

Part 3 Financial Position and Operating Performance

13. Key Financial Information

Summary of financial position of CIMB Thai Bank Public Company Limited as at 31 December 2018, 2017 and 2016, and its operating results as well as financial ratios for the years ended 31 December 2018, 2017 and 2016.

(Unit: THB)

Statements of Financial Position

	Separate		
	31 December 2018	31 December 2017	31 December 2016
Assets			
Cash	1,745,984,495	1,588,987,409	1,936,147,365
Interbank and money market items, net	6,684,224,569	18,099,695,389	8,463,665,047
Derivative assets	23,395,513,202	21,278,460,920	21,235,341,272
Investments, net	92,172,323,107	44,059,846,768	55,061,910,795
Investments in subsidiaries, net	2,208,315,115	1,708,315,115	1,324,920,707
Loans and accrued interest receivables			
Loans	218,848,912,358	205,242,484,739	202,939,467,801
Accrued interest receivables	502,263,091	522,709,406	593,582,295
Total loans and accrued interest receivables	219,351,175,449	205,765,194,145	203,533,050,096
<u>Less</u> Deferred revenue	(486,300)	(8,651,407)	(38,988,676)
<u>Less</u> Allowance for doubtful debts	(9,702,022,606)	(9,256,336,052)	(9,666,516,204)
<u>Less</u> Revaluation allowance for debt restructuring	(52,332,096)	(105,673,656)	(45,259,015)
Loans and accrued interest receivables, net	209,596,334,447	196,394,533,030	193,782,286,201
Customers' liability under acceptance	77,698,965	581,413,868	45,230,520
Properties for sale, net	831,149,160	888,480,141	1,195,702,862
Premises and equipment, net	3,471,101,060	3,529,189,193	3,609,493,321
Intangible assets, net	480,958,226	364,943,160	363,158,838
Deferred tax assets	938,209,202	1,023,345,737	1,075,692,045
Other assets, net	8,775,677,084	6,789,804,499	7,529,507,359
Total assets	350,377,488,632	296,307,015,229	295,623,056,332

(Unit: THB)			
Statements of Financial Position (Cont'd)	Separate		
	31 December 2018	31 December 2017	31 December 2016
Liabilities and shareholders' equity			
Liabilities			
Deposits	185,215,037,339	177,702,506,611	183,877,466,049
Interbank and money market items, net	44,533,942,327	15,648,105,797	11,595,328,411
Liability payable on demand	378,991,448	254,663,261	250,092,171
Financial liabilities designated at fair value			
through profit or loss	35,512,717,532	23,103,810,514	18,873,674,513
Derivative liabilities	24,318,002,735	19,965,010,587	21,381,015,668
Debt issued and borrowings	16,968,347,710	17,933,103,726	25,582,513,107
Bank's liability under acceptance	77,698,965	581,413,868	45,230,520
Provisions	1,892,940,783	1,855,519,989	1,919,842,460
Other liabilities	7,099,432,111	7,938,994,106	6,809,617,409
Total liabilities	315,997,110,950	264,983,128,459	270,334,780,308
Shareholders' equity			
Share capital			
Registered			
34,822,261,748 ordinary shares of Baht 0.50 each	17,411,130,874		
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
Issued and paid-up share capital			
34,822,261,748 ordinary shares of Baht 0.50 each	17,411,130,874		
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
Premium on share capital	10,145,965,854	8,465,413,222	5,712,665,258
Other reserves	1,422,487,528	1,558,840,917	1,115,382,330
Retained earnings			
Appropriated - statutory reserve	403,600,000	398,680,000	397,800,000
Unappropriated	4,997,193,426	5,760,838,827	5,675,062,596
Total shareholders' equity	34,380,377,682	31,323,886,770	25,288,276,024
Total liabilities and shareholders' equity	350,377,488,632	296,307,015,229	295,623,056,332

Statements of Comprehensive Income	Separate		
	For the years ended 31 December		
	2018	2017	2016
Interest income	12,341,600,425	11,913,199,518	12,723,807,296
Interest expenses	(4,515,325,072)	(4,325,189,459)	(4,806,998,270)
Net interest income	7,826,275,353	7,588,010,059	7,916,809,026
Fee and service income	1,376,649,113	1,471,420,808	1,289,666,205
Fee and service expenses	(289,520,012)	(223,841,719)	(238,708,889)
Net fee and service income	1,087,129,101	1,247,579,089	1,050,957,316
Gains on trading and foreign exchange transactions, net	1,054,168,202	2,238,222,821	1,402,493,444
Losses on financial instrument designated at fair value through profit or loss, net	(759,750,530)	(1,733,886,254)	(810,387,742)
Gains on investments, net	19,508,137	490,748,334	482,570,051
Gains on sale of non-performing loans, net	-	-	-
Other operating income	261,325,479	233,222,081	329,240,877
Total operating income	9,488,655,742	10,063,896,130	10,371,682,972
Other operating expenses			
Employee expenses	3,892,655,897	3,444,686,567	3,302,361,160
Directors' remuneration	13,131,200	12,456,000	12,262,400
Premises and equipment expenses	1,017,873,890	929,630,735	1,150,024,878
Taxes and duties	386,886,044	397,448,867	441,485,090
Others	1,229,294,759	1,334,179,030	1,259,456,059
Total other operating expenses	6,539,841,790	6,118,401,199	6,165,589,587
Bad and doubtful debts and impairment losses	3,686,327,220	3,944,113,706	5,785,126,100
(Loss) profit before income tax expenses	(737,513,268)	1,381,225	(1,579,032,715)
Income tax expenses	(66,769,073)	70,008,975	318,811,256
Net (loss) profit for the year	(804,282,341)	71,390,200	(1,260,221,459)

Statements of Comprehensive Income (Cont'd)	(Unit: THB)		
	Separate		
	For the years ended 31 December		
	2018	2017	2016
Other comprehensive (expenses) income			
Items that will be reclassified subsequently to profit or loss			
(Losses) gains on remeasuring available-for-sale investments	(274,248,938)	467,099,324	(644,156,155)
Losses arising from translating the financial statement of a foreign operation	(4,697,307)	(30,696,516)	(1,206,592)
Gains on cash flow hedges	136,503,546	62,042,015	58,446,328
Income tax relating to items that will be reclassified subsequently to profit or loss	(4,364,720)	(105,828,268)	117,141,965
Total items that will be reclassified subsequently to profit or loss	(146,807,419)	392,616,555	(469,774,454)
Items that will not be reclassified subsequently to profit or loss			
Changes in revaluation surplus	-	-	1,078,204,826
Remeasurements of post-employment benefit obligations	70,013,711	82,635,079	(18,093,944)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(14,002,741)	(16,527,016)	(212,022,177)
Total items that will not be reclassified subsequently to profit or loss	56,010,970	66,108,063	848,088,705
Total other comprehensive (expenses) income	(90,796,449)	458,724,618	378,314,251
Total comprehensive (expenses) income for the year	(895,078,790)	530,114,818	(881,907,208)

(Unit: THB)			
Statements of Comprehensive Income (Cont'd)	Separate		
	For the years ended 31 December		
	2018	2017	2016
Net (loss) profit attributable to:			
Equity holders of the Bank	(804,282,341)	71,390,200	(1,260,221,459)
Non-controlling interests	-	-	-
	(804,282,341)	71,390,200	(1,260,221,459)
Total comprehensive (expenses) income attributable to:			
Equity holders of the Bank	(895,078,790)	530,114,818	(881,907,208)
Non-controlling interests	-	-	-
	(895,078,790)	530,114,818	(881,907,208)
(Loss) earnings per share for (loss) profit attributable to the equity holders of the Bank			
Basic (loss) earnings per share (Baht per share)	(0.03)	0.00	(0.05)
Weighted average number of ordinary shares (shares)	31,188,634,435	28,233,684,776	25,333,286,323

	(Unit: THB)		
	Separate		
	For the years ended 31 December		
Statements of Cash Flows	2018	2017	2016
Cash flows from operating activities			
(Loss) profit before corporate income tax	(737,513,268)	1,381,225	(1,579,032,715)
Adjustments to reconcile net income before income tax			
to cash in (out) flows from operating activities:			
Depreciation and amortisation	352,142,154	344,091,704	414,246,806
Bad debts and doubtful accounts	3,686,327,220	3,944,113,706	5,785,126,100
Provision (reversal) for off-balance sheet items	72,742,078	(42,701,555)	302,644,995
Share-based payment	38,448,440	35,251,070	30,526,962
Provision for liabilities	79,376,548	197,903,657	142,650,148
Losses on impairment of properties for sale	1,487,569	20,391,212	1,388,641
Losses on impairment of other assets	-	-	11,684,173
Losses on impairment of investments	1,067,203	3,476,616	-
Reversal of losses on impairment			
of investment in subsidiaries	-	(383,394,408)	-
Unrealised losses (gains) on exchange and derivatives	1,075,237,437	(3,015,423,032)	(425,352,139)
(Gains) losses on properties for sale	(139,608,478)	(72,996,501)	(108,592,164)
Unrealised (gains) losses on revaluation of investments	(315,036,490)	(135,317,715)	96,264,552
Losses (gains) on sale of investments	113,050,652	(366,098,877)	(470,349,197)
Gains on disposal of premises and equipment	(10,877,744)	(34,334,525)	(26,932,026)
Gains on surplus from revaluation of assets	-	-	(2,392,301)
Gains on impairment of premises and equipment	-	-	(10,064,738)
Losses from write off premises and equipment	1,169,021	12,487,613	48,312,019
Losses from write off leasehold rights	8,845,503	41,454,421	10,658,464
Losses (gains) on sale of non-performing loans	4,731,329	162,476,024	(771,810)
Losses on financial liabilities designated at fair value through profit or loss, net	759,750,530	1,733,886,254	810,387,742
Interest income	(12,341,600,425)	(11,913,199,518)	(12,723,807,296)
Dividend income	(10,508,869)	(13,869,440)	(61,944,159)
Interest expenses	4,515,325,072	4,325,189,459	4,806,998,270
Losses from operations before changes in operating assets and liabilities	(2,845,444,518)	(5,155,232,610)	(2,948,349,673)

(Unit: THB)

	Separate		
	For the years ended 31 December		
	2018	2017	2016
Statements of Cash Flows (Cont'd)			
(Increase) decrease in operating assets			
Interbank and money market items	11,426,897,185	(9,634,584,045)	5,763,323,834
Investments held for trading	(13,414,065,599)	(2,196,019,258)	(1,342,468,824)
Loans	(15,914,378,341)	(5,314,731,312)	(9,260,456,248)
Properties for sale	222,507,346	409,785,779	454,003,598
Other assets	(1,869,281,141)	662,550,529	1,915,526,015
Increase (decrease) in operating liabilities			
Deposits	7,512,530,728	(6,174,959,438)	13,375,379,100
Interbank and money market items	28,885,836,529	4,052,777,386	(8,399,088,537)
Liability payable on demand	124,328,187	4,571,090	(70,676,277)
Short-term borrowings	(4,202,663,803)	(6,046,902,521)	(14,314,372,766)
Provisions	(68,700,452)	(136,889,494)	(122,504,066)
Other liabilities	(966,619,308)	1,094,180,591	(1,917,475,214)
Cash flows provided by (used in) operating activities	8,890,946,813	(28,435,453,303)	(16,867,159,058)
Cash received from interest income	10,688,917,455	10,804,211,696	11,288,812,167
Cash paid for interest expenses	(5,146,131,186)	(4,830,582,525)	(5,502,103,709)
Cash paid for income tax	(71,039,791)	(62,402,645)	(175,078,844)
Net cash flows provided by (used in) operating activities	14,362,693,291	(22,524,226,777)	(11,255,529,444)
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(32,583,604,603)	(14,520,484,708)	(37,905,998,597)
Proceeds from disposals of available-for-sale securities	4,208,825,541	24,559,533,593	32,003,101,453
Proceeds from maturity of available-for-sale securities	51,200,000	60,000,000	1,607,800,000
Cash paid for purchases of held to maturity securities	(12,462,512,179)	(503,847,389)	(5,074,765,297)
Proceeds from disposals of held to maturity securities	-	480,340	480,340
Proceeds from maturity of held to maturity securities	5,905,850,000	4,305,000,000	9,830,560,000
Proceeds from repayment of investment in receivable	795,015	2,482,988	2,974,664
Cash paid for purchases of investment in subsidiary	(500,000,000)	-	-
Cash paid for purchases of general investments	(726,500)	(792,307)	-
Proceeds from disposals of general investments	6,752,752	-	942,262
Proceeds from decrease in capital of general investments	14,990,000	22,710,000	31,750,000

(Unit: THB)

	Separate		
	For the years ended 31 December		
Statements of Cash Flows (Cont'd)	2018	2017	2016
Cash paid for purchases of premises and equipment	(134,988,728)	(158,616,076)	(218,862,488)
Proceeds from disposals of premises and equipment	6,268,162	36,697,603	36,746,101
Cash paid for purchases of intangible assets	(276,548,473)	(171,322,945)	(107,327,530)
Dividend received	10,508,869	13,869,440	61,944,159
Interest received	1,693,447,001	1,487,963,769	1,800,073,714
Net cash flows(used in) provided by investing activities	(34,059,743,143)	15,133,674,308	2,069,418,781
Cash flows from financing activities			
Dividend paid	-	-	(185,810,488)
Cash paid for interest expenses	-	-	-
Cash received from capital increase	3,951,569,703	5,505,495,928	-
Proceeds from issuing debentures	-	-	-
Proceeds from issuing subordinated debentures	3,150,852,900	-	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	9,910,595,732	9,467,646,107	1,778,000,000
Cash paid for redemption of structured debentures	(10,000,000)	(9,028,000,000)	(3,610,000,000)
Proceeds from issuance of structured bills of exchange	3,212,022,495	4,184,682,754	8,738,592,516
Cash paid for redemption of structured bills of exchange	(356,500,000)	(57,000,000)	-
Net cash flows provided by financing activities	19,858,540,830	7,072,824,789	8,728,511,328
Gains on foreign currency translation differences	(4,493,892)	(29,432,276)	(1,364,705)
Net increase (decrease) in cash and cash equivalents	156,997,086	(347,159,956)	(458,964,040)
Cash and cash equivalents at beginning of the year	1,588,987,409	1,936,147,365	2,395,111,405
Cash and cash equivalents at the end of the year	1,745,984,495	1,588,987,409	1,936,147,365

Supplemental disclosure of cash flows information

Non-cash transaction:

Payable from purchase of premises and equipment	294,250	22,735,861	7,885,214
Properties for sale received from premises and equipment	22,455,456	38,817,769	116,468,697
Change in revaluation of available-for-sale investment	(274,248,938)	(467,099,324)	644,156,155
Interest amortisation from premium or discount	111,472,079	236,842,411	404,473,541

The Bank's Financial Ratios	31-Dec-18	31-Dec-17	31-Dec-16
Profitability Ratios			
Gross profit margin (%)	65.0	66.0	64.0
Net profit margin (%)	(8.5)	0.7	(12.2)
Return on equity (%)	(2.5)	0.3	(4.8)
Yield ⁽¹⁾ (%)	5.8	5.7	6.2
Cost of funds ⁽²⁾ (%)	2.0	2.1	2.2
Spread ⁽³⁾ (%)	3.8	3.6	4.0
Return on investment (%)	2.4	3.2	3.3
Efficiency Ratios			
Cost to income ratio (%)	68.9	60.8	59.4
Net interest margin (%)	2.8	2.9	3.1
Return on assets (%)	(0.30)	0.02	(0.4)
Assets turnover ratio (time)	0.03	0.03	0.03
Financial Policy Ratios			
Debt to equity ratio (time)	9.2	8.5	10.7
Loan to borrowing ratio ⁽⁴⁾ (%)	108.0	104.8	96.8
Modified loan to deposit ratio (Modified LDR) ⁽⁵⁾ (%)	94.0	93.9	90.9
Deposit to debt ratio (%)	58.6	67.1	68.0
Capital adequacy ratio (%)	18.7	16.6	15.6
Tier 1 capital funds to risk-weight assets (%)	13.3	12.5	10.2
Asset Quality Ratios			
Allowance for doubtful debts to loans and accrued interest receivables (%)	4.4	4.5	4.8
Bad debt and doubtful accounts to loans and accrued interest receivables (%)	0.6	0.8	1.4
NPL ratio ⁽⁶⁾ (%)	4.3	4.7	6.0
Accrued interest receivables to loans and accrued interest receivables (%)	0.2	0.3	0.3

Notes:

(1) Yield = Interest income / (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 financial position of CIMB Thai Bank Public Company Limited and its subsidiaries as at 31 December 2018, 2017 and 2016, and their operating results as well as financial ratios for the years ended 31 December 2018, 2017 and 2016.

Statements of Financial Position	(Unit: THB)		
	Consolidated		
	31 December 2018	31 December 2017	31 December 2016
Assets			
Cash	1,749,088,327	1,591,188,651	1,938,616,493
Interbank and money market items, net	6,790,160,122	18,167,812,758	8,527,657,244
Derivative assets	23,395,513,202	21,278,460,920	21,235,341,272
Investments, net	92,172,323,107	44,059,846,768	55,061,910,795
Investments in subsidiaries, net	-	-	-
Loans and accrued interest receivables			
Loans	234,554,591,139	218,058,207,223	211,437,378,135
Accrued interest receivables	492,689,784	516,911,663	589,798,750
Total loans and accrued interest receivables	235,047,280,923	218,575,118,886	212,027,176,885
<u>Less</u> Deferred revenue	(8,254,467,999)	(7,036,133,482)	(5,848,448,651)
<u>Less</u> Allowance for doubtful debts	(10,539,026,105)	(9,869,265,119)	(9,793,289,246)
<u>Less</u> Revaluation allowance for debt restructuring	(52,332,096)	(105,673,656)	(45,259,015)
Loans and accrued interest receivables, net	216,201,454,723	201,564,046,629	196,340,179,973
Customers' liability under acceptance	77,698,965	581,413,868	45,230,520
Properties for sale, net	1,016,509,206	1,033,943,008	1,285,079,244
Premises and equipment, net	3,536,093,184	3,588,378,733	3,670,638,674
Intangible assets, net	488,639,652	370,043,208	368,387,320
Deferred tax assets	1,392,797,611	1,372,672,738	1,289,224,887
Other assets, net	9,028,246,822	6,995,795,275	7,708,041,398
Total assets	355,848,524,921	300,603,602,556	297,470,307,820

Statements of Financial Position (Cont'd)	(Unit: THB)		
	Consolidated		
	31 December 2018	31 December 2017	31 December 2016
Liabilities and shareholders' equity			
Liabilities			
Deposits	185,100,505,109	177,400,677,986	183,663,324,706
Interbank and money market items, net	44,533,942,327	15,648,105,797	11,595,328,411
Liability payable on demand	378,991,448	254,663,261	250,092,171
Financial liabilities designated at fair value			
through profit or loss	35,512,717,532	23,103,810,514	18,873,674,513
Derivative liabilities	24,318,002,735	19,965,010,587	21,381,015,668
Debt issued and borrowings	18,968,347,710	19,933,103,726	25,582,513,107
Bank's liability under acceptance	77,698,965	581,413,868	45,230,520
Provisions	1,987,605,895	1,946,444,925	1,997,419,699
Other liabilities	8,048,887,299	8,718,523,191	7,376,288,614
Total liabilities	318,926,699,020	267,551,753,855	270,764,887,409
Shareholders' equity			
Share capital			
Registered			
34,822,261,748 ordinary shares of Baht 0.50 each	17,411,130,874		
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
Issued and paid-up share capital			
34,822,261,748 ordinary shares of Baht 0.50 each	17,411,130,874		
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
Premium on share capital	10,145,965,854	8,465,413,222	5,712,665,258
Other reserves	1,400,797,437	1,534,848,299	1,094,080,196
Accretion of equity interests in subsidiary	(42,753,751)	(42,753,751)	(42,753,751)
Retained earnings			
Appropriated - statutory reserve	403,600,000	398,680,000	397,800,000
Unappropriated	7,603,085,487	7,555,547,127	7,156,262,868
Total shareholders' equity	36,921,825,901	33,051,848,701	26,705,420,411
Total liabilities and shareholders' equity	355,848,524,921	300,603,602,556	297,470,307,820

(Unit: THB)

Statements of Comprehensive Income	Consolidated		
	For the years ended 31 December		
	2018	2017	2016
Interest income	15,309,544,755	14,557,766,606	14,671,929,135
Interest expenses	(4,562,807,958)	(4,355,322,725)	(4,806,163,382)
Net interest income	10,746,736,797	10,202,443,881	9,865,765,753
Fee and service income	2,109,980,514	2,140,296,232	1,837,426,211
Fee and service expenses	(302,056,447)	(195,842,620)	(201,845,300)
Net fee and service income	1,807,924,067	1,944,453,612	1,635,580,911
Gains on trading and foreign exchange transactions, net	1,054,168,202	2,238,222,821	1,402,493,444
Losses on financial instrument designated at fair value through profit or loss, net	(759,750,530)	(1,733,886,254)	(810,387,742)
Gains on investments, net	19,508,137	107,353,927	482,570,051
Gains on sale of non-performing loans, net	226,351,923	-	-
Other operating income	441,558,380	396,161,195	352,086,453
Total operating income	13,536,496,976	13,154,749,182	12,928,108,870
Other operating expenses			
Employee expenses	4,533,126,703	4,068,397,712	3,857,722,186
Directors' remuneration	13,467,200	12,792,000	12,598,400
Premises and equipment expenses	1,155,447,852	1,060,266,367	1,279,866,016
Taxes and duties	413,013,666	420,692,273	461,092,983
Others	2,230,852,622	2,050,806,859	1,812,232,818
Total other operating expenses	8,345,908,043	7,612,955,211	7,423,512,403
Bad and doubtful debts and impairment losses	4,919,382,923	5,053,034,607	6,279,268,383
Profit (loss) before income tax expenses	271,206,010	488,759,364	(774,671,916)
Income tax expenses	(264,304,590)	(103,861,136)	145,146,699
Net profit (loss) for the year	6,901,420	384,898,228	(629,525,217)

Statements of Comprehensive Income (Cont'd)	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
	2018	2017	2016
Other comprehensive (expenses) income			
Items that will be reclassified subsequently to profit or loss			
(Losses) gains on remeasuring available-for-sale investments	(274,248,938)	467,099,324	(644,156,155)
Losses arising from translating the financial statement of a foreign operation	(4,697,307)	(30,696,516)	(1,206,592)
Gains on cash flow hedges	136,503,546	62,042,015	58,446,328
Income tax relating to items that will be reclassified subsequently to profit or loss	(4,364,720)	(105,828,268)	117,141,965
Total items that will be reclassified subsequently to profit or loss	(146,807,419)	392,616,555	(469,774,454)
Items that will not be reclassified subsequently to profit or loss			
Changes in revaluation surplus	-	-	1,078,204,826
Remeasurements of post-employment benefit obligations	72,891,871	79,271,973	(24,267,343)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(14,578,374)	(15,854,394)	(210,787,497)
Total items that will not be reclassified subsequently to profit or loss	58,313,497	63,417,579	843,149,986
Total other comprehensive (expenses) income	(88,493,922)	456,034,134	373,375,532
Total comprehensive (expenses) income for the year	(81,592,502)	840,932,362	(256,149,685)

	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
Statements of Comprehensive Income (Cont'd)	2018	2017	2016
Net profit (loss) attributable to:			
Equity holders of the Bank	6,901,420	384,898,228	(629,525,217)
Non-controlling interests	-	-	-
	6,901,420	384,898,228	(629,525,217)
Total comprehensive (expenses) income attributable to:			
Equity holders of the Bank	(81,592,502)	840,932,362	(256,149,685)
Non-controlling interests	-	-	-
	(81,592,502)	840,932,362	(256,149,685)
Earnings (loss) per share for profit attributable to the equity holders of the Bank			
Basic earnings (loss) per share (Baht per share)	0.00	0.01	(0.02)
Weighted average number of ordinary shares (shares)	31,188,634,435	28,233,684,776	25,333,286,323

(Unit: THB)			
	Consolidated		
	For the years ended 31 December		
	2018	2017	2016
Statements of Cash Flows			
Cash flows from operating activities			
Profit (loss) before corporate income tax	271,206,010	488,759,364	(774,671,916)
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	373,493,966	367,291,254	440,170,964
Bad debts and doubtful accounts	4,919,382,923	5,053,034,607	6,279,268,383
Provision (reversal) for off-balance sheet items	72,742,078	(42,701,555)	302,644,995
Share-based payment	38,448,440	35,251,070	30,526,962
Provision for liabilities	85,994,884	207,888,248	151,748,809
Losses on impairment of properties for sale	47,039,986	47,970,983	5,250,682
Losses on impairment of other assets	-	-	11,684,173
Losses on impairment of investments	1,067,203	3,476,616	-
Reversal of losses on impairment of investment in subsidiaries	-	-	-
Unrealised losses (gains) on exchange and derivatives	1,075,237,437	(3,015,423,032)	(425,352,139)
Losses on properties for sale	518,951,662	380,078,551	322,090,738
Unrealised (gains) losses on revaluation of investments	(315,036,490)	(135,317,715)	96,264,552
Losses (gains) on sale of investments	113,050,652	(366,098,877)	(470,349,197)
Gains on disposal of premises and equipment	(20,391,900)	(36,746,849)	(29,016,065)
Gains on surplus from revaluation of assets	-	-	(2,392,301)
Gains on impairment of premises and equipment	-	-	(10,064,738)
Losses from write off premises and equipment	1,318,506	13,044,307	48,312,019
Losses from write off leasehold rights	8,845,503	41,603,154	10,658,464
Losses (gains) on sale of non-performing loans	4,731,329	162,476,024	(771,810)
Losses on financial liabilities designated at fair value through profit or loss, net	759,750,530	1,733,886,254	810,387,742
Interest income	(15,309,544,755)	(14,557,766,606)	(14,671,929,135)
Dividend income	(10,508,869)	(13,869,440)	(19,594,929)
Interest expenses	4,562,807,958	4,355,322,725	4,806,163,382
Losses from operations before changes in operating assets and liabilities	(2,801,412,947)	(5,277,840,917)	(3,088,970,365)

(Unit: THB)			
Statements of Cash Flows (Cont'd)	Consolidated		
	For the years ended 31 December		
	2018	2017	2016
(Increase) decrease in operating assets			
Interbank and money market items	11,389,079,000	(9,638,709,217)	5,762,463,266
Investments held for trading	(13,414,065,599)	(2,196,019,258)	(1,342,468,824)
Loans	(20,557,198,292)	(10,508,908,673)	(12,207,579,871)
Properties for sale	1,448,879,618	1,344,666,908	1,709,786,609
Other assets	(1,953,057,331)	659,376,394	1,899,646,123
Increase (decrease) in operating liabilities			
Deposits	7,699,827,123	(6,262,646,720)	13,446,187,779
Interbank and money market items	28,885,836,529	4,052,777,386	(8,423,088,537)
Liability payable on demand	124,328,187	4,571,090	(70,676,277)
Short-term borrowings	(4,202,663,803)	(6,046,902,521)	(14,314,372,766)
Provisions	(68,700,452)	(136,889,495)	(122,504,066)
Other liabilities	(709,161,767)	1,237,412,652	(1,907,679,420)
Cash flows provided by (used in) operating activities	5,841,690,266	(32,769,112,371)	(18,659,256,349)
Cash received from interest income	13,660,637,349	13,450,792,981	13,236,817,311
Cash paid for interest expenses	(5,144,814,563)	(4,821,676,381)	(5,501,235,191)
Cash paid for income tax	(424,746,068)	(333,270,211)	(260,166,103)
Net cash flows provided by (used in) operating activities	13,932,766,984	(24,473,265,982)	(11,183,840,332)
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(32,583,604,603)	(14,520,484,708)	(37,905,998,597)
Proceeds from disposals of available-for-sale securities	4,208,825,541	24,559,533,593	32,003,101,453
Proceeds from maturity of available-for-sale securities	51,200,000	60,000,000	1,607,800,000
Cash paid for purchases of held to maturity securities	(12,462,512,179)	(503,847,389)	(5,074,765,297)
Proceeds from disposals of held to maturity securities	-	480,340	480,340
Proceeds from maturity of held to maturity securities	5,905,850,000	4,305,000,000	9,830,560,000
Proceeds from repayment of investment in receivable	795,015	2,482,988	2,974,664
Cash paid for purchases of investment in subsidiary	-	-	-
Cash paid for purchases of general investments	(726,500)	(792,307)	-
Proceeds from disposals of general investments	6,752,752	-	942,262
Proceeds from decrease in capital of general investments	14,990,000	22,710,000	31,750,000

(Unit: THB)

Statements of Cash Flows (Cont'd)	Consolidated		
	For the years ended 31 December		
	2018	2017	2016
Cash paid for purchases of premises and equipment	(161,435,893)	(178,507,407)	(248,780,868)
Proceeds from disposals of premises and equipment	16,085,199	39,159,489	39,224,327
Cash paid for purchases of intangible assets	(280,289,448)	(173,301,907)	(108,847,701)
Dividend received	10,508,869	13,869,440	19,594,927
Interest received	1,693,447,001	1,487,963,769	1,800,077,764
Net cash flows(used in) provided by investing activities	(33,580,114,246)	15,114,265,901	1,998,113,274
Cash flows from financing activities			
Dividend paid	-	-	(185,810,488)
Cash paid for interest expenses	(48,800,000)	(31,820,274)	-
Cash received from capital increase	3,951,569,703	5,505,495,928	-
Proceeds from issuing debentures	-	2,000,000,000	-
Proceeds from issuing subordinated debentures	3,150,852,900	-	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	9,910,595,732	9,467,646,107	1,778,000,000
Cash paid for redemption of structured debentures	(10,000,000)	(9,028,000,000)	(3,610,000,000)
Proceeds from issuance of structured bills of exchange	3,212,022,495	4,184,682,754	8,738,592,516
Cash paid for redemption of structured bills of exchange	(356,500,000)	(57,000,000)	-
Net cash flows provided by financing activities	19,809,740,830	9,041,004,515	8,728,511,328
Gains on foreign currency translation differences	(4,493,892)	(29,432,276)	(1,364,705)
Net increase (decrease) in cash and cash equivalents	157,899,676	(347,427,842)	(458,580,435)
Cash and cash equivalents at beginning of the year	1,591,188,651	1,938,616,493	2,397,196,928
Cash and cash equivalents at the end of the year	1,749,088,327	1,591,188,651	1,938,616,493

Supplemental disclosure of cash flows information

Non-cash transaction:

Payable from purchase of premises and equipment	294,250	22,735,861	7,885,214
Properties for sale received from premises and equipment	22,455,456	38,817,769	116,468,697
Change in revaluation of available-for-sale investment	(274,248,938)	(467,099,324)	644,156,155
Interest amortisation from premium or discount	111,472,079	236,842,411	404,473,541

The Bank and Its Subsidiaries' Financial Ratios	31-Dec-18	31-Dec-17	31-Dec-16
Net interest margin (%)	3.7	3.9	3.7
Return on equity (%)	0.0	1.3	(2.3)
Return on assets (%)	0.0	0.1	(0.2)
Cost to income ratio (%)	61.7	57.9	57.4
Modified loan to deposit ratio (Modified LDR) (%)	97.2	96.8	92.4
NPL ratio (%)	4.3	4.8	6.1
Capital adequacy ratio (%)	19.3	17.0	16.1
Tier 1 capital funds to risk-weight assets (%)	14.1	12.9	10.7

14. Analysis of Financial Standing and Operating Performance

14.1 Consolidated operating results

For the year ended 31 December 2018, CIMB Thai group recorded a consolidated net profit of THB 6.9 million, a year-on-year (YoY) drop of THB 378 million or 98.2%. Profit before tax (PBT) decreased by THB 217.6 million or 44.5% YoY to THB 271.2 million. This came mainly from a 9.6% increase in operating expenses and decreases in net fee and service income and other income of 7.0% and 2.6% respectively, and offset by a 5.3% growth in net interest income and a 2.6% decline in provisions.

Net interest margin (NIM) over earning assets stood at 3.71% in 2018, compared to 3.89% in 2017 as a result of lower yields on earning assets.

As at 31 December 2018, CIMB Thai group's total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) amounted to THB 227.8 billion, a YoY growth of 6.9%. Deposits (inclusive of bills of exchange, debentures and selected structured deposit products) totaled THB 234.3 billion, a YoY increase of 6.5% from THB 220.1 billion. The group's modified loan to deposit ratio moved up to 97.2% from 96.8% as at 31 December 2017.

(a) Summary of CIMB Thai group's income

On a YoY basis, CIMB Thai group's consolidated operating income grew by THB 381.7 million or 2.9% to THB 13,536.5 million attributable to an increase in net interest income of THB 544.3 million or 5.3% YoY on the back of loan expansion and higher interest income on investments. Net fee and service income decreased by THB 136.5 million or 7.0% against the increase in fee and service expenses. Other operating income declined by THB 26.0 million or 2.6% following a decrease in gains on trading and foreign exchange transactions, which was partially offset by lower losses on financial instruments designated at fair value through profit or loss and higher gains on sale of NPLs.

(b) Cost of funds and operating expenses

CIMB Thai group's interest expenses in 2018 amounted to THB 4.6 billion, a YoY increase of THB 207.5 million or 4.8%, largely from an increase in interest expenses on interbank and money market items.

For the year ended 31 December 2018, operating expenses went up by THB 733.0 million or 9.6% YoY, mainly from higher personnel cost in line with the Bank's business expansion strategy under the Fast Forward program and loss on sale of properties for sale. This resulted in an increase in cost to income ratio to 61.7% in 2018 from 57.9% in 2017.

(c) Net profit

For the year ended 31 December 2018, CIMB Thai group recorded a consolidated net profit of THB 6.9 million, a YoY decrease of THB 378 million or 98.2%. Profit before tax went down by THB 217.6 million or 44.5% YoY to THB 271.2 million. This was mainly caused by a 9.6% increase in operating expenses and lower net fee and service income and other income by 7.0% and 2.6% respectively, offset by a 5.3% growth of net interest income and a 2.6% decline in provisions.

(d) Return on equity

For the year 2018, CIMB Thai group's return on equity was 0.0% compared with 1.3% in 2017 and the Bank's return on equity was (2.5)% compared with 0.3% in 2017, mainly due to a decrease in net profit during the year.

14.2 Consolidated financial standing

Assets

As at 31 December 2018, CIMB Thai group's total assets amounted to THB 355.8 billion, a THB 55.2 billion or 18.4% growth from a year earlier, as detailed below:

Interbank and money market items (assets) were THB 6.8 billion, a THB 11.4 billion or 62.6% decrease, mainly attributable to the Bank's liquidity management.

Derivative assets moved up by THB 2.1 billion or 10.0% to THB 23.4 billion, coming mainly from foreign exchange and interest rate contracts.

Net investments stood at THB 92.2 billion, surging by THB 48.1 billion or 109.2%, mainly due to an increase in government and state enterprise securities.

Net loans and accrued interest receivables were THB 216.2 billion, a 7.3% growth largely in retail segment.

Other assets amounted to THB 9.0 billion, up by THB 2.0 billion or 29.1%, mainly as a result of the increase in marginal deposit derivatives.

Asset quality

(a) Loans and loan concentration

As at 31 December 2018, CIMB Thai group's total loans net of deferred revenue were THB 226.3 billion, a growth of THB 15.3 billion or 7.2% from THB 211.0 billion as at 31 December 2017. Loans principally comprised loans extended to housing, manufacturing and commerce sectors, as well as hire purchase receivables and financial leases, making up 66.5% of total loans. Housing loans represented the largest proportion, i.e. THB 71.9 billion or 31.8% of total loans, which was in line with the Bank's strategy, followed by loans to manufacturing and commerce sectors amounting to THB 45.2 billion or 20.0%, and hire purchase receivables THB 33.2 billion or 14.7% of total loans. Sectors with growth of loans were mainly housing and hire purchase, recording a YoY growth of 18.0% and 16.6% respectively.

Loans classified by type of business	31 December 2018		31 December 2017		Change	
	THB million	%	THB million	%	THB million	%
Agriculture and mining	6,956	3.1	5,606	2.7	1,350	24.1
Manufacturing and commerce	45,157	20.0	48,810	23.1	(3,653)	(7.5)
Real estate and construction	13,836	6.1	12,116	5.7	1,720	14.2
Public utilities and services	29,799	13.1	28,229	13.4	1,550	5.5
Personal loans	11,961	5.3	13,505	6.4	(1,544)	(11.4)
Housing loans	71,916	31.8	60,971	28.9	10,945	18.0
Hire purchase receivables	33,244	14.7	28,504	13.5	4,740	16.6
Others	13,451	5.9	13,281	6.3	170	1.3
Total loans net of deferred revenue	226,300	100.0	211,022	100.0	15,278	7.2

To prevent concentration risk in any particular industry, the Bank has a policy in place to diversify 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 2018, CIMB Thai group's net loans and accrued interest receivables (excluding loans to financial institutions) amounted to THB 226.8 billion, an increase of 7.2% compared with those as at 31 December 2017. Classification of loans is in compliance with the Bank of Thailand's notification. Pass loans stood at THB 204.3 billion, special-mention loans THB 12.6 billion, and non-performing loans classified as sub-standard, doubtful and doubtful of loss were reported at THB 2.7 billion, THB 2.3 billion, and THB 4.9 billion respectively.

CIMB Thai group's loan loss coverage ratio moved up to 107.0% as at 31 December 2018 from 93.2% at the end of December 2017. As at 31 December 2018, our total provisions were THB 10.5 billion showing an excess of THB 5.0 billion over Bank of Thailand's reserve requirements.

(c) Non-performing loans (NPLs)

The gross NPLs amounted to THB 9.9 billion with a gross NPL ratio of 4.3%, lower than that of 4.8% as at 31 December 2017. This was attributable to more efficient risk management policies, improved asset quality management and loan collection processes, and sales of certain NPLs in 2018.

(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 the 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 2018, CIMB Thai group's total liabilities amounted to THB 318.9 billion, up by THB 51.4 billion or 19.2% YoY as follows:

Deposits were THB 185.1 billion, up by THB 7.7 billion or 4.3% YoY, mainly from a increase in fixed deposits.

Interbank and money market items (liabilities) were THB 44.5 billion, up by THB 28.9 billion or 184.6% YoY, as a result of the Bank's liquidity management.

Financial liabilities designated at fair value through profit or loss increased by THB 12.4 billion or 53.7% to THB 35.5 billion, coming mainly from structured debentures and structured bills of exchange.

Derivative liabilities went up by THB 4.4 billion or 21.8% to THB 24.3 billion, mainly due to foreign exchange rate contracts and interest rate contracts.

Debt issued and borrowings amounted to THB 19.0 billion, declining by THB 1.0 billion or 4.8%, largely caused by the redemption of short term debentures and bills of exchange during the year.

Equity

As at 31 December 2018, CIMB Thai group's equity was recorded at THB 36.9 billion, representing a growth of THB 3.9 billion or 11.7% from a year earlier, principally due to the increase in the issued and paid-up share capital.

Off balance sheets: Commitments

As at 31 December 2018, the Bank and its subsidiaries had combined commitments of THB 4,047.9 billion, up by THB 1,545.1 billion (61.7%) from THB 2,502.8 billion YoY, mostly from an increase in derivatives as indicated in the table below:

(THB million)

Off balance sheets: commitments	31 December 2018	31 December 2017	Variance %
Avals to bills and guarantees of loans	280	90	211.1
Liability under unmatured import bills	239	299	(20.1)
Letters of credit	1,185	1,683	(29.6)
Other commitments:	4,046,169	2,500,700	61.8
Derivatives	3,998,256	2,446,966	63.4
Undrawn bank overdrafts	14,004	17,674	(20.8)
Undrawn credit lines	21,139	25,073	(15.7)
Investments	1,567	1,170	33.9
Others	11,203	9,817	14.1
Total	4,047,873	2,502,772	61.7

Liquidity

Cash and cash equivalent items, as indicated in the cash flow statement of CIMB Thai group as at 31 December 2018, amounted to THB 1.7 billion, a net increase of THB 157.9 million YoY. Details of the changes are as follows:

Net cash flows provided by operating activities in 2018 were THB 13.9 billion. Losses from operations before changes in operating assets and liabilities were THB 2.8 billion, including THB 271.2 million in pre-tax net profit for the year, and adjustments of non-cash items to net profit, stemming largely from interest and bad debts and doubtful accounts. Operating assets for the year went up by THB 23.1 billion mainly from an increase in loans and securities held for trading. In addition, operating liabilities moved up by THB 31.7 billion, resulting from interbank and money market items and deposits.

Net cash flows used in investing activities were THB 33.6 billion, mostly coming from net cash paid for available for sale securities.

Net cash flows provided by financing activities were THB 19.8 billion, comprising proceeds from net cash received from structured debentures 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 2018, the Bank had deposits, borrowings and loans classified by maturity as follows:

(Unit: THB billion)

Maturities	Loans*	%	Deposits*	%	Borrowings*	%
Payable on demand	16.3	7.4	61.9	31.7	0.4	0.4
Up to one year	40.2	18.1	123.2	63.1	34.0	40.4
Over one year	164.8	74.5	10.2	5.2	49.8	59.2
Total	221.3	100.0	195.3	100.0	84.2	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	2018*		2017*		2016*	
	Amount	%	Amount	%	Amount	%
Current deposits	2.9	1.5	3.4	1.8	3.1	1.7
Savings deposits	59.0	30.2	67.6	35.6	88.0	45.7
Fixed deposits	133.4	68.3	118.8	62.6	101.2	52.6
Total	195.3	100.0	189.8	100.0	192.3	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:

August 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)

June 2018

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

August 2018

RAM Ratings

Financial institution ratings	AA2/Stable/P1
Tier-2 subordinated debt	AA3/Stable

Financial Ratios

Capital funds and capital adequacy ratio

As at 31 December 2018, the Bank's assets were THB 36.9 billion higher than its liabilities, hence positive shareholders' equity. Its total capital funds amounted to THB 46.0 billion with capital adequacy ratio (BIS ratio) of 18.7%, exceeding the Bank of Thailand (BOT) regulatory requirement. Meanwhile, CIMB Thai group's consolidated capital funds amounted to THB 47.9 billion with BIS ratio of 19.3%.

Liquidity and loan to deposit ratio

The Bank has maintained the average cash reserve ratio at 1% of the total deposits and borrowings in accordance with the BOT regulations. As at 31 December 2018, the Bank's cash in hand, cash at cash center and cash at BOT totaled THB 3.4 billion. Its modified loan to deposit ratio was 94.0%, compared with 93.9% 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 annual 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 2018, fees paid to the external auditor were as follows:

(1) Audit fee

CIMB Thai group paid the auditor audit fee of THB 11.3 million. Other incidental expenses included transport and photocopying expenses.

(2) Non-audit fee

There was no non-audit service fee paid to the auditor in the fiscal year 2018.