

(Translation)

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21 February 2020

Subject: CIMB Thai Group the audited consolidated financial results for the year ended 31 December 2019

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 2019. The key summaries are as follows:

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

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

For the year ended 31 December 2019, operating expenses rose by THB 1,148.1 million or 13.5% YoY, largely due to higher personnel cost and other operating expenses attributed to an amendment bill to the Labour Protection Law which required higher compensation for employees who have retired or have over 20 years of service. Coupled with expenses incurred from the Fast Forward expansion strategy, the cost to income ratio was higher at 68.1% in 2019 compared to 62.1% in 2018.

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

As at 31 December 2019, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) stood at THB 242.1 billion, making an increase of 6.3% from 31 December 2018. Deposits (inclusive of Bill of Exchanges, Debentures and selected Structured Deposit Products) stood at THB 241.5 billion, an increase of 3.1% from THB 234.3 billion at the end of December 2018. The Modified Loan to Deposit Ratio was higher at 100.3% compare to 97.2% as at 31 December 2018.

The gross non-performing loans (“NPL”) stood at THB 11.3 billion, with an equivalent gross NPL ratio of 4.6% from 4.3% as at 31 December 2018, arising from certain corporate accounts and retail segments. CIMB Thai continues to exercise high standards for credit risk underwriting and risk management policies. The Bank also continues to focus on improving productivity, monitoring collection and managing all accounts closely and effectively.

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

Total consolidated capital funds as at 31 December 2019 stood at THB 47.6 billion. BIS ratio stood at 18.0%, 13.1% of which comprised Tier-1-capital.

Yours faithfully,



Mr. Adisorn Sermchaiwong  
President and Chief Executive Officer  
CIMB Thai Bank PCL