



CIMB Group posts positive 1Q22 performance with core PBT of RM2.10 billion; loan growth regained momentum on the back of economic recovery

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for immediate release

- 1Q22 core operating income was sustained YoY and increased by 2.9% QoQ to reach RM4.74 billion, with NII up by 3.8% YoY to RM3.55 billion whilst core NOII declined by 10.9% YoY to RM1.19 billion affected by the weaker investment environment.
- Loan growth regained momentum, increasing by 4.9% on the back of economic recovery positively impacting most markets and segments. Deposit growth was also strong, increasing by 7.0% YoY, driven by CASA growth of 9.9% YoY which translates to a CASA ratio of 43.5% as at end Mar-22.
- Continued strong cost controls led to improvement in cost-to-income ratio to 47.0%, with core operating expenses increasing only marginally by 0.8% YoY to RM2.23 billion.
- Stronger cost controls together with the impact of lower provisions, led to improved YoY performance with core profit before tax rising 17.5% YoY to RM2.10 billion. Core net profit also improved strongly by 16.0% to RM1.55 billion, translating to an annualised return on average equity ("ROE") of 10.5%.
- The Group's capital remained strong with CET1 ratio of 14.5% as at end Mar-22, as compared to 12.9% recorded in end Mar-21.

Kuala Lumpur: CIMB Group Holdings Berhad ("CIMB Group" or "the Group") today announced that the Group achieved a core¹ profit before tax ("PBT") of RM2.10 billion for the first quarter ended 31 March 2022 ("1Q22"), up 17.5% year-on-year ("YoY") from RM1.79 billion recorded in the first quarter ended 31 March 2021 ("1Q21"). The Group sustained its core pre-provisioning operating profit ("PPOP") YoY to reach RM2.51 billion whilst core net profit positively grew by 16.0% YoY to hit RM1.55 billion. The performance translates to a core annualised return on average equity ("ROE") of 10.5% and core earnings per share ("EPS") of 15.2 sen.

1Q22 core operating income was flat YoY but grew 2.9% QoQ reaching RM4.74 billion. Out of this, net interest income ("NII") grew by 3.8% YoY to RM3.55 billion, despite a marginally lower net interest margin ("NIM") of 2.45% mainly due to the Group's Indonesia business. Core non-interest income ("NOII") declined by 10.9% YoY to RM1.19 billion due to weaker global investment environment.

Loan growth regained momentum, increasing by 4.9% YoY on the back of economic recovery positively impacting most markets and segments, especially in Consumer Banking where loans grew 6.9% YoY. Deposits also increased by 7.0% driven by strong CASA growth of 9.9% YoY, which translates to an improvement in CASA ratio from 42.3% recorded in Mar-21 to 43.5% in Mar-22. The Group's capital position remains strong and above target with its common equity tier 1 ("CET1") ratio at 14.5% as at Mar-22, up from 12.9% as at Mar-21 and 14.5% as at Dec-21.

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



The Group's cost-to-income ratio ("CIR") improved to 47.0% compared to 51.6% in 4Q21 and 47.2% in 1Q21 as core operating expenses decreased by 0.8% YoY from continued stringent cost controls. Total provisions also declined significantly by 43.9% YoY from RM756 million recorded in 1Q21 to RM424 million in 1Q22. This was due to improved asset quality on the back of positive migration of customers from repayment assistance programmes, as well as writebacks from the recovery of legacy credits.

On a reported basis that includes one-off non-recurring exceptional items, CIMB Group's operating income and net profit declined by 19.8% and 41.9% YoY to RM4.74 billion and RM1.43 billion respectively. The contraction was mainly due to the revaluation gain of RM1.16 billion on the deconsolidation of TNG Digital in 1Q21 as well as the impact of Cukai Makmur in 1Q22. On a QoQ basis, CIMB recorded stronger performance with reported operating income increasing by 3.3% to RM4.74 billion whilst reported net profit grew by 66.9% QoQ to RM1.43 billion from RM855 million. This translates to a reported ROE in 1Q22 of 9.6%, restoring the Group back to pre-pandemic levels of performance.

Dato' Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, "The strong performance seen in the first quarter is a positive reflection of the economic recovery across our markets, as well as the growing momentum in all segments of our business. Steady topline growth, sustained cost controls and reduction in provisions contributed to improved profitability. This was achieved despite the challenging investment environment as the world adjusts to geopolitical developments which have created macroeconomic headwinds and financial market volatility."

"Our capital and liquidity positions as well as asset quality continue to strengthen, demonstrating the strength and resilience of our business franchise amidst the current operating environment. We are particularly encouraged to see the positive traction in loan growth as the strategy to reshape our portfolio is starting to bear results. At the same time, ongoing cost optimisation efforts have contributed to lower operating expenses and improvement in CIR, notwithstanding higher expenses related to technology and operational investments. We expect to spend RM1 billion in FY22 to drive further digitalisation as well as improve technology and operational resiliency," Dato' Abdul Rahman added.

Gross Loans and Deposits

CIMB Group's total gross loans increased by 4.9% to RM384.7 billion YoY while total deposits grew by 7.0% YoY to RM441.1 billion. The Group registered a loan-to-deposit ("LDR") ratio of 87.2% as at Mar-22, an improvement of 1.4% from 85.8% in the preceding quarter. Moreover, CASA continued to grow steadily by 9.9% YoY, with the CASA ratio growing further to 43.5% as at Mar-22.

Asset Quality

Total provisions decreased by 43.9% YoY to RM424 million. The decline in total provisions was primarily attributable to a 59.9% drop in loan impairments YoY.



The Group's allowance coverage maintained at 102.1%, while the gross impaired loans ("GIL") ratio stood at 3.4%, with an annualised 1Q22 loan loss charge of 34bps.

Capital and Liquidity Management

The Group remains well-capitalised with its CET1 ratio comfortably above target at 14.5% as at Mar-22, compared 12.9% as at Mar-21. Total capital ratio stood at 18.3% as at Mar-22. The liquidity coverage ratio ("LCR") remains comfortably above the regulatory requirement of 100% for all banking entities within the Group.

Segment Performance

Group Consumer Banking 1Q22 operating income grew by 0.8% YoY whilst PBT grew by 17.1% from loan growth in all core markets and higher fee income. NII increased by 4.3% YoY, while NOII saw an 8.8% contraction due to exceptionally strong wealth management income in 1Q21. Consumer loans grew by 6.9% while deposits grew by 1.0%.

Group Commercial Banking 1Q22 operating income grew by 3.3% YoY whilst PBT improved by 51.9% mainly driven by loan expansion and provision writebacks from Singapore. NII increased by 1.4%, while NOII increased by 12.2% from higher fees in Malaysia and Singapore. Commercial loans grew by 2.4% while deposits grew by 10.1%.

Group Wholesale Banking 1Q22 operating income declined marginally by 0.7% YoY while PBT grew by 24.1% due to lower corporate provisions in Malaysia and Indonesia. NII increased by 3.6% YoY, while NOII declined by 8.5% due to trading income volatility. Wholesale loans were higher by 3.0%, while deposits grew strongly by 11.9%.

CIMB Digital Assets & Group Funding 1Q22 core operating income declined by 12.7% YoY, whilst core PBT contracted by 36.6% due to lower NOII and higher operating expenses. NII grew by 7.0% but core NOII declined 56.7% due to lower realised gains in the fixed income portfolio in line with rising bond yields. The Group's digital businesses continue to grow on an upward trajectory with CIMB Philippines capturing 5.5 million customers as at Mar-22, up 57.1% YoY, and a deposit book of RM1.37 billion, up 39.6% YoY. TNG Digital continued to maintain its momentum, reaching 17.3 million registered users and 630,000 merchants as at Mar-22.

CIMB Islamic 1Q22 operating income grew by 7.5% YoY while PBT saw a marginal decrease of 1.1% due to higher non-retail provisions. Net financing income ("NFI") grew by 10.8% from growth in financing while non-financing income ("NOFI") fell by 10.4% due to fluctuations in trading income. Islamic financing grew by 9.5%, whilst deposits grew by 4.8%.



Moving Forward

Dato' Abdul Rahman said, "We hope to see further recovery in economic activities as the countries we operate in continue to open their economies and relax COVID-19 measures as they transition to endemicity. CIMB Group is ideally positioned to support our customers across the region in all business segments and at the same time, continue to strengthen our businesses while adhering to our strategic focus areas."

"We remain optimistic for the remainder of 2022 given the anticipated recovery of regional economies as well as expansion in domestic demand. However, we also remain cautious on the heightened risk of slower economic growth arising from the impact of inflationary pressures and geopolitical uncertainties. We will continue to stay on course with our Forward23+ strategic plan to strengthen our position to be the leading focused ASEAN bank, as we build on the positive momentum of asset growth, contained cost escalation and improved asset quality to deliver sustainable financial returns."

"We have also identified specific focus areas of investments to accelerate our digital transformation where we constantly look at ways to further strengthen our technology and operational resilience. On the environmental, social and governance ("ESG") front, we are on track to achieve our ambition to be an ASEAN sustainability leader, guided by our Green, Social, Sustainable Impact Products and Services ("GSSIPS") framework which cuts across all businesses within the Group to promote sustainable finance across the region," he further concluded.

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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 RM54.5 billion as at 31 March 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 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 621 branches and around 33,000 employees as at 31 March 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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