

(Translation)

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21 April 2020

Subject: CIMB Thai Group consolidated unreviewed financial results for the three months ended 31 March 2020

To : President
The Stock Exchange of Thailand

Dear Sir,

On behalf of CIMB Thai Bank PCL, I am pleased to submit the unreviewed consolidated financial results for the three months ended 31 March 2020. The key summaries are as follows:

Financial statements for the three-month period ended 31 March 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 three months ended 31 March 2020, CIMB Thai Group recorded a consolidated net profit of THB 1,079.8 million, an increase of THB 637.7 million or 144.3% year-on-year (“YoY”) compared to 3M2019. The improvement was mainly attributed to a 16.8% growth in operating income and a 38.8% drop in expected credit losses, partially offset by a 20.5% increase in operating expenses.

On a YoY basis, operating income rose by THB 611.1 million, or 16.8% to THB 4,241.9 million from an increase of THB 667.4 million or 192.8% in other operating income mainly due to an increase in gains on financial instruments measured at fair value through profit or loss of THB 548.4 million and gains on investments of THB 103.5 million. These are partially offset by a drop in net interest income of 0.1% or THB 1.7 million from lower interest income on investments, and a drop in net fee and service income of 12.1% or THB 54.6 million due to higher fees and service expenses.

Operating expenses increased by THB 418.1 million or 20.5%, mainly from higher impairment loss on properties foreclosed and expenses incurred from the Fast Forward expansion strategy. This resulted in a higher cost to income ratio of 58.0% in 3M2020 compared to 56.3% in 3M2019.

Net Interest Margin (NIM) over earning assets stood at 3.31% in 3M2020, compared to 3.45% in 3M2019, resulting from lower interest income on investments.

As at 31 March 2020, total gross loans (inclusive of loans guaranteed by other banks and loans to financial institutions) stood at THB 245.3 billion, a slight increase of 1.3% from 31 December 2019. Deposits (inclusive of Bill of Exchanges, Debentures and selected Structured Deposit Products) stood at THB 270.7 billion, an increase of 12.1 % from THB 241.5 billion as at end of December 2019. The Modified Loan to Deposit Ratio decrease to 90.6 % compared to 100.3% as at 31 December 2019.

The gross non-performing loans (“NPL”) stood at THB 13.5 billion, translating to an impaired loan ratio of 5.3% compared to 4.6% 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 88.6 % as at 31 March 2020 from 94.1% at the end of December 2019. As at 31 March 2020, total allowance for expected credit losses stood at THB 11.3 billion, translating to a THB 3.2 billion excess over the Bank of Thailand’s reserve requirements.

Total consolidated capital funds as at 31 March 2020 stood at THB 51.1 billion. The BIS ratio stood at 17.7%, of which 12.5% comprised Tier-1-capital.

Yours faithfully,



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