

(Translation)

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27 August 2020

Subject: CIMB Thai Group consolidated audited financial results for the six months ended 30 June 2020

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 2020. The key summaries are as follows:

Financial statements for the six-month period ended 30 June 2019, shown for comparison. The Group has applied full retrospective approach for changing interest recognition to effective interest rate in accordance with the financial reporting standards no. 9.

For the six months ended 30 June 2020, CIMB Thai Group recorded a consolidated net profit of THB 1,385.9 million, an increase of THB 743.0 million or 115.6 % year-on-year ("YoY") compared to 6M2019. The improvement was mainly attributed to a 10.5 % growth in operating income and a 6.6% drop in expected credit losses, partially offset by a 5.8% increase in operating expenses.

On a YoY basis, operating income rose by THB 756.6 million, or 10.5 % to THB 7,928.4 million from an increase of THB 924.4 million or 165.9% in other operating income mainly due to an increase in gains on financial instruments measured at fair value through profit or loss of THB 667.8 million and a net interest income growth of 1.0 % or THB 58.6 million driven by higher interest income on hire purchase loans. These are partially offset by a drop in net fee and service income of 24.6 % or THB 226.5 million due to higher fees and service expenses.

Operating expenses increased by THB 258.2 million or 5.8%, mainly from higher impairment loss on properties foreclosed and expenses incurred from the Fast Forward expansion strategy. The cost to income ratio improved to 59.5% in 6M2020 compared to 62.1% in 6M2019 as a result of better cost management and increased income.

Net Interest Margin (NIM) over earning assets stood at 3.3% in 6M2020, compared to 3.5% in 6M2019, resulting from lower interest income on investments.

As at 30 June 2020, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) stood at THB 241.3 billion, a decrease of 0.3% from 31 December 2019. Deposits (inclusive of Bill of Exchanges, Debentures and selected Structured Deposit Products) stood at THB 265.3 billion, an increase of 9.9% from THB 241.5 billion as at end of December 2019. The Modified Loan to Deposit Ratio decrease to 91.0% compared to 100.3% as at 31 December 2019.

The gross non-performing loans ("NPL") stood at THB 13.9 billion, translating to an impaired loan ratio of 5.8% compared to 4.7% as at 31 December 2019, due to the change in the NPL classification criteria (Stage 3). CIMB Thai continues to exercise high credit risk underwriting standards and risk management policies. The Bank also focuses on improving productivity and monitoring collection.

CIMB Thai Group's loan loss coverage ratio decreased to 83.7 % as at 30 June 2020 from 99.0% at the end of December 2019. As at 30 June 2020, total allowance for expected credit losses stood at THB 11 billion, translating to a THB 2.6 billion excess over the Bank of Thailand's reserve requirements.



Total consolidated capital funds as at 30 June 2020 stood at THB 51.2 billion. The BIS ratio stood at 19.0%, of which 13.5% comprised Tier-1-capital.

Yours faithfully,

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