

CIMB Group records 33.8% growth in FY22 core PBT to RM8.49 billion; proposes all-cash second interim dividend of 13.00 sen per share for 50.5% annual dividend payout

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for immediate release

- FY22 core operating income grew strongly by 8.0% YoY to RM19.84 billion, with NII growth of 8.6% to RM15.16 billion and core NOII growth of 6.0% to RM4.68 billion.
- Total gross loans sustained growth momentum across all key markets and business segments, increasing by 7.7% YoY, whilst total deposits grew by 4.6% YoY.
- Core CIR improved significantly by 210 bps YoY to 46.5%, with core operating expenses rising only 3.2% to RM9.23 billion.
- The strong operating income growth, stringent cost management and lower provisions contributed to the Group's strong performance in FY22 with core PBT increasing by 33.8% to RM8.49 billion and core net profit rising by 33.5% to RM6.21 billion.
- This translates to core annualised ROE improving to 10.2%, with the Group exceeding all of its FY22 targets. Reported ROE was 9.0% based on a reported PBT of RM8.37 billion in FY22.
- Capital position remains strong with CET1 ratio at 14.5% as at Dec-22.
- Proposed all-cash second interim dividend of 13.00 sen per share, bringing the total proposed annual dividend to 26.00 sen per share for a payout ratio of 50.5% of reported net profit, in line with the Group's dividend policy.

Kuala Lumpur: CIMB Group Holdings Berhad ("CIMB Group" or "the Group") today announced strong financial performance with a core¹ profit before tax ("PBT") of RM8.49 billion for the financial year ended 31 December 2022 ("FY22"), a 33.8% increase year-on-year ("YoY"). Core net profit increased by 33.5% to RM6.21 billion, translating to core earnings per share ("EPS") of 59.5 sen with core annualised return on average equity ("ROE") improving to 10.2% from 8.1% recorded in the previous financial year ended 31 December 2021 ("FY21").

The strong performance was driven by stronger operating income from robust loan growth and net interest margin ("NIM") expansion, stringent cost management, and lower provisions from prudent risk management, recoveries and portfolio de-risking.

Accordingly, the Group proposed an all-cash second interim dividend of 13.00 sen per share, bringing the total proposed annual dividend to 26.00 sen per share for a payout ratio of 50.5% based on reported net profit, in line with the Group's dividend policy.

FY22 core operating income rose 8.0% YoY to RM19.84 billion, with net interest income ("NII") growth of 8.6% driven by strong loan growth and improved NIM. Core non-interest income ("NOII")

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



also strengthened, growing by 6.0% YoY to RM4.68 billion from stronger fee income and higher asset recoveries.

CIMB's total gross loan growth momentum continued, rising 7.7% YoY driven by stronger demand across key markets and segments, whilst total deposits grew by 4.6%. However, total CASA contracted slightly by 1.8% YoY from expected attrition in line with post-pandemic economic activity growth, leading to a CASA ratio of 39.9% as at Dec-22.

Core operating expenses rose by only 3.2% YoY to RM9.23 billion, enabling core cost-to-income ratio ("CIR") to improve by 210 bps YoY to a record low of 46.5% in FY22. Accordingly, the Group's core pre-provisioning operating profit ("PPOP") grew strongly by 12.5% to RM10.61 billion from the positive JAW. The Group's total provisions also declined significantly by 31.5% YoY due to lower COVID-19 related provisions, macroeconomic factors ("MEF") and overlays, as well as higher writebacks.

On a reported basis, which includes one-off non-recurring exceptional items, CIMB Group achieved a PBT of RM8.37 billion in FY22, an increase of 44.6%. Similarly, reported net profit rose by 26.7% to RM5.44 billion. For FY22, the exceptional items, which primarily comprised of the impact of Cukai Makmur, intangible assets write-off and accelerated amortisation, amounted to RM766 million. This is in comparison to the RM556 million in exceptional items recorded in FY21 relating to goodwill impairment and intangible assets write-off as well as accelerated amortisation that was partially offset by a gain on the deconsolidation of Touch 'n Go Digital.

This performance translates to a reported annualised FY22 ROE of 9.0%, higher than the 7.5% recorded for FY21.

For the fourth quarter ended 31 December 2022 ("4Q22"), the Group saw 86.9% growth YoY in core PBT to RM2.02 billion and 82.1% growth in core net profit YoY to RM1.48 billion. Similarly, on a reported basis which includes one-off non-recurring exceptional items, CIMB achieved 105.6% growth YoY in quarterly PBT to RM2.02 billion and 55.0% growth in net profit YoY to RM1.33 billion. The strong profit rebound in 4Q22 was supported by reported operating income growth of 13.8% YoY, as well as significantly lower provisions.

Accordingly, CIMB Group's FY22 performance exceeded targets across all profitability metrics, including ROE and CIR. The Group continues to be well capitalised as its Common Equity Tier 1 ("CET1") ratio remained strong at 14.5% as at Dec-22, exceeding its target.

Dato' Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, "We are extremely pleased with the FY22 results. The strong performance is a testament to the progress made under our mid-term Forward23+ strategic plan, where we have been reshaping our portfolio and making focused investments into profitable areas. We achieved meaningful profit growth in our Consumer, Commercial, Wholesale and CIMB Digital Assets & Group Funding segments, as well as our key markets of Malaysia, Indonesia, Singapore and Thailand."

“Accordingly, we were able to exceed all our financial targets for the year, delivering strong PBT growth as well as lowest CIR for the Group. We have also made significant strides in strengthening technology and operational resiliency, investing heavily into this area to further enhance the banking experience and deliver greater digital platform stability.”

“As a purpose-driven organisation, we have been actively driving our ESG agenda in line with our aspiration to be an ASEAN sustainability leader. In 2022, we doubled our sustainable finance target to RM60 billion by 2024, after achieving the earlier commitment of RM30 billion two years ahead of plan and committed RM30 billion in financing to accelerate the revitalisation and continued growth of SMEs by 2024. We also invested close to RM30 million into CSR initiatives as we strive to make positive impacts across the region.”

Gross Loans and Deposits

CIMB Group’s FY22 total gross loans increased by 7.7% to RM407.1 billion YoY whilst total deposits grew by 4.6% to RM460.6 billion. The Group registered a loan-to-deposit (“LDR”) ratio of 88.4% as at Dec-22, compared to 89.9% in the preceding quarter. Total CASA contracted slightly by 1.8% YoY, with a CASA ratio of 39.9% as at Dec-22.

Asset Quality

Total provisions decreased by 31.5% YoY in FY22 to RM2.16 billion. This was due to lower COVID-19 related provisions, macroeconomic factors (“MEF”) and overlays, as well as higher writebacks.

This led to an improved FY22 annualised loan loss charge (“LLC”) of 51bps, significantly lower than the 73bps registered in FY21. The Group’s loan loss allowance coverage stood at 93.1%, with a gross impaired loans (“GIL”) ratio of 3.3%.

Capital and Liquidity Management

The Group remains well-capitalised with its CET1 ratio remaining steady at 14.5% as at Dec-22. Total capital ratio stood at 18.5% as at Dec-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 FY22 operating income grew by 8.3% YoY whilst PBT grew by 42.5% driven by loan growth and NIM expansion. NII and NOII increased by 9.7% and 4.2% respectively YoY. Consumer loans grew by 7.2% YoY driven by all core markets, while deposits grew by 7.3% YoY from higher fixed deposits.

Group Commercial Banking FY22 operating income grew by 7.8% YoY whilst PBT improved by 37.7% due to higher operating income and lower provisions. NII increased by 7.1% from loan



growth, higher NIM and strong CASA franchise performance, whilst NOII increased by 11.3% from higher fees and commissions in Malaysia, Singapore and Thailand. Commercial loans grew by 6.1%, while deposits grew by 11.6% contributed by strong CASA growth.

Group Wholesale Banking FY22 operating income increased by 4.8% YoY while PBT grew by 23.2% driven by improved corporate banking performance and fee income along with lower COVID-19 related provisions. The 3.3% contraction in NII was outpaced by 25.2% growth in NOII. Wholesale loans recorded a 9.3% increase, while deposits were flat YoY.

CIMB Digital Assets & Group Funding FY22 core operating income rose by 17.1% YoY, whilst core PBT rose by 40.2% from better CIMB Digital Assets performance. NII strengthened by 42.9% driven by the Group's digital banks in the Philippines and Vietnam, offsetting weaker NOII from lower realised gains from the fixed income portfolio in line with rising bond yields. The Group's digital businesses continue to grow strongly as TNG Digital reached 9.2 million annual transacting users ("ATU"), a 22.7% increase, and 727,000 merchants as at Dec-22. GO+ investors reached 2.8 million with total assets under management ("AUM") of RM350 million. CIMB Philippines also continues to grow strongly, reaching 6.5 million customers as at Dec-22, up 27.5% YoY, and a deposit book of RM1.68 billion, up 30.3% YoY.

CIMB Islamic FY22 operating income grew by 13.1% YoY while PBT also improved by 9.0%. Net financing income ("NFI") grew by 14.2% due to sustained financing growth while non-financing income ("NOFI") rose by 5.8% from stronger fee income. Islamic financing and deposits grew strongly by 19.4% and 9.0% respectively YoY.

Moving Forward

Dato' Abdul Rahman said, "Going into 2023, we anticipate continuing macroeconomic uncertainty, underpinned by the elevated interest rate environment and intensified competition for deposits. We remain guided by our Forward23+ strategic plan, which was first introduced in 2020 and is now at its midway point with strong positive momentum towards meeting our FY24 financial targets and ambition to be the leading focused ASEAN bank. In view of this, we will continue to focus on growing targeted segments, maintaining cost discipline and managing risk prudently as we continue to support our customers and clients across ASEAN."

"Among our focus segments are our affluent and wealth management business with particular focus on growing our deposits and CASA franchise, transaction banking and regional ASEAN network business. We will also leverage the growing interest and demand among clients for sustainable and Islamic finance solutions, areas in which CIMB has built a strong track record having pioneered various landmark transactions and innovative offerings over the past few years."

"In addition, we will continue to ramp up investments into technology and operations, with planned expenditure of up to RM1 billion in 2023 to further digitise as well as enhance our digital capabilities and operational resiliency. This includes investments to further strengthen banking security in support of the collective effort by Bank Negara Malaysia along with the banking industry



to combat scams. In supporting this agenda, we have implemented several enhanced security measures such as migration to single registered mobile banking device, moving from SMS TACs to SecureTAC authorisation for transactions of RM100 and above, and implementing a self-service 'kill switch' feature in our mobile banking apps, with additional measures to be rolled out this year," 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 RM61.9 billion as at 31 December 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 the 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 604 branches and around 33,000 employees as at 31 December 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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