

## **CIMB FY19 PBT at RM5.97 billion; Dividend payout at 56%, up from 42%**

Friday, 28 February 2020

*for immediate release*

- FY19 PBT at RM5.97 billion, underpinned by stronger operating income and steady loan growth
- Operating income increased to RM17.80 billion, backed by NII growth
- Loan growth up 6.7% YoY, outperforming markets in Malaysia, Thailand and Singapore
- Dividend payout increased significantly to 56% in FY19 (*cf.* 42% in FY18)
- Higher investments in FY19 ensures better footing for future growth and resiliency

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) today reported a Profit Before Tax (“PBT”) of RM5.97 billion for financial year 2019 (“FY19”), translating to a net Earnings Per Share (“EPS”) of 47 sen. This was underpinned by stronger operating income and steady loan growth. The Group declared a second interim net dividend of 12 sen per share to be paid via cash. For FY19, the total dividend amounted to 26 sen per share or RM2.55 billion, translating to a significantly higher dividend payout ratio of 56% (*cf.* 42% in FY18).

Tengku Dato’ Sri Zafrul Aziz, Group CEO, CIMB Group said, “Our FY19 performance came in within our expectations amidst numerous macro challenges. As we had communicated, 2019 would be a year of investments under Forward23 and we are happy to see these investments beginning to bear fruit. We are also pleased that our underlying operating income showed robust growth underpinned by respectable loan growth in Malaysia, Singapore and Thailand. Commercial banking in particular, posted a strong performance, with PBT up 87%, driven partly by its double-digit business loan growth of 12.9% in Malaysia. I am also happy to note that for Malaysia, we are on track in disbursing our RM15-billion allocation to SMEs, and in assisting the B40 through our RM12-billion allocation for financing and related products.”

On a Business-As-Usual (“BAU”) basis, excluding one-off transformational costs in FY19 and the gain from the partial sale of our asset management business<sup>1</sup> in FY18, underlying performance remained strong with the Group’s PBT at RM6.62 billion, representing a 5.5% year-on-year (“YoY”) growth. FY19 operating income grew 8.2% YoY to RM17.80 billion, underpinned by growth in net interest income (“NII”) and non-interest income (“NOII”). NII grew 6.3% YoY to RM12.66 billion from the 6.7% loan growth, while the 12.9% improvement in NOII to RM5.14 billion came largely on the back of improved capital market activity.

Net Interest Margin (“NIM”) was relatively flat at 2.46% (*cf.* 2.50% in FY18), with some compression in Malaysia and Thailand, partially offset by improvement in Indonesia. Loan loss provisions rose 14.5% to RM1.64 billion, equivalent to a loan loss charge of 0.44%. The Group’s BAU FY19 net profit grew by 7.7% YoY to RM5.01 billion, translating to an EPS of 51.7 sen and an annualised BAU Return On average Equity (“ROE”) of 9.3%.

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<sup>1</sup> CIMB-Principal Asset Management (“CPAM”) and CIMB-Principal Islamic Asset Management (“CPIAM”)

The Group's total gross loans grew by 6.7% YoY, with strong growth posted by Thailand (+6.1% vs industry at +3.4%) and Malaysia (+6.0% vs industry at +3.9%). Total deposits were 5.8% higher YoY, contributed by Thailand (+7.5%) and Malaysia (+6.2%). The Loan to Deposit Ratio ("LDR") stood at 92.0% (cf. 91.2% at Dec-18), reflecting a strong liquidity position, with our CASA ratio strengthening to 34.4%. The Group's gross impairment ratio stood at 3.1% as at end-December 2019, with an allowance coverage of 99.6%.

The Group's Commercial Banking PBT rose by 87.1% YoY to RM1.61 billion underpinned by significantly lower provisions and improved operating income. PBT at the Group's Wholesale Banking division increased by 5.1% YoY to RM1.93 billion from stronger operating income, mainly from improved capital market activity which brought about a 14.1% growth in NOI. The OPR cut in Malaysia and increased provisions from MFRS9-related effects had an impact on the Group's Consumer Banking with PBT declining 26.3% YoY to RM1.96 billion in FY19. Group Ventures & Partnerships and Funding ("GVPF") PBT was 22.0% higher YoY due to higher returns from the Group's fixed income portfolio and a higher gain from the sale of the equities business.

CIMB Islamic's FY19 PBT increased by 7.7% YoY to RM1.11 billion, driven by a strong 20.5% growth in operating income and 71.5% lower provisions. CIMB Islamic's gross financing assets rose 11.8% YoY to RM79.4 billion, accounting for 21.5% of the Group's total gross loans. Total deposits (including investment account) increased by 14.1% YoY to RM88.7 billion.

Malaysia saw improved performances at Commercial and Wholesale, offset by weaker Consumer PBT as well as incremental transformational costs. Non-Malaysia PBT contribution to the Group stood at 31% in FY19.

As at 31 December 2019, CIMB Group's total capital ratio stood at 16.8% while the Common Equity Tier 1 ("CET1") capital ratio stood at 12.9%.

"Tangible progress has been made in our Forward23-related investments to future-proof the Group. The year 2020 will be a year of continued investment in our people and technology, to ensure the Group's resilience in an increasingly challenging operating landscape. Moving forward, we remain vigilant given the macroeconomic headwinds, coupled with uncertainties due to the Covid-19 virus. However, we remain cautiously optimistic that in 2H20, the Malaysian economy in particular, will improve from the recently announced stimulus package and other private sector initiatives," concluded Tengku Zafrul. **[END]**

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### About CIMB Group

CIMB Group is one of ASEAN's leading universal banking groups and is Malaysia's second largest financial services provider, by assets. It offers consumer banking, commercial banking, investment 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, Korea, the US and UK.

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CIMB Group has one of the most extensive retail branch networks in ASEAN with 702 branches as at 31 December 2019. The Group's investment banking arm is one of the largest Asia Pacific-based investment banks, while it offers comprehensive research coverage around of 950 stocks in the region via its CGS-CIMB joint venture.

CIMB Group operates its business through three main brand entities, CIMB Bank, CIMB Investment Bank and CIMB Islamic. CIMB Group is also the 92.5% shareholder of Bank CIMB Niaga in Indonesia, and 94.8% shareholder of CIMB Thai in Thailand.

CIMB Group is listed on Bursa Malaysia via CIMB Group Holdings Berhad. It had a market capitalisation of approximately RM51.1 billion as at 31 December 2019. The Group has around 35,000 employees located in 15 countries.

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