



**FOR IMMEDIATE RELEASE**

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## **BCHB Announces 9M'08 Net Profit of RM1.633bn**

### **1) Summary**

Bumiputra-Commerce Holdings Berhad Group ("BCHB Group") today reported a net profit of RM1.633billion for 9M'08. Net profit fell by 29.2% on a year on year basis, but excluding gain on disposal of interest in subsidiaries, net profit rose by 1.5% as 9M'07 earnings included a total of RM715.2million in gains from sale of several subsidiary companies. Annualised net ROE for 9M'08 was 13.8% and net earnings per share for 9 months was at 48.8 sen.

For 3Q'08, net profit was RM448million. Comparing 3Q'08 against 3Q'07, there was a fall of 56.6% in net profits but an 11.1% increase in net profits excluding gains from sale of subsidiaries. Comparing against 2Q'08, net profit fell by 31.1% from RM650million reflecting the sharp contrast in the capital market environment.

"In 3Q'08, our capital markets businesses were subject to the most testing operating environment since the Asian Financial Crisis of 1997/1998. The international and domestic securities markets witnessed unprecedented gyrations in price movements coupled with low levels of liquidity and investor confidence. In this context, we regard our financial performance for 3Q'08 as testament to our conservative approach to market risk management and the success of our consumer bank transformation efforts over the past 3 years," said Dato Sri' Nazir Razak, BCHB Group CEO.

### **2) BCHB Group Y o Y Results**

For 9M'08 revenues were lower than 9M'07 by 7.4% but PBT was higher by 0.8% if we exclude the gain on sale of subsidiaries. As a reflection of the change in complexion of the Group's earnings, PBT of the Malaysian consumer bank contributed 22.6% of total PBT, compared to a negative 1.6% for 9M'07.

Investment banking and Treasury and Investments contribution was 27.8% and 36.0% compared to 37.0% and 44.0% in 9M'07. Bank Niaga's contribution was flat at 13.1% of the Group's PBT.

The Group's total loans grew by 10.5% over the last 12 months. Malaysian consumer and corporate loans grew by 12.9% and 0.4% respectively. Mortgages, credit cards and the Group's micro credit lending grew by 27.8%, 33.0% and 63.5% respectively over the year. Business loans contracted by 2.9% while hire purchase loans grew by 3.0%. Bank Niaga's loans grew by 31.1% in IDR terms (26.0% in RM terms). Total Group deposits grew 18.0% with domestic retail deposits growing 23.6% from a year ago.

The Group's loan loss provisions fell by 47.4% from RM1.01billion to RM532.0million. Specific provisions declined by an impressive 63.2% while general provisions rose by 44.3% in line with the higher loan book. The Group continued to show improvements in asset quality indicators with a lower net NPL ratio of 3.1% from 4.5% as at 30<sup>th</sup> September 2007. Loan loss coverage also improved to 76.6% as at 30<sup>th</sup> September 2008, up from 65.1% a year ago. Overhead expenses declined by 2.8% year on year.

CIMB Bank's core capital ratio and risk weighted capital ratio remain robust at 9.46% and 14.19% as at 30<sup>th</sup> September 2008, comfortably ahead of our targetted ratios of 8.0% and 12.0% respectively. BCHB's double leverage and gearing stood at 117.5% and 38.7% as at 30<sup>th</sup> September 2008, well within the company's targetted ratios.

### **3) BCHB Group Q on Q Results**

For 3Q'08, revenue and profit before tax ("PBT") were down on quarter by 22.0% and 39.6% respectively to RM1.683billion and RM572million. Net earnings per share of 13.5 sen was down 30.1% from 2Q'08.

The Group's Malaysian consumer banking business PBT was down marginally 1.3% on quarter. PBT of Corporate and Investment Banking and Treasury and Investments were down 11.8% and 76.6% respectively while Bank Niaga's PBT was down 11.4% (14.6% fall in IDR terms).

### **4) Market Shares**

In terms of market shares, CIMB-GK in Singapore maintained its no.1 position in corporate advisory. In Indonesia CIMB-GK ranked 4<sup>th</sup> in stockbroking and primary bonds. In Malaysia, CIMB Investment Bank remained no. 1 in M&A, primary bonds and stockbroking and no.3 in IPOs. CIMB Islamic continued to

lead in domestic and global Islamic Investment Banking league tables. CIMB Bank's share of preferred products such as mortgages, retail deposits and credit cards has improved while its share of hire purchase and business loans has declined marginally.

## **5) CIMB Niaga Results**

Bank CIMB Niaga on 23<sup>rd</sup> October 2008 reported a net profit of IDR162billion and IDR590billion for 3Q'08 and 9M'08 respectively. Annualised net ROE was 15.67% for 9M'08. Net profits were down 27% over the quarter and flat on year.

Loans growth was 31.1% and 3.2% on year and on quarter respectively driven by corporate and business banking. Gross NPL ratio declined to 2.9% from 4.7% a year ago while net NPL ratio declined to 2.1% from 3.2%. Loan loss coverage as at end September 2008 was 68.9%.

## **6) Significant Corporate Developments in 3Q'08**

### **6.1 Streamlining of business**

On 22<sup>nd</sup> October 2008, BCHB Group completed the disposal of its 100% equity interest in SBB Securities to HLG Credit Sdn Bhd. The proposed disposal of certain assets, liabilities and fund management business of Southern Investment Bank Berhad to HLG Credit is pending vesting order.

### **6.2 Mergers and Acquisitions**

(a) On 2<sup>nd</sup> June, 2008, BCHB announced the signing of the agreement for the merger between PT Bank Niaga and PT Bank Lippo. Approvals for the merger have been obtained from Bapepam, Bank Negara Malaysia, Securities Commission, Bursa Securities and shareholders of Bank Niaga, Bank Lippo and BCHB. Approvals from Bank Indonesia and Ministry of Justice, Indonesia were obtained on 15<sup>th</sup> October and 22<sup>nd</sup> October respectively. Legal Day 1 which is the official first date of the Merger was 1<sup>st</sup> November.

(b) On 20<sup>th</sup> June 2008, CIMB Group entered into a Share Purchase Agreement ("SPA") to purchase approximately 42.13% of BankThai for a total cash consideration of approximately Baht5,904.9million (or RM577.4million) and a Tender Offer for the remaining shares in BankThai which assuming the maximum take-up amounts to Baht8,112.0million (or RM793.2million). Approval was granted by Thailand's Ministry of Finance and Ministry of Commerce on 9<sup>th</sup> October and 22<sup>nd</sup> October respectively for the acquisition and Tender

Offer. The acquisition of 42.13% stake from the Financial Institutions Development Fund was completed on 5<sup>th</sup> November 2008 and we anticipate that the Tender Offer will complete in 1Q'09.

### 6.3 Capital Management

- (a) BCHB has bought back 48.507million BCHB shares at an average price of RM 9.24 for year to date to 30<sup>th</sup> September 2008.
- (b) On 9<sup>th</sup> September 2008, Commerce International Group Berhad and PT Bank CIMB Niaga Tbk, completed the acquisition of the entire equity in PT Asuransi Jiwa John Hancock Indonesia for a cash consideration of IDR76,472million (equivalent to approximately RM28.2million).
- (c) On 24<sup>th</sup> September 2008, BCHB announced that CIMB Bank has successfully raised RM1.0billion Innovative Tier 1 Capital.
- (d) On 3<sup>rd</sup> November 2008, BCHB announced that TPG Capital will invest up to US\$ 150million in BCHB by subscribing to a private offering of bond-warrants. Under the subscription agreement, TPG will subscribe for to US\$ 150million worth of 2-year senior unsecured bonds of a BCHB subsidiary, CIMB Bank (L) Limited. TPG will receive approximately 50million warrants to purchase ordinary shares of BCHB at a strike price of RM10 per share, exercisable at any time over a five year period.

### 7) Outlook

“We will continue to witness extraordinary capital market conditions for the rest of the year as global finance remains in crisis. Nevertheless, we think that our capital markets businesses will be able to perform better in 4Q than 3Q and that our consumer transformation momentum can offset headwinds from a slowing economy. However, from this point our 2008 KPI target of 16% ROE now appears extremely challenging and we are likely to fall a little short,” concluded Dato Sri' Nazir.

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