

(Translation)

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22 February 2019

Subject: CIMB Thai Group the audited consolidated financial results for the year ended 31 December 2018

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 year ended 31 December 2018. The key summaries are as follows:

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

On a YoY basis, CIMB Thai group's consolidated operating income increased by THB 381.7 million or 2.9% from 2017 to THB 13,536.5 million from higher net interest income of THB 544.3 million or 5.3% YoY mainly from loan expansion and higher interest income on investments. Net fee and service income decreased by THB 136.5 million or 7.0%, due to higher fees and service expenses. Other operating income decreased by THB 26.0 million or 2.6% due to lower gains on trading and foreign exchange transactions, partially offset by lower losses on financial instruments designated at fair value through profit or loss and an increase in gains on sale of NPLs.

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

Net Interest Margin (NIM) over earning assets stood at 3.71% in 2018, compared to 3.89% in 2017 as a result of lower yield on earning asset.

As at 31 December 2018, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) stood at THB 227.8 billion, making an increase of 6.9% from 31 December 2017. Deposits (inclusive of Bill of Exchanges, Debentures and selected Structured Deposit Products) stood at THB 234.3 billion, an increase of 6.5% from THB 220.1 billion at the end of December 2017. The Modified Loan to Deposit Ratio was higher at 97.2% compare to 96.8% as at 31 December 2017.

The gross NPL stood at THB 9.9 billion, with a lower gross NPL ratio of 4.3% compared to 4.8% as at 31 December 2017. The lower NPL ratio was due to more efficient risk management policies, improved asset quality management and loan collection processes as well as the sale of some NPLs in 2018.



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

Total consolidated capital funds as at 31 December 2018 stood at THB 47.9 billion. BIS ratio stood at 19.3%, 14.1% of which comprised Tier-1-capital.

Yours faithfully,

Mr. Omar Siddiq Bin Amin Noer Rashid  
Acting President and Chief Executive Officer  
CIMB Thai Bank PCL