

**FOR IMMEDIATE RELEASE**

Kuala Lumpur, Thursday May 20, 2010

**CIMB Group announces record Net Profit of RM838 million for 1QFY10****1) Summary**

CIMB Group Holdings Berhad (“CIMB Group”) today reported a 36.5% year-on-year (“Y-o-Y”) growth in 1Q10 net profit of RM838 million, equivalent to net earnings per share (“EPS”) of 23.7 sen (or 11.9 sen post-bonus issue). The 1Q10 net return on equity (“ROE”) of 16.5% is ahead of the Group’s full-year target of 16%. Compared to 4Q09, the Group’s net profit was 4.4% higher. “We had a good start to 2010 with another record quarter driven by CIMB Niaga and regional capital markets,” said Dato’ Sri Nazir Razak, Group Chief Executive, CIMB Group.

With the release of these results, CIMB is the first Malaysian bank to prepare its financial statements in full compliance to FRS 139 principles although the industry remains under Bank Negara Malaysia’s transitional arrangement. “Our full adoption of FRS139 means that we are now fully compliant with global best accounting standards, consistent with our commitment to be benchmarked against highest standards of governance and transparency,” said Dato’ Sri Nazir.

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

CIMB Group’s 1Q10 revenues increased by 13.0% Y-o-Y to RM2.84 billion while the Group’s profit before tax (“PBT”) was 34.6% higher at RM1.13 billion.

For 1Q10, the Group’s Malaysian consumer bank PBT grew 9.5% Y-o-Y in line with the continued turnaround in CIMB Bank’s operations as recoveries at Group Special Assets Management (or “bad” bank) were relatively flat. PBT at Treasury & Investments declined 30.0% Y-o-Y to RM333 million largely due to lower investment gains during the period. The improved capital market activities brought about the 103.4% Y-o-Y jump in Corporate & Investment Banking PBT to RM236 million.

CIMB Niaga’s contribution surged 264.7% Y-o-Y to RM423 million from RM116 million previously attributed to both significant operational improvement as well as gains arising from the sale of available for sale (“AFS”) bonds in 1Q10. Meanwhile, CIMB Thai turned a RM6 million PBT contribution in 1Q10 compared to the RM18 million loss in 1Q09. Asset Management and Insurance PBT was 87.9% lower Y-o-Y at RM4 million as the better performance of its fund management companies was offset by start-up costs and provisions taken at CIMB SunLife (Indonesia) and CIMB Aviva (Malaysia).

CIMB Niaga was the largest contributor to Group PBT with 37% versus 14% in 1Q09. The Malaysian Consumer Bank’s contribution to Group PBT declined to 11% compared to 14% in 1Q09, while Treasury and Investments fell to 30% from 57% previously.

Contribution from Corporate & Investment Banking increased to 21% from 14% previously. Group Asset Management (“GAM”) and Insurance shrank to under 1% from 4% last year, while CIMB Thai also made a small 1% contribution versus a loss in 1Q09.

Total non-Malaysian PBT jumped to 46% in 1Q10 from 19% in 1Q09 due to the surge in contribution from CIMB Niaga.

The Group’s total gross loans expanded 12.1% Y-o-Y, underpinned by the Malaysian consumer loans which grew 15.6% as well as a strong 31.7% expansion (in RM terms) in CIMB Niaga’s gross loans. Mortgages, credit cards and the Group’s micro credit lending grew by 21.8%, 32.1% and 55.9% respectively Y-o-Y. Hire purchase loans are resuming the uptrend with a 4.1% Y-o-Y growth although business banking loans continued to decline by 3.2% Y-o-Y. Corporate loans were also 3.5% lower Y-o-Y.

Total Group deposits grew by 6.8% Y-o-Y as CIMB Bank’s retail deposits grew 16.5% Y-o-Y underpinned by the growing Singapore retail operations. Excluding Singapore, CIMB Bank’s 1Q10 retail deposits were 7.2% higher Y-o-Y.

The total loan impairment (under FRS139 policies) for the Group was RM150 million in 1Q10. Although this is a 44.9% Y-o-Y decline versus the loan loss provision of RM272 million in 1Q09 (under Garis Panduan 3 (“GP3”) policies), the numbers are not directly comparable due to differing accounting treatments. The Group’s total annualised credit charge was 0.40%, lower than the 0.60% full year target. The Group’s gross impairment ratio was 7.5% for 1Q10, with an impairment allowance coverage of 80.5%. The Group’s cost to income ratio rose to 55.0% compared to 52.8% in 1Q09.

CIMB Bank’s risk weighted capital ratio improved to 15.6% as at 31 March 2010 (assuming inclusion of 1Q10 net profits) against 15.1% as at 31 December 2009. CIMB Group’s double leverage and gearing stood at 119.8% and 26.9% respectively as at end-March 2010.

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

The Group’s 1Q10 revenues of RM2.84 billion was 2.2% higher versus 4Q09, while Group net profits of RM838 million grew 4.4% from RM803 million in 4Q09.

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

On 29 April 2010, Bank CIMB Niaga reported a 1Q10 net profit of IDR524 billion, a 99.6% Y-o-Y growth with a 1Q10 net ROE of 18.3%. The stronger performance was attributed to the strong loans growth, higher Net Interest Margins (“NIMs”) and lower provisions. Profits from sale of AFS bonds by CIMB Niaga are not recognised in CIMB Niaga itself but at Group consolidated accounts. On a sequential basis, the 1Q10 net profit was 26.0% higher than 4Q09 primarily due to lower loan loss charges.

CIMB Niaga’s gross loans grew 14.1% Y-o-Y in 1Q10 driven by the corporate and auto loans segments. Gross NPL was higher at 3.1% as at end-March 2010 compared to 2.8% as at the corresponding period last year. CIMB Niaga continues to retain the 2nd

lowest position in net NPL ratios amongst Indonesian banks while loan loss coverage was increased to 115.4% as at end-1Q10 compared to 84.5% as at end-1Q09.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 10.9% and 12.8% respectively as at 31 March 2010.

## **5) CIMB Thai Results**

On 21 April 2010, CIMB Thai announced a 1Q10 net profit of THB348 million, a turnaround from the THB257 million loss in 1Q09. This had included a THB290 million gain arising from the sale of the Sathorn building. Excluding this one-off gain, CIMB Thai would have recorded a 1Q10 net profit of THB58 million. For the 3-month period, CIMB Thai chalked revenue of THB1.80 billion, up 11.5% Y-o-Y. As a result of GAAP adjustments, CIMB Thai's contribution to the Group's 1Q10 earnings was RM6 million, compared to a negative RM18 million in 1Q09.

As at 31 March 2010, CIMB Thai's Tier 1 capital and risk weighted capital ratios (based on Basel II framework) were at 6.1% and 12.1% respectively.

"We are monitoring the Thai situation closely. So far, the political unrest has impeded access to our HQ and some branches in Bangkok. However, we are operating effectively from our back-up sites where required and remain focused on executing our transformation plan for our new franchise," said Dato' Sri Nazir.

## **6) CIMB Islamic**

CIMB Islamic's Y-o-Y PBT jumped 100% to RM80 million as Syariah-compliant banking products continue to gain ground. CIMB Islamic's gross financing assets grew 127.8% Y-o-Y, accounting for 12% of total Group loans. Total deposits grew by 53.7% Y-o-Y to RM17.6 billion. With its total assets at RM27.8 billion as at 31 March 2010, CIMB Islamic remains the second largest Islamic bank in Malaysia with a 12% market share.

## **7) Market Shares**

CIMB Investment Bank remained the leading stockbroker in Malaysia and regained first place in the M&A league tables, while maintaining its number one position in Initial Public Offering ("IPO") and Equity Capital Market ("ECM") advisory. CIMB Islamic remained at the top of the domestic and global Islamic investment banking league tables. CIMB Bank is the second largest mortgage lender in Malaysia and expanded its share of retail deposits and credit cards. In Singapore, CIMB Securities was the 4th 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 has moved up to 2nd in stockbroking market share. CIMB Thai secured the number one position in the Thai M&A segment. CIMB Principal Asset Management remains the second largest asset manager in Malaysia.

## 8) Outlook

“We remain optimistic about our prospects for 2010 as regional economies and capital markets are in good shape with the exception of Thailand. Our deal pipeline in Malaysia, Indonesia and Singapore is good and we continue to enlarge and strengthen our consumer banking base. Our Group 2010 KPI targets remain well in sight,” said Dato’ Sri Nazir.

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

Effendy Shahul Hamid  
Head, Group Corporate Communications,  
CIMB Group  
Tel: 03 - 2087 3030  
Fax: 03 - 2093 1008  
Email: [effendy.hamid@cimb.com](mailto:effendy.hamid@cimb.com)

## **APPENDIX**

### **Significant Corporate Developments in 2010**

#### **1) Mergers and Acquisitions**

- (a) On 26 March 2010, CIMB Group completed the acquisition of the 32.22% interest in Touch N' Go Sdn Bhd ("TnG") for RM53.8 million. CIMB Group now holds a 52.22% equity interest in TnG.
- (b) On 14 May 2010, CIMB Group entered into a conditional share sale and purchase agreement with Khazanah Nasional to acquire up to 19.67% equity interest in CIMB Niaga for up to RM1.94 billion via the issue of up to 134 million CIMB Group shares at RM14.50 per share. Upon completion, CIMB Group will hold up to 97.93% in CIMB Niaga.

#### **2) Capital Management**

- (a) On 23 February 2010, CIMB Group proposed a 1-for-1 bonus issue of up to 3,582,387,823 new CIMB shares of RM1.00 each. To facilitate this issue CIMB Group's authorized share capital will be raised from RM5 billion to RM10 billion. The ex-date for the bonus issue was 19 May 2010.
- (b) On 2 April 2010, CIMB Group increased the offering size of its Proposed listing on the Stock Exchange of Thailand ("SET"), from up to 35 million CIMB Shares to up to 50 million CIMB Shares (100 million after completion of the bonus issue).
- (c) On 5 April 2010, CIMB Group completed the issuance of RM750 million cumulative subordinated fixed rate notes.

#### **3) Others**

- (a) On 5 April 2010, CIMB Group announced its plans to set-up a research institute dedicated to promoting ASEAN integration, to be named CIMB ASEAN Research Institute.
- (b) On 12 April 2010, CIMB Group announced the submission of the application to the SET in respect of the Proposed SET Listing.
- (c) On 7 May 2010, MARC upgraded the long-term ratings for CIMB Bank and CIMB Islamic Bank to AAA/MARC-1 (stable) from AA+ previously.
- (d) On 9 May 2010, CIMB Group obtained an approval-in-principle to offer banking services in Cambodia by the National Bank of Cambodia.