



CIMB Group achieves 1H22 Core PBT of RM4.26 billion; declares first interim dividend of 13.00 sen per share

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for immediate release

- 1H22 operating income grew 2.7% YoY to RM9.62 billion, with NII up by 3.8% to RM7.22 billion whilst NOII marginally declined to RM2.40 billion due to weaker trading income arising from challenging investment environment.
- Total gross loans and deposits strong growth momentum continued, recording 6.8% and 5.7%, YoY increase respectively underpinned by key markets and business segments. Total CASA grew strongly by 7.3% YoY, resulting in a CASA ratio of 42.3% as at end Jun-22.
- Cost-to-income ratio improved by 40bps YoY to 46.5% in 1H22, driven by continued strong cost controls with operating expenses rising only 1.7% YoY to RM4.47 billion.
- The stronger operating income, stringent cost controls and lower provisions across key markets led to an improved core 1H22 profit before tax of RM4.26 billion and net profit of RM3.10 billion, with core annualised return on average equity (“ROE”) of 10.4%.
- Capital position remains strong with CET1 ratio standing at 14.1% as at end Jun-22, as compared to 13.5% recorded at end Jun-21. Interim dividends increased, at 13.00 sen per share, amounting to RM1.36 billion.
- The Group is on track to exceed FY22 targets across all profitability metrics.

Kuala Lumpur: CIMB Group Holdings Berhad (“CIMB Group” or “the Group”) today announced a core¹ profit before tax (“PBT”) of RM4.26 billion for the first half ended 30 June 2022 (“1H22”), compared to RM3.62 billion in the first half ended 30 June 2021 (“1H21”). Core net profit increased by 18.4% to RM3.10 billion from RM2.62 billion in the preceding year. The positive performance was driven by higher operating income, contained cost escalation as well as lower provisions across key markets.

This translated to earnings per share (“EPS”) of 30.0 sen and a core annualised 1H22 return on average equity (“ROE”) of 10.4%. Accordingly, the Group has proposed the first interim dividend of 13.00 sen per share this year, comprising 2.60 sen in cash and 10.40 sen in Dividend Reinvestment Scheme (“DRS”). This amounts to RM1.36 billion, resulting in a dividend payout ratio of 50%, which is in line with the Group’s dividend policy.

1H22 operating income was up by 2.7% YoY to RM9.62 billion. Out of this, net interest income (“NII”) grew by 3.8% to RM7.22 billion largely from strong loan growth despite a slight contraction in net interest margin (“NIM”) YoY. This was partially offset by a marginal decline in non-interest income (“NOII”) YoY to RM2.4 billion, due to weaker trading and foreign exchange income arising from the challenging investment environment. However, NOII expanded 1.9% QoQ due to increased fees and commission, as well as non-performing loan (“NPL”) recoveries.

¹ Core figures exclude all one-off non-recurring exceptional items.



Total gross loan and deposit growth momentum continued, driven by key markets and business segments. Total CASA expanded by 7.3%, which in turn improved the CASA ratio from 41.6% in Jun-21 to 42.3% in Jun-22.

The Group's cost-to-income ratio ("CIR") recorded an improvement YoY to 46.5%, with core operating expenses increasing only 1.7% to RM4.47 billion in 1H22 due to higher marketing expenses and planned technology investments. Accordingly, the Group's core pre-provisioning operating profit ("PPOP") strengthened to RM5.15 billion, up 3.5% YoY.

On a reported basis, which includes one-off non-recurring exceptional items, CIMB Group's operating income and net profit declined by 8.6% and 23.5% YoY to RM9.62 billion and RM2.71 billion, respectively. This was mainly due to the one-off revaluation gain of RM1.16 billion recorded on the deconsolidation of TNG Digital in 1Q21, as well as the higher impact from Cukai Makmur. This translates to a reported ROE of 9.1% in 1H22.

Compared with 2Q21, the Group's operating income was higher by 5.7% on the back of strong asset growth, mainly from Consumer and Corporate Malaysia. This, together with lower provisions, resulted in a PBT growth of 17.5% YoY.

CIMB Group's capital remains strong with its Common Equity Tier 1 ("CET1") ratio at 14.1% as at Jun-22 from 13.5% as at Jun-21.

Dato' Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, "Strong topline growth, continued cost discipline and lower provisions across all businesses and markets have contributed to the positive performance in 1H22. We are seeing an upward trend on our loans and deposits which recorded healthy growth of 6.8% and 5.7%, respectively as efforts to reshape our portfolio are starting to crystallise."

"We are positive on the resilience of our businesses across key markets with the Group's healthy liquidity and capital positions, which will continue to support our business growth and withstand any market volatility. We are also pleased to see our ongoing efforts under the Forward23+ strategic plan continue showing positive outcomes. Indonesia and Thailand, in particular have seen strong traction in business performance, enabling the Group to benefit from our ASEAN diversification," Dato' Abdul Rahman added.

Gross Loans and Deposits

CIMB Group's total gross loans increased by 6.8% to RM394.3 billion YoY while total deposits grew by 5.7% YoY to RM444.3 billion. The Group registered a loan-to-deposit ("LDR") ratio of 88.7% as at Jun-22, an improvement of 1.5% from 87.2% in the preceding quarter. Additionally, CASA continued to improve by 7.3% YoY, with CASA ratio recording 42.3% as at Jun-22.

Asset Quality

Total provisions decreased by 35.7% YoY to RM906 million. The decline was due to writebacks from Commercial Singapore, lower COVID-19 related provisions in Malaysia and lower underlying Consumer provisions. This led to an improved 1H22 annualised loan loss charge of 41bps.

The Group's allowance coverage stood at 99.6%, with the gross impaired loans ("GIL") ratio recording 3.5%.

Capital and Liquidity Management

The Group remains well-capitalised with its CET1 ratio maintained comfortably above target at 14.1% as at Jun-22, compared to 13.5% as at Jun-21. Total capital ratio stood at 17.8% as at Jun-22. The liquidity coverage ratio ("LCR") remains well above the regulatory requirement of 100% for all banking entities within the Group.

Segment Performance

Group Consumer Banking 1H22 operating income grew by 4.7% YoY whilst PBT grew by 26.7% driven by growth in PPOP and lower provisions. Both NII and NOII increased by 4.7% YoY. Consumer loans grew by 8.4% YoY driven by all core markets, while deposits grew by 3.9% YoY from sustained CASA growth in Malaysia, Indonesia, and Thailand.

Group Commercial Banking 1H22 operating income grew by 4.5% YoY whilst PBT improved by 29.0% mainly driven by an overall improvement across the business. NII increased by 2.4%, while NOII increased by 15.1% from higher fees and trading income in Malaysia and Singapore. Commercial loans grew by 5.1%, while deposits grew by 8.9%.

Group Wholesale Banking 1H22 operating income increased by 2.4% YoY while PBT grew by 27.8% driven by lower corporate provisions in Malaysia and Indonesia, as well as writebacks of derivatives exposures. NII increased by 3.8% YoY, while NOII declined marginally due to the challenging capital markets environment. Wholesale loans recorded a 5.1% increase, while deposits grew by 6.2%.

CIMB Digital Assets & Group Funding 1H22 core operating income declined by 10.7% YoY, whilst core PBT contracted by 38.2% due to lower NOII and higher operating expenses. NII grew by 2.6% but core NOII declined 46.9% due to lower realised gains in the fixed income portfolio in line with rising bond yields. The Group's digital businesses continue to grow strongly with CIMB Philippines reaching 5.7 million customers as at Jun-22, up 46.2% YoY, and a deposit book of RM1.42 billion, up 29.1% YoY. TNG Digital continued to maintain momentum, reaching 17.9 million registered users and 690,000 merchants as at Jun-22.

CIMB Islamic 1H22 operating income grew by 8.0% YoY while PBT also improved by 3.7%. Net financing income ("NFI") grew by 10.4% from sustained growth in financing while non-financing income ("NOFI") declined by 6.3% and provisions were higher from overlays and macroeconomic factors. Islamic financing grew by 15.7%, whilst deposits grew by 8.0%.



Moving Forward

Dato' Abdul Rahman said, "We maintain a cautious stance for the remainder of 2022 due to various macroeconomic headwinds. Nonetheless, we are hopeful of continued economic growth in markets we operate in view of the resumption of economic activity across the region with inflows of investment. We remain confident to achieve positive financial performance and we are currently on track to exceed our FY22 targets across all profitability metrics. The Group will continue to be guided by our Forward23+ strategic plan to strengthen our position to be the leading focused ASEAN bank, building on the positive momentum of our asset growth, contained cost escalation and moderate credit cost."

"Meanwhile, we are committed to continue facilitating and supporting our customers' financial health and resiliency in transitioning towards economic recovery, and at the same time providing complete banking and digital solutions to cater to the needs of all our customers through technology innovations and investments. The recent introduction of the early release of our next generation mobile banking App in Malaysia, CIMB OCTO, is a reflection of our strong commitment in this area."

"In achieving our sustainability aspirations, we have mobilised RM30 billion in sustainable finance under our Green, Social, Sustainable Impact Products and Services ("GSSIPS") framework, two years ahead of target. We are particularly encouraged by this accomplishment as we continue to make a positive change across our ASEAN footprint, while promoting financial services that are aligned to sustainability principles. Emphasising our ambition to be a sustainable leader in the region, we will also be hosting our flagship The Cooler Earth Sustainability Summit, themed '*Facilitating a Just Transition*' this September to shed light and discuss the challenges and urgent action plans required to shape a more sustainable future," he further concluded.

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About CIMB

CIMB is one of ASEAN's leading banking groups and Malaysia's second largest financial services provider, by assets. Listed on Bursa Malaysia via CIMB Group Holdings Berhad, it had a market capitalisation of approximately RM52.0 billion as at 30 June 2022. It offers consumer banking, commercial banking, wholesale banking, transaction banking, Islamic banking and asset management products and services. Headquartered in Kuala Lumpur, the Group is present in all 10 ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Brunei, Vietnam, Myanmar, Laos and Philippines). Beyond ASEAN, the Group has market presence in China, Hong Kong, India, South Korea, the US and UK.

CIMB has one of the most extensive retail branch networks in ASEAN with 621 branches and around 33,000 employees as at 30 June 2022. CIMB's investment banking arm is one of the largest Asia Pacific-based investment banks, which together with its award-winning treasury & markets and corporate banking units comprise the Group's leading wholesale banking franchise. CIMB is also the 92.5% shareholder of Bank CIMB Niaga in Indonesia, and 94.8% shareholder of CIMB Thai in Thailand.

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