



**FOR IMMEDIATE RELEASE**

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## **Record Earnings for CIMB Group**

### **1) Summary**

CIMB Group Holdings Berhad ("CIMB Group") today reported a net profit of RM2.004 billion for the 9 months of 2009 ("9M09"). This represents a 22.7% year-on-year ("Y-o-Y") growth, equivalent to net earnings per share ("EPS") of 56.8 sen. The Group's annualized net return on equity ("ROE") was 14.7%.

For 3Q09, the Group's net profit of RM727 million was 9.7% higher than 2Q09. On a Y-o-Y basis, this represented a 62.3% growth over the 3Q08 net profit of RM448 million.

"This is our best operating 9 months and single quarter results ever due to a combination of good performances by most of our divisions and our enlarged platform in Indonesia. The main disappointment this year has been our international (ex-Asean) banking portfolio which saw higher loan losses due to the effects of the global financial crisis," said Dato' Sri Nazir Razak, CIMB Group CEO.

### **2) CIMB Group Y-o-Y Results**

CIMB Group's 9M09 revenues increased by 34.7% Y-o-Y to RM7.89 billion while profit before tax ("PBT") grew by 19.8% to RM2.718 billion.

In the first 9 months of the year, the Group's Malaysian consumer "good" bank PBT grew 8.5% Y-o-Y on the back a 9.5% growth in revenues. As expected, lower recoveries at Group Special Assets Management (or "bad" bank) brought about a 21.6% Y-o-Y decline in PBT at the overall Malaysian consumer bank.

PBT contribution from Treasury & Investments increased 43.7% Y-o-Y to RM1.176 billion but the comparatively slower capital markets and higher international portfolio provisioning brought about a 29% Y-o-Y decline in Corporate & Investment Banking PBT to RM443 million. CIMB Niaga's contribution surged 88.5% Y-o-Y to RM558 million from RM296 million last year due to the inclusion of the ex-Lippo franchise and favourable operating

environment in Indonesia. Asset Management and Insurance PBT saw an exponential Y-o-Y growth from RM12 million to RM114 million as CIMB-Aviva's contribution improved sharply. CIMB Thai's first profitable quarter in 3Q09 brought about a 9 months PBT contribution of RM21 million.

The Malaysian Consumer Bank contributed 15% of Group PBT compared to 23% in 9M08. Treasury and Investments retained its position as the largest contributor to Group PBT at 43%. Corporate & Investment Banking contribution was lower at 16% from 28% previously. CIMB Niaga continues to grow in prominence, now making up 21% of Group PBT versus just 13% in 9M08. Group Asset Management (GAM) and Insurance rose from to 4% from about 1%, while CIMB Thai now contributes just under 1% of Group PBT.

Total non-Malaysian contribution to the Group jumped to 26% in 9M09 from 18% in the previous corresponding period.

The Group's total gross loans expanded 28% Y-o-Y, exaggerated by the inclusion of the newly acquired ex-Bank Lippo in Indonesia and CIMB Thai. Excluding these, CIMB Group's gross loans grew by 11.7% Y-o-Y (higher than 8% target) underpinned by the Malaysian consumer and corporate loans which grew 11.8% and 18.8% respectively. Mortgages, credit cards and the Group's micro credit lending grew by 19.7%, 7.3% and 107.4% respectively Y-o-Y. Hire purchase loans grew a marginal 1.6% Y-o-Y but business banking loans declined by 5.3% Y-o-Y. Islamic banking loans continue to gain significant traction, growing 177% Y-o-Y and now constitutes 9% of total Group loans. CIMB Niaga's loans grew 54.1% (but only 3.1% after excluding effect of ex-Bank Lippo). Total Group deposits grew Y-o-Y by 17% and 2.1% excluding ex-Bank Thai and ex-Lippo Bank, with CIMB Bank's retail deposits growing 10.6% Y-o-Y. A notable success in deposit-taking has been CIMB Bank's new Singapore retail operations.

Loan loss provisions for the Group increased 54.0% Y-o-Y to RM819 million in 9M09 due to the inclusion of ex-Lippo, CIMB Thai as well as higher provisioning from its international portfolio. Nevertheless, CIMB Group's total credit charge for 9M09 stood at 0.57% (0.53% excluding CIMB Thai), lower than the 0.8-0.9% full year target. The Group's net non-performing loans ("NPL") ratio declined to 2.4% from 3.0% as at 30 September 2008, reflecting a sustained improving trend in asset quality. Loan loss coverage remained steady at 86.7% compared to 86.8% as at end-2Q09. Excluding CIMB Thai, net NPL ratio and loan loss coverage as at end September were 2.0% and 92.2% respectively. The Group's cost to income ratio increased to 53.0% from 51.7% Y-o-Y.

CIMB Bank's risk weighted capital ratio improved further to 14.0% as at 30 September 2009 against 13.8% as at 30 June 2009. Rating Agency Malaysia (RAM) recently upgraded CIMB Bank's credit rating from AA2 to AAA. CIMB Group's double leverage and gearing stood at 119.2% and 26.3% as at end-3Q09.

### **3) CIMB Group Q-on-Q Results**

For 3Q09, total Group revenues expanded by 7.6% to RM2.787 billion versus the RM2.589 billion generated in 2Q09. Net profits of RM727 million represented a 9.7% growth from RM663 million in 2Q09.

The Group's Malaysian Consumer Banking division PBT saw a marginal improvement (+0.7% Q-o-Q). However, excluding recoveries at the bad bank, the consumer bank earnings was 2.4% lower. Corporate and Investment Banking slipped 19.3% due to a jump in loan provisions in its international portfolio, but Treasury and Investments picked up the pace with a 9.6% Q-o-Q growth. CIMB Niaga's PBT contribution jumped by 33.9% Q-o-Q, while GAM and Insurance PBT contributions remained relatively flat. CIMB Thai turned in a RM50 million PBT contribution in 3Q09 compared to a RM11 million negative in 2Q09.

### **4) CIMB Niaga Results**

On 28 October 2009, Bank CIMB Niaga reported a 9M09 net profit of IDR1,152 billion, a 19.2% Y-o-Y growth with an annualised net ROE of 17.4%. 3Q09 net profit was IDR456 million, 5.4% higher than the previous quarter. The better 3Q09 performance was attributed to a combination of sustained high Net Interest Margins ("NIMs") and improved treasury income. At the Group level, CIMB Niaga's Q-o-Q contribution was much higher (+33.9%) due to currency appreciation and the adoption of acquisition accounting treatment at Group level versus merger accounting at CIMB Niaga for the ex-Lippo acquisition.

CIMB Niaga's gross loans grew 3.1% Y-o-Y in 9M09 predominantly driven by the corporate and retail segments. The slower economic environment brought about a decline in business banking loans. Gross NPL inched up to 2.8% at end-September 2009 from 2.3% as at the corresponding period last year, while net NPL ratio increased to 1.8% from 1.5% previously. Still, CIMB Niaga remains the 2nd lowest net NPL ratios amongst Indonesian banks. Loan loss coverage rose to 96.3% as at end-9M09 compared to 82.7% as at 9M08.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 12.3% and 15.0% respectively as at 30 September 2009.

## 5) CIMB Thai Results

On 21 October 2009, CIMB Thai announced a net profit for 3Q09 of THB465 million, thereby lowering the total 9M09 net loss to THB40 million. For 9M09, CIMB Thai posted a revenue of THB5.359 billion, up 1.9% Y-o-Y. The much improved 3Q09 performance came about from significantly lower cost of funds, improved NIMs and write-back of provisions. As a result of GAAP adjustments, CIMB Thai's contribution to the Group's earnings was RM50 million, compared to a negative RM11 million in 2Q09.

CIMB Thai's Tier 1 capital and risk weighted capital ratios (based on Basel II framework) were at 6.2% and 12.4% as at 30 September 2009.

## 6) Market Shares

CIMB Investment Bank reaffirmed its position at the number 1 stockbroker in Malaysia and regained its top spot in primary bonds and the IPO segment. It moved up to the second spot on the M&A league tables and is now number 3 in Equity Capital Market ("ECM") deals for 9M09. CIMB Islamic returned to the top of the domestic and global Islamic investment banking league tables. CIMB Bank is firmly the second largest mortgage lender in Malaysia and maintained its share of retail deposits and credit cards. In Singapore, CIMB-GK is now the 5th largest in stockbroking market share and number 1 in mid-sized corporate advisory. CIMB Niaga remains the second largest mortgage lender in Indonesia while PT CIMB Securities remains at 5th in stockbroking. CIMB Principal Asset Management remains the second largest asset manager in Malaysia.

## 7) Outlook

"We are positive about our prospects in 4Q09 and confident of achieving our revised 14-15% ROE target for 2009. There has been a surge in activity in the Malaysian equity and debt markets and the economic and operating environment has been improving across the region," said Dato' Sri Nazir.

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## **APPENDIX**

### **Significant Corporate Developments in 9M09**

#### **1) Streamlining of business**

- (a) On 31 January 2009, CIMB completed the disposal of certain assets, liabilities and fund management business of Southern Investment Bank Berhad to Hong Leong Investment Bank (formerly as HLG Credit).

#### **2) Mergers and Acquisitions**

- (b) On 13 January 2009, CIMB Bank increased its shareholding in CIMB Thai to 92.04% upon completion of its Tender Offer exercise. Upon completion of CIMB Thai's rights issue on 19 March 2009, CIMB Bank's shareholding in CIMB Thai was further raised to 93.15%, with CIMB Bank's total investment value amounting to RM1.54 billion.
- (c) On 16 February 2009, CIMB completed the sale and lease back of Menara Bumiputra Commerce to Pelaburan Hartanah Bumiputra Berhad for a cash consideration of RM460 million.
- (d) On 20 April 2009, CIMB Bank completed the acquisition of a 19.99% interest in Bank of Yingkou Co. Ltd. for RMB348.8 million cash (approx. RM186 million). This translated to a price to book ("P/B") valuation of 1.29x as at completion date.
- (e) On 28 July 2009, CIMB completed the disposal of a 49% equity interest in PT CIMB Sun Life to PT Sun Life Indonesia Services for USD22.7 million (approx. RM84.1 million)
- (f) On 7 August 2009, CIMB Investment Bank subscribed for a 10% equity interest in Vinashin Shipbuilding Finance Company Securities LLC ("VFC Securities") in Vietnam for approx. RM6.7 million, with an option to increase its shareholding to 40% for up to RM39.2 million. VFC Securities was granted a securities license by the Vietnam State Securities Commission on 18 December 2008.
- (g) On 20 October 2009, CIMB Thai entered into a sale and purchase agreement for the sale of Sathorn Building in Bangkok, Thailand for approximately THB1 billion (RM100 million).

### **3) Capital Management**

- (a) On 15 April 2009, CIMB Bank fully redeemed its USD100 million 5% subordinated bonds.
- (b) On 30 June 2009, CIMB Bank fully redeemed its USD200 million subordinated bonds.
- (c) On 30 June 2009, CIMB injected equity of RM1 billion into CIMB Bank which is recognized as Tier 1 capital at the Bank.
- (d) On 10 July 2009, CIMB Bank fully redeemed its RM667 million ICULS via issuance of 667 million new CIMB Bank shares to CIMB Group Sdn Bhd. The ICULS were previously recognized as Tier 2 capital of CIMB Bank and the new shares issued are recognized as Tier 1 capital of CIMB Bank.

### **4) Others**

- (a) On 17 April 2009, TPG Capital invested USD140 million in CIMB Group by subscribing for USD140 million worth of 2-year senior unsecured bonds of CIMB Bank (L) Limited. TPG will receive 50.6 million warrants to purchase CIMB Group ordinary shares at a strike price of RM10 per share, exercisable over a five year period.
- (b) On 2 July 2009, CIMB Strategic Assets Sdn Bhd entered into a 60:40 joint venture with Standard Bank Group International Limited to jointly manage a USD500 million Islamic Infrastructure Fund. The private equity fund is sponsored by the Asian Development Bank (“ADB”) and the Islamic Development Bank (“IDB”) with an initial seed capital of USD250 million. CIMB Bank (L) Limited and Standard Bank Plc jointly committed a further USD12 million.
- (c) On 9 September 2009, the Group’s name was changed from Bumiputra-Commerce Holdings Berhad to CIMB Group Holdings Berhad, following the shareholder’s approval attained at an EGM convened on 4 September 2009.
- (d) On 5 November 2009, RAM Ratings upgraded the long-term ratings for CIMB Bank and CIMB Investment Bank to AAA/P1 (stable) from AA2 previously.