

THAILAND

Capital Market Report 2017

The Association of Thai Securities Companies

(ASCO)

The 23th Asia Securities Forum

October 31st – November 3rd, 2018

Bali, Indonesia



Review of the Economy, Capital Market and Securities Business in 2017 and the first 6 months of 2018

1. Executive Summary

The Thai Economy continued to expand over the course of 2017, with GDP growth reaching five-year highs of 3.9%. The expansion was driven by rising private consumption and investment, as well as robust export growth. Private consumption grew, in line with the improvement of the overall income condition, particularly in tourism and manufacturing sectors, consistently low inflation and interest rates, and rising consumer confidence. Meanwhile, private investment continued to rise, boosted by the expansion of investment in machinery & equipment, in line with the improvement of exports. Exports in US dollar term favorably expanded, in accordance with the accelerated economic expansion of key trading partners and the increased commodity prices in world market. In 2017, the yearly average exchange rate was at 33.93 baht per US Dollar supported by the current account surplus and a net capital inflow to Thai Bond market.

According to the National Economic and Social Development Board (NESDB), the Thai economy in 2018 is projected to expand in the range of 4.2-4.7%, improving from 3.9% in 2017. The supporting factors for economic growth including; (1) the improvement of the global economy which will further enhance growth of export and key production sectors, (2) the favorable expansion of government consumption and public investment, (3) the more pronounced recovery of private investment, and (4) the improvement of household income conditions.

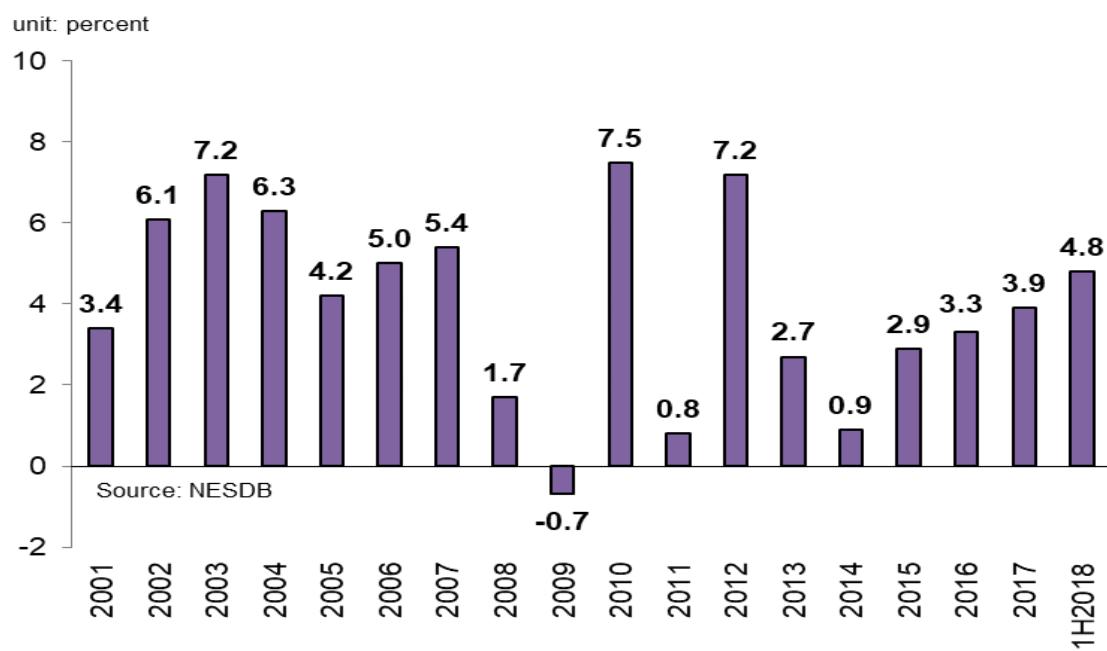
A stronger Thai economy, leading by exports and tourist sector, along with improving investor's sentiment since the government announced plan for general election next year helped support the SET Index to finish at 1,753.71 points, an 13.7% increase from the end of 2016. Meanwhile, Thai bourse recorded the most liquid market in ASEAN for the six consecutive years. The combined turnover of the SET and the mai totaled USD382 billion in 2017, rising from 2016 by 5.2%, owing to stronger Thai Baht against US Dollar only, while total turnover in Thai Baht fell by 4.6% from 2016. The fall in trading value put pressure on securities companies' profits. In 2017, the profit of securities companies in Thailand was USD271 million, a 7% decrease from USD292 million in 2016. As a result, ROE dropped to 8.3% compared to 10.5% in the previous year.

2. The Thai Economy

2.1 Overview of Thai Economy in 2017

The Thai Economy continued to expand over the course of 2017, with GDP growth reaching five-year highs of 3.9%. The expansion was driven by rising private consumption and investment, as well as robust export growth. Private consumption grew, in line with the improvement of the overall income condition, particularly in tourism and manufacturing sectors, consistently low inflation and interest rates, and rising consumer confidence. Meanwhile, Private investment continued to rise, boosted by the expansion of investment in machinery & equipment, in line with the improvement of exports. Exports in US dollar term favourably expanded, in accordance with the accelerated economic expansion of key trading partners and the increased commodity prices in world market.

Figure 1: Real GDP Growth (unit: %YoY)



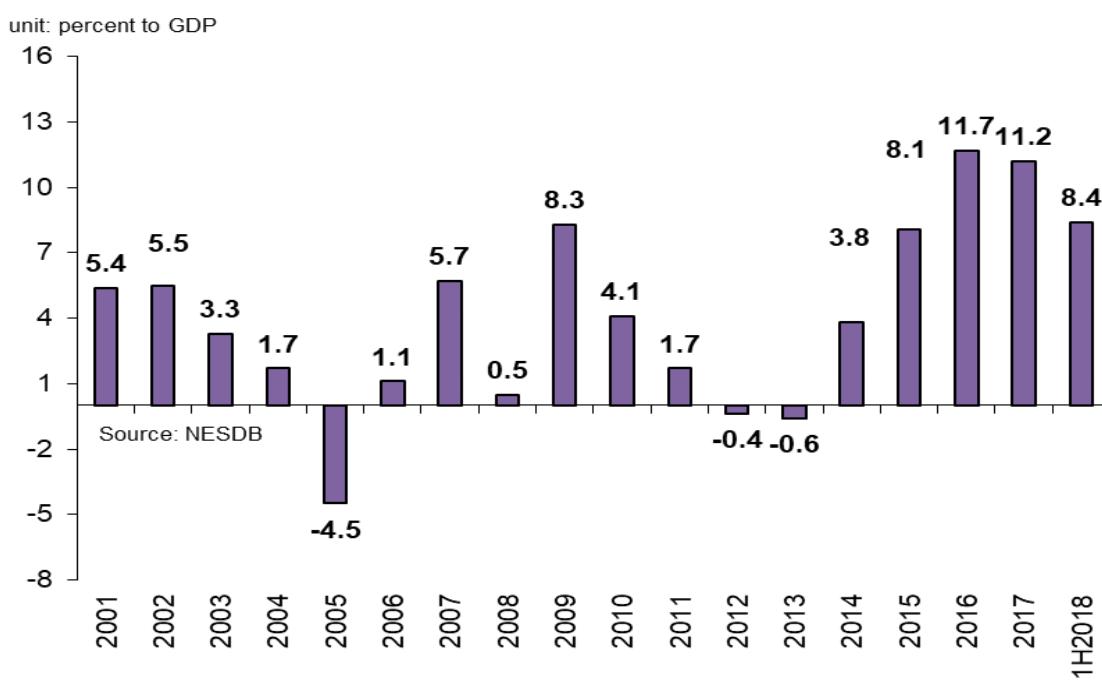
In 2017, Trade balance recorded a surplus of USD34.2 billion, lower than a surplus of USD36.5 billion in 2016. Export increased in both export price and quantity. Export value of goods rose by 9.8%, improved from a 0.1% growth in 2016. In the meantime, import value of goods accelerated by 13.2%, compared with a 5.1% contraction in the previous year, due to



improvement of domestic demand, private investment, exports of manufacturing production and higher import price, resulting to smaller trade surplus in 2017.

Current account registered a large surplus 11.2% of GDP. For external stability, the current account surplus in 2017 was higher than that of the previous year, amounting to USD51.1 billion, compared to USD48.2 billion in 2016. However, proportion of current account to GDP was 11.2% of the GDP (Figure 2), lower than 11.7% of GDP in 2016, as a result of high GDP growth.

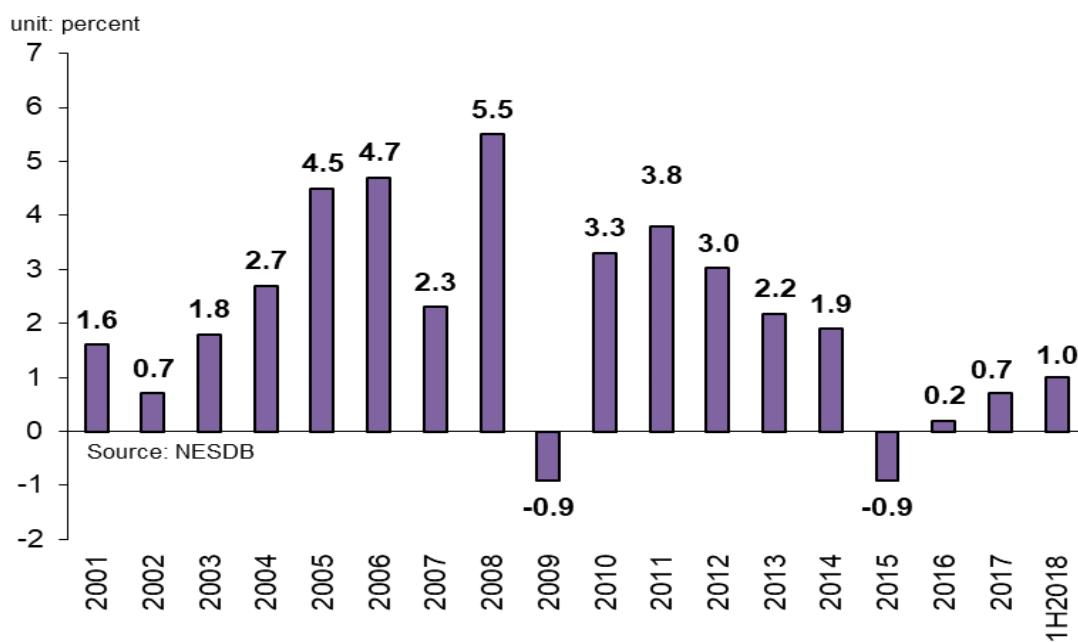
Figure 2: Current Account to GDP (unit: percent to GDP)



On the stability front, headline inflation ended in positive territory in 2017 as domestic energy prices increased in the latter half of the year, following global oil prices' movement. The headline inflation ended with an increase of 0.7% year-over-year (Figure 3), from 0.2% in 2016, resulting from the increase in both food and beverage prices (such as prices of vegetables and fruits, fish and aquatic animals), as well as non-food and beverage prices, as the increase in world crude oil prices affected the goods and services applying energy as the main source.



Figure 3: Headline Inflation (unit: %YoY)



International reserve level remains high. International reserve at the end of December 2017 stood at USD202.6 billion (excluding net forward position of USD36.7 billion), which was equal to 3.3 times of short-term foreign debt (at the end of December 2017) or 11.1 months of import value (the average of import value in the fourth quarter of 2017). These ratios thus improved from the end of 2016, when it was equal to 3.1 times of short-term foreign debt.

The Monetary Policy Committee (MPC) decided to keep the policy rate unchanged in 2017. For Monetary policy in Thailand, the MPC decided to keep the policy rate at 1.5% per annum. The decisions were based on the assessment that current policy rate was at an appropriate level for supporting the economic recovery. Nonetheless, many central banks in major advanced economies step up the pace of monetary policy normalization from both policy interest rate hike and balance sheet reduction. On 13-14 December, Fed raised policy rate by 25 basis points, to a range of 1.25 - 1.50%. Fed also increased a pace of balance sheet normalization, starting from January 2018. On November, Bank of England also raised interest rates by 0.25% to 0.50% to curb a rising inflationary pressure.



Thai Baht appreciating 3.9% against US Dollar in 2017, supported by current account surplus and net capital inflow in bond market. In 2017, the yearly average exchange rate was at 33.93 baht per US Dollar. This was the result of investors' concern over the slow progress of implementing US economic stimulus package as well as the concern over the pace of Fed's interest rate raise. Meanwhile, Thai Baht was also supported by the current account surplus and a net capital inflow to Thai Bond market, which led Thai Baht to appreciate against major trading partners.

2.2 Thai Economy in 1H2018 and Economic Projection for 2018

Thai economy grew by 4.8% at the first half of 2018. On the expenditure side, the economic expansion was mainly attributed to acceleration of exports of goods and services in line with the improvement of global economy, the speed up in private consumption and total investment, as well as the increase in government consumption. On the production side, the agriculture and wholesale and retail trade sectors accelerated while the construction sector moderately expanded. Nevertheless, the manufacturing, hotel and restaurant, and transportation and communication sectors slowed down in line with high growth base in the same period of last year.

Thai economy in 2018 is projected to grow in the range of 4.2-4.7%, improving from 3.9% in 2017. According to the National Economic and Social Development Board (NESDB), the Thai economy in 2018 is projected to expand in the range of 4.2-4.7%, improving from 3.9% in 2017. The supporting factors for economic growth including; (1) the improvement of the global economy which will further enhance growth of export and key production sectors, (2) the favorable expansion of government consumption and public investment, (3) the more pronounced recovery of private investment, and (4) the improvement of household income conditions. However, the economy during the rest of 2018 tends to slow down, on a year-on-year basis, due to a high base in the second half of 2017 and the fact that agricultural production is prone to flooding conditions amid higher volatility in the global economy and financial system as well as more intensified trade retaliation. All in all, it is expected that export value will increase by 10.0%, and private consumption and total investment will grow by 4.1 and 4.4%, respectively. The headline inflation is forecasted to be in the range of 0.9 –



1.4% and the average value of Thai Baht in 2018 is expected to be in the range of 32.0 – 33.0 baht per US Dollar.

Table 1: Major Economic Indicators

	2013	2014	2015	2016	2017	2018f
GDP growth (%)	2.7	0.9	2.9	3.3	3.9	4.2-4.7
Investment (%)	-1.0	-2.2	4.4	2.8	0.9	4.4
Private(%)	-1.5	-0.8	-2.2	0.5	1.7	3.9
Public(%)	0.8	-7.1	29.3	9.5	-1.2	7.3
Private Consumption(%)	0.9	0.9	2.2	3.0	3.2	4.1
Public Consumption(%)	1.8	2.8	3.0	2.2	0.5	2.2
Export volume of goods & services (%)	4.2	0.2	0.7	2.8	5.5	5.9
Export value of goods (%)	-0.2	-0.3	-5.6	0.1	9.8	10.0
Import volume of goods & services (%)	2.3	-5.3	0.0	-1.0	6.8	7.2
Import value of goods (%)	-0.5	-8.5	-10.6	-5.1	13.2	15.4
Trade balance (Bil. USD)	6.7	24.6	26.8	36.5	34.2	26.7
Current Account balance (Bil. USD)	-2.5	15.4	32.1	48.2	51.1	43.1
Current Account to GDP (%)	-0.5	3.8	8.1	11.7	11.2	8.4
CPI (%)	2.2	1.9	-0.9	0.2	0.7	0.9-1.4

f = forecast

Source: NESDB

3. Thai Capital market in 2017 and first 8 months of 2018

3.1 Overview of the Stock Market

The SET Index rose 13.7%YoY in 2017. A stronger Thai economy, leading by exports and tourist sector, along with improving investor's sentiment since the government announced plan for general election helped support **the SET Index** to finish at 1,753.71 points, an 13.7% increase from the end of 2016 (Figure 4) with the lowest point of the index was at 1,535.51 points in March and the highest point at 1,753.71 points in December. On the contrary, **the mai Index** closed at 540.37 points, falling from the end of 2015 by 12.3%.

At the end of August 2018, the Thai bourse finished at 1,721.6 points, decreasing 1.8% from the end of last year. Likewise, the mai Index finished at 439.0 points, contracting 18.8% from the end of 2017.

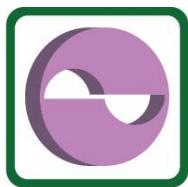
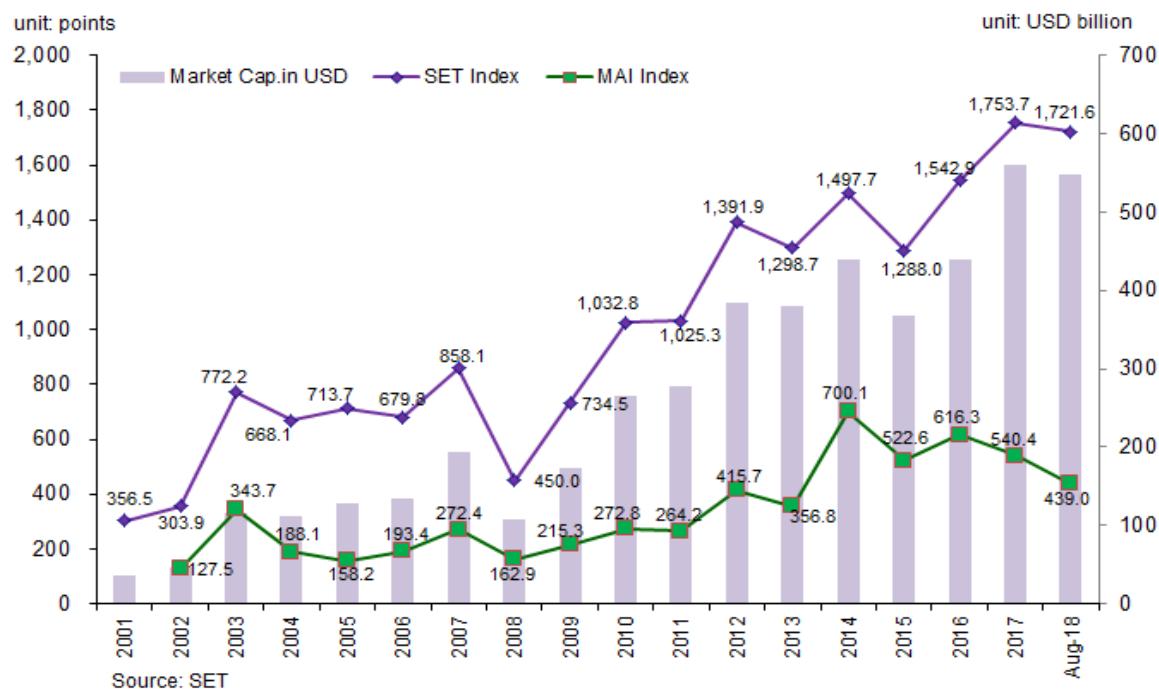


Figure 4: SET - mai Index and Market Capitalization



In 2017, new companies/securities listed on SET and mai raised capital totaling USD13.3 billion, hitting an all-time high as well. Total 46 new companies/securities listed in 2017 raised a combined USD13.3 billion in term of market capitalization, consisted of 39 new listed companies, 1 infrastructure fund and 6 REITs.

Market capitalization of SET and mai in US dollar rose 27.5%, in line with the indices movements and the strong Thai Baht against the US dollar. Market capitalization of SET and mai combined at the end of 2017 totaled USD560 billion (Figure 4), rising 27.5% from the end of 2016. However, at the end of August 2018, the Market capitalization dropped to USD548 billion, a 2.1% decrease from the end of 2017, following the fall of the SET Index.

Total numbers of listed companies rose to 688 companies at the end of 2017. The numbers of listed companies in the SET at the end of 2017 and at the end of August 2018 were at 538 and 540, rose from 522 companies in 2016. For the mai, the number of mai listed companies at the end of 2017 and August 2018 stood at 150 and 152, increased from 134 companies in 2016. As a result, total number of listed companies in the SET and the mai were at 688 and 692 at the end of 2017 and August 2018 (Figure 5).

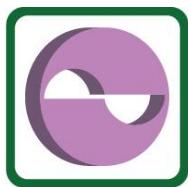
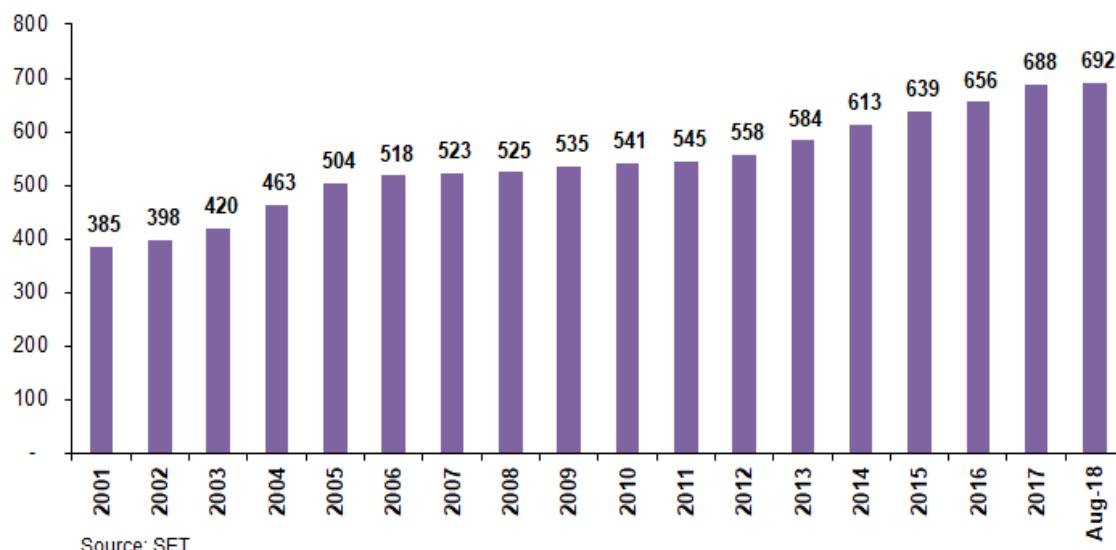


Figure 5: Total number of listed companies

unit: companies

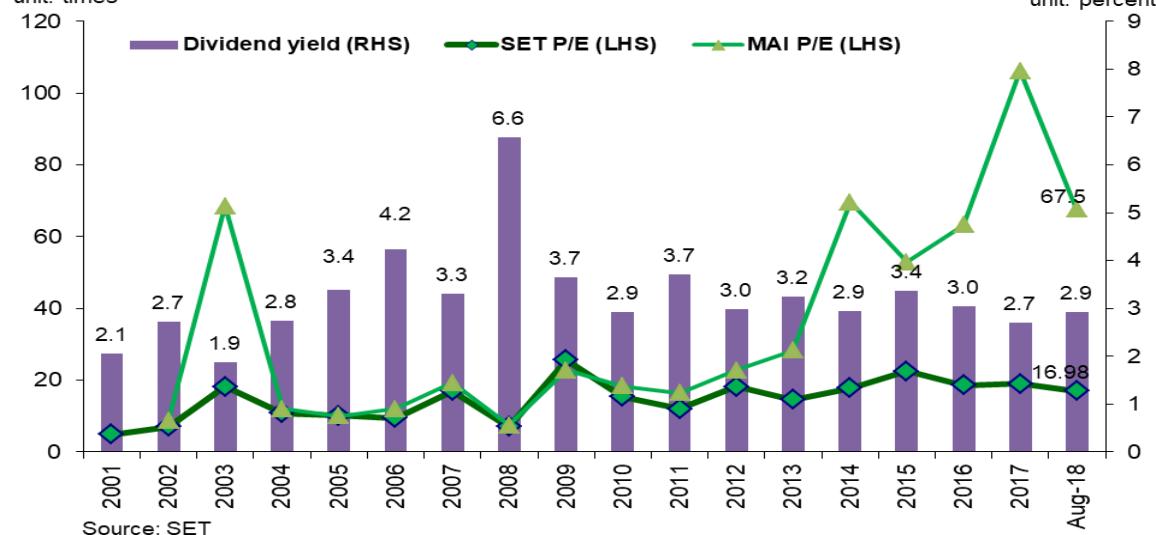


Source: SET

The SET P/E ratio rose to 19.06 in 2017. The P/E ratio of the SET at the end of 2017 rose from 18.55 times to 19.06 times and dropped further to 16.98 times at the end of August this year (Figure 6). On the other hand, the mai P/E ratio surged from 63.27 times to 106.13 times at the end of 2017, but dropped to 67.5 times in August 2018. Meanwhile, the dividend yield of the Thai bourse declined from 3.0% at the end of 2016 to 2.7% at the end of 2017, then picked up to 2.9% at the end of August 2018.

Figure 6: SET – mai P/E and Dividend Yield

unit: times



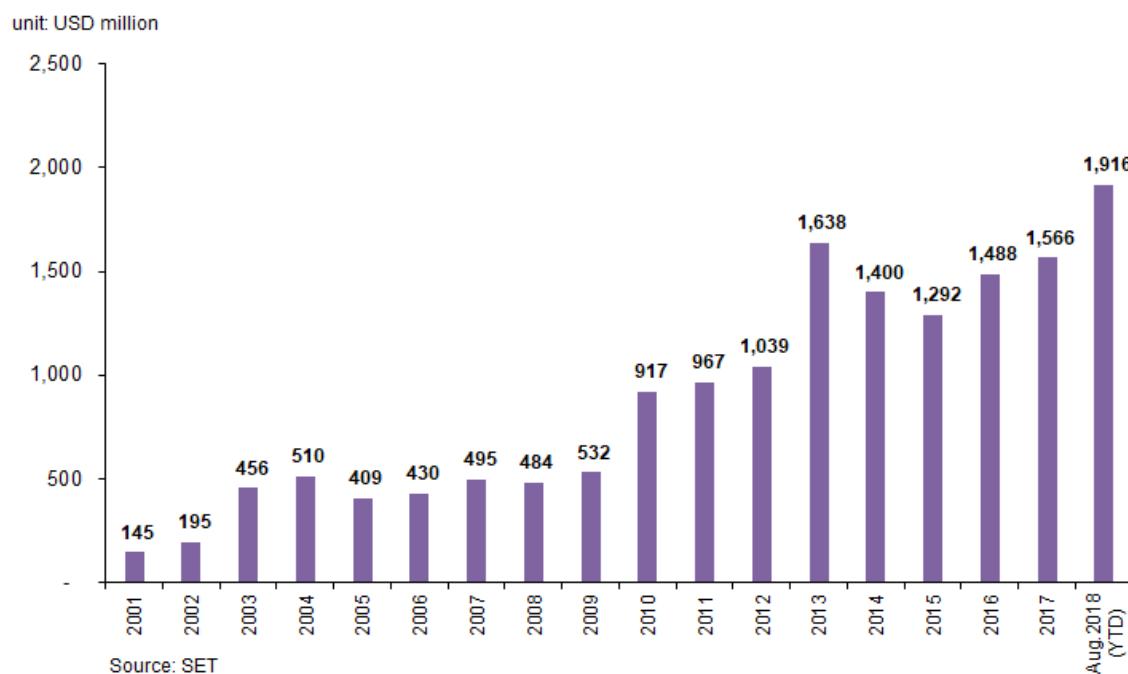
Source: SET



Thai bourse recorded the most liquid market in ASEAN for the six consecutive years.

The combined turnover of the SET and the mai totaled USD382 billion in 2017, rising from 2016 by 5.2%, owing to a stronger Thai Baht against US Dollar, while total turnover in Thai Baht fell by 4.6% from 2016. The average daily turnover was at USD1.57 billion in 2017, increasing by 5.2% from 2016 (Figure 7). In addition, during the first eight months of this year, the average daily turnover surged to USD1.91 billion.

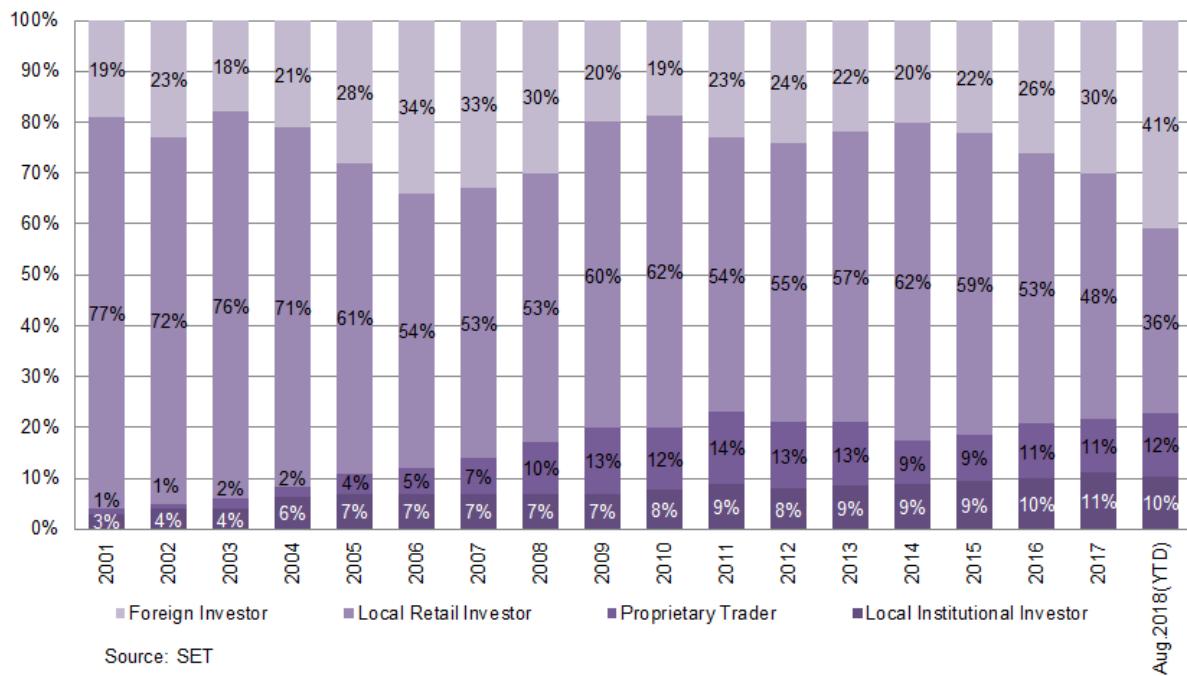
Figure 7: Average daily Turnover



Local retail investors accounted for 48% of total turnover in 2017. The local retail investors still the most active investors in Thai bourse, accounted for 48% of the total turnover, but decreased from 53% in 2016 while proportion of foreign investors rose to 30% from 26%, local institutional traders had a share of 11% up from 10% and proprietary traders at 11% the same proportion as 2016 (Figure 8). As of August 2018, the proportion of trading by retail traders and local institutional traders slowdown to 36% and 10%, while the proportion of foreign investors, and proprietary trading rose to 41% and 12% of total turnover.



Figure 8: Investors classified by type



3.2 Overview of the derivatives market

Trading volume in TFEX continued to increase to new record high in 2017. During 2017, the volume of trading of the Thai Futures Exchange (TFEX) surged to 79 million contracts, or a daily average of 324,217 contracts, the highest since the establishment of the exchange, rising by 13.7% from a year earlier. The increase was mainly due to increasing transactions of Single Stock Futures, 10 Baht Gold Futures and SET50 Index options. The number of derivatives trading accounts also grew significantly reaching 146,559 accounts, up 17,275 accounts from the previous year. By underlying product category, the most traded were the Single Stock Futures, contributing 60% of the total trading volume, the SET 50 Index Futures which constituted 33%, followed by the Gold Futures, which accounted for 5%. According to investor breakdown by trading volume, retail investors accounted for 51%, institutional investors at 38%, while foreign investors at 11%. At the end of 2017, the open interest jumped by 46.5% from the previous year to 2,813,036 contracts.

For the first eight months of this year, the trading volume of the derivatives market were 71.5 million contracts, or a daily average of 436,119 contracts. The open interest was 2,557,110 contracts. Trading volume gained from the trading of the Single Stock Futures, the SET Index



Futures and Gold Futures. Starting from April 23, TFEX, jointly with Thailand Clearing House Co., Ltd. (TCH), allowed investors to pledge both cash and non-cash collateral (assets such as government bonds, Bank of Thailand bonds, and stocks) for margin requirement. This development will enhance flexibility and convenience for trading, as well as lowering costs.

Table 2: Derivative Trading Volume by instruments

Type of Instruments	2011	2012	2013	2014	2015	2016	2017	Aug.2018 (YTD)
Single Stock Futures	1,578,092	2,168,037	8,415,967	19,624,561	19,708,113	33,826,624	47,480,762	39,231,294
SET50 Index Futures	4,316,437	4,034,460	5,688,404	14,403,574	26,764,395	32,192,984	26,321,073	27,722,613
10 Baht Gold Futures	2,171,795	2,597,235	1,655,381	1,303,151	1,328,932	2,721,773	3,500,669	2,999,517
50 Baht Gold Futures	1,817,483	1,045,370	551,887	238,544	132,604	182,177	191,116	122,936
Deferred Precious Metal	-	-	-	-	-	-	57,770	98,054
USD Futures	-	396,138	239,345	309,926	271,754	204,470	346,890	440,782
Rubber Futures	-	-	-	-	-	250	10,613	18,163
Sector Futures	-	191	-	-	-	-	-	-
Interest Rate Futures	429	27	-	-	-	-	-	-
Energy Futures	3320	147,823	46,496	32,530	25,970	19,076	-	-
SET50 Index Options	107,993	54,057	65,409	108,855	307,131	428,810	1,081,681	890,123
Total Trading Volume (contracts)	10,030,436	10,605,751	16,710,622	36,053,680	48,564,869	69,576,164	78,990,574	71,523,482

Source: TFEX

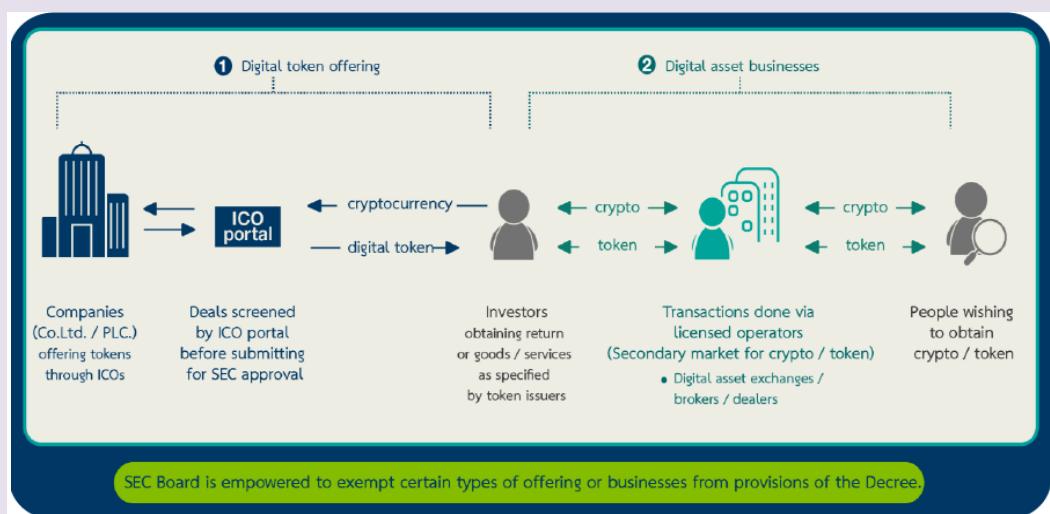
3.3 Capital market developments

Major developments in 2017 – August 2018 can be summarized as follows:

1. **The announcement of Digital Asset Business Law in Thailand.** The Royal Decree on Digital Asset Businesses B.E. 2561 (2018), had come into force on May 14th, 2018, with the purpose to regulate and supervise offering of digital tokens and undertaking of digital asset businesses, including exchange, brokerage and dealing. The legislation also aims to protect investors from risks of fraud and deception by dishonest persons, money laundering and exploitation of digital assets to facilitate illegal financial transactions, while ensuring regulatory clarity to facilitate legitimate uses of digital assets. Pursuant to the Royal Decree, digital assets include cryptocurrencies, digital tokens and any other electronic data unit, as specified by the SEC.
 - **The Offering of Newly Issued Digital Tokens to the public** The offering of newly issued digital tokens to the public must be conducted only by limited companies or public limited companies on the condition that such issuers have already obtained an approval and filed the registration statement and draft prospectus with the SEC, and such offering must be carried out through ICO Portal recognized by the SEC Board. Subsequently, the issuers have an ongoing duty to prepare and submit reports to the SEC Office with regard to their financial condition, business operation or any other information which may affect the rights and interest of digital asset holders or investment decision-making. In addition, the SEC allow 7 cryptocurrencies, used for initial coin offerings (ICOs), to be traded as trading pairs (bitcoin, ethereum, bitcoin cash, ethereum classic, litecoin, ripple, and stellar).



- **The Operating Digital Asset Businesses** Digital asset businesses under the Royal Decree are categorized into three types: (i) Digital Asset Exchange; (ii) Digital Asset Broker; and (iii) Digital Asset Dealer. Any entity wishing to operate a digital asset business must obtain an approval from the Minister of Finance and meet the SEC requirements regarding, for example, having adequate capital and putting in place measures to appropriately address cybersecurity issues. The approved operator must also conduct Know-Your-Customer (KYC) and Customer-Due-Diligence (CDD) and set up preventive measures against money laundering.
Existing operators which have been undertaking digital asset businesses prior to the effective date of the Royal Decree and wish to continue their business operation must file an application with the SEC Office by August 14th, 2018. In such case, the business can continue unless the application is denied. The SEC, then, revealed the name of 6 businesses that were allowed to operate as digital asset exchanges are Bitcoin Co. Ltd. (bx.in.th); Bitkub Online Co. Ltd. (bitkub.com); Cash2Coins Co. Ltd. (cash2coins.com); Satang Corporation Co. Ltd. (tdax.com); Coin Asset Co. Ltd. (coinasset.co.th) and the Southeast Asia Digital Exchange Co. Ltd. (SEADEX.io). Moreover, 2 businesses that were allowed to operate as digital asset dealers are Coin TH Co. Ltd. (coin.co.th) and Digital Coin Co. Ltd. (Thaiwm.com)



Source: SEC

2. Enhancing Infrastructure to support Capital Market

2.1 Developing the Payment system for Capital Market. Since last year, the Association of Thai Securities Companies (ASCO), the Thai Bankers' Association (TBA) and The Stock Exchange of Thailand (SET) are jointly developing the new Payment system for Capital Market's transactions to create more efficient payment settlement process (reduce cost of funding and shorten back office operational process) and reduce systemic/settlement risk. The objective is securities companies will be able to open/manage account with a few main banks but can settle customers' payments from all different banks by submitting orders through the central platform (operated by FinNet, the SETs newly established subsidiary). The first phase of this system (launched on February 12th, 2018), the service will be provided to 30 securities companies and 12 commercial banks in the form of batch payments, transferring money between accounts in the same bank. The next phase (May 2019) will cover other payment types in the capital market such as mutual fund trading, dividend payment, share subscription, deposits and withdrawals of collaterals.

2.2 Developing the Digital Identification Platform (Digital ID Platform) to facilitate online identification. By concept, any customers who have already completed face-to-face identification and verification process with any qualified Identity Providers (IdPs) won't need to go through the same process again when starting new relationship with other service providers. With customer's consent, the Digital ID Platform will send identification and authentication request to IdPs. After that, customers can authenticate themselves via IdP's channels and IdPs will send confirm message to service providers. This Platform will help reducing cost of doing business online, accelerate speed and convenience. The Digital ID Platform project has made a lot of progress this year.

- Starting from early of this year, the company, National Digital ID Co. Ltd. (NDID), had been set up to manage Digital ID Platform with the shareholders including various sectors in financial markets such as commercial banks, National Credit Bureau, securities companies, life and non-life insurance companies, e-payment business operators.
- The platform technology had been chosen and technical specifications of platform had been finalized and ready to be tested. With some commercial banks have already started 1st round testing in June 2018 and some securities companies are expected to join the 2nd round testing via the SET's proxy in September 2018.
- For legal issue, the Digital Identification Bill was approved by the Cabinet in principle on September 11th and is expected to be passed by the National Legislative Assembly and take effect by the middle of next year.
- After the discussions between financial market's regulators and business operators, the KYC standard for both face-to-face and non-face-to-face account opening for every sector in financial market will be lifted in the futures. It is expected that the Bank of Thailand will launch regulations on new KYC in Q4/2018 and the SEC will conduct the public hearing on e-KYC standard by Q4/2018.

3. The Launch of SEC's Wealth Advisor License. The regulation came into effect on July 16th, 2018 whereby every category of capital market intermediaries, including brokerage firms, unit trust fund managers, mutual fund businesses, private fund management businesses and investment advisers, can seek the SEC's approval to become wealth advisor. The SEC's objective is to provide ordinary people with access to the capital market by encouraging capital market intermediaries to offer financial advisory and planning, with wider access for the public at a low cost. Licensed wealth advisors can offer investors a variety of investment tools and manage portfolio based on their business models but must grant investors' permissions first (except those who are private fund license holders). The design of investment services must consist of 5 steps including;

- Understanding investors' investment objectives and risks
- Constructing investment portfolio and asset allocation
- Investing in line with the investment plan
- Monitoring and rebalancing portfolio strategy
- Reporting on investors' portfolio performance

Recently, the SEC had officially launched the "5 Steps toward Investment with Confidence" project on September 12th, 2018, in corporation with the public and private sector partners (such as the Bank of Thailand, the Office of Insurance Commission, TBA, ASCO, the Association of Investment Management Companies etc.), along with 26 capital market intermediaries who had already received wealth advisors' license.

3.4 Securities industry

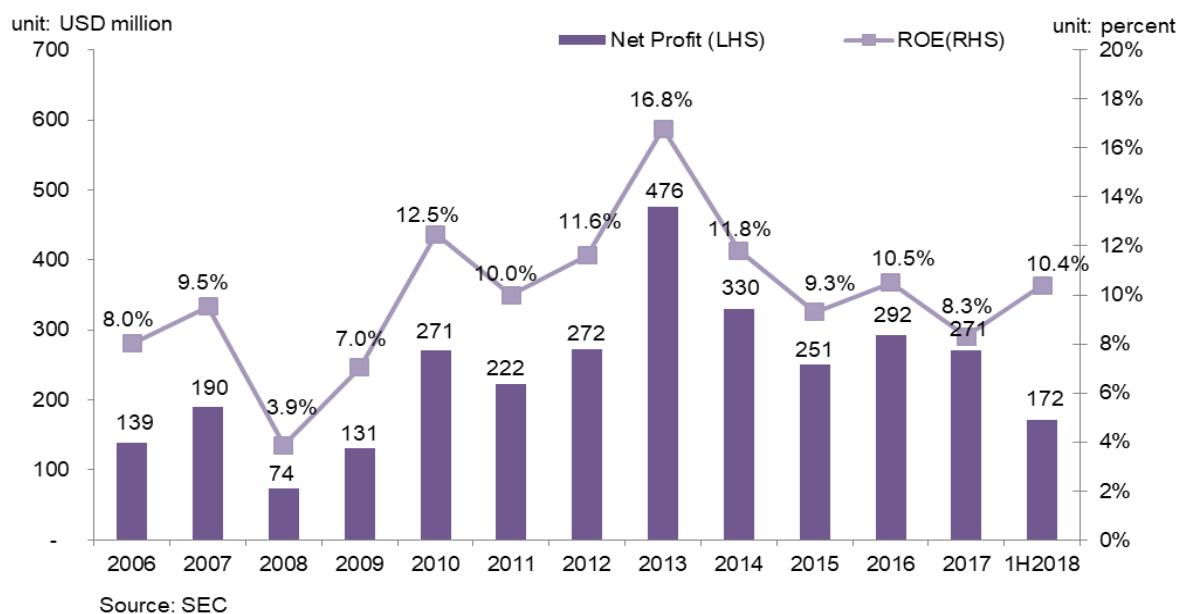
At the end of June 2018, there were 39 securities companies with brokerage licenses, all of them were SET members. As for the derivatives business, 39 companies were licensed as derivatives agents, and were members of TFEX.

■ Performance

Net profit of Thai securities companies dropped 7% in USD term in 2017. In 2017, the profit of securities companies in Thailand was USD271 million, a 7% decrease from USD292 million in 2016 (figure 9), due to falling revenues from brokerage fees (securities and derivatives), as well as trading (securities and derivatives). On the other hand, total expenses increased in every category, on the back of stronger THB, including personnel expenses, fee & services expenses, other expenses, expenses on borrowing and provision for bad debt.

For H1-2018, Thai securities industry's net profit started to pick up with a profit of USD172 million, up 59% from H1-2017, due to rising brokerage fees and gains on trading. As a result, ROE in H1-2018 jumped to 10.4% compared to 7.5% during H1-2017 and the 10-yr average level of 10.2%.

Figure 9: Net Profit and ROE of Securities Companies





Securities Brokerage fees remained the major revenue of the securities business in 2017 and 1H-2018, accounted for 55% of total revenue. The total revenue of the securities industry in 2016 was USD1,384 million, an increase 8.2% from USD1,279 million in 2016. (Table 3).

Table 3: Revenue of Securities Industry

	2016 (USD mil)	2017		1H2018	
		(USD mil)	% of total revenue	(USD mil)	% of total revenue
Brokerage - Securities	779	758	54.8%	423	55.0%
Brokerage - Derivatives	68	74	5.3%	54	7.0%
Underwriting	25	62	4.5%	13	1.7%
Financial Advisory	24	37	2.6%	16	2.1%
Gains on Trading - Securities	93	96	6.9%	-167	-21.7%
Gains on Trading - Derivatives	47	36	2.6%	223	29.0%
Interest and Dividend	83	100	7.2%	75	9.7%
Interest on margin loans	92	111	8.0%	61	8.0%
Others	68	111	8.0%	71	9.2%
Total Revenue	1,279	1,384	100.0%	768	100.0%

Source: SEC

Personnel expense remained the largest expense for securities companies accounted for approximately 51% and 52% of total expenses in 2017 and 1H2018. The expenses of the securities industry in 2017 totaled USD 1,042 million, an increase of 14% from USD914 million in 2016, with the major item being personnel expenses, which totaled USD534 million, followed by other expenses and fee & service expenses (Table 4). All in all, the cost to income ratio rose to 0.75 from 0.71 in 2016.

Table 4: Expenses of Securities Industry

	2016 (USD mil)	2017		1H2018	
		(USD mil)	% of total expense	(USD mil)	% of total expense
Expenses on Borrowing	57	77	7.4%	44	7.9%
Fee & Service Expenses	119	131	12.6%	76	13.7%
Provision for Bad Debt / Doubtful Account	0	9	0.9%	3	0.5%
Personnel Expenses	487	534	51.2%	288	52.0%
Other Expenses	250	291	28.0%	143	25.9%
Total Expenses	914	1,042	100.0%	553	100%

Source: SEC

- **Financial position**

Total assets of the securities industry in Thailand rose 24% in 2017 to USD12.5 billion.

The total assets of the securities industry at the end of 2017 stood at USD12,512 million, rising 24% from the end of 2016. The sources of funds comprised liabilities totaling USD9,267 million and shareholders' equity of USD3,249 million (Figure 10). As of June 2018, total assets of securities companies fell slightly by 3% from the end of 2017 to USD12,113 million. Meanwhile, liabilities declined by 5% to USD8,819 million and shareholders' equity increased 1% to USD 3,294million.

Figure 10: Asset, Liabilities and Shareholders' equity

