



CIMB Group announces RM917 million Net Profit for 1QFY11

Wednesday, 25 May 2011

for immediate release

1) Summary

CIMB Group Holdings Berhad ("CIMB Group") today reported a 9.4% year-on-year ("Y-o-Y") growth in 1Q11 net profit of RM917 million, equivalent to net earnings per share ("EPS") of 12.3 sen. The annualised 1Q11 net return on equity ("ROE") was 15.7%. Compared to 4Q10, the Group's net profit was 4.4% higher.

"We had a good start to 2011 on the back of a strong showing by our Malaysian consumer banking operations and continued high growth at CIMB Niaga," said Dato' Sri Nazir Razak, Group Chief Executive, CIMB Group.

2) CIMB Group Y-o-Y Results

Although CIMB Group's 1Q11 revenues decreased by 1.3% Y-o-Y to RM2.75 billion due to lower non-interest income, the Group's profit before tax ("PBT") was 9.2% higher at RM1.23 billion as credit losses dropped sharply.

The Group's Malaysian consumer bank PBT increased by 83.4% Y-o-Y to RM343 million as a 12.6% improvement in revenues was accompanied by a write-back in provisions. PBT at Corporate & Investment Banking ("CIB") rose 13.6% Y-o-Y to RM243 million, while Treasury & Investments declined 13.1% Y-o-Y to RM253 million.

CIMB Niaga's PBT was up 39.2% to IDR980 billion but its contribution to the Group fell 20.6% Y-o-Y to RM336 million due to the absence of gains arising from the sale of available for sale ("AFS") bonds which occurred in 1Q10. Meanwhile, CIMB Thai's PBT contribution (after GAAP and FRS139 adjustments) surged to RM37 million from RM6 million in 1Q10. Asset Management and Insurance PBT rose 162.5% Y-o-Y to RM21 million due to the non-recurrence of provisions for doubtful debts made at CIMB Aviva in 1Q10.

The Malaysian Consumer Bank and CIMB Niaga were jointly the largest contributors to Group PBT at 27% compared to 17% and 37% respectively in 1Q10. Treasury and Investments fell to 21% from 25% previously. Contribution from CIB increased to 20% from 19% previously. Group Asset Management ("GAM") and Insurance rose to 2% from 1% last year, while CIMB Thai's contribution is now 3% compared to 1% in 1Q10.

Total non-Malaysian PBT declined to 37% in 1Q11 from 46% in 1Q10 due to absence of the AFS bond gains at CIMB Niaga.



The Group's total gross loans expanded 13.8% Y-o-Y, underpinned by the Malaysian consumer loans which grew 14.6% as well as a strong 27.5% expansion (in RM terms) in CIMB Niaga's gross loans. Mortgages, credit cards and the Group's micro credit lending grew by 18.5%, 23.0% and 47.6% respectively Y-o-Y. Hire purchase loans kept up a positive momentum with an 8.7% Y-o-Y growth although commercial banking loans continued to decline 2.3% Y-o-Y. Corporate loans were 2.6% higher Y-o-Y. The Group's overall net interest margins eased to 3.08% from 3.33% last year.

Total Group deposits grew by 12.8% Y-o-Y underpinned by a 24.8% surge from CIMB Niaga as it continued to focus on deposit accumulation. CIMB Bank's retail deposits were equally strong, growing 18.7% Y-o-Y as the Malaysian and Singapore current and savings account balances picked up pace. CIMB Thai's deposits grew by 4.3%.

The total loan impairment for the Group stood at RM6 million in 1Q11. This was a significant 96.0% Y-o-Y decline versus the loan impairment of RM150 million in 1Q10. As such, the Group's total annualised credit charge was 0.01%, lower than the 0.40% full year target. The Group's gross impairment ratio continued to improve to 5.9% for 1Q11 from 6.1% as at end-2010 and 7.5% as at 1Q10, with an impairment allowance coverage of 80.6%. The Group's cost to income ratio rose to 56.2% compared to 54.1% in 1Q10.

CIMB Bank's risk weighted capital ratio stood at 14.7% while its Core Tier 1 capital ratio was 13.8% as at 31 March 2011 (assuming inclusion of 1Q11 net profits). CIMB Group's double leverage and gearing stood at 118.0% and 21.2% respectively as at end-March 2011.

3) CIMB Group Q-on-Q Results

The Group's 1Q11 revenues of RM2.75 billion was 13.2% lower versus 4Q10, but net profits were 4.4% higher Q-o-Q at RM917 million.

The Group's Malaysian Consumer Banking division PBT jumped 145.0% Q-o-Q due to the combination of stronger operations and better recoveries in 1Q11 and the higher provisions and overhead expenses in 4Q10. CIB was 36.8% lower in view of the strong deal flow in 4Q10 but Treasury and Investments was 15.5% higher. CIMB Niaga's PBT contribution declined 14.7% Q-o-Q to RM336 million. GAM and Insurance PBT was 16.0% lower at RM21 million. CIMB Thai's PBT contribution (after GAAP adjustments) was a profit of RM37 million compared to a RM14 million loss in 4Q10.

4) CIMB Niaga Results

On 26 April 2011, CIMB Niaga reported a 1Q11 net profit of IDR728 billion, a 38.9% Y-o-Y growth with a 1Q11 net ROE of 19.3%. The stronger performance was attributed to the strong loans and deposits growth and lower provisions. On a sequential basis, the net profit was 3.4% lower primarily due to the lower Net Interest Margin ("NIM") and higher overhead expenses.



CIMB Niaga's gross loans grew 31.4% Y-o-Y in 1Q11 driven by strong performances from all major retail and corporate segments. The Gross NPL of 2.9% as at end-March 2011 was an improvement from the 3.1% at the previous corresponding period. CIMB Niaga's loan loss coverage (based on BI definition) stood at 107.4% as at end-1Q11 compared to 116.0% as at end-1Q10.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 11.0% and 14.4% respectively as at 31 March 2011.

5) CIMB Thai Results

On 19 April 2011, CIMB Thai announced a 1Q11 net profit of THB282 million, a 19.0% decline from the THB348 million profit in 1Q10. Excluding the THB290 million one-off gain arising from the sale of the Sathorn building in 1Q10, CIMB Thai's 1Q11 net profit would have grown 386.2% Y-o-Y. Additional provisions lifted its loan loss coverage ratio from 91.4% at end-December 2010 to 98.4% currently. For the 3-month period, CIMB Thai chalked revenue of THB1.590 billion, a 4.8% Y-o-Y decline.

As at 31 March 2011, CIMB Thai's Tier 1 capital and risk weighted capital ratios (based on Basel II framework) were at 8.5% and 14.0% respectively. Following various recovery efforts and the sale of Sathorn Asset Management Co. Ltd. to CIMB Group, CIMB Thai's net NPL ratio has dropped to 1.9% from 6.0% as at the previous corresponding period.

6) CIMB Islamic

CIMB Islamic's Y-o-Y PBT jumped 81.6% to RM146 million as *Shariah*-compliant banking products continue to gain ground. CIMB Islamic's gross financing assets grew 33.3% Y-o-Y, accounting for 13.9% of total Group loans. Total deposits grew by 27.3% Y-o-Y to RM22.4 billion.

7) Thailand Dual Listing

CIMB Group announced its decision to postpone the proposed listing on the Stock Exchange of Thailand ("SET") until further notice.

CIMB Group had in November 2009 announced its intention to pursue a dual listing of its shares on SET when the Securities and Exchange Commission of Thailand ("SEC") and SET approved their new guidelines for foreign listings in October 2009, which took effect from 1 December 2009.

However due to the uncertain timeline with respect to the full resolution of various key regulatory issues to facilitate the proposed listing on SET, which includes the tax treatment to investors of foreign companies on the SET, CIMB Group has decided to retract its application for a further extension of time of six months up to 6 October 2011 from the Securities Commission ("SC").



CIMB Group will continue to work closely with the relevant authorities on the issues, and will revisit the proposed listing once the outstanding issues have been resolved.

8) Outlook

"We have set ourselves a 17% ROE target for the full year and this is a good start as it was driven by our consumer bank operations across the region and the investment banking pipeline for the rest of the year is good," said Dato' Sri Nazir.

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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.

2) 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 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.