

CIMB Group registers stronger 9M22 core PBT of RM6.47 billion; firmly on track to exceed FY22 targets

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for immediate release

- 9M22 core operating income grew strongly by 6.2% YoY to RM14.62 billion, with NII growth of 6.8% to RM11.13 billion and core NOII growth of 4.2% to RM3.49 billion.
- Total gross loans sustained growth momentum across all key markets and business segments, increasing by 9.0% YoY. Deposit growth was tempered at 2.5% YoY.
- Core cost-to-income ratio improved by 160 bps YoY to 46.1% as at 9M22 driven by continued cost controls, with operating expenses rising only 2.8% to RM6.74 billion.
- The strong operating income growth, continued cost discipline and lower provisions contributed to the Group's strong performance in 9M22 with core PBT increasing by 22.9% to RM6.47 billion and core net profit rising by 23.2% to RM4.73 billion.
- Core annualised ROE improved from 9.0% to 10.4%. The Group remains firmly on track to exceed FY22 targets.
- Capital position remains strong with CET1 ratio at 14.1% as at Sep-22, compared to 13.9% as at Sep-21.

Kuala Lumpur: CIMB Group Holdings Berhad ("CIMB Group" or "the Group") today announced a core¹ profit before tax ("PBT") of RM6.47 billion for the nine months ended 30 September 2022 ("9M22"), a 22.9% increase year-on-year ("YoY"). Core net profit increased by 23.2% to RM4.73 billion, translating to core earnings per share ("EPS") of 45.6 sen with core annualised return on average equity ("ROE") improving to 10.4% from 9.0% recorded in 9M21. The strong performance was driven by higher operating income, contained cost escalation as well as lower provisions across key markets.

9M22 core operating income rose 6.2%YoY to RM14.62 billion, with net interest income ("NII") growth of 6.8% largely due to strong loan growth and improvement in net interest margin (NIM) in Malaysia and Singapore. Core non-interest income ("NOII") also recovered, growing by 4.2% YoY to RM3.49 billion driven by stronger fee and commission income and higher non-performing loan ("NPL") recoveries.

CIMB's total gross loans growth momentum continued, rising 9.0% YoY driven by strong demand across key markets and segments in tandem with the growth in regional economies post-pandemic. However, deposits growth was comparatively tempered, growing by 2.5% YoY as spending increased from the reopening of the economy. Total CASA expanded by 2.8% YoY with the CASA ratio sustained at 41.7% as at Sep-22.

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



Continued cost discipline led to core cost-to-income ratio (“CIR”) improving by 160 bps, from 47.7% to 46.1%, with 9M22 core operating expenses rising only 2.8% YoY to RM6.74 billion mainly attributed to technology investments. Accordingly, the Group’s 9M22 core pre-provisioning operating profit (“PPOP”) grew strongly by 9.3% to RM7.87 billion. The Group’s total provisions were also significantly lower by 29.5% YoY due to lower overlays, a decline in non-retail provisions arising from better asset quality, and higher recoveries.

On a reported basis, which includes one-off non-recurring exceptional items, CIMB Group’s 9M22 PBT grew by 32.2% to RM6.35 billion and net profit strengthened by 19.6% to RM4.12 billion. For 9M22, the exceptional items mainly relate to the impact of Cukai Makmur, whilst for 9M21 the exceptional items were predominantly from the RM1.22 billion non-cash write-down in the goodwill value of CIMB Thai. This translates to a reported annualised 9M22 ROE of 9.1%, which is significantly stronger than the 8.3% recorded in 9M21.

For the third quarter ended 30 September 2022 (“3Q22”), the Group reported quarterly PBT of RM2.20 billion and a net profit of RM1.41 billion, compared to the PBT of RM333 million and net loss registered in 3Q21. The strong profit rebound was largely due to significant growth in operating income of 13.7% and the absence of exceptional items in 3Q21 relating primarily to the non-cash write-down in value of CIMB Thai.

CIMB Group’s capital remains strong with a Common Equity Tier 1 (“CET1”) ratio of 14.1% as at Sep-22, from 13.9% as at Sep-21.

Dato’ Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, “Strong operating income driven by loan growth across all businesses and markets, continued cost discipline and lower provisions contributed to the Group’s positive performance in 9M22. This reflects the post-pandemic economic recovery in the regional economies we operate in, as well as the positive momentum from initiatives implemented under our Forward23+ strategic plan in reshaping our portfolio and making focused investments in profitable segments.”

“We also recently announced significant milestones to advance our digital and sustainability ambitions. In August, we introduced our next generation mobile banking app in Malaysia, the CIMB OCTO App which provides a personalised and future-ready customer experience. Currently in its early release version as we take a collaborative approach and incorporate customer feedback, we expect to roll out the full features of CIMB OCTO by mid-2023. In September, we doubled our sustainable finance commitment to RM60 billion by 2024, having achieved the earlier target of RM30 billion two years ahead of plan. Most recently, in order to support the sustainability and viability of small and medium enterprises (“SMEs”), we committed RM30 billion in SME financing by 2024 to help catalyse their economic revitalisation,” Dato’ Abdul Rahman added.

Gross Loans and Deposits

CIMB Group’s 9M22 total gross loans increased by 9.0% to RM406.0 billion YoY whilst total deposits grew by 2.5% YoY to RM451.6 billion. The Group registered an improved loan-to-deposit

(“LDR”) ratio of 89.9% as at Sep-22, compared to 88.7% in the preceding quarter. Additionally, total CASA continued to grow by 2.8% YoY, with a CASA ratio of 41.7% as at Sep-22.

Asset Quality

Total provisions decreased by 29.5% YoY to RM1.42 billion. This was due to a decline in overlays and provisions related to macroeconomic factors (“MEF”) and COVID-19, as well as lower underlying provisions from the Group’s Indonesian Commercial and Wholesale segments.

This led to an improved 9M22 annualised loan loss charge of 43bps as compared to 70bps in 9M21. The Group’s loan loss allowance coverage stood at 99.9%, with a gross impaired loans (“GIL”) ratio of 3.5%.

Capital and Liquidity Management

The Group remains well-capitalised with its CET1 ratio being maintained comfortably above target at 14.1% as at Sep-22, compared to 13.9% as at Sep-21. Total capital ratio stood at 18.1% as at Sep-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 9M22 operating income grew by 8.5% YoY whilst PBT grew by 35.8% driven by loan expansion, improved fee income from core markets and lower provisions. NII and NOII increased by 8.2% and 9.6% respectively YoY. Consumer loans grew by 9.1% YoY driven by all core markets, while deposits grew by 5.1% YoY from sustained CASA growth in Indonesia and Thailand.

Group Commercial Banking 9M22 operating income grew by 5.8% YoY whilst PBT improved by 51.9% due to a sustained improvement across all markets and a 38.8% decrease in provisions. NII increased by 3.6% whilst NOII increased by 16.9%. Commercial loans grew by 7.5%, while deposits grew by 7.8%, contributed by Malaysia and Singapore.

Group Wholesale Banking 9M22 operating income increased by 1.9% YoY while PBT grew by 10.8%, supported by stronger NOII, lower Corporate provisions and writebacks of derivatives exposures. NII showed a marginal decline of 0.3% YoY, which was offset by NOII growth of 6.9%. Wholesale loans recorded a 9.7% increase, while deposits contracted slightly by 2.0%.

CIMB Digital Assets & Group Funding 9M22 core operating income rose by 9.1% YoY, whilst core PBT showed a marginal contraction of 0.4% due to lower NOII due to lower realised gains in the fixed income portfolio in line with rising bond yields and higher operating expenses from expanded operations in digital businesses. The Group’s digital businesses continue to grow strongly with CIMB Philippines reaching 5.9 million customers as at Sep-22, up 31.1% YoY, and



a deposit book of RM1.43 billion, up 23.5% YoY. TNG Digital continued to build on its growth momentum, reaching 18.3 million registered users and 718,000 merchants as at Sep-22.

CIMB Islamic 9M22 operating income grew by 14.5% YoY while PBT also improved by 27.2%. Net financing income (“NFI”) grew by 15.9% from sustained growth in financing while non-financing income (“NOFI”) increased by 6.2% from higher trading income. However, these were partially offset by higher provisions of 11.9%. Islamic financing and deposits rose by 18.7% and 11.7% respectively YoY.

Moving Forward

Dato’ Abdul Rahman said, “We are firmly on track to exceed our FY22 targets as we approach the year-end. Notwithstanding this, we are maintaining our cautious stance for the year ahead as we expect some tapering in loan demand given the rising interest rate environment and intensified competition for deposits in line with economic activity. Accordingly, we will focus on sustaining our deposits franchise with strong emphasis on CASA retention, and build on loan growth judiciously as we focus on managing credit risk. We will also continue to grow targeted segments such as the affluent and wealth management business, transaction banking and our regional ASEAN network business.”

“A key focus area is our investments into technology and operations, and we anticipate investing RM900 million for FY22 to further enhance our digital platforms and strengthen technology resilience. This includes investments related to the implementation of additional security measures, as announced by Bank Negara Malaysia to address scams, which we fully support and have already started introducing progressively to further protect customers.”

“Moving forward, we will maintain our focus and remain guided by our mid-term Forward23+ strategic plan, which we are now almost midway through, in realising our aim to be the leading focused ASEAN bank,” Dato’ Abdul Rahman added.

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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 RM53.7 billion as at 30 September 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 606 branches and around 33,000 employees as at 30 September 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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