

CIMB THAI BANK PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2018

Independent Auditor's Report

To the shareholders of CIMB Thai Bank Public Company Limited

My opinion

In my opinion, the consolidated financial statements of CIMB Thai Bank Public Company Limited (the Bank) and its subsidiaries (the Group) and the separate financial statements of the Bank present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Bank as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- ☐ the consolidated and separate statements of financial position as at 31 December 2018;
- ☐ the consolidated and separate statements of comprehensive income for the year then ended;
- ☐ the consolidated and separate statements of changes in equity for the year then ended;
- ☐ the consolidated and separate statements of cash flows for the year then ended; and
- ☐ the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Bank in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter

How my audit addressed the key audit matter

Allowance for doubtful accounts on loans to customers

Refer to Note to the consolidated and separate financial statements number 2.9 for the accounting policy of the Group and the Bank relating to allowance for doubtful accounts. For disclosures relating to loans to customers, refer to Note to the consolidated and separate financial statements number 10.

Loans to customers are a significant portion constituting 60.76% of total assets. As at 31 December 2018 the total loans portfolio of the Group comprises of loans of commercial banking business which constitutes 85.12%, and hire-purchase receivables generated from the operations of the Group's subsidiaries 14.88%. Given that management applied both quantitative approach and qualitative factors to an estimation of the allowance for doubtful accounts on certain loans and portfolio of loans to customers, thus I focused on this area because management made complex and subjective judgement over the estimation of the allowance for doubtful accounts.

Management set up allowances on the Group's individual customers, principally based on the Bank of Thailand's guidelines as well as management's assessment of the repayment capacity of individual customers. Management assessed the financial status of individual customers and may hold additional allowance wherever required. This included considering, in addition to objective criteria, other qualitative factors that include but aren't limited to payment history, financial position and the performance of the customer, key financial ratios, industry trends etc.

For non-performing loans, management considered expected future cash flows from debt collection which required appropriate assumptions in accordance about economic conditions and from disposing of collateral which has been appraised by the professional valuers.

Considering the economic conditions and credit risk in overall loans to customers, management used judgements and hold overlays as general allowance for further losses, if any.

Based on the significance, level of subjectivity and estimation uncertainty, allowance for doubtful accounts on loans to customers is a key audit matter.

I evaluated the design and implementation of control, and tested operating effectiveness of key controls over input data and calculation of allowances as follows:

- ☐ I tested management's controls over data accuracy, assessed the application of appropriate methodologies and appropriateness of systems, processes and internal controls in relation to generating the reliable results.
- ☐ I tested the key controls (both automated and manual). I involved my information technology specialists to test access controls to the system and controls over the computation of allowance for doubtful accounts, including the completeness and accuracy of customers' accounts used in the computation. I also tested controls over data input into the system, collateral valuation, transfer of data and reconciliations between the loans source systems to the general ledger.
- ☐ I tested management's controls over review and approval of setting up an allowance for doubtful accounts.
- ☐ I read minutes of key committee meetings - especially the audit committee, risk committee, management committees and Board of Directors of the Group.

I didn't find any exception from my testing, with the result that I relied on controls of the Group in my audit. In addition, I also performed the following further procedures.

I independently performed a credit analysis where I selected loans based on risk exposures. I tested the classification of those loans and examined the allowance in accordance with the regulatory requirements. On certain loans, management set up an additional allowance, I understood the management's process and assessed the appropriateness of borrower's capacity to pay using internal and external evidence, and assessed the appropriateness of those allowances.

I critically assessed for any extra allowance which hadn't been identified by management. I found no material exceptions.

For non-performing loans, I tested cash flow projections from repayment and appraisal value of collateral, in order to assess the appropriateness of allowance for doubtful accounts:

- ☐ I challenged the basic of cash flow projections prepared by management and assessed the appropriateness of projections by examining them against the relevant supporting evidence and had a detailed discussion with management on the future cash flows expected from customer. I also used professional judgement and external evidence, if any, to assess those projections.

Key audit matter	How my audit addressed the key audit matter
	<p>□ For collateral valuations performed by the professional valuers, I checked their qualifications. Then, I sampled those valuations to check that the management used the latest valuations in the computation of allowance for doubtful accounts. I assessed the appropriateness of the valuation methodologies by considering that the valuers used the methodology allowed by the regulators. I also checked the accuracy of the collateral value deducted from loan outstanding.</p> <p>I tested the management's review and approval process for general provision. I assessed the appropriateness of general provision by using my industry experience and knowledge, in the light of current economic conditions. I also performed an assessment for the appropriateness of general provisions by comparing the proportion of the allowance to the loan of the Bank with other major banks in Thailand.</p> <p>Based on the work I performed I didn't find any material differences.</p>

Valuation of derivative financial instruments

Refer to Note to the consolidated and separate financial statements number 2.18 for the accounting policy of the Group and the Bank relating to derivative financial instruments. For disclosures relating to derivatives refer to the Note to the consolidated and separate financial statements number 7.

As at 31 December 2018, the Group's derivatives financial instruments mainly comprise of derivatives, assets and liabilities amounting to Baht 23,396 million and amounting to Baht 24,318 million, respectively. Valuation of these derivatives was performed by management by making judgments in determining the appropriate valuation methodology and use of relevant data which resulted in valuation risk.

The valuation of derivatives was my key area of focus. For derivatives financial instruments valuation methodologies were complicated and I applied valuation techniques.

Valuation of derivatives financial instruments depends highly on the valuation methodology and market data, inappropriate usage of any of them could have a significant impact on the consolidated and separate financial statements.

I assessed the operating effectiveness of the following key controls over the valuation of derivatives financial instruments:

- Controls over the computerised system used for the valuation of derivatives financial instruments. I defined the scope of work with the information technology specialist team during the audit planning phase and used the results of tests of information technology general controls and application controls performed.
- Manual controls over the completeness, appropriateness and accuracy of data input into the system. I tested the controls over reconciliations for the data uploaded into the systems, and reconciliations between the derivatives source systems and financial reporting systems.

I didn't find any exception from my tests and I could rely on these controls for the purpose of my audit.

I performed further procedures in addition to control testing. On a sample basis, I independently measured valuations based on market data as a benchmark, then assessed the reason for variance against the Group's and the Bank's valuation result. I didn't find any material differences.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
Bangkok
22 February 2019

	Notes	Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Assets					
Cash		1,749,088,327	1,591,188,651	1,745,984,495	1,588,987,409
Interbank and money market items, net	6	6,790,160,122	18,167,812,758	6,684,224,569	18,099,695,389
Derivative assets	7	23,395,513,202	21,278,460,920	23,395,513,202	21,278,460,920
Investments, net	8	92,172,323,107	44,059,846,768	92,172,323,107	44,059,846,768
Investments in subsidiaries, net	9	-	-	2,208,315,115	1,708,315,115
Loans and accrued interest receivables	10				
Loans		234,554,591,139	218,058,207,223	218,848,912,358	205,242,484,739
Accrued interest receivables		492,689,784	516,911,663	502,263,091	522,709,406
Total loans and accrued interest receivables		235,047,280,923	218,575,118,886	219,351,175,449	205,765,194,145
<u>Less</u> Deferred revenue		(8,254,467,999)	(7,036,133,482)	(486,300)	(8,651,407)
<u>Less</u> Allowance for doubtful debts	11	(10,539,026,105)	(9,869,265,119)	(9,702,022,606)	(9,256,336,052)
<u>Less</u> Revaluation allowance for debt restructuring	12	(52,332,096)	(105,673,656)	(52,332,096)	(105,673,656)
Loans and accrued interest receivables, net		216,201,454,723	201,564,046,629	209,596,334,447	196,394,533,030
Customers' liability under acceptance		77,698,965	581,413,868	77,698,965	581,413,868
Properties for sale, net	13	1,016,509,206	1,033,943,008	831,149,160	888,480,141
Premises and equipment, net	14	3,536,093,184	3,588,378,733	3,471,101,060	3,529,189,193
Intangible assets, net	15	488,639,652	370,043,208	480,958,226	364,943,160
Deferred tax assets	16	1,392,797,611	1,372,672,738	938,209,202	1,023,345,737
Other assets, net	17	9,028,246,822	6,995,795,275	8,775,677,084	6,789,804,499
Total assets		355,848,524,921	300,603,602,556	350,377,488,632	296,307,015,229

Director _____ Director _____

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2018

		Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Liabilities					
Deposits	18	185,100,505,109	177,400,677,986	185,215,037,339	177,702,506,611
Interbank and money market items, net	19	44,533,942,327	15,648,105,797	44,533,942,327	15,648,105,797
Liability payable on demand		378,991,448	254,663,261	378,991,448	254,663,261
Financial liabilities designated at fair value through profit or loss	20	35,512,717,532	23,103,810,514	35,512,717,532	23,103,810,514
Derivative liabilities	7	24,318,002,735	19,965,010,587	24,318,002,735	19,965,010,587
Debt issued and borrowings	21	18,968,347,710	19,933,103,726	16,968,347,710	17,933,103,726
Bank's liability under acceptance		77,698,965	581,413,868	77,698,965	581,413,868
Provisions	22	1,987,605,895	1,946,444,925	1,892,940,783	1,855,519,989
Other liabilities	23	8,048,887,299	8,718,523,191	7,099,432,111	7,938,994,106
Total liabilities		318,926,699,020	267,551,753,855	315,997,110,950	264,983,128,459
Equity					
Share capital	24				
Registered					
34,822,261,748 ordinary shares of Baht 0.50 each		17,411,130,874		17,411,130,874	
30,280,227,607 ordinary shares of Baht 0.50 each			15,140,113,804		15,140,113,804
Issued and paid-up share capital					
34,822,261,748 ordinary shares of Baht 0.50 each		17,411,130,874		17,411,130,874	
30,280,227,607 ordinary shares of Baht 0.50 each			15,140,113,804		15,140,113,804
Premium on share capital		10,145,965,854	8,465,413,222	10,145,965,854	8,465,413,222
Other reserves	25	1,400,797,437	1,534,848,299	1,422,487,528	1,558,840,917
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	26	403,600,000	398,680,000	403,600,000	398,680,000
Unappropriated		7,603,085,487	7,555,547,127	4,997,193,426	5,760,838,827
Total equity		36,921,825,901	33,051,848,701	34,380,377,682	31,323,886,770
Total liabilities and equity		355,848,524,921	300,603,602,556	350,377,488,632	296,307,015,229

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2018

	Notes	Consolidated		Separate	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Interest income	30	15,309,544,755	14,557,766,606	12,341,600,425	11,913,199,518
Interest expenses	31	(4,562,807,958)	(4,355,322,725)	(4,515,325,072)	(4,325,189,459)
Net interest income		10,746,736,797	10,202,443,881	7,826,275,353	7,588,010,059
Fees and service income		2,109,980,514	2,140,296,232	1,376,649,113	1,471,420,808
Fees and service expenses		(302,056,447)	(195,842,620)	(289,520,012)	(223,841,719)
Net fees and services income	32	1,807,924,067	1,944,453,612	1,087,129,101	1,247,579,089
Gains on tradings and foreign exchange transactions	33	1,054,168,202	2,238,222,821	1,054,168,202	2,238,222,821
Losses on financial instrument designated at fair value through profit or loss	34	(759,750,530)	(1,733,886,254)	(759,750,530)	(1,733,886,254)
Gains on investments	35	19,508,137	107,353,927	19,508,137	490,748,334
Gains on sale of non-performing loans	10	226,351,923	-	-	-
Other operating income	36	441,558,380	396,161,195	261,325,479	233,222,081
Total operating income		13,536,496,976	13,154,749,182	9,488,655,742	10,063,896,130
Other operating expenses					
Employee expenses		4,533,126,703	4,068,397,712	3,892,655,897	3,444,686,567
Directors' remuneration		13,467,200	12,792,000	13,131,200	12,456,000
Premises and equipment expenses		1,155,447,852	1,060,266,367	1,017,873,890	929,630,735
Taxes and duties		413,013,666	420,692,273	386,886,044	397,448,867
Others		2,230,852,622	2,050,806,859	1,229,294,759	1,334,179,030
Total other operating expenses		8,345,908,043	7,612,955,211	6,539,841,790	6,118,401,199
Bad and doubtful debts and impairment losses	37	4,919,382,923	5,053,034,607	3,686,327,220	3,944,113,706
Profit (loss) before income tax expenses		271,206,010	488,759,364	(737,513,268)	1,381,225
Income tax expenses	38	(264,304,590)	(103,861,136)	(66,769,073)	70,008,975
Net profit (loss) for the year		6,901,420	384,898,228	(804,282,341)	71,390,200

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the year ended 31 December 2018

	Consolidated		Separate	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
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	(274,248,938)	467,099,324
Losses arising from translating the financial statement of a foreign operation	(4,697,307)	(30,696,516)	(4,697,307)	(30,696,516)
Gains on cash flow hedges	136,503,546	62,042,015	136,503,546	62,042,015
Income tax relating to items that will be reclassified subsequently to profit or loss	(4,364,720)	(105,828,268)	(4,364,720)	(105,828,268)
Total items that will be reclassified subsequently to profit or loss	(146,807,419)	392,616,555	(146,807,419)	392,616,555
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment benefit obligations	72,891,871	79,271,973	70,013,711	82,635,079
Income tax relating to items that will not be reclassified subsequently to profit or loss	(14,578,374)	(15,854,394)	(14,002,741)	(16,527,016)
Total items that will not be reclassified subsequently to profit or loss	58,313,497	63,417,579	56,010,970	66,108,063
Total other comprehensive (expenses) income	(88,493,922)	456,034,134	(90,796,449)	458,724,618
Total comprehensive (expenses) income for the year	(81,592,502)	840,932,362	(895,078,790)	530,114,818

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the year ended 31 December 2018

	Note	Consolidated		Separate	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Net profit (loss) attributable to:					
Equity holders of the Bank		6,901,420	384,898,228	(804,282,341)	71,390,200
Non-controlling interests		-	-	-	-
		<u>6,901,420</u>	<u>384,898,228</u>	<u>(804,282,341)</u>	<u>71,390,200</u>
Total comprehensive (expenses) income attributable to:					
Equity holders of the Bank		(81,592,502)	840,932,362	(895,078,790)	530,114,818
Non-controlling interests		-	-	-	-
		<u>(81,592,502)</u>	<u>840,932,362</u>	<u>(895,078,790)</u>	<u>530,114,818</u>
Earnings per share for profit (loss) attributable to the equity holders of the Bank	40				
Basic earnings (loss) per share (Baht per share)		<u>0.00</u>	<u>0.01</u>	<u>(0.03)</u>	<u>0.00</u>
Weighted average number of ordinary shares (shares)		<u>31,188,634,435</u>	<u>28,233,684,776</u>	<u>31,188,634,435</u>	<u>28,233,684,776</u>

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

Consolidated																	
Attributable to owners of the Bank																	
Other reserves																	
Notes	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Remeasurements of post-employment benefit obligations	Revaluation surplus (deficit) on change in value of investments		Gains (losses) arising from translating the financial statement of a foreign operation		(Losses) gains on cash flow hedges		Income tax relating to components of other comprehensive expense		Accretion of equity interests in subsidiary		Legal reserve	Retained earnings	Total equity
					Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht			
24	15,140,113,804	8,465,413,222	2,029,075,146	(176,247,467)		114,679,945	4,398,911		(54,445,887)		(382,612,349)	1,534,848,299		(42,753,751)	398,680,000	7,555,547,127	33,051,848,701
	2,271,017,070	1,680,552,632	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,951,569,702
		-	-	-	72,891,871	(274,248,938)		(4,697,307)	136,503,546		(18,943,094)		(88,493,922)		-	6,901,420	(81,592,502)
26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,920,000	(4,920,000)	-
	-	-	(56,946,175)	-	-	-	-	-	-	-	11,389,235	(45,556,940)		-	-	45,556,940	-
Balance as at 31 December 2018																	
	17,411,130,874	10,145,965,854	1,972,128,971	(103,355,596)	(159,568,993)		(298,396)	82,057,659		(390,166,208)	1,400,797,437		(42,753,751)	403,600,000	7,603,085,487	36,921,825,901	
Balance as at 1 January 2017																	
	12,387,365,840	5,712,665,258	2,048,157,685	(255,519,440)	(352,419,379)		35,095,427	(116,487,902)		(264,746,195)	1,094,080,196		(42,753,751)	397,800,000	7,156,262,868	26,705,420,411	
24	2,752,747,964	2,752,747,964	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,505,495,928
26	-	-	-	-	-	-	-	-	-	-	(121,682,662)	456,034,134		-	-	384,898,228	840,932,362
	-	-	-	-	-	-	-	-	-	-	-	-	-	880,000	(880,000)	-	-
	-	-	(19,082,539)	-	-	-	-	-	-	-	3,816,508	(15,266,031)		-	-	15,266,031	-
Balance as at 31 December 2017																	
	15,140,113,804	8,465,413,222	2,029,075,146	(176,247,467)		114,679,945	4,398,911		(54,445,887)		(382,612,349)	1,534,848,299		(42,753,751)	398,680,000	7,555,547,127	33,051,848,701

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

		Separate											
		Other reserves											
Notes	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Remeasurements of post-employment benefit obligations	Revaluation surplus (deficit) on change in value of investments	Gains (losses) arising from translating the financial statement of a foreign operation	(Losses) gains on cash flow hedges	Income tax relating to components of other comprehensive expense	Total other reserves	Legal reserve	Retained earnings	Total equity	Baht
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2018	15,140,113,804	8,465,413,222	2,029,075,146	(146,256,694)	114,679,945	4,398,911	(54,445,887)	(388,610,504)	1,558,840,917	398,680,000	5,760,838,827	31,323,886,770	
Increase in ordinary shares	2,271,017,070	1,680,552,632	-	-	-	-	-	-	-	-	-	3,951,569,702	
Total comprehensive income (expenses) for the year	-	-	-	70,013,711	(274,248,938)	(4,697,307)	136,503,546	(18,367,461)	(90,796,449)	-	(804,282,341)	(895,078,790)	
Appropriated - statutory reserve	-	-	-	-	-	-	-	-	-	4,920,000	(4,920,000)	-	
Transfer to retained earnings	-	-	(56,946,175)	-	-	-	-	11,389,235	(45,556,940)	-	45,556,940	-	
Balance as at 31 December 2018	17,411,130,874	10,145,965,854	1,972,128,971	(76,242,983)	(159,568,993)	(298,396)	82,057,659	(395,588,730)	1,422,487,528	403,600,000	4,997,193,426	34,380,377,682	
Balance as at 1 January 2017	12,387,365,840	5,712,665,258	2,048,157,685	(228,891,773)	(352,419,379)	35,095,427	(116,487,902)	(270,071,728)	1,115,382,330	397,800,000	5,675,062,596	25,288,276,024	
Increase in ordinary shares	2,752,747,964	2,752,747,964	-	-	-	-	-	-	-	-	-	5,505,495,928	
Total comprehensive income (expenses) for the year	-	-	-	82,635,079	467,099,324	(30,696,516)	62,042,015	(122,355,284)	458,724,618	-	71,390,200	530,114,818	
Appropriated - statutory reserve	-	-	-	-	-	-	-	-	-	880,000	(880,000)	-	
Transfer to retained earnings	-	-	(19,082,539)	-	-	-	-	3,816,508	(15,266,031)	-	15,266,031	-	
Balance as at 31 December 2017	15,140,113,804	8,465,413,222	2,029,075,146	(146,256,694)	114,679,945	4,398,911	(54,445,887)	(388,610,504)	1,558,840,917	398,680,000	5,760,838,827	31,323,886,770	

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2018

	Notes	Consolidated		Separate	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before corporate income tax		271,206,010	488,759,364	(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		373,493,966	367,291,254	352,142,154	344,091,704
Bad debts and doubtful accounts	37	4,919,382,923	5,053,034,607	3,686,327,220	3,944,113,706
Provision (reversal) for off-balance sheet items		72,742,078	(42,701,555)	72,742,078	(42,701,555)
Share-based payment		38,448,440	35,251,070	38,448,440	35,251,070
Provision for liabilities		85,994,884	207,888,248	79,376,548	197,903,657
Losses on impairment of properties for sale		47,039,986	47,970,983	1,487,569	20,391,212
Losses on impairment of investments		1,067,203	3,476,616	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)	1,075,237,437	(3,015,423,032)
Losses (gains) on properties for sale		518,951,662	380,078,551	(139,608,478)	(72,996,501)
Unrealised gains on revaluation of investments		(315,036,490)	(135,317,715)	(315,036,490)	(135,317,715)
Losses (gains) on sale of investments		113,050,652	(366,098,877)	113,050,652	(366,098,877)
Gains on disposal of premises and equipment		(20,391,900)	(36,746,849)	(10,877,744)	(34,334,525)
Losses from write off premises and equipment		1,318,506	13,044,307	1,169,021	12,487,613
Losses from write off leasehold rights		8,845,503	41,603,154	8,845,503	41,454,421
Losses on sale of non-performing loan		4,731,329	162,476,024	4,731,329	162,476,024
Losses on financial liabilities designated at fair value through profit or loss	34	759,750,530	1,733,886,254	759,750,530	1,733,886,254
Interest income	30	(15,309,544,755)	(14,557,766,606)	(12,341,600,425)	(11,913,199,518)
Dividend income	36	(10,508,869)	(13,869,440)	(10,508,869)	(13,869,440)
Interest expenses	31	4,562,807,958	4,355,322,725	4,515,325,072	4,325,189,459
Losses from operations before changes in operating assets and liabilities					
		(2,801,412,947)	(5,277,840,917)	(2,845,444,518)	(5,155,232,610)
Decrease (increase) in operating assets					
Interbank and money market items		11,389,079,000	(9,638,709,217)	11,426,897,185	(9,634,584,045)
Investments held for trading		(13,414,065,599)	(2,196,019,258)	(13,414,065,599)	(2,196,019,258)
Loans		(20,557,198,292)	(10,508,908,673)	(15,914,378,341)	(5,314,731,312)
Properties for sale		1,448,879,618	1,344,666,908	222,507,346	409,785,779
Other assets		(1,953,057,331)	659,376,394	(1,869,281,141)	662,550,529
Increase (decrease) in operating liabilities					
Deposits		7,699,827,123	(6,262,646,720)	7,512,530,728	(6,174,959,438)
Interbank and money market items		28,885,836,529	4,052,777,386	28,885,836,529	4,052,777,386
Liability payable on demand		124,328,187	4,571,090	124,328,187	4,571,090
Short-term borrowings		(4,202,663,803)	(6,046,902,521)	(4,202,663,803)	(6,046,902,521)
Provisions		(68,700,452)	(136,889,495)	(68,700,452)	(136,889,494)
Other liabilities		(709,161,767)	1,237,412,652	(966,619,308)	1,094,180,591
Cash flows provided by (used in) operating activities					
		5,841,690,266	(32,769,112,371)	8,890,946,813	(28,435,453,303)
Cash received from interest income		13,660,637,349	13,450,792,981	10,688,917,455	10,804,211,696
Cash paid for interest expenses		(5,144,814,563)	(4,821,676,381)	(5,146,131,186)	(4,830,582,525)
Cash paid for income tax		(424,746,068)	(333,270,211)	(71,039,791)	(62,402,645)
Net cash flows provided by (used in) operating activities					
		13,932,766,984	(24,473,265,982)	14,362,693,291	(22,524,226,777)

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2018

Note	Consolidated		Separate	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(32,583,604,603)	(14,520,484,708)	(32,583,604,603)	(14,520,484,708)
Proceeds from disposals of available-for-sale securities	4,208,825,541	24,559,533,593	4,208,825,541	24,559,533,593
Proceeds from maturity of available-for-sale securities	51,200,000	60,000,000	51,200,000	60,000,000
Cash paid for purchases of held to maturity securities	(12,462,512,179)	(503,847,389)	(12,462,512,179)	(503,847,389)
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	5,905,850,000	4,305,000,000
Proceeds from repayment of investment in receivable	795,015	2,482,988	795,015	2,482,988
Cash paid for purchases of investment in subsidiary	9	-	(500,000,000)	-
Cash paid for purchases of general investments	(726,500)	(792,307)	(726,500)	(792,307)
Proceeds from disposals of general investments	6,752,752	-	6,752,752	-
Proceeds from decrease in capital of general investments	14,990,000	22,710,000	14,990,000	22,710,000
Cash paid for purchases of premises and equipment	(161,435,893)	(178,507,407)	(134,988,728)	(158,616,076)
Proceeds from disposals of premises and equipment	16,085,199	39,159,489	6,268,162	36,697,603
Cash paid for purchases of intangible assets	(280,289,448)	(173,301,907)	(276,548,473)	(171,322,945)
Dividend received	10,508,869	13,869,440	10,508,869	13,869,440
Interest received	1,693,447,001	1,487,963,769	1,693,447,001	1,487,963,769
Net cash flows (used in) provided by investing activities	(33,580,114,246)	15,114,265,901	(34,059,743,143)	15,133,674,308
Cash flows from financing activities				
Cash paid for interest expenses	(48,800,000)	(31,820,274)	-	-
Cash received from capital increase	3,951,569,703	5,505,495,928	3,951,569,703	5,505,495,928
Proceeds from issuing debentures	-	2,000,000,000	-	-
Proceeds from issuing subordinate debentures	3,150,852,900	-	3,150,852,900	-
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	9,910,595,732	9,467,646,107
Cash paid for redemption of structured debentures	(10,000,000)	(9,028,000,000)	(10,000,000)	(9,028,000,000)
Proceeds from issuance of structured bills of exchange	3,212,022,495	4,184,682,754	3,212,022,495	4,184,682,754
Cash paid for redemption of structured bills of exchange	(356,500,000)	(57,000,000)	(356,500,000)	(57,000,000)
Net cash flows provided by financing activities	19,809,740,830	9,041,004,515	19,858,540,830	7,072,824,789
Gains on foreign currency translation differences	(4,493,892)	(29,432,276)	(4,493,892)	(29,432,276)
Net increase (decrease) in cash and cash equivalents	157,899,676	(347,427,842)	156,997,086	(347,159,956)
Cash and cash equivalents at beginning of the year	1,591,188,651	1,938,616,493	1,588,987,409	1,936,147,365
Cash and cash equivalents at the end of the year	1,749,088,327	1,591,188,651	1,745,984,495	1,588,987,409
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	294,250	22,735,861	294,250	22,735,861
Properties for sale received from premises and equipment	22,455,456	38,817,769	22,455,456	38,817,769
Change in revaluation surplus in available-for-sale	(274,248,938)	(467,099,324)	(274,248,938)	(467,099,324)
Interest amortisation from premium or discount	111,472,079	236,842,411	111,472,079	236,842,411

The accompanying notes to the consolidated and bank financial statements from page 15 to 106 are an integral part of these financial statements.

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1 General information

CIMB Thai Bank Public Company Limited ("the Bank") is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The Bank has operated as a commercial bank in Thailand since 8 March 1949. The address of the Company's registered office is as follows:

44 Langsuan Road, Lumpini, Patumwan, Bangkok.

The Bank is listed on the Stock Exchange of Thailand. For reporting purposes, the Bank and its subsidiaries are referred to as the Group. Its parent company is CIMB Bank Berhad, which is a public company incorporated in Malaysia. CIMB Group Holdings Berhad is the parent company of the CIMB Group.

All subsidiaries were incorporated as limited companies under Thai laws, and all operate in Thailand, engaging mainly in hire purchase, leasing businesses and debt collection.

The Bank has received a banking license for CIMB Thai - Vientiane Branch ("Vientiane branch") from the Bank of the Lao PDR ("BOL") on 4 June 2014. Vientiane Branch operates banking business on 25 July 2014.

The consolidated and separate financial statements were authorised by the Board of Directors on 22 February 2019.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation of consolidated and separate financial statements

The consolidated and separate financial statements ("the financial statements") have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act. The primary financial statements (i.e., statements of financial position, statements of comprehensive income, changes in equity and cash flow) have been prepared in the format as required by the Notification of the Bank of Thailand (BoT) no. SorNorSor 21/2558, "The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group" dated 4 December 2015.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Bank has prepared the separate financial statements for the benefit of the public, which presents its investment in subsidiaries under the cost method.

An English version of the financial statements has been prepared from the statutory financial statements that are in Thai-language version. In the event of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant change and are relevant to the Group:

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The Group can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

Management has implemented the above revised standards and they do not have a material impact on the Group except for disclosure.

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- ☐ Step 1: Identify the contract(s) with a customer
- ☐ Step 2: Identify the performance obligations in the contract
- ☐ Step 3: Determine the transaction price
- ☐ Step 4: Allocate the transaction price to the performance obligations in the contract
- ☐ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. (Cont'd)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TFRS 2 (revised 2018)	Share-based Payment
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards. (Cont'd)

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019. (Cont'd)

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

2.3 Revenue recognition

(a) Interest and discount on loans

Interest income is recognised on an accrual basis. The Group discontinues recognition of overdue accrued interest income more than three months since the due date unless there is uncertainty of collectability, and a collection basis is applied. The Group also reverses interest income on such loans in order to comply with the Bank of Thailand's notification. The Group continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

The Group recognises interest income on restructured loans on the same accrual basis as used for loans discussed above, with the exception of loans that are subject to monitoring for 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 not less than three consecutive months or three consecutive installments, whichever is longer.

(b) Interest and dividends on investments

Interest income from investments is recognised on a time-proportion basis using the effective interest method. Dividend income from investments is recognised when the right-to-receive payment is established.

Interest income from investments in receivables is recognised using the effective interest method for receivables from which loan repayment was received during the year. The effective interest rate was determined on assumptions as to the amount and the timing of future collections on such loans. Such assumptions concern events that have not yet taken place and accordingly may vary if unforeseen circumstances arise.

(c) Gains (losses) on sale of investments

Gains (losses) on sale of investments are recognised as income/expenses on the settlement date.

(d) Gains (losses) on sale of properties for sale

Gains (losses) on sale of properties for sale are recognised as income or expenses in statements of comprehensive income when the significant risks and rewards of ownership of properties for sale have been transferred to the buyer.

2 Accounting policies (Cont'd)

2.3 Revenue recognition (Cont'd)

(e) Income from hire-purchase contracts

The subsidiaries calculate hire-purchase income using the effective interest rate method over the period of contracts.

The subsidiaries recognise hire-purchase income on the same basis used for interest income on loans.

(f) Other income

Other income is recognised as income on an accrual basis.

2.4 Expense recognition

(a) Interest expenses

Interests on borrowings and deposits are recognised as expenses on an accrual basis.

(b) Commission fee under hire-purchase agreements

The commission fee under hire-purchase agreements is recognised over the installment period, using the effective interest rate method.

(c) Other expense

Other expense is recognised as expense on an accrual basis.

2.5 Investments

The Group classifies investments, other than investments in subsidiaries, associates and joint ventures, into 4 categories: 1. Trading investments; 2. Held-to-maturity investments; 3. Available-for-sale investments; and 4. General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

(1) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price not more than 3 months. Trading investments are traded in active markets and included in short-term investment.

(2) Held-to-maturity investments are investments with fixed maturity that the management has the intent and ability to hold to maturity, and are classified as held-to-maturity and included in long-term investment, except for maturities within 12 months from the statements of financial position date which are classified as short-term investment.

(3) Available-for-sale investments are investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, and are included in long-term investment unless management has expressed the intention of holding the investment for less than 12 months from the statements of financial position date, in which case they are included in short-term investment.

(4) General investments are investments in non-marketable equity securities.

Purchases and sales of investments are recognised on the settlement date. Cost of investment includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value.

2 Accounting policies (Cont'd)

2.5 Investments (Cont'd)

Available-for-sale investments are presented in the statements of financial position at fair value less allowance for impairment, if any. In the statements of comprehensive income, the unrealised gains and losses of trading investments are recognised in the gains (losses) on investment. Unrealised gain and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments are included in the statements of comprehensive income as gains (losses) on investment. Fair values are calculated on the following basis:

- For marketable debt securities, fair values are calculated by referencing the last bid prices on the last business day of the period. The rates are announced by the Thai Bond Market Association (Thai BMA). Fair values of other debt securities are calculated by referencing the risk-free yield curve, adjusted by the appropriate risk premium.
- For marketable equity securities, fair values are calculated by referencing the last bid prices quoted on the Stock Exchange of Thailand on the last business day of the period.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment.

The Group tests for impairment when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statements of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Investments in receivables

Investments in receivables purchased from financial institutions are valued at acquisition cost net of any allowance for impairment, if any. Loss on impairment of investments is included in statements of comprehensive income.

Investments in receivables which enter into troubled debt restructuring are transferred to loans and presented at fair value net of any allowance for doubtful debts. The fair value is based on the outstanding balance of investments in receivables purchased as at transferred date or as at the date of restructuring.

The Group determines allowance for impairment of investments in receivables based on the present value of expected future cash flows from collateral disposal or debt collection in accordance with the Bank of Thailand's provisioning guidelines.

2.7 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2 Accounting policies (Cont'd)

2.7 Investments in subsidiaries (Cont'd)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.8 Cash

Cash includes cash on hand according to the BOT's Notification.

2.9 Loans/hire-purchase receivables and allowance for doubtful accounts

(a) For loans of commercial banking business

Loans are generally stated at the principal amounts outstanding. The allowance for doubtful accounts is provided for risks of losses incurred on loans. The allowance is increased by provisions charged to expense or recoveries and decreased by write-offs. The allowance is based on the management's review and assessment of the status of individual debtors as well as the Bank of Thailand's guidelines. In addition, the Bank takes into consideration the relationship of risks involved, value of collateral and the status of individual debtors including the relationship of allowance for doubtful debts against the loan balance through economic situations which may have an impact on customers' ability to pay.

(b) For hire-purchase receivables

Hire-purchase receivables are stated at net realisable value from the contractual amounts net of unearned hire-purchase income.

Allowance for doubtful accounts is set in accordance with the Bank of Thailand's guidelines.

The Group sets allowance on hire-purchase receivables classified as substandard, doubtful and doubtful of loss, at the rate of 100% of the difference between outstanding loan value and present value of expected cash flow from receivables or present value of expected cash flow from disposal of the collateralised assets. The discount rate and expected collateral disposal duration is referenced from the BOT's guideline. For receivables classified as normal and special mention, the Bank sets allowance for doubtful account at the rate of 1% and 2% of outstanding loan value net of collateralised assets.

2 Accounting policies (Cont'd)

2.10 Troubled debt restructuring and associated losses

The Group records troubled debt restructuring transactions and related losses according to the notifications of the Bank of Thailand.

The Bank records assets received in settlement of debts at the lower of the fair values of the assets, less any estimated selling expenses (if any), or the amount of investments in receivables (including accrued interest income).

In the case the debt restructuring involves modification of terms of receivables, the fair value of investments in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by the Minimum Loan Rate ("MLR") or Customer Loan Rate ("CLR") prevailing at the restructuring date.

Losses arising from restructuring, loss allowance for doubtful accounts, are recorded as revaluation allowance for debt restructuring and recognised as expense in the statements of comprehensive income when incurred.

Legal fees and other direct costs incurred to effect the debt restructuring are expensed when incurred.

The Group adjusts the revaluation allowance for debt restructuring at the end of every year by re-calculating the net present value of expected cash flows, discounted by the MLR or CLR being quoted to the debtor at the end of the year.

Losses arising from debt restructuring through waiver of part of the principal or recorded accrued interest receivable after deduction the provided allowance (if any) will be charged against the statements of comprehensive income when the debt restructuring agreement is executed.

2.11 Properties for sale

Properties for sale consisting of immovable and movable assets are stated at the lower of cost or net realisable value less estimated selling expenses of the acquisition assets. Where the carrying value of for-sale assets incurred impairment, the Group will recognise the provision for impairment of properties for sale in total.

The Group will recognise gain (loss) on sales of properties for sale as income or expenses in the whole amount in accordance with the notifications of the Bank of Thailand.

2.12 Premises, equipment and depreciation

Land and buildings comprise mainly offices and are shown at fair value based on every 5 years valuations by external independent valuers, less subsequent depreciation for buildings. All other equipment is stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as gain on asset revaluation in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each period, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

2 Accounting policies (Cont'd)

2.12 Premises, equipment and depreciation (Cont'd)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Equipment	5 years and 10 years

At the end of each reporting period, the assets' residual values and useful lives are reviewed, and adjusted if appropriate.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statements of comprehensive income.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

2.13 Intangible assets

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years and 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of Identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(b) Other intangible assets

Expenditures on acquired licences are capitalised and amortised using the straight-line basis over their useful lives, generally over 5 years. Intangible assets are not revalued.

2 Accounting policies (Cont'd)

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Leasehold rights

The Bank amortises the cost of leasehold rights on buildings, which are presented as other assets, for the period of 2 - 30 years as an operating expense on a straight-line method over the life of the agreement.

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee substantially has all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations and net of finance charges are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.17 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.18 Financial derivatives

The Group regards its obligations under financial derivatives contracts as off-statements of financial position items. The accounting treatments for financial derivatives transactions depend on the purpose of the transactions as follows:

(a) Trading transactions

The Group records its obligations under financial derivatives contracts originated for trading purposes at fair value. Gains or losses arising from changes in value are included in the statements of comprehensive income.

2 Accounting policies (Cont'd)

2.18 Financial derivatives (Cont'd)

(b) Hedging transactions

The Group measures derivatives classified as hedging transactions according to the natures of items being hedged. The Bank designates certain derivatives as either:

(1) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statements of comprehensive income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(2) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statements of comprehensive income. Amount accumulated in equity are recycled to the statements of comprehensive income in the periods in which the hedged item will affect the statements of comprehensive income.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

For hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset.

(3) Net investment in foreign operations hedge

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges.

At the inception of the hedge, the Group documents the relationship between hedging instruments and hedged items, as well as their risk management objective. The Group also assesses the hedge effectiveness in offsetting changes in fair values or cash flows of hedged items on an ongoing basis both at the hedge inception and every financial reporting date.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 43 to the financial statements.

2.19 Embedded derivatives

The Group records embedded derivatives in compliance with the Bank of Thailand's Notification as follows:

- (a) If the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristic and risk of host contract, the Group will separately account the embedded derivative from the host contract and measure the embedded derivative at fair value including a gain/loss in the statements of comprehensive income. The host contract will be accounted for under the related accounting standards. In case of the Group is unable to measure the embedded derivative separately, the Group will designate the entire hybrid contract as at fair value (based on arranger's price) included in the statements of comprehensive income.
- (b) If the economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract, the Group will not separately account the embedded derivative from the host contract and classify the host contract under the related accounting standards.

2 Accounting policies (Cont'd)

2.20 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value and derecognised when extinguished.

Measurement is initially at fair value, Day 1 Profit from fair value will be amortised as income using straight-line method until maturity or at early termination. Changes in the fair value of financial assets and financial liabilities, designated at fair value through profit or loss, are recognised in the statements of comprehensive income as gain or loss on financial assets and financial liabilities designated at fair value through profit loss.

2.21 Borrowings

Borrowings are recognised at the fair value, net of transaction costs incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.22 Employee benefits and pension fund

Defined contribution plan

The Group operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund managed by external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund are charged to the statements of comprehensive income in the period to which they relate.

Defined benefit plan

The Group has a policy to pay post-employment benefits to employees under the labour law applicable in Thailand.

The Group set provisions for employee benefits which comprises post-employment benefits under the labour law applicable in Thailand and pension fund.

The liability in respect of employee's benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. Actuarial gains and losses are charged or credited to equity in other comprehensive income in the year in which they arise. They are included in retained earnings in the statements of changes in equity / presented as a separate item in statements of changes in equity.

2 Accounting policies (Cont'd)

2.23 Provisions

The Group recognises provisions when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is highly likely.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Share capital

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Bank's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.26 Share-based payment

In March 2011, the Group established an Equity Ownership Plan (EOP). At the grant date, the Group records prepayment for the whole amount with fair value refers to market price on the same day of the ordinary shares of CIMB Group Holdings Berhad, which is the parent company of CIMB Group, and registers in the stock market in Malaysia multiplies with the number of shares granted to the employees. The Bank paid the amount to the related company in Malaysia which will purchase, own the shares until the transfer date on behalf of the Bank and other companies in the Group.

At the end of each reporting period, the Group sets up payment reserve as the proportion of time of the vesting period. The reserve presents as other liabilities.

The Bank reverses prepayment againsts share-based payment reserve with the preset amount when the related company in Malaysia transfers those ordinary shares to the employees at the end of vesting period.

2.27 Dividend distribution

Dividend distribution to the Bank's shareholders is recognised as a liability in the Bank's financial statements in the period in which the dividends are approved by the Bank's shareholders.

2.28 Segment reporting

Operating segments are presented in respect of the Group's business segments and reported to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Management Committee as its chief operating decision-maker.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out under policies approved by the Board of Directors. The Group's Treasury identifies, evaluates and hedges financial risks in close co-operation with its operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Market risk

Market risk is the risk that the Group may suffer loss as a result of changes in the value of positions taken, both on and off statements of financial position, due to movements in interest rates, foreign exchange rates, equity prices and commodity prices.

The Group has a Market Risk Management Unit, which is responsible for assessment of market risk, and uses tools and systems that are widely accepted as efficient to help measure, monitor and manage market risk. This supports the Bank in ensuring that market risk is monitored and managed effectively, preventing the occurrence of unacceptable levels of market risk, and enabling the Group to take action to adjust market risk to appropriate levels in a timely manner.

3.1.1.1 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues and the value of financial assets and liabilities.

The Group's Treasury and Trading Division is responsible for managing foreign currency positions within risk limits set by the Risk Management Committee.

3.1.1.2 Interest rate risk

Interest rate risk is the risk that changes in market interest rates which may lead to changes in the value of financial instruments, and fluctuations in revenue and the values of financial assets and liabilities.

Interest rate risk arises from interest rate structure, the characteristics and structure of the Bank's assets, liabilities and capital. The Bank has set risk limits for interest rate risk under the banking accounts, with consent from the Assets and Liabilities Committee (ALCO), in order to manage risk at an appropriate level, while interest rate risk limits for the trading accounts are approved by the Risk Management Committee.

3.1.1.3 Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities may result in changes in the value of investments, and fluctuations in revenues and the value of financial assets.

3.1.2 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counter parties failed to discharge their contractual obligations.

The Group's credit risk management processes are implemented under a credit risk management policy, and have been structured in order to maintain checks and balances and clear segregation of responsibilities between the marketing, credit approval, inspection and risk management functions. The Group manages credit risk at the customer standalone risk level and the portfolio level, developing different and appropriate credit risk rating tools to measure the risk at each level. For corporate customers and small-medium enterprise customers, risk grading tools and an SME rating, respectively, have been developed to grade customer credit risk levels. For individual retail customers, with multi-purpose credit, whether uncollateralised (personal cash) or collateralised (mortgage power), including home loans, the Group has developed a credit scoring system for use in risk evaluation.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Credit risk (Cont'd)

In respect of the credit review and approval process, the Group has appointed a Credit Committee to consider the granting of credit facilities at different levels, based on the credit limit, focusing on borrowers' ability to make repayment, the type of credit, the financial status of the borrower, the economic situation and the status of the borrowers' industry. Furthermore, the Group has established an independent Credit Review Unit to ensure that the credit approval process is transparent and effective.

The maximum credit risk exposure is the carrying value of the financial assets after deducting allowance for doubtful debts and revaluation allowance for debt restructuring as stated in the statements of financial position, and the risk of off-statements of financial position commitments, e.g., loan guarantees and other guarantees, and derivative contracts.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to pay its debts and obligations when due because of an inability to convert assets into cash, or because of its failure to procure enough funds.

The Treasury group of the Bank is responsible for liquidity management, including procurement of both short and long-term sources of funds, and debt security investment management. The overall liquidity risk management is under the responsibility of the Asset and Liability Management Committee, who monitor and control risk, using tools to manage liquidity risk, such as minimum liquidity asset requirements, liquidity gap, liquidity ratio and liquidity risk limits.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Allowance for doubtful accounts for loans

The Group considers an allowance for doubtful accounts to reflect impairment of loans relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

(b) Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgment by using a variety of acceptable valuation techniques. The input parameter to the models used is taken from observable markets, and includes consideration of maturity, interest rate, correlation and volatility, etc.

4 Critical accounting estimates, assumptions and judgements (Cont'd)

(c) Impairment of investments

Investments are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In determining the impairment losses, management believed that estimations are reasonable.

(d) Allowance for impairment of property for sale

The Group assesses allowance for impairment of property for sale when net realisable value falls below the carrying value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets. However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

(e) Building, equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group' building, equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different than previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

(f) Provision for post retirement benefits and pension fund

The Group has a commitment on provision of post-retirement benefits and pension funds for employees. The present value of employee benefit liabilities recognised in the statement of financial position is determined on the present value of estimated future cash outflows for staff. The assumptions used in determining the net year cost for employee benefits includes the salary and years of services of respective employees which are payable in the future and discount rate. Any changes in these assumptions will impact the net year cost recorded for employee benefits.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 27 to the financial statements.

6 Interbank and money market items, net (assets)

	Consolidated					
	2018			2017		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	2,869	-	2,869	2,328	-	2,328
Commercial banks	375	1,000	1,375	133	7,142	7,275
Specialised Financial Institutions	8	-	8	10	5,000	5,010
Other financial institutions	-	1,426	1,426	-	1,766	1,766
Total domestic items	3,252	2,426	5,678	2,471	13,908	16,379
<u>Add</u> Accrued interest receivables	-	7	7	-	6	6
<u>Less</u> Allowance for doubtful debts	-	-	-	-	(10)	(10)
Domestic items, net	3,252	2,433	5,685	2,471	13,904	16,375
Foreign:						
US dollar	357	-	357	892	65	957
Yen	6	-	6	28	-	28
Euro	1	-	1	31	-	31
Other currencies	691	50	741	624	153	777
Total foreign items	1,055	50	1,105	1,575	218	1,793
<u>Add</u> Accrued interest receivables	-	-	-	-	1	1
<u>Less</u> Allowance for doubtful debts	-	-	-	-	(1)	(1)
Foreign items, net	1,055	50	1,105	1,575	218	1,793
Domestic and foreign items, net	4,307	2,483	6,790	4,046	14,122	18,168
Separate						
	2018			2017		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	2,869	-	2,869	2,328	-	2,328
Commercial banks	277	1,000	1,277	67	7,150	7,217
Specialised Financial Institutions	-	-	-	-	5,000	5,000
Other financial institutions	-	1,426	1,426	-	1,766	1,766
Total domestic items	3,146	2,426	5,572	2,395	13,916	16,311
<u>Add</u> Accrued interest receivables	-	7	7	-	6	6
<u>Less</u> Allowance for doubtful debts	-	-	-	-	(10)	(10)
Domestic items, net	3,146	2,433	5,579	2,395	13,912	16,307
Foreign:						
US dollar	357	-	357	892	65	957
Yen	6	-	6	28	-	28
Euro	1	-	1	31	-	31
Other currencies	691	50	741	624	153	777
Total foreign items	1,055	50	1,105	1,575	218	1,793
<u>Add</u> Accrued interest receivables	-	-	-	-	1	1
<u>Less</u> Allowance for doubtful debts	-	-	-	-	(1)	(1)
Foreign items, net	1,055	50	1,105	1,575	218	1,793
Domestic and foreign items, net	4,201	2,483	6,684	3,970	14,130	18,100

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and Separate					
	2018			2017		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	14,783	15,756	1,671,140	13,418	13,527	1,208,482
Interest rate	8,291	6,242	2,229,489	7,325	4,343	1,173,675
Others	182	529	33,405	531	639	21,845
Total	23,256	22,527	3,934,034	21,274	18,509	2,404,002

Proportion of derivative transactions classified by type of counterparty and considering notional amount

	Consolidated and Separate	
	2018 Proportion	2017 Proportion
Financial institutions	94	92
Companies under common control	3	4
External parties	3	4
Total	100	100

7.2 Derivative for hedging

7.2.1 Fair value hedge

	Consolidated and Separate					
	2018			2017		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Interest rate	-	-	-	4	-	200
Total	-	-	-	4	-	200

Fair value hedges are used to hedge the exposure to changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Bank enters into interest rate swaps to hedge against interest rate risk of bill of exchange. The Bank recognises gains (losses) from changes in fair value of derivatives, derivative from hedging and hedged items in the statements of comprehensive income.

The net gains (losses) arising from fair value hedges for the years ended 31 December 2018 and 2017 can be summarised as follows:

	Consolidated and Separate	
	2018 Million Baht	2017 Million Baht
Losses on hedging instruments, net	(2)	(6)
Gains on hedged items, net	2	5

7 Derivatives (Cont'd)

7.2 Derivative for hedging (Cont'd)

7.2.2 Cash flow hedge

	Consolidated and Separate					
	2018			2017		
	Fair value		Notional amount	Fair value		Notional amount
	Asset Million Baht	Liability Million Baht	Million Baht	Asset Million Baht	Liability Million Baht	Million Baht
Exchange rate	140	1,767	28,752	-	1,453	19,915
Interest rate	-	24	2,450	-	3	2,450
Total	140	1,791	31,202	-	1,456	22,365

Cash flow hedges are used to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates and interest rates of financial assets and financial liabilities. The Bank hedges cash flows from loan, credit linked bills of exchange and subordinated debentures against foreign exchange rates risk and interest rates risk using Cross Currency and Interest Rate Swap contract, and Interest Rate Swap contract with CIMB Bank Berhad and other parties (Notes 21 (c), (d), (e) and (g) to the financial statements).

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 31 December 2018 and 2017 can be summarised as follows:

	Consolidated and Separate			
	2018			
	3 months or less Million Baht	More than 3 months to 1 year Million Baht	More than 1 year to 5 years Million Baht	More than 5 years Million Baht
Cash inflow	42	129	4,806	970
Cash outflow	(310)	(3,538)	(9,135)	(4,161)
Net cashflow	(268)	(3,409)	(4,329)	(3,191)

	Consolidated and Separate			
	2017			
	3 months or less Million Baht	More than 3 months to 1 year Million Baht	More than 1 year to 5 years Million Baht	More than 5 years Million Baht
Cash inflow	10	29	2,660	-
Cash outflow	(232)	(314)	(9,296)	(4,187)
Net cashflow	(222)	(285)	(6,636)	(4,187)

8 Investments, net

8.1 Classified by type of investment

	Consolidated and Separate	
	2018	2017
	Fair value	Fair value
	Million Baht	Million Baht
Securities held for trading		
Government and state enterprises securities	14,543	9,117
Private sector debt securities	3,221	484
Total securities held for trading	17,764	9,601
Securities designated at fair value through profit or loss		
Government and state enterprises securities	5,399	-
Total securities designated at fair value through profit or loss	5,399	-
Available-for-sale securities		
Government and state enterprises securities	42,871	17,118
Private sector debt securities	5,943	3,612
Domestic marketable equity securities	60	81
Total available-for-sales securities	48,874	20,811
Held-to-maturity debt securities		
Government and state enterprises securities	19,933	13,163
Private sector debt securities	133	422
Investments in receivables (Note 8.6)	59	76
Total	20,125	13,661
<u>Less</u> Allowance for impairment (Note 8.6)	(20)	(61)
Total held-to-maturity debt securities	20,105	13,600
General investments		
Domestic non-marketable equity securities	255	270
Overseas non-marketable equity securities	1	9
Total	256	279
<u>Less</u> Allowance for impairment	(226)	(231)
Total general investments	30	48
Investments, net	92,172	44,060

The Bank classifies investments which have specific intention to manage the risk in trading derivatives portfolio as investment designated at fair value through profit or loss (Fair Value Option) to help the Bank reduces the accounting mismatch on measurement or recognition between investments and trading derivatives transactions.

As at 31 December 2018 and 2017, the Bank had investments pledged as collateral, as mentioned in Note 41.1 to the financial statements.

8 Investments, net (Cont'd)

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

	Consolidated and Separate							
	2018				2017			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Securities designated at fair value through profit or loss								
Government and state enterprises securities	-	-	5,312	5,312	-	-	-	-
<u>Add</u> Allowance for revaluation	-	-	87	87	-	-	-	-
Securities designated at fair value through profit or loss, net	-	-	5,399	5,399	-	-	-	-
Available-for-sale securities								
Government and state enterprises securities	11,156	24,191	7,635	42,982	20	13,859	3,165	17,044
Private sector debt securities	512	5,172	303	5,987	439	2,892	256	3,587
Total	11,668	29,363	7,938	48,969	459	16,751	3,421	20,631
<u>(Less) Add</u> Allowance for revaluation	(4)	(39)	(111)	(154)	1	121	(22)	100
<u>Less</u> Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Available-for-sale securities, net	11,663	29,324	7,827	48,814	459	16,872	3,399	20,730
Held-to-maturity securities								
Government and state enterprises securities	4,699	8,571	6,663	19,933	5,679	7,483	1	13,163
Private sector debt securities	38	95	-	133	288	134	-	422
Held-to-maturity securities	4,737	8,666	6,663	20,066	5,967	7,617	1	13,585
Total debt securities	16,400	37,990	19,889	74,279	6,426	24,489	3,400	34,315

8.3 Investments representing shareholdings in which the Group holds more than 10%

The following are equity securities in which the Group holds more than 10% of the paid-up share capital of the investee companies, but those companies were not classified as subsidiaries and associated companies. The investments classified by industry are as follows:

	Consolidated and Separate	
	2018 Million Baht	2017 Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
<u>Less</u> Allowance for impairment	(20)	(19)
Investments representing shareholdings in which the Group hold more than 10%, net	2	3

8 Investments, net (Cont'd)

8.4 Investments in investment units in which the Group hold more than 10%

Investments in investment units in which the Group holds more than 10% of the paid-up fund which are not treated as subsidiaries and associated companies. The investments classified by type of fund are as follows:

	Consolidated and Separate			
	2018		2017	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	66	42	81	60
Less Allowance for revaluation	(24)		(18)	
Less Allowance for impairment	-		(3)	
General investments, net	42		60	

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

As at 31 December 2018 and 2017, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and Separate							
	2018				2017			
	Number of companies	Cost Million Baht	Allowance for revaluation/ impairment Million Baht	Book value Million Baht	Number of companies	Cost Million Baht	Allowance for revaluation/ impairment Million Baht	Book value Million Baht
Business continuity and/or weak financial status and operating performance	49	42	(42)	-	49	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	1	(1)	-
	67	43	(43)	-	67	43	(43)	-

8.6 Investments in receivables

	Consolidated and Separate	
	2018 Million Baht	2017 Million Baht
Investments in receivables	59	76
Less Allowance for impairment	(20)	(61)
Investments in receivables, net	39	15

As at 31 December 2018 and 2017, the outstanding balances of loan receivables can be summarised as follows:

	Consolidated and Separate							
	2018				2017			
	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %
Total accumulated investments in receivables	5,857	22,948	6,996	19.0	5,857	22,948	6,996	19.0
Outstanding investments in receivables as at the statements of financial position date	37	965	59	1.34	67	1,107	76	1.0

9 Investments in subsidiaries, net

Company name	Nature of business	Type of securities	Percentage of holding		Separate Cost method	
			2018	2017	2018	2017
			%	%	Million Baht	Million Baht
Subsidiaries - included in consolidated financial statements						
CT Coll Co., Ltd.	Debt collection	Common stock	100	100	38	38
CIMB Thai Auto Co., Ltd. (Formerly Center Auto Lease Co., Ltd.)	Leasing/hire-Purchase of automobile	Common stock	100	100	1,703	1,203
World Lease Co., Ltd.	Hire-purchase and motorcycles motorcycle trading	Common stock	100	100	467	467
Total					2,208	1,708
Less Allowance for impairment					-	-
Investments in subsidiaries, net					2,208	1,708

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

On 6 February 2018, CIMB Thai Auto Company Limited, a subsidiary (formerly named "Center Auto Lease Company Limited"), registered to change its name with Department of Business Development, Ministry of Commerce from Center Auto Lease Company Limited to CIMB Thai Auto Company Limited.

On 18 May 2018, the Board of Directors' meeting No. 5/2561 approved an increase in registered capital of CIMB Thai Auto Co., Ltd., a subsidiary (formerly named "Center Auto Lease Company Limited"), from Baht 3,500 million to Baht 5,500 million. CIMB Thai Auto Co., Ltd. called for 25% paid-up capital and the Bank settled the increased capital of Baht 500 million on 22 May 2018. On 25 May 2018, CIMB Thai Auto Co., Ltd. registered the capital increase with the Ministry of Commerce.

10 Loans and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated		Separate	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Bank overdrafts	5,699	6,108	5,809	6,108
Loans	159,647	145,160	165,702	154,718
Bills	27,669	31,208	47,310	44,393
Hire-purchase receivables	41,498	35,532	-	-
Others	42	50	28	24
Total loans	234,555	218,058	218,849	205,243
<u>Less</u> Deferred revenue	(8,255)	(7,036)	(1)	(9)
Total loans net of deferred revenue	226,300	211,022	218,848	205,234
<u>Add</u> Accrued interest receivables	492	517	502	523
Total loans net of deferred revenue and accrued interest receivables	226,792	211,539	219,350	205,757
<u>Less</u> Allowance for doubtful debts (Note 11)				
Minimum allowance for doubtful accounts required based on				
BoT's guidelines - Individual approach	(5,535)	(6,165)	(5,407)	(5,942)
General provision for further losses	(5,004)	(3,704)	(4,295)	(3,314)
<u>Less</u> Revaluation allowance for debt restructuring (Note 12)	(52)	(106)	(52)	(106)
Loans and accrued interest receivables, net	216,201	201,564	209,596	196,395

10 Loans and accrued interest receivables, net (Cont'd)

10.2 Classified by currency and residency of debtors

	Consolidated					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	210,620	627	211,247	195,447	644	196,091
US dollar	12,618	989	13,607	11,493	1,370	12,863
Other currencies	240	1,206	1,446	754	1,314	2,068
Total loans net of deferred revenue	<u>223,478</u>	<u>2,822</u>	<u>226,300</u>	<u>207,694</u>	<u>3,328</u>	<u>211,022</u>

	Separate					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	203,168	627	203,795	189,659	644	190,303
US dollar	12,618	989	13,607	11,493	1,370	12,863
Other currencies	240	1,206	1,446	754	1,314	2,068
Total loans net of deferred revenue	<u>216,026</u>	<u>2,822</u>	<u>218,848</u>	<u>201,906</u>	<u>3,328</u>	<u>205,234</u>

10.3 Classified by types of business and loan classification

	Consolidated					
	2018					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht
Agricultural and mining	6,954	-	1	-	1	6,956
Manufacturing and commerce	36,517	3,750	592	1,414	2,884	45,157
Real estate and construction	12,431	883	158	27	337	13,836
Public utilities and services	26,539	1,867	737	64	572	29,779
Personal cash	11,282	377	163	-	139	11,961
Housing loans	68,257	1,452	607	717	883	71,916
Hire-purchase receivable and financial lease receivable	28,836	4,036	367	3	2	33,244
Others	13,011	206	63	80	91	13,451
Total loans net of deferred revenue	<u>203,827</u>	<u>12,571</u>	<u>2,688</u>	<u>2,305</u>	<u>4,909</u>	<u>226,300</u>

	Consolidated					
	2017					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht
Agricultural and mining	5,605	-	-	-	1	5,606
Manufacturing and commerce	38,497	4,305	1,243	1,370	3,395	48,810
Real estate and construction	10,625	1,097	161	22	211	12,116
Public utilities and services	26,030	733	354	563	549	28,229
Personal cash	12,536	563	214	-	192	13,505
Housing loans	57,545	1,638	662	791	335	60,971
Hire-purchase receivable and financial lease receivable	24,231	3,856	325	54	38	28,504
Others	12,873	186	91	95	36	13,281
Total loans net of deferred revenue	<u>187,942</u>	<u>12,378</u>	<u>3,050</u>	<u>2,895</u>	<u>4,757</u>	<u>211,022</u>

10 Loans and accrued interest receivables, net (Cont'd)

10.3 Classified by types of business and loan classification (Cont'd)

	Separate 2018					Total Million Baht
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	
Agricultural and mining	6,954	-	1	-	1	6,956
Manufacturing and commerce	36,517	3,750	592	1,414	2,884	45,157
Real estate and construction	12,431	883	158	27	337	13,836
Public utilities and services	26,539	1,867	736	64	572	29,778
Personal cash	11,282	377	163	-	139	11,961
Housing loans	68,257	1,452	607	717	883	71,916
Others	38,804	206	63	80	91	39,244
Total loans net of deferred revenue	200,784	8,535	2,320	2,302	4,907	218,848

	Separate 2017					Total Million Baht
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	
Agricultural and mining	5,605	-	-	-	1	5,606
Manufacturing and commerce	38,497	4,305	1,243	1,370	3,395	48,810
Real estate and construction	10,625	1,097	161	22	211	12,116
Public utilities and services	26,030	733	354	563	549	28,229
Personal cash	12,536	563	214	-	192	13,505
Housing loans	57,545	1,638	662	791	335	60,971
Others	35,589	186	91	95	36	35,997
Total loans net of deferred revenue	186,427	8,522	2,725	2,841	4,719	205,234

10.4 Classification of loans

The Group classified loans by type and/or based on the overdue date as summarised below:

(a) Loans of the Group

	Consolidated						
	2018			2017			
	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Minimum percentage %	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Minimum Percentage %	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines							
- Pass	204,271	77,281	1	188,370	69,880	1	695
- Special mention	12,614	2,896	2	12,450	3,598	2	66
- Sub-standard	2,693	1,102	100	3,067	1,669	100	1,666
- Doubtful	2,305	1,109	100	2,895	1,321	100	1,321
- Doubtful-of-loss	4,909	2,249	100	4,757	2,407	100	2,417
Surplus allowance							
- General provision				5,004			3,704
Total	226,792	84,637		211,539	78,875		9,869

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT's notification no. Sor Nor Sor 5/2559, the debt balance used for set allowance for doubtful account is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

10 Loans and accrued interest receivables, net (Cont'd)

10.4 Classification of loans (Cont'd)

The Group classified loans by type and/or based on the overdue date as summarised below: (Cont'd)

(a) Loans of the Group (Cont'd)

	Separate						
	2018			2017			
	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines							
- Pass	201,236	97,628	1	975	186,861	87,026	868
- Special mention	8,578	2,012	2	39	8,594	2,368	40
- Sub-standard	2,327	788	100	787	2,742	1,389	1,389
- Doubtful	2,302	1,106	100	1,106	2,841	1,267	1,267
- Doubtful-of-loss	4,907	2,247	100	2,500	4,719	2,368	2,378
Surplus allowance							
- General provision				4,295			3,314
Total	219,350	103,781		9,702	205,757	94,418	9,256

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT's notification no. Sor Nor Sor 5/2559, the debt balance used for set allowance for doubtful account is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

As at 31 December 2018, the Group and the Bank had defaulted loans amounting to Baht 9,175 million and Baht 8,803 million, respectively (31 December 2017: Baht 9,572 million and Baht 9,154 million, respectively), were ceased recognition of interest income.

(b) Hire-purchase receivables and financial lease receivables of the subsidiaries

As at 31 December 2018 and 2017, hire-purchase receivables and financial lease receivables of the subsidiaries were classified based on overdue dates as follows:

	Debt balance - net unearned income		Allowance for doubtful accounts	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Current or overdue less than 1 installment	28,836	24,231	52	54
Overdue 1 installment but less than 3 installments	4,036	3,856	17	26
Overdue 3 installments but less than 6 installments	367	325	311	277
Overdue 6 installments but less than 12 installments	3	54	3	54
Overdue 12 installments and more	2	34	2	34
Debtors under litigation	-	5	-	5
Total	33,244	28,505	385	450
General provision	-	-	710	390
Total	33,244	28,505	1,095	840

10 Loans and accrued interest receivables, net (Cont'd)

10.5 Non-performing loans

As at 31 December 2018 and 2017, the Group had the following non-performing loans, according to the criteria set up by the Bank of Thailand.

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
- Banking business	9,529	10,285	9,529	10,285
- Other businesses	373	417	-	-

As at 31 December 2018 and 2017, the above non-performing loans under the BoT's criteria were presented in accordance with the notification of the BoT's, defining non-performing loans to be debts classified as sub-standard, doubtful and doubtful-of-loss, and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with BoT criteria have already been fulfilled.

During the year 2018, the Group conducted a sealed-bid auction for sale without recourse of non-performing hire-purchase loans for motorcycle with specific companies. These non-performing loans have been written off according to Group's policy. The Group realised gains on sale of non-performing loans totalling Baht 231 million.

10.6 Hire-purchase and finance lease receivables

As at 31 December 2018, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 32,149 million (31 December 2017: Baht 27,665 million) mostly comprising hire-purchase agreements and financial leases for cars and motorcycles. The term of the agreements are generally between three and six years and interest is mostly charged at a fixed rate.

	Consolidated				
	2018				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	12,961	26,510	1,536	491	41,498
<u>Less</u> Unearned finance income	(3,518)	(4,541)	(76)	(119)	(8,254)
Present value of minimum lease payments receivable	9,443	21,969	1,460	372	33,244
<u>Less</u> Allowance for doubtful accounts					(1,095)
Net receivables under hire-purchase agreements and financial leases					32,149

	Consolidated				
	2017				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	11,249	22,804	916	563	35,532
<u>Less</u> Unearned finance income	(2,960)	(3,883)	(39)	(145)	(7,027)
Present value of minimum lease payments receivable	8,289	18,921	877	418	28,505
<u>Less</u> Allowance for doubtful accounts					(840)
Net receivables under hire-purchase agreements and financial leases					27,665

10 Loans and accrued interest receivables, net (Cont'd)

10.7 Troubled debt restructuring

As at 31 December 2018 and 2017, the Group has outstanding receivables which have been restructured as follows;

	Consolidated and Separate	
	2018	
	Number of loans	Outstanding balance before restructuring Million Baht
Restructured before 2018	4,148	3,404
Restructured during the year ended 31 December 2018	247	82
	Consolidated and Separate	
	2017	
	Number of loans	Outstanding balance before restructuring Million Baht
Restructured before 2017	4,182	2,925
Restructured during the year ended 31 December 2017	1,230	2,441

Details of customers whose debts have been restructured during the year ended 31 December 2018 compared with total loan customers in the consolidated financial statements and separate financial statements are as follows:

	Consolidated		Separate	
	2018		2018	
	Number of loans	Outstanding balance before restructuring Million Baht	Number of loans	Outstanding balance before restructuring Million Baht
Restructured debts	247	82	247	82
Total loan customers	411,545	226,300	160,153	218,848
	Consolidated		Separate	
	2017		2017	
	Number of loans	Outstanding balance before restructuring Million Baht	Number of loans	Outstanding balance before restructuring Million Baht
Restructured debts	1,230	2,441	1,230	2,441
Total loan customers	402,277	211,022	173,731	205,234

10 Loans and accrued interest receivables, net (Cont'd)

10.7 Troubled debt restructuring (Cont'd)

Details of the restructured debts during the years ended 31 December 2018 and 2017, classified into the restructuring methods are as follows;

Consolidated and Separate				
2018				
Restructuring method	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Modifications of terms of payments	247	82	-	82
Total	247	82	-	82

Consolidated and Separate				
2017				
Restructuring method	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Modifications of terms of payments	1,230	2,441	-	2,441
Total	1,230	2,441	-	2,441

The debts restructured referred to above can be classified by the terms of repayment under the restructuring agreements as follows:

Period of debts restructuring contracts	Consolidated and Separate					
	2018			2017		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht		Before restructuring Million Baht	After restructuring Million Baht
Not more than 5 years	90	12	12	218	674	674
5 - 10 years	142	40	40	525	745	745
10 - 15 years	3	6	6	60	97	97
More than 15 years	12	24	24	427	925	925
Total	247	82	82	1,230	2,441	2,441

Supplemental information relating to the restructured debts for the years ended ended 31 December 2018 and 2017 are as follows:

Consolidated and Separate		
	2018 Million Baht	2017 Million Baht
Interest income	317	358

As at December 2018 and 2017, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

Consolidated and Separate		
	2018	2017
Number of debtors	4,368	5,323
Debt balances after restructuring (Million Baht)	2,679	4,681

In cases where the troubled debt restructuring involves modifications of the terms and the repayment conditions, the fair value of the loans after restructuring is determined based on the net present value of expected future cashflows, discounted by the market interest rate. As at 31 December 2018, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 52 million (31 December 2017: Baht 106 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

11 Allowance for doubtful debts

Consolidated							
2018							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Surplus allowance Million Baht	Total Million Baht
Balance as at 1 January 2018	695	66	1,666	1,321	2,417	3,704	9,869
<u>Add</u> Addition (deduction) during the year	125	-	(6)	69	4,089	678	4,955
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	72	72
Bad debt recoveries	-	-	-	-	-	580	580
<u>Less</u> Bad debts written off	-	-	(557)	(80)	(1,755)	(11)	(2,403)
Reduction from sale of NPL	(51)	(9)	(5)	(202)	(2,249)	-	(2,516)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(18)	(18)
Balance as at 31 December 2018	769	57	1,098	1,109	2,502	5,004	10,539

Consolidated							
2017							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Surplus allowance Million Baht	Total Million Baht
Balance as at 1 January 2017	642	73	1,917	2,474	1,145	3,542	9,793
<u>Add</u> Addition (deduction) during the year	53	(7)	208	276	4,629	(111)	5,048
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	8	8
Bad debt recoveries	-	-	-	-	-	351	351
<u>Less</u> Bad debts written off	-	-	(456)	(2)	(1,837)	(17)	(2,312)
Reduction from sale of NPL	-	-	(3)	(1,427)	(1,520)	-	(2,950)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(69)	(69)
Balance as at 31 December 2017	695	66	1,666	1,321	2,417	3,704	9,869

Separate							
2018							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Surplus allowance Million Baht	Total Million Baht
Balance as at 1 January 2018	868	40	1,389	1,267	2,378	3,314	9,256
<u>Add</u> Addition (deduction) during the year	158	8	(594)	41	3,750	358	3,721
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	72	72
Bad debt recoveries	-	-	-	-	-	580	580
<u>Less</u> Bad debts written off	-	-	(3)	-	(1,379)	(11)	(1,393)
Reduction from sale of NPL	(51)	(9)	(5)	(202)	(2,249)	-	(2,516)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(18)	(18)
Balance as at 31 December 2018	975	39	787	1,106	2,500	4,295	9,702

Separate							
2017							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Surplus allowance Million Baht	Total Million Baht
Balance as at 1 January 2017	794	43	1,727	2,432	1,129	3,542	9,667
<u>Add</u> Addition (deduction) during the year	74	(3)	(331)	263	4,437	(501)	3,939
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	8	8
Bad debt recoveries	-	-	-	-	-	351	351
<u>Less</u> Bad debts written off	-	-	(4)	(1)	(1,668)	(17)	(1,690)
Reduction from sale of NPL	-	-	(3)	(1,427)	(1,520)	-	(2,950)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(69)	(69)
Balance as at 31 December 2017	868	40	1,389	1,267	2,378	3,314	9,256

12 Revaluation allowance for debt restructuring

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Balance - beginning of the year	106	45
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	18	69
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(72)	(8)
Balance - end of the year	<u>52</u>	<u>106</u>

The write-off transactions and/or the adjustments of revaluation allowance for debt restructuring are transferred to allowance for doubtful debts.

13 Properties for sale, net

Properties for sale represent properties from debtors as a result of debt restructuring, properties obtained as a result of a successful bid for the mortgaged assets of debtors at auction, or unused assets transferred as a result of a merger and awaiting disposal.

	Consolidated			
	As at 1 January 2018 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2018 Million Baht
Asset from debt repayment				
Immovable - Assessed by external appraiser	803	7	(39)	771
Movable	229	1,971	(1,885)	315
Total	1,032	1,978	(1,924)	1,086
Others	155	22	(48)	129
Total properties for sale	1,187	2,000	(1,972)	1,215
<u>Less</u> Allowance for impairment	(153)	(731)	686	(198)
Properties for sale, net	<u>1,034</u>	<u>1,269</u>	<u>(1,286)</u>	<u>1,017</u>

	Consolidated			
	As at 1 January 2017 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2017 Million Baht
Asset from debt repayment				
Immovable - Assessed by external appraiser	1,280	523	(1,000)	803
Movable	146	1,471	(1,388)	229
Total	1,426	1,994	(2,388)	1,032
Others	116	39	-	155
Total properties for sale	1,542	2,033	(2,388)	1,187
<u>Less</u> Allowance for impairment	(257)	(553)	657	(153)
Properties for sale, net	<u>1,285</u>	<u>1,480</u>	<u>(1,731)</u>	<u>1,034</u>

13 Properties for sale, net (Cont'd)

	Separate			As at 31 December 2018 Million Baht
	As at 1 January 2018 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable - Assessed by external appraiser	803	7	(39)	771
Total	803	7	(39)	771
Others	155	22	(48)	129
Total properties for sale	958	29	(87)	900
<u>Less</u> Allowance for impairment	(70)	(1)	2	(69)
Properties for sale, net	888	28	(85)	831

	Separate			As at 31 December 2017 Million Baht
	As at 1 January 2017 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable - Assessed by external appraiser	1,280	523	(1,000)	803
Total	1,280	523	(1,000)	803
Others	116	39	-	155
Total properties for sale	1,396	562	(1,000)	958
<u>Less</u> Allowance for impairment	(200)	(21)	151	(70)
Properties for sale, net	1,196	541	(849)	888

The Bank provides allowance for impairment of properties for sale by reference to appraisal value. The Bank appraises or reviews the fair value of properties for sale annually in accordance with the Notification of the Bank of Thailand. However, the actual selling price may differ from the appraisal value. In addition, the Bank is subjected to restrictions on the allowable periods it may hold such properties, as stipulated by the Bank of Thailand. If the Bank is unable to dispose of the properties within allowable periods, the Bank has to set aside additional provision in accordance with the Bank of Thailand guidelines. The Bank's management believes that the carrying value of such properties is suitable to the current situation and the current disposal plan of its properties for sale.

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14 Premises and equipment, net

	Cost/appraisal value				Accumulated depreciation						Net book value Million Baht	
	As at 1 January 2018 Million Baht	Additions Million Baht	Transfer In/(out) Million Baht	Transfer to		As at 31 December 2018 Million Baht	As at 1 January 2018 Million Baht	Transfer to		As at 31 December 2018 Million Baht		Allowance for impairment Million Baht
				Disposals/ written off Million Baht	properties for sale Million Baht			Additions Million Baht	properties for sale Million Baht			
Land												
Cost	446	-	-	(2)	444	-	-	-	-	-	-	444
Revaluation surplus (revaluation in 2016)	1,677	-	-	(17)	1,660	-	-	-	-	-	-	1,660
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings												
Cost	1,843	11	19	(16)	1,857	(1,153)	14	-	-	(1,197)	-	660
Revaluation surplus (revaluation in 2016)	1,134	-	-	(4)	1,130	(901)	2	-	-	(918)	-	212
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	(22)	11	-	-	-	12	-	(10)
Equipment	2,588	128	93	-	2,605	(2,009)	-	201	(2,020)	(5)	580	
Assets under installation and/or construction	3	47	(42)	-	8	-	-	-	-	-	-	8
Total	7,651	186	70	(39)	7,664	(4,052)	16	201	(4,123)	(5)	3,536	

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14 Premises and equipment, net (Cont'd)

	Consolidated												
	Cost/appraisal value					Accumulated depreciation							
	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer In/(out) Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2017 Million Baht	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2017 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land													
Cost	453	-	-	(7)	-	446	-	-	-	-	-	-	446
Revaluation surplus (revaluation in 2016)	1,699	-	-	(22)	-	1,677	-	-	-	-	-	-	1,677
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings													
Cost	1,849	3	25	(34)	-	1,843	(1,129)	(55)	31	-	(1,153)	-	690
Revaluation surplus (revaluation in 2016)	1,147	-	-	(13)	-	1,134	(889)	(19)	7	-	(901)	-	233
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	-	(22)	11	-	-	-	11	-	(11)
Equipment	2,654	144	80	-	(290)	2,588	(2,090)	(192)	-	273	(2,009)	(11)	568
Assets under installation and/or construction	17	54	(68)	-	-	3	-	-	-	-	-	-	3
Total	7,779	201	37	(76)	(290)	7,651	(4,097)	(266)	38	273	(4,052)	(11)	3,588

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14 Premises and equipment, net (Cont'd)

	Separate												
	Cost/appraisal value					Accumulated depreciation							
	As at 1 January 2018 Million Baht	Additions Million Baht	Transfer In/(out) Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2018 Million Baht	As at 1 January 2018 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2018 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land													
Cost	446	-	-	(2)	-	444	-	-	-	-	-	-	444
Revaluation surplus (revaluation in 2016)	1,677	-	-	(17)	-	1,660	-	-	-	-	-	-	1,660
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings													
Cost	1,843	11	19	(16)	-	1,857	(1,153)	(58)	14	-	(1,197)	-	660
Revaluation surplus (revaluation in 2016)	1,134	-	-	(4)	-	1,130	(901)	(19)	2	-	(918)	-	212
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	-	(22)	11	1	-	-	12	-	(10)
Equipment	2,357	100	93	-	(162)	2,388	(1,837)	(191)	-	160	(1,868)	(5)	515
Assets under installation and/or construction	3	47	(42)	-	-	8	-	-	-	-	-	-	8
Total	7,420	158	70	(39)	(162)	7,447	(3,880)	(267)	16	160	(3,971)	(5)	3,471

For the year ended 31 December 2018

14 Premises and equipment, net (Cont'd)

	Separate												
	Cost/appraisal value					Accumulated depreciation							
	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer In(out) Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2017 Million Baht	As at 1 January 2017 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2017 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land													
Cost	453	-	-	(7)	-	446	-	-	-	-	-	-	446
Revaluation surplus (revaluation in 2016)	1,699	-	-	(22)	-	1,677	-	-	-	-	-	-	1,677
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings													
Cost	1,849	3	25	(34)	-	1,843	(1,129)	(55)	31	-	(1,153)	-	690
Revaluation surplus (revaluation in 2016)	1,147	-	-	(13)	-	1,134	(889)	(19)	7	-	(901)	-	233
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	-	(22)	11	-	-	-	11	-	(11)
Equipment	2,430	124	80	-	(277)	2,357	(1,927)	(171)	-	261	(1,837)	(11)	509
Assets under installation and/or construction	17	54	(68)	-	-	3	-	-	-	-	-	-	3
Total	7,555	181	37	(76)	(277)	7,420	(3,934)	(245)	38	261	(3,880)	(11)	3,529

15 Intangible assets, net

Consolidated						
Amortising period	As at 1 January 2018 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2018 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	155	(245)	(7)	-	160
Computer software	5 - 10 years	215	26	(2)	(87)	329
Total	370	283	(68)	(9)	(87)	489
Less Allowance for impairment	-					-
Net intangible assets	370					489

Consolidated						
Amortising period	As at 1 January 2017 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2017 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	78	(89)	(3)	-	155
Computer software	5 - 10 years	289	14	(38)	(102)	215
Licence fee	5 years	1	-	-	(1)	-
Total	368	183	(37)	(41)	(103)	370
Less Allowance for impairment	-					-
Net intangible assets	368					370

Separate						
Amortising period	As at 1 January 2018 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2018 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	155	(245)	(7)	-	159
Computer software	5 - 10 years	210	22	(2)	(84)	322
Total	365	278	(69)	(9)	(84)	481
Less Allowance for impairment	-					-
Net intangible assets	365					481

Separate						
Amortising period	As at 1 January 2017 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2017 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	78	(89)	(3)	-	155
Computer software	5 - 10 years	284	12	(38)	(100)	210
Licence fee	5 years	1	-	-	(1)	-
Total	363	181	(37)	(41)	(101)	365
Less Allowance for impairment	-					-
Net intangible assets	363					365

16 Deferred income taxes

The movement of deferred income tax account is as follows:

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning of the year	1,373	1,289	1,023	1,076
Charged (credited) to profit or loss	39	205	(67)	70
Tax credited relation to components of the comprehensive income	(19)	(121)	(18)	(123)
End of the year	<u>1,393</u>	<u>1,373</u>	<u>938</u>	<u>1,023</u>

The movement in deferred tax assets and liabilities during the year is as follows:

	Consolidated									
	Provision	Tax	Interest in	Allowance	Allowance	Deferred	Deferred	Fair value	Others	Total
	Million	losses	suspense	for impairment	for doubtful	income	income	loss from	Million	Million
	Baht	Million	account	of properties	accounts	front-end	premium	investment	Baht	Baht
	Baht	Baht	Million	foreclosed	Million	fee and	Million	Million	Million	Million
	Baht	Baht	Baht	Million	Baht	entry fee	Baht	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	Baht	insurance	Baht	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	Baht	Million	Baht	Baht	Baht	Baht
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Deferred tax assets										
At 1 January 2018	390	135	146	31	824	48	70	-	174	1,818
Charged (credited) to profit or loss	1	-	2	9	63	(3)	-	-	24	96
Tax credited relation to components of the comprehensive income	(15)	-	-	-	-	-	-	-	(11)	(26)
At 31 December 2018	<u>376</u>	<u>135</u>	<u>148</u>	<u>40</u>	<u>887</u>	<u>45</u>	<u>70</u>	<u>-</u>	<u>187</u>	<u>1,888</u>
At 1 January 2017	399	91	128	52	688	60	59	71	157	1,705
Charged (credited) to profit or loss	6	44	18	(21)	136	(12)	11	-	29	211
Tax credited relation to components of the comprehensive income	(15)	-	-	-	-	-	-	(71)	(12)	(98)
At 31 December 2017	<u>390</u>	<u>135</u>	<u>146</u>	<u>31</u>	<u>824</u>	<u>48</u>	<u>70</u>	<u>-</u>	<u>174</u>	<u>1,818</u>

	Consolidated			
	Fair value	Gain from	Others	Total
	gain from	revaluation	Million Baht	Million Baht
	investment	of assets		
	Million Baht	Million Baht		
	Million Baht	Million Baht		
	Million Baht	Million Baht		
	Million Baht	Million Baht		
Deferred tax liabilities				
At 1 January 2018	34	406	5	445
Charged (credited) to profit or loss	68	(11)	-	57
Tax (credited) charged relation to components of the comprehensive income	(23)	-	16	(7)
At 31 December 2018	<u>79</u>	<u>395</u>	<u>21</u>	<u>495</u>
At 1 January 2017	2	410	4	416
Charged (credited) to profit or loss	9	(4)	1	6
Tax charged relation to components of the comprehensive income	23	-	-	23
At 31 December 2017	<u>34</u>	<u>406</u>	<u>5</u>	<u>445</u>

16 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Separate									
	Provision Million Baht	Tax losses Million Baht	Interest in suspense account Million Baht	Allowance for impairment of properties foreclosed Million Baht	Allowance for doubtful accounts Million Baht	Deferred income front-end fee and entry fee insurance Million Baht	Deferred income premium Million Baht	Fair value loss from investment Million Baht	Others Million Baht	Total Million Baht
Deferred tax assets										
At 1 January 2018	371	135	138	15	656	48	70	-	35	1,468
Credited to profit or loss	-	-	(1)	-	-	(3)	-	-	(6)	(10)
Tax credited relation to components of the comprehensive income	(14)	-	-	-	-	-	-	-	(11)	(25)
At 31 December 2018	357	135	137	15	656	45	70	-	18	1,433
At 1 January 2017	384	91	122	41	619	60	59	71	45	1,492
Charged (credited) to profit or loss	3	44	16	(26)	37	(12)	11	-	3	76
Tax credited relation to components of the comprehensive income	(16)	-	-	-	-	-	-	(71)	(13)	(100)
At 31 December 2017	371	135	138	15	656	48	70	-	35	1,468

	Separate			
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Others Million Baht	Total Million Baht
Deferred tax liabilities				
At 1 January 2018	34	406	5	445
Charged (credited) to profit or loss	68	(11)	-	57
Tax (credited) charged relation to components of the comprehensive income	(23)	-	16	(7)
At 31 December 2018	79	395	21	495
At 1 January 2017	2	410	4	416
Charged (credited) to profit or loss	9	(4)	1	6
Tax charged relation to components of the comprehensive income	23	-	-	23
At 31 December 2017	34	406	5	445

As at 31 December 2018 and 2017, the Group had unutilised deductible temporary tax difference that the Group did not recognise as deferred tax assets in the financial statements as follows:

	Consolidated and Separate	
	2018 Million baht	2017 Million Baht
Provision	81	-
Interest in suspense account	722	-
Allowance for doubtful accounts	244	-
Fair value loss from investment	160	-
Others	86	-
Total	1,293	-

17 Other assets, net

	Consolidated		Separate	
	2018	2017	2018	2017
	Million baht	Million Baht	Million baht	Million Baht
Accrued interest and dividend receivables	382	300	382	300
Credit support assets on derivatives	6,053	4,138	6,053	4,138
Advances	29	34	29	34
Others assets awaiting account transfer	281	256	107	106
Commission receivables	47	77	47	77
Withholding tax receivable	229	157	227	156
Marginal deposits	89	85	78	75
Prepaid expenses	903	297	897	291
Accounts receivable - bill of exchange	906	1,577	906	1,577
Other accounts receivables	1	3	-	-
Others	137	101	79	65
Total	9,057	7,025	8,805	6,819
Less: Allowance for impairment	(29)	(29)	(29)	(29)
Other assets, net	9,028	6,996	8,776	6,790

18 Deposits

18.1 Classified by type of deposits

	Consolidated		Separate	
	2018	2017	2018	2017
	Million baht	Million Baht	Million baht	Million Baht
At call	2,168	2,072	2,168	2,074
Savings	52,810	59,518	52,908	59,802
Fixed	127,269	112,217	127,286	112,233
Negotiable certificate of deposit	2,854	3,594	2,853	3,594
Total deposits	185,101	177,401	185,215	177,703

18.2 Classified by currency and residency of depositors

	Consolidated					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	180,934	1,599	182,533	174,065	1,537	175,602
US dollar	1,906	230	2,136	1,253	203	1,456
Other currencies	369	63	432	274	69	343
Total	183,209	1,892	185,101	175,592	1,809	177,401

	Separate					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	181,048	1,599	182,647	174,367	1,537	175,904
US dollar	1,906	230	2,136	1,253	203	1,456
Other currencies	369	63	432	274	69	343
Total	183,323	1,892	185,215	175,894	1,809	177,703

19 Interbank and money market items (liabilities)

	Consolidated and Separate					
	2018			2017		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
The Bank of Thailand	-	-	-	-	2	2
Commercial banks	177	27,600	27,777	126	2,000	2,126
Specialised Financial Institutions	8	6,546	6,554	8	292	300
Finance, finance and securities, securities, and credit foncier companies	4,988	1,950	6,938	6,987	2,050	9,037
Other financial institutions	824	304	1,128	1,169	508	1,677
Total domestic items	5,997	36,400	42,397	8,290	4,852	13,142
Foreign:						
US dollar	267	659	926	98	1,308	1,406
Other currencies	848	363	1,211	956	144	1,100
Total foreign items	1,115	1,022	2,137	1,054	1,452	2,506
Total domestic and foreign items	7,112	37,422	44,534	9,344	6,304	15,648

20 Financial liabilities designated at fair value through profit or loss

	Consolidated and Separate	
	2018 Million Baht	2017 Million Baht
Debentures	14,703	5,228
Bills of Exchange	20,810	17,876
Total	35,513	23,104

Proportion of transactions classified by type of counterparty and considering notional amount

	Consolidated and Separate	
	2018 Proportion	2017 Proportion
Financial institutions	54	74
External parties	46	26
Total	100	100

As at 31 December 2018 and 2017, financial liabilities designated at fair value through profit or loss consisted of:

- The Bank early terminated bills of exchange which has 11 years maturity with embedded callable range accrual swap. The bills of exchange bear interest rate at 6.10 % per annum (31 December 2017: 6.10% per annum) with a payment of interest every six months. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad, the parent company.
- The Bank issued debentures which has 5 - 7 years maturity with embedded callable inverse floater derivatives. The debentures bear interest rate at 6.00 - 6.40 % per annum minus reference index of THBFX 6 month (31 December 2017: 6.20% - 6.60% per annum minus reference index of THBFX 6 month) with a payment of interest every six months. The Bank entered into interest rate swaps with other parties for hedging interest rate risk.
- The Bank issued structured debentures with reference interest rate of THBFX 6 month (callable range accrual note), which will mature in 5 years. The Bank will pay interest every six months according to the condition of agreement.
- The Bank issued accreting structured bills of exchange embedded interest rate swap with predetermined return rate and conditions. The maturity date is between 7 - 23 years (31 December 2017: 7 - 23 years). They bear interest rate at between 2.68% - 5.18% per annum (31 December 2017: 2.68% - 5.18% per annum) with a payment of interest at maturity date. The Bank entered into interest rate swaps with other parties for hedging interest rate risk.

21 Debt issued and borrowings

	Consolidated					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Debentures						
Short term debentures maturing in 2018, coupon rate of 1.20% - 1.35% per annum	-	-	-	3,048	-	3,048
Debentures maturing in 2020, coupon rate of 2.44% per annum	2,000	-	2,000	2,000	-	2,000
Subordinated debentures						
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,122	3,122	-	3,224	3,224
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,449	4,449	-	4,593	4,593
Subordinated debentures of RM 390 million, maturing in 2028, coupon rate of 5.20% per annum	-	3,044	3,044	-	-	-
Structured debentures						
Structured debentures	1,016	-	1,016	1,104	-	1,104
	3,016	10,615	13,631	6,152	7,817	13,969
Structured bills of exchange						
Structured bills of exchange	1,800	3,537	5,337	1,800	3,464	5,264
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.18% per annum	-	-	-	700	-	700
	1,800	3,537	5,337	2,500	3,464	5,964
Total	4,816	14,152	18,968	8,652	11,281	19,933
<u>Less</u> Current portion of long-term borrowings	(60)	-	(60)	(4,263)	-	(4,263)
Long-term borrowings, net	4,756	14,152	18,908	4,389	11,281	15,670

21 Debt issued and borrowings (Cont'd)

	Separate					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Debentures						
Short term debentures maturing in 2018, coupon rate of 1.20% - 1.35% per annum	-	-	-	3,048	-	3,048
Subordinated debentures						
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,122	3,122	-	3,224	3,224
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,449	4,449	-	4,593	4,593
Subordinated debentures of RM 390 million, maturing in 2028, coupon rate of 5.20% per annum	-	3,044	3,044	-	-	-
Structured debentures						
Structured debentures	1,016	-	1,016	1,104	-	1,104
	1,016	10,615	11,631	4,152	7,817	11,969
Structured bills of exchange						
Structured bills of exchange	1,800	3,537	5,337	1,800	3,464	5,264
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.18% per annum	-	-	-	700	-	700
	1,800	3,537	5,337	2,500	3,464	5,964
Total	2,816	14,152	16,968	6,652	11,281	17,933
<u>Less</u> Current portion of long-term borrowings	(60)	-	(60)	(4,263)	-	(4,263)
Long-term borrowings, net	2,756	14,152	16,908	2,389	11,281	13,670

(a) As at 31 December 2017, the Bank had short term debentures of Baht 3,048 million with fixed interest rates, interest will be paid on maturity date.

(b) On 8 May 2017, CIMB Thai Auto Co., Ltd (formerly: Center Auto Lease Co.,Ltd) which is the Bank's subsidiary, issued debentures. The subscription unit is at 2,000,000 units at Baht 1,000 each and issued price of Baht 1,000 each for an aggregate amount of Baht 2,000 million carrying constant interest rate of 2.44% per annum with a payment of interest every six months. The debenture has a tenor of 3 years and is due on 8 May 2020.

(c) On 7 July 2014, the Bank issued MYR 400 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 4,000,000 units of MYR 100 each, interest rate of 5.60% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2024. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor. (02) 453/2557.

(d) On 11 July 2016, the Bank issued MYR 570 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 5,700,000 units of MYR 100 each, interest rate of 5.35% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2026. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

21 Debt issued and borrowings (Cont'd)

- (e) On 29 March 2018, the Bank issued MYR 390 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 3,900,000 units of MYR 100 each, interest rate of 5.20% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2028. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor. 221/ 2561.

- (f) As at 31 December 2018, the Bank has structured debentures of Baht 1,016 million (31 December 2017: Baht 1,104 million) as follows:

- The Bank issued structured debentures (Maxi X-Change Single Barrier Bullish) of Baht 60 million (31 December 2017: Baht 174 million) with 6 months from respective issuance dates. The Bank will pay interest at maturity date according to the movement of the underlying.
- The Bank has short term structured debentures (Equity Linked Note) of Baht 341 million (31 December 2017: Baht 341 million), typically with tenure of 1 to 9 months. Its return on investment is based to the underlying asset. The investor will earn coupon periodically until maturity unless the product goes to a condition that the Bank has to terminate the product. Otherwise, at maturity, the investor will either be required to purchase the underlying asset(s) or to redeem the note, depending on conditions of the product and the market price of the underlying asset(s) on the expiration date.
- The Bank issued structured debenture (Fund Link Note) of Baht 956 million (31 December 2017: Baht 589 million), the return is based on movement of the price of mutual fund.

- (g) As at 31 December 2018, the Bank had credit linked bill of exchange (CLN) of Baht 5,337 million (31 December 2017: Baht 5,264 million) as follows:

- The Bank issued CLN of Baht 1,800 million (31 December 2017: Baht 1,800 million) which will mature in 10 years. The holder will receive all coupon amounts on respective coupon payment date and the redemption amount on the maturity date, subject to no credit event determination occurring with respect to the reference entity. The credit linked bills of exchange bear interest rate at 3.75% - 4.01% per annum (31 December 2017: 3.75% - 4.01% per annum) with a payment of interest every six months.
- The Bank issued CLN of USD 109 million or equivalence Baht 3,537 million (31 December 2017: USD 106 million or equivalence Baht 3,464 million) which will mature in 8 - 15 years (31 December 2017: 8 - 15 years). The holder will receive all coupon amounts on respective coupon payment date and the redemption amount on the maturity date, subject to no credit event determination occurring with respect to the reference entity. The credit linked note bills of exchange bear interest rate at 6M LIBOR + 1.6597% to 6M LIBOR + 2.3925% per annum (31 December 2017 : 6M LIBOR + 1.6743% to 6M LIBOR + 2.3925% per annum) with a payment of interest every six-months.

- (h) As at 31 December 2017, the Bank had bill of exchange at call of Baht 700 million with fixed interest rates, interest will be paid on redemption date.

22 Provisions

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	58	138	58	138
Reserve for off-statements of financial position items	476	395	476	395
Provision for employee benefits	1,427	1,413	1,332	1,322
Provision for assets restoration	27	-	27	-
Total provisions	1,988	1,946	1,893	1,855

Provision for employee benefits

As at 31 December 2018, the pension benefits were only provided to 317 employees (31 December 2017: 357 employees) who were former employees of the Union Bank of Bangkok Public Company Limited which are unfunded obligations. The pension benefits are part of provisions for employee benefits as follows:

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,427	1,413	1,332	1,322
Provision for employee benefits	1,427	1,413	1,332	1,322

Movements of provision for pension funds are as follows:

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,413	1,473	1,322	1,396
Current service costs	121	125	114	115
Interest costs	37	33	35	31
Remeasurements:				
(Gain) losses from changes of:				
Demographic assumptions	-	14	-	12
Financial assumptions	-	(62)	-	(56)
Experience gains	(70)	(32)	(70)	(39)
<u>Less</u> Pension benefits paid for the year	<u>(74)</u>	<u>(138)</u>	<u>(69)</u>	<u>(137)</u>
Ending balance	1,427	1,413	1,332	1,322

Expenses for employee benefits were recognised in the statements of comprehensive income as follows:

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	121	125	114	115
Interest costs	37	33	35	31
Total	158	158	149	146

22 Provisions (Cont'd)

Significant assumptions used in the actuarial calculation are summarised as follows:

	Consolidated and Separate 2018 and 2017
Discount rate	2.75%
Salary increase rate	5.00%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2017
Disability rate	10.00% of pre-retirement mortality rate
Pre-retirement withdrawal rate	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees: 75% of Thai Withdrawal Table
Retirement age	60 years old

Sensitivity analysis for each significant assumptions:

	Consolidated					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Weighted average discount rate	0.5%	0.5%	Decrease by 3.24%	Decrease by 4.08%	Increase by 4.87%	Increase by 4.36%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 10.02%	Increase by 9.33%	Decrease by 7.64%	Decrease by 8.29%

	Separate					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Weighted average discount rate	0.5%	0.5%	Decrease by 3.10%	Decrease by 3.98%	Increase by 4.81%	Increase by 4.25%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 9.85%	Increase by 9.13%	Decrease by 7.42%	Decrease by 8.14%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee benefit obligations recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

As at 31 December 2018, the weighted average duration of the defined benefit obligation is 8 years (31 December 2017: 8 years).

22 Provisions (Cont'd)

Expected maturity analysis of undiscounted benefits:

Consolidated				
2018				
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	137	336	1,350	1,823
Consolidated				
2017				
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	91	336	1,384	1,811
Separate				
2018				
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	125	324	1,242	1,691
Separate				
2017				
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	80	325	1,278	1,683

23 Other liabilities

	Consolidated		Separate	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Credit support liabilities on derivatives	3,910	4,827	3,910	4,827
Amount due to Department of Alternative Energy Development and Efficiency	29	50	29	50
Other liabilities awaiting accounts transfer	423	576	423	576
Accrued interest	753	681	746	674
Deferred commission	41	90	49	97
Accrued expense	1,989	1,702	1,489	1,374
Others	904	793	453	341
Total	8,049	8,719	7,099	7,939

24 Share capital

	Consolidated and Separate			
	2018		2017	
	Number Million shares	Amount Million Baht	Number Million shares	Amount Million Baht
Registered				
Beginning of the year				
- Ordinary shares	30,280	15,140	24,775	12,387
Issue of shares	4,542	2,271	5,505	2,753
End of the year	<u>34,822</u>	<u>17,411</u>	<u>30,280</u>	<u>15,140</u>
Issued and paid up				
Beginning of the year				
- Ordinary shares	30,280	15,140	24,775	12,387
Issue of shares	4,542	2,271	5,505	2,753
End of the year	<u>34,822</u>	<u>17,411</u>	<u>30,280</u>	<u>15,140</u>

On 20 July 2018, the Board of Director's meeting passed a resolution approving the increase of the Bank's registered capital in an amount of Baht 2,271,017,070.50 from the current registered capital of Baht 15,140,113,803.50 to Baht 17,411,130,874 by means of the issuance of 4,542,034,141 new ordinary shares at the par value of Baht 0.50 per share to the existing shareholders proportionate to their shareholding at a ratio of 3 right shares for every 20 existing CIMB Thai shares, at the offering price of Baht 0.87 per share which the Bank passed a resolution to determine the date of the Extraordinary General Meeting of Shareholders No. 1/2018 to be held on 4 September 2018.

On 19 October 2018, the Bank has registered its increase of paid-up share capital with the Department of Business Development, the Ministry of Commerce. Therefore, the paid-up share capital are Baht 17,411,130,874 which is 34,822,261,748 ordinary shares with a par value of Baht 0.50.

25 Other reserves

	Consolidated	
	2018	2017
	Million Baht	Million Baht
Revaluation surplus on assets	1,972	2,029
Revaluation (deficit) surplus on change in value of investments, net	(160)	115
Remeasurements of post - employment benefit obligations	(103)	(176)
Foreign currency translation	-	4
Surplus (deficit) from measuring fair value of hedging instrument for cash flow hedge	82	(54)
Income tax relating to components of other comprehensive expense	(390)	(383)
Total	1,401	1,535

	Separate	
	2018	2017
	Million Baht	Million Baht
Revaluation surplus on assets	1,972	2,029
Revaluation (deficit) surplus on change in value of investments, net	(160)	115
Remeasurements of post - employment benefit obligations	(76)	(146)
Foreign currency translation	-	4
Surplus (deficit) from measuring fair value of hedging instrument for cash flow hedge	82	(54)
Income tax relating to components of other comprehensive expense	(396)	(389)
Total	1,422	1,559

(a) Revaluation surplus on assets

This represents surplus on assets arising from revaluation of land and premises. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets and transferred directly to retained earnings.

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Balance - beginning of the year	2,029	2,048
<u>Less</u> Amortisation	(57)	(19)
Balance - end of the year	1,972	2,029

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

(b) Revaluation (deficit) surplus on change in value of investments, net

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Revaluation surplus on investments:		
Debt securities	88	143
Equity securities	18	33
Total	106	176
Revaluation deficit on investments:		
Debt securities	(242)	(43)
Equity securities	(24)	(18)
Total	(266)	(61)
Revaluation (deficit) surplus on change in value of investments, net	(160)	115

26 Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside a statutory reserve of at least 5% of its net profit for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. This reserve cannot be used to pay dividend.

On 20 April 2018, the Annual General Meeting of Shareholders of the Bank approved an appropriation of net profit of Baht 3.60 million as a statutory reserve for the year 2017. However, the Bank has set aside net profit to be reserve Baht 0.88 million during the year 2017. Therefore, the Bank set aside addition net profit to be reserve of Baht 2.70 million.

On 29 August 2018, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 2.20 million as a statutory reserve.

As at 31 December 2018, the Bank had total statutory reserve of Baht 403.60 million (31 December 2017: Baht 398.68 million).

27 Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551. The capital funds comprise:

Capital fund (Full consolidate supervision)	2018 Million Baht	Total capital to risk assets %	2017 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	17,411		15,140	
Share premium	10,146		8,465	
Statutory reserve	404		398	
Unappropriated surplus	7,619		7,181	
Other reserves	1,361		1,566	
Deduction on Tier I capital fund	(2,065)		(1,810)	
Total Tier I capital fund	34,876	14.09	30,940	12.94
<u>Tier II</u>				
Long-term subordinated debentures	12,244		9,086	
Reserve for loan classified as pass	766		703	
Total Tier II capital fund	13,010	5.25	9,789	4.09
Total capital funds	47,886	19.34	40,729	17.03

27 Capital funds (cont'd)

Capital funds (Separate)	2018 Million Baht	Total capital to risk assets %	2017 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	17,411		15,140	
Share premium	10,146		8,465	
Statutory reserve	404		398	
Unappropriated surplus	5,825		5,699	
Other reserves	1,404		1,608	
Deduction on Tier I capital fund	(2,393)		(1,432)	
Total Tier I capital fund	32,797	13.32	29,878	12.47
<u>Tier II</u>				
Long-term subordinated debentures	12,244		9,086	
Reserve for loan classified as pass	975		880	
Total Tier II capital fund	13,219	5.37	9,966	4.16
Total capital funds	46,016	18.69	39,844	16.63

As at 31 December 2018, the Bank's regulatory capital after deducting capital add-on arising from single lending was Baht 46,016 million (31 December 2017: Baht 39,844 million).

The Bank has maintained capital fund and liquidity coverage ratio under BoT notification of international capital requirement standards under the Basel III regulatory framework and will disclose capital maintenance information as at 31 December 2018 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision and Liquidity coverage ratio disclosure standards on its website at www.cimbthai.com within four months after the statements of financial position date.

28 Share-based payments

Equity Ownership Plan (EOP)

The EOP was introduced in March 2011 where the Bank will grant ordinary shares of CIMB Group Holdings Berhad to eligible employees.

The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group Holdings Berhad, and the granted shares will be released in stages at predetermined dates subject to continued employment.

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed of at market price. For shares granted pre - 2014, proceeds received will be donated to the CIMB Foundation in Malaysia on behalf of the employee, while for shares granted from 2014 onwards, proceeds from disposal will be returned to the Bank. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the employee or designated beneficiary.

The weighted average fair value of shares granted in this financial period, which were purchased over a specified period before awarding to the eligible employees of the Bank, was MYR 7.07 per share (31 December 2017: MYR 5.21 per share).

Movement in the number of ordinary shares under the EOP are as follows:

	Number of ordinary shares under the EOP as at	
	2018	2017
	units '000	units '000
Beginning of financial year	1,418	1,342
Awarded during financial year	762	852
Released during financial year	(939)	(776)
End of financial year	<u>1,241</u>	<u>1,418</u>

For the year ended 31 December 2018, the Bank set up share-based payment reserves and expenses amounting to Baht 38 million (for the year ended 31 December 2017: Baht 37 million).

29 Important positions and performance classified by type of domestic or foreign transactions

29.1 Position classified by type of transaction

	Consolidated					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	355,446	403	355,849	300,206	398	300,604
Interbank and money market items, net (assets)	6,451	339	6,790	17,810	358	18,168
Derivative assets	23,396	-	23,396	21,278	-	21,278
Investments, net	92,172	-	92,172	44,060	-	44,060
Loans to customers and accrued interest receivables, net	216,137	64	216,201	201,524	40	201,564
Deposits	185,092	9	185,101	177,391	10	177,401
Interbank and money market items (liabilities)	44,534	-	44,534	15,648	-	15,648
Financial liabilities designated at fair value through profit or loss	35,513	-	35,513	23,104	-	23,104
Derivative liabilities	24,318	-	24,318	19,965	-	19,965
Debt issued and borrowings	18,968	-	18,968	19,933	-	19,933

29 Important positions and performance classified by type of domestic or foreign transactions (Cont'd)

29.1 Position classified by type of transaction (Cont'd)

	Separate					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	349,974	403	350,377	295,909	398	296,307
Interbank and money market items, net (assets)	6,345	339	6,684	17,742	358	18,100
Derivative assets	23,396	-	23,396	21,278	-	21,278
Investments, net	92,172	-	92,172	44,060	-	44,060
Investments in subsidiaries, net	2,208	-	2,208	1,708	-	1,708
Loans to customers and accrued interest receivables, net	209,532	64	209,596	196,355	40	196,395
Deposits	185,206	9	185,215	177,693	10	177,703
Interbank and money market items (liabilities)	44,534	-	44,534	15,648	-	15,648
Financial liabilities designated at fair value through profit or loss	35,513	-	35,513	23,104	-	23,104
Derivative liabilities	24,318	-	24,318	19,965	-	19,965
Debt issued and borrowings	16,968	-	16,968	17,933	-	17,933

29.2 Performance classified by type of transaction

	Consolidated					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	15,302	8	15,310	14,546	12	14,558
Interest expenses	(4,563)	-	(4,563)	(4,348)	(7)	(4,355)
Net interest income	10,739	8	10,747	10,198	5	10,203
Net fee and services income	1,808	-	1,808	1,944	-	1,944
Other operating income	981	-	981	1,012	(4)	1,008
Other operating expenses	(8,329)	(17)	(8,346)	(7,596)	(17)	(7,613)
Bad and doubtful debts and impairment losses	(4,919)	-	(4,919)	(4,957)	(96)	(5,053)
Profit (losses) before income tax expenses	280	(9)	271	601	(112)	489

	Separate					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	12,334	8	12,342	11,901	12	11,913
Interest expenses	(4,515)	-	(4,515)	(4,317)	(8)	(4,325)
Net interest income	7,819	8	7,827	7,584	4	7,588
Net fee and services income	1,087	-	1,087	1,247	-	1,247
Other operating income	574	-	574	1,232	(4)	1,228
Other operating expenses	(6,523)	(17)	(6,540)	(6,101)	(17)	(6,118)
Bad and doubtful debts and impairment losses	(3,686)	-	(3,686)	(3,848)	(96)	(3,944)
Profit (losses) before income tax expenses	(729)	(9)	(738)	114	(113)	1

30 Interest income

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	128	165	127	165
Investments and trading transactions	560	195	560	195
Investments in debt securities	1,104	950	1,104	950
Loans	9,704	9,878	10,436	10,558
Hire purchase and financial lease income	3,699	3,325	-	-
Others	115	45	115	45
Interest income	<u>15,310</u>	<u>14,558</u>	<u>12,342</u>	<u>11,913</u>

31 Interest expenses

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	2,341	2,386	2,342	2,388
Interbank and money market items	351	219	351	219
Contribution fee to the Deposit Protection Agency	18	18	18	18
Contribution fee to FIDF	990	944	990	944
Debt securities issued				
- Subordinated debentures	568	578	568	578
- Others	193	133	144	133
Borrowings	-	32	-	-
Others	102	45	102	45
Interest expenses	<u>4,563</u>	<u>4,355</u>	<u>4,515</u>	<u>4,325</u>

32 Net fees and services income

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	82	94	103	108
ATM, debit card and credit card fees	43	88	43	88
Brokerage income	742	873	742	760
Management fees	102	108	102	108
Underwriting fees	135	167	135	167
Collection fees	193	191	-	-
Others	813	619	252	240
Fees and services income	<u>2,110</u>	<u>2,140</u>	<u>1,377</u>	<u>1,471</u>
Fees and services expenses				
Collection fees	(152)	(53)	(155)	(96)
ATM fees	(30)	(36)	(30)	(36)
Brokerage fees	(88)	(67)	(88)	(67)
Others	(32)	(40)	(17)	(25)
Fees and services expenses	<u>(302)</u>	<u>(196)</u>	<u>(290)</u>	<u>(224)</u>
Net fees and services income	<u>1,808</u>	<u>1,944</u>	<u>1,087</u>	<u>1,247</u>

33 Gains on tradings and foreign exchange transactions, net

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Gains (losses) on tradings and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	377	341
Interest rate derivatives	777	1,635
Debt securities	(58)	193
Equity securities	7	19
Others	5	36
Total	1,068	2,224
Losses (gains) from hedging	(14)	14
Gains on tradings and foreign exchange transactions, net	1,054	2,238

34 Losses on financial instrument designated at fair value through profit or loss, net

Losses on financial instruments designated at fair value through profit or loss consist of the following items:

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	(234)	(1,310)
Debentures	(81)	(50)
Interest expenses	(445)	(374)
Total	(760)	(1,734)

35 Gains on investments, net

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales				
Available-for-sale	17	110	17	110
Held-to-maturity	-	1	-	1
General investments	4	-	4	-
Gains on sales, net	21	111	21	111
Impairment (loss) reversal				
General investments	(1)	(3)	(1)	(3)
Investment in subsidiaries	-	-	-	383
(Loss) reversal of impairment, net	(1)	(3)	(1)	380
Gains on investments, net	20	108	20	491

36 Other operating income

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	20	37	11	34
Gains on sales of properties for sales	-	-	140	73
Income from reversal of bad debts	269	216	-	-
Dividend income	11	14	11	14
Entry fee insurance income	48	48	48	48
Other income	94	81	51	64
	<u>442</u>	<u>396</u>	<u>261</u>	<u>233</u>
Other operating income				

37 Bad and doubtful debts and impairment losses

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	(11)	4	(11)	4
Held-to-maturity debt securities	(25)	1	(25)	1
Loans	4,955	5,048	3,722	3,939
	<u>4,919</u>	<u>5,053</u>	<u>3,686</u>	<u>3,944</u>
Total				

38 Corporate income tax

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the year	303	309	-	-
Total current tax	<u>303</u>	<u>309</u>	<u>-</u>	<u>-</u>
Deferred tax:				
(Increase) decrease in deferred tax assets				
(Note 16)	(96)	(211)	10	(76)
Increase in deferred tax liabilities (Note 16)	57	6	57	6
Total deferred tax	<u>(39)</u>	<u>(205)</u>	<u>67</u>	<u>(70)</u>
Total tax charge	<u>264</u>	<u>104</u>	<u>67</u>	<u>(70)</u>

38 Corporate income tax (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Bank as follows:

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Profit (loss) before tax	271	489	(738)	1
Tax calculated at a tax rate of 20%	54	98	(148)	-
Tax effect of:				
Income not subject to tax	(30)	(9)	(30)	(86)
Expenses not deductible for tax purpose	13	24	12	23
Adjustment in respect of prior year	6	(7)	6	(7)
Tax losses for which no deferred income tax asset was recognised	144	-	144	-
Unrecognised deferred tax assets	83	-	83	-
Allowance for doubtful debt from subsidiaries	(6)	(2)	-	-
Total tax charge	264	104	67	(70)

The weighted average applicable tax rate in the consolidated and separate financial statements as at 31 December 2018 was 97% and 9% respectively (31 December 2017: 21% and 5,068% respectively).

The tax (charged) credited relating to component of other comprehensive income is as follows:

	Consolidated					
	2018			2017		
	Before tax	Tax (charge)	After tax	Before tax	Tax (charge)	After tax
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Fair value gains:						
Cash flow hedges	137	(27)	110	62	(12)	50
Remeasurements of post-employment benefit obligation	73	(15)	58	80	(17)	63
Available-for-sale financial asset	(115)	23	(92)	467	(93)	374
Other comprehensive income (expenses)	95	(19)	76	609	(122)	487
Current tax		303			309	
Deferred tax		(39)			(205)	
		264			104	

38 Corporate income tax (Cont'd)

	Separate					
	2018			2017		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains:						
Cash flow hedges	137	(27)	110	62	(12)	50
Remeasurements of post-employment benefit obligation	70	(14)	56	83	(17)	66
Available-for-sale financial asset	(115)	23	(92)	467	(93)	374
Other comprehensive income (expenses)	92	(18)	74	612	(122)	490
Current tax		-			-	
Deferred tax		67			(70)	
		67			(70)	

In addition, deferred income tax of Baht 11 million (31 December 2017: Baht 4 million) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings and revaluation surplus on land.

39 Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees contribute to the fund - managed by CIMB Principal Asset Management Company Limited - at rate of 3% - 15% of their basic salaries, and the Bank and its subsidiaries contribute at rate of 5%, and disburse to staff when their employment is terminated under the terms and conditions of the fund. For the year ended 31 December 2018, Baht 125 million and Baht 109 million was contributed to the fund by the Group and the Bank (for the year ended 31 December 2017: Baht 92 million and Baht 74 million, respectively).

40 Earnings per share

Earnings per share as presented in the consolidated and bank statements of comprehensive income are calculated by dividing net income for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the year (Note 24).

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2018 and 2017.

41 Encumbrance of assets

41.1 Assets used as collateral

The Group placed assets such as deposits government and state enterprise bonds as collateral against the following:

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Securities sold under repurchase	33,104	-
Utilities usage	7	7
Total	33,111	7

41.2 Assets subject to obligation

The Bank has obligated properties for sale, which have sales restriction conditions within 3 years from the debt restructuring agreement dates. As at 31 December 2018, the properties for sale had net book value of Baht 319 million (31 December 2017: Baht 319 million).

As at 31 December 2018 and 2017, the investments subject to such obligations are as follows:

	Consolidated and Separate			
	2018		2017	
	Numbers	Cost Million Baht	Numbers	Cost Million Baht
Year of maturity				
2019 onwards	2	319	2	319
Assets subject to obligation	2	319	2	319

42 Commitments and contingent liabilities

42.1 Commitments

As at 31 December 2018 and 2017, significant commitments of the Bank consist of:

	Consolidated					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Avals to bills and guarantees of loans:						
Avals to bills	271	-	271	81	-	81
Guarantees of loans	9	-	9	9	-	9
Total avals to bills and guarantees of loans	280	-	280	90	-	90
Liability under unmatured import bills:						
Liability under unmatured import bills	-	239	239	-	299	299
Letters of credit:						
Letters of credit	41	1,144	1,185	131	1,552	1,683
Other commitments:						
Forward and spot contracts						
- Bought	-	702,639	702,639	-	498,047	498,047
- Sold	-	562,050	562,050	-	478,403	478,403
Cross currency and interest rate swap contract						
- Bought	-	179,589	179,589	-	146,019	146,019
- Sold	-	254,306	254,306	-	104,973	104,973
Interest rate swap contracts						
- Fixed rate receiver	877,379	129,383	1,006,762	478,715	74,618	553,333
- Floating rate receiver	900,499	349,697	1,250,196	514,304	127,587	641,891
Foreign exchange option						
- Call option sales contracts	-	10	10	-	61	61
- Put option sales contracts	-	305	305	-	450	450
- Call option purchase contracts	-	977	977	-	433	433
- Put option purchase contracts	-	16	16	-	11	11
Commodity						
- Bought	-	20	20	-	128	128
- Sold	-	20	20	-	127	127
Credit derivatives						
- Bought	1,800	3,537	5,337	1,800	3,464	5,264
- Sold	1,800	3,537	5,337	1,800	3,464	5,264
Swaption						
- Sold	8,000	-	8,000	1,500	-	1,500
Fund Option						
- Bought	-	2,106	2,106	-	998	998
- Sold	-	2,106	2,106	-	998	998
Equity option						
- Bought	-	-	-	308	-	308
- Sold	-	-	-	308	-	308
Bond forward						
- Sold	18,480	-	18,480	8,450	-	8,450
Investments						
- Bought	509	-	509	460	-	460
- Sold	1,058	-	1,058	710	-	710
Undrawn bank overdrafts	14,004	-	14,004	17,674	-	17,674
Undrawn credit line	18,387	2,752	21,139	19,874	5,199	25,073
Other guarantees	10,061	1,142	11,203	9,634	183	9,817
Other commitments	1,851,977	2,194,192	4,046,169	1,055,537	1,445,163	2,500,700
Total commitments	1,852,298	2,195,575	4,047,873	1,055,758	1,447,014	2,502,772

42 Commitments and contingent liabilities (Cont'd)

42.1 Commitments (Cont'd)

As at 31 December 2018 and 2017, significant commitments of the Bank consist of: (Cont'd)

	Separate					
	2018			2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Avals to bills and guarantees of loans:						
Avals to bills	271	-	271	81	-	81
Guarantees of loans	2,159	-	2,159	2,159	-	2,159
Total avals to bills and guarantees of loans	2,430	-	2,430	2,240	-	2,240
Liability under unmaturing import bills:						
Liability under unmaturing import bills	-	239	239	-	299	299
Letters of credit:						
Letters of credit	41	1,144	1,185	131	1,552	1,683
Other commitments:						
Forward and spot contracts						
- Bought	-	702,639	702,639	-	498,047	498,047
- Sold	-	562,050	562,050	-	478,403	478,403
Cross currency and interest rate swap contract						
- Bought	-	179,589	179,589	-	146,019	146,019
- Sold	-	254,306	254,306	-	104,973	104,973
Interest rate swap contracts						
- Fixed rate receiver	877,379	129,383	1,006,762	478,715	74,618	553,333
- Floating rate receiver	900,499	349,697	1,250,196	514,304	127,587	641,891
Foreign exchange option						
- Call option sales contracts	-	10	10	-	61	61
- Put option sales contracts	-	305	305	-	450	450
- Call option purchase contracts	-	977	977	-	433	433
- Put option purchase contracts	-	16	16	-	11	11
Commodity						
- Bought	-	20	20	-	128	128
- Sold	-	20	20	-	127	127
Credit derivatives						
- Bought	1,800	3,537	5,337	1,800	3,464	5,264
- Sold	1,800	3,537	5,337	1,800	3,464	5,264
Swaption						
- Sold	8,000	-	8,000	1,500	-	1,500
Fund Option						
- Bought	-	2,106	2,106	-	998	998
- Sold	-	2,106	2,106	-	998	998
Equity option						
- Bought	-	-	-	308	-	308
- Sold	-	-	-	308	-	308
Bond forward						
- Sold	18,480	-	18,480	8,450	-	8,450
Investments						
- Bought	509	-	509	460	-	460
- Sold	1,058	-	1,058	710	-	710
Undrawn bank overdrafts	14,004	-	14,004	17,674	-	17,674
Undrawn credit line	18,387	2,752	21,139	19,874	5,199	25,073
Other guarantees	10,061	1,142	11,203	9,634	183	9,817
Other commitments	1,851,977	2,194,192	4,046,169	1,055,537	1,445,163	2,500,700
Total commitments	1,854,448	2,195,575	4,050,023	1,057,908	1,447,014	2,504,922

42 Commitments and contingent liabilities (Cont'd)

42.2 Contingent liabilities

As at 31 December 2018 and 2017, the Group had the following contingent liabilities in connection with court cases in which the Group have been sued as defendants in court. The lawsuits were mainly lodged to claim compensation and the management believes that they will have no significant impact on the Group once they are finalised:

	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	191	211
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	515	631
- Sum of claims that cannot be specifically attributed to the Group	306	304
Total	1,012	1,146

As at 31 December 2018, included in the above-mentioned amounts there is no case in which the court was judged in favor of the plaintiffs where the Bank is the direct defendant and where the Bank is a co-defendant with others with sums claimed totaling Baht 482 million. However, the Bank is in the process of appealing the decisions (31 December 2017: Baht 16 million and Baht 276 million, respectively). The Bank recognised provisions for contingent loss from legal cases of approximately Baht 58 million (31 December 2017: Baht 139 million). The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases.

In addition, the Bank recognised reserves of Baht 476 million (31 December 2017: Baht 395 million) for off-statement of financial position items related to guarantees for which the Group have been sued as defendants.

42.3 Commitments under long-term leases

As at 31 December 2018 and 2017, the Group had entered into a number of agreements to lease land, buildings and vehicles for periods of longer than 6 months, under which future rental fees can be summarised as follows:

Lease periods	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Not over than 3 years	261	326	197	231
3 - 5 years	25	10	4	5
5 - 10 years	3	4	3	4
Total	289	340	204	240

42.4 Other commitments

As at 31 December 2018 and 2017, the Bank has other commitments in the form of various agreements relating to computer system and software development. The Bank is obligated to pay by currencies as follows:

Currency	Consolidated and Separate	
	2018	2017
	Million Baht	Million Baht
Baht	146	120
MYR	128	22
USD	153	2
SGD	-	11
Total	427	155

43 Related party transactions

Enterprises and individuals that directly or indirectly through one more intermediaries, control, or are controlled by, or are under common control with the Bank and subsidiaries, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank and subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank and subsidiaries that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and subsidiaries and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the year the Group had significant business transactions with its related parties. These transactions have been conducted based on agreed upon contracts. Below is a summary of those transactions.

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	733	682
Fee income	-	-	34	28
Expenses:				
Interest expenses	-	-	1	1
Fee expenses	-	-	3	43
Premises and equipments expenses	-	-	(1)	(7)
Parent company				
Revenue:				
Interest income	17	14	17	14
Expenses:				
Interest expenses	293	205	293	205
Fee expenses	74	62	74	62
Premises and equipment expenses	3	3	3	3
Other expenses	-	1	-	1
Companies under common control				
Revenue:				
Fee income	383	525	383	525
Other income	1	1	1	1
Expenses:				
Interest expenses	5	18	5	18
Fee expenses	12	13	12	13
Premises and equipment expenses	(12)	(12)	(12)	(12)
Other expenses	-	101	-	101

43 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2018 and 2017 are as follows:

	Consolidated								
	2018								
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Borrowings Million Baht	Other liabilities Million Baht
Parent company									
CIMB Bank Berhad	-	-	370	-	1,298	-	217	6,185	-
	-	-	370	-	1,298	-	217	6,185	-
Companies under common control									
CIMB Bank Plc, Cambodia	-	-	-	52	-	-	16	-	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	95	-	-
PT Bank CIMB Niaga Tbk	-	-	-	-	1	-	6	-	-
CIMB Securities (Singapore)	-	-	-	-	-	4	-	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	559	-	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	429	-	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	3	621	-	-	11
	-	-	-	52	4	1,613	117	-	11
Related persons	13	14	-	-	-	136	-	-	-
	13	14	-	-	-	136	-	-	-
	Consolidated								
	2017								
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Borrowings Million Baht	Other liabilities Million Baht
Parent company									
CIMB Bank Berhad	-	-	361	13	891	-	1,188	3,802	292
	-	-	361	13	891	-	1,188	3,802	292
Companies under common control									
CIMB Bank Plc, Cambodia	-	-	-	61	-	-	44	-	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	93	-	-
PT Bank CIMB Niaga Tbk	-	-	-	-	-	-	2	-	-
CIMB Securities (Singapore)	-	-	-	-	-	8	-	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	874	-	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	261	-	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	752	302	-	-	18
	-	-	-	61	752	1,445	139	-	18
Other related companies	29	30	-	-	-	8	-	-	-
	29	30	-	-	-	8	-	-	-
Related persons	15	11	-	-	-	473	-	-	-
	15	11	-	-	-	473	-	-	-

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43 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2018 and 2017 are as follows: (Cont'd)

	Separate 2018							
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Other liabilities Million Baht
Subsidiary companies								
CIMB Thai Auto Co., Ltd (formerly Center Auto Lease Co., Ltd)	20,535	22,893	-	2,150	1	40	-	8
World Lease Co., Ltd.	3,142	2,923	-	-	1	12	-	-
CT Coll Co., Ltd.	-	-	-	-	-	62	-	-
	23,677	25,816	-	2,150	2	114	-	8
Parent company								
CIMB Bank Berhad	-	-	370	-	1,298	-	217	-
	-	-	370	-	1,298	-	217	-
Companies under common control								
CIMB Bank Plc, Cambodia	-	-	-	52	-	-	16	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	95	-
PT Bank CIMB Niaga Tbk	-	-	-	-	1	-	6	-
CIMB Securities (Singapore)	-	-	-	-	-	4	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	559	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	429	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	3	621	-	11
	-	-	-	52	4	1,613	117	11
Related persons	8	8	-	-	-	133	-	-
	8	8	-	-	-	133	-	-
	Separate 2017							
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Other liabilities Million Baht
Subsidiary companies								
CIMB Thai Auto Co., Ltd (formerly Center Auto Lease Co., Ltd)	19,141	19,730	-	2,150	1	184	-	8
World Lease Co., Ltd.	2,786	3,018	-	-	1	69	-	-
CT Coll Co., Ltd.	8	-	-	-	1	49	-	7
	21,935	22,748	-	2,150	3	302	-	15
Parent company								
CIMB Bank Berhad	-	-	361	13	891	-	1,188	292
	-	-	361	13	891	-	1,188	292
Companies under common control								
CIMB Bank Plc, Cambodia	-	-	-	61	-	-	44	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	93	-
PT Bank CIMB Niaga Tbk	-	-	-	-	-	-	2	-
CIMB Securities (Singapore)	-	-	-	-	-	8	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	874	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	261	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	752	302	-	18
	-	-	-	61	752	1,445	139	18
Other related companies	29	30	-	-	-	8	-	-
	29	30	-	-	-	8	-	-
Related persons	13	8	-	-	-	470	-	-
	13	8	-	-	-	470	-	-

The Bank pays interest on deposits made by related parties at the normal rates granted to general depositors.

43 Related-party transactions (Cont'd)

As at 31 December 2018 and 2017, the Bank has commitments in financial derivatives and others with related parties as follows:

	2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate receiver	46,911	87	46,998
- Floating rate receiver	52,210	935	53,145
Forward and spot contracts			
- Bought	-	8,111	8,111
- Sold	-	55	55
Cross currency and interest rate swap contracts			
- Bought	-	11,301	11,301
- Sold	-	306	306
Commodity			
- Bought	-	20	20
Foreign exchange option			
- Put option sales contracts	-	111	111
Swaption			
- Sold	7,000	-	7,000
Credit derivatives			
- Sold	1,800	3,537	5,337
<u>Companies under common control</u>			
Forward and spot contracts			
- Bought	-	7	7
- Sold	-	3	3
Computer system and software development agreement	-	3	3
	2017		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate receiver	17,110	88	17,198
- Floating rate receiver	54,527	1,306	55,833
Forward and spot contracts			
- Bought	-	2,657	2,657
- Sold	-	217	217
Cross currency and interest rate swap contracts			
- Bought	-	8,622	8,622
- Sold	-	1,634	1,634
Commodity			
- Bought	-	128	128
Swaption			
- Sold	1,500	-	1,500
Credit derivatives			
- Sold	1,800	3,464	5,264
Equity option			
- Sold	308	-	308
<u>Company under common control</u>			
Computer system and software development agreement	-	3	3

43 Related-party transactions (Cont'd)

Director and management remuneration

The Bank has not extended extraordinary monetary and/or non-monetary benefits to Bank directors and executives at the level of executive vice president and higher, as well as to financial controllers. The benefits were beyond those normally granted, such as director's fees, director's bonuses (if any), income tax, executives' salary and bonus (if any) and share based payment.

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	585	485	552	457
Long-term employee benefits	22	17	22	16
Share-based payments (Note 28)	38	37	38	37
Director and management remuneration	<u>645</u>	<u>539</u>	<u>612</u>	<u>510</u>

The details of share based payment are as follows:

	Consolidated and Separate	
	2018	2017
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	762	852

44 Financial information by segment

Business segment reporting is consisted of:

Consumer banking

Consumer banking provides financial services to individuals and commercial customers. The products include consumer sales & distribution, retail financial services, commercial banking and personal financing.

Wholesale banking

Wholesale banking comprises of investment banking, corporate banking, and treasury and market.

- Investment banking service provides financial advisory, trade securities transactions, and asset management businesses.
- Corporate banking and treasury and market are responsible for corporate lending and deposit taking, transaction banking, treasury and market activities.

Others

Other services comprise of all middle and back office processes, cost centers and nonprofit generating divisions of companies whose results are not material to the Group.

44 Financial information by segment (Cont'd)

Financial information presented in the consolidated financial statements as at 31 December 2018 and 2017 and for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated				
	2018				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	8,059	2,271	417	-	10,747
Net fees and service income	1,527	276	32	(27)	1,808
Other operating income	869	16	98	(2)	981
Other operating expenses	(6,705)	(1,614)	(34)	7	(8,346)
Bad and doubtful debts and impairment losses	(3,549)	(149)	(1,252)	31	(4,919)
Income tax expenses	(176)	(778)	690	-	(264)
Net profit (losses) for the year	<u>25</u>	<u>22</u>	<u>(49)</u>	<u>9</u>	<u>7</u>
	Consolidated				
	2017				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	8,070	1,905	227	-	10,202
Net fees and service income	1,607	325	32	(19)	1,945
Other operating income	485	251	657	(385)	1,008
Other operating expenses	(6,005)	(1,592)	(22)	6	(7,613)
Bad and doubtful debts and impairment losses	(4,397)	(105)	(561)	10	(5,053)
Income tax expenses	54	(167)	9	-	(104)
Net (losses) profit for the year	<u>(186)</u>	<u>617</u>	<u>342</u>	<u>(388)</u>	<u>385</u>

44 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other businesses		Eliminations		Consolidated	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Total assets	350,377	296,307	33,297	28,777	64	69	(27,889)	(24,549)	355,849	300,604
Interbank and money market										
Items, net (assets)	6,684	18,100	158	321	62	49	(114)	(302)	6,790	18,168
Investments, net	92,172	44,060	-	-	-	-	-	-	92,172	44,060
Loans and accrued										
interest receivables, net										
Deposits	209,596	196,395	32,162	27,681	-	9	(25,557)	(22,521)	216,201	201,564
	185,215	177,703	-	-	-	-	(114)	(302)	185,101	177,401
Interbank and money market										
Items (liabilities)	44,534	15,648	25,806	22,742	-	-	(25,806)	(22,742)	44,534	15,648
Financial liabilities designated at										
fair value through profit or loss	35,513	23,104	-	-	-	-	-	-	35,513	23,104
Debt issued and borrowings	16,968	17,933	2,000	2,000	-	-	-	-	18,968	19,933

45 Financial instruments

The Bank's financial instruments, as defined under Thai Accounting Standard No.107 (previously No.48) "Financial Instruments: Disclosure and Presentation", principally comprise cash, net interbank and money market items, derivative assets, net investments, loans net of deferred revenue, other assets, deposits, liabilities payable on-demand, financial liabilities designated at fair value through profit or loss, derivative liabilities, debt issued and borrowings, and other liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

45.1 Credit risk

As at 31 December 2018 and 2017, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows:

	Consolidated		Separate	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Agricultural and mining	6,956	5,606	6,956	5,606
Manufacturing and commerce	45,157	48,810	45,157	48,810
Real estate and construction	13,836	12,116	13,836	12,116
Public utilities and services	29,779	28,229	29,778	28,229
Personal cash	11,960	13,505	11,961	13,505
Housing loans	71,916	60,971	71,916	60,971
Hire-purchase receivable and financial lease receivable	33,244	28,504	-	-
Others	13,452	13,281	39,244	35,997
Total loans net of deferred revenue	226,300	211,022	218,848	205,234

As at 31 December 2018 and 2017, the Bank had the following off-balance statement of financial position. These are calculated according to the period to maturity starting from the contract dates given in the financial statements:

	Consolidated					
	Counting from 2018			Counting from 2017		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Aval to bills	271	-	271	81	-	81
Guarantees of loans	9	-	9	9	-	9
Liabilities under unmatured import bills	239	-	239	299	-	299
Letters of credit	1,185	-	1,185	1,683	-	1,683
Other guarantees	8,281	2,922	11,203	8,397	1,420	9,817

	Separate					
	Counting from 2018			Counting from 2017		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Aval to bills	271	-	271	81	-	81
Guarantees of loans	9	2,150	2,159	9	2,150	2,159
Liabilities under unmatured import bills	239	-	239	299	-	299
Letters of credit	1,185	-	1,185	1,683	-	1,683
Other guarantees	8,281	2,922	11,203	8,397	1,420	9,817

45 Financial instruments (Cont'd)

45.2 Market risk

(a) Interest rate risk

As at 31 December 2018 and 2017, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated 2018			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1,749	1,749
Interbank and money market items	482	2,426	3,875	6,783
Derivative assets	13,670	1,014	8,712	23,396
Investments, net	59	92,043	316	92,418
Loans net of deferred revenue	143,464	82,836	-	226,300
Other assets	-	490	416	906
Total financial assets	157,675	178,809	15,068	351,552
<u>Financial liabilities</u>				
Deposits	50,584	132,349	2,168	185,101
Interbank and money market items	4,358	39,089	1,087	44,534
Liabilities payable on demand	-	-	379	379
Financial liabilities designated at fair value through profit or loss	35,413	-	100	35,513
Derivative liabilities	11,552	2,017	10,749	24,318
Debt issued and borrowings	6,293	12,675	-	18,968
Total financial liabilities	108,200	186,130	14,483	308,813

Descriptions	Consolidated 2017			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1,591	1,591
Interbank and money market items	595	14,134	3,443	18,172
Derivative assets	11,064	676	9,538	21,278
Investments, net	76	43,916	360	44,352
Loans net of deferred revenue	135,795	75,227	-	211,022
Other assets	-	750	827	1,577
Total financial assets	147,530	134,703	15,759	297,992
<u>Financial liabilities</u>				
Deposits	56,329	119,000	2,072	177,401
Interbank and money market items	6,355	7,759	1,534	15,648
Liabilities payable on demand	-	-	255	255
Financial liabilities designated at fair value through profit or loss	23,034	-	70	23,104
Derivative liabilities	9,862	1,300	8,803	19,965
Debt issued and borrowings	5,853	13,739	341	19,933
Total financial liabilities	101,433	141,798	13,075	256,306

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2018 and 2017, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Descriptions	Separate 2018			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1,746	1,746
Interbank and money market items	397	2,425	3,855	6,677
Derivative assets	13,670	1,014	8,712	23,396
Investments, net	59	92,043	316	92,418
Loans net of deferred revenue	143,560	75,288	-	218,848
Other assets	-	490	416	906
Total financial assets	157,686	171,260	15,045	343,991
<u>Financial liabilities</u>				
Deposits	50,682	132,365	2,168	185,215
Interbank and money market items	4,358	39,089	1,087	44,534
Liabilities payable on demand	-	-	379	379
Financial liabilities designated at fair value through profit or loss	35,413	-	100	35,513
Derivative liabilities	11,552	2,017	10,749	24,318
Debt issued and borrowings	6,293	10,675	-	16,968
Total financial liabilities	108,298	184,146	14,483	306,927

Descriptions	Separate 2017			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1,589	1,589
Interbank and money market items	545	14,135	3,424	18,104
Derivative assets	11,064	676	9,538	21,278
Investments, net	76	43,916	360	44,352
Loans net of deferred revenue	135,769	69,465	-	205,234
Other assets	-	750	827	1,577
Total financial assets	147,454	128,942	15,738	292,134
<u>Financial liabilities</u>				
Deposits	56,612	119,017	2,074	177,703
Interbank and money market items	6,355	7,759	1,534	15,648
Liabilities payable on demand	-	-	255	255
Financial liabilities designated at fair value through profit or loss	23,034	-	70	23,104
Derivative liabilities	9,862	1,300	8,803	19,965
Debt issued and borrowings	5,853	11,739	341	17,933
Total financial liabilities	101,716	139,815	13,077	254,608

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2018 and 2017, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Transactions	Consolidated						Total Million Baht
	2018						
	Repricing or maturity date					Non-interest bearing Million Baht	
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
Financial assets							
Cash	-	-	-	-	-	1,749	1,749
Interbank and money market items	482	1,526	900	-	-	3,875	6,783
Derivative assets	-	8,728	5,708	45	203	8,712	23,396
Investments, net	59	3,660	12,844	41,184	34,355	316	92,418
Loans net of deferred revenue	3,829	38,090	51,462	76,781	56,138	-	226,300
Other assets	-	72	214	204	-	416	906
Total financial assets	4,370	52,076	71,128	118,214	90,696	15,068	351,552
Financial liabilities							
Deposits	50,584	66,280	55,881	10,188	-	2,168	185,101
Interbank and money market items	4,359	37,145	1,769	159	15	1,087	44,534
Liabilities payable on demand	-	-	-	-	-	379	379
Financial liabilities designated at fair value through profit or loss	-	16,896	18,517	-	-	100	35,513
Derivative liabilities	-	7,909	5,648	12	-	10,749	24,318
Debt issued and borrowings	-	3,362	2,990	2,000	10,616	-	18,968
Total financial liabilities	54,943	131,592	84,805	12,359	10,631	14,483	308,813

Transactions	Consolidated						Total Million Baht
	2017						
	Repricing or maturity date					Non- interest bearing Million Baht	
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
Financial assets							
Cash	-	-	-	-	-	1,591	1,591
Interbank and money market items	965	12,181	1,430	153	-	3,443	18,172
Derivative assets	-	7,207	4,512	21	-	9,538	21,278
Investments, net	76	113	6,459	24,762	12,582	360	44,352
Loans net of deferred revenue	5,797	38,143	47,064	58,759	61,259	-	211,022
Other assets	-	138	531	81	-	827	1,577
Total financial assets	6,838	57,782	59,996	83,776	73,841	15,759	297,992
Financial liabilities							
Deposits	59,518	63,083	50,628	2,100	-	2,072	177,401
Interbank and money market items	7,811	4,495	1,572	30	206	1,534	15,648
Liabilities payable on demand	-	-	-	-	-	255	255
Financial liabilities designated at fair value through profit or loss	-	9,889	13,145	-	-	70	23,104
Derivative liabilities	-	7,118	3,997	28	19	8,803	19,965
Debt issued and borrowings	700	3,994	5,082	2,000	7,816	341	19,933
Total financial liabilities	68,029	88,579	74,424	4,158	8,041	13,075	256,306

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2018 and 2017, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Transactions	Separate						Total Million Baht
	2018						
	Repricing or maturity date						
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non- interest bearing Million Baht	
Financial assets							
Cash	-	-	-	-	-	1,746	1,746
Interbank and money market items	397	1,525	900	-	-	3,855	6,677
Derivative assets	-	8,728	5,708	45	203	8,712	23,396
Investments, net	59	3,660	12,844	41,184	34,355	316	92,418
Loans net of deferred revenue	3,829	39,200	48,547	72,597	54,675	-	218,848
Other assets	-	72	214	204	-	416	906
Total financial assets	4,285	53,185	68,213	114,030	89,233	15,045	343,991
Financial liabilities							
Deposits	50,682	66,285	55,892	10,188	-	2,168	185,215
Interbank and money market items	4,359	37,145	1,769	159	15	1,087	44,534
Liabilities payable on demand	-	-	-	-	-	379	379
Financial liabilities designated at fair value through profit or loss	-	16,896	18,517	-	-	100	35,513
Derivative liabilities	-	7,909	5,648	12	-	10,749	24,318
Debt issued and borrowings	-	3,362	2,990	-	10,616	-	16,968
Total financial liabilities	55,041	131,597	84,816	10,359	10,631	14,483	306,927

Transactions	Separate						Total Million Baht
	2017						
	Repricing or maturity date						
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non- interest bearing Million Baht	
Financial assets							
Cash	-	-	-	-	-	1,589	1,589
Interbank and money market items	915	12,181	1,430	154	-	3,424	18,104
Derivative assets	-	7,207	4,512	21	-	9,538	21,278
Investments, net	76	113	6,459	24,762	12,582	360	44,352
Loans net of deferred revenue	5,788	46,999	44,650	47,214	60,583	-	205,234
Other assets	-	138	531	81	-	827	1,577
Total financial assets	6,779	66,638	57,582	72,232	73,165	15,738	292,134
Financial liabilities							
Deposits	59,802	63,088	50,639	2,100	-	2,074	177,703
Interbank and money market items	7,811	4,495	1,572	30	206	1,534	15,648
Liabilities payable on demand	-	-	-	-	-	255	255
Financial liabilities designated at fair value through profit or loss	-	9,889	13,145	-	-	70	23,104
Derivative liabilities	-	7,118	3,997	28	19	8,803	19,965
Debt issued and borrowings	700	3,994	5,082	-	7,816	341	17,933
Total financial liabilities	68,313	88,584	74,435	2,158	8,041	13,077	254,608

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The outstanding balances of loans which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued (presented before deducting allowance for doubtful account losses).

The average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest and dividend rate for the years ended 31 December 2018 and 2017, can be summarised as follows:

	Consolidated					
	2018			2017		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items	5,203	128	2.46	10,491	165	1.57
Investments, net	71,904	1,664	2.31	49,159	1,145	2.33
Loans	214,140	13,403	6.26	203,835	13,203	6.48
Total performing financial assets	<u>291,247</u>	<u>15,195</u>		<u>263,485</u>	<u>14,513</u>	
<u>Performing financial liabilities</u>						
Deposits	173,707	2,341	1.35	172,028	2,386	1.39
Interbank and money market items	26,205	351	1.34	16,295	219	1.34
Financial liabilities designated at fair value through profit or loss	29,611	445	1.50	21,933	374	1.71
Debt issued and borrowings	22,210	761	3.43	19,531	743	3.80
Total performing financial liabilities	<u>251,733</u>	<u>3,898</u>		<u>229,787</u>	<u>3,722</u>	
Separate						
	2018			2017		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items	5,139	127	2.47	10,440	165	1.58
Investments, net	71,904	1,664	2.31	49,159	1,145	2.33
Loans	207,368	10,436	5.03	199,138	10,558	5.30
Total performing financial assets	<u>284,411</u>	<u>12,227</u>		<u>258,737</u>	<u>11,868</u>	
<u>Performing financial liabilities</u>						
Deposits	173,912	2,343	1.35	172,249	2,388	1.39
Interbank and money market items	26,205	351	1.34	16,299	219	1.34
Financial liabilities designated at fair value through profit or loss	29,611	445	1.50	21,933	374	1.71
Debt issued and borrowings	20,211	712	3.52	18,198	711	3.91
Total performing financial liabilities	<u>249,939</u>	<u>3,851</u>		<u>228,679</u>	<u>3,692</u>	

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk

Transactions	Consolidated						Total Million Baht
	2018						
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,627	45	5	41	2	29	1,749
Interbank and money market items	5,698	556	6	1	367	162	6,790
Derivative assets	436,833	(392,704)	2,326	(19,731)	(993)	(2,335)	23,396
Investments, net	92,418	-	-	-	-	-	92,418
Loans net of deferred revenue	211,701	13,642	91	136	-	1,222	226,792
Other assets	1,368	-	-	-	-	-	1,368
Total financial assets	749,645	(378,461)	2,428	(19,553)	(624)	(922)	352,513
Financial liabilities							
Deposits	182,533	2,137	32	51	239	109	185,101
Interbank and money market items	43,481	925	-	4	123	1	44,534
Liabilities payable on demand	377	2	-	-	-	-	379
Financial liabilities designated at fair value through profit or loss	35,513	-	-	-	-	-	35,513
Derivative liabilities	440,909	(385,597)	2,389	(19,742)	(12,337)	(1,304)	24,318
Debt issued and borrowings	4,816	3,537	-	-	10,615	-	18,968
Other liabilities	469	39	-	-	239	-	747
Total financial liabilities	708,098	(378,957)	2,421	(19,687)	(1,121)	(1,194)	309,560

Transactions	Consolidated						Total Million Baht
	2017						
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,521	27	4	15	1	23	1,591
Interbank and money market items	16,385	957	28	31	323	455	18,179
Derivative assets	385,947	(374,226)	(2,551)	8,428	(487)	4,167	21,278
Investments, net	44,345	-	-	1	-	6	44,352
Loans net of deferred revenue	196,578	12,891	96	649	-	1,325	211,539
Other assets	1,964	-	-	-	-	-	1,964
Total financial assets	646,740	(360,351)	(2,423)	9,124	(163)	5,976	298,903
Financial liabilities							
Deposits	175,602	1,456	18	32	201	92	177,401
Interbank and money market items	14,036	1,406	2	34	125	45	15,648
Liabilities payable on demand	252	3	-	-	-	-	255
Financial liabilities designated at fair value through profit or loss	23,104	-	-	-	-	-	23,104
Derivative liabilities	390,296	(373,385)	(2,490)	9,035	(8,895)	5,404	19,965
Debt issued and borrowings	8,652	3,464	-	-	7,817	-	19,933
Other liabilities	444	25	-	-	205	-	674
Total financial liabilities	612,386	(367,031)	(2,470)	9,101	(547)	5,541	256,980

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk (Cont'd)

Transactions	Separate						Total Million Baht
	2018						
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,623	46	5	41	2	29	1,746
Interbank and money market items	5,592	556	6	1	367	162	6,684
Derivative assets	436,833	(392,704)	2,326	(19,731)	(993)	(2,335)	23,396
Investments, net	92,418	-	-	-	-	-	92,418
Loans net of deferred revenue	204,259	13,642	91	136	-	1,222	219,350
Other assets	1,368	-	-	-	-	-	1,368
Total financial assets	742,093	(378,460)	2,428	(19,553)	(624)	(922)	344,962
Financial liabilities							
Deposits	182,647	2,137	32	51	239	109	185,215
Interbank and money market items	43,481	925	-	4	123	1	44,534
Liabilities payable on demand	377	2	-	-	-	-	379
Financial liabilities designated at fair value through profit or loss	35,513	-	-	-	-	-	35,513
Derivative liabilities	440,909	(385,597)	2,389	(19,742)	(12,337)	(1,304)	24,318
Debt issued and borrowings	2,816	3,537	-	-	10,615	-	16,968
Other liabilities	462	39	-	-	239	-	740
Total financial liabilities	706,205	(378,957)	2,421	(19,687)	(1,121)	(1,194)	307,667
Transactions	Separate						Total Million Baht
	2017						
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,519	27	4	15	1	23	1,589
Interbank and money market items	16,317	957	28	31	323	455	18,111
Derivative assets	385,947	(374,226)	(2,551)	8,428	(487)	4,167	21,278
Investments, net	44,345	-	-	1	-	6	44,352
Loans net of deferred revenue	190,795	12,891	97	649	-	1,325	205,757
Other assets	1,964	-	-	-	-	-	1,964
Total financial assets	640,887	(360,351)	(2,422)	9,124	(163)	5,976	293,051
Financial liabilities							
Deposits	175,904	1,456	18	32	201	92	177,703
Interbank and money market items	14,036	1,406	2	34	125	45	15,648
Liabilities payable on demand	252	3	-	-	-	-	255
Financial liabilities designated at fair value through profit or loss	23,104	-	-	-	-	-	23,104
Derivative liabilities	390,296	(373,385)	(2,490)	9,035	(8,895)	5,404	19,965
Debt issued and borrowings	6,652	3,464	-	-	7,817	-	17,933
Other liabilities	437	25	-	-	205	-	667
Total financial liabilities	610,681	(367,031)	(2,470)	9,101	(547)	5,541	255,275

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk (Cont'd)

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 31 December 2018 and 2017, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and Separate					
	2018			2017		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	264.41	3.47	(298.74)	198.71	19.07	(204.84)
Forward						
- Forward contract	(253.80)	(3.65)	314.08	(182.75)	(19.17)	213.90
Total	10.61	(0.18)	15.34	15.96	(0.10)	9.06

* EURO and other currencies are stated in USD equivalents.

45.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2018 and 2017 were as follows:

Descriptions	Consolidated				
	2018				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
<u>Financial assets</u>					
Cash	1,749	-	-	-	1,749
Interbank and money market items	4,307	2,433	50	-	6,790
Derivative assets	-	10,720	12,676	-	23,396
Investments	-	16,504	75,539	375	92,418
Loans net of deferred revenue	16,180 ⁽¹⁾	40,124	170,488	-	226,792
Other assets	-	1,087	281	-	1,368
Total financial assets	22,236	70,868	259,034	375	352,513
<u>Financial liabilities</u>					
Deposits	54,978	119,935	10,188	-	185,101
Interbank and money market items	7,112	37,248	174	-	44,534
Liabilities payable on demand	379	-	-	-	379
Financial liabilities designated at fair value through profit or loss	-	57	35,456	-	35,513
Derivative liabilities	-	13,241	11,077	-	24,318
Debt issued and borrowings	-	60	18,908	-	18,968
Other liabilities	-	747	-	-	747
Total financial liabilities	62,469	171,288	75,803	-	309,560

⁽¹⁾ As at 31 December 2018, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 9,902 million and Baht 9,530 million, respectively are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2018 and 2017 were as follows: (Cont'd)

Descriptions	Consolidated				
	2017				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	1,591	-	-	-	1,591
Interbank and money market items	4,038	13,987	154	-	18,179
Derivative assets	-	10,215	11,063	-	21,278
Investments, net	-	6,572	37,344	436	44,352
Loans net of deferred revenue	17,859 ⁽¹⁾	40,627	153,053	-	211,539
Other assets	-	1,806	158	-	1,964
Total financial assets	23,488	73,207	201,772	436	298,903
Financial liabilities					
Deposits	61,590	113,711	2,100	-	177,401
Interbank and money market items	9,344	6,068	236	-	15,648
Liabilities payable on demand	255	-	-	-	255
Financial liabilities designated at fair value through profit or loss	-	17	23,087	-	23,104
Derivative liabilities	-	10,024	9,941	-	19,965
Debt issued and borrowings	700	3,563	15,670	-	19,933
Other liabilities	-	671	3	-	674
Total financial liabilities	71,889	134,054	51,037	-	256,980

⁽¹⁾ As at 31 December 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 10,702 million and Baht 10,285 million, respectively are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2018 and 2017 were as follows: (Cont'd)

Descriptions	Separate 2018				Total Million Baht
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	
<u>Financial assets</u>					
Cash	1,746	-	-	-	1,746
Interbank and money market items	4,201	2,433	50	-	6,684
Derivative assets	-	10,720	12,676	-	23,396
Investments	-	16,504	75,539	375	92,418
Loans net of deferred revenue	16,291 ⁽¹⁾	38,218	164,841	-	219,350
Other assets	-	1,087	281	-	1,368
Total financial assets	22,238	68,962	253,387	375	344,962
<u>Financial liabilities</u>					
Deposits	55,076	119,951	10,188	-	185,215
Interbank and money market items	7,112	37,248	174	-	44,534
Liabilities payable on demand	379	-	-	-	379
Financial liabilities designated at fair value through profit or loss	-	57	35,456	-	35,513
Derivative liabilities	-	13,241	11,077	-	24,318
Debt issued and borrowings	-	60	16,908	-	16,968
Other liabilities	-	740	-	-	740
Total financial liabilities	62,567	171,297	73,803	-	307,667

⁽¹⁾ As at 31 December 2018, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 9,902 million and Baht 9,530 million, respectively are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2018 and 2017 were as follows: (Cont'd)

Descriptions	Separate 2017				Total Million Baht
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	
<u>Financial assets</u>					
Cash	1,589	-	-	-	1,589
Interbank and money market items	3,970	13,987	154	-	18,111
Derivative assets	-	10,215	11,063	-	21,278
Investments, net	-	6,572	37,344	436	44,352
Loans net of deferred revenue	17,859 ⁽¹⁾	47,074	140,824	-	205,757
Other assets	-	1,806	158	-	1,964
Total financial assets	<u>23,418</u>	<u>79,654</u>	<u>189,543</u>	<u>436</u>	<u>293,051</u>
<u>Financial liabilities</u>					
Deposits	61,876	113,727	2,100	-	177,703
Interbank and money market items	9,344	6,068	236	-	15,648
Liabilities payable on demand	255	-	-	-	255
Financial liabilities designated at fair value through profit or loss	-	17	23,087	-	23,104
Derivative liabilities	-	10,024	9,941	-	19,965
Debt issued and borrowings	700	3,563	13,670	-	17,933
Other liabilities	-	667	-	-	667
Total financial liabilities	<u>72,175</u>	<u>134,066</u>	<u>49,034</u>	<u>-</u>	<u>255,275</u>

⁽¹⁾ As at 31 December 2017, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 10,702 million and Baht 10,285 million, respectively are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.4 Fair value

The Bank has estimated the fair value of financial instruments as follows:

Descriptions	Consolidated			
	2018		2017	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	1,749	1,749	1,591	1,591
Interbank and money market items	6,790	6,790	18,168	18,168
Derivatives assets	23,396	23,396	21,278	21,278
Investments, net	92,172	92,255	44,060	44,232
Loans to customers and accrued interest receivables, net	216,201	214,247	201,564	198,700
Other assets	906	896	1,577	1,574
Total financial assets	341,214	339,333	288,238	285,543
Financial liabilities				
Deposits	185,100	185,190	177,401	177,408
Interbank and money market items	44,534	44,534	15,648	15,648
Liability payable on demand	379	379	255	255
Financial liabilities designated at fair value through profit or loss	35,513	35,513	23,104	23,104
Derivatives liabilities	24,318	24,318	19,965	19,965
Debt issued and borrowings	18,968	19,047	19,933	20,010
Total financial liabilities	308,812	308,981	256,306	256,390

Descriptions	Separate			
	2018		2017	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	1,746	1,746	1,589	1,589
Interbank and money market items	6,684	6,684	18,100	18,100
Derivatives assets	23,396	23,396	21,278	21,278
Investments, net	92,172	92,255	44,060	44,232
Loans to customers and accrued interest receivables, net	209,596	207,869	196,395	194,411
Other assets	906	896	1,577	1,574
Total financial assets	334,500	332,846	282,999	281,184
Financial liabilities				
Deposits	185,215	185,305	177,703	177,710
Interbank and money market items	44,534	44,534	15,648	15,648
Liability payable on demand	379	379	255	255
Financial liabilities designated at fair value through profit or loss	35,513	35,513	23,104	23,104
Derivatives liabilities	24,318	24,318	19,965	19,965
Debt issued and borrowings	16,968	17,047	17,933	17,999
Total financial liabilities	306,927	307,096	254,608	254,681

45 Financial instruments (Cont'd)

45.5 Financial derivatives

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

As at 31 December 2018 and 2017, financial derivatives as classified by their maturities were as follows:

	Consolidated and Separate					
	2018			2017		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Forward and spot contracts						
- Bought	700,469	2,170	702,639	497,967	80	498,047
- Sold	552,165	9,885	562,050	471,843	6,560	478,403
Cross-currency and interest rate swap contracts						
- Bought	28,410	151,179	179,589	30,640	115,379	146,019
- Sold	131,324	122,982	254,306	20,708	84,265	104,973
Interest rate swap contracts						
- Fixed-rate receiver	451,163	555,599	1,006,762	199,815	353,518	553,333
- Floating-rate receiver	642,021	608,175	1,250,196	230,052	411,839	641,891
Foreign exchange options						
- Call-option sales contract	10	-	10	61	-	61
- Put-option sales contract	305	-	305	450	-	450
- Call-option purchase contract	977	-	977	433	-	433
- Put-option purchase contract	16	-	16	11	-	11
Commodity						
- Bought	20	-	20	128	-	128
- Sold	20	-	20	127	-	127
Credit derivatives						
- Bought	-	5,337	5,337	-	5,264	5,264
- Sold	-	5,337	5,337	-	5,264	5,264
Swaption						
- Sold	-	8,000	8,000	-	1,500	1,500
Fund option						
- Bought	713	1,393	2,106	-	998	998
- Sold	713	1,393	2,106	-	998	998
Equity option						
- Bought	-	-	-	308	-	308
- Sold	-	-	-	308	-	308
Bond forward						
- Sold	4,700	13,780	18,480	1,600	6,850	8,450

The Bank sets up policies and relevant risk limits by which it requires risk reporting and control procedures as a control over financial derivative activities. The Bank realises that financial derivatives involve credit risk and considers credit limits for its customers in general. The same credit approval process used when granting loans to a customer is adopted for financial derivative customers, so that the Bank is able to maintain risk at acceptable levels. However, financial derivatives may cause the Bank to incur gains or losses as they are sensitive to foreign exchange rates or interest rates, which can fluctuate materially as the market situation changes.

46 Fair value

46.1 Fair value estimation

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Group are the last bid prices from the Stock Exchange of Thailand, the closing price from the Stock Exchange in overseas and settlement prices from Futures Exchange. These instruments are included in level 1.

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows: (Cont'd)

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the assets and liabilities that are measured at fair value at 31 December 2018 and 2017.

Consolidated and Separate				
2018				
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	17,764	-	17,764
Securities designated at fair value through profit or loss	-	5,399	-	5,399
Available-for-sale securities	60	48,814	-	48,874
Derivative assets	-	23,396	-	23,396
Total assets	60	95,373	-	95,433
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	35,513	-	35,513
Derivatives liabilities	-	24,318	-	24,318
Total liabilities	-	59,831	-	59,831
Consolidated and Separate				
2017				
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	9,601	-	9,601
Available-for-sale securities	81	20,730	-	20,811
Derivative assets	-	21,278	-	21,278
Total assets	81	51,609	-	51,690
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	23,104	-	23,104
Derivatives liabilities	-	19,965	-	19,965
Total liabilities	-	43,069	-	43,069

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2018 and 2017:

Consolidated				
2018				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,749	-	-	1,749
Interbank and money market items, net	4,308	2,482	-	6,790
Held-to-maturity debt securities	-	20,188	-	20,188
General investments	-	-	30	30
Loans and accrued interest receivables, net	-	214,247	-	214,247
Other assets	-	896	-	896
Total assets	6,057	237,813	30	243,900
Liabilities				
Deposits	-	185,190	-	185,190
Interbank and money market items	-	44,534	-	44,534
Liability payable on demand	-	379	-	379
Debt issued and borrowings	-	19,047	-	19,047
Total liabilities	-	249,150	-	249,150
Consolidated				
2017				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,591	-	-	1,591
Interbank and money market items, net	4,258	13,910	-	18,168
Held-to-maturity debt securities	-	13,772	-	13,772
General investments	-	-	48	48
Loans and accrued interest receivables, net	-	198,700	-	198,700
Other assets	-	1,574	-	1,574
Total assets	5,849	227,956	48	233,853
Liabilities				
Deposits	-	177,408	-	177,408
Interbank and money market items	-	15,648	-	15,648
Liability payable on demand	-	255	-	255
Debt issued and borrowings	-	20,010	-	20,010
Total liabilities	-	213,321	-	213,321

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2018 and 2017: (Cont'd)

Separate				
2018				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,746	-	-	1,746
Interbank and money market items, net	4,202	2,482	-	6,684
Held-to-maturity debt securities	-	20,188	-	20,188
General investments	-	-	30	30
Loans and accrued interest receivables, net	-	207,869	-	207,869
Other assets	-	896	-	896
Total assets	5,948	231,435	30	237,413
Liabilities				
Deposits	-	185,305	-	185,305
Interbank and money market items	-	44,534	-	44,534
Liability payable on demand	-	379	-	379
Debt issued and borrowings	-	17,047	-	17,047
Total liabilities	-	247,265	-	247,265
Separate				
2017				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,589	-	-	1,589
Interbank and money market items, net	4,190	13,910	-	18,100
Held-to-maturity debt securities	-	13,772	-	13,772
General investments	-	-	48	48
Loans and accrued interest receivables, net	-	194,411	-	194,411
Other assets	-	1,574	-	1,574
Total assets	5,779	223,667	48	229,494
Liabilities				
Deposits	-	177,710	-	177,710
Interbank and money market items	-	15,648	-	15,648
Liability payable on demand	-	255	-	255
Debt issued and borrowings	-	17,999	-	17,999
Total liabilities	-	211,612	-	211,612

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

Methods and assumptions used by the Group for fair value estimation of financial instruments as disclosure are as below:

Cash and Interbank and money market items, net (assets)

The carrying amounts of cash and interbank and market items (assets) presented in the statement of financial position approximate fair values.

Investments, net

The determination of fair value for investments, net, is as disclosed in Note 2.5 to the financial statements except the estimated fair value for held to maturity debt securities and general investment are based on quoted and observable market price. Where there is no ready market in certain securities, the Group are initially recognised at expected future cash flows discounted by the market interest rate that is adjusted by risk free rate of each Company.

Loans to customers, net

For floating rate loans, the fair value is equal to the carrying amount.

For fixed rate loans which are classified as normal or special mentioned, the fair value is equal to the present value of future cash flows discounted by the prevailing market rates of loans with similar features.

For non-performing fixed rate loans, the fair value is equal to the carrying amount.

Other assets

Other assets - Accounts receivable - bill of exchange, the fair value is equal to the present value of future cash flows discounted by the effective interest of loans with similar features.

Deposits

For deposits with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of one year or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Interbank and money market items, net (liabilities)

The carrying amounts of interbank and money market items (liabilities) presented in the statement of financial position approximate fair values.

Liability payable on demand

The carrying amounts of liability payable on demand presented in the statement of financial position approximate fair values.

Debt issued and borrowings

The fair value of debt issued and borrowings are estimated based on market price or amortised cost.

46 Fair value (Cont'd)

46.2 Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

46.3 Fair value measurements using significant unobservable inputs (Level 3)

	Consolidated and Separate	
	General Investments	
	2018	2017
	Million Baht	Million Baht
Opening balance	48	73
Provision	(1)	(3)
Purchase	1	1
Disposal of general investments	(6)	-
Decrease in capital of general investments	(12)	(23)
Closing balance	<u>30</u>	<u>48</u>

Investment classified under Level 3 is general investment which is presented at expected future cash flows discounted by the market interest rate that is adjusted by risk free rate of each Company.