

CIMB Group announces RM3.41 billion Net Profit for 9M17

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for immediate release

- Record quarterly operating income of RM4.42 billion in 3Q17
- 9M17 PBT improved 24.6% Y-o-Y to RM4.57 billion underpinned by an 11.6% increase in operating income and lower provisions
- 26.0% Y-o-Y growth in 9M17 net profit to RM3.41 billion with annualised ROE of 9.8%
- Cost-to-Income ratio improved to 52.1% for 9M17 (*cf.* 54.6% in 9M16) with continuous cost management discipline
- Loan growth of 7.0% Y-o-Y led by Consumer Banking
- Strengthened Group CET1 ratio to 12.0% as of 30 September 2017

1) Summary

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) today reported a Profit Before Tax (“PBT”) of RM4.57 billion for the first 9 months of 2017 (“9M17”). On a year-on-year (“Y-o-Y”) basis, the Group’s 9M17 operating income expanded 11.6%, translating to a 17.9% Y-o-Y improvement in Pre-Provision Operating Profit (“PPOP”) and a 26.0% Y-o-Y growth in Net Profit to RM3.41 billion. The 9M17 net Earnings Per Share (“EPS”) stood at 38.1 sen, while the annualised 9M17 net Return On average Equity (“ROE”) was 9.8%.

“We are continuing to show good progress across the Group, recording our highest ever quarterly operating income of RM4.42 billion in 3Q17, and generating a 26.0% Y-o-Y growth in 9M17 net profit. The improved performance was underpinned by positive net interest margins, gradually declining provisions and healthier capital market activity. In particular, our Consumer Banking franchise in Malaysia and Thailand, as well as Investment and Corporate Banking activities contributed to the respectable results for the quarter,” said Tengku Dato’ Sri Zafrul Aziz, Group Chief Executive, CIMB Group.

2) CIMB Group 9M17 Y-o-Y Results

CIMB Group’s 9M17 operating income grew 11.6% Y-o-Y to RM13.11 billion largely driven by a 11.2% growth in non-interest income in line with better capital market activity and improved fee income. 9M17 net interest income rose 11.7% from loans growth and improved Net Interest Margin (“NIM”). Operating expenses was 6.3% higher Y-o-Y but only rose 2.9% after excluding foreign currency translation effects, with the Group’s sustained cost management efforts. The positive JAW brought about the 17.9% improvement in the Group’s PPOP. The Group’s PBT was 24.6% higher at RM4.57 billion, with loan provisions declining 0.3% Y-o-Y.

The Group’s Regional Consumer Bank PBT was 10.8% higher Y-o-Y in 9M17 at RM1.92 billion, making up 42% of Group PBT. Revenue growth was underpinned by a strong non-

interest income performance while operating costs were under control and normalising provisions. The Regional Commercial Banking PBT declined by 14.2% Y-o-Y as the revenue expansion from strong non-interest income growth was offset by higher provisions. The Group's Regional Wholesale Banking PBT improved 64.6% Y-o-Y to RM1.85 billion from a combination of increased capital market activity, loans growth and lower provisions. Group Asset Management and Investments ("GAMI") PBT was 51.0% lower Y-o-Y without the equity accounting of the Bank of Yingkou, pending completion of its proposed sale. Group Funding PBT was 44.9% higher Y-o-Y from lower funding costs and FX translation gains.

PBT by Segments (RM 'mil)	9M17	9M16	Y-o-Y
Consumer Banking	1,915	1,728	10.8%
Commercial Banking	278	324	(14.2%)
Wholesale Banking	1,845	1,121	64.6%
Corporate Banking	1,126	569	97.9%
Treasury & Markets	658	520	26.5%
Investment Banking	61	32	90.6%
GAMI	95	194	(51.0%)
Group Funding	442	305	44.9%

Non-Malaysia PBT contribution to the Group rose to 33% in 9M17 compared to 25% in 9M16. Indonesia's PBT expanded by 67.1% Y-o-Y to RM966 million in tandem with the improving financial performance at CIMB Niaga. Thailand's PBT contribution of RM194 million was 33.8% higher Y-o-Y arising from lower provisions and operating expenses. Total PBT contribution from Singapore was 45.2% higher at RM289 million on the back of improved revenues.

Gross Loans (RM 'bil)	Sep-17	Sep-16	Y-o-Y
Consumer Banking	166.1	155.5	6.8%
Commercial Banking	43.0	39.6	8.6%
Wholesale Banking	113.6	106.5	6.7%
Total *	322.7	301.6	7.0%

By Geography	Y-o-Y
Malaysia	8.5%
Indonesia ^	2.7%
Thailand ^	0.1%
Singapore ^	7.7%
Others **	2.1%
Group ^^	6.4%

Deposits (RM 'bil)	Sep-17	Sep-16	Y-o-Y
Consumer Banking	166.4	145.6	14.3%
Commercial Banking	45.3	45.1	0.4%
Wholesale Banking	142.3	148.2	(4.0%)
Total	354.0	338.9	4.5%

By Geography	Y-o-Y
Malaysia	10.6%
Indonesia ^	4.8%
Thailand ^	(3.5%)
Singapore ^	(6.9%)
Others **	(36.6%)
Group ^^	4.0%

Notes:

* Gross loans excludes bad bank

^ In local currency

** Including Labuan, London, Cambodia, Hong Kong & Shanghai

^^ Excluding FX fluctuations

The Group's total gross loans (excluding the bad bank) grew by 7.0% Y-o-Y, while total deposits grew 4.5% Y-o-Y. The Group's Loan to Deposit Ratio ("LDR") stood at 92.0% compared to 89.8% in 9M16.

The Group's gross impairment ratio stood at 3.5% as at end-September 2017, with an allowance coverage of 72.4%. The Group's Cost-to-Income ratio improved to 52.1% compared with 54.6% in 9M16, in line with stronger revenues and sustained cost management. The Group's NIM improved to 2.67% for 9M17 from better liability management across all countries.

Key Operating Ratios (%)	9M17	9M16
Loan to Deposit (LDR)	92.0	89.8
Gross Impaired Loans Ratio	3.5	3.2
Allowance Coverage	72.4	83.5
Cost-to-Income	52.1	54.6
NIM ~**	2.67	2.61

Notes: ** Daily Average
~ Annualised

As at 30 September 2017, CIMB Group's total capital ratio stood at 16.6% while the Common Equity Tier 1 ("CET1") capital ratio rose to 12.0%.

3) CIMB Group 3Q17 Q-o-Q Performance

On a quarter-on-quarter ("Q-o-Q") basis, 3Q17 operating income was 2.2% higher at RM4.42 billion buoyed by the 13.6% growth in non-interest income and partially offset by a 2.2% decline in net interest income. Consumer Banking PBT was 13.2% higher Q-o-Q largely due to a better performance in all countries. Regional Commercial Banking PBT declined by 69.2% Q-o-Q from lower revenue and increased provisions in 3Q17. Wholesale Banking PBT increased by 18.8% Q-o-Q mainly due to the better capital markets in 3Q17, lower operating expenses and loan provisions. GAMI PBT was 86.5% lower Q-o-Q due to the absence of investment gains and higher impairment, while Group Funding PBT increased by 24.4% due to higher FX gains. The Group's 3Q17 net profit was 2.6% higher Q-o-Q at RM1.13 billion owing to increased operating income and lower provisions.

PBT by Segments (RM 'mil)	3Q17	2Q17	3Q16	Q-o-Q	Y-o-Y
Consumer Banking	719	635	527	13.2%	36.4%
Commercial Banking	32	104	85	(69.2%)	(62.4%)
Wholesale Banking	607	511	421	18.8%	44.2%
Corporate Banking	345	308	219	12.0%	57.5%
Treasury & Markets	212	192	156	10.4%	35.9%
Investment Banking	50	11	46	354.5%	8.7%
GAMI	7	52	57	(86.5%)	(87.7%)
Group Funding	163	131	270	24.4%	(39.6%)

4) CIMB Islamic

CIMB Islamic's 9M17 Y-o-Y PBT increased by 6.5% to RM577 million driven by the strong 14.5% operating income growth which was partially offset by increased impairments due to provision writebacks in 9M16. CIMB Islamic's gross financing assets increased by 22.9% Y-o-Y to RM53.8 billion, accounting for 16.5% of total Group loans. Total deposits increased by 17.6% Y-o-Y to RM60.7 billion.

5) Outlook

"We remain on track to meet our key financial targets for 2017. Whilst the trajectory of regional economies is generally positive and capital market activity is picking up gradually, we maintain our cautiously optimistic outlook and are mindful of keeping tight controls over asset quality and cost across all businesses. We are also pleased to have received our full banking licence to operate in the Philippines, which marks the completion of our ASEAN footprint," said Tengku Zafrul.

If you require further information, please contact:

Suria Zainal
Head
Group Corporate Communications
Group CEO's Office
CIMB Group Holdings Berhad
Tel: +603 - 2261 0638
Email: suriawati.zainal@cimb.com

APPENDIX

Significant Corporate Developments in 2017

1) Capital Management

- On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB2,752,747,964 via a proposed 2-for-9 rights issue of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1.00 per share. The exercise was completed on 8 June 2017 and CIMB Thai Bank successfully raised a total capital of THB5.5 billion. Subsequent to the completion of the exercise, CIMB Bank's shareholding in CIMB Thai increased from 93.71% to 94.11% following subscription of excess shares not taken up by the minority shareholders.
- On 28 April 2017, CIMB Group issued and allotted 183,726,322 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY16. The new shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2017.
- On 10 November 2017, CIMB Group issued and allotted 173,436,944 new CIMB Group shares pursuant to the DRS arising from the First Interim Dividend announcement for FY17. The new shares were listed and quoted on the Main Market of Bursa Securities on 13 November 2017.
- On 8 July 2017, CIMB Niaga redeemed the IDR1,380,000 million unsecured subordinated notes on its maturity date.
- On 18 September 2017, CIMB Islamic Bank redeemed its RM300 million Basel II Tier-2 Junior Sukuk on its first optional redemption date.
- On 9 November 2017, CIMB Bank Thai exercised the option for the early redemption of its THB3,000 million unsecured subordinated debentures, maturing on 9 November 2022.

2) Mergers and Acquisitions

- On 6 June 2017, CIMB Group signed a conditional Share Purchase Agreement with China Galaxy International Financial Holdings Limited ("CGI") for the sale of 50% interest in CIMB Securities International Pte Ltd ("CSI") for approximately SGD167 million (equivalent to RM515 million). CSI is the holding company for the cash equities business in Singapore, Indonesia, Thailand, Hong Kong, India, South Korea, United Kingdom and United States of America. On 6 September 2017, CIMB Group Sdn Bhd signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities for RM55 million cash. The proposed acquisition is in connection with the proposed partnership with CGI, wherein Jupiter Securities shall be the platform for the partnership's Malaysia operations.

- On 30 December 2016, CIMB Bank proposed to dispose of a 18.21% stake in the Bank of Yingkou Co. Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million) to Shanghai Guozhjie Investment Development Co. Ltd. On 26 September 2017, the China Banking Regulatory Commission approved the proposed divestment.
- On 24 July 2017, CIMB Group's 52.22% subsidiary Touch 'n Go Sdn Bhd ("TNG") entered into an Investment Agreement with Alipay Singapore E-Commerce Pte Ltd, a subsidiary of Ant Financial Services Group, to form a JV, in which TNG will be the majority shareholder, to launch a new mobile platform for payments and other related financial services in Malaysia. On 8 November 2017, BNM approved the incorporation of TNG Digital Sdn Bhd, which is intended to be the JV entity.
- On 16 November 2017, CIMB Bank received approval from the Monetary Board of the Bangko Sentral ng Pilipinas to establish and operate a branch in the Republic of the Philippines. The first retail branch is expected to be fully operational by 4Q18.

3) Others

- On 21 February 2017, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa3 and P-3 respectively. The outlook was revised from stable to positive due to a change in outlook on Indonesia's Baa3 sovereign rating from stable to positive.
- On 3 April 2017, Fitch Ratings reaffirmed CIMB Thai's long-term and short-term national rating at AA(tha) and F1+(tha) respectively. The outlook is stable.
- On 10 April 2017, CIMB Group announced the appointment of Olivier Crespin as the Chief FinTech Officer. On 22 June 2017, CIMB Group announced the appointment of Ramesh Narayanaswamy as Group Chief Information and Operations Officer. On 23 October 2017, CIMB Group announced the appointment of Effendy Shahul Hamid as CEO of Group Commercial Banking effective 1 November 2017, replacing Yong Jiunn Run.
- On 20 April 2017, RAM assigned an AAA/Stable rating to CIMB Bank's proposed RM20 billion MTN Programme. The outlook is stable.
- On 14 June 2017, Moody's reaffirmed CIMB Thai's long-term and short-term foreign currency deposits ratings at Baa2 and P-2 respectively. The outlook is stable.
- On 7 July 2017, RAM reaffirmed CIMB Thai's long-term and short-term financial institution ratings at AA2 and P1 respectively. Also, RAM reaffirmed CIMB Thai's RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme at AA3. The outlook is stable.
- On 11 August 2017, Moody's reaffirmed CIMB Investment Bank's long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.

- On 24 August 2017, Fitch Ratings reaffirmed CIMB Niaga’s long-term and short-term issuer default ratings at BBB and F3, as well as long-term and short-term national ratings at AAA(idn) and F1+(idn). The outlook is stable.
- On 20 September 2017, The Bank of Tokyo-Mitsubishi UFJ (“BTMU”) sold its entire stake of 412 million shares (equivalent to a 4.6% stake) as part of the Mitsubishi UFJ Financial Group’s (“MUFG”) strategic global masterplan.
- On 16 October 2017, S&P reaffirmed CIMB Bank’s and CIMB Investment Bank’s long-term and short-term issuer credit ratings at A- and A-2 respectively. The outlook for all is stable.
- On 17 October 2017, Moody’s reaffirmed CIMB Bank’s long term and short term foreign currency deposits ratings at A3 and P-2 respectively. Moody’s also reaffirmed CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 23 October 2017, Moody’s reaffirmed CIMB Islamic Bank’s long term and short term foreign currency deposits ratings at A3 and P-2 respectively. The outlook is stable.