

CIMB Group records sustained 9M23 PBT growth to reach RM7.21 billion; on track to meet FY23 targets

Thursday, 30 November 2023

for immediate release

- 9M23 operating income grew strongly at 7.0% to RM15.64 billion, driven by strong NOII growth of 35.0% to RM4.71 billion. NII growth remained muted YoY due to NIM compression.
- Total gross loans increased by 6.4% YoY underpinned by growth across countries and segments, while deposits continued its growth trajectory, increasing by 8.6% YoY.
- Cost-to-income ratio stood at 46.3% as at 9M23, marginally higher YoY due to cost inflationary pressures. 9M23 total provisions declined 15.9% YoY reflecting a moderated credit environment and improvement in asset quality.
- The strong operating income growth, continued cost discipline and lower provisions contributed to the Group's strong performance in 9M23 with PBT increasing by 13.5% to RM7.21 billion and net profit rising by 28.0% to RM5.27 billion.
- This translates to an annualised ROE of 10.7%, a significant improvement from 9.1% recorded in 9M22. The Group remains firmly on track to meet its FY23 targets.
- Capital position remains strong with CET1 ratio at 14.4% as at end Sep-23.

Kuala Lumpur: CIMB Group Holdings Berhad ("CIMB Group" or "the Group") today announced positive financial performance with a profit before tax ("PBT") of RM7.21 billion for the nine months ended 30 September 2023 ("9M23"), a 13.5% increase year-on-year ("YoY"). Net profit increased by 28.0% to reach RM5.27 billion, which translates to earnings per share ("EPS") of 49.4 sen. The annualised return on average equity ("ROE") improved to 10.7% from 9.1% recorded in the previous nine months ended 30 September 2022 ("9M22"). The positive performance was driven by sustained operating income growth and lower provisions as the Group continues to benefit from its diversified ASEAN portfolio.

9M23 operating income increased 7.0% YoY to RM15.64 billion, with net interest income ("NII") dipping slightly by 1.8% YoY, largely due to net interest margin ("NIM") compression. Meanwhile, non-interest income ("NOII") saw robust performance, growing by 35.0% YoY to RM4.71 billion driven by stronger investment and market related income.

CIMB's total gross loans growth momentum continued, rising 6.4% YoY, underpinned by strong demand across markets and segments, whilst deposits grew 8.6% YoY despite persistent competition for deposits in all markets. Total current account saving account ("CASA") balances expanded by 2.1% YoY, bringing about a CASA ratio of 39.2% as at Sep-23.

The Group's cost-to-income ratio ("CIR") was marginally higher YoY at 46.3%, as 9M23 operating expenses rose by 7.4% YoY from cost inflationary pressures. Accordingly, the Group's pre-provisioning operating profit ("PPOP") grew by 6.7% to RM8.40 billion. Total provisions were



significantly lower by 15.9% YoY due to lower consumer provisions given the moderated credit environment and improved asset quality.

For the third quarter ended 30 September 2023 (“3Q23”), the Group reported operating income growth of 6.2% to reach RM5.31 billion compared to 3Q22. This, coupled with lower provisions, led to a 3Q23 PBT of RM2.49 billion and a net profit of RM1.85 billion, representing an increase of 13.2% and 31.3% respectively, compared to 3Q22.

CIMB Group’s capital position remains strong with its Common Equity Tier 1 (“CET1”) ratio improving 30bps YoY to 14.4% as at end Sep-23, exceeding the Group’s FY23 target.

Dato’ Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, “We are pleased with the performance this quarter, despite continued elevated deposit competition in Malaysia. Our ROE continues to improve, driven by our reshaped portfolio and improved credit cost performance. We will continue to strengthen our CASA and deposit franchise, to help moderate the competitive deposit environment and sustain NIM levels.”

“Positive growth momentum was also seen in areas we have invested in, namely Consumer, Commercial in Malaysia and CIMB Digital Assets, and across our key markets of Indonesia and Singapore. This has positioned us to be firmly on track to meet our FY23 targets as we approach the year-end.”

“We have also made significant strides in strengthening technology and operational resiliency, with sustained performance in our platform uptime and accelerated adoption of our new OCTO Mobile App in Malaysia; with close to 500,000 users to date. We will continue investing to further strengthen resiliency and ultimately deliver superior customer experience.”

Gross Loans and Deposits

CIMB Group’s total gross loans as at end Sep-23 increased by 6.4% YoY to RM431.8 billion whilst total deposits grew by 8.6% to RM490.3 billion. The Group registered a loan-to-deposit (“LDR”) ratio of 88.1% as at Sep-23, compared to 87.8% in the preceding quarter. Total CASA increased by 2.1% YoY, with a CASA ratio of 39.2% as at Sep-23.

Asset Quality

Total provisions improved significantly by 28.3% QoQ and 15.9% YoY to RM1.19 billion for 9M23 from lower Consumer provisions given moderated credit environment and improved asset quality. This led to an improved 9M23 annualised loan loss charge (“LLC”) of 32bps. The Group’s loan loss allowance coverage stood at 95.0%, with a gross impaired loans (“GIL”) ratio of 3.2%.

Capital and Liquidity Management

The Group remains well-capitalised with its CET1 ratio improving to 14.4% as at Sep-23. Total capital ratio stood at 17.9% as at Sep-23. 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 9M23 operating income grew marginally YoY whilst PBT grew by 3.1% driven by lower provisions offset by higher operating expenses. NII increased 2.0% YoY mainly from strong loan growth, while NOII declined YoY from lower investment and credit card fees. Consumer loans and deposits grew 6.1% and 17.7% YoY, respectively driven by all core markets.

Group Commercial Banking 9M23 operating income grew by 7.5% YoY whilst PBT improved by 16.0% from the robust topline growth and lower provisions. NII increased by 4.2% from strong loan growth, whilst NOII increased by 22.3% from higher trading and FX income in Singapore, as well as NPL sale gains in Indonesia. Commercial loans grew 6.1% YoY underpinned by growth in all core markets. Deposits growth remained strong at 11.3% YoY.

Group Wholesale Banking 9M23 operating income increased by 6.3% YoY while PBT declined 1.9% YoY due to higher provisions from absence of writebacks. Loan growth recorded 6.8% YoY from core markets, whilst deposits declined 1.3% YoY from Malaysia and Indonesia, while Singapore deposit growth remains strong.

CIMB Digital Assets & Group Funding 9M23 operating income rose by 38.3% YoY, with PBT rising 76.7% YoY from higher investment income, improved CDA performance and lower operating expenses. 3Q23 marked a better CIMB Digital Assets performance driven by CIMB Philippines with expectations of breakeven in FY23. CIMB Philippines has hit 7.4 million customers as at Sep-23 (25.4% YoY) and a deposit book of RM1.85 billion (29.7% YoY). TNG Digital maintained its strong momentum with 11.0 million registered users and 1.16 million merchants.

CIMB Islamic 9M23 operating income grew by 3.0% YoY while PBT improved by 30.4% QoQ, although declining 10.0% YoY, from lower net financing income (“NFI”) and elevated operating expenses and provisions. NFI grew 4.1% QoQ from net financing margin improvement, but declined 3.7% YoY from margin compression, while non financing income (“NOFI”) improved 48.6% YoY driven by fee and commission income. Islamic financing and deposits rose by 13.5% and 9.3% YoY, respectively.



Moving Forward

Dato' Abdul Rahman said, "Notwithstanding the positive performance, we continue to remain cautious given heightened global political risks, coupled with continued elevated interest environment which is likely to lead to a deceleration of global economic growth. As we approach the final year of the Forward23+ strategic plan, we remain focused on enhancing our CASA and deposit franchise, and growing in our targeted segments whilst continuing to keep a close watch on cost and asset quality."

He added, "Among our focus segments are our affluent and wealth management business with particular emphasis on transaction banking and the regional ASEAN network business. We will continue to 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."

"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 September this year, the Group announced that it has more than tripled its sustainable finance target to RM100 billion by 2024 under our Green, Social, Sustainable Impact Products & Services ("GSSIPS") Framework, from its initial RM30 billion target previously announced in 2021. Most recently, we are pleased to be the first Malaysian bank to announce our climate targets for the cement, coal, palm oil and power portfolios where we set out CIMB's 2030 decarbonisation plans for these sectors as part of our 2050 Net Zero targets. With sustainability being a key priority under our Forward23+ strategic plan, CIMB will continue to actively catalyse and drive the adoption of environmentally and socially responsible practices across ASEAN."

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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 RM57.9 billion as at 30 September 2023. 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 eight ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Vietnam, Myanmar and Philippines). Beyond ASEAN, the Group has market presence in China, Hong Kong, South Korea, the US and UK.

CIMB has one of the most extensive retail branch networks in ASEAN with 601 branches and around 33,000 employees as at 30 September 2023. 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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