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27 August 2012

Subject: CIMB Thai Group consolidated audited financial results for the six months ended 30 June 2012

To : President
The Stock Exchange of Thailand

Dear Sir,

On behalf of CIMB Thai Bank PCL, I am pleased to submit the audited consolidated financial results for the six months ended 30 June 2012 with the key summaries as follows:

CIMB Thai Group operating results for the six months ended June 30, 2012 showed a consolidated net profit of THB 372.8 million, a drop of THB 163.6 million or 30.5% from that of 1H-2011 mainly due to the THB 322.0 million increase in operating expenses and THB 85.3 million increase in provisions, partially offset by the THB 187.5 million increase in net interest income. However, excluding extraordinary items in both 1H2011 and 1H2012, CIMB Thai Group would have reported an increase of THB 36.6 million or 7.4% in net profit. Extraordinary items in 1H2011 include profit from sale of BT Insurance Co., Ltd and Sermmitr office space as well as the change in the discount rate used to calculate the value of foreclosed properties. The extraordinary items in 1H2012 include additional deposit insurance resulting from new regulations announced in May-2012 and THB 206 million in legal claims paid to a provident fund in accordance with a recent Supreme Court ruling against a defunct financial institution which was merged into BankThai, the predecessor to CIMB Thai. Bank had earlier won in the high court and court of appeals and hence, it had provisioned for the principal amount of the suit amounting to THB 70 million but not for the interest charged by the court of THB 136 million.

On a year-on-year basis, consolidated CIMB Thai Group's 1H2012 total operating income increased by THB 186.5 million, or 6.2%, from THB 3,028.5 million to THB 3,215.0 million (should extraordinary items be excluded, operating income rose by THB 372.7 million or 13.0%). Net interest income increased by 8.2% or THB 187.5 million reflecting y-o-y loan expansion of 21.46%. Non interest income dropped by THB 1.0 million mainly due to the THB 88.6 million drop in investment and other income resulting from aforementioned extraordinary items in 2011, offset by the THB 9.1 million (or 2.5%) increase in net fee and service income and THB 78.5 million increase in foreign exchange revenue.

Net Interest Margin (NIM) over earning assets dropped to 3.24% in 1H2012 from 3.59% in 1H2011 mainly due to the additional deposit insurance which was introduced in May-2012. The regulation applies retrospectively on deposits held from January-2012. Should the additional deposit insurance cost be excluded, our NIM would have been 3.33%. Additionally, NIMs were eroded due to higher deposit and borrowing (Bill of Exchanges) rates resulting from intense competition in the deposit market.

As of 30 June, 2012, total gross loans less unearned interest stood at THB 123.7 billion, up 4.1% compared to end of December 2011. The loans growth was largely underlined by retail portfolio expansion. Deposits and Bill of Exchanges, meanwhile, stood at THB 135.5 billion, up 0.8% from THB 134.4 billion at the end of December 2011. Given the aforementioned development in loans and deposits, the Loan to Deposit Ratio (including Bill of Exchanges) stood at 91.0%. For bank-only, the Loan to Deposit Ratio (including Bill of Exchanges) stood at 89.6%. As of 30 June 2012, Bill of Exchange stood at THB 21.3 billion, a decrease of 35.1% or THB 11.5 billion from THB 32.8 billion as of 31 December 2011.



For the six months ending June 30, 2012, the gross non-performing loans ("NPL") recorded a ratio of 3.5% from 3.4% in 4Q11. This was mainly caused by the deterioration in credit quality of certain several accounts as well as impact from severe flood 4Q2011. We have closely and actively managed these accounts such that the NPL balance was reduced in the month of June-2012.

CIMB Thai's loan loss coverage ratio decreased to 75.2% as of 30 June 2012 from 81.7% as of 31 December 2011, as reflected by higher gross NPL in 1H-2012. In allocating provisions for NPL, CIMB Thai Group has taken into consideration the collateral values of the assets charged, and will thereafter continue to monitor the status of these accounts. As of 30 June 2012, our total provision stood at THB 3.3 billion with an excess provision over Bank of Thailand's reserve requirements of THB 1 billion.

On a year-on-year basis, 1H-2012 operating expenses were higher by THB 322.0 million, or 14.0%, mainly due to the increase in premises and equipment expenses, taxes and duties expenses and aforementioned court cases loss. Cost to income ratio was 81.7% in 1H-2012 compared to 76.1% in 1H-2011.

Total consolidated capital funds as of June 30, 2012 stood at THB 18.6 billion, well-above regulatory requirement, with the BIS ratio of 12.55%, comprising Tier-1-capital of 8.03%.

Yours faithfully,

Mr. Subhak Siwaraksa
President and Chief Executive Officer
CIMB Thai Bank PCL