



## **CIMB Group posts positive 1Q23 performance with PBT of RM2.24 billion; total loans and deposits continued to demonstrate sustained growth across key markets**

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*for immediate release*

- 1Q23 operating income recorded a 5.5% YoY increase to RM5.0 billion, driven by NOII which grew 24.3% to RM1.48 billion. NII dipped marginally YoY to RM3.52 billion due to heightened cost of deposits but was partially offset by strong loan growth.
- Total gross loans increased by 7.4% YoY with sustained growth momentum across key markets and segments, while deposits growth continued to rise steadily, increasing by 6.1%.
- Cost-to-income ratio improved to 46.9% as at 1Q23 driven by continued cost discipline, with operating expenses rising only 2.9%.
- The sustained operating income growth, coupled with strong cost controls and contained level of provisions, led to improved YoY performance with profit before tax rising 9.2% YoY to RM2.24 billion and net profit growing strongly by 15.3% to RM1.64 billion. This translates to an annualised ROE of 10.3%, representing a strong improvement from 9.6% recorded in 1Q22.
- The Group's capital remained strong with a sustained CET1 ratio of 14.3% as at end Mar-23.

**Kuala Lumpur:** CIMB Group Holdings Berhad ("CIMB Group" or "the Group") today announced that the Group achieved a profit before tax ("PBT") of RM2.24 billion for the first quarter ended 31 March 2023 ("1Q23"), up 9.2% year-on-year ("YoY") from RM2.05 billion recorded in the first quarter ended 31 March 2022 ("1Q22"). The Group's net profit also grew strongly by 15.3% YoY to RM1.64 billion driven by sustained operating income growth, strong cost controls and contained level of provisions. The performance translates to a strong improvement in annualised return on average equity ("ROE") of 10.3%, as compared to 9.6% recorded in 1Q22, and earnings per share ("EPS") of 15.4 sen.

1Q23 operating income rose 5.5% YoY to RM5.0 billion, driven by non-interest income ("NOII") which grew 24.3% YoY to RM1.48 billion, contributed by improved investment, foreign exchange, and other income. However, net interest income ("NII") dipped marginally by 0.8% YoY to RM3.52 billion, due to net interest margin ("NIM") compression caused by heightened deposit competition but was partially offset by strong loan growth momentum.

CIMB's total gross loans increased 7.4% YoY across key markets and segments, especially in Indonesia which grew 10.1% YoY. Deposits also increased by 6.1% YoY, while total CASA declined due to greater consumer spending on the back of post pandemic growth in economic activity, as well as the migration to higher yield term deposit which led to a lower CASA ratio of 37.9%.



The Group's cost-to-income ratio ("CIR") improved YoY to 46.9%, as 1Q23 operating expenses rose 2.9% YoY due to absence of one off non-recurring expenses recorded in prior year. Total provisions were contained, rising only 5.0% to RM445 million despite the absence of recoveries in 1Q22.

On a QoQ basis, operating income contracted 4.3% due to elevated cost of deposits but was partially offset by growth in NOI. However, cost improved 5.8% and provisions were lower by 40.2% due to the absence of accelerated accruals and additional provisions overlays made in 4Q22. Accordingly, PBT and net profit strongly improved by 10.9% and 24.2%, reaching RM2.24 billion and RM1.64 billion, respectively.

The Group's capital position remains strong and above target with its common equity tier 1 ("CET1") ratio at 14.3% as at Mar-23.

Dato' Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group said, "Our positive 1Q23 performance was contributed by robust NOI expansion, strong loan growth momentum across all segments of our business and sustained asset quality and cost discipline. Further, we are pleased with the strong performance and contribution growth from Indonesia, reflecting the positive trajectory and impact of our focused ASEAN strategy."

"Focused execution of initiatives under our Forward23+ strategic plan, particularly on accelerating efforts to expand our CASA and deposits franchise across our target segments remains our key priority as we continue to monitor the heightened deposit competition across all markets. We will maintain a close watch of the current turbulent economic environment posed by the elevated interest rates and inflation by continuing to strengthen our business and operational resiliency, whilst supporting our customers through volatile market conditions," Dato' Abdul Rahman added.

### **Gross Loans and Deposits**

CIMB Group's total gross loans increased by 7.4% YoY to RM413.2 billion and total deposits by 6.1% YoY to RM467.9 billion. The Group registered a loan-to-deposit ("LDR") ratio of 88.3% as at Mar-23, an improvement of 1.1% YoY. Total CASA declined by 7.6% YoY whilst CASA ratio contracted to 37.9% YoY from attrition on the back of increased economic activity and fixed deposit ("FD") migration.

### **Asset Quality**

Total provisions increased by 5.0% to RM445 million due absence of recoveries from Singapore but decreased by 40.2% QoQ from lower overlays.

The Group's allowance coverage stood at 94.2%, whilst the gross impaired loan ("GIL") ratio was steady at 3.2%, with an annualised 1Q23 loan loss charge of 37bps.



## **Capital and Liquidity Management**

The Group remains well-capitalised with its CET1 ratio maintaining comfortably above target at 14.3% and total capital ratio stood at 18.0% as at Mar-23. 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** 1Q23 operating income was marginally lower YoY with PBT dipping 4.1% YoY but recorded a robust 43.0% increase QoQ driven by strong NOII, lower operating expenses and provisions. NII YoY was relatively flat due to NIM compression in Malaysia but was offset by growth in Indonesia, while NOII strengthened by 1.5% from higher banca and investment fees. Consumer loans grew by 6.4% and deposits grew by 14.1% on the back of FD growth.

**Group Commercial Banking** 1Q23 operating income grew a healthy 11.2% YoY, whilst PBT improved by 15.1% YoY driven by higher NOII and a reduction in provisions in Malaysia. NII increased by 7.6%, while NOII grew 26.7% from FX income and gains on the sale of impaired loans in Indonesia. Commercial loans increased by 6.2% underpinned by growth in Malaysia, Singapore and Indonesia, whilst deposits grew strongly at 8.9% YoY.

**Group Wholesale Banking** 1Q23 operating income increased by 2.5% YoY. PBT was 8.0% lower YoY due to a 20.8% YoY decline in NII and higher operating expenses but was partially offset by improved NOII of 51.4% YoY. Wholesale loans were 9.8% higher YoY from Malaysia, Indonesia and Thailand, and deposits eased 2.6% YoY from CASA attrition in all core markets.

**CIMB Digital Assets & Group Funding** 1Q23 operating income increased by 40.1%, whilst PBT grew by 191.8% YoY from higher NOII with gains on investment and improved CDA performance. NII rose 44.4% YoY contributed by Philippines and Vietnam, whilst NOII increased by 15.1% YoY from higher FX and investment gains. The Group’s digital businesses continued to grow strongly with CIMB Philippines hitting 6.9 million customers as at Mar-23, up 25.5% YoY with a deposit book of RM1.63 billion, up 18.7% YoY. Meanwhile, TNG Digital maintained its momentum with 19.3 million registered users and 874,000 merchants as at Mar-23.

**CIMB Islamic** 1Q23 operating income was flat YoY, while PBT declined by 28.0% from lower net financing income (“NFI”) and higher provisions in Consumer Malaysia. NFI fell by 8.4% YoY from lower net profit margin (“NPM”), whilst non-financing income (“NOFI”) rose 55.0% YoY driven by higher fees and commissions as well as trading and FX. Islamic financing and deposits grew by 17.9% and 15.9%, respectively.



## **Moving Forward**

Dato' Abdul Rahman said, "We take a cautious view as we approach the second half of 2023 given the economic uncertainty due to elevated inflation and interest rates. Nonetheless, we expect the challenging market environment caused by heightened deposit competition to moderate within our key operating markets, and we are committed to making further investments to continue reshaping our portfolio, aligned to our focus areas under the Forward23+ strategic plan."

"We look to further accelerate growth in key markets and segments such as Indonesia and SME, whilst sustaining our risk and asset quality management as well as improving our technology and operational resilience to bolster the Group's positive ROE momentum. In addition, our strong capital position equips us with sufficient safeguards for any market uncertainties and allows us to continue our investment in key identified areas that will support the Group's growth, strengthening our position to be the leading focused ASEAN bank."

"With intensified focus to collectively combat scams, we are further committed to implementing the necessary security initiatives as mandated by Bank Negara Malaysia to safeguard against financial scams with the recent mandatory customer call verification process for all first-time app logins and SecureTAC authorisation for all financial and key non-financial transactions, with additional measures to be introduced progressively throughout the year. This is part of our efforts to increase and enhance the resiliency of our digital platforms through further investments, whilst improving greater uptime performance and building up platform reliability," Dato' Abdul Rahman 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 RM56.6 billion as at 31 March 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 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 602 branches and around 33,000 employees as at 31 March 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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