

CIMB Group records strong FY23 performance, proposes second interim dividend of 18.50 sen per share and a special dividend of RM747 million as net profit grew 28.3% to RM6.98 billion

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for immediate release

- Robust FY23 operating income growth of 5.9% YoY to RM21.01 billion, driven by stronger NOII which grew 36.5% YoY to RM6.39 billion offsetting challenging NII environment due to continued heightened cost of deposits.
- Total gross loans, deposits and CASA grew strongly, recording 8.3%, 8.1% and 11.5% YoY increase respectively, underpinned by key countries and segments.
- The positive operating income growth and lower provisions across key markets led to the Group recording another year of strong performance in FY23 with PBT increasing by 14.0% YoY to RM9.54 billion and net profit rising 28.3% YoY to RM6.98 billion. This translates to a return on average equity (“ROE”) of 10.7%, a significant improvement to reported FY22 ROE of 9.0%.
- Proposed an all-cash second interim dividend of 18.50 sen per share, bringing total annual interim dividends to 36.00 sen per share. As part of the Group’s capital optimisation strategy, a special dividend of RM747 million or 7.00 sen per share was declared. This translates to a record total dividend payout of RM4.59 billion, providing shareholders with higher returns.
- Post dividend, capital position remains healthy with CET1 ratio sustained at 14.5% as at Dec-23.

Kuala Lumpur: CIMB Group Holdings Berhad (“CIMB Group” or “the Group”) today announced a strong financial performance with net profit increasing by 28.3% to RM6.98 billion for the financial year ended 31 December 2023 (“FY23”), compared to RM5.44 billion in the preceding year. Profit before tax (“PBT”) increased 14.0% YoY to RM9.54 billion, translating to earnings per share (“EPS”) of 65.5 sen with a return on average equity (“ROE”) of 10.7%. This represents a strong improvement from 9.0% reported ROE recorded in the previous financial year ended 31 December 2022 (“FY22”).

The FY23 performance was underpinned by robust operating income growth with solid loan and CASA growth from all core markets, coupled with lower provisions from prudent risk management and recoveries.



Accordingly, the Group proposed an all-cash second interim dividend of 18.50 sen per share, bringing the total proposed annual dividend to 36.00 sen per share for a payout ratio of 55.0%, in line with the Group's dividend policy. In addition, the Group is also proposing a special dividend payout of RM747 million or 7.00 sen per share. This translates to a record total dividend payout of RM4.59 billion for FY23, providing shareholders with higher returns.

FY23 operating income rose 5.9% YoY to RM21.01 billion, driven by non-interest income ("NOII"), which grew strongly by 36.5% to RM6.39 billion from investment and market-related income. This offset the challenging net income margin ("NIM") environment caused by the continued elevated cost of deposits with net interest income ("NII") dipping 3.5% to RM14.63 billion.

CIMB Group's total gross loan growth momentum continued, rising 8.3% YoY driven by stronger demand across targeted key markets and segments, whilst total deposits grew by 8.1% YoY. In addition, total CASA expanded strongly by 11.5% YoY, leading to a CASA ratio of 41.2% as at Dec-23, reflecting the positive impact of the Group's strategy to enhance its CASA franchise.

Cost-to-income ratio ("CIR") was marginally higher YoY at 46.9%, with FY23 operating expenses rising by 6.9% YoY from cost inflation and technology investments. This led to the Group's pre-provisioning operating profit ("PPOP") growing 5.1% to RM11.15 billion. Total provisions declined significantly by 26.4% YoY, attributed to the moderated credit environment and sustained improvement in asset quality from portfolio reshaping.

For the fourth quarter ("4Q23"), the Group recorded a 15.6% increase in PBT to RM2.33 billion and 29.4% growth in net profit to RM1.72 billion compared to the same period in the previous year, driven by overall strong revenue growth in core markets and lower provisions. On a QoQ basis, operating income increased 1.3% from growth in NOII, attributed to higher fees and gain on the sale of CGS-CIMB but partially offset by lower NII from NIM compression in Indonesia. However, operating expenses increased 5.3% from year end accruals whilst provisions rose by 27.9% due to top up consumer overlays in Thailand. Accordingly, PBT was lower 6.5% at RM2.33 billion, and net profit dipped by 7.2%, to RM1.72 billion.

The Group's FY23 results reflect another year of strong performance where it met most of its financial targets. The Group continues to be well capitalised as its Common Equity Tier 1 ("CET1") ratio remained strong at 14.5% as at Dec-23.

Dato' Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, "We are extremely pleased with the FY23 financial performance especially given the challenging industry NIM environment caused by the higher cost of deposits across key markets. This is attributable to the positive impact from the successful execution of our Forward23+ strategic plan particularly in enhancing our CASA franchise and driving our asset quality improvements sustainably. Our diversified ASEAN portfolio continues to be key, which has helped us deliver growth, while mitigating downside risks in weaker markets".

"This strong financial performance has afforded us the ability to optimise capital and declare a higher dividend payout of 55.0%, as well as provide for a special dividend of RM747 million, bringing total dividends for FY23 to RM4.59 billion as a reward to CIMB's shareholders for their continuous support," he further added.

On the sustainability front, 2023 marked the year in which the Group achieved the 88th 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 the Forward23+ strategic plan. The S&P Global CSA is used to assess companies for inclusion into the Dow Jones Sustainability Index ("DJSI").

Gross Loans and Deposits

FY23 total gross loans increased by 8.3% YoY to RM440.9 billion whilst total deposits grew by 8.1% YoY to RM497.7 billion. Total CASA expanded to 11.5% YoY, with a CASA ratio of 41.2% as at Dec-23. The Group registered a loan-to-deposit ("LDR") ratio of 88.6% as at Dec-23, compared to 88.4% in end Dec-22.

Asset Quality

Total provisions decreased by 26.4% YoY to RM1.59 billion from lower Expected Credit Loss ("ECL") in Consumer and Commercial segments. This translates to a loan loss charge ("LLC") of 32bps, improving further from 51bps recorded in FY22 and within the target for the year. The Group's loan loss allowance coverage stood at 97.0%, with a gross impaired loans ("GIL") ratio of 2.7%, compared to 3.3% GIL ratio recorded in FY22.

Capital and Liquidity Management

The Group remains well-capitalised with its CET1 ratio sustained at 14.5% as at Dec-23. Total capital ratio stood at 18.2% as at Dec-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 FY23 operating income grew marginally YoY whilst PBT grew by 8.0% YoY, driven by higher NOII and lower provisions. Consumer loans and deposits grew by 7.4% and 16.5% YoY respectively, driven by all core markets.

Group Commercial Banking FY23 operating income grew by 5.1% YoY whilst PBT improved by 22.6% YoY from robust NOII growth attributed to higher FX income and NPL sale gains in Indonesia, as well as lower provisions in Malaysia and Indonesia. Commercial loans grew by 8.8%, while deposits remained strong at 8.6%, contributed by strong growth in core markets.

Group Wholesale Banking FY23 operating income increased by 5.0% YoY while PBT grew by 2.9% YoY, attributed to the strong 61.9% growth in NOII but partially offset by weaker NII, and higher operating expenses and provisions. Wholesale loans recorded a 9.5% increase YoY, while deposits marginally declined by 0.6% YoY.

CIMB Digital Assets & Group Funding FY23 operating income rose by 33.9% YoY, whilst PBT rose by 33.6% driven by strong investment income, improved CDA performance and gain on sale of CGS-CIMB. The Group’s digital businesses continue to grow strongly with TNG Digital reaching 15.7 million annual transacting users (“ATU”), a 70.7% increase YoY, and 1.3 million merchants as at Dec-23. CIMB Philippines broke even after only four years in operation as per target and is now one of the leading digital banks in ASEAN with more than 7.4 million customers and a deposit book of RM2.09 billion, up 24.0% YoY.

CIMB Islamic FY23 operating income grew by 4.5% YoY while PBT declined by 4.5% YoY from lower net financing income (“NFI”) due to margin compression despite strong Islamic financing growth of 13.8%, and higher provisions. Deposits grew strongly 11.5% YoY.



Moving Forward

Dato' Abdul Rahman said, "Moving into 2024, the Group remains vigilant of the global economic uncertainties due to geopolitical tensions and concerns of slowdown in China, together with continued industry competition for deposits. Our priority remains on completing our Forward23+ strategic plan and delivering on key focus areas, such as affluent and wealth management, strengthening our CASA and deposit franchise, as well as implementing effective balance sheet management to improve NIM regionally."

"Investments into technology and operations to strengthen resiliency and digital platform reliability where we invested close to RM3.44 billion in capital expenditure over the last four years have borne meaningful impact as our digital platforms' availabilities have remained above target and delivered strong growth in digital transactions and revenue. As we develop our strategy beyond Forward23+, our focus now shifts towards accelerating our digital initiatives to transform customer acquisition and experience, structurally reducing cost to operate and deliver sustainable returns from our digital ventures."

"This year, CIMB celebrates 100 years of excellence, innovation, and growth, where we stand proudly at the threshold of the future, ready to embark on the next chapter of our journey, together with our customers and clients as we "Move You Forward, 100 Years and More", concluded Dato' Abdul Rahman.

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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 RM62.4 billion as at 31 December 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 and UK. CIMB has one of the most extensive retail branch networks in ASEAN with 601 branches and around 33,000 employees as at 31



December 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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