

Part 3 Financial Position and Operating Performance

13. Key Financial Information

Summary of statements of financial position of CIMB Thai Bank Public Company Limited as at 31 December 2017, 2016 and 2015, and its operating results and financial ratios for the years ended 31 December 2017, 2016 and 2015.

Statements of Financial Position	(Unit: THB)		
	31 December 2017	31 December 2016	31 December 2015
Assets			
Cash	1,588,987,409	1,936,147,365	2,395,111,405
Interbank and money market items, net	18,099,695,389	8,463,665,047	14,229,670,008
Derivative assets	21,278,460,920	21,235,341,272	25,581,046,242
Investments, net	44,059,846,768	55,061,910,795	54,891,019,817
Investments in subsidiaries, net	1,708,315,115	1,324,920,707	1,324,920,707
Loans and accrued interest receivables			
Loans	205,242,484,739	202,939,467,801	196,736,743,351
Accrued interest receivables	522,709,406	593,582,295	524,470,027
Total loans and accrued interest receivables	205,765,194,145	203,533,050,096	197,261,213,378
<u>Less</u> Deferred revenue	(8,651,407)	(38,988,676)	(90,837,521)
<u>Less</u> Allowance for doubtful debts	(9,256,336,052)	(9,666,516,204)	(6,572,231,944)
<u>Less</u> Revaluation allowance for debt restructuring	(105,673,656)	(45,259,015)	(55,383,987)
Loans and accrued interest receivables, net	196,394,533,030	193,782,286,201	190,542,759,926
Customers' liability under acceptance	581,413,868	45,230,520	41,017,884
Properties for sale, net	888,480,141	1,195,702,862	1,109,004,276
Premises and equipment, net	3,529,189,193	3,609,493,321	2,714,361,639
Intangible assets, net	364,943,160	363,158,838	373,090,594
Deferred tax assets	1,023,345,737	1,075,692,045	862,314,440
Other assets, net	6,789,804,499	7,529,507,359	9,533,185,948
Total assets	296,307,015,229	295,623,056,332	303,597,502,886

(Unit: THB)			
Statements of Financial Position (Cont'd)	Separate		
	31 December 2017	31 December 2016	31 December 2015
Liabilities and shareholders' equity			
Liabilities			
Deposits	177,702,506,611	183,877,466,049	170,502,086,949
Interbank and money market items, net	15,648,105,797	11,595,328,411	19,994,416,948
Liability payable on demand	254,663,261	250,092,171	320,768,448
Financial liabilities designated at fair value			
through profit or loss	23,103,810,514	18,873,674,513	16,039,533,025
Derivative liabilities	19,965,010,587	21,381,015,668	25,682,672,770
Debt issued and borrowings	17,933,103,726	25,582,513,107	33,994,659,909
Bank's liability under acceptance	581,413,868	45,230,520	41,017,884
Provisions	1,855,519,989	1,919,842,460	1,578,957,438
Other liabilities	7,938,994,106	6,809,617,409	9,126,765,983
Total liabilities	264,983,128,459	270,334,780,308	277,280,879,354
Shareholders' equity			
Share capital			
Registered			
30,280,227,607 ordinary shares of Baht 0.50 each	15,140,113,804		
24,774,731,679 ordinary shares of Baht 0.50 each		12,387,365,840	
27,410,341,432 ordinary shares of Baht 0.50 each			13,705,170,716
Issued and paid-up share capital			
30,280,227,607 ordinary shares of Baht 0.50 each	15,140,113,804		
24,774,731,679 ordinary shares of Baht 0.50 each		12,387,365,840	12,387,365,840
Premium on share capital	8,465,413,222	5,712,665,258	5,712,665,258
Other reserves	1,558,840,917	1,115,382,330	737,068,079
Retained earnings			
Appropriated - statutory reserve	398,680,000	397,800,000	365,950,000
Unappropriated	5,760,838,827	5,675,062,596	7,113,574,355
Total shareholders' equity	31,323,886,770	25,288,276,024	26,316,623,532
Total liabilities and shareholders' equity	296,307,015,229	295,623,056,332	303,597,502,886

(Unit: THB)

Statements of Comprehensive Income

	Separate		
	For the years ended 31 December		
	2017	2016	2015
Interest income	11,913,199,518	12,723,807,296	13,025,701,782
Interest expenses	(4,325,189,459)	(4,806,998,270)	(6,141,335,838)
Net interest income	7,588,010,059	7,916,809,026	6,884,365,944
Fee and service income	1,471,420,808	1,289,666,205	1,374,889,474
Fee and service expenses	(223,841,719)	(238,708,889)	(319,343,580)
Net fee and service income	1,247,579,089	1,050,957,316	1,055,545,894
Gains on trading and foreign exchange transactions, net	2,238,222,821	1,402,493,444	1,819,384,602
Losses on financial liabilities designated at fair value through profit or loss, net	(1,733,886,254)	(810,387,742)	(458,154,763)
Gains on investments, net	490,748,334	482,570,051	551,005,717
Other operating income	233,222,081	329,240,877	383,010,621
Total operating income	10,063,896,130	10,371,682,972	10,235,158,015
Other operating expenses			
Employee expenses	3,444,686,567	3,302,361,160	3,236,564,534
Directors' remuneration	12,456,000	12,262,400	10,744,000
Premises and equipment expenses	929,630,735	1,150,024,878	1,277,119,380
Taxes and duties	397,448,867	441,485,090	442,470,291
Others	1,334,179,030	1,259,456,059	950,068,015
Total other operating expenses	6,118,401,199	6,165,589,587	5,916,966,220
Bad and doubtful debts and impairment losses	3,944,113,706	5,785,126,100	3,425,200,000
Profit (loss) before income tax expenses	1,381,225	(1,579,032,715)	892,991,795
Income tax expenses	70,008,975	318,811,256	(185,657,054)
Net profit (loss) for the years	71,390,200	(1,260,221,459)	707,334,741

Statements of Comprehensive Income (Cont'd)	(Unit: THB)		
	Separate		
	For the years ended 31 December		
	2017	2016	2015
Other comprehensive income (expenses)			
Items that will be reclassified subsequently to profit or loss			
Gains (losses) on remeasuring available-for-sale investments	467,099,324	(644,156,155)	12,859,905
(Losses) gains arising from translating the financial statement of a foreign operation	(30,696,516)	(1,206,592)	28,964,409
Gains (losses) on cash flow hedges	62,042,015	58,446,328	(25,306,951)
Income tax relating to items that will be reclassified subsequently to profit or loss	(105,828,268)	117,141,965	2,489,409
Total items that will be reclassified subsequently to profit or loss	392,616,555	(469,774,454)	19,006,772
Items that will not be reclassified subsequently to profit or loss			
Changes in revaluation surplus	-	1,078,204,826	(125,210,829)
Remeasurements of post-employment benefit obligations	82,635,079	(18,093,944)	(102,130,316)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(16,527,016)	(212,022,177)	45,468,228
Total items that will not be reclassified subsequently to profit or loss	66,108,063	848,088,705	(181,872,917)
Total other comprehensive income (expenses)	458,724,618	378,314,251	(162,866,145)
Total comprehensive income (expenses) for the years	530,114,818	(881,907,208)	544,468,596
Net profit (loss) attributable to:			
Equity holders of the Bank	71,390,200	(1,260,221,459)	707,334,741
Non-controlling interests	-	-	-
	71,390,200	(1,260,221,459)	707,334,741
Total comprehensive income (expenses) attributable to:			
Equity holders of the Bank	530,114,818	(881,907,208)	544,468,596
Non-controlling interests	-	-	-
	530,114,818	(881,907,208)	544,468,596
Earnings (loss) per share for profit attributable to the equity holders of the Bank			
Basic earnings (loss) per share (Baht per share)	0.00	(0.05)	0.03
Weighted average number of ordinary shares (shares)	28,233,684,776	25,333,286,323	21,650,992,558

Statements of Cash Flows	(Unit: THB)		
	Separate		
	For the years ended 31 December		
	2017	2016	2015
Cash flows from operating activities			
Profit (loss) before corporate income tax	1,381,225	(1,579,032,715)	892,991,795
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	344,091,704	414,246,806	470,167,340
Bad debts and doubtful accounts	3,944,113,706	5,785,126,100	3,425,200,000
(Reversal of) provision for off-balance sheet items	(42,701,555)	302,644,995	14,347,673
Share-based payment	35,251,070	30,526,962	10,277,930
Provision for liabilities	197,903,657	142,650,148	166,067,925
Losses on impairment of properties for sale	20,391,212	1,388,641	248,119
Losses on impairment of other assets	-	11,684,173	-
Losses on impairment of investments	3,476,616	-	4,290,484
Reversal of losses on impairment of investment in subsidiaries	(383,394,408)	-	-
Unrealised gains on exchange and derivatives	(3,015,423,032)	(425,352,139)	(322,857,972)
Gains on properties for sale	(72,996,501)	(108,592,164)	(91,006,865)
Unrealised (gains) losses on revaluation of investments	(135,317,715)	96,264,552	(571,459)
Gains on sale of investments	(366,098,877)	(470,349,197)	(728,736,343)
Gains on disposal of premises and equipment	(34,334,525)	(26,932,026)	(11,486,702)
Gains on surplus from of revaluation of assets	-	(2,392,301)	-
(Gains) losses on impairment of premises and equipment	-	(10,064,738)	9,604,772
Losses from write off premises and equipment	12,487,613	48,312,019	27,967,972
Losses from write off leasehold rights	41,454,421	10,658,464	36,576
Losses (gains) on sale of non - performing loan	162,476,024	(771,810)	-
Losses on financial liabilities designated at fair value through profit or loss	1,733,886,254	810,387,742	458,154,763
Interest and dividend income	(11,927,068,959)	(12,785,751,455)	(13,077,532,558)
Interest expenses	3,362,986,992	3,815,885,348	5,139,554,380
Losses from operations before changes in operating assets and liabilities	(6,117,435,078)	(3,939,462,595)	(3,613,282,170)
(Increase) decrease in operating assets			
Interbank and money market items	(9,634,584,045)	5,763,323,834	(7,776,075,046)
Investments held for trading	(2,196,019,258)	(1,342,468,824)	965,186,346
Loans	(5,314,731,312)	(9,260,456,248)	(10,448,746,321)
Properties for sale	409,785,779	454,003,598	754,590,140
Receivable from Thai Asset Management Corporation	-	-	3,486,699,265
Other assets	662,550,529	1,915,526,015	(6,203,974,364)

Statements of Cash Flows (Cont'd)	(Unit: THB)		
	Separate		
	For the years ended 31 December		
	2017	2016	2015
Increase (decrease) in operating liabilities			
Deposits	(6,174,959,438)	13,375,379,100	(13,603,652,904)
Interbank and money market items	4,052,777,386	(8,399,088,537)	1,764,050,171
Liability payable on demand	4,571,090	(70,676,277)	(23,522,672)
Short-term borrowings	(6,046,902,521)	(14,314,372,766)	9,882,271,652
Provisions	(136,889,494)	(122,504,066)	(124,023,003)
Other liabilities	1,073,994,131	(1,921,335,943)	4,169,679,412
Cash flows used in operating activities	(29,417,842,231)	(17,862,132,709)	(20,770,799,494)
Cash received from interest income	10,804,211,696	11,288,812,167	11,290,617,897
Cash paid for interest expenses	(3,848,193,597)	(4,507,130,058)	(5,241,650,019)
Cash paid for income tax	(62,402,645)	(175,078,844)	(82,567,693)
Net cash flows used in operating activities	(22,524,226,777)	(11,255,529,444)	(14,804,399,309)
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(14,520,484,708)	(37,905,998,597)	(29,765,886,180)
Proceeds from disposals of available-for-sale securities	24,559,533,593	32,003,101,453	27,203,327,558
Proceeds from maturity of available-for-sale securities	60,000,000	1,607,800,000	510,978,043
Cash paid for purchases of held to maturity securities	(503,847,389)	(5,074,765,297)	(4,922,649,754)
Proceeds from disposals of held to maturity securities	480,340	480,340	-
Proceeds from maturity of held to maturity securities	4,305,000,000	9,830,560,000	6,666,336,490
Proceeds from repayment of investment in receivable	2,482,988	2,974,664	20,702,034
Cash paid for purchases of general investments	(792,307)	-	-
Proceeds from disposals of general investments	-	942,262	6,927,784
Proceeds from decrease in capital of general investments	22,710,000	31,750,000	30,000,000
Cash paid for purchases of premises and equipment	(158,616,076)	(218,862,488)	(140,749,076)
Proceeds from disposals of premises and equipment	36,697,603	36,746,101	19,267,618
Cash paid for purchases of intangible assets	(171,322,945)	(107,327,530)	(125,449,171)
Dividend received	13,869,440	61,944,159	51,830,775
Interest received	1,487,963,769	1,800,073,714	1,934,284,359
Net cash flows provided by investing activities	15,133,674,308	2,069,418,781	1,488,920,480

Statements of Cash Flows (Cont'd)	(Unit: THB)		
	Separate		
	For the years ended 31 December		
	2017	2016	2015
Cash flows from financing activities			
Dividend paid	-	(185,810,488)	(158,136,585)
Cash paid for interest expenses	-	-	-
Cash received from capital increase	5,505,495,928	-	3,689,853,654
Proceeds from issuance of debenture	-	-	-
Proceeds from issuing subordinate debentures	-	5,007,729,300	-
Cash paid for redemption of subordinated debentures	(3,000,000,000)	(3,000,000,000)	-
Proceeds from issuance of structured debentures	9,467,646,107	1,778,000,000	8,978,000,000
Cash paid for redemption of structured debentures	(9,028,000,000)	(3,610,000,000)	(4,339,000,000)
Proceeds from issuance of structured bills of exchange	4,184,682,754	8,738,592,516	3,824,546,172
Cash paid for redemption of structured bills of exchange	(57,000,000)	-	(300,000,000)
Net cash flows provided by financing activities	7,072,824,789	8,728,511,328	11,695,263,241
Foreign currency translation differences	(29,432,276)	(1,364,705)	27,590,216
Net decrease in cash and cash equivalents	(347,159,956)	(458,964,040)	(1,592,625,372)
Cash and cash equivalents at beginning of the year	1,936,147,365	2,395,111,405	3,987,736,777
Cash and cash equivalents at the end of the year	1,588,987,409	1,936,147,365	2,395,111,405
Supplemental disclosure of cash flows information			
Non-cash transaction:			
Payable from purchase premises and equipment	22,735,861	7,885,214	6,082,109
Properties for sale received from premises and equipment	38,817,769	116,468,697	60,976,206
Change in revaluation surplus in available-for-sale	(467,099,324)	644,156,155	12,859,905
Interest amortisation from premium or discount	236,842,411	404,473,541	385,340,992

The Bank's Financial Ratios	31-Dec-17	31-Dec-16	31-Dec-15
Profitability Ratios			
Gross profit margin (%)	66.0	64.0	55.1
Net profit margin (%)	0.7	(12.2)	6.9
Return on equity (%)	0.3	(4.8)	3.1
Yield ⁽¹⁾ (%)	5.7	6.2	6.5
Cost of funds ⁽²⁾ (%)	2.1	2.2	2.7
Spread ⁽³⁾ (%)	3.6	4.0	3.8
Return on investment (%)	3.2	3.3	3.8
Efficiency Ratios			
Cost to income ratio (%)	60.8	59.4	57.8
Net interest margin (%)	2.9	3.1	2.7
Return on assets (%)	0.02	(0.4)	0.2
Assets turnover ratio (time)	0.03	0.03	0.03
Financial Policy Ratios			
Debt to equity ratio (time)	8.5	10.7	10.5
Loan to borrowing ratio ⁽⁴⁾ (%)	104.8	96.8	96.0
Loan to deposit ratio (Modified LD ratio) ⁽⁵⁾ (%)	115.5	90.9	90.1
Deposits to debts ratio (%)	67.1	68.0	61.5
Capital adequacy ratio (%)	16.6	15.6	15.5
Asset Quality Ratios			
Allowance for doubtful debts to loans and accrued interest receivables (%)	4.5	4.8	3.3
Bad debt and doubtful accounts to loans and accrued interest receivables (%)	0.8	1.4	1.1
NPL ratio ⁽⁶⁾ (%)	4.7	6.0	2.9
Accrued interest receivables to loans and accrued interest receivables (%)	0.3	0.3	0.3

Notes:

(1) Yield = Interest incomes / (Average loans+Average interest bearing interbank items)

(2) Cost of funds = Interest expenses / (Average deposits+Average borrowings+Average liabilities payable on demand+Average interest bearing interbank items)

(3) Spread = Yield – Cost of funds

(4) Loan to borrowing ratio = Loans / (Deposits+Liabilities payable on demand+Borrowings)

(5) Modified loan to deposit ratio (modified LDR) = (Gross loans+Loans guaranteed by other banks+Loans to financial institutions) / (Deposits+Bills of exchange+Debentures+Selected financial products)

(6) NPL ratio is calculated according to Bank of Thailand criteria.

Summary of statements of financial position of CIMB Thai Bank Public Company Limited and its subsidiaries as at 31 December 2017, 2016 and 2015, and their operating results and financial ratios for the years ended 31 December 2017, 2016 and 2015.

Statements of Financial Position	(Unit: THB)		
	Consolidated		
	31 December 2017	31 December 2016	31 December 2015
Assets			
Cash	1,591,188,651	1,938,616,493	2,397,196,928
Interbank and money market items, net	18,167,812,758	8,527,657,244	14,292,801,636
Derivative assets	21,278,460,920	21,235,341,272	25,581,046,242
Investments, net	44,059,846,768	55,061,910,795	54,891,019,817
Investments in subsidiaries, net	-	-	-
Loans and accrued interest receivables			
Loans	218,058,207,223	211,437,378,135	203,552,832,710
Accrued interest receivables	516,911,663	589,798,750	520,569,785
Total loans and accrued interest receivables	218,575,118,886	212,027,176,885	204,073,402,495
<u>Less</u> Deferred revenue	(7,036,133,482)	(5,848,448,651)	(4,945,478,647)
<u>Less</u> Allowance for doubtful debts	(9,869,265,119)	(9,793,289,246)	(6,730,530,954)
<u>Less</u> Revaluation allowance for debt restructuring	(105,673,656)	(45,259,015)	(55,383,987)
Loans and accrued interest receivables, net	201,564,046,629	196,340,179,973	192,342,008,907
Customers' liability under acceptance	581,413,868	45,230,520	41,017,884
Properties for sale, net	1,033,943,008	1,285,079,244	1,194,255,368
Premises and equipment, net	3,588,378,733	3,670,638,674	2,769,718,388
Intangible assets, net	370,043,208	368,387,320	378,987,475
Deferred tax assets	1,372,672,738	1,289,224,887	1,040,358,204
Other assets, net	6,995,795,275	7,708,041,398	9,692,983,893
Total assets	300,603,602,556	297,470,307,820	304,621,394,742

Statements of Financial Position (Cont'd)	(Unit: THB)		
	Consolidated		
	31 December 2017	31 December 2016	31 December 2015
Liabilities and shareholders' equity			
Liabilities			
Deposits	177,400,677,986	183,663,324,706	170,217,136,926
Interbank and money market items, net	15,648,105,797	11,595,328,411	20,018,416,948
Liability payable on demand	254,663,261	250,092,171	320,768,448
Financial liabilities designated at fair value			
through profit or loss	23,103,810,514	18,873,674,513	16,039,533,025
Derivative liabilities	19,965,010,587	21,381,015,668	25,682,672,770
Debt issued and borrowings	19,933,103,726	25,582,513,107	33,994,659,909
Bank's liability under acceptance	581,413,868	45,230,520	41,017,884
Provisions	1,946,444,925	1,997,419,699	1,641,262,617
Other liabilities	8,718,523,191	7,376,288,614	9,557,915,819
Total liabilities	267,551,753,855	270,764,887,409	277,513,384,346
Shareholders' equity			
Share capital			
Registered			
30,280,227,607 ordinary shares of Baht 0.50 each	15,140,113,804		
24,774,731,679 ordinary shares of Baht 0.50 each		12,387,365,840	
27,410,341,432 ordinary shares of Baht 0.50 each			13,705,170,716
Issued and paid-up share capital			
30,280,227,607 ordinary shares of Baht 0.50 each	15,140,113,804		
24,774,731,679 ordinary shares of Baht 0.50 each		12,387,365,840	12,387,365,840
Premium on share capital	8,465,413,222	5,712,665,258	5,712,665,258
Other reserves	1,534,848,299	1,094,080,196	720,704,664
Accretion of equity interests in subsidiary	(42,753,751)	(42,753,751)	(42,753,751)
Retained earnings			
Appropriated - statutory reserve	398,680,000	397,800,000	365,950,000
Unappropriated	7,555,547,127	7,156,262,868	7,964,078,385
Total shareholders' equity	33,051,848,701	26,705,420,411	27,108,010,396
Total liabilities and shareholders' equity	300,603,602,556	297,470,307,820	304,621,394,742

(Unit: THB)

Statements of Comprehensive Income

	Consolidated		
	For the years ended 31 December		
	2017	2016	2015
Interest income	14,557,766,606	14,671,929,135	14,620,048,451
Interest expenses	(4,355,322,725)	(4,806,163,382)	(6,143,023,747)
Net interest income	10,202,443,881	9,865,765,753	8,477,024,704
Fee and service income	2,140,296,232	1,837,426,211	1,734,247,566
Fee and service expenses	(195,842,620)	(201,845,300)	(266,581,243)
Net fee and service income	1,944,453,612	1,635,580,911	1,467,666,323
Gains on trading and foreign exchange transactions, net	2,238,222,821	1,402,493,444	1,819,384,602
Losses on financial liabilities designated at fair value through profit or loss, net	(1,733,886,254)	(810,387,742)	(458,154,763)
Gains on investments, net	107,353,927	482,570,051	551,005,717
Other operating income	396,161,195	352,086,453	377,101,198
Total operating income	13,154,749,182	12,928,108,870	12,234,027,781
Other operating expenses			
Employee expenses	4,068,397,712	3,857,722,186	3,753,835,420
Directors' remuneration	12,792,000	12,598,400	11,080,000
Premises and equipment expenses	1,060,266,367	1,279,866,016	1,404,482,827
Taxes and duties	420,692,273	461,092,983	458,627,188
Others	2,050,806,859	1,812,232,818	1,499,238,226
Total other operating expenses	7,612,955,211	7,423,512,403	7,127,263,661
Bad and doubtful debts and impairment losses	5,053,034,607	6,279,268,383	3,770,112,827
Profit (loss) before income tax expenses	488,759,364	(774,671,916)	1,336,651,293
Income tax expenses	(103,861,136)	145,146,699	(284,169,352)
Net profit (loss) for the years	384,898,228	(629,525,217)	1,052,481,941

(Unit: THB)			
Statements of Comprehensive Income (Cont'd)	Consolidated		
	For the years ended 31 December		
	2017	2016	2015
Other comprehensive income (expenses)			
Items that will be reclassified			
subsequently to profit or loss			
Gains (losses) on remeasuring			
available-for-sale investments	467,099,324	(644,156,155)	12,859,905
(Losses) gains arising from translating			
the financial statement of a foreign operation	(30,696,516)	(1,206,592)	28,964,409
Gains (losses) on cash flow hedges	62,042,015	58,446,328	(25,306,951)
Income tax relating to items that will be			
reclassified subsequently to profit or loss	(105,828,268)	117,141,965	2,489,409
Total items that will be reclassified			
subsequently to profit or loss	392,616,555	(469,774,454)	19,006,772
Items that will not be reclassified			
subsequently to profit or loss			
Changes in revaluation surplus	-	1,078,204,826	(125,210,829)
Remeasurements of post-employment			
benefit obligations	79,271,973	(24,267,343)	(107,191,305)
Income tax relating to items that will not be			
reclassified subsequently to profit or loss	(15,854,394)	(210,787,497)	46,480,426
Total items that will not be reclassified			
subsequently to profit or loss	63,417,579	843,149,986	(185,921,708)
Total other comprehensive income (expenses)	456,034,134	373,375,532	(166,914,936)
Total comprehensive income (expenses)			
for the years	840,932,362	(256,149,685)	885,567,005
Net profit (loss) attributable to:			
Equity holders of the Bank	384,898,228	(629,525,217)	1,052,481,941
Non-controlling interests	-	-	-
	384,898,228	(629,525,217)	1,052,481,941
Total comprehensive income (expenses) attributable to:			
Equity holders of the Bank	840,932,362	(256,149,685)	885,567,005
Non-controlling interests	-	-	-
	840,932,362	(256,149,685)	885,567,005
Earnings (loss) per share for profit attributable			
to the equity holders of the Bank			
Basic earnings (loss) per share (Baht per share)	0.01	(0.02)	0.05
Weighted average number of ordinary shares (shares)	28,233,684,776	25,333,286,323	21,650,992,558

Statements of Cash Flows	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
	2017	2016	2015
Cash flows from operating activities			
Profit (loss) before corporate income tax	488,759,364	(774,671,916)	1,336,651,293
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	367,291,254	440,170,964	497,330,736
Bad debts and doubtful accounts	5,053,034,607	6,279,268,383	3,770,112,827
(Reversal of) provision for off-balance sheet items	(42,701,555)	302,644,995	14,347,673
Share-based payment	35,251,070	30,526,962	10,277,930
Provision for liabilities	207,888,248	151,748,809	172,221,337
Losses (gains) on impairment of properties for sale	47,970,983	5,250,682	(96,738,212)
Losses on impairment of other assets	-	11,684,173	-
Losses on impairment of investments	3,476,616	-	4,290,484
Reversal of losses on impairment of investment in subsidiaries	-	-	-
Unrealised gains on exchange and derivatives	(3,015,423,032)	(425,352,139)	(322,857,972)
Losses on properties for sale	380,078,551	322,090,738	468,815,242
Unrealised (gains) losses on revaluation of investments	(135,317,715)	96,264,552	(571,459)
Gains on sale of investments	(366,098,877)	(470,349,197)	(728,736,343)
Gains on disposal of premises and equipment	(36,746,849)	(29,016,065)	(13,074,954)
Gains on surplus from of revaluation of assets	-	(2,392,301)	-
(Gains) losses on impairment of premises and equipment	-	(10,064,738)	9,604,772
Losses from write off premises and equipment	13,044,307	48,312,019	27,967,972
Losses from write off leasehold rights	41,603,154	10,658,464	36,576
Losses (gains) on sale of non - performing loan	162,476,024	(771,810)	-
Losses on financial liabilities designated at fair value through profit or loss	1,733,886,254	810,387,742	458,154,763
Interest and dividend income	(14,571,636,046)	(14,691,524,064)	(14,671,879,227)
Interest expenses	3,393,120,258	3,815,050,461	5,141,242,289
Losses from operations before changes in operating assets and liabilities	(6,240,043,384)	(4,080,083,286)	(3,922,804,273)
(Increase) decrease in operating assets			
Interbank and money market items	(9,638,709,217)	5,762,463,266	(7,769,716,740)
Investments held for trading	(2,196,019,258)	(1,342,468,824)	965,186,346
Loans	(10,508,908,673)	(12,207,579,871)	(12,946,534,144)
Properties for sale	1,344,666,908	1,709,786,609	2,065,664,313
Receivable from Thai Asset Management Corporation	-	-	3,486,699,265
Other assets	659,376,394	1,899,646,123	(6,180,186,065)

(Unit: THB)

Statements of Cash Flows (Cont'd)

	Consolidated		
	For the years ended 31 December		
	2017	2016	2015
Increase (decrease) in operating liabilities			
Deposits	(6,262,646,720)	13,446,187,779	(13,677,513,614)
Interbank and money market items	4,052,777,386	(8,423,088,537)	1,713,650,171
Liability payable on demand	4,571,090	(70,676,277)	(23,522,672)
Short-term borrowings	(6,046,902,521)	(14,314,372,766)	9,882,271,652
Provisions	(136,889,495)	(122,504,066)	(123,010,806)
Other liabilities	1,217,226,192	(1,911,540,150)	4,254,220,690
Cash flows used in operating activities	(33,751,501,298)	(19,654,230,000)	(22,275,595,877)
Cash received from interest income	13,450,792,981	13,236,817,311	12,884,956,736
Cash paid for interest expenses	(3,839,287,454)	(4,506,261,540)	(5,243,286,425)
Cash paid for income tax	(333,270,211)	(260,166,103)	(158,713,168)
Net cash flows used in operating activities	(24,473,265,982)	(11,183,840,332)	(14,792,638,734)
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(14,520,484,708)	(37,905,998,597)	(29,765,886,180)
Proceeds from disposals of available-for-sale securities	24,559,533,593	32,003,101,453	27,203,327,558
Proceeds from maturity of available-for-sale securities	60,000,000	1,607,800,000	510,978,043
Cash paid for purchases of held to maturity securities	(503,847,389)	(5,074,765,297)	(4,922,649,754)
Proceeds from disposals of held to maturity securities	480,340	480,340	-
Proceeds from maturity of held to maturity securities	4,305,000,000	9,830,560,000	6,666,336,490
Proceeds from repayment of investment in receivable	2,482,988	2,974,664	20,702,034
Cash paid for purchases of general investments	(792,307)	-	-
Proceeds from disposals of general investments	-	942,262	6,927,784
Proceeds from decrease in capital of general investments	22,710,000	31,750,000	30,000,000
Cash paid for purchases of premises and equipment	(178,507,407)	(248,780,868)	(152,719,262)
Proceeds from disposals of premises and equipment	39,159,489	39,224,327	21,370,934
Cash paid for purchases of intangible assets	(173,301,907)	(108,847,701)	(127,149,554)
Dividend received	13,869,440	19,594,927	51,830,775
Interest received	1,487,963,769	1,800,077,764	1,934,291,399
Net cash flows provided by investing activities	15,114,265,901	1,998,113,274	1,477,360,267

(Unit: THB)

Statements of Cash Flows (Cont'd)

	Consolidated		
	For the years ended 31 December		
	2017	2016	2015
Cash flows from financing activities			
Dividend paid	-	(185,810,488)	(158,136,585)
Cash paid for interest expenses	(31,820,274)	-	
Cash received from capital increase	5,505,495,928	-	3,689,853,654
Proceeds from issuance of debenture	2,000,000,000	-	-
Proceeds from issuing subordinate debentures	-	5,007,729,300	-
Cash paid for redemption of subordinated debentures	(3,000,000,000)	(3,000,000,000)	-
Proceeds from issuance of structured debentures	9,467,646,107	1,778,000,000	8,978,000,000
Cash paid for redemption of structured debentures	(9,028,000,000)	(3,610,000,000)	(4,339,000,000)
Proceeds from issuance of structured bills of exchange	4,184,682,754	8,738,592,516	3,824,546,172
Cash paid for redemption of structured bills of exchange	(57,000,000)	-	(300,000,000)
Net cash flows provided by financing activities	9,041,004,515	8,728,511,328	11,695,263,241
Foreign currency translation differences	(29,432,276)	(1,364,705)	27,590,216
Net decrease in cash and cash equivalents	(347,427,842)	(458,580,435)	(1,592,425,010)
Cash and cash equivalents at beginning of the year	1,938,616,493	2,397,196,928	3,989,621,938
Cash and cash equivalents at the end of the year	1,591,188,651	1,938,616,493	2,397,196,928

Supplemental disclosure of cash flows information

Non-cash transaction:

Payable from purchase premises and equipment	22,735,861	7,885,214	6,082,109
Properties for sale received from premises and equipment	38,817,769	116,468,697	60,976,206
Change in revaluation surplus in available-for-sale	(467,099,324)	644,156,155	12,859,905
Interest amortisation from premium or discount	236,842,411	404,473,541	385,340,992

The Bank and its subsidiaries' financial ratios	31-Dec-17	31-Dec-16	31-Dec-15
Net interest margin (%)	3.9	3.7	3.3
Return on equity (%)	1.3	(2.3)	4.4
Return on assets (%)	0.1	(0.2)	0.4
Cost to income ratio (%)	57.9	57.4	58.3
Loan to deposit ratio (Modified LD ratio) (%)	96.8	92.4	91.2
NPL ratio (%)	4.8	6.1	3.1
Capital adequacy ratio (%)	17.0	16.1	15.7
Tier 1 capital funds to risk-weight assets (%)	12.9	10.7	11.0

14. Analysis of Financial Standing and Operating Performance

14.1 Consolidated operating results

For the year ended 31 December 2017, CIMB Thai group recorded a consolidated net profit of THB 384.9 million, an increase of THB 1,014.4 million or 161.1% from a net loss of THB 629.5 million year on year (YoY). The improvement was attributed to a 1.8% YoY growth in operating income and a 19.5% YoY drop in provisions, while other operating expenses rose slightly by 2.6%.

Net interest margin (NIM) over earning assets stood at 3.89% in 2017, compared to 3.77% a year earlier, as a result of more efficient funding cost management.

As at 31 December 2017, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) amounted to THB 213.0 billion, marking a YoY increase of 3.2%. Deposits (inclusive of bills of exchange, debentures and selected structured deposit products) accounted for THB 220.1 billion, a decrease of 1.5% from THB 223.5 billion YoY. The modified loan to deposit ratio went up to 96.8% from 92.4% as at 31 December 2016.

(a) Summary of CIMB Thai group's income

On a YoY basis, operating income picked up by THB 226.6 million, or 1.8% to THB 13,154.7 million, mainly driven by the increase in net fee and service income of THB 308.9 million or 18.9% from improvements in mutual funds, corporate finance and hire-purchase fees, and an increase in net interest income of THB 336.7 million or 3.4%, resulting from a 9.4% decrease in interest expenses offset by a decrease of THB 418.9 million or 29.4% in other operating income, mainly due to lower gains on investments.

(b) Cost of funds and operating expenses

CIMB Thai group's interest expenses in 2017 amounted to THB 4.4 billion, a YoY drop by THB 450.8 million, or 9.4%, largely from a decrease in interest expenses on deposits.

For the year ended 31 December 2017, operating expenses moved up by THB 189.4 million or 2.6% YoY, mainly from higher other operating expenses and employee expenses but partially offset by lower premises and equipment expenses. The cost to income ratio increased to 57.9% in 2017 from 57.4% in 2016.

(c) Net profit

For the year ended 31 December 2017, CIMB Thai group recorded a consolidated net profit of THB 384.9 million, a growth of THB 1,014.4 million or 161.1% from a net loss of THB 629.5 million YoY. The improvement was attributed to a 1.8% YoY growth in operating income and a 19.5% YoY drop in provisions, while other operating expenses rose slightly by 2.6%.

(d) Return on equity

For the year 2017, CIMB Thai group's return on equity was 1.3% compared with -2.3% in 2016 and the Bank's return on equity was 0.3% compared with -4.8% in 2016, mainly driven by an increase in net profit during the year.

14.2 Consolidated financial standing

Assets

As at 31 December 2017, CIMB Thai group's total assets amounted to THB 300.6 billion, an increase by THB 3.1 billion or 1.1% from a year earlier, as detailed below:

Interbank and money market items (assets) were THB 18.2 billion, a THB 9.6 billion or 113.1% surge, mainly attributable to the Bank's liquidity management.

Derivative assets moved up by THB 43 million or 0.2% to THB 21.3 billion, coming mainly from interest rate contracts.

Net investments stood at THB 44.1 billion, down by THB 11.0 billion or 20.0%, mainly due to a decrease in available-for-sale securities and held to maturity debt securities.

Net loans and accrued interest receivables were THB 201.6 billion, up by 2.7% largely in retail segment.

Other assets amounted to THB 7.0 billion, dropping by THB 0.7 billion or 9.2%, mainly as a result of the decrease in maginal deposit derivatives.

Asset quality

(a) Loans and loan concentration

As at 31 December 2017, CIMB Thai group's total loans net of deferred revenue were THB 211.0 billion, a growth of THB 5.4 billion or 2.6% from THB 205.6 billion as at 31 December 2016. Loans principally comprised loans extended to housing, manufacturing and commerce sectors as well as public utilities and service sectors, making up 65.4% of total loans. Housing loans represented the largest proportion, i.e. THB 61.0 billion or 28.9% of total loans. This was in line with the Bank's strategy. Meanwhile, loans to manufacturing and commerce sectors amounted to THB 48.8 billion or 23.1% of total loans, and public utilities and service loans THB 28.2 billion or 13.4% of total loans. Sectors with growth of loans were hire purchase, agricultural and mining loans, housing loans, personal cash and others, recording a YoY growth of 17.1%, 17.0%, 6.5%, 3.4% and 0.2% respectively.

Loans classified by type of business	31 December 2017		31 December 2016		Change	
	THB million	%	THB million	%	THB million	%
Agricultural and mining	5,606	2.7	4,791	2.3	815	17.0
Manufacturing and commerce	48,810	23.1	49,992	24.3	(1,182)	(2.4)
Real estate and construction	12,116	5.7	12,460	6.1	(344)	(2.8)
Public utilities and services	28,229	13.4	30,448	14.8	(2,219)	(7.3)
Personal cash	13,505	6.4	13,059	6.4	446	3.4
Housing loans	60,971	28.9	57,239	27.8	3,732	6.5
Hire purchase receivables	28,504	13.5	24,338	11.8	4,166	17.1
Others	13,281	6.3	13,261	6.5	20	0.2
Total loans net of deferred revenue	211,022	100.0	205,588	100.0	5,434	2.6

To prevent concentration risk in any particular industry, the Bank has a policy in place to diversify the proportion of loans granted to various business sectors covering clients from all categories: large, medium and small enterprises as well as retail clients.

(b) Classification of assets

As at 31 December 2017, CIMB Thai group's net loans and accrued interest receivables (excluding loans to financial institutions) amounted to THB 211.5 billion, an increase of 2.6% compared with those as at 31 December 2016. Classification of loans is in compliance with the Bank of Thailand's notification. Pass loans stood at THB 188.4 billion, special-mention loans THB 12.4 billion, and non-performing loans classified as sub-standard, doubtful and doubtful of loss were reported at THB 3.1 billion, THB 2.9 billion, and THB 4.7 billion respectively.

CIMB Thai group's loan loss coverage ratio moved up to 93.2% as at 31 December 2017 from 77.3% at the end of December 2016. As at 31 December 2017, total provisions stood at THB 9.9 billion, an excess of THB 3.7 billion over the Bank of Thailand's reserve requirements.

(c) Non-performing loans (NPL)

Gross NPL stood at THB 10.7 billion, with a lower equivalent gross NPL ratio of 4.8% compared to 6.1% a year earlier. The lower NPL ratio was mainly due to NPL sale in 2017, more efficient risk management measures, and improved asset quality management and loan collection processes.

(d) Income recognition

Interest income is recognised on an accrual basis. The Bank discontinues recognition of accrued interest income on loans that are more than three months overdue or when there is uncertainty of collectability, and then a collection basis is applied. It also reverses interest income on such loans in order to comply with the Bank of Thailand's notification. It will continue income recognition on an accrual basis when the entire amount of principal and overdue interest has been settled.

The Bank recognises interest income on restructured loans on the same accrual basis as applicable to the loans discussed above, with the exception of loans that are subject to monitoring in compliance with restructuring conditions, on which the Bank recognises interest income on a cash basis until the borrower has been able to comply with the restructuring conditions for a period of at least three consecutive months or three consecutive installments, whichever is longer.

Liabilities

As at 31 December 2017, CIMB Thai group's total liabilities amounted to THB 267.6 billion, down by THB 3.2 billion or 1.2% YoY as follows:

Deposits were THB 177.4 billion, dropping by THB 6.3 billion or 3.4% YoY, mainly from a decrease in savings deposits offset by an increase in fixed deposits.

Interbank and money market items (liabilities) were THB 15.6 billion, up by THB 4.1 billion or 35.0% YoY, as a result of the Bank's liquidity management.

Financial liabilities designated at fair value through profit or loss increased by THB 4.2 billion or 22.4% to THB 23.1 billion, mainly from structured bills of exchange.

Derivative liabilities went down by THB 1.4 billion or 6.6% to THB 20.0 billion, mainly due to interest rate contracts.

Debt issued and borrowings amounted to THB 19.9 billion, dropping by THB 5.6 billion or 22.1%, largely caused by the redemption of bills of exchange and subordinated debentures during the year.

Equity

As at 31 December 2017, CIMB Thai group's equity stood at THB 33.1 billion, representing a growth of THB 6.3 billion or 23.8% from a year earlier, mainly due to the increase in the issued and paid-up share capital and net profit in 2017.

Off balance sheets: Commitments

As at 31 December 2017, the Bank and its subsidiaries had combined commitments of THB 2,502.8 billion, up by THB 72.3 billion (3.0%) from THB 2,430.5 billion YoY, mostly from an increase in derivatives as indicated in the table below:

(THB million)

Off balance sheets: Commitments	31 December 2017	31 December 2016	Variance %
Avals to bills and guarantees of loans	90	37	143.2
Liability under unmatured import bills	299	490	(39.0)
Letters of credit	1,683	1,331	26.4
Other commitments:	2,500,700	2,428,612	3.0
Derivatives	2,446,966	2,367,672	3.3
Undrawn bank overdrafts	17,674	18,404	(4.0)
Undrawn credit lines	25,073	25,205	(0.5)
Investments	1,170	6,668	(82.5)
Others	9,817	10,663	(7.9)
Total	2,502,772	2,430,470	3.0

Liquidity

Cash and cash equivalent items, as indicated in the cash flow statement of CIMB Thai group as at 31 December 2017, amounted to THB 1.6 billion, a net decrease of THB 347.4 million YoY. Details of the changes are as follows:

Net cash flows used in operating activities in 2017 were THB 24.5 billion. Losses from operations before changes in operating assets and liabilities were THB 6.2 billion, including THB 488.8 million in pre-tax net profit for the year, and adjustments of non-cash items to net profit, largely from interest and dividend as well as bad debts and doubtful accounts. Operating assets for the year went up by THB 20.3 billion mainly from an increase in loans and interbank and money market items. In addition, operating liabilities moved down by THB 7.2 billion, resulting from deposits and short-term borrowings.

Net cash flows provided by investing activities were THB 15.1 billion, mostly coming from net cash received for available for sale securities.

Net cash flows provided by financing activities were THB 9.0 billion, comprising proceeds from net cash received from structured bills of exchange and cash received from capital increase.

Relationship between sources and applications of funds

Two major sources of funds for the Bank were deposits and borrowings, while the applications of funds covered the extension of loans. As at 31 December 2017, the Bank had deposits, borrowings and loans classified by maturity as follows:

(Unit: THB billion)

Maturities	Loans*	%	Deposits*	%	Borrowings*	%
Payable on demand	18.0	8.2	71.0	37.4	0.9	2.2
Up to one year	60.1	27.5	116.7	61.5	6.6	15.9
Over one year	141.0	64.3	2.1	1.1	34.0	81.0
Total	219.1	100.0	189.8	100.0	41.5	100.0

*Including interbank and money market items.

The Bank derived its funds from customer deposits which can be categorised as follows:

(Unit: THB billion)

Categories of Deposit	2017*		2016*		2015*	
	Amount	%	Amount	%	Amount	%
Current deposits	3.4	1.8	3.1	1.7	3.1	1.7
Savings deposits	67.6	35.6	88.0	45.7	85.0	46.4
Fixed deposits	118.8	62.6	101.2	52.6	94.9	51.9
Total	189.8	100.0	192.3	100.0	183.0	100.0

*Including interbank and money market items.

Credit Rating

The Bank's credit rating by Fitch Ratings, Moody's Investors Service and RAM Ratings are shown below:

	15 February 2018
Fitch Ratings	
National long-term rating	AA (tha)
National short-term rating	F1+(tha)
Outlook	Stable
National long-term rating on subordinated debt	AA- (tha)
National short-term rating on short-term debt instruments	F1+(tha)
	14 June 2017
Moody's Investors Service	
Outlook	Stable
Bank deposits	Baa2/P-2
Baseline credit assessment	ba2
Adjusted baseline credit assessment	baa2
Counterparty risk assessment	Baa1(cr)/P-2(cr)
Issuer rating	Baa2
ST issuer rating	P-2
	7 July 2017
RAM Ratings	
Financial institution ratings	AA2/Stable/P1
Tier-2 subordinated debt	AA3/Stable

Capital funds and capital adequacy ratio

As at 31 December 2017, the Bank's assets were THB 31.3 billion higher than its liabilities, hence positive shareholders' equity. Its total capital funds amounted to THB 39.8 billion with capital adequacy ratio (BIS ratio) of 16.6%, exceeding the Bank of Thailand (BOT) regulatory requirement. CIMB Thai group's consolidated capital funds amounted to THB 40.7 billion with BIS ratio of 17.0%.

Liquidity and loan to deposit ratio

The Bank has maintained the average cash reserve ratio at 1% of the total deposits and several types of borrowings in accordance with the BOT regulations. As at 31 December 2017, the Bank's cash in hand, cash at cash center and cash at BOT totaled THB 2.7 billion, while the modified loan to deposit ratio was 115.5%, compared with 90.9% a year earlier, which was in line with its business plan.

Appointment of external auditor and consideration of audit fees

The Audit Committee considers the qualifications and performance of external candidates and recommends the appointment thereof as the external auditor as well as proposes audit fees to the Board of Directors annually. The Board then proposes the external auditor appointment and audit fees for the consideration and approval of the general meeting of shareholders. The external auditor to be proposed must also be endorsed by the BOT.

Remuneration for external auditor

For the year ended 31 December 2017, fees paid to the external auditor were as follows:

(1) Audit fee

CIMB Thai group paid the auditor audit fee of THB 11.5 million. Other incidental expenses included transport and photocopying expenses.

(2) Non-audit fee

CIMB Thai group paid non-audit service fee to the auditor in the fiscal year 2017 amounting to THB 660,000 for the services provided in 2017.