

CIMB Group announces 9M21 core PBT of RM5.26 billion, indicating continued YoY recovery across all segments and markets

Tuesday, 30 November 2021

for immediate release

- 9M21 core¹ operating income of RM13.77 billion, up 11.7% YoY, with NII up 12.9% driven by improved NIMs and recovering loan growth of 1.6% YoY. Total deposits grew by 5.5%, with CASA increasing by 9.6% for a CASA ratio of 41.5% as at Sep-21.
- Strong cost control continued with core cost-to-income ratio improving to 47.7%, despite a 1.0% increase in core operating expenses to RM6.56 billion.
- Consequently, the Group recorded 9M21 core PPOP of RM7.21 billion, up 23.7% YoY, core PBT of RM5.26 billion, up 285.7% YoY and core net profit of RM3.84 billion, up 291.8% YoY.
- However, the Group experienced weaker quarterly performance with lower 3Q21 core PBT of RM1.64 billion given the impact of restricted activity caused by the Movement Control Order MCO (“MCO”) and modification loss incurred on the repayment assistance programme under the PEMULIH assistance package.
- The Group also registered exceptional expense in 3Q21 which amounted to RM1.31 billion, consisting primarily of the accounting impairment of CIMB Thai’s goodwill of RM1.22 billion, impacting 3Q21 reported¹ PBT. However, this item is non-cash and non-recurring with no impact to CIMB’s liquidity and capital position, and will help optimise the Group’s ROE going forward.
- CET1 ratio rose to a highest recorded 13.9% as at Sep-21, from 13.3% as at Dec-20, reflecting the Group’s resilience and strengthened capital position.

Kuala Lumpur – CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) recorded continued improved performance for the nine months ended 30 September 2021 (“9M21”), with core profit before tax (“PBT”) of RM5.26 billion, up 285.7% year-on-year (“YoY”), and core net profit of RM3.84 billion, up 291.8% YoY. This translates to an annualised 9M21 core return on average equity (“ROE”) of 9.0% and reported earnings per share (“EPS”) of 34.5 sen. The recovery in performance was driven by higher operating income, strong cost containment and significantly lower provisions, with improvements seen across all segments and markets.

9M21 core operating income grew to RM13.77 billion, up 11.7% from RM12.32 billion in the nine months ended 30 September 2020 (“9M20”). Of this, net interest income (“NII”) grew by 12.9% to RM10.42 billion, largely driven by improved net interest margins (“NIM”) in Malaysia and

¹ All figures are core figures unless highlighted as reported:

- a) **Core** figures exclude one-off exceptional items recorded in 9M21, such as the exceptional expense amounting to RM1.31 billion recorded in 3Q21. This consists primarily of a non-cash accounting impairment of goodwill related to the Group’s Thailand business of RM1.22 billion and RM83 million in intangible assets write-off and accelerated amortisation. On a 9M basis, the exceptional expense also offsets the exceptional gain of RM1.16 billion recorded earlier in the year arising from the de-consolidation of Touch ‘n Go Digital.
- b) **Reported** figures include one-off exceptional items.



Indonesia. Core non-interest income (“NOII”) strengthened by 8.2% year-on-year (“YoY”) to RM3.35 billion, driven by stronger treasury and markets and wealth management income despite slower momentum in the third quarter ended 30 September 2021 (“3Q21”).

Cost remained tightly managed, with the Group’s core cost-to-income ratio (“CIR”) improving to 47.7%, below the target CIR of 50.0% and significantly lower than 9M20 CIR of 52.7%, with only a 1.0% increase in core operating expenses. Accordingly, the Group’s core pre-provisioning operating profit (“PPOP”) strengthened by 23.7% YoY to RM7.21 billion.

However, the Group experienced a weaker quarterly performance in 3Q21 on a quarter-on-quarter (“QoQ”) basis against the second quarter ended 30 June 2021 (“2Q21”) due to the impact of restricted activity caused by the Movement Control Order MCO (“MCO”) and modification loss incurred on the repayment assistance programme under the PEMULIH assistance package.

For 3Q21, the Group registered core operating income of RM4.39 billion and core PBT of RM1.64 billion, lower QoQ than 2Q21 core operating income and core PBT of RM4.62 billion and RM1.84 billion respectively. In comparison, on a YoY basis, 3Q21 core operating income was flat against 3Q20 operating income of RM4.41 billion, but improved against 3Q20 PBT of RM454 million.

The Group’s also recognised exceptional expense in 3Q21 amounting to RM1.31 billion, consisting primarily of a non-cash accounting impairment of goodwill related to the Group’s Thailand business of RM1.22 billion and RM83 million in intangible assets write-off and accelerated amortisation. However, this exceptional expense is non-recurring and has no impact to CIMB Group’s liquidity and capital position, and is expected to help optimise the Group’s ROE going forward. On a 9M basis, the exceptional expense also offsets the exceptional gain of RM1.16 billion recorded earlier in the year arising from the de-consolidation of Touch ‘n Go Digital.

Accordingly, including the exceptional expense, the Group recorded 9M21 reported PBT of RM4.81 billion, still higher YoY than 9M20 reported PBT of RM1.36 billion. 3Q21 reported PBT was RM333 million, lower QoQ compared to 2Q21 reported PBT of RM1.58 billion and YoY against 3Q20 PBT of RM454 million.

The Group remains well-capitalised as it achieved its highest ever common equity tier 1 (“CET1”) ratio of 13.9% as at Sep-21, from 13.3% as at Dec-20, reflecting the Group’s resilience and strengthened capital position.

Dato’ Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group, said, “CIMB Group’s performance remained resilient even as the COVID-19 crisis peaked in 3Q21 and governments undertook stricter movement restrictions to manage the pandemic, which affected economic activity. We saw slower QoQ momentum due to modification loss as we expanded our repayment assistance to help affected borrowers under the PEMULIH programme, and lower NOII due to the weaker trading environment and restricted economic activity. However, our 9M21 performance indicates continued strong YoY recovery across all segments and markets as we make good progress towards achieving our FY21 targets.”



“3Q21 also saw an impairment of CIMB Thai goodwill amounting to RM1.22 billion. This impairment has no impact on our capital and liquidity position, and will help optimise our ROE going forward which will benefit shareholders. We remain firmly on track to deliver our FY21 performance targets, which is reflective of our loan growth recovery, stringent cost focus, lower provisions as well as positive traction from initiatives under our Forward23+ strategic plan.”

“Meanwhile, we are pleased to see our digital businesses continue to register healthy growth. Touch ‘n Go Digital’s registered users increased to 16.4 million, adding 300,000 users in 3Q21 alone. GO+, the investment offering available in the Touch ‘n Go eWallet, has also reached 1.6 million investors from 1.2 million investors in the preceding quarter, with total assets under management (“AUM”) of RM136 million as at September 2021. Similarly, in the region, CIMB Philippines reached 4.5 million customers and a deposit book of RM1.16 billion, with over 500,000 customers added in 3Q21,” Dato’ Abdul Rahman said.

Gross Loans and Deposits

9M21 total gross loans grew by 1.6% YoY, driven by 2.5% growth in Malaysia and 3.1% growth in Singapore, which was partially offset by contractions in Thailand and Indonesia. Total deposits increased 5.5% YoY whilst CASA continued to grow strongly, up 9.6% YoY, with the CASA ratio reaching 41.5% as at Sep-21. The Group’s loan-to-deposit (“LDR”) ratio stood at 84.5% as at Sep-21, down by 3.3% from 87.8% in the preceding quarter.

Asset Quality

9M21 core total provisions decreased by 55.7% YoY to RM2.01 billion, mainly due to lower credit-related/significant impairment of assets arising from write backs of back-to-performing loans, as well as lower delinquency.

The Group’s allowance coverage rose to 105.1% as at 3Q21 compared to 102.2% in the preceding quarter, while the gross impaired loans (“GIL”) ratio remained unchanged at 3.4% as at Sep-21. The annualised loan loss charge decreased to 0.62% from 0.68% in the preceding quarter.

Capital and Liquidity Management

The Group remains well-capitalised as it achieved its highest ever CET1 ratio of 13.9% as at Sep-21, from 13.3% as at Dec-20, reflecting the Group’s resilience and strengthened capital position. The total capital ratio also strengthened to 17.7% as at Sep-21. The Group’s liquidity coverage ratio (“LCR”) remains comfortably above 100% for all banking entities within the Group.

Segment Performance

Group Consumer Banking 9M21 operating income grew by 12.3% YoY whilst PBT also saw improvement. NII increased by 9.3% YoY whilst NOII increased by 22.8%, despite a QoQ



decrease due to modification loss and weaker wealth management income respectively in 3Q21. Consumer loans grew healthily by 3.8% YoY, mainly driven by Malaysia, Indonesia and Singapore, whilst CASA grew by 7.5% YoY despite a 2.3% decrease in deposits.

Group Commercial Banking 9M21 operating income grew by 6.5% YoY whilst PBT increased significantly due to strong PPOP and lower expected credit losses (“ECL”), with NII growth of 6.6% and NOII growth of 6.0%. However, on a QoQ basis, PBT declined due to lower NOII and higher provisions. Commercial loans declined by 0.8% YoY from Indonesia, Singapore and Thailand, which was partially offset by growth in Malaysia. Deposits grew by 10.3%, underpinned by CASA growth of 13.3%.

Group Wholesale Banking 9M21 operating income grew by 14.3% YoY whilst PBT also improved significantly, largely attributable to strong NOII growth of 26.9% from improved Treasury & Markets income and lower provisions. NII increased by 9.7% YoY. Wholesale loans declined by 0.5% YoY due to derisking of the balance sheet, whilst deposits grew strongly by 11.6%.

CIMB Digital Assets & Group Funding 9M21 core operating income increased by 12.4% YoY excluding exceptional items, whilst core PBT also saw improvement supported by improved NII and lower Touch ‘n Go Digital losses post-deconsolidation. NII grew by 84.8%, outpacing a decline in core NOII. Digital businesses including Touch ‘n Go Digital and CIMB Philippines continued to register strong momentum.

CIMB Islamic 9M21 operating income grew by 27.5% YoY whilst PBT also improved driven by a robust topline along with lower provisions. Net financing income (“NFI”) grew by 33.7% on the back of improved NIM driven by lower funding costs, whilst non-financing income (“NOFI”) was marginally lower YoY despite improved QoQ performance from fee income. Islamic financing grew by 4.5% YoY, whilst deposits grew by 10.3%. CIMB Islamic remains the no. 2 Islamic bank in Malaysia by total Islamic assets, deposits and financing.

Moving Forward

Dato’ Abdul Rahman said, “As we approach the year end, the Group should see greater momentum in line with the resumption of economic activities regionally, largely owing to the significant progress of countries’ vaccination programmes. Our focused investments under our Forward23+ strategic plan are also tracking well, particularly in reshaping our portfolio and our structural cost initiatives.”

“We continue to make strategic investments into the business, particularly in strengthening our digital capabilities to meet the needs of today’s and tomorrow’s banking customers. An upcoming highlight is the planned rollout of our Next Gen mobile banking app in the first half of FY22. We are also currently in the process of streamlining and enhancing our offerings for Preferred and Private Banking customers to provide a holistic wealth management proposition, including in the Islamic wealth segment.”



“At the same time, we continue to be cautious as a sizeable portion of our portfolio remains under repayment assistance with the PEMULIH programme. Accordingly, we expect FY21 provision levels to remain elevated as we continue to make provision overlays to maintain asset quality. We remain focused on assisting vulnerable borrowers, in particular through the Financial Management and Resilience Programme (“URUS”), a banking industry initiative in collaboration with Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) specially tailored to B50 borrowers. URUS offers a comprehensive solution to borrowers who remain financially affected by the pandemic by helping them to transition out of the various repayment assistance schemes in order to resume their obligations and continue contributing to the economy. CIMB encourages all affected borrowers to reach out to the Bank to discuss any financial relief assistance,” he added.

As of early November 2021, CIMB has processed around 520,000 financial payment relief assistance applications for individual, SME and business banking borrowers, amounting to RM92 billion in total gross loan value. This assistance has an approval rate of virtually 100% and includes the current Payment Assistance Programme, Targeted Assistance Programme and Expanded Targeted Payment Assistance programme offered to borrowers in 2020, but excludes the blanket moratorium in March 2020.

[END]

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 RM47.9 billion as at 30 September 2021. 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 629 branches and around 33,000 employees as at 30 September 2021. 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.

For more information, please contact:

Lynn Guha Thakurta / Hishamuddin Omar
Group Corporate Communications
CIMB Group Holdings Berhad
Email: lynn.thakurta@cimb.com / hishamuddin.omar@cimb.com