

## **CIMB Group announces record RM3.263 billion Net Profit for 9 Months FY12**

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*for immediate release*

### **1) Summary**

CIMB Group Holdings Berhad (“CIMB Group”) today reported a record net profit of RM3.263 billion for 9 months FY12 (“9MFY12”), representing a 12.6% year-on-year (“Y-o-Y”) growth and equivalent to net earnings per share (“EPS”) of 43.9 sen. The annualised net return on average equity (“ROE”) was 16.3%. For third quarter FY12 (“3Q12”), the Group’s net profit of RM1.143 billion was 3.0% higher than 2Q12, and 12.9% above its 3Q11 net profit of RM1.012 billion.

“We had a good 3Q12 and 9MFY12, underpinned by strong performances at CIMB Niaga, CIMB Bank Singapore and Corporate Banking and Treasury Markets (“CBTM”),” said Dato’ Sri Nazir Razak, Group Chief Executive, CIMB Group. “At the same time, we defended key market shares and added important building blocks to the franchise.”

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

CIMB Group’s 9MFY12 revenue increased by 15.8% Y-o-Y to RM10.126 billion, largely due to the 25.8% expansion in non-interest income. The Group’s profit before tax (“PBT”) was 13.4% higher at RM4.307 billion as increased credit charges and overhead expenses partially offset the revenue improvement.

For 9MFY12, the Group’s regional Consumer Bank PBT expanded by 13.5% Y-o-Y to RM1.672 billion. The Malaysia & Singapore consumer operations PBT grew 4.0% Y-o-Y as asset and net interest income growth moderated. The consumer operations’ PBT in Indonesia however expanded by 55.3% Y-o-Y from a combination of better margins in 9M12 and growth in assets, partially offset by weaker currency translation. The Thai consumer operations lost RM13 million due to higher provisions and the retrospective implementation of a new deposit insurance framework.

The Group’s regional Wholesale Banking PBT rose 24.5% Y-o-Y to RM2.240 billion principally driven by the uptick in the Treasury & Markets division PBT to RM1.116 billion from the strong flows in debt capital markets and foreign exchange. Investment Banking PBT was lower by 27.0% Y-o-Y due to lower income and initial costs related to the acquisition of selected APAC IB businesses of The Royal Bank of Scotland (“RBS”). Corporate Banking PBT was 1.8% Y-o-Y higher in line with asset growth partially offset by higher provisions. Investments PBT were lower by 24.9% Y-o-Y at RM395 million due to one-off write-backs in 1H11.

Consumer Banking operations remain the largest contributor to Group PBT at 39% (no change from 9MFY11). Treasury & Markets contribution to Group PBT jumped to 26% from 16% in 9MFY11. Corporate Banking, Investment Banking and Investments contributed 22%, 4% and 9% respectively. CIMB Niaga's PBT rose 29.9% Y-o-Y to IDR4,255 billion while its contribution to the Group was 24.4% higher Y-o-Y at RM1.418 billion, accounting for 33% of Group PBT. CIMB Thai's PBT rose 63.9% to THB1.462 billion and after GAAP and FRS139 adjustments, its contribution to the Group was 218.0% higher at RM194 million, equivalent to 5% of Group PBT. CIMB Singapore's PBT rose 63.6% to RM128 million increasing its share of Group PBT to 3%. Total non-Malaysian PBT increased to 43% in 9MFY12 from 38% in 9MFY11.

The Group's total gross loans expanded 9.8% Y-o-Y (excluding the declining bad bank loan book). After adjusting for the significant foreign exchange fluctuations (-11.4% for IDR/MYR and -2.9% for THB/MYR), the Group's total gross loans increased by 12.1% Y-o-Y. Corporate loans increased 10.7% while retail loans and commercial banking loans grew 8.9% and 11.0% respectively.

Total Group deposits grew by 6.1% Y-o-Y but was 9.0% higher Y-o-Y after excluding foreign exchange fluctuations. This was driven by a 9.0% expansion in retail deposits and a 5.4% growth in commercial banking deposits. Corporate and Treasury deposits were 3.3% higher Y-o-Y. Geographically, deposit growth was strongest in Thailand at 18.5% from a low base, while Malaysian deposits expanded at 5.7%. Indonesia and Singapore deposits grew 2.5% and 15.7% respectively Y-o-Y in Ringgit terms. The Group's CASA ratio increased slightly to 34.6% from 33.0% last year while overall net interest margin was marginally lower at 3.08% from 3.12% last year.

The Group's total loan impairment of RM277 million in 9MFY12 was a 39.9% rise from the RM198 million in 9MFY11, which included substantial write-backs and recoveries. The Group's total annualised credit charge was 0.18% which is still below the 0.31% full year target. The Group's gross impairment ratio improved to 4.2% for 9MFY12 from 5.5% as at 9MFY11, with an allowance coverage of 84.0%. The Group's cost to income ratio improved to 55.8% compared to 56.1% in 9MFY11.

CIMB Bank's risk weighted capital ratio stood at 15.2% while its core capital ratio stood at 13.4% as at 30 September 2012 (after inclusion of 9MFY12 net profits). CIMB Group's double leverage and gearing stood at 116.9% and 19.1% respectively as at end-September 2012.

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

The Group's 3Q12 revenues of RM3.544 billion were 6.6% higher than 2Q12, translating to a 3.0% Q-o-Q net profit improvement to RM1.143 billion. Net interest income was 2.8% higher while non-interest income was 13.8% higher Q-o-Q.

The Group's Consumer Banking PBT fell 7.6% Q-o-Q. The Malaysian retail operations was 5.9% lower on lower provision writebacks in 3Q while the Indonesian consumer division's PBT contribution to the Group was 8.4% lower Q-o-Q mainly due to the weaker currency translation. Wholesale Banking PBT increased 6.5% Q-o-Q underpinned by the Corporate Banking and Treasury & Markets divisions, which expanded by 31.6% and 18.7% respectively. Investment Banking was 81.1% lower Q-o-Q at RM25 million in 3Q on lower income and increased costs. PBT from Investments were 21.2% higher Q-o-Q due to higher realised fixed income gains and share of recoveries from legacy bad loans managed by Thai Asset Management Corp ("TAMC").

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

On 29 October 2012, CIMB Niaga reported a 9MFY12 net profit of IDR3,102 billion, a 30.4% Y-o-Y growth, with an annualised 9MFY12 net ROE of 21.0%. The improved performance was attributed to the sustained loan growth, improved NIMs and higher non-interest income from Markets operations partially offset by higher overhead expenses and provisions. On a sequential basis, the 3Q12 net profit was 6.8% higher than 2Q12.

CIMB Niaga's gross loans grew 14.1% Y-o-Y for 9MFY12 mainly driven by the business banking and retail segments. The Gross NPL of 2.4% as at end-September 2012 was an improvement from the 2.6% in 9MFY11 and 2.5% as at 1H12. CIMB Niaga's loan loss coverage (based on BI definition) stood at 113.1% as at end-9MFY12 compared to 109.7% as at end-9MFY11.

CIMB Niaga's core capital and risk weighted capital ratios stood at 12.4% and 15.5% respectively as at 30 September 2012.

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

On 18 October 2012, CIMB Thai announced a 9MFY12 net profit of THB1.421 billion, a 66.0% growth from the THB856 million in 9MFY11. Sequentially, CIMB Thai's net profit expanded substantially from just THB29 million in 2Q12 owing to the THB1,344 million share of recoveries from bad loans managed by TAMC. The annualised loan loss charge for 9MFY12 increased to 1.1% as CIMB Thai increased loan provisions. As a result, loan loss coverage ratio rose to 88.7% from 70.8% at end-9MFY11. For the 9-month period, CIMB Thai chalked revenue of THB6.440 billion, a 38.1% Y-o-Y increase.

As at 30 September 2012, CIMB Thai's core capital and risk weighted capital ratios were at 11.1% and 15.5% respectively. CIMB Thai's net NPL ratio fell to 2.1% from 2.3% as at the previous corresponding period.

## 6) CIMB Islamic

CIMB Islamic's Y-o-Y PBT increased 4.0% to RM373 million. CIMB Islamic's gross financing assets grew 24.8% Y-o-Y, accounting for 15.7% of total Group loans. Total deposits grew by 22.7% Y-o-Y to RM30.7 billion.

## 7) Outlook

"Our momentum is strong going into 4Q12 but so are the external headwinds as growth in the region has slowed. But we remain optimistic as our corporate and capital market deal pipeline is good," said Nazir. "We remain focused on "CIMB 2.0" which includes implementing large scale internal changes and integrating the ex-RBS APAC investment banking platform and Bank of Commerce (Philippines). These are key to strengthening our competitive edge across various businesses and achieving our long term aspirations."

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## APPENDIX

### Significant Corporate Developments in 2012

#### 1) Capital Management

- On 21 February 2012, CIMB Thai fully redeemed its USD40 mil subordinated notes.
- On 8 March 2012, CIMB Thai announced a 3-for-10 rights issue at THB1 per share. On 7 August 2012, the offering was completed and CIMB Thai successfully raised a total capital of THB4.769 billion.
- On 20 September 2012, CIMB Islamic Bank completed the issuance of a 10-year RM300 million Tier 2 Junior Sukuk.
- On 30 October 2012, CIMB Niaga completed the issuance of a IDR2,000 billion Senior Bond which comprises a 3-year Series A of IDR600 billion and a 5-year Series B of IDR1,400 billion.
- On 9 November 2012, CIMB Thai completed the issuance of a RM300 million Tier 2 subordinated debt.

#### 2) Mergers and Acquisitions

- On 15 February 2012, CIMB Securities International (“CSI”) completed the acquisition of 70.06% interest in SICCO Securities plc (“SSEC”) in Thailand for THB767.9 million. On the same date, CSI announced the purchase of shares from the market bringing its interest to 82.07%. CSI subsequently made a tender offer for the remaining shares it does not own and upon completion of the tender offer on 11 April 2012 CSI owned approximately 97.37% of SSEC. On 12 September 2012, CSI acquired an additional 2.22% interest via a delisting tender offer, raising its effective interest to 99.59%.
- On 2 April 2012, CIMB Group entered into a sales and purchase agreement with The Royal Bank of Scotland (“RBS”) for the proposed acquisition of selected cash equities, equity capital markets and M&A corporate finance businesses in Australia, China, Hong Kong, India, Taiwan, Indonesia, Malaysia, Singapore and Thailand for GBP88.4 million (approximately RM431.8 mil). On 30 June 2012, the acquisition of the businesses in Indonesia, Malaysia, Singapore and Thailand were completed. On 12 July 2012, the proposed acquisition of the business in India was terminated due to an unexpected legal issue arising in connection with the sale of the India Business by RBS. On 2 November 2012, the acquisition of the businesses in Australia was completed.

- On 5 March 2012, CIMB Securities (Singapore) entered into a strategic collaboration agreement with John Keells Stock Brokers to facilitate CIMB Group's stock broking business in Sri Lanka.
- On 8 May 2012, CIMB Bank entered into share purchase agreements with San Miguel Properties, San Miguel Corporation Retirement Plan, Q-Tech Alliance Holdings and various minority shareholders for the proposed acquisition of 59.98% in Bank of Commerce in the Philippines for PHP12,203 million (RM881 million). On 7 November 2012, Bank Negara Malaysia approved the proposed acquisition.

### 3) Others

- On 18 January 2012, Moody's raised CIMB Niaga's foreign currency long-term/short-term deposit to Baa3/Prime-3 from Ba2/Not Prime and foreign currency issuer to Baa3 from Ba1. The revised ratings have stable outlook.
- On 29 March 2012, CIMB Group entered into a 40:60 joint venture with The Rohatyn Group to jointly sponsor, manage and administer the CapAsia Funds.