

## **CIMB Group announces RM1.011 billion Net Profit for 1QFY2012**

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*for immediate release*

### **1) Summary**

CIMB Group Holdings Berhad (“CIMB Group”) today reported a 10.3% year-on-year (“Y-o-Y”) growth in 1Q12 net profit of RM1.011 billion, equivalent to net earnings per share (“EPS”) of 13.6 sen. The annualised 1Q12 net return on average equity (“ROE”) was 15.6%. Compared to 4Q11, the Group’s net profit was 10.8% lower.

“The year has started well for us, driven by outperformance at the regional Corporate Banking and Treasury Markets (“CBTM”) division and sustained high growth momentum at CIMB Niaga,” said Dato’ Sri Nazir Razak, Group Chief Executive, CIMB Group. “We maintained our moderate growth momentum with total assets and net loans increasing by 14% and 12% respectively.”

The latest financial statements provide enhanced disclosure of segment financials to reflect the Group’s integrated regional platform. “This provides a clearer reflection of how management views the operating business lines across the entire Group and enhances overall transparency to stakeholders,” said Dato’ Sri Nazir.

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

CIMB Group’s 1Q12 revenues increased by 18.4% Y-o-Y to RM3.255 billion largely due to the strong expansion in non-interest income. The Group’s profit before tax (“PBT”) was 8.8% higher at RM1.341 billion as the revenue improvement was partially offset by higher impairment charges and overhead expenses.

For 1Q12, the Group’s regional Consumer Bank PBT increased by 3.4% Y-o-Y to RM530 million. The Malaysia consumer operations PBT grew 4.7% Y-o-Y as the expansion in the retail banking operations were offset by lower recoveries at the bad bank. The Indonesian consumer operations were 1.8% lower Y-o-Y owing to higher operating costs and currency translation. The consolidated Thai consumer PBT saw improved profits under Thai GAAP but a small loss on consolidation due to the different timing of provision expenses.

The Group’s regional Wholesale Banking PBT rose 7.1% Y-o-Y to RM641 million in 1Q12 as the Markets divisional PBT almost doubled to RM381 million on the back of strong debt capital markets and foreign exchange flows. Investment Banking had a relatively slow start to the year with a 78.2% Y-o-Y PBT decline, while the Corporate Banking PBT fell 27.0% Y-o-Y due to higher provisions made in 1Q12. Investments PBT grew by 40.4% Y-o-Y to RM170 million.

Consumer Banking operations was the largest contributor to Group PBT at 40% compared to 36% in FY11. Markets contribution to Group PBT jumped to 28% from 19% in FY11. Corporate Banking contributed 18%, Investment Banking at 1%, while Investments contributed 13%.

CIMB Niaga's PBT rose 30.7% Y-o-Y to IDR1,280 billion while its contribution to the Group was 28.3% higher Y-o-Y at RM431 million. CIMB Thai's PBT grew 20.8% to THB353 million but after GAAP and FRS139 adjustments, its contribution to the Group was 73.5% lower at RM10 million. Total non-Malaysian PBT increased to 43% in 1Q12 from 38% in FY11.

The Group's total gross loans expanded 10.5% Y-o-Y. Excluding the declining bad bank loan book, the Group's total gross loans increased by 11.8% Y-o-Y. Within the Consumer segment, mortgages, term loans, credit cards and the Group's micro lending grew by 12.6%, 7.5%, 8.0% and 33.6% respectively Y-o-Y. Commercial banking loans were 18.3% higher Y-o-Y while auto loans rose 3%. The Group's overall net interest margins were marginally lower at 3.04% from 3.08% last year.

Total Group deposits grew by 13.7% Y-o-Y driven by a 15.6% expansion in retail deposits. Corporate and Treasury deposits were 11.1% higher Y-o-Y. Geographically, the deposit growth was strongest in Thailand at 25.3% from a low base, while Malaysian deposits expanded at 15.2%. Indonesia and Singapore deposits grew 6.2% and 13.0% respectively Y-o-Y. The Group's CASA ratio fell slightly to 34.2% from 34.6% last year.

Total loan impairment for the Group stood at RM144 million in 1Q12, a significant rise from the RM6 million in 1Q11, which included substantial write-backs and recoveries. The Group's total annualised credit charge was 0.30% in line with the 0.31% full year target. The Group's gross impairment ratio continued to improve to 4.8% for 1Q12 from 5.1% as at end-2011 and 5.9% as at 1Q11, with an impairment allowance coverage of 81.3%. The Group's cost to income ratio improved to 55.1% compared to 56.2% in 1Q11.

CIMB Bank's risk weighted capital ratio stood at 15.9% while its Tier 1 capital ratio stood at 13.9% as at 31 March 2012 (after inclusion of 1Q12 net profits). CIMB Group's double leverage and gearing stood at 118.1% and 20.2% respectively as at end-March 2012.

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

The Group's 1Q12 revenues of RM3.255 billion were 3.7% lower than 4Q11, translating to a 10.8% Q-o-Q net profit decline to RM1.011 billion. Net interest income was 0.3% lower while non-interest income was 9.1% lower Q-o-Q.

The Group's Consumer Banking PBT increased 33.2% Q-o-Q underlined by the 42.1% growth in Malaysia, where provision write-backs was partially offset by higher overhead expenses. Indonesia consumer PBT contribution was 4.3% higher, while Singapore and Thailand remain small contributors. Wholesale Banking PBT was 20.2% higher Q-o-Q with Corporate Banking (+27.7% Q-o-Q) and Markets (+21.4% Q-o-Q) making up for the slower Investment Banking performance. PBT from Investments were 64.2% lower Q-o-Q due to a large gain on deconsolidation of investment in CIMB Aviva in 4Q11.

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

On 26 April 2012, CIMB Niaga reported a 1Q12 net profit of IDR937 billion, a 28.7% Y-o-Y growth, with a 1Q12 net ROE of 20.0%. The improved performance was attributed to the strong loan growth, substantially higher non-interest income from Markets operations offset by higher overhead expenses and pre-emptive provisions. On a sequential basis, the 1Q12 net profit was 17.7% higher than 4Q11.

CIMB Niaga's gross loans grew 18.3% Y-o-Y for 1Q12 mainly driven by continued growth at the corporate and business banking segments. The Gross NPL of 2.7% as at end-March 2012 was an improvement from the 2.9% in 1Q11 but higher versus 4Q11. CIMB Niaga's loan loss coverage (based on BI definition) stood at 106.9% as at end-1Q12 compared to 107.4% as at end-1Q11.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 12.3% and 15.5% respectively as at 31 March 2012.

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

On 19 April 2012, CIMB Thai announced a 1Q12 net profit of THB344 million, a 22.2% improvement from the THB282 million in 1Q11. Sequentially, CIMB Thai's net profit declined by 25.2% owing to a THB1.009 billion windfall gain being share of recoveries from legacy bad loans managed by Thai Asset Management Corp, which was partly used to increase provisions following the national flood disaster. The annualised loan loss charge was 0.5% for 1Q12 while the loan loss coverage ratio declined to 71.1% from 98.4% at end-1Q11. For the 3-month period, CIMB Thai chalked revenue of THB1.817 billion, a 14.3% Y-o-Y increase.

As at 31 March 2012, CIMB Thai's Tier 1 capital and risk weighted capital ratios were at 7.6% and 11.9% respectively. CIMB Thai's net NPL ratio rose to 2.3% from 1.9% as at the previous corresponding period.

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

CIMB Islamic's Y-o-Y PBT decreased 13.3% to RM127 million in view of lower Islamic capital market activities. CIMB Islamic's gross financing assets grew 21.8% Y-o-Y, accounting for 15.3% of total Group loans. Total deposits grew by 37.6% Y-o-Y to RM30.8 billion.

## 7) Outlook

“Despite the heightened downside risk to the global economy and markets, we remain optimistic that we will be able to achieve our targets for 2012. Our deal pipeline is strong and we believe that we can mitigate the expected slower growth in consumer lending across the region by improving liability management and improving non-interest income,” said Dato’ Sri Nazir.

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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 which will raise up to THB4.895 billion. The exercise was approved at the AGM and is pending approval from the Ministry of Finance.

#### 2) Mergers and Acquisitions

- On 15 February 2012, CIMB Securities International (“CSI”) completed 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% of SSEC.
- 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 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).

#### 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.