

CIMB's FY17 PBT up 25.1% to a record RM6.11 billion

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for immediate release

- Record operating income of RM17.63 billion (+9.7% Y-o-Y)
- FY17 PBT improved 25.1% Y-o-Y to RM6.11 billion underpinned by growth in operating income and improved cost management
- 25.6% Y-o-Y growth in FY17 net profit to RM4.48 billion with annualised ROE of 9.6%
- Cost-to-Income ratio improved to 51.8% for FY17 (cf. 53.9% in FY16)
- Group CET1 ratio strengthened to 12.2% as of 31 December 2017
- Second interim dividend of 12.00 sen per share or 51.0% payout ratio declared for FY17

1) Summary

CIMB Group Holdings Berhad ("CIMB Group" or the "Group") today reported a Profit Before Tax ("PBT") of RM6.11 billion for financial year 2017 ("FY17"). On a year-on-year ("Y-o-Y") basis, the Group's FY17 operating income expanded 9.7%, translating to a 14.6% Y-o-Y improvement in Pre-Provision Operating Profit ("PPOP") and a 25.6% Y-o-Y growth in Net Profit to RM4.48 billion. The FY17 net Earnings Per Share ("EPS") stood at 49.6 sen with a net Return On average Equity ("ROE") of 9.6%. The Group declared a second interim net dividend of 12.00 sen per share to be paid via cash or an optional Dividend Reinvestment Scheme ("DRS"). For FY17, the total dividend amounted to 25.00 sen or RM2.28 billion, translating to a dividend payout ratio of 51.0% of FY17 profits.

"We are pleased to have met our key financial targets for 2017 and to report our highest ever PBT of RM6.11 billion, an increase of 25.1% Y-o-Y, on the back of record operating income of RM17.63 billion, continued cost discipline and lower provisions. Both Wholesale and Consumer Banking had a good year, posting PBT growth of 53.0% and 11.8% respectively. Our Commercial Banking performance was tempered by higher-than-expected provisions in Singapore and Thailand, although Malaysia performed well. CIMB Niaga's PBT increased by 45.7% and CIMB Thai returned to profitability," said Tengku Dato' Sri Zafrul Aziz, Group CEO, CIMB Group.

"Our Cost-to-Income ratio came in at 51.8%, while our CET1 strengthened to 12.2% following sustained capital management efforts. We have declared a 12.00 sen second interim dividend, representing a 51.0% payout ratio for FY17," continued Tengku Zafrul.

2) CIMB Group FY17 Performance

CIMB Group's FY17 operating income grew 9.7% Y-o-Y to RM17.63 billion largely driven by a 12.8% growth in non-interest income, in line with better capital market activity and improved fee income and an 8.4% growth in net interest income. Operating expenses rose 5.6% Y-o-Y but was only 3.4% higher after excluding foreign currency translation effects as

the Group sustained its cost management efforts. The positive JAW brought about the 14.6% improvement in the Group's PPOP. The Group's PBT was 25.1% higher at RM6.11 billion, with loan provisions declining 7.4% Y-o-Y.

The Group's Regional Consumer Bank PBT was 11.8% higher Y-o-Y in FY17 at RM2.57 billion, making up 42% of Group PBT. Revenue growth was underpinned by a strong non-interest income performance and net interest income from loans and deposits growth, with sustained cost management. The Regional Commercial Banking PBT declined by 18.1% 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 53.0% Y-o-Y to RM2.57 billion from a combination of increased capital market activity, loans growth and lower provisions. Group Asset Management and Investments ("GAMI") PBT was 39.4% lower Y-o-Y following the disposal of the Bank of Yingkou. Group Funding PBT was 50.5% higher Y-o-Y from lower funding costs and FX translation gains.

Profit and Loss Summary (RM 'mil)	FY17	FY16	Y-o-Y
Operating Income	17,626	16,065	9.7%
Overhead expenses	(9,133)	(8,651)	5.6%
PPOP	8,493	7,414	14.6%
PBT	6,110	4,884	25.1%
Net profit	4,475	3,564	25.6%

PBT by Segments (RM 'mil)	FY17	FY16	Y-o-Y
Consumer Banking	2,567	2,296	11.8%
Commercial Banking	236	288	(18.1%)
Wholesale Banking	2,567	1,678	53.0%
Corporate Banking	1,585	984	61.1%
Treasury & Markets	841	651	29.2%
Investment Banking	141	43	227.9%
GAMI	132	218	(39.4%)
Group Funding	608	404	50.5%

Non-Malaysia PBT contribution to the Group rose to 31% in FY17 compared to 22% in FY16. Indonesia's PBT expanded by 48.5% Y-o-Y to RM1.37 billion in tandem with the improving financial performance at CIMB Niaga. Thailand's PBT contribution of RM184 million increased by 1,214.3% Y-o-Y arising from lower provisions. Total PBT contribution from Singapore was 46.9% higher at RM354 million on the back of improved revenues.

Gross Loans (RM 'bil)	Dec-17	Dec-16	Y-o-Y
Consumer Banking	167.6	161.1	4.0%
Commercial Banking	43.0	41.7	3.1%
Wholesale Banking	110.7	117.7	(5.9%)
Total *	321.3	320.5	0.2%

By Geography	Y-o-Y
Malaysia	6.5%
Indonesia ^	2.8%
Thailand ^	2.9%
Singapore ^	(2.7%)
Others **	(11.8%)
Group ^^	3.1%

Deposits (RM 'bil)	Dec-17	Dec-16	Y-o-Y
Consumer Banking	164.8	151.0	9.1%
Commercial Banking	45.8	45.4	0.9%
Wholesale Banking	146.4	142.1	3.0%
Total	357.0	338.5	5.5%

By Geography	Y-o-Y
Malaysia	12.4%
Indonesia ^	4.8%
Thailand ^	(3.4%)
Singapore ^	2.5%
Others **	(4.8%)
Group ^^	8.0%

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 0.2% Y-o-Y (+3.1% excluding FX effects), while total deposits grew 5.5% Y-o-Y. The Group's Loan to Deposit Ratio ("LDR") stood at 90.8% compared to 95.6% in FY16.

The Group's gross impairment ratio stood at 3.4% as at end-December 2017, with an allowance coverage of 70.5%. The Group's Cost-to-Income Ratio improved to 51.8% compared with 53.9% in FY16, in line with stronger revenues and sustained cost management. The Group's Net Interest Margin ("NIM") was unchanged at 2.63% in line with continued liability management.

Key Operating Ratios (%)	FY17	FY16
Loan to Deposit (LDR)	90.8	95.6
Gross Impaired Loans Ratio	3.4	3.3
Allowance Coverage	70.5	79.8
Cost-to-Income	51.8	53.9
NIM ~**	2.63	2.63

Notes: ** Daily Average

~ Annualised

As at 31 December 2017, CIMB Group's total capital ratio stood at 16.5% while the Common Equity Tier 1 ("CET1") capital ratio strengthened to 12.2%.

3) CIMB Group 4Q17 Performance

Profit and Loss Summary (RM 'mil)	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y
Operating Income	4,515	4,423	4,313	2.1%	4.7%
Overhead expenses	(2,307)	(2,267)	(2,230)	1.8%	3.5%
PPOP	2,208	2,156	2,083	2.4%	6.0%
PBT	1,535	1,528	1,212	0.5%	26.7%
Net profit	1,060	1,132	854	(6.4%)	24.1%

On a quarter-on-quarter (“Q-o-Q”) basis, 4Q17 operating income was 2.1% higher at RM4.52 billion buoyed by the 10.7% growth in non-interest income and partially offset by a 1.8% decline in net interest income. Consumer Banking PBT was 9.3% lower Q-o-Q largely due to a better performance in 3Q17. Regional Commercial Banking PBT declined by 231.3% Q-o-Q from increased provisions. Wholesale Banking PBT increased by 18.9% Q-o-Q mainly due to the better capital markets in 4Q17 and lower loan provisions. GAMI PBT was 428.6% higher Q-o-Q due to better performance in private markets, while Group Funding PBT increased by 1.8% due to lower funding costs. The Group’s 4Q17 net profit was 6.4% lower Q-o-Q at RM1.06 billion owing to higher other provisions.

On a Y-o-Y basis, the 4.7% operating income growth in 4Q17 was underpinned by the 17.3% improvement in non-interest income. Consumer Banking PBT grew 14.8% Y-o-Y from lower provisions in Indonesia. Regional Commercial Banking PBT was 16.7% lower Y-o-Y from higher provisions. Wholesale Banking PBT increased by 29.6% Y-o-Y owing to improved performance across all business units given the better capital markets. GAMI PBT was 54.2% higher Y-o-Y due to better performance in public markets, while Group Funding PBT rose 67.7% from lower funding costs. The Group’s 4Q17 net profit grew 24.1% Y-o-Y to RM1.06 billion from the better overall performance.

PBT by Segments (RM 'mil)	4Q17	3Q17	4Q16	Q-o-Q	Y-o-Y
Consumer Banking	652	719	568	(9.3%)	14.8%
Commercial Banking	(42)	32	(36)	(231.3%)	(16.7%)
Wholesale Banking	722	607	557	18.9%	29.6%
Corporate Banking	459	345	415	33.0%	10.6%
Treasury & Markets	183	212	131	(13.7%)	39.7%
Investment Banking	80	50	11	60.0%	627.3%
GAMI	37	7	24	428.6%	54.2%
Group Funding	166	163	99	1.8%	67.7%

4) CIMB Islamic

CIMB Islamic's FY17 PBT increased by 12.2% Y-o-Y to RM813 million, driven by the strong 18.3% operating income growth which was partially offset by increased impairments due to provision writebacks in FY16. CIMB Islamic's gross financing assets increased by 21.9% Y-o-Y to RM57.8 billion, accounting for 17.8% of total Group loans. Total deposits increased by 22.9% Y-o-Y to RM64.9 billion.

5) Outlook

"We are optimistic about 2018 and confident of achieving our T18 targets, on the back of continued momentum in Malaysia and the expectation of further improvement in loan growth and asset quality across Indonesia, Thailand and Singapore. This year will also see us complete our presence in all 10 ASEAN countries with our first branch opening in the Philippines by end-2018. We are also excited to launch our digital banking proposition in Vietnam in 1H18. We strongly believe that these, coupled with our strengthened foundation, strategic partnerships and extensive ASEAN network will help us deliver real value to all our stakeholders and further entrench CIMB's position as a leading ASEAN universal bank," continued Tengku Zafrul.

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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 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.
- 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 30 November 2017, CIMB Bank completed an issuance of RM1,500 million Basel 3-compliant Tier 2 Subordinated Debt back to back with CIMB Group to replace the redemption of the RM1,500 million Basel 2 Tier 2 Subordinated debt at CIMB Bank.
- On 23 March 2017, CIMB Bank completed the capital injection of USD12.5 million into new ordinary shares of CIMB Bank PLC. On 15 December 2017, CIMB Bank injected USD6.2 million into CIMB Bank PLC. CIMB Bank PLC obtained the approval from National Bank of Cambodia and Ministry of Commerce on the registration of its share capital on 19 January 2018 and 13 February 2018 respectively.
- On 28 December 2017, CIMB Islamic completed an issuance of RM300 million Tier-2 Junior Sukuk due on 28 December 2027.

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”). 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 18 January 2018, the disposal of the 50% interest in CSI was completed for approximately SGD167 million (approximately RM500 million) based on a multiple of 1.3x the consolidated net asset value of CSI.
- 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 19 December 2017, the proposed divestment was completed.
- 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 the JV entity, TNG Digital Sdn Bhd. On 8 January 2018, the JV entity received BNM approval to operate and offer mobile e-wallet services in Malaysia.
- 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.
- On 11 January 2018, CIMB Group Sdn Bhd entered into sale and purchase agreements to divest 20% of CIMB-Principal Asset Management Bhd and 10% of CIMB-Principal Islamic Asset Management to Principal Financial Group for RM470.3 million. CIMB Group will retain 40% ownership in both entities.

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 13 June 2017, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa3 and P-3 respectively. The outlook is positive.
- 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 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.
- On 20 November 2017, MARC's reaffirmed CIMB Islamic Bank's long term and short term foreign financial institution ratings of AAA/MARC-1 and concurrently affirms its AA+IS rating on the RM5.0 billion Basel III-compliant Tier 2 Junior Sukuk Programme and RM2.0 billion Tier 2 Sukuk Programme
- On 20 November 2017, MARC's reaffirmed its financial institution rating on CIMB Bank Berhad at AAA/MARC-1 with stable outlook. Concurrently, MARC has affirmed its corporate debt ratings on CIMB Bank's existing subordinated debt and hybrid securities.

- On 18 December 2017, RAM assigned an AAA/Stable rating to CIMB Islamic's proposed RM10.0 billion Sukuk Wakalah Programme. Concurrently, RAM reaffirmed the Bank's AAA/Stable/P1 financial institution ratings.
- On 22 December 2017, RAM reaffirmed CIMB Bank's AAA/Stable/P1 financial institution ratings and the issue ratings of its debt instruments. Concurrently RAM reaffirmed CIMB Group's AA1/Stable/P1 corporate credit ratings and the issue ratings of its debt instruments.
- On 22 December 2017, RAM reaffirmed CIMB Investment Bank's AAA/Stable/P1 financial institution ratings.
- On 29 January 2018, Moody's reaffirmed CIMB Investment Bank's long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.