

## **CIMB Group announces RM2.898 billion Net Profit for 9 Months FY11**

Tuesday, 15 November 2011

*for immediate release*

---

### **1) Summary**

CIMB Group Holdings Berhad (“CIMB Group”) today reported a record net profit of RM2.898 billion for 9 Months FY11 (“9MFY11”), representing a 9.6% year-on-year (“Y-o-Y”) growth and equivalent to net earnings per share (“EPS”) of 39.0 sen. The annualised net return on equity (“ROE”) was 16.0%. For 3Q11, the Group’s net profit of RM1.012 billion was 4.3% higher than 2Q11, and 10.5% above its 3Q10 net profit of RM916 million.

“We posted another record quarter in net earnings in 3Q11, underpinned by the continued improvement at our Malaysian consumer banking operations and rebound in treasury and investments. We remain behind our full year targets, but given the deteriorating environment and our cautious stance, we are pleased with these results,” said Dato’ Sri Nazir Razak, Group Chief Executive, CIMB Group.

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

CIMB Group’s 9MFY11 revenues were 0.6% higher Y-o-Y at RM8.74 billion. The growth in net interest income was largely offset by lower non-interest income as last year’s non-interest revenues were boosted by sales of ex-Lippo Bank bonds (excluding this, total revenues would have increased 4.4%). The Group’s profit before tax (“PBT”) was 8.5% higher at RM3.80 billion bolstered by much lower credit losses and low overhead cost increase.

For 9MFY11, the Group’s Malaysian consumer bank PBT increased by 79.3% Y-o-Y to RM1.06 billion from the combination of 9.5% Y-o-Y improvement in revenue and lower credit charges. PBT at Corporate & Investment Banking (“CIB”) was 9.9% lower Y-o-Y at RM657 million, while Treasury & Investments declined 8.4% Y-o-Y to RM802 million.

CIMB Niaga’s PBT rose 36.1% to IDR3,276 billion but its contribution to the Group was 3.2% lower Y-o-Y at RM1.14 billion due to the absence of gains arising from the sale of ex-Lippo Bank bonds which occurred in 9MFY10. CIMB Thai’s PBT contribution (after GAAP and FRS139 adjustments) was unchanged at RM61 million. Asset Management and Insurance PBT rose 21.0% Y-o-Y to RM75 million.

CIMB Niaga was the largest contributor to Group PBT at 30% compared to 34% in 9MFY10. The Malaysian Consumer Bank’s contribution to Group PBT was significantly higher at 28% versus 17% in 9MFY10. Treasury and Investments contributed 21%, CIB 17%, Group Asset Management (“GAM”) and Insurance 2%, while CIMB Thai’s contribution was 2%.

Total non-Malaysian PBT declined to 38% in 9MFY11 from 47% in 9MFY10 due to absence of the ex-Lippo Bank bond gains at CIMB Niaga.

The Group's total gross loans expanded 15.3% Y-o-Y, underpinned by the strong 33.4% growth (in RM terms) at CIMB Niaga as well as the 12.6% increase in Malaysian consumer loans. Mortgages, credit cards and the Group's micro credit lending grew by 16.1%, 13.6% and 81.4% respectively Y-o-Y. Hire purchase loans grew at a modest 1.1% Y-o-Y while commercial banking loans were unchanged. Corporate loans expanded 3.5% Y-o-Y. The Group's overall net interest margins eased to 3.12% from 3.39% last year.

Total Group deposits grew by 12.3% Y-o-Y underpinned by a 25.8% expansion in CIMB Bank's retail deposits. CIMB Niaga's deposit drive brought about a 23.7% Y-o-Y (in RM terms) growth while CIMB Thai's deposits grew by 15.3% (in RM terms).

The total loan impairment for the Group declined by 55.0% Y-o-Y at RM198 million in 9MFY11 versus RM440 million in 9MFY10. As a result, the Group's total annualised credit charge was 0.14% compared to the 0.40% full year target. The Group's gross impairment ratio continued to improve to 5.5% for 9MFY11 from 5.7% as at end-1H11 and 6.6% as at 9MFY10, with an impairment allowance coverage of 80.0%. The Group's cost to income ratio rose to 56.1% compared to 54.1% in 9MFY10.

CIMB Bank's risk weighted capital ratio stood at 16.7% while its Tier 1 capital ratio stood at 14.5% as at 30 September 2011 (after inclusion of 9MFY11 net profits). CIMB Group's double leverage and gearing stood at 119.2% and 21.4% respectively as at end-September 2011.

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

The Group's 3Q11 revenues of RM3.03 billion were 2.5% higher than 2Q11, translating to a 4.3% Q-o-Q net profit growth to RM1.01 billion. Net interest income increased by 0.5% and non-interest income by 6.4%.

The Group's Malaysian Consumer Banking division PBT declined 6.5% Q-o-Q mainly due to the higher provision writebacks in 2Q11. CIB was 34.4% lower given the slower advisory activities in 3Q11 but Treasury and Investments was 63.9% higher. CIMB Niaga's PBT contribution was 1.0% higher Q-o-Q at RM404 million. GAM and Insurance PBT fell 50.0% to RM18 million. CIMB Thai's PBT contribution (after GAAP adjustments) was unchanged at RM12 million compared to 2Q11.

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

On 24 October 2011, CIMB Niaga reported a 9MFY11 net profit of IDR2,379 billion, a 32.5% Y-o-Y growth with an annualised 9MFY11 net ROE of 19.6%. The improved performance was attributed to the strong loans and deposits growth and lower provisions. On a sequential basis, the 3Q11 net profit of IDR832 billion was 1.7% higher than 2Q11 as stronger revenues were partially offset by higher overhead expenses and provisions.

CIMB Niaga's gross loans grew 26.4% Y-o-Y in 9MFY11 as all retail and corporate segments expanded robustly. The Gross NPL of 2.6% as at end-September 2011 was lower than the 2.7% in the previous corresponding period and 2Q11. CIMB Niaga's loan loss coverage (based on BI definition) stood at 109.7% as at end-9MFY11 compared to 133.4% as at end-9MFY10.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 10.5% and 13.5% respectively as at 30 September 2011.

#### **5) CIMB Thai Results**

On 18 October 2011, CIMB Thai announced a 9MFY11 net profit of THB856 million, a 4.2% decline from the THB894 million in 9MFY10. Excluding the THB220 million net one-off gain arising from asset sales between the two periods, CIMB Thai's 9MFY11 net profit would have grown 27.0% Y-o-Y. The annualized loan loss charge of 0.4% for 9MFY11 was much improved from 0.8% in 9MFY10 while the loan loss coverage ratio rose from 60.4% at end-September 2010 to 72.4% currently. For the 9-month period, CIMB Thai chalked revenue of THB4.832 billion, a 0.2% Y-o-Y decline.

As at 30 September 2011, CIMB Thai's Tier 1 capital and risk weighted capital ratios were at 8.1% and 13.8% respectively. Following various recovery efforts, CIMB Thai's net NPL ratio has dropped to 2.3% from 4.8% as at the previous corresponding period.

#### **6) CIMB Islamic**

CIMB Islamic's Y-o-Y PBT jumped 28.4% to RM359 million as *Shariah*-compliant banking products continue to gain ground. CIMB Islamic's gross financing assets grew 11.4% Y-o-Y, accounting for 13.7% of total Group loans. Total deposits grew by 17.8% Y-o-Y to RM25 billion.

## 7) Outlook

“Although we may fall short of our ROE target of 17%, we should exceed consensus analysts’ forecasts for 2011. For the fourth quarter, our treasury and M&A businesses should do well while the Malaysian consumer and CIMB Niaga can sustain the current momentum,” said Dato’ Sri Nazir. “However, markets are volatile and regional economic indicators are softening, so we remain conservative on capital, liquidity and credit standards.”

---

If you have further queries or require more information, please contact:

Effendy Shahul Hamid  
Head, Group Marketing & Communications  
CIMB Group  
Tel: +603 - 2087 3030  
Fax: +603 - 2093 1008  
Email: [effendy.hamid@cimb.com](mailto:effendy.hamid@cimb.com)

## APPENDIX

### Significant Corporate Developments in 2011

#### 1) Capital Management

- On 15 November 2010, CIMB Niaga announced a 1-for-20 rights issue of up to 1,196,743,183 new CIMB Niaga shares at IDR1,250 each. The rights issue was completed and the new CIMB Niaga shares were listed on 12 January 2011.
- On 21 April 2011, CIMB Islamic completed the issuance of RM250 million 10-year Tier 2 Junior Sukuk.
- On 8 August 2011, CIMB Bank completed the issuance of RM1.5 billion (RM1.35 billion 10-year and RM150 million 15-year) subordinated debt.
- On 19 October 2011, CIMB Niaga announced its intention to call the USD200 million subordinated notes callable on 22 November 2011.

#### 2) Mergers and Acquisitions

- On 31 May 2011, CIMB Group announced that it had received Bank Negara Malaysia's approval to commence negotiations with RHB Capital for a possible merger of the businesses of both banking groups.
- On 23 June 2011, CIMB Group announced the cessation of negotiations with RHB Capital for a possible merger.
- On 4 August 2011, CIMB Securities International entered into a joint venture to establish an investment banking advisory in Sri Lanka.
- On 29 September 2011, CIMB Securities International entered into an agreement for the proposed acquisition of 70.06% interest in SICCO Securities plc in Thailand for THB767.9 million (RM78.4 million).
- On 6 October 2011, CIMB Group confirmed that it is in discussions with San Miguel Corp with regards to a possible acquisition of a stake in Bank of Commerce in the Philippines.

### 3) Others

- On 9 May 2011, Fitch Ratings revised the outlook for CIMB Bank and CIMB Investment Bank to Stable from Positive, while maintaining the long term rating for both entities at BBB+.
- On 13 May 2011, Fitch Ratings upgraded the foreign currency long-term ratings for CIMB Thai to BBB (stable) from BBB- (positive) previously. Concurrently, Fitch Ratings Thailand upgraded the local long-term rating for CIMB Thai to AA- from A+.
- On 25 May 2011, CIMB Group announced the postponement of its proposed listing on the Stock Exchange of Thailand (“SET”). Concurrently, CIMB Group retracted its application for a 6-month extension from the Securities Commission.
- On 3 July 2011, Dagong Global Credit Rating Co. Ltd assigned CIMB Bank a long term local currency rating of AA (positive), and a long term foreign currency rating of AA- (positive)
- On 2 August 2011, CIMB Group announced the opening of its Mumbai representative office and signed a Business Cooperation Arrangement with Kotak Mahindra Bank Ltd.
- On 25 August 2011, Moody’s revised CIMB Investment Bank’s long and short term local currency ratings to A3 and P-1 (Stable) respectively. Concurrently, Moody’s lowered CIMB Bank’s outlook from Positive to Stable, while maintaining the long and short term ratings at A3 and P-1 respectively.