (Thailand) Co., Ltd.	Director
10. NS BlueScope Services (Thailand) Co., Ltd.	Director
11. NS BlueScope Lysaght (Thailand) Co., Ltd.	Director
12. BP - Castrol (Thailand) Co., Ltd.	Director
13. Ekpavee Co., Ltd.	Director
14. Data Mining Co., Ltd.	Director
15. Asia Securities Management Co., Ltd.	Director
16. Zin Suapah Co., Ltd.	Director
17. Loxley Joint and Hold Co., Ltd.	Director
18. Societe Commerciale Lao Co., Ltd.	Director
19. Oriental Post Co., Ltd.	Director
20. Postique Co., Ltd.	Director

## Other Information

Company	Position
<b>Muang Thai Life Assurance Public Co., Ltd. Group</b>	
1. Muang Thai Life Assurance Public Co., Ltd.	Independent Director
2. Muang Thai Real Estate Public Co., Ltd.	Chairman
<b>Other Business Group</b>	
1. Vanachai Group Public Co., Ltd.	Independent Director
<b>5. Arun Chirachavala</b>	
Company	Position
<b>Krungdhep Sophon Group</b>	
1. Krungdhep Sophon Public Co., Ltd.	Executive Chairman
2. Krungdhep Document Co., Ltd.	Chairman
3. K.W.C. Warehouse Co., Ltd.	Chairman
<b>Other Business Group</b>	
1. Palang Sophon Co., Ltd.	Director
2. TRC Construction Public Co., Ltd.	Independent Director and Chairman of Corporate Governance Committee
<b>6. Lee Chin Yong</b>	
Company	Position
<b>UOB Group of Companies</b>	
1. United Overseas Bank (Malaysia) Bhd.	Director
2. Uni.Asia Capital Sdn. Bhd.	Director
3. Uni.Asia Life Assurance Bhd.	Director and Deputy Chairman
4. UOB Property Investment Pte. Ltd.	Director
5. PT Bank UOB Indonesia	Commissioner
6. UOB International Investment Pte. Ltd.	Director
7. UOB-Kay Hian Holdings Ltd.	Director
8. United Overseas Bank (China) Ltd.	Director
<b>UOL Group of Companies</b>	
1. President Hotel Sdn. Bhd.	Director
2. HPL Properties (Malaysia) Sdn. Bhd.	Director
3. Grand Elite Sdn. Bhd.	Director
4. Grand Elite (Penang) Sdn. Bhd.	Director
5. UOL Serviced Residences Sdn. Bhd.	Director

## Other Information

### 7. Cheo Chai Hong

Company	Position
<b>UOB Group of Companies</b>	
1. United Overseas Bank Philippines	Director
2. UOB Global Capital Pte. Ltd.	Director
3. UOB International Investment Pte. Ltd.	Director
4. UOB Asset Management Ltd.	Director
<b>Other Business Group</b>	
1. Banco De Oro Unibank Inc.	Director
2. The Anglo-Chinese Schools Foundation Ltd.	Director

### 8. Peter Foo Moo Tan

-NIL-

### 9. Sanchai Apisaksirikul

Company	Position
<b>Companies under UOB (Thai) Group</b>	
1. UOB Bullion and Futures (Thai) Co., Ltd.	Director
2. UOB Services Co., Ltd.	Director
<b>Company under UOB Group</b>	
1. UOB Asset Management (Thailand) Co., Ltd.	Director

### Senior Management as of December 31, 2013

Name	Company	Position
1. Steven Ngeo Swee Guan	-	-
2. Roongthip Angkasirisan	-	-
3. Ho Swit Moy Margaret	-	-
4. Pornchai Wiwatpattarakul	-	-
5. Ngamjitt Sirijindalert	-	-
6. Busba Virochpoka	-	-
7. Loh Chen Hwee (Charles)	UOB Bullion and Futures (Thai) Co., Ltd.	Director
8. Patchanee Vongsilpawattana	-	Director
9. Pailin Ngsriwongse	Noble Line Ltd. / Thailand	Director
10. Sanchai Apisaksirikul	1. UOB Asset Management (Thailand) Co., Ltd. 2. UOB Services Co., Ltd. 3. UOB Bullion and Futures (Thai) Co., Ltd.	Director Director Director
11. Lim Keng Teck	UOB Services Co., Ltd.	Director
12. Piyaporn Ratanaprasartporn	UOB Asset Management (Thailand) Co., Ltd.	Director
13. Taravadee Manuschinapisit	-	-
14. Yuttachai Teyarachakul	AXA Insurance Public Company Ltd.	Director
15. Sayumrat Maranate	-	-

## Other Information

Name	Company	Position
16. Manit Panichakul	-	-
17. Benedict Yeoh Kian Soon	-	-
18. Pojanee Rungsang	-	-
19. Pisal Kattiyothaivong	-	-
20. Yau Chi Choi	-	-
21. Montira Utarapichat	-	-
22. Poomchai Chusakultanachai	-	-
23. Pimolrat Tangkosakul	-	-
24. Sirima Taecharungnirun	-	-
25. Loi Kai Cheow	-	-
26. Kanlika Buspavanich	-	-
27. Yuwadee Chawawatnapong	Siriruk Hospital Co., Ltd.	Director
28. Vajee Pramualrat	-	-
29. Danupob Apichitsakul	-	-
30. Ratanachon Thanyodom	-	-
31. Suwassa Anantasa	-	-

### 6. Shares of UOB (Thai), Subsidiaries and Associated Companies

Directors of UOB (Thai) do not own any shares in UOB (Thai) or any of its subsidiaries and associated companies.

### 7. Auditor's Remuneration

In 2013, the Bank and its subsidiaries paid for audit fee and special audit fee regarding to the Bank of Thailand's requirement to EY Office Limited (formerly know as Ernst & Young Office Limited) amounting to Baht 8,570,000 and Baht 350,000 respectively, totalling Baht 8,920,000.

## Other Information

### 8. Related Party Transactions

The Bank's transactions with the companies related to the Bank's directors during the year 2013 are as follows:

	Interbank and money market items (assets)	Derivatives assets	Other assets	Commitments	Deposits	Interbank and money market items (liabilities)	Derivatives liabilities	Debt issued and borrowings	Other liabilities	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Net gain (loss) on foreign currency trading and exchange transaction	Other operating income	Premises and equipment expenses	Data processing charges	Other expenses	Related with UOBT Director
<b>Subsidiaries Companies</b>																			
UOB Bullion and Futures (Thai) Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Sanchai Apisaksirikul
UOB Services Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Sanchai Apisaksirikul
<b>Related Companies</b>																			
Loxley Pcl.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
The Muangthai Life Assurance Pcl.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
Underwaterworld Pattaya Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Wee Cho Yaw
PPHR (Thailand) Limited	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Wee Cho Yaw, Wee Ee Cheong
Haw Par Tiger Balm (Thailand) Limited	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Wee Cho Yaw, Wee Ee Cheong
Loxley Wireless Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
Loxbit Pcl.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
Professional Computer Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
Netone Network Solution Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
L Hardware and Services Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
Loxley Trading Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
TRC Construction Pcl.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Suebrakul Soonthornthum
Tisco Securities Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Arun Chirachavala
Tisco Asset Management Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Sanchai Apisaksirikul
	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	Sanchai Apisaksirikul
<b>Major Shareholders</b>																			
United Overseas Bank Limited	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
<b>United Overseas Bank Group of Companies</b>																			
United Overseas Bank (Malaysia) Bhd	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
United Overseas Bank (China) Limited	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
UOB Bullion & Futures, Singapore	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Far Eastern Bank Ltd., Singapore	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
UOB Asset Management (Thailand) Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
UOB Kay Hian Securities (Thailand) Co., Ltd.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/

Details of all related party transactions are disclosed in Note 35 to the financial statements.

# Risk Management

The effective management of financial and non-financial risks is integral to UOB (Thai) Group's business success. Our approach to risk management is to ensure risks are managed within the levels established by UOB (Thai) Group's various senior management committees and approved by the Board and/or its committees.

The UOB (Thai) Group has established a comprehensive framework of policies and procedures to identify, measure, monitor and control risks. These are guided by the Group's Risk Management Principles which advocate:

- Delivery of sustainable long-term growth using sound risk management principles and business practices;
- Continual improvement of risk discovery capabilities and risk controls; and,
- Business development based on a prudent, consistent and efficient risk management framework.

## RISK MANAGEMENT GOVERNANCE AND FRAMEWORK

The Board of Directors ("The Board") is responsible for the governance of risk and oversees a governance structure to ensure that the UOB (Thai) Group's business activities are:

- Conducted in a safe and sound manner and in line with high standards of professionalism;
- Consistent with UOB (Thai) Group's overall business strategy and risk appetite; and,
- Subjected to adequate risk management and internal controls.

The Board is supported by Executive Committee (EXCO), Audit Committee (AC), Nominating and Remuneration Committee (NCC) as well as Risk and Capital Committee (RCC). EXCO and RCC assist the Board in the oversight of risk management policies, process and procedures.

The day-to-day management of UOB (Thai) Group is delegated to its senior management (Chief Executive Officer (CEO) and Senior Executives).

The CEO has established senior management committees to assist in making the business decisions which weigh risks with returns. The main senior management committees are Management Committee (MC), Asset & Liability Committee (ALCO), Credit Committee (CC), Special Asset Management Credit Committee (SAMCC) and Credit Management Committee (CMC).

The Board is also responsible for setting the overall risk capital and Top-Down Risk Appetite statements for material risks faced by UOB (Thai) Group. Senior management and the senior management committees are responsible for delegating risk appetite limits by business lines, and/or broad product lines.

## RISK APPETITE

UOB (Thai) Group has established a risk appetite framework to determine the amount of risk UOB (Thai) Group is able and willing to take in pursuit of its business objectives. The risk appetite defines suitable thresholds and/or limits across key areas including but not limited to credit risk, concentration risk, market risk, liquidity risk, operational risk and reputational risk. The objective of establishing a risk appetite framework is not to limit risk taking but to ensure that UOB (Thai) Group's risk profile is aligned to its business strategy.

UOB (Thai) Group's risk appetite framework is updated and approved annually by the Board. The Board is responsible for ensuring that UOB (Thai) Group's activities are in line with its risk appetite. Monitoring of the risk limits is conducted regularly by relevant Committees.

## BASEL FRAMEWORK

UOB (Thai) Group has adopted the Basel Framework and is compliant with regulatory requirements on Risk Based Capital Adequacy. The Framework aims to ensure the ongoing enhancement of risk management techniques by banks to monitor and manage their risks, and to ensure proper processes are undertaken by banks in determining the adequate amount of capital to be held in relation to their underlying risk profile.

UOB (Thai) Group has adopted the Standardised Approach (SA) for its Personal Financial Services (PFS) exposures, the Foundation Internal Ratings-Based (FIRB) Approach for its non-retail exposures and the Advanced Internal Ratings-Based (AIRB) Approach for its Retail SME exposures. For Market and Operational risks, UOB (Thai) Group has adopted SA.

UOB (Thai) Group's Internal Capital Adequacy Assessment Process (ICAAP) is used to assess if it has sufficient capital to support its activities. The ICAAP process is reviewed periodically to ensure that UOB (Thai) Group remains well capitalised after considering all material risks. Stress Testing is also conducted to determine capital adequacy under stressed conditions.

UOB (Thai) Group Pillar 3 Disclosure Policy addresses the disclosure requirements specified by regulators.



# Risk Management

## CREDIT RISK

### Credit Risk Policies and Processes

UOB (Thai) Group established credit policies and processes to manage credit risk in the following key areas:

#### *Credit Approval Process*

To maintain the independence and integrity of the credit approval process, the credit origination and approval functions are clearly segregated. Credit approval authority is delegated to officers based on their experience, seniority and track record, and is based on a risk-adjusted scale according to a borrower's credit rating. All credit approval officers are guided by credit policies that are periodically reviewed to ensure their continued relevance to the UOB (Thai) Group's business strategy and the business environment.

#### *Credit Risk Concentration*

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. This is managed by setting exposure limits on obligors, portfolios, borrowers, industries and countries, generally expressed as a percentage of the capital base. Regular assessments of emerging risks and reviews of industry and country outlooks are also performed to identify areas in which concentration risks may accumulate.

#### *Credit Stress Test*

Credit stress testing is an integral part of UOB (Thai) Group's credit portfolio management process. It is conducted periodically and allows UOB (Thai) Group to assess the potential losses arising from exceptional but plausible adverse events.

#### *Credit Exposures from Foreign Exchange and Derivatives*

Exposures arising from foreign exchange and derivatives are typically mitigated through agreements such as the International Swaps and Derivatives Association (ISDA) Master Agreements and the Credit Support Annex (CSA). Such agreements help to minimise credit exposure by allowing UOB (Thai) Group to offset what it owes to a counterparty against what is due from that counterparty in the event of a default.

## Non-Performing Accounts Management

### *Delinquency Monitoring*

An account is considered as delinquent when payment is not received on the due date. Any delinquent account, including a revolving credit facility (such as an overdraft) with limit excesses, is closely monitored and managed through a disciplined process by officers from business units and risk management. Where appropriate, such accounts are also subject to more frequent credit reviews.

### *Classification and Loan Loss Impairment*

UOB (Thai) Group classifies its loan portfolios according to the borrower's ability to repay the credit facility from their normal source of income. All borrowing accounts are classified into 'Pass', 'Special Mention' or 'Non-Performing' categories. Non-Performing loans (NPLs) are further classified as 'Substandard', 'Doubtful' or 'Doubtful of Loss' in accordance with Bank of Thailand (BOT) guidelines.

Upgrading and declassification of a NPL account to 'Pass' or 'Special Mention' status must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. UOB (Thai) Group must also be satisfied that once the account is declassified, the account is unlikely to be classified again in the near future.

A restructured account is categorised as "Non-Performing" and placed on the appropriate classified grade depending on UOB (Thai) Group's assessment of the financial conditions of the borrower and the ability of the borrower to repay based on the restructured terms. A restructured account must comply fully with the restructured terms in accordance with internal policy and regulatory requirements before it can be declassified.

### *Special Asset Management*

Special Asset Management (SAM) manages the non-performing portfolios of UOB (Thai) Group. SAM proactively manages a portfolio of NPL accounts, with the primary intention of nursing these accounts back to health and transferring them back to the respective business units. SAM manages accounts that UOB (Thai) Group intends to exit in order to maximise debt recovery.

# Risk Management

## **Write-Off Policy**

A classified account that is not secured by any realisable collateral will be written off either when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

## **Intra-Group Transaction**

Any intra-group transactions shall be executed on an arms-length basis at market commercial terms. Risk exposure as well as impact on capital adequacy incurred from intra-group transactions shall be monitored and controlled as a normal business practice. UOB (Thai) Group has stipulated the approval process for intra-group transactions e.g. normal intra-group transactions such as granting credit, which is subject to approval by UOB (Thai) Executive Committee with ratification by the Board.

## **Credit Risk Mitigation**

As a fundamental credit principle, UOB (Thai) Group generally does not extend credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed, and the value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value as well as in accordance with BOT's requirements. The main types of collateral taken by UOB (Thai) Group are cash, qualified marketable securities, and real estate. Appropriate haircuts are applied to the market value of collateral, reflecting the underlying nature of the collateral, quality, volatility and liquidity. In addition, collateral taken by UOB (Thai) Group has to fulfill certain eligibility criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for IRB purposes.

In addition, personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and/or directors. UOB (Thai) Group does not recognise personal guarantees as an eligible credit risk protection for capital computation purpose. Corporate guarantees are also often obtained when the borrower's credit worthiness is not sufficient to justify an extension of credit.

## **Credit Exposures under Basel Framework**

Under Basel Framework, credit risk for the various asset classes may be computed using a combination of (i) SA; (ii) FIRB Approach; and (iii) AIRB Approach. UOB (Thai) Group has adopted FIRB Approach for regulatory capital computation purpose i.e. UOB (Thai) Bank is under FIRB Approach whereas all subsidiaries are under SA.

## **Internal Ratings-Based Approach**

IRB rating system refers to the methods, processes, controls, data collection and information technology systems that support the assessment of credit risk, the assignment of exposures to rating grades or pools, as well as the parameterization process for the various classes of exposure.

## **Internal Rating System**

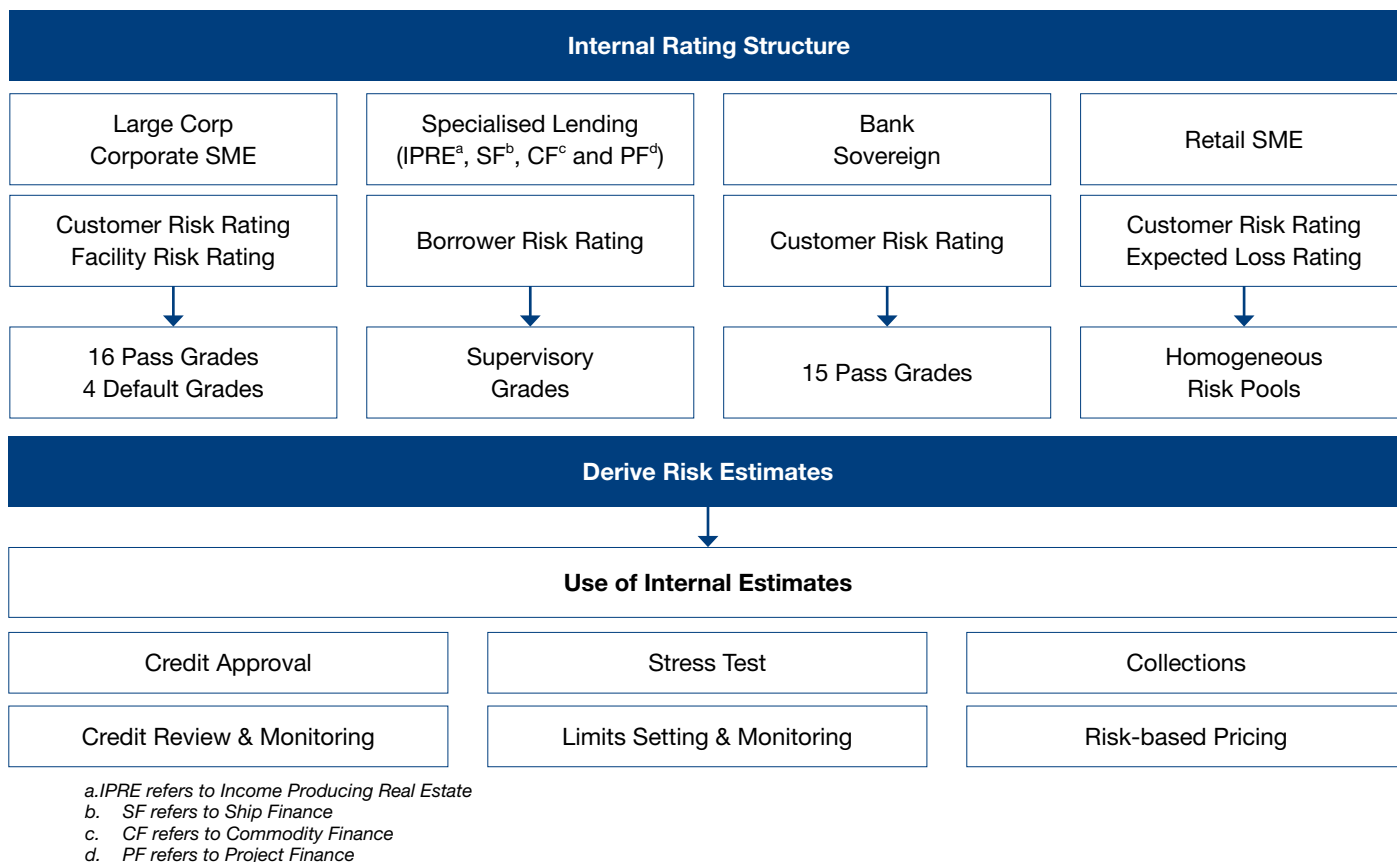
UOB (Thai) Group employs internal rating models to support the assessment of credit risk and the assignment of exposures to rating grades or pools. Internal ratings are used pervasively by UOB (Thai) Group in the areas of credit approval, credit review and monitoring, credit stress testing, limits setting, pricing and account management.

UOB (Thai) Group has established a credit rating governance framework to ensure the reliable and consistent performance of its rating systems. The framework defines the roles and responsibilities of the various parties in the credit rating process, including independent model performance monitoring, annual model validation and independent reviews by Internal Audit. Credit risk models are independently validated before they are implemented to ensure they are fit for purpose. To monitor the robustness of these rating models on an ongoing basis, all models are subject to annual reviews conducted by model owners to ascertain that the chosen risk factors and assumptions continue to remain relevant for the respective portfolios. All new models, model changes and annual reviews are approved by the Risk and Capital Committee or Executive Committee, depending on the materiality of the portfolio.

# Risk Management

## Rating Structure

UOB (Thai) Group's internal rating structure is illustrated below.



## Non-Retail Exposures

UOB (Thai) Group has adopted the FIRB approach for its non-retail exposures. Under this approach, the probability of default (PD) for each borrower is estimated using internal models. These PD models employ qualitative and quantitative factors to provide an assessment of the borrower's ability to meet their financial obligations, and are calibrated to provide an estimate of the likelihood of default over one-year time horizon. A default is considered to have occurred if:

- the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising the security; or
- the obligor is past due for more than 90 days on any credit obligation to the Group.

Supervisory loss given default (LGD) and exposure at default (EAD) parameters prescribed by BOT are used together with the internal credit ratings to calculate risk weights and regulatory capital requirements.

While the Group's internal risk rating grades may show some correlation with the rating grades of External Credit Assessment Institutions (ECAIs), they are not directly comparable or equivalent to the ECAI ratings.

## Corporate Asset Class

UOB (Thai) Group has developed the CSME model to rate exposures in the Claims on Corporate Asset Class. Credit risk factors used to derive a borrower's risk rating include its' financial strength, quality of management, business risks, and the industry in which it operates. The borrower risk rating process is augmented by facility risk ratings, which take into account the type and structure of the facility, availability and type of collateral, and seniority of the exposure.

The internal rating grade structure for the Corporate asset class consists of 16 pass grades and 4 default grades. The CSME model is mapped to the rating scale and takes into account UOB (Thai) Group's long-term average portfolio default rate.

# Risk Management

## **Specialised Lending Asset Sub-Class**

Within the corporate asset class, UOB (Thai) Group has four sub-classes for Specialised Lending: Income Producing Real Estate (IPRE), Ship Finance (SF), Commodity Finance (CF) and Project Finance (PF).

UOB (Thai) Group has rolled out the IPRE model as well as the SF, CF and PF scorecards to rate IPRE, SF, CF and PF exposures respectively in this asset sub-class. The internal risk grades are derived based on financial and non-financial risk factors using internal scorecards. The internal risk grades are mapped to the five supervisory slotting categories, which determine the risk weights to be applied to the exposures.

## **Bank and Sovereign Asset Classes**

UOB (Thai) Group has rolled out internal Bank and Sovereign scorecards to rate exposures in the respective asset classes. As there is insufficient internal default data, the scorecard takes into account external default data from ECAIs. The scorecards have an internal rating grade structure consisting of 15 pass grades.

## **Retail Asset Class**

UOB (Thai) Group has adopted the AIRB Approach for the Retail SME portfolio, which is classified under the Other Retail asset sub-class. Retail SME exposure is defined as an exposure to small businesses with total group obligor exposure of not more than THB 45 million. In addition, the exposure is not managed individually but as part of a pool of similar exposures.

Retail SME exposures are assessed and managed using a combination of Application and Behavioral scorecards, Loss Given Default (LGD) and Exposure At Default (EAD) models to group exposures according to their borrower and transaction risks. PD, LGD and EAD parameters are estimated using internal loss data covering an economic cycle including downturns. Where internal loss data is insufficient to provide robust risk estimates, the PD, LGD and EAD models may incorporate internal and/or external proxies, and where necessary, may be augmented with appropriate margins of conservatism.

## **Credit Exposures Subject to Supervisory Prescribed Risk Weight**

### **Equity Asset Class**

According to BOT's guidelines, UOB (Thai) Group is eligible to apply 100 per cent risk weight to equity exposures which have been exempted from IRB capital computation.

## **Credit Exposures Subject to Supervisory Risk Weight under IRB Approach**

The Specialised Lending exposures are subject to supervisory risk weight under the IRB Approach. The Specialised Lending exposures are Income Producing Real Estate (IPRE), Ship Finance (SF), Commodities Finance (CF) and Project Finance (PF) exposures.

## **Credit Exposures Subject to Standardised Approach**

For exposures subject to the SA, approved ECAI ratings and prescribed risk weights based on asset class are used in the computation of regulatory capital except for Claims on Corporate where 100 per cent risk weight is applied.

The ECAI ratings used by UOB (Thai) Group are international ratings from Standard & Poor's, Moody's Investors Services, and Fitch Ratings.

## **MARKET RISK**

Market risk is governed by the Asset and Liability Committee ("ALCO"), which meets monthly to review and provide directions on market risk matters. The Market Risk Management Unit ("MRM") supports the ALCO with independent assessment of the market risk profile of UOB (Thai) Group.

UOB (Thai) Group's market risk framework comprises market risk policies, practices, control, and risk limits structure with appropriate delegation of authority. In addition, we have a stringent Product/Service Programme due diligence process in place to ensure that market risk issues are adequately addressed prior to product launches.

UOB (Thai) Group currently adopts the Standardised Approach for the calculation of regulatory market risk capital but uses daily Value-at-Risk (VaR) to measure and control trading market risks. To complement the VaR measure, stress and scenario tests are performed to identify UOB (Thai) Group's vulnerability to event risk. These tests serve to provide early warnings of plausible extreme losses to facilitate proactive management of market risks.

In addition, VaR estimates are backtested against profit and loss of the trading book to validate the robustness of the methodology. The backtesting process analyses whether exceptions are due to model deficiencies or market volatility.

# Risk Management

## INTEREST RATE RISK IN BANKING BOOK

The ALCO maintains oversight of the effectiveness of the interest rate risk management structure. Balance Sheet Risk Management Unit (“BSRM”) supports the ALCO in monitoring the interest rate risk profile of the Banking book.

The primary objective of interest rate risk management is to protect and enhance capital or economic networth through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions. This is achieved by ensuring that the structural interest rate risk is identified, measured, monitored and managed over a range of potential and realistic interest rate scenarios, including under stress situations.

Interest rate risk assessment is mainly based on earnings perspective known as Net Interest Income (“NII”) and economic value perspective known as Economic Value of Equity (“EVE”). The impact of interest rate sensitivity is measured via static analysis. In the earnings perspective, the focus of the analysis is on the impact of changes in interest rates on earnings, typically looking at near term. The economic value of the bank provides a long-term effect of changes in interest rate, which is the net present value of assets, minus liabilities plus the off balance sheet position. In repricing gap approach, the cash flows are profiled in different time bands based on repricing schedule. For loans and deposits that do not have maturity dates such as saving account deposit, the earliest possible repricing dates will be taken into consideration. Mismatches in the longer tenor from repricing gap will experience greater change in the price-value of interest rate positions than similar positions in the shorter tenor.

In addition, UOB (Thai) Group performs monthly interest rate stress testing to assess the impact of interest rate NII and EVE. The parallel rate shocks such as 100 basis points (“bp”) and 200bp are applied to the repricing gap profile. Such tests are performed to provide early warnings of potential losses, facilitating the proactive management of interest rate risks.

The risks arising from the trading book, such as interest rates, foreign exchange rates and equity prices are managed and controlled under the market risk framework that is discussed under the ‘Market Risk’ section.

## LIQUIDITY RISK

Liquidity risk is the risk that UOB (Thai) and its subsidiaries may not be able to meet their obligations as they fall due as a result of inability to liquidate their assets or to cover funding requirements at an appropriate price, resulting in losses to the Bank and its subsidiaries.

UOB (Thai) Group maintains sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals and loan disbursements, and repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

UOB (Thai) Group manages liquidity at a centralised level. Liquidity risk is managed in accordance with a framework of policies, controls and limits established by UOB (Thai)’s ALCO. These policies, controls and limits enable the Bank to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimising excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable debt securities.

UOB (Thai) Group takes a conservative stance in its liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfall.

The distribution of deposits is managed actively to ensure cost effectiveness, continued accessibility to funds, and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of UOB (Thai) Group’s core deposits and the maintenance of customer confidence. Core deposits are generally stable non-bank deposits, such as current accounts, savings accounts and fixed deposits. UOB (Thai) Group monitors the stability of its core deposits by analysing their volatility over time.

UOB (Thai) Group uses of funds are mainly for providing loans to customers, investing in government securities, and placing excess funds with financial institutions.

UOB (Thai) Group’s liquidity risk management is aligned with the regulatory liquidity risk management framework, and is measured and managed on a projected cash flow basis. UOB (Thai) Group is monitored under ‘business as usual’, and three crisis scenarios, which are ‘bank-specific crisis’, ‘general market crisis’, and ‘combination crisis’. Cash flow mismatch limits are established to limit the Bank’s liquidity exposure. The Bank also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

Liquidity Gap Analysis or Cash Flow Mismatch Analysis under the ‘Business as Usual’ scenario is measured and monitored against Net Cumulative Outflow (“NCO”) limits which are set for overnight, seven days, and thirty days. In the event that a limit is breached, an investigation will be conducted and the related documents reported to relevant parties, in accordance with the escalation process.

# Risk Management

For stress testing (bank-specific crisis, general market crisis, and combined scenarios), additional assumptions such as sudden increase in deposit withdrawals, reduction in loan repayments, potential trading losses, or liquidation of securities with haircuts, are taken into account. These assumptions are agreed by business units and approved by the Board or delegated committee.

Liquidity risk assessment is conducted on both daily and monthly basis. Liquidity gap or maturity mismatch analysis report is produced by Balance Sheet Risk Management unit and monitored by Market Risk Control against approved NCO Limits on a daily basis. Other reports such as early warning indicators as well as sources and utilisation of funds are produced on a monthly basis. These reports are deliberated in ALCO meetings.

Behavioural modeling is carried out and reviewed regularly to ensure that the cash flow requirements for the 'business as usual' and crisis scenarios are realistic. Loans and deposits which do not have maturity dates, and fixed deposits which are rolled over frequently, are generally estimated based on their past statistics or trends. Other balance sheet items like credit cards are generally estimated based on the past statistics of customers. Cash flow mismatch limits are established to limit UOB (Thai) Group liquidity exposure. UOB (Thai) Group also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

Contingency funding plans are in place to identify liquidity crises using a series of warning indicators. Crisis escalation processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

Loans to Deposits and Bill of Exchange (interbank and money market items are excluded) are among the liquidity ratios monitored.

## OPERATIONAL RISK

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including reputation, legal and compliance risk but excluding strategic risk.

The objective is to manage operational risk at appropriate levels relative to the markets in which the businesses operate.

## Operational Risk Governance, Framework and Tools

Operational risk is managed through a framework of policies, processes and procedures by which business and support units properly identify, assess, monitor, mitigate and report their risks.

The operational risk governance structure includes the three lines of defence. The businesses as the first line of defence, are responsible for establishing a robust control environment as part of their day-to-day operations. Operational risk management and compliance which provide relevant policies, tools and systems serve as the second line of defence. The internal audit as the third line of defence, provides independent and objective assurance of the effectiveness of the internal controls.

A key component of the operational risk framework is risk identification and control self-assessments. This is achieved through the implementation of a set of operational risk tools. Operational risk self-assessments involve identifying and assessing inherent risks, as well as assessing the effectiveness of controls to mitigate these risks.

Key Operational Risk Indicators are statistical data collected and monitored by business and support units on an on-going basis to enable early detection of operational control weaknesses. A database of operational risk events and losses has been established to facilitate the analysis of loss trends and root causes.

Several risk mitigation policies and programs are in place to maintain a sound operating environment. An outsourcing policy ensures that all significant risks arising from outsourcing arrangements are identified and effectively managed on a continuous basis.

A Product/Services Programme Policy ensures that risks associated with the introduction of new products and services are identified, analysed and addressed prior to launch and is subject to periodic reviews.

The business continuity and crisis management program has been developed and tested to ensure prompt recovery of critical business functions following unforeseen events. Senior management provides an annual attestation to the Board to declare the state of business continuity readiness of UOB (Thai) Group.

## Risk Management

Regulatory compliance risk refers to the risk of non-compliance with laws, regulations, rules, standards and codes of conduct. This risk is identified, monitored and managed through a structured framework of policies, procedures and guidelines maintained by UOB (Thai) Group. The framework also manages the risk of breaches and sanctions relating to Anti-Money Laundering and Countering the Financing of Terrorism.

UOB (Thai) Group actively manages its fraud risk and bribery risk. Tools and policies, including a whistle-blowing programme, a material risk notification protocol and a fraud risk awareness training programme, have been developed to manage such risks. All employees are guided by a Code of Conduct, which includes anti-bribery and corruption provisions.

Reputation risk is the risk of adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion on UOB (Thai) Group's business practices, activities and financial condition. UOB (Thai) Group recognises the impact of reputation risk and an effective framework has been developed to identify and manage the risk across UOB (Thai) Group.

To mitigate operational losses resulting from significant risk events, an insurance programme covering crime, fraud, civil liability, property damage, public liability and, directors' and officers' liability has been put in place.

## Report of the Audit Committee

The Audit Committee (“the AC”) of United Overseas Bank (Thai) PCL. comprises three independent directors: Mr. Chinnawat Bulsuk, the AC Chairman, Mr. Arun Chirachavala and Mr. Suebtrakul Soonthornthum as Committee members. All the Committee members are non-executive directors and non-employees of the Bank.

In 2013, the Committee held four meetings to review the Bank’s internal control system and discuss financial and operational audit issues with the Bank’s External and Internal Auditors. Relevant Management members were invited to attend the meetings to provide additional information and clarification of the internal control systems.

Major matters in the meetings were as follows:

- Approved the Annual Planned Schedules for the Audit Committee Meetings
- Approved and monitored the Internal Audit Year Plan, the Internal Audit 3-Year Strategic Plan, and resources of the Internal Audit
- Evaluated the Performance Evaluation of the Head of Internal Audit
- Reviewed the Audit Committee Charter, Internal Audit Charter and Whistle-Blowing Policy
- Reviewed and approved the revision of the Policy on Fraud
- Reviewed the Scope and Results of the Audit and Key Accounting and Auditing Areas, including the meetings (non-executive session) held with the External Auditor (EY)
- Reviewed and discussed the adequacy and effectiveness of the Bank’s Internal Control System with the Senior Management, Internal and External Auditors as well as the Management’s Responses to the control deficiencies and timely remedial actions taken
- Reviewed the major items of the financial reports, the Management Letter (ML) and the reliability of those reports, and the reasonableness of the Connected and Related Parties’ transactions
- Reviewed and proposed the re-appointment of the external auditor and the audit fee to the Board of Directors for approval
- Reviewed and noted the Internal Audit quarterly reports, major findings and status updates including the compliance with internal and external regulations
- Noted the Group Audit report including key initiatives and progresses
- Noted the Internal Audit for the Quality Assurance Review (QAR) program (External Assessment) and its result that was rated as “Generally Conforms” with the Institute of Internal Auditors’ Standards (The IIA’s Standards)
- Noted the Compliance and Risk Management quarterly reports
- Noted the implementation issues, progresses, and audit result of Basel II - Internal Ratings Based Approach (IRBA), the Internal Capital Adequacy Assessment Process (ICAAP), and Basel III
- Noted the regulators’ audit results and implementation progresses e.g., BOT, MAS and etc.

The Committee has continuously reviewed and assessed the Bank’s key risks, controls, governance and monitoring system through the Bank’s Internal Audit and upon the discussions with the External Auditor and Senior Management. From the evaluation of the Bank’s Internal Control System, it was concluded that the Bank’s Internal Control in the areas of financial reporting and risk management is adequate and reliable, and that reinforces the Bank to continue to improve the overall internal control framework.



**Mr. Chinnawat Bulsuk**

Chairman of the Audit Committee

25 February 2011



## Opinion of the Audit Committee on the Bank's Internal Control System

The Board of Directors has reviewed the Audit Committee report and the opinion on the adequacy of Internal Control System prepared by the Audit Committee during the Board of Directors' Meeting No. 588 held on 25 February 2014. Participants of the meeting included the Audit Committee members comprising the three independent directors who are not employees of the Bank.

The Audit Committee's opinion on the Internal Control System of the Bank and its subsidiaries was summarised after the meetings with the Senior Management and External Auditor, and upon the Quarterly Reports by Risk Management, Compliance, Internal Audit together with General Control Environment Self-Assessment (GCESA) and Business Process Operational Risk Self-Assessment (BP-ORSA).

The evaluation of the Bank's Internal Control System was divided into five sections as follows:

- Organisation Control and Environment Measures
- Risk Management Measures
- Management Control Activities
- Information and Communication Measures
- Monitoring and Evaluation

The Audit Committee is of the opinion that the Bank has in place an adequate internal control system. The Audit Committee has been regularly notified of the issues arisen and remedial actions taken.

The External Auditor of the Bank is EY Office Limited (formerly known as Ernst & Young Office Limited) of which Ms. Ratana Jala, a Certified Public Accountant (CPA), as Designated External Auditor, has examined and given her opinion that the Bank and its subsidiaries' Financial Statements present fairly, in all material respects, the financial position of United Overseas Bank (Thai) Public Company Limited and its subsidiaries and of United Overseas Bank (Thai) Public Company Limited as at 31 December 2013, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.



**Mr. Chinnawat Bulsuk**  
Chairman of the Audit Committee  
25 February 2014

## Report of the Nomination and Compensation Committee

The Nomination and Compensation Committee is appointed by the Board of Directors, and consists of an Independent Director as the Committee Chairman, and another Independent Director, and 2 Directors as members of the Committee as follows:

- |                                 |          |
|---------------------------------|----------|
| 1) Mr. Arun Chirachavala        | Chairman |
| 2) Mr. Suebtrakul Soonthornthum | Member   |
| 3) Mr. Wee Ee Cheong            | Member   |
| 4) Mr. Francis Lee Chin Yong    | Member   |

The Nomination and Compensation Committee held 3 meetings in 2013.

The Nomination and Compensation Committee is responsible for the setting up of policies and criteria for considering the selection and remuneration of the Bank's Board members and the Bank's senior management which includes the following:

- Review the nomination of qualified Board Directors, CEO and Management from Executive Director (ED) level and above, including any internal promotions to the rank of ED and above;
- Recommend the remuneration of the Board Directors and review the remuneration of the senior management team.

In selecting a Board Director, CEO and Senior Management, the factors to be taken into consideration, in addition to all applicable regulatory requirements, include the candidate's academic qualifications, personal character, technical and leadership competence, employment and career experience, and his or her management philosophy and management vision. The successful candidate must share the Board's and Management's philosophy and vision in managing the financial institution in order to ensure that the institution's goals are met. Furthermore, the candidate must share the same beliefs that will help establish mutual trust and close working relationships with the Board and with the Senior Management team. The Nomination and Compensation Committee will review the successful candidate for suitability before the bank proceeds to obtain approval from the Bank of Thailand and from the Board of Directors.

In setting compensation for 2013 as disclosed in this Annual Report, the scale and component of remuneration for the Directors, Executive Directors, Non-Executive Directors, and Senior Management are comparable to the general practice in the financial industry with regard to work experience and the Bank's overall performance results and in accordance with the principles and policies which have been approved by the Board and shareholders.

The Bank believes in the remuneration policy and principle of meritocracy - which is to ensure that each staff including that of senior management is rewarded and recognised based on his or her level of performance and contribution to the Bank.

The Nomination and Compensation Committee will, based on the bank's financial performance, market and industry rewards trends, as well as on GDP and inflation rate projections, propose the annual staff remuneration increment and bonus rates to the Board of Directors for consideration and approval in the first quarter of each year.



**Mr. Arun Chirachavala**

Chairman, Nomination & Compensation Committee

January 22, 2014

# Corporate Governance

United Overseas Bank (Thai) Public Company Limited (the “Bank”), a subsidiary of United Overseas Bank Limited (“UOB”), is committed to maintaining good corporate governance. The Bank believes that good corporate governance is fundamental to sustaining business growth, as well as safeguarding the interests of all stakeholders including shareholders, employees, business partners, customers, government entities with supervisory authority and auditors. The Bank has established a Code of Conduct (the “code”) for the guidance of all employees, including the Management team. This code sets out the best practices that all employees should follow to uphold the Bank’s core values of integrity, teamwork, performance excellence, and trust and respect.

The Board of Directors (the “Board”) has set up various board committees to assist the Board in overseeing the Bank. The Bank has in place a comprehensive system of internal controls to safeguard its business and the interests of its stakeholders including depositors.

## Control Systems, Risk Management, Compliance and Internal Audit

The Board and Management recognise the importance of having effective and efficient internal controls, as well as risk management, compliance and internal audit functions. The Bank has set up various committees which assist the President and CEO in overseeing the day-to-day operations of the Bank. All business and support units within the Bank are expected to comply with the governance guidelines on internal controls and ethics. Internal control activities form an integral part of operational processes. The Bank has established appropriate dual controls segregating the operational functions and the control and monitoring functions to achieve appropriate checks and balances.

The Risk Management function is responsible for putting in place the strategy, policies and processes to identify, measure, control and report risks of the UOB (Thai) Group. To perform its role effectively, it works with the relevant senior management committees as well as business and support functions to develop appropriate frameworks, strategies, processes and procedures to manage and monitor risks. Details of the Bank’s risk management are set out in the ‘Risk Management’ section of this Annual Report and Pillar III disclosure on the Bank’s website.

Compliance is an independent function that manages compliance risks within the Bank and reports directly to the Board. Compliance is responsible for communicating, educating and advising all units in the Bank on applicable regulatory development and the impact on the business practices, as well as conducting compliance reviews and tests to ensure that the Bank conducts its business in compliance with all applicable laws, regulations and measures against money-laundering, terrorism and financial crime.

Internal Audit is an independent unit that reports directly to the Audit Committee. The Internal Audit team comprises qualified staff and is responsible for assessing the adequacy and effectiveness of the Bank’s system of internal controls, risk management and governance processes. Internal Audit is certified under international standards (ISO9001: 2008) and complies with UOB Group’s audit standards.

## Directors’ Reporting

The Board is responsible for the Bank’s and its subsidiaries’ consolidated financial statements and for the financial information presented in this Annual Report. The financial statements have been prepared in accordance with the accounting standards enunciated under the Accounting Professions Act B.E. 2547, and in reliance on governing policies, careful judgment and best estimates. Important information is adequately disclosed in the notes to the financial statements and has been reviewed and unconditionally commented on by independent certified public accountants. The Bank’s financial statements reflect the true and transparent financial status and performance for the information of shareholders.

The Board has prescribed and maintained oversight of an effective system of internal controls, compliance and internal audit to ensure that accounting records are accurate, complete and adequate to protect the Bank’s assets and uncover weaknesses to prevent operational risk or materially irregular operations.

## Board of Directors

The Board consists of nine qualified directors, three of whom are independent directors and not less than half of the total members reside in the Kingdom. The Board meets at least once every three months and no fewer than half of the total number of directors must be present to constitute the quorum for a meeting.

# Corporate Governance

The Board's main roles and duties include providing strategic directions, approving key policies of the Bank, as well as putting in place an effective Management team and monitoring their performance. The Board has delegated certain functions to four board committees, namely the Executive Committee, Audit Committee, Nomination and Compensation Committee, and Risk and Capital Committee. The Board may also appoint one or several directors or any other person to perform any acts on its behalf.

The Board members are:

Wee Cho Yaw	Chairman
Wee Ee Cheong	Deputy Chairman
Chinnawat Bulsuk	Independent Director
Suebtrakul Soonthornthum	Independent Director
Arun Chirachavala	Independent Director
Lee Chin Yong	Director
Cheo Chai Hong	Director
Peter Foo Moo Tan	Director
Sanchai Apisaksirikul	Director

## Executive Committee

The main responsibilities of the Executive Committee ("EXCO") include:

- reviewing and approving business policies and strategies, risk management policies and guidelines, and other policy matters;
- monitoring the progress of the Bank's business plans and operations;
- setting credit discretionary limits;
- approving or ratifying approvals for credit applications and debt restructuring cases;
- endorsing relevant Internal Capital Adequacy Assessment Process ("ICAAP") documents, including the framework for ICAAP, stress test framework, capital related policies and capital plan; and
- performing such other functions and exercising such other power and authority as may be delegated by the Board.

The EXCO empowers the President and CEO to set up any necessary senior management committee other than the committees required by the regulatory authorities, as well as to appoint members and determine the scope of duties and responsibilities of such committees. The senior management committees, namely the Management Committee, Assets and Liabilities Committee, Credit Committee, IT Committee, Credit Management Committee, Special Asset Management Credit Committee and Anti-Money Laundering Committee, consist of relevant management staff from various functions.

The EXCO members are:

Peter Foo Moo Tan	Chairman
Wee Ee Cheong	Vice Chairman I
Lee Chin Yong	Vice Chairman II
Cheo Chai Hong	Member
Sanchai Apisaksirikul	Member

## Audit Committee

The Audit Committee ("AC") consists of three independent directors. Its main responsibilities are to provide oversight of:

- appropriateness and efficiency of the internal control systems;
- quality of the financial reports;
- Internal Audit function;
- selection and nomination of the external auditors, including determining the external auditors' remuneration; and
- disclosure of related-party transactions or transactions where conflict of interests may occur.

The AC members are:

Chinnawat Bulsuk	Chairman
Arun Chirachavala	Member
Suebtrakul Soonthornthum	Member

## Nomination and Compensation Committee

The Nomination and Compensation Committee ("NCC") consists of four directors, two of whom are independent directors (including the NCC Chairman). The NCC is responsible for the nomination of and the remuneration for the Board members and Senior Management. The NCC's duties include:

- reviewing the nomination of qualified candidates for appointment to the Board, and for key management positions of Chief Executive Officer and Senior Management positions of executive director level and above, including deciding on any internal promotions to the rank of executive director and above; and
- recommending the remuneration for the Board members and reviewing the remuneration of the Senior Management team.

The NCC members are:

Arun Chirachavala	Chairman
Wee Ee Cheong	Member
Lee Chin Yong	Member
Suebtrakul Soonthornthum	Member

# Corporate Governance

## Risk and Capital Committee

The Risk and Capital Committee (“RCC”) is established by the Board and comprises two directors and twelve function heads. The RCC reviews the Bank’s overall risk appetite, ICAAP and capital. Other key functions performed by the RCC include:

- a) establishing policies on managing credit risk, market risk, liquidity risk, operational risk and any other types of risks that may affect the reputation and stability of the Bank and its subsidiaries;
- b) reviewing the adequacy of the policies, risk management procedures and all important aspects of the rating systems, and processes which include the use of rating systems and estimates of Internal Ratings-Based Approach parameters and stress tests, taking into account the business and capital implication;
- c) discussing risk and capital issues on an integrated basis, including reviewing the capital plan;
- d) reviewing the UOB (Thai) Group’s risk appetite framework and risk appetite statement;
- e) recommending risk treatment actions in response to material changes, events and breaches of the risk appetite;
- f) resolving outstanding disagreement on exiting customer relationship and denial of account opening to new and existing customers proposed by the Bank’s Anti-Money Laundering Committee;
- g) overseeing UOB (Thai) Group’s consolidated companies to ensure that UOB (Thai) Group’s risk management policies and regulatory requirements are complied with.

The RCC reports directly to the Board on a regular basis and highlights new risks and exceptional risk events to the AC from time to time.

The RCC members\* are:

President and CEO	Chairman
Head of Credit and Risk Management	Vice Chairman
Head of Finance and Corporate Services	Member
Head of Risk Management	Member
Head of Technology and Operations	Member
Head of Corporate Banking	Member
Head of Commercial Banking	Member
Head of Personal Financial Services	Member
Head of Business Banking	Member
Head of Credit Approval	Member
Head of Global Markets	Member
Head of Compliance	Member
Head of Channels	Member
Head of Retail Credit	Member

\*Data as of 2 Aug 2013.

In 2013, the Board held six meetings and the AC held four meetings. The attendance of each director is as follows:

<u>Board of Directors</u>	<u>No. of Meetings Attended</u>
Wee Cho Yaw	3/6
Wee Ee Cheong	4/6
Chinnawat Bulsuk	5/6
Suebtrakul Soonthornthum	6/6
Arun Chirachavala	6/6
Lee Chin Yong	4/6
Cheo Chai Hong	4/6
Peter Foo Moo Tan	6/6
Sanchai Apisaksirikul	6/6

<u>Audit Committee</u>	<u>No. of Meetings Attended</u>
Chinnawat Bulsuk	4/4
Arun Chirachavala	4/4
Suebtrakul Soonthornthum	4/4

# Branch Network

as at 31 December 2013

## Head Office

### Sathon

191 South Sathon Rd., Sathon, Bangkok 10120

Tel : 0 2343 3000  
Ext. 2682, 2684, 2686  
0 2343 2688, 0 2343 2689,  
0 2343 2695, 0 2343 2047,  
0 2343 2687, 0 2343 2612,  
0 2343 2682, 0 2343 2686,  
0 2343 2693, 0 2343 2685,  
0 2343 2610, 0 2343 2602,  
0 2343 2565, 0 2343 2561  
Fax : 0 2287 2972

### Bangkok Metropolitan, Nonthaburi and Pathumthani

#### Amarin Plaza

(Mon - Fri from 8.30am - 5.00pm)  
500 1<sup>st</sup> Fl., Amarin Plaza, Ploenchit Rd., Pathum Wan, Bangkok 10500

Tel : 0 2252 6292-3, 0 2251 8579,  
0 2256 9045-6, 0 2256 9906,  
0 2256 9677, 0 2256 9680  
Fax : 0 2252 7871

#### Anusavaree Chaisamorphoom

911/1-3 Phaholyothin Rd., Phaya Thai, Bangkok 10400

Tel : 0 2271 0089, 0 2271 3447,  
0 2271 2662  
Fax : 0 2271 0088

#### Asok Montri

163 Ratchapark Building 1<sup>st</sup> Fl., Sukhumvit 21 Rd., Wattana, Bangkok 10110

Tel : 0 2258 3259, 0 2258 3261,  
0 2258 3265, 0 2258 3268,  
0 2258 3881  
Fax : 0 2258 9552

#### Bang Bon

289 Eakchai Rd., Bang Bon, Bangkok 10150

Tel : 0 2898 0423-5, 0 2415 6984  
Fax : 0 2898 0426

#### Bang Poo Industrial Estate Market

(Mon - Fri from 8.30am - 5.00pm)  
798-799 Tessaban Preakasa 14 Rd., Preakasa, Muang, Samut Prakan 10280

Tel : 0 2324 3504-7  
Fax : 0 2324 3508

#### Bangbuathong

28/33-35 Moo 4, Bangkruay-Sainoi Rd., Sahnno-loi, Bangbuathong, Nonthaburi 11110

Tel : 0 2920 2451-5  
Fax : 0 2920 2450

#### Bangkapi

(Mon - Fri from 8.30am - 5.00pm)

3530 Ladphrao Rd., Bang Kapi, Bangkok 10240  
Tel : 0 2378 0973-4, 0 2375 0201  
Fax : 0 2378 0975

#### Bangmod

1/2 Moo 9, Rama II Rd., Jomthong, Bangkok 10150

Tel : 0 2867 0203-5, 0 2867 0913  
Fax : 0 2867 0914

#### Bangna KM.2

21/235-236 Moo 12, Bangna-Trad Rd., Bangna, Bangkok 10260

Tel : 0 2396 1931, 0 2393 9825,  
0 2399 0178-81  
Fax : 0 2393 6147

#### Bangplee

(Daily from 10.00am - 8.00pm)  
89 Moo 9, BIG C Center Bangplee, Taeparak KM. 13 Rd., Bangplee, Samut Prakarn 10540

Tel : 0 2752 4505, 0 2752 4507-9,  
0 2752 4506  
Fax : 0 2752 4504

#### Bangrak

1249/19, 1249/50, 1249/59 Jems Tower Building, Charoen Krung Rd., Bangrak, Bangkok 10500

Tel : 0 2237 5050-1, 0 2237 8577-8,  
0 2234 5265, 0 2266 9896-7,  
0 2234 5266  
Fax : 0 2266 9667

#### Bangyai City

(Mon - Sat from 10.00am - 6.00pm)

89/12-14 Moo 6, Bangyai City, Kanchanapisek Rd., Saothonghin, Bangyai, Nonthaburi 11140

Tel : 0 2595 0481, 0 2595 0482,  
0 2595 0484, 0 2595 0485  
Fax : 0 2595 0486

#### Big C Omyai

(Daily from 10.00am - 8.00pm)  
Big C Super Center Omyai 17/17 Moo 8 Omyai, Sampran, Nakhon Prathom 73160

Tel : 0 2431 1534-7  
Fax : 0 2431 1542

#### Bobae

(Daily from 8.30am - 5.00pm)  
1082/2 Krungkasem Rd., Klong Mahanak, Pom Prap Sattru Phai, Bangkok 10100

Tel : 0 2282 3665, 0 2282 3796,  
0 2282 4374, 0 2282 3694-5,  
0 2282 4557  
Fax : 0 2282 1914

#### BTS On Nut

(Daily from 10.00am - 8.00pm)  
2149 2<sup>nd</sup> Fl., Market Plus Building, Soi Sukhumvit 83, Phra Khanong, Bangkok 10260

Tel : 0 2741 4206-7, 0 2741 4210  
Fax : 0 2742 5816

#### Buntudthong

56/20, 56/59-62 Rama I Rd., Pathum Wan, Bangkok 10330

Tel : 0 2214 1733, 0 2214 2067,  
0 2214 2252, 0 2214 1292  
Fax : 0 2215 4836

#### Central Bangna

(Daily from 10.00am - 8.00pm)  
587 Room 252-254 Bangna-Trad Rd., Bangna, Bangkok 10260

Tel : 0 2361 7851-3  
Fax : 0 2361 7854

#### Central Grand Rama 9

(Daily from 10.00am - 8.00pm)  
Central Plaza Grand Rama 9 Department Store 9/8, 9/9 Room No. 508-2 5<sup>th</sup> Fl., Rama 9 Rd., Huai Kwang, Bangkok 10310

Tel : 0 2160 3851-4  
Fax : 0 2160 3855

#### Central Pinklao

(Daily from 10.00am - 8.00pm)  
7/1 Central Pinklao Department Store, Baromratchonnane Rd., Bangkok-noi, Bangkok 10700

Tel : 0 2884 8030-2  
Fax : 0 2884 8033

#### Central Rama 2

(Daily from 10.00am - 8.00pm)  
160 #159 1<sup>st</sup> Fl., Central Plaza Rama 2 Department Store, Rama 2 Rd., Bang Khun Thien, Bangkok 10150

Tel : 0 2415 1648-50, 0 2415 1867  
Fax : 0 2415 1868

#### Central Rattanathibet

(Daily from 10.00am - 8.00pm)  
Central Plaza Rattanathibet Moo 8, 68/100, 68/919 2<sup>nd</sup> Fl., Zone E-Centre Department Store, Rattanathibet Rd., Muang, Nonthaburi 11000

Tel : 0 2527 8619-20, 0 2527 8631,  
0 2527 8633  
Fax : 0 2527 8636

#### Chaengwatana

99/349 Moo 2, Na Nakorn Building, Chaengwatana Rd., Donmuang, Bangkok 10210

Tel : 0 2576 1057-60, 0 2576 1544-5,  
0 2576 1531, 0 2576 1532  
Fax : 0 2576 1533

#### City Complex

(Mon - Fri from 8.30am - 5.00pm)  
831 City Complex Building, Petchburi Rd., Ratchathewi, Bangkok 10400

Tel : 0 2255 0746, 0 2255 0749,  
0 2653 8522, 0 2613 5199,  
0 2252 1211  
Fax : 0 2255 0748

#### Gateway Ekamai

(Daily from 10.00am - 8.00pm)  
Gateway Ekamai Department Store 982/22 Sukhumvit Rd., Phra Khanong, Klongtoey, Bangkok 10110

Tel : 0 2108 2856-9  
Fax : 0 2108 2849

# Branch Network

as at 31 December 2013

## Huamark

5, 7, 9 Soi Ramkhamheang 19/1  
Ramkhamhaeng Rd., Bangkapi,  
Bangkok 10240  
Tel : 0 2318 8561-4, 0 2718 4624,  
0 2319 3062  
Fax : 0 2318 0139

## Imperial (Ladphrao 81)

2539 Basement Fl., Imperial World  
Department Store, Ladphrao Rd.,  
Wang Thong Lang, Bangkok 10310  
Tel : 0 2934 8686-9, 0 2934 8691,  
0 2934 8692, 0 2933 0103  
Fax : 0 2934 8690

## Klong Toey

1472-1474 Rama IV Department Store,  
Rama IV Rd., Klong Toey, Bangkok 10110  
Tel : 0 2249 0886-7, 0 2249 0888-90  
Fax : 0 2249 4075

## Ladphrao

1558 Ladphrao Rd., Wang Thong Lang,  
Bangkok 10310  
Tel : 0 2514 2709, 0 2514 2964,  
0 2539 5800, 0 2530 1120,  
0 2933 7416, 0 2933 7417  
Fax : 0 2539 2003

## Leng Nuei Yee

(Mon - Fri from 8.30am - 5.00pm)  
416-8 Charoen Krung Rd.,  
Sampantawong, Bangkok 10100  
Tel : 0 2623 1644-7  
Fax : 0 2623 1090

## Major Phra Pra Daeng

(Daily from 10.00am - 8.00pm)  
360/14 Moo 7, Major Phra Pra Daeng Building,  
Suksawat Rd., Ratburana, Bangkok 10140  
Tel : 0 2818 1970-2  
Fax : 0 2818 1973

## Manorom

3354/1 Manorom Building, Rama 4 Rd.,  
Klongton, Klong Toey, Bangkok 10110  
Tel : 0 2249 7480-2  
Fax : 0 2249 7479

## Megabangna

(Daily from 10.00am - 8.00pm)  
39 Moo 6 Bangna-Trad Rd., KM. 8,  
Bangkaew, Bangplee, Samut Prakarn 10540  
Tel : 0 2186 8702-5  
Fax : 0 2186 8706

## Minburi

599/1 Navamin Plaza G Fl., Moo 13,  
Sihaburanukit Rd., Minburi, Bangkok 10510  
Tel : 0 2518 0815-17  
Fax : 0 2518 0799

## Muang Thong Thani

339 Muangthongthani, Bondstreet Rd.,  
Parkkred, Nonthaburi 11120  
Tel : 0 2503 4940-3  
Fax : 0 2503 4914

## Ngam Wong Wan

207/15 Moo 6, Ngam Wong Wan Rd.,  
Luksi, Bangkok 10210  
Tel : 0 2591 7902, 0 2591 0770  
Fax : 0 2591 0771

## Nong Khaem

77/207 Moo 2, Phetkasem Rd.,  
Nong Khaem, Bangkok 10160  
Tel : 0 2420 7941-4  
Fax : 0 2420 7940

## Nonthaburi

32/16-19 Pracharat Rd.,  
Muang, Nonthaburi 11000  
Tel : 0 2525 1770-2, 0 2968 4592-4,  
0 2968 4594  
Fax : 0 2526 2993

## On Nut

1468, 1470 On Nut Rd.,  
Suan Luang, Bangkok 10250  
Tel : 0 2332 3134-7  
Fax : 0 2331 8519

## Paradise Park

(Daily from 10.00am - 8.00pm)  
2C004, 2<sup>nd</sup> Fl., Paradise Park, Srinakarin Rd.,  
Nongbon, Prawet, Bangkok 10250  
Tel : 0 2746 0816-8  
Fax : 0 2746 0819

## Pattanakarn

309/1-4 Patanakarn Rd., Prawet,  
Bangkok 10250  
Tel : 0 2322 0439, 0 2322 0441-3  
Fax : 0 2322 0438

## Phaholyothin KM.26

1/737 Moo 17, Soi Amporn,  
Phaholyothin KM. 26, Lam Luk Ka,  
Pathum Thani 12150  
Tel : 0 2532 3645-50, 0 2532 3644  
Fax : 0 2532 3641

## Phaholyothin Soi 19

555 Rasa Tower Building, Phaholyothin Rd.,  
Chatuchak, Bangkok 10900  
Tel : 0 2937 0300-4, 0 2513 3165  
Fax : 0 2937 0305

## Phahurad

(Mon - Fri from 8.30am - 5.00pm)  
2/30-33, 4/11-14 The Old Siam Plaza,  
Burapa Rd., Phra Nakhon, Bangkok 10200  
Tel : 0 2222 0176-9, 0 2222 4113-4,  
0 2223 1854-5, 0 2623 8477  
Fax : 0 2223 0708

## Phra Pinklao

30 Charansidvongs Rd.,  
Bangplad, Bangkok 10700  
Tel : 0 2434 7110-3, 0 2434 7115,  
0 2424 2283  
Fax : 0 2434 7114

## Platinum Pratunam

(Daily from 10.00am - 8.00pm)  
222/125, 222/177, 222/178 B Fl.,  
The Platinum Fashion Mall Petchaburi Rd.,  
Ratchathewi, Bangkok 10400  
Tel : 0 2121 8215-8  
Fax : 0 2121 8219

## Rajchaprarop

(Mon - Fri from 8.30am - 5.00pm)  
120/126 Rajchaprarop Rd.,  
Ratchathewi, Bangkok 10400  
Tel : 0 2656 3071-2, 0 2656 3068  
Fax : 0 2251 0404

## Rajchawong

219/2 Rajawongse Rd.,  
Sampandhawongse, Bangkok 10100  
Tel : 0 2221 7515, 0 2622 7388-90  
Fax : 0 2622 7392

## Ramintra KM.9

(Daily from 10.00am - 8.00pm)  
5/5-6 Moo 7, Fashion Island Department Store,  
Ramintra Rd., Kunayao, Bangkok 10230  
Tel : 0 2947 5307-9, 0 2947 5311,  
0 2947 5311  
Fax : 0 2947 5310

## Rangsit

(Daily from 10.00am - 8.00pm)  
94 Moo 2, Future Park Rangsit Building,  
Thanyaburi, Pathum Thani 12110  
Tel : 0 2958 0562-7  
Fax : 0 2958 0568

## Ratchada-Huay Khwang

167/8 Ratchadaphisek Rd.,  
Din Daeng, Bangkok 10320  
Tel : 0 2276 9408-11, 0 2276 9414,  
0 2276 9412  
Fax : 0 2276 9413

## Ratchada-Sathupradit

127/1 Nonsee Rd.,  
Yannawa, Bangkok 10120  
Tel : 0 2681 1111-5, 0 2681 1738,  
0 2295 3706, 0 2295 3707  
Fax : 0 2681 1110

## Ratchada-Thaphra

299 Decha Building, Ratchadaphisek 6 Rd.,  
Thonburi, Bangkok 10600  
Tel : 0 2476 9945-9  
Fax : 0 2476 9944

## Samrong

999/99 Moo 1, Sukhumvit Rd.,  
Muang, Samut Prakan 10270  
Tel : 0 2384 7656, 0 2384 4510,  
0 2394 0422, 0 2394 0428,  
0 2394 0488, 0 2756 8597,  
0 2756 8598  
Fax : 0 2384 4352

## Samyeak

601 Charoen Krung Rd.,  
Samphanthawong, Bangkok 10100  
Tel : 0 2222 5111-6  
Fax : 0 2222 1354

## Branch Network

as at 31 December 2013

### Saphanmai

108/502-503 Moo 7, Phaholyothin Rd.,  
Bangkhen, Bangkok 10220  
Tel : 0 2522 6646-8  
Fax : 0 2522 6649

### Sathon 2

179/3 Bangkok City Tower Building,  
South Sathon Rd., Sathon, Bangkok 10120  
Tel : 0 2679 5700-2, 0 2679 5704  
Fax : 0 2679 5703

### Seacon Bangkae

*(Daily from 10.00am - 8.00pm)*  
607 Seacon Bangkae Department Store,  
Phetchakasem Rd., Bangwa, Phasi Charoen,  
Bangkok 10160  
Tel : 0 2454 8792-5  
Fax : 0 2454 8696

### Senanikom

126/19 Phaholyothin 32 Rd. (Soi Senanikom 1),  
Chatuchak, Bangkok 10900  
Tel : 0 2561 3100-1, 0 2579 6248,  
0 2561 1054, 0 2941 7775  
Fax : 0 2579 9088

### Si Phraya

295 Si Phraya Rd., Bangrak, Bangkok 10500  
Tel : 0 2235 2884-7, 0 2236 6805,  
0 2631 5440-1  
Fax : 0 2235 2882

### Si Yeak Sriwara

573/139 Soi Ramkhamhaeng 39, Prachauthit Rd.,  
Wangthonglang, Bangkok 10310  
Tel : 0 2934 7941-4  
Fax : 0 2934 7945

### Siam Paragon

*(Daily from 10.00am - 8.00pm)*  
991 Siam Paragon Shopping Center, Unit M14,  
Main Level, Rama 1 Rd., Pathum Wan,  
Pathum Wan, Bangkok 10330  
Tel : 0 2129 4570-2  
Fax : 0 2129 4573

### Siam Square

*(Mon - Fri from 8.30am - 5.00pm,  
Sat from 10.00am - 5.00pm)*  
410-410/1 Siam Square Soi 6, Rama I Rd.,  
Pathum Wan, Bangkok 10500  
Tel : 0 2251 3343, 0 2251 2145,  
0 2251 2278-9  
Fax : 0 2251 2280

### Silom 2

*(Mon - Fri from 8.30am - 5.00pm)*  
14 Silom Rd., Bangrak, Bangkok 10500  
Tel : 0 2632 8801-3, 0 2632 8805  
Fax : 0 2632 8804

### Silom Complex

*(Daily from 10.00am - 8.00pm)*  
191 Silom Complex Building 4<sup>th</sup> Fl.,  
Silom Rd., Bangrak, Bangkok 10500  
Tel : 0 2231 3139-40, 0 2231 3100-1  
Fax : 0 2231 3137

### Soi Yoo Dee

597/113-114 Trok Watchannai, Chan Rd.,  
Bang Khoe Laem, Bangkok 10120  
Tel : 0 2292 1627-8, 0 2291 4904-5,  
0 2291 4907  
Fax : 0 2291 4906

### Songwad

1252-4 Songwad Rd., Samphanthawong,  
Bangkok 10100  
Tel : 0 2225 6254-5, 0 2225 3596-7,  
0 2226 3606-7  
Fax : 0 2225 6256

### Sri Yan

468-468/1 Nakhon Chai Sri Rd.,  
Dusit, Bangkok 10300  
Tel : 0 2243 0914-5, 0 2241 3467,  
0 2243 3725  
Fax : 0 2241 3425

### Srinakarin

395/5 Srinakarin Rd., Muang,  
Samut Prakarn 10270  
Tel : 0 2385 7312-5  
Fax : 0 2385 7316

### St. Louis 3

9/10 Trok Chan Saphan 3, Chan Rd.,  
Sathon, Bangkok 10120  
Tel : 0 2212 7024, 0 2211 1407  
Fax : 0 2211 0815

### Sukhumvit 101 (Piyarom Park)

*(Daily from 10.00am - 8.00pm)*  
3079/25 Soi Piyabuttra, Sukhumvit Rd.,  
Phra Khanong, Bangkok 10260  
Tel : 0 2730 5100-3, 0 2730 5105,  
0 2730 5104  
Fax : 0 2730 5106

### Sukhumvit 25

1 Ban Chang Glass House Building,  
Soi Sukhumvit 25, Klong Toey,  
Bangkok 10110  
Tel : 0 2258 0270-1, 0 2260 6117-9,  
0 2258 9330-2, 0 2661 7741,  
0 2661 7761  
Fax : 0 2258 4582

### Sukhumvit 26

690 Sukhumvit Rd., Klong Toey,  
Bangkok 10110  
Tel : 0 2620 4469-71, 73-80  
Fax : 0 2260 5312

### Sukhumvit 4

142 Sukhumvit Rd., Klong Toey,  
Bangkok 10110  
Tel : 0 2653 2178-9, 0 2253 5137,  
0 2653 2218, 0 2653 2180,  
0 2252 2522  
Fax : 0 2653 2181

### Sukhumvit 83

2149 2<sup>nd</sup> Fl., Market Plus Building,  
Soi Sukhumvit 83, Pra Khanong,  
Bangkok 10260  
Tel : 0 2742 5812-5, 0 2742 5818  
Fax : 0 2742 5816

### Suksawat

86/17-19 Suksawat Rd., Rat Burana,  
Bangkok 10140  
Tel : 0 2477 2409-11  
Fax : 0 2468 6028

### Surawong

134 Surawongse Rd., Bangrak,  
Bangkok 10500  
Tel : 0 2233 9730-3  
Fax : 0 2235 5208

### Talard Thai

*(Daily from 9.30am - 7.00pm)*  
32/1044 Moo 9, Klongnueng,  
Klongluang, Pathum Thani 12120  
Tel : 0 2908 4784-7  
Fax : 0 2908 4847

### Talard Si Mummuang

355/33-35 Moo 8, Phaholyothin Rd.,  
Lam Luk Ka, Pathum Thani 12130  
Tel : 0 2536 7850, 0 2536 7854-6  
Fax : 0 2536 7853

### Thaiwa Tower

21/63-66 Thai Wah Tower 1 Building,  
South Sathon Rd., Sathon, Bangkok 10120  
Tel : 0 2285 0092-4  
Fax : 0 2285 0095

### Thanon Asoke-Dindaeng

729 Asoke-Dindaeng Rd.,  
Din Daeng, Bangkok 10320  
Tel : 0 2248 6935-7  
Fax : 0 2248 6933

### Thanon Khaolarm

2214, 2216 Khaolarm Rd.,  
Samphanthawong, Bangkok 10100  
Tel : 0 2238 2540-2, 0 2238 3399,  
0 2234 6823  
Fax : 0 2238 2543

### Thanon Kingkaew

9-4 Moo 7, Kingkaew Rd., Rachatewa,  
Bangplee, Samut Prakan 10540  
Tel : 0 2175 1967-70  
Fax : 0 2175 1971

### Thanon Krungthonburi

77/2 Sinsathorn Tower, Krungthonburi Rd.,  
Klongsarn, Bangkok 10600  
Tel : 0 2440 0345-9, 0 2440 0348  
Fax : 0 2440 0350

### Thanon Phaholyothin 8

414 G Fl., Shinawatra Tower 1 Building,  
Phaholyothin Rd., Phayathai, Bangkok 10400  
Tel : 0 2616 9760-2, 0 2357 1690  
Fax : 0 2357 1490

### Thanon Phayathai

71 Golden Town Building 1<sup>st</sup> Fl., Phaya Thai Rd.,  
Ratchathewi, Bangkok 10400  
Tel : 0 2653 4530-2  
Fax : 0 2653 4658



## Branch Network

as at 31 December 2013

### Thanon Phraram 6

118/1 Tipco Tower Building, Rama VI Rd.,  
Phaya Thai, Bangkok 10400  
Tel : 0 2357 3460-3, 0 2357 3332  
Fax : 0 2357 3464

### Thanon Phraram 9

100/1 Ground Fl., Worrasombat Building,  
Rama IX Rd., Huai Khwang, Bangkok 10310  
Tel : 0 2645 0683-5  
Fax : 0 2645 0440

### Thanon Pracha-U-Thit

147/1-4 Moo 8, Pracha-U-Thit Rd.,  
Rat Burana, Bangkok 10140  
Tel : 0 2873 1457-60, 0 2873 1439  
Fax : 0 2873 1440

### Thanon Sri Wara

314 Soi Ladphrao 94 (Panjamit), Sri Wara Rd.,  
Wang Thong Lang, Bangkok 10310  
Tel : 0 2559 3600-5, 0 2935 6025-6  
Fax : 0 2559 3606

### Thanon Sukhaphiban 3

902 Ramkamhaeng Rd.,  
Bangkapi, Bangkok 10240  
Tel : 0 2375 8725, 0 2375 8794,  
0 2375 8799, 0 2377 9183,  
0 2377 5285, 0 2735 4018  
Fax : 0 2375 8795

### Thanon Vorachak

94-96 Vorachak Rd.,  
Pom Prap Sattru Phai, Bangkok 10100  
Tel : 0 2225 9086, 0 2225 9088,  
0 2225 9085, 0 2621 1247  
Fax : 0 2225 9087

### Thanon Witthayu

(Mon - Fri from 8.30am - 5.00pm)  
121 G Fl., CRC Tower Building,  
87/2 Wireless Rd., Pathum Wan,  
Bangkok 10330  
Tel : 0 2255 5392-4  
Fax : 0 2255 5395

### Thanon Yaowarat

(Mon - Fri from 8.30am - 5.00pm)  
422, 424 Yaowaraj Rd.,  
Samphanthawong, Bangkok 10100  
Tel : 0 2226 2930-1, 0 2226 5855  
Fax : 0 2226 2933

### The Circle Ratchapruk

(Daily from 10.00am - 8.00pm)  
39 Room R6 Ratchapruk Rd., Bangramap,  
Taling Chun, Bangkok 10170  
Tel : 0 2863 8624-6  
Fax : 0 2863 8627

### The Mall Bangkai

(Daily from 10.00am - 8.00pm)  
275 Moo 1, 3<sup>rd</sup> Fl., The Mall Bangkai,  
Petchakasem Rd, North Bangkai,  
Bangkai, Bangkok 10160  
Tel : 0 2455 2091, 0 2455 2095,  
0 2455 2097  
Fax : 0 2482 9586

### Thonglor

283/15-17, 283/65, Soi Thonglor 13,  
Sukhumvit 55 Rd., Wattana, Bangkok 10250  
Tel : 0 2712 7150-5  
Fax : 0 2712 7156

### Union Mall Ladprao

(Daily from 11.00am - 8.00pm)  
54 Union Mall Center 2<sup>nd</sup> Fl., Ladprao Rd.,  
Jompol, Chatuchak, Bangkok 10900  
Tel : 0 2939 2613-15  
Fax : 0 2937 1730

### United Center

(Mon - Fri from 10.30am - 6.30pm)  
323 2<sup>nd</sup> Fl., Unit 209A, United Center Building,  
Silom Rd, Silom, Bangrak, Bangkok 10500  
Tel : 0 2237 4890, 0 2237 4891,  
0 2237 4892, 0 2237 4893  
Fax : 0 2237 4894

### Wiphawadi-Rangsit 9

21 T.S.T. Tower Building, Wiphawadi-Rangsit Rd.,  
Chatuchak, Bangkok 10900  
Tel : 0 2273 8120-1, 0 2273 8939-40  
Fax : 0 2273 8122

### Yaowarat Mahajak

(Mon - Fri from 8.30am - 5.00pm)  
236, 238, 240 Yaowarat Rd., Chakkrawat,  
Samphanthawong, Bangkok 10110  
Tel : 0 2225 5241-44  
Fax : 0 2225 5245

### Central Area

#### Chachoengsao

94/3 Chumphon Rd., Muang,  
Chachoengsao 24000  
Tel : 0 3851 1621-2, 0 3881 8149,  
0 3851 4627-8, 0 3853 5083  
Fax : 0 3851 1623

#### Kanchanaburi

(Mon - Sat from 8.30am - 5.00pm)  
160/39-40 Sangchutoe Rd.,  
Ban Nuea, Muang, Kanchanaburi 71000  
Tel : 0 3452 1621-3  
Fax : 0 3452 1624

#### Lop Buri

21/11-12 Moo 1, Phaholyothin Rd.,  
Muang, Lop Buri 15000  
Tel : 0 3641 4248-50  
Fax : 0 3641 4251

#### Nakhon Pathom

(Mon - Fri from 8.30am - 5.00pm)  
63-65 Rajvithi Rd., Muang,  
Nakhon Pathom 73000  
Tel : 0 3425 1184-6  
Fax : 0 3425 1186

#### Phrathomjedee

45-47 Saiphra Rd., Phrathomjedee, Muang,  
Nakornpathom 73000  
Tel : 0 3427 2353-4, 0 3421 9236-7  
Fax : 0 3425 7504

### Phetchaburi

28 Panich Charoen Rd.,  
Muang, Phetchaburi 76000  
Tel : 0 3241 5883-4, 0 3242 5169,  
0 3242 5959  
Fax : 0 3242 8517

### Phra Nakhon Si Ayutthaya

255 Moo 5, Rojana Rd.,  
Phra Nakhon Si Ayutthaya,  
Phra Nakhon Si Ayutthaya 13000  
Tel : 0 3524 6116, 0 3524 6030,  
0 3522 9049  
Fax : 0 3524 1546

### Damnoen Saduak

234 Moo 8, Bangpare-Samut Songkhram Rd.,  
Damnoen Saduak, Ratchaburi 70130  
Tel : 0 3225 4444, 0 3225 4930,  
0 3225 4332, 0 3224 1333,  
0 3234 5065, 0 3234 5857,  
0 3234 6529, 0 3225 4334  
Fax : 0 3225 4913

### Ratchaburi

(Mon - Fri from 8.30am - 5.00pm)  
111 Kathatorn Rd., Na Muang,  
Muang Ratchaburi, Ratchaburi 70000  
Tel : 0 3231 0321-3  
Fax : 0 3231 0324

### Samut Sakhon

927/403 Sethakit 1 Rd.,  
Muang, Samut Sakhon 74000  
Tel : 0 3481 0514-5, 0 3442 7510,  
0 3442 7582  
Fax : 0 3481 0513

### Samut Songkhram

125/104 Tang Kao Muang Rd.,  
Muang, Samut Songkhram 75000  
Tel : 0 3471 8111, 0 3471 8222,  
0 3471 8626, 0 3471 8628,  
0 3471 8629, 0 3474 0028  
Fax : 0 3471 8627

### Saraburi

427 Phaholyothin Rd.,  
Muang, Saraburi 18000  
Tel : 0 3621 2137-8, 0 3631 2055-6,  
0 3622 2344, 0 3622 1630  
Fax : 0 3622 1636

### Sam Chuk

225/2 Moo 2, Sam Chuk,  
Suphan Buri 72130  
Tel : 0 3557 1055, 0 3557 1980,  
0 3557 1990  
Fax : 0 3557 1044

### Eastern Area

#### Chanthaburi

82/9 Thachalab Rd.,  
Muang, Chanthaburi 22000  
Tel : 0 3931 2822, 0 3934 6616,  
0 3934 6434-5  
Fax : 0 3932 1201

# Branch Network

as at 31 December 2013

## Ban Bung

403 Chon Buri-Baan Bung Rd.,  
Baan Bung, Chon Buri 20170  
Tel : 0 3844 3628, 0 3844 3072,  
0 3875 0979-80, 0 3875 1118-9  
Fax : 0 3844 3039

## Bang Lamung

90/27 Moo 5, Pattaya-Naglue Rd.,  
Bang Lamung, Chon Buri 20150  
Tel : 0 3842 8418, 0 3842 9333,  
0 3842 7748-9, 0 3842 0273,  
0 3872 6817  
Fax : 0 3842 3332

## Central Chonburi

(Daily from 10.00am - 8.00pm)  
55/88-9, 55/91 Central Plaza Chonburi,  
Sukhumvit Rd., Samet, Muang,  
Chon Buri 20000  
Tel : 0 3805 3920-3  
Fax : 0 3805 3924

## Chon Buri

804 Kor Chetchamnong Rd.,  
Muang, Chon Buri 20000  
Tel : 0 3827 3601-6  
Fax : 0 3827 3607

## Chon Buri 2

116/110 Moo 3, Sukhumvit Rd.,  
Muang, Chon Buri 20000  
Tel : 0 3879 7457-9, 0 3879 7462  
Fax : 0 3879 7461

## Pattaya

(Mon - Fri from 10.00am - 6.00pm)  
325/115-116 Moo 10, Pattaya Sai 2 Rd.,  
Bang Lamung, Chon Buri 20260  
Tel : 0 3842 9464, 0 3871 0414,  
0 3841 0027  
Fax : 0 3842 9400

## Robinson Sriracha

(Daily from 10.00am - 8.00pm)  
90/1 Robinson Sriracha Department Store,  
Sukhumvit Rd., Si Racha, Chon Buri 20110  
Tel : 0 3832 8458-60  
Fax : 0 3832 8461

## Sri Racha

135/19 Sukhumvit Rd.,  
Si Racha, Chon Buri 20110  
Tel : 0 3832 4500-2, 0 3832 4504  
Fax : 0 3832 4503

## Ban Chang

(Mon - Fri from 8.30am - 5.00pm)  
51/12 Moo 5, Sukhumvit Rd.,  
Ban Chang, Rayong 21130  
Tel : 0 3860 3120-3, 0 3860 3124-25  
Fax : 0 3860 3119

## Eastern Seaboard

24/1 Moo 4, Thanon Hemaraj Avenue,  
Pluak Daeng, Rayong 21140  
Tel : 0 3895 5284-6, 0 3895 5288,  
0 3895 5287, 0 3895 5290  
(0 3889 1489 ATM)  
Fax : 0 3895 5289

## Laemthong Rayong

(Daily from 10.00am - 8.00pm)  
Laemthong Rayong Shopping Plaza  
554/4 1<sup>st</sup> Fl., Sukhumvit Rd., Muang,  
Rayong 21150  
Tel : 0 3802 3400-3  
Fax : 0 3802 3404

## Map Ta Phut

(Mon - Fri from 8.30am - 5.00pm)  
267/11-13 Sukhumvit Rd., Map Ta Phut,  
Muang, Rayong 21150  
Tel : 0 3860 7945, 0 3860 7947,  
0 3860 7949, 0 3860 7957  
Fax : 0 3860 8718

## Rayong

144/39-41 Sukhumvit Rd.,  
Muang, Rayong 21000  
Tel : 0 3861 4730-3, 0 3861 4255-6  
Fax : 0 3861 4734

## Northeastern Area

### Khon Kaen

34, 34/1-2 Namuang Rd.,  
Muang, Khon Kaen 40000  
Tel : 0 4323 7620-1, 0 4333 4577,  
0 4323 7609  
Fax : 0 4323 7435

### Khonkaen-Thanon Mittrparab

81/1 Mittrparab Rd., Muang,  
Khon Kaen 40000  
Tel : 0 4324 1686, 0 4324 1268,  
0 4324 2547  
Fax : 0 4323 8435

### Nakhon Ratchasima

2-4 Choopool Rd., Muang,  
Nakhon Ratchasima 30000  
Tel : 0 4426 8873-7  
Fax : 0 4425 5476

### Nakhon Ratchasima 2

545 Friendship Highway, Muang,  
Nakhon Ratchasima 30000  
Tel : 0 4426 3487-91  
Fax : 0 4426 3493

### Roiet

427-429 Phadungpanich Rd.,  
Muang, Roiet 45000  
Tel : 0 4351 5850-2  
Fax : 0 4351 5854

### Sakhon Nakhon

1748/4 Sukkasem Rd., Muang,  
Sakhon Nakhon 47000  
Tel : 0 4271 6350, 0 4271 6303,  
0 4271 6895, 0 4271 6765,  
0 4271 6230  
Fax : 0 4271 6728

### Surin

79, 81, 83 Chitbumrung Rd.,  
Muang, Surin 32000  
Tel : 0 4453 8384, 0 4451 1848,  
0 4451 8997, 0 4451 8998  
Fax : 0 4451 1081

## Ubon Ratchathani

177 Uparat Rd., Muang,  
Ubon Ratchathani 34000  
Tel : 0 4524 3830-1, 0 4524 4270-1,  
0 4524 4717, 0 4526 2904,  
0 4531 1825, 0 4524 4718  
Fax : 0 4524 3832

## CentralPlaza Udonthani

(Daily from 10.00am - 8.00pm)  
CentralPlaza Udonthani Department Store  
277/3 Prajaksillapakom Rd.,  
Muang, Udonthani 41000  
Tel : 0 4292 1458-61  
Fax : 0 4292 1462

## Udon Thani

359 Phosri Rd., Muang, Udon Thani 41000  
Tel : 0 4222 1333, 0 4222 3613,  
0 4234 3425, 0 4224 9590,  
0 4234 3023, 0 4221 3036,  
0 4224 4733, 0 4224 4062  
Fax : 0 4224 4062

## Northern Area

### Central Airport Chiangmai

(Daily from 10.00am - 8.00pm)  
2 Manidol Rd., 252-252/1 Wualai Rd.,  
Haiya, Muang, Chiangmai 50100  
Tel : 0 5390 4143-6  
Fax : 0 5390 4147

### Chiang Mai-Huaikae

137 Huay Kaew Rd., Muang,  
Chiangmai 50200  
Tel : 0 5321 1091-4  
Fax : 0 5321 1095

### Thanon Highway-Chiang Mai

1/99 Chiang Mai-Lampang Rd.,  
Muang, Chiang Mai 50000  
Tel : 0 5330 4701-4, 0 5330 4706  
Fax : 0 5330 4705

### Thanon Sridonchai Chiangmai

(Mon - Fri from 8.30am - 5.00pm)  
54, 54/1 Sridonchai Rd., Haiya,  
Muang, Chiang Mai 50100  
Tel : 0 5327 0029-30, 0 5328 2903,  
0 5382 1080-1  
Fax : 0 5328 2015

### Chiang Rai

643/5 Moo 3, Uttrakrit Rd.,  
Muang, Chiang Rai 57000  
Tel : 0 5371 6786, 0 5371 1414,  
0 5371 6557  
Fax : 0 5371 5429

### Lampang

255 Boonwat Rd., Muang, Lampang 52000  
Tel : 0 5421 8383, 0 5422 7383,  
0 5421 8454, 0 5421 8373  
Fax : 0 5422 7637

## Branch Network

as at 31 December 2013

### Nakhon Sawan

532-534 Kosi Rd., Muang,  
Nakhon Sawan 60000  
Tel : 0 5621 4109, 0 5621 4690,  
0 5621 4709, 0 5631 4234-5,  
0 5631 4299, 0 5621 3166  
Fax : 0 5621 3224

### Phitsanulok

112/39-41 Akartodsrod Rd.,  
Muang, Phitsanulok 65000  
Tel : 0 5522 5153-5  
Fax : 0 5522 5156

### Southern Area

#### Nakhon Sri Thammarat

1719-1721 Rajdamnern Rd.,  
Muang, Nakhon Sri Thammarat 80000  
Tel : 0 7535 6112, 0 7535 6860-1  
Fax : 0 7534 2352

#### Central Festival Phuket

*(Daily from 10.00am - 8.00pm)*  
74-75 Central Festival Phuket  
2<sup>nd</sup> Fl., Moo 5, Wishit, Phuket, Phuket 83000  
Tel : 0 7621 0492, 0 7621 0526,  
0 7621 0534, 0 7621 0575  
Fax : 0 7621 0596

#### Hat Pa Tong

*(Mon - Fri from 10.00am - 6.00pm)*  
159, 161, 163 Rat-U-Thit 200 Years Rd.,  
Krathu, Phuket 83150  
Tel : 0 7634 0489, 0 7634 0142-3  
Fax : 0 7634 1169

#### Phuket

206 Phuket Rd., Muang, Phuket 83000  
Tel : 0 7621 1566, 0 7621 1577,  
0 7621 4901-2, 0 7621 0970-1  
Fax : 0 7621 4903

#### Hat Yai

164 Nipat-utit 1 Rd., Hat Yai, Songkhla 90110  
Tel : 0 7424 3032, 0 7424 5033,  
0 7423 5605, 0 7424 3810  
Fax : 0 7423 5606

#### Thanon Phetchakasem Hat Yai

458/2 Phetchakasem Rd.,  
Hat Yai, Songkhla 90110  
Tel : 0 7422 0262-3, 0 7422 0274-5  
Fax : 0 7422 0281

#### CentralPlaza Suratthani

*(Daily from 10.00am - 8.00pm)*  
88 Moo 10 Wat Pradu,  
Muang, Surat Thani 84000  
Tel : 0 7760 2700-3  
Fax : 0 7760 2704

#### Surat Thani

191/1-3 Chonkasem Rd.,  
Muang, Surat Thani 84000  
Tel : 0 7728 6292-4  
Fax : 0 7728 6298

### Trang

*(Mon - Fri from 8.30am - 5.00pm)*  
1/5-6 Rama VI Rd., Thap Thiang,  
Muang, Trang 92000  
Tel : 0 7521 7782-4, 0 7521 7781  
Fax : 0 7521 7785

### Yala

8-12 Pipitpakdi Rd., Muang, Yala 95000  
Tel : 0 7321 2218, 0 7321 2414,  
0 7324 0872, 0 7324 0873  
Fax : 0 7321 3764

*Remark: Normal branch operates Mon. - Fri.  
from 8.30 AM. - 3.30 PM. .*

## Company Information

Name : United Overseas Bank (Thai) Public Company Limited  
Public company registration number : 0107535000176  
Nature of business : Commercial Bank  
Registration address : 191 South Sathon Road, Sathon, Bangkok 10120  
Tel : 0 2343 3000  
Fax : 0 2287 2973-4  
S.W.I.F.T : UOVBTBHK  
Website : www.uob.co.th

### Auditor

Ms. Somjai Khunapasut : Certified Public Accountant (Thailand) No.4499 and/or  
Ms. Ratana Jala : Certified Public Accountant (Thailand) No.3734 and/or  
Mrs. Nonglak Pumnoi : Certified Public Accountant (Thailand) No.4172 and/or  
Ms. Rachada Yongsawadvanich : Certified Public Accountant (Thailand) No.4951

EY Office Limited (formerly known as Ernst & Young Office Limited)

33<sup>rd</sup> Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road  
Klongtoey, Bangkok 10110  
G.P.O.Box 1047, Bangkok 10501, Thailand  
Tel : 0 2264 0777 , 0 2264 9090  
Fax : 0 2264 0789  
Website : www.ey.com

## Credit Ratings

<b>Moody's Investors Service</b>	<b>Rating</b>	<b>as at 12 January 2014</b>
Long - Term Bank Deposits	Baa1	
Short - Term Bank Deposits	Prime-2	
Long - Term Outlook	Stable	
Short - Term Outlook	Stable	
Financial Strength	D	
Financial Strength Outlook	Stable	

<b>Fitch Ratings</b>	<b>Rating</b>	<b>as at 22 May 2013</b>
Long - Term Foreign Currency	A-	
Short - Term Foreign Currency	F2	
Long - Term Outlook	Stable	
Viability	bb+	
Support	1	
National Rating - Long-term	AAA(thai)	
National Rating - Short-term	F1+(thai)	
National Rating Outlook	Stable	

<b>Standard &amp; Poor's</b>	<b>Rating</b>	<b>as at 27 January 2014</b>
Counterparty Credit - Long-term	BBB+	
Counterparty Credit - Short-term	A2	
Outlook	Stable	
ASEAN regional scale ratings - Long-term	axA+	
ASEAN regional scale ratings - Short-term	axA-1	



**United Overseas Bank (Thai) Public Company Limited**

**Head Office**

191 South Sathon Road,  
Sathon, Bangkok 10120

Thailand

Phone: (66) 2343 3000

Fax: (66) 2287 2973-4

[www.UOB.co.th](http://www.UOB.co.th)