

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 2019, 2018, and 2017, and its operating results as well as financial ratios for the years ended 31 December 2019, 2018, and 2017.

Statements of Financial Position	(Unit: THB)		
	31 December 2019	31 December 2018	31 December 2017
Assets			
Cash	1,350,614,011	1,745,984,495	1,588,987,409
Interbank and money market items, net	6,205,670,653	6,684,224,569	18,099,695,389
Derivative assets	43,459,245,755	23,395,513,202	21,278,460,920
Investments, net	86,796,230,526	92,172,323,107	44,059,846,768
Investments in subsidiaries, net	2,208,315,115	2,208,315,115	1,708,315,115
Loans and accrued interest receivables			
Loans	231,456,772,155	218,848,912,358	205,242,484,739
Accrued interest receivables	469,496,006	502,263,091	522,709,406
Total loans and accrued interest receivables	231,926,268,161	219,351,175,449	205,765,194,145
<u>Less</u> Deferred revenue	(165,515)	(486,300)	(8,651,407)
<u>Less</u> Allowance for doubtful debts	(9,471,971,773)	(9,702,022,606)	(9,256,336,052)
<u>Less</u> Revaluation allowance for debt restructuring	(32,188,376)	(52,332,096)	(105,673,656)
Loans and accrued interest receivables, net	222,421,942,497	209,596,334,447	196,394,533,030
Customers' liability under acceptance	83,360,105	77,698,965	581,413,868
Properties for sale, net	894,230,172	831,149,160	888,480,141
Premises and equipment, net	3,339,032,032	3,471,101,060	3,529,189,193
Intangible assets, net	1,015,531,376	480,958,226	364,943,160
Deferred tax assets	694,257,493	938,209,202	1,023,345,737
Credit support assets on derivatives	14,967,549,671	6,052,943,866	4,138,153,054
Other assets, net	1,713,201,274	2,722,733,218	2,651,651,445
Total assets	385,149,180,680	350,377,488,632	296,307,015,229

(Unit: THB)			
Statements of Financial Position (Cont'd)	Separate		
	31 December	31 December	31 December
	2019	2018	2017
Liabilities and shareholders' equity			
Liabilities			
Deposits	199,132,082,337	185,215,037,339	177,702,506,611
Interbank and money market items, net	43,393,672,214	44,533,942,327	15,648,105,797
Liability payable on demand	268,816,305	378,991,448	254,663,261
Financial liabilities designated at fair value			
through profit or loss	24,422,519,906	35,512,717,532	23,103,810,514
Derivative liabilities	44,659,756,168	24,318,002,735	19,965,010,587
Debt issued and borrowings	23,818,667,017	16,968,347,710	17,933,103,726
Bank's liability under acceptance	83,360,105	77,698,965	581,413,868
Provisions	2,140,697,917	1,892,940,783	1,855,519,989
Credit support liabilities on derivatives	9,158,264,057	3,910,494,022	4,826,595,856
Other liabilities	3,146,840,215	3,188,938,089	3,112,398,250
Total liabilities	350,224,676,241	315,997,110,950	264,983,128,459
Shareholders' equity			
Share capital			
Registered			
34,822,261,748 ordinary shares of THB 0.50 each	17,411,130,874	17,411,130,874	
30,280,227,607 ordinary shares of THB 0.50 each			15,140,113,804
Issued and paid-up share capital			
34,822,261,748 ordinary shares of THB 0.50 each	17,411,130,874	17,411,130,874	
30,280,227,607 ordinary shares of THB 0.50 each			15,140,113,804
Premium on share capital	10,145,965,854	10,145,965,854	8,465,413,222
Other reserves	1,512,574,667	1,422,487,528	1,558,840,917
Retained earnings			
Appropriated - statutory reserve	403,980,000	403,600,000	398,680,000
Unappropriated	5,450,853,044	4,997,193,426	5,760,838,827
Total shareholders' equity	34,924,504,439	34,380,377,682	31,323,886,770
Total liabilities and shareholders' equity	385,149,180,680	350,377,488,632	296,307,015,229

(Unit: THB)			
Statements of Comprehensive Income	Separate		
	For the years ended 31 December		
	2019	2018	2017
Interest income	12,978,453,585	12,341,600,425	11,913,199,518
Interest expenses	(5,465,461,170)	(4,515,325,072)	(4,325,189,459)

Net interest income	7,512,992,415	7,826,275,353	7,588,010,059
Fees and service income	1,615,797,349	1,376,649,113	1,471,420,808
Fees and service expenses	(370,326,208)	(289,520,012)	(223,841,719)
Net fees and service income	1,245,471,141	1,087,129,101	1,247,579,089
Gains on tradings and foreign exchange transactions	2,625,945,047	1,054,168,202	2,238,222,821
Losses on financial instrument designated at fair value through profit or loss	(2,802,923,204)	(759,750,530)	(1,733,886,254)
Gains on investments	343,978,417	19,508,137	490,748,334
Other operating income	137,640,997	261,325,479	233,222,081
Total operating income	9,063,104,813	9,488,655,742	10,063,896,130
Other operating expenses			
Employee expenses	4,385,558,354	3,892,655,897	3,444,686,567
Directors' remuneration	11,507,000	13,131,200	12,456,000
Premises and equipment expenses	1,050,453,383	1,017,873,890	929,630,735
Taxes and duties	397,538,486	386,886,044	397,448,867
Others	1,417,671,159	1,229,294,759	1,334,179,030
Total other operating expenses	7,262,728,382	6,539,841,790	6,118,401,199
Bad and doubtful debts and impairment losses	1,184,566,454	3,686,327,220	3,944,113,706
Profit (loss) before income tax expenses	615,809,977	(737,513,268)	1,381,225
Income tax expenses	(191,762,567)	(66,769,073)	70,008,975
Net profit (loss) for the year	424,047,410	(804,282,341)	71,390,200

(Unit: THB)

Statements of Comprehensive Income (Cont'd)	Separate		
	For the years ended 31 December		
	2019	2018	2017
Other comprehensive income (expenses)			
Items that will be reclassified subsequently to profit or loss			
Gains (losses) on remeasuring available-for-sale investments	472,498,608	(274,248,938)	467,099,324
Losses arising from translating the financial statement of a foreign operation	(16,238,529)	(4,697,307)	(30,696,516)
(Losses) gains on cash flow hedges	(54,736,432)	136,503,546	62,042,015
Income tax relating to items that will be reclassified subsequently to profit or loss	(52,189,142)	(4,364,720)	(105,828,268)
Total items that will be reclassified subsequently to profit or loss	349,334,505	(146,807,419)	392,616,555

Items that will not be reclassified
subsequently to profit or loss

Remeasurements of post-employment

benefit obligations (229,255,158) 70,013,711 82,635,079

Income tax relating to items that will not be

reclassified subsequently to profit or loss - (14,002,741) (16,527,016)

Total items that will not be reclassified
subsequently to profit or loss

(229,255,158) 56,010,970 66,108,063

Total other comprehensive income (expenses)

120,079,347 (90,796,449) 458,724,618

Total comprehensive income (expenses) for the year

544,126,757 (895,078,790) 530,114,818

(Unit: THB)

Separate
For the years ended 31 December

Statements of Comprehensive Income (Cont'd)

2019 2018 2017

Net profit (loss) attributable to:

Equity holders of the Bank 424,047,410 (804,282,341) 71,390,200

Non-controlling interests - - -

424,047,410 (804,282,341) 71,390,200

Total comprehensive income (expenses)

attributable to:

Equity holders of the Bank 544,126,757 (895,078,790) 530,114,818

Non-controlling interests - - -

544,126,757 (895,078,790) 530,114,818

Earnings per share for profit (loss) attributable

to the equity holders of the Bank

Basic earnings (loss) per share (THB per share) 0.01 (0.03) 0.00

Weighted average number of ordinary shares (shares) 34,822,261,748 31,188,634,435 28,233,684,776

(Unit: THB)

	Separate		
	For the years ended 31 December		
	2019	2018	2017
Statements of Cash Flows			
Cash flows from operating activities			
Profit (loss) before corporate income tax	615,809,977	(737,513,268)	1,381,225
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	409,743,630	352,142,154	344,091,704
Bad debts and doubtful accounts and losses on impairment	1,184,566,454	3,686,327,220	3,944,113,706
(Reversal) provision for off-balance sheet items	(125,654,610)	72,742,078	(42,701,555)
Share-based payment	41,716,546	38,448,440	35,251,070
Provision for liabilities	287,138,637	79,376,548	197,903,657
Losses (reversal) on impairment of properties for sale	(1,689,129)	1,487,569	20,391,212
Losses on impairment of investments	-	1,067,203	3,476,616
Reversal of losses on impairment of investment in subsidiaries	-	-	(383,394,408)
Unrealised (gains) losses on exchange and derivatives	(230,267,801)	1,075,237,437	(3,015,423,032)
Realised gains on exchange rate of debt issued and borrowings	(696,020,500)	-	-
Gains on properties for sale	(24,352,727)	(139,608,478)	(72,996,501)
Unrealised gains on revaluation of investments	(2,128,477,621)	(315,036,490)	(135,317,715)
(Gains) losses on sale of investments	(2,186,608,362)	113,050,652	(366,098,877)
Gains on disposal of premises and equipment	(10,105,201)	(10,877,744)	(34,334,525)
Losses from write off premises and equipment	18,608,346	1,169,021	12,487,613
Losses from write off intangible assets	872,836	8,845,503	41,454,421
Losses on sale of non-performing loan	9,118,106	4,731,329	162,476,024
Losses on financial liabilities designated at fair value through profit or loss	2,802,923,204	759,750,530	1,733,886,254
Interest income	(12,978,453,585)	(12,341,600,425)	(11,913,199,518)
Dividend income	(8,427,415)	(10,508,869)	(13,869,440)
Interest expenses	5,465,461,170	4,515,325,072	4,325,189,459
Losses from operations before changes in operating assets and liabilities	(7,554,098,045)	(2,845,444,518)	(5,155,232,610)

(Unit: THB)

	Separate		
	For the years ended 31 December		
	2019	2018	2017
Statements of Cash Flows (cont'd)			
(Increase) decrease in operating assets			
Interbank and money market items	474,976,864	11,426,897,185	(9,634,584,045)
Investments held for trading	(5,757,584,312)	(13,414,065,599)	(2,196,019,258)
Loans	(13,672,717,001)	(15,914,378,341)	(5,314,731,312)
Properties for sale	71,511,170	222,507,346	409,785,779
Credit support assets on derivatives	(8,914,605,805)	(1,914,790,812)	1,684,682,702
Other assets	761,704,836	56,482,867	(1,022,132,173)
Increase (decrease) in operating liabilities			
Deposits	13,917,044,998	7,512,530,728	(6,174,959,438)
Interbank and money market items	(1,140,270,113)	28,885,836,529	4,052,777,386
Liability payable on demand	(110,175,143)	124,328,187	4,571,090
Short-term borrowings	4,168,522,046	(4,202,663,803)	(6,046,902,521)
Provisions	(143,437,882)	(68,700,452)	(136,889,494)
Credit support liabilities on derivatives	5,247,770,035	(916,101,834)	903,725,253
Other liabilities	(8,849,396)	(50,517,476)	190,455,338
Cash flows (used in) provided by operating activities	(12,660,207,748)	8,901,920,007	(28,435,453,303)
Cash received from interest income	10,939,287,458	10,682,135,864	10,804,211,696
Cash paid for interest expenses	(6,579,515,960)	(5,146,131,186)	(4,830,582,525)
Cash paid for income tax	121,054,277	(71,039,791)	(62,402,645)
Net cash flows (used in) provided by operating activities	(8,179,381,973)	14,366,884,894	(22,524,226,777)

(Unit: THB)

Statements of Cash Flows (Cont'd)	Separate		
	For the years ended 31 December		
	2019	2018	2017
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(27,549,333,482)	(32,583,604,603)	(14,520,484,708)
Proceeds from disposals of available-for-sale securities	35,167,757,786	4,208,825,541	24,559,533,593
Proceeds from maturity of available-for-sale securities	7,627,300,000	51,200,000	60,000,000
Cash paid for purchases of held to maturity securities	(4,192,283,404)	(12,462,512,179)	(503,847,389)
Proceeds from disposals of held to maturity securities	-	-	480,340
Proceeds from maturity of held to maturity securities	4,731,280,000	5,905,850,000	4,305,000,000
Proceeds from repayment of investment in receivable	788,253	795,015	2,482,988
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	2,564,090	6,752,752	-
Proceeds from decrease in capital of general investments	-	14,990,000	22,710,000
Cash paid for purchases of premises and equipment	(250,101,510)	(134,988,728)	(158,616,076)
Proceeds from disposals of premises and equipment	7,577,958	6,268,162	36,697,603
Cash paid for purchases of intangible assets	(667,017,974)	(276,548,473)	(171,322,945)
Dividend received	8,427,415	10,508,869	13,869,440
Interest received	2,287,261,545	1,689,255,397	1,487,963,769
Net cash flows provided by (used in) investing activities	17,174,220,677	(34,063,934,747)	15,133,674,308
Cash flows from financing activities			
Cash received from capital increase	-	3,951,569,703	5,505,495,928
Proceeds from issuance of borrowings	8,534,832,747	16,273,471,128	13,652,328,861
Cash paid for redemption of borrowings	(17,909,088,000)	(366,500,000)	(12,085,000,000)
Net cash flows (used in) provided by financing activities	(9,374,255,253)	19,858,540,831	7,072,824,789
Gains on foreign currency translation differences	(15,953,935)	(4,493,892)	(29,432,276)
Net (decrease) increase in cash and cash equivalents	(395,370,484)	156,997,086	(347,159,956)
Cash and cash equivalents at beginning of the year	1,745,984,495	1,588,987,409	1,936,147,365
Cash and cash equivalents at the end of the year	1,350,614,011	1,745,984,495	1,588,987,409
Supplemental disclosure of cash flows information			
Non-cash transaction:			
Payable from purchase premises and equipment	1,597,778	294,250	22,735,861
Properties for sale received from premises and equipment	89,686,806	22,455,456	38,817,769
Change in revaluation surplus in available-for-sale	472,498,608	(274,248,938)	(467,099,324)
Interest amortisation from premium or discount	124,753,905	111,472,079	236,842,411

The Bank's Financial Ratios	31-Dec-19	31-Dec-18	31-Dec-17
Profitability Ratios			
Gross profit margin (%)	60.0	65.0	66.0
Net profit margin (%)	4.7	(8.5)	0.7
Return on equity (%)	1.2	(2.5)	0.3
Yield ⁽¹⁾ (%)	5.7	5.8	5.7
Cost of funds ⁽²⁾ (%)	2.1	2.0	2.1
Spread ⁽³⁾ (%)	3.6	3.8	3.6
Return on investment (%)	2.6	2.4	3.2
Efficiency Ratios			
Cost to income ratio (%)	80.1	68.9	60.8
Net interest margin (%)	2.3	2.8	2.9
Return on assets (%)	0.1	(0.30)	0.02
Assets turnover ratio (time)	0.02	0.03	0.03
Financial Policy Ratios			
Debt to equity ratio (time)	10.0	9.2	8.5
Loan to borrowing ratio ⁽⁴⁾ (%)	103.7	108.0	104.8
Loan to deposit ratio (Modified LDR) ⁽⁵⁾ (%)	96.7	94.0	93.9
Deposits to debts ratio (%)	56.9	58.6	67.1
Capital adequacy ratio (%)	17.4	18.7	16.6
Tier 1 capital funds to risk-weight assets (%)	12.4	13.3	12.5
Asset Quality Ratios			
Allowance for doubtful debts to loans and accrued interest receivables (%)	4.1	4.4	4.5
Bad debt and doubtful accounts to loans and accrued interest receivables (%)	0.6	0.6	0.8
NPL ratio ⁽⁶⁾ (%)	4.6	4.3	4.7
Accrued interest receivables to loans and accrued interest receivables (%)	0.2	0.2	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 2019, 2018 and 2017, and their operating results as well as financial ratios for the years ended 31 December 2019, 2018 and 2017

Statements of Financial Position	(Unit: THB)		
	Consolidated		
	31 December 2019	31 December 2018	31 December 2017
Assets			
Cash	1,351,567,764	1,749,088,327	1,591,188,651
Interbank and money market items, net	6,421,713,044	6,790,160,122	18,167,812,758
Derivative assets	43,459,245,755	23,395,513,202	21,278,460,920
Investments, net	86,798,230,526	92,172,323,107	44,059,846,768
Investments in subsidiaries, net	-	-	-
Loans and accrued interest receivables			
Loans	250,896,619,641	234,554,591,139	218,058,207,223
Accrued interest receivables	463,517,744	492,689,784	516,911,663
Total loans and accrued interest receivables	251,360,137,385	235,047,280,923	218,575,118,886
Less Deferred revenue	(10,816,864,418)	(8,254,467,999)	(7,036,133,482)
Less Allowance for doubtful debts	(10,600,132,295)	(10,539,026,105)	(9,869,265,119)
Less Revaluation allowance for debt restructuring	(32,188,376)	(52,332,096)	(105,673,656)
Loans and accrued interest receivables, net	229,910,952,296	216,201,454,723	201,564,046,629
Customers' liability under acceptance	83,360,105	77,698,965	581,413,868
Properties for sale, net	1,123,900,062	1,016,509,206	1,033,943,008
Premises and equipment, net	3,428,635,255	3,536,093,184	3,588,378,733
Intangible assets, net	1,061,691,787	488,639,652	370,043,208
Deferred tax assets	1,171,542,192	1,392,797,611	1,372,672,738
Credit support assets on derivatives	14,967,549,671	6,052,943,866	4,138,153,054
Other assets, net	2,128,743,263	2,975,302,956	2,857,642,221
Total assets	391,907,131,720	355,848,524,921	300,603,602,556

Statements of Financial Position (Cont'd)	(Unit: THB)		
	Consolidated		
	31 December 2019	31 December 2018	31 December 2017
Liabilities and shareholders' equity			
Liabilities			
Deposits	199,034,749,069	185,100,505,109	177,400,677,986
Interbank and money market items, net	43,393,672,214	44,533,942,327	15,648,105,797

Liability payable on demand	268,816,305	378,991,448	254,663,261
Financial liabilities designated at fair value			
through profit or loss	24,422,519,906	35,512,717,532	23,103,810,514
Derivative liabilities	44,659,756,168	24,318,002,735	19,965,010,587
Debt issued and borrowings	25,818,667,017	18,968,347,710	19,933,103,726
Bank's liability under acceptance	83,360,105	77,698,965	581,413,868
Provisions	2,298,834,097	1,987,605,895	1,946,444,925
Credit support liabilities on derivatives	9,158,264,057	3,910,494,022	4,826,595,856
Other liabilities	4,247,833,989	4,138,393,277	3,891,927,335
Total liabilities	353,386,472,927	318,926,699,020	267,551,753,855
Shareholders' equity			
Share capital			
Registered			
34,822,261,748 ordinary shares of THB 0.50 each	17,411,130,874	17,411,130,874	
30,280,227,607 ordinary shares of THB 0.50 each			15,140,113,804
Issued and paid-up share capital			
34,822,261,748 ordinary shares of THB 0.50 each	17,411,130,874	17,411,130,874	-
30,280,227,607 ordinary shares of THB 0.50 each	-	-	15,140,113,804
Premium on share capital	10,145,965,854	10,145,965,854	8,465,413,222
Other reserves	1,468,042,132	1,400,797,437	1,534,848,299
Accretion of equity interests in subsidiary	(42,753,751)	(42,753,751)	(42,753,751)
Retained earnings			
Appropriated - statutory reserve	403,980,000	403,600,000	398,680,000
Unappropriated	9,134,293,684	7,603,085,487	7,555,547,127
Total shareholders' equity	38,520,658,793	36,921,825,901	33,051,848,701
Total liabilities and shareholders' equity	391,907,131,720	355,848,524,921	300,603,602,556

(Unit: THB)

Statements of Comprehensive Income	Consolidated		
	For the years ended 31 December		
	2019	2018	2017
Interest income	16,420,740,139	15,309,544,755	14,557,766,606
Interest expenses	(5,513,358,198)	(4,562,807,958)	(4,355,322,725)
Net interest income	10,907,381,941	10,746,736,797	10,202,443,881
Fees and service income	2,556,132,793	2,109,980,514	2,140,296,232
Fees and service expenses	(385,927,966)	(302,056,447)	(195,842,620)
Net fees and service income	2,170,204,827	1,807,924,067	1,944,453,612
Gains on tradings and			
foreign exchange transactions	2,625,945,047	1,054,168,202	2,238,222,821
Losses on financial instrument designated			
at fair value through profit or loss	(2,802,923,204)	(759,750,530)	(1,733,886,254)

Gains on investments	343,978,417	19,508,137	107,353,927
Gains on sale of non-performing loans	398,585,923	226,351,923	-
Other operating income	511,589,578	587,350,824	518,773,539
Total operating income	14,154,762,529	13,682,289,420	13,277,361,526
Other operating expenses			
Employee expenses	5,063,133,513	4,533,126,703	4,068,397,712
Directors' remuneration	11,811,200	13,467,200	12,792,000
Premises and equipment expenses	1,213,316,406	1,155,447,852	1,060,266,367
Taxes and duties	433,029,282	413,013,666	420,692,273
Others	2,918,494,105	2,376,645,066	2,173,419,203
Total other operating expenses	9,639,784,506	8,491,700,487	7,735,567,555
Bad and doubtful debts and impairment losses	2,571,584,293	4,919,382,923	5,053,034,607
Profit before income tax expenses	1,943,393,730	271,206,010	488,759,364
Income tax expenses	(441,797,741)	(264,304,590)	(103,861,136)
Net profit for the year	1,501,595,989	6,901,420	384,898,228

(Unit: THB)

Consolidated

For the years ended 31 December

Statements of Comprehensive Income (Cont'd)

Other comprehensive income (expenses)

Items that will be reclassified

subsequently to profit or loss

Gains (losses) on remeasuring available-for-sale investments	472,498,608	(274,248,938)	467,099,324
Losses arising from translating the financial statement of a foreign operation	(16,238,529)	(4,697,307)	(30,696,516)
(Losses) gains on cash flow hedges	(54,736,432)	136,503,546	62,042,015
Income tax relating to items that will be reclassified subsequently to profit or loss	(52,189,142)	(4,364,720)	(105,828,268)

Total items that will be reclassified

subsequently to profit or loss

349,334,505	(146,807,419)	392,616,555
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Items that will not be reclassified

subsequently to profit or loss

Remeasurements of post-employment benefit obligations	(257,808,214)	72,891,871	79,271,973
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,710,612	(14,578,374)	(15,854,394)

Total items that will not be reclassified

subsequently to profit or loss

(252,097,602)	58,313,497	63,417,579
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Total other comprehensive income (expenses)	97,236,903	(88,493,922)	456,034,134
Total comprehensive income (expenses) for the year	1,598,832,892	(81,592,502)	840,932,362

(Unit: THB)

Statements of Comprehensive Income (Cont'd)	Consolidated		
	For the years ended 31 December		
	2019	2018	2017
Net profit attributable to:			
Equity holders of the Bank	1,501,595,989	6,901,420	384,898,228
Non-controlling interests	-	-	-
	1,501,595,989	6,901,420	384,898,228
Total comprehensive income (expenses) attributable to:			
Equity holders of the Bank	1,598,832,892	(81,592,502)	840,932,362
Non-controlling interests	-	-	-
	1,598,832,892	(81,592,502)	840,932,362
Earnings per share for profit attributable to the equity holders of the Bank			
Basic earnings per share (THB per share)	0.04	0.00	0.01
Weighted average number of ordinary shares (shares)	34,822,261,748	31,188,634,435	28,233,684,776

(Unit: THB)			
	Consolidated		
	For the years ended 31 December		
	2019	2018	2017
Statements of Cash Flows			
Cash flows from operating activities			
Profit before corporate income tax	1,943,393,730	271,206,010	488,759,364
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:			
Depreciation and amortisation	433,202,518	373,493,966	367,291,254
Bad debts and doubtful accounts and losses on impairment (Reversal) provision for off-balance sheet items	2,571,584,293	4,919,382,923	5,053,034,607
Share-based payment	(125,654,610)	72,742,078	(42,701,555)
Provision for liabilities	41,716,546	38,448,440	35,251,070
Losses on impairment of properties for sale	322,056,650	85,994,884	207,888,248
Losses on impairment of investments	1,015,432,235	709,467,315	550,661,879
Unrealised (gains) losses on exchange and derivative	-	1,067,203	3,476,616
Realised gains on exchange rate of debt issued and borrowings	(230,267,801)	1,075,237,437	(3,015,423,032)
Gains on properties for sale	(696,020,500)	-	-
Unrealised gains on revaluation of investments	(28,247,855)	(69,008,068)	(100,416,073)
(Gains) losses on sale of investments	(2,128,477,621)	(315,036,490)	(135,317,715)
Gains on disposal of premises and equipment	(2,186,608,362)	113,050,652	(366,098,877)
Losses from write off premises and equipment	(11,871,882)	(20,391,900)	(36,746,849)
Losses from write off intangible assets	18,608,346	1,318,506	13,044,307
Losses on sale of non-performing loan	872,836	8,845,503	41,603,154
Losses on financial liabilities designated at fair value through profit or loss	9,118,106	4,731,329	162,476,024
Interest income	2,802,923,204	759,750,530	1,733,886,254
Dividend income	(16,420,740,139)	(15,309,544,755)	(14,557,766,606)
Interest expenses	(8,427,415)	(10,508,869)	(13,869,440)
	5,513,358,198	4,562,807,958	4,355,322,725
Losses from operations before changes in operating assets and liabilities	(7,164,049,523)	(2,726,945,348)	(5,255,644,645)

	(Unit: THB)		
	Consolidated		
	For the years ended 31 December		
	2019	2018	2017
Statements of Cash Flows (cont'd)			
(Increase) decrease in operating assets			
Interbank and money market items	364,870,026	11,389,079,000	(9,638,709,217)
Investments held for trading	(5,757,584,312)	(13,414,065,599)	(2,196,019,258)
Loans	(19,083,939,652)	(20,557,198,292)	(10,508,908,673)
Properties for sale	2,157,885,423	1,374,412,019	1,322,470,636
Credit support assets on derivatives	(8,914,605,805)	(1,914,790,812)	1,684,682,702
Other assets	636,102,941	(27,293,323)	(1,025,306,308)
Increase (decrease) in operating liabilities			
Deposits	13,934,243,960	7,699,827,123	(6,262,646,720)
Interbank and money market items	(1,140,270,113)	28,885,836,529	4,052,777,386
Liability payable on demand	(110,175,143)	124,328,187	4,571,090
Short-term borrowings	4,168,522,046	(4,202,663,803)	(6,046,902,521)
Provisions	(143,437,882)	(68,700,452)	(136,889,495)
Credit support liabilities on derivatives	5,247,770,035	(916,101,834)	903,725,253
Other liabilities	124,116,296	206,940,065	333,687,399
Cash flows (used in) provided by operating activities	(15,680,551,703)	5,852,663,460	(32,769,112,371)
Cash received from interest income	14,377,949,429	13,653,855,758	13,450,792,981
Cash paid for interest expenses	(6,578,613,485)	(5,144,814,563)	(4,821,676,381)
Cash paid for income tax	(164,761,796)	(424,746,068)	(333,270,211)
Net cash flows (used in) provided by operating activities	(8,045,977,555)	13,936,958,587	(24,473,265,982)

(Unit: THB)

Statements of Cash Flows (Cont'd)	Consolidated		
	For the years ended 31 December		
	2019	2018	2017
Cash flows from investing activities			
Cash paid for purchases of available-for-sale securities	(27,549,333,482)	(32,583,604,603)	(14,520,484,708)
Proceeds from disposals of available-for-sale securities	35,167,757,786	4,208,825,541	24,559,533,593
Proceeds from maturity of available-for-sale securities	7,627,300,000	51,200,000	60,000,000
Cash paid for purchases of held to maturity securities	(4,194,283,404)	(12,462,512,179)	(503,847,389)
Proceeds from disposals of held to maturity securities	-	-	480,340
Proceeds from maturity of held to maturity securities	4,731,280,000	5,905,850,000	4,305,000,000
Proceeds from repayment of investment in receivable	788,253	795,015	2,482,988
Cash paid for purchases of general investments	-	(726,500)	(792,307)
Proceeds from disposals of general investments	2,564,090	6,752,752	-
Proceeds from decrease in capital of general investments	-	14,990,000	22,710,000
Cash paid for purchases of premises and equipment	(295,357,042)	(161,435,893)	(178,507,407)
Proceeds from disposals of premises and equipment	9,342,879	16,085,199	39,159,489
Cash paid for purchases of intangible assets	(708,309,652)	(280,289,448)	(173,301,907)
Dividend received	8,427,415	10,508,869	13,869,440
Interest received	2,287,289,337	1,689,255,397	1,487,963,769
Net cash flows provided by (used in) investing activities	17,087,466,180	(33,584,305,850)	15,114,265,901
Cash flows from financing activities			
Cash paid for interest expenses	(48,800,000)	(48,800,000)	(31,820,274)
Cash received from capital increase	-	3,951,569,703	5,505,495,928
Proceeds from issuance of borrowings	8,534,832,747	16,273,471,128	15,652,328,861
Cash paid for redemption of borrowings	(17,909,088,000)	(366,500,000)	(12,085,000,000)
Net cash flows (used in) provided by financing activities	(9,423,055,253)	19,809,740,831	9,041,004,515
Gains on foreign currency translation differences	(15,953,935)	(4,493,892)	(29,432,276)
Net (decrease) increase in cash and cash equivalents	(397,520,563)	157,899,676	(347,427,842)
Cash and cash equivalents at beginning of the year	1,749,088,327	1,591,188,651	1,938,616,493
Cash and cash equivalents at the end of the year	1,351,567,764	1,749,088,327	1,591,188,651
Supplemental disclosure of cash flows information			
Non-cash transaction:			
Payable from purchase premises and equipment	1,597,778	294,250	22,735,861
Properties for sale received from premises and equipment	89,686,806	22,455,456	38,817,769
Change in revaluation surplus in available-for-sale	472,498,608	(274,248,938)	(467,099,324)
Interest amortisation from premium or discount	124,753,905	111,472,079	236,842,411

The Bank and its subsidiaries' financial ratios	31-Dec-19	31-Dec-18	31-Dec-17
Net interest margin (%)	3.3	3.7	3.9
Return on equity (%)	4.0	0.0	1.3
Return on assets (%)	0.4	0.0	0.1
Cost to income ratio (%)	68.1	62.1	58.3
Loan to deposit ratio (Modified LDR) (%)	100.3	97.2	96.8
NPL ratio (%)	4.6	4.3	4.8
Capital adequacy ratio (%)	18.0	19.3	17.0
Tier 1 capital funds to risk-weight assets (%)	13.1	14.1	12.9

14. Analysis of Financial Standing and Operating Performance

14.1 Consolidated operating results

For the year ended 31 December 2019, CIMB Thai Group recorded a consolidated net profit of THB 1,501.6 million, an over 216-fold year-on-year (YoY) increase of THB 1,494.7 million. The improvement was mainly attributable to a 47.7% decline in provisions resulting from rationalisation of the process to improve the asset quality and a 3.5% growth in operating income, partially offset by a 13.5% increase in operating expenses.

Net Interest Margin (NIM) over earning assets stood at 3.31% in 2019, compared to 3.71% in 2018, owing to higher cost of funds.

As at 31 December 2019, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) net of deferred revenue of CIMB Thai Group stood at THB 242.1 billion, an increase of 6.3% from 31 December 2018. Deposits (inclusive of bills of exchange, debentures and selected structured deposit products) amounted to THB 241.5 billion, a growth of 3.1% from THB 234.3 billion at the end of December 2018. The modified loan to deposit ratio (modified LDR) moved up to 100.3% from 97.2% as at 31 December 2018.

(a) Summary of CIMB Thai Group's income

On a YoY basis, CIMB Thai Group's consolidated operating income grew by THB 472.5 million or 3.5% to THB 14.2 billion coming from an increase in net interest income of THB 160.6 million or 1.5% YoY on the back of loan expansion and higher interest income on hire purchase business and investments. Net fee and service income improved by THB 362.3 million or 20.0%, due to higher fee income from insurance and debt capital markets. Other operating income decreased by THB 50.5 million or 4.5% mainly attributable to losses on financial instruments designated at fair value through profit or loss offset by gains from trading and foreign exchange transactions and an increase in gains on investments and gains on sale of NPLs.

(b) Cost of funds and operating expenses

CIMB Thai Group's interest expenses in 2019 amounted to THB 5.5 billion, a YoY increase of THB 950.6 million or 20.8%, largely from an increase in interest expenses on deposits.

For the year ended 31 December 2019, operating expenses rose by THB 1,148.1 million or 13.5% YoY, largely due to higher employee expenses and other operating expenses following an amendment bill to the Labour Protection Law which requires employers' higher compensation payment to employees who have retired or have 20 years of service or more. Coupled with expenses incurred from the business expansion strategy under the Fast Forward programme, the cost to income ratio moved higher to 68.1% in 2019, compared to 62.1% in 2018.

(c) Net profit

For the year ended 31 December 2019, CIMB Thai Group recorded a consolidated net profit of THB 1,501.6 million, an over 216-fold year-on-year growth of THB 1,494.7 million. The improvement was mainly attributable to a 47.7% decline in provisions as a result of rationalisation of the process to improve the asset quality and a 3.5% growth in operating income, partially offset by a 13.5% increase in operating expenses.

(d) Return on equity

For the year 2019, CIMB Thai Group's return on equity was 4.0% compared with 0.0% in 2018, and the Bank's return on equity was 1.2% compared with (2.5)% in 2018, mainly due to an increase in net profit during the year.

14.2 Consolidated Financial Standing

Assets

As at 31 December 2019, CIMB Thai Group's total assets amounted to THB 391.9 billion, a THB 36.0 billion or 10.1% growth from a year earlier, as detailed below:

Interbank and money market items (assets) were THB 6.4 billion, a THB 368 million or 5.4% decrease, mainly attributable to the Bank's liquidity management.

Derivative assets moved up by THB 20.1 billion or 85.8% to THB 43.5 billion, coming mainly from interest rate contracts and foreign exchange contracts.

Net investments stood at THB 86.8 billion, declining by THB 5.4 billion or 5.8% , mainly due to a decrease in available-for-sale securities, partially offset by an increase in securities designated at fair value through profit or loss and securities held for trading .

Net loans and accrued interest receivables were THB 229.9 billion, a 6.3% growth largely in retail segment.

Credit support assets on derivatives amounted to THB 15.0 billion, going up by THB 8.9 billion or 147.3%, which is in line with derivatives business.

Asset quality

(a) Loans and loan concentration

As at 31 December 2019, CIMB Thai Group's total loans net of deferred revenue accounted for THB 240.1 billion, a growth of THB 13.8 billion or 6.1% from THB 226.3 billion as at 31 December 2018. Loans principally comprised housing loans, hire purchase receivables and manufacturing and commerce sectors, making up 67.9% of total loans. Housing loans represented the largest proportion, i.e. THB 78.7 billion or 32.8% of total loans, which was in line with the Bank's business strategy, followed by hire purchase receivables amounting to THB 42.7 billion or 17.8%, and manufacturing and commerce sectors THB 41.4 billion or 17.3% of total loans. Sectors with growth of loans were mainly hire purchase and housing, recording a YoY growth of 28.3% and 9.4% respectively.

Loans classified by type of business	31 December 2019		31 December 2018		Change	
	THB million	%	THB million	%	THB million	%
Agriculture and mining	8,349	3.5	6,956	3.1	1,393	20.0
Manufacturing and commerce	41,446	17.3	45,157	19.9	(3,711)	(8.2)
Real estate and construction	16,364	6.8	13,836	6.1	2,528	18.3
Public utilities and services	24,921	10.4	29,779	13.1	(4,858)	(16.3)
Personal loans	10,529	4.4	11,961	5.3	(1,432)	(12.0)
Housing loans	78,698	32.8	71,916	31.8	6,782	9.4
Hire purchase receivables	42,665	17.8	33,244	14.7	9,421	28.3
Others	17,108	7.0	13,451	5.9	3,657	27.2
Total loans net of deferred revenue	240,080	100.0	226,300	100.0	13,780	6.1

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 2019, CIMB Thai Group's net loans and accrued interest receivables (excluding loans to financial institutions) amounted to THB 240.5 billion, an increase of 6.1% compared with those as at 31 December 2018. Classification of loans is in compliance with the Bank of Thailand's notification. Pass loans stood at THB 216.9 billion, special-mention loans THB 12.3 billion, and non-performing loans classified as sub-standard, doubtful and doubtful of loss were reported at THB 3.4 billion, THB 1.6 billion, and THB 6.3 billion respectively.

CIMB Thai Group's loan loss coverage ratio was 94.1% as at 31 December 2019 compared to 107.0% as at the end of December 2018. As at 31 December 2019, total provisions stood at THB 10.6 billion, translating to a THB 5.0 billion excess over the Bank of Thailand's reserve requirements.

(c) Non-performing loans (NPLs)

The gross non-performing loans (NPLs) amounted to THB 11.3 billion, constituting to a gross NPL ratio of 4.6% compared to 4.3% as at 31 December 2018, arising from certain corporate accounts and retail segments. The Bank has continued to maintain the tightened credit underwriting standards and risk management policies, as well as focusing on improvement of efficiency in debt collection, monitoring and resolution of troubled debts.

(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 cash 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 2019, CIMB Thai Group's total liabilities amounted to THB 353.4 billion, going up by THB 34.5 billion or 10.8% YoY as follows:

Deposits were THB 199.0 billion, up by THB 13.9 billion or 7.5% YoY, mainly from an increase in saving and fixed deposits.

Interbank and money market items (liabilities) were THB 43.4 billion, decreasing by THB 1.1 billion or 2.6% YoY, as a result of the Bank's liquidity management.

Financial liabilities designated at fair value through profit or loss declined by THB 11.1 billion or 31.2% to THB 24.4 billion, coming mainly from structured debentures.

Derivative liabilities went up by THB 20.3 billion or 83.7% to THB 44.7 billion, mainly due to interest rate contracts and foreign exchange rate contracts.

Debt issued and borrowings amounted to THB 25.8 billion, up by THB 6.9 billion or 36.1%, largely caused by an increase in structured debentures.

Equity

As at 31 December 2019, CIMB Thai Group's equity was recorded at THB 38.5 billion, representing a growth of THB 1.6 billion or 4.3% from a year earlier, principally due to the net profit growth during the year.

Off balance sheets: Commitments

As at 31 December 2019, the Bank and its subsidiaries had combined commitments of THB 3,761.5 billion, declining by THB 286.3 billion (7.1%) from THB 4,047.9 billion YoY, mostly from derivatives as indicated in the table below:

(THB million)

Off balance sheets: commitments	31 December 2019	31 December 2018	variance %
Avals to bills and guarantees of loans	0	280	(100.0)
Liability under unmatured import bills	331	239	38.5
Letters of credit	605	1,185	(48.9)
Other commitments:	3,760,609	4,046,169	(7.1)
Derivatives	3,704,444	3,998,256	(7.3)
Undrawn bank overdrafts	14,558	14,004	4.0
Undrawn credit line	17,307	21,139	(18.1)
Investments	12,005	1,567	666.1
Others	12,295	11,203	9.7
Total	3,761,545	4,047,873	(7.1)

Liquidity

Cash and cash equivalent items, as indicated in the cash flow statement of CIMB Thai Group as at 31 December 2019, amounted to THB 1.4 billion, a net decrease of THB 397.5 million YoY. Details of the changes are as follows:

Net cash flows used in operating activities in 2019 were THB 8.0 billion. Losses from operations before changes in operating assets and liabilities were THB 7.2 billion, including THB 1.9 billion in pre-tax net profit for the year, and adjustments of non-cash items to net profit, stemming largely from interest income, gains on sale of investments and unrealised gains on revaluation of investments, partially offset with interest expenses, losses on financial liabilities designated at fair value through profit or loss and bad debts and doubtful accounts and losses on impairment. Operating assets for the year went up by THB 30.6 billion mainly from an increase in loans and credit support assets on derivatives. In addition, operating liabilities moved up by THB 22.1 billion, resulting from deposits and credit support liabilities on derivatives.

Net cash flows provided by investing activities were THB 17.1 billion, mostly coming from net cash received for available-for-sale securities.

Net cash flows used in financing activities were THB 9.4 billion, comprising proceeds from cash paid for redemption of borrowings

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 2019, the Bank had deposits, borrowings and loans classified by maturity as follows:

(Unit: THB billion)

Maturities	Loans*	%	Deposits*	%	Borrowings*	%
Payable on demand	17.6	7.5	72.3	34.6	0.1	0.1
Up to one year	45.7	19.5	127.2	60.8	37.9	49.4
Over one year	171.0	73.0	9.7	4.6	38.7	50.5
Total	234.3	100.0	209.2	100.0	76.7	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)

Deposit categories	2019*		2018*		2017*	
	Amount	%	Amount	%	Amount	%
Current deposits	3.9	1.9	2.9	1.5	3.4	1.8
Savings deposits	68.3	32.6	59.0	30.2	67.6	35.6
Fixed deposits	137.0	65.5	133.4	68.3	118.8	62.6
Total	209.2	100.0	195.3	100.0	189.8	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:

September 2019

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)

May 2019

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 2019

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 2019, CIMB Thai Group's assets were THB 38.5 billion higher than its liabilities, hence positive shareholders' equity. Its total consolidated capital funds amounted to THB 47.6 billion with capital adequacy ratio (BIS ratio) of 18.0%, exceeding the Bank of Thailand's regulatory requirement. Meanwhile, the Bank's capital funds amounted to THB 45.9 billion with BIS ratio of 17.4%.

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 Bank of Thailand's regulations. As at 31 December 2019, the Bank's cash in hand, cash at the cash centre and cash at the Bank of Thailand totaled THB 2.2 billion. Its modified LDR was 96.7%, compared with 94.0% a year earlier, which was in line with its business plan.