

CIMB Group sees positive recovery in FY21 with core net profit of RM4.65 billion; proposes second interim dividend of 12.55 sen per share for 50% annual dividend payout

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for immediate release

- FY21 core¹ operating income of RM18.37 billion, up 8.2% YoY, with NII up 11.5% driven by NIM expansion and loan growth rebounding to 3.3% YoY.
- Total deposits grew by 7.2% YoY, of which CASA expanded by 10.3% resulting in CASA ratio rising to 42.5% as at Dec-21.
- Strong cost controls contributed to improved core cost-to-income ratio of 48.6% for FY21 from 51.7% in FY20, with core operating expenses only rising 1.8% YoY to RM8.94 billion.
- Consequently, the Group recorded strong growth of 14.9% in FY21 core PPOP to RM9.43 billion. This strong underlying operational performance, coupled with the lower provisions recorded, led to core PBT of RM6.35 billion, up 314.7% YoY and core net profit of RM4.65 billion, up 289.3% YoY.
- 4Q21 performance improved YoY as core PBT and core net profit grew by 552.4% and 277.2% respectively due to significantly lower provisions compared to 4Q20 at the peak of the pandemic's economic disruption.
- CET1 ratio rose to a record high of 14.5%² as at Dec-21, from 13.9% as at Sep-21 and 13.3% as at Dec-20, reflecting the Group's capital strength and resilience.
- Proposed second interim dividend of 12.55 sen per share, bringing the total proposed annual dividend to 22.99 sen per share for a payout ratio of 50% of core net profit, in line with the Group's dividend policy.

Kuala Lumpur – CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) announced positive recovery in its performance for the financial year ended 31 December 2021 (“FY21”), registering core¹ net profit of RM4.65 billion, up 289.3% YoY. The Group also recorded core pre-provisioning operating profit (“PPOP”) of RM9.43 billion, an increase of 14.9% YoY, and core profit before tax (“PBT”) of RM6.35 billion, up 314.7% YoY.

The FY21 performance translates to a core annualised return on average equity (“ROE”) of 8.1% and core earnings per share (“EPS”) of 46.4 sen. The Group proposed a second interim dividend of 12.55 sen per share, bringing the proposed annual dividend to 22.99 sen per share for a payout ratio of 50% based on core net profit, in line with the Group's dividend policy.

¹ All figures are core figures unless stated otherwise:

- a) **Core** figures exclude the net impact of all exceptional items recorded in FY21 and deferred tax asset (“DTA”) gain on Cukai Makmur which collectively amount to a post-tax net charge of RM353 million.
- b) **Reported** figures include the net impact of all exceptional items in FY21 and the DTA gain on Cukai Makmur in 4Q21.

² Post CIMBGH's second interim dividend, DRS and includes unaudited profits.



The improved YoY performance was driven by higher operating income with recovery across all segments and markets, and further supported by strong cost controls and significantly lower provisions.

FY21 core operating income improved to RM18.37 billion, up 8.2% from RM16.99 billion compared to the financial year ended 31 December 2020 (“FY20”). Out of this, net interest income (“NII”) grew by 11.5% to RM13.96 billion, largely driven by net interest margin (“NIM”) expansion and rebounding loan growth at 3.3% YoY. However, core non-interest income (“NOII”) was 1.1% lower YoY at RM4.41 billion due to lower trading and FX gains.

Cost remained tightly managed, with core operating expenses rising only 1.8% YoY to RM8.94 billion contributing to the improvement in core cost-to-income ratio (“CIR”) to 48.6% for FY21 from 51.7% in FY20.

Core total provisions decreased by 53.6% YoY to RM3.16 billion from reduced overlays and non-retail provisions. However, provisions remained relatively elevated in the fourth quarter ended 31 December 2021 (“4Q21”) due to overlays and top-up provisions taken on legacy credit accounts impacted by the pandemic.

An expected credit loss (“ECL”) was also taken proactively in 4Q21. As communicated in January 2022, the Group discovered a processing error that was related to a specific third-party financial remittance service, which led to a limited number of customers receiving duplicate credits to their accounts. The Group is pursuing the necessary measures to recover the duplicate payments from the affected customers. In view of the on-going assessment and recovery measures, the Group has prudently provided for the majority of the exposure with an ECL of RM280.9 million in FY21. Depending on the Group’s recovery engagement and outcome with customers, an additional and lower final provision amount may be taken in the first quarter of 2022.

Notwithstanding the provisions, CIMB Group met or exceeded its FY21 targets across all profitability metrics, including ROE, CIR and credit cost/provisions.

The Group remains well-capitalised as it achieved its highest ever common equity tier 1 (“CET1”) ratio of 14.5%² as at Dec-21, from 13.9% as at Sep-21 and 13.3% as at Dec-20, reflecting the Group’s capital strength and resilience.

On a quarterly basis, in 4Q21 CIMB Group registered stronger quarter-on-quarter (“QoQ”) core operating income of RM4.60 billion, 4.8% higher compared to the third quarter ended 31 December 2021 (“3Q21”). However, despite solid operating income growth, 4Q21 core PBT was muted QoQ at RM1.08 billion against 3Q21 due to elevated provisions. In comparison, on a YoY basis, 4Q21 core operating income declined slightly by 1.3%, whilst core PBT grew by 552.4% and core net profit increased by 277.2% due to significantly lower provisions compared to 4Q20 at the peak of the pandemic’s economic disruption.



The Group's reported net profit also rebounded strongly QoQ and YoY in 4Q21, at RM855 million compared to a reported net loss of RM101 million in 3Q21 and net profit of RM215 million in 4Q20 respectively. Similarly, FY21 reported net profit also improved significantly, rising by 259.6% YoY to RM4.30 billion compared to RM1.19 billion in FY20.

The FY21 reported net profit includes the net impact of all exceptional items recognised in FY21 which collectively amount to a post-tax net charge of RM353 million. This comprises among others the non-cash, non-recurring impairment of goodwill on CIMB Thai of RM1.22 billion recorded in 3Q21 and RM481 million in transformational costs, intangible assets write-off and accelerated amortisation incurred for FY21, which were partially offset by the positive gain on the deconsolidation of TNG Digital of RM1.16 billion recorded in 1Q21 and deferred tax asset ("DTA") gain on Cukai Makmur of RM118 million recognised in 4Q21.

Dato' Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group, said, "We are pleased to have ended the year on a strong note, with CIMB Group's performance remaining resilient in FY21 despite the ongoing impact and uncertain recovery surrounding the COVID-19 pandemic. We have seen strong underlying operational performance recovery across all our business segments and geographies, driven by solid growth in operating income, discipline in containing cost escalation and lower provisions as per our target."

"We also made considerable progress on our Forward23+ strategic plan where we were able to meet or exceed all our FY21 profitability targets across ROE, CIR and credit cost/provisions. Whilst loan growth came in slightly below target as we reshaped our portfolio towards our focused investment areas and protect asset quality to improve risk-adjusted returns, we saw positive asset growth momentum in 4Q21. This momentum, along with the more positive economic outlook in 2022, provides confidence in our continued growth trajectory."

"Meanwhile, our digital businesses continued to register healthy growth. Touch 'n Go Digital's registered users increased to 16.8 million, up 10.5% YoY. GO+, the investment offering available in Touch 'n Go eWallet, has also exceeded 2 million investors, with total assets under management ("AUM") growing by 261.8% in 4Q21 to RM492 million as at December 2021. Elsewhere in the region, CIMB Philippines grew its customer base by 64.5% to 5.1 million customers and its deposit book by 75.2% to RM1.29 billion. This makes CIMB Philippines not only a leading digital bank in the Philippines, but also one of the fastest growing digital banks in ASEAN," Dato' Abdul Rahman added.

On the sustainability front, 2021 marked the year in which the Group achieved the 79th percentile ranking within the global banking industry in the S&P Global Corporate Sustainability Assessment ("CSA"), achieving its target of the top quartile by 2024 under its Forward23+ strategic plan three years ahead of target. The S&P Global CSA is used to assess companies for inclusion into the Dow Jones Sustainability Index ("DJSI").

Gross Loans and Deposits

FY21 total gross loans grew by 3.3% YoY, driven by 4.1% growth in Malaysia, 3.9% growth in Indonesia and 4.6% growth in Singapore. Total deposits increased 7.2% YoY whilst CASA continued to grow strongly, up 10.3% YoY, with the CASA ratio reaching 42.5% as at Dec-21. The Group's loan-to-deposit ("LDR") ratio stood at 85.8% as at Dec-21, up by 1.3% from the preceding quarter.

Asset Quality

FY21 core total provisions decreased by 53.6% YoY to RM3.16 billion, mainly due to lower overlays and non-retail provisions.

The Group's allowance coverage rose to 100.2% excluding the regulatory reserve as at end-FY21 compared to 91.6% the previous year, while the gross impaired loans ("GIL") ratio declined marginally to 3.5% as at Dec-21. The annualised loan loss charge improved to 0.73% in FY21 compared to 1.51% in FY20.

Capital and Liquidity Management

The Group remains well-capitalised as it achieved its highest ever CET1 ratio of 14.5%² as at Dec-21, from 13.9% as at Sep-21 and 13.3% as at Dec-20, reflecting the Group's capital strength and resilience. The total capital ratio also strengthened further to 18.3%² as at Dec-21. The Group's liquidity coverage ratio ("LCR") remains comfortably above 100% for all banking entities within the Group.

Segment Performance

Group Consumer Banking FY21 operating income grew by 8.9% YoY whilst PBT grew significantly YoY by 243.9%, supported by the strong income growth on improved NIM and loan growth, as well as lower provisions. NII increased by 7.5% YoY whilst NOII increased by 13.8%. Consumer loans grew healthily by 5.1% YoY, mainly driven by Malaysia, Indonesia and Singapore, whilst CASA grew by 4.5% YoY despite a marginal 0.7% decrease in deposits.

Group Commercial Banking FY21 operating income grew by 6.9% YoY whilst PBT increased significantly due to strong PPOP and lower expected credit losses ("ECL"), with NII growth of 6.3% and NOII growth of 10.4%. PBT also improved on a QoQ basis due to lower provisions and improved NOII. Commercial loans grew slightly by 1.1% YoY underpinned by Malaysia and Singapore, while Indonesia and Thailand contracted in line with our recalibration in those markets. Deposits grew by 10.5%, underpinned by CASA growth of 14.1%.

Group Wholesale Banking FY21 operating income grew by 6.6% YoY whilst PBT also improved significantly, largely attributable to improved Treasury & Markets performance and lower



provisions. NII increased by 9.0% whilst NOII grew by 0.8% YoY. Wholesale loans grew by 1.6% YoY, whilst deposits grew strongly by 14.3%.

CIMB Digital Assets & Group Funding FY21 core operating income increased by 12.3% YoY excluding exceptional items, whilst core PBT also saw a 48.1% improvement supported by higher NII from the absence of the negative impact of rate cuts. NII grew by 75.0%, outpacing a decline in core NOII. Digital businesses including Touch 'n Go Digital and CIMB Philippines continued to register strong momentum.

CIMB Islamic FY21 operating income grew by 24.1% YoY whilst PBT also improved by 110.7%, driven by a robust topline along with lower provisions. Net financing income ("NFI") grew by 27.7% on the back of improved NIM driven by lower funding costs, whilst non-financing income ("NOFI") grew by 4.9%. Islamic financing grew by 6.8% YoY, whilst deposits grew by 10.6%. CIMB Islamic remains the no. 2 Islamic bank in Malaysia by total Islamic assets, deposits and financing.

Moving Forward

Dato' Abdul Rahman said, "While the outlook remains mixed and uncertain due to pandemic related developments such as the Omicron variant, we believe the economies we operate in will show further recovery in 2022 due to the significant progress of vaccination programmes and the opening up of economic activities. We are also hopeful of the progressive migration of customers out of repayment assistance over the year."

"At the same time, we continue to assist those still impacted customers through programmes such as the Financial Management and Resilience Programme ("URUS") together with Agensi Kaunseling dan Pengurusan Kredit ("AKPK") as we remain committed to helping all impacted customers navigate out of this pandemic. Our sound financial position will enable us to continue doing right by our customers as we help the economy and our customers rebuild post-pandemic through our enhanced lending activities.

"Our priority remains on executing our Forward23+ strategic plan to build on our positive growth momentum, supported by a focused approach in making the necessary investments into our areas of growth such as affluent and wealth management, transaction banking and ASEAN network business. A key focus investment area is technology and operations, where we plan to invest close to RM1.20 billion in FY22 as we commit to accelerating our digital transformation and further strengthen our technology and operational resilience. In addition, we will intensify efforts to advance our environmental, social and governance ("ESG") agenda, in line with the Group's commitment to mobilise RM30 billion in sustainable finance by 2024."

"Based on this, the Group's key headline targets for FY22 include core ROE of 8.5 to 9.0%, loan growth of 5.0 to 6.0%, CIR of below 49.0% and maintaining our CET1 ratio above 13.0%. However, we note that our reported ROE performance will likely be sustained at 7.0 to 8.0%, affected by the one-off Cukai Makmur introduced in Malaysia for 2022," he further 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 RM55.3 billion as at 31 December 2021. 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 630 branches and around 33,000 employees as at 31 December 2021. 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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