



CIMB Group announces 1H21 core¹ PBT of RM3.62 billion; declares first interim dividend of 10.44 sen per share

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for immediate release

- 1H21 core operating income¹ of RM9.47 billion, up 18.3% YoY, with NII up 14.8% YoY to RM7.06 billion and core NOII up 29.8% YoY to RM2.42 billion.
- Total gross loan and deposit growth were marginal due to the pandemic-affected environment and as business portfolio is reshaped under the Forward23+ strategic plan.
- Total CASA continued to grow strongly with an 8.7% increase YoY, with the Group's CASA ratio reaching 41.6% as at Jun-21
- Lowest recorded cost-to-income ratio of 47.5% in 1H21 driven by continued strong cost controls, with operating expenses increasing only 1.2% to RM4.50 billion.
- Improved **core 1H21 PBT of RM3.62 billion** and **net profit of RM2.62 billion, with core annualised ROE of 9.1%** on the back of higher operating income, strong cost containment and significantly lower provisions compared to the lower base results recorded in 1H20.
- Reported 1H21 net profit of RM3.54 billion which includes exceptional items, primarily due to the one-off revaluation gain of RM1.16 billion from the deconsolidation of TNG Digital in 1Q21, partially offset by RM258 million mainly related to the write-off and accelerated amortisation of intangible assets in 2Q21.
- CET1 ratio strengthened to 13.4% as at Jun-21 from 12.9% as at Mar-21. First interim dividend of 10.44 sen per share for a payout ratio of 40% based on core net profit in line with CIMB Group's dividend policy.

Kuala Lumpur – CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) announced a core¹ profit before tax (“PBT”) of RM3.62 billion for the first half ended 30 June 2021 (“1H21”), compared to RM910 million in the first half ended 30 June 2020 (“1H20”). Core net profit was RM2.62 billion from RM785 million. The improvement in performance was driven by higher operating income, strong cost containment and significantly lower provisions compared to the lower base results recorded in 1H20, which were affected due to the economic disruption of COVID-19.

The performance translates to core earnings per share (“EPS”) of 26.3 sen and a core annualised 1H21 return on average equity (“ROE”) of 9.1%. Accordingly, the Group has proposed a first interim dividend of 10.44 sen per share this year, or a 40% payout ratio based on core net profit in line with Group's dividend policy.

1H21 core operating income grew to RM9.47 billion, up 18.3% from RM8.01 billion in 1H20. Of this, net interest income (“NII”) grew by 14.8% to RM7.06 billion, largely driven by improved net interest margins (“NIM”) in Malaysia and Indonesia. Core non-interest income (“NOII”)

¹ Unless otherwise highlighted, all figures quoted are ‘core figures’, i.e. excluding exceptional items in 1H21, which covers the one-off revaluation gain of RM1.16 billion from the deconsolidation of TNG Digital reported earlier in 1Q21, partially offset by RM63 million in transformational costs and RM241 million mainly in intangible assets write-off and accelerated amortisation.



strengthened by 29.8% year-on-year (“YoY”) to RM2.42 billion, driven by stronger treasury & markets and wealth management income despite slower momentum in 2Q21.

The Group’s cost-to-income ratio (“CIR”) improved to 47.5%, its lowest recorded CIR, despite a 1.2% increase in operating expenses to RM4.50 billion in 1H21. Accordingly, the Group’s core pre-provisioning operating profit (“PPOP”) strengthened to RM4.97 billion from RM3.57 billion YoY.

Overall, CIMB registered a reported² net profit of RM3.54 billion in 1H21 which included a significant net contribution from exceptional items, primarily the one-off revaluation gain of RM1.16 billion from the deconsolidation of TNG Digital reported earlier in 1Q21. This was partially offset by RM258 million mainly related to the write-off and accelerated amortisation of intangible assets in 2Q21. Consequently, reported net profit, including exceptional items, declined quarter-on-quarter (“QoQ”) from RM2.46 billion to RM1.08 billion.

The Group’s capital remained strong with the CET1 ratio strengthening further to 13.4% as at Jun-21 from 12.9% as at Mar-21.

Dato’ Abdul Rahman Ahmad, Group Chief Executive Officer of CIMB Group, said, “The Group’s solid performance reflects the progress made in our Forward23+ strategic plan and momentum from economic recovery experienced earlier in 1Q21. Despite some tapering of topline growth in 2Q21 due to the resurgence of the pandemic across the region, the Group benefitted from positive earnings recovery in 1H21 after taking into account the low base effect from a year ago, driven by improvement in NIM, continued cost focus and lower provisions across the Group.”

“At the same time, we are heartened to see that our digital businesses continue to build momentum. TNG Digital’s registered users increased to 16.1 million, adding 600,000 users in 2Q21 alone. GO+, the investment offering available in the Touch ‘n Go eWallet, has also reached 1.2 million investors within three months, with total assets under management (“AUM”) of RM112 million as at June 2021. Similarly, in the region, CIMB Philippines reached 3.9 million customers and a deposit book of RM1.10 billion, with 400,000 customers added in 2Q21”, Dato’ Abdul Rahman added.

Gross Loans and Deposits

Gross loans contracted marginally by 0.2% YoY largely due to the challenging pandemic-affected environment and business recalibration in selected key markets as CIMB reshapes its portfolio in line with its Forward23+ strategic plan.

Total deposits slightly increased by 0.3% YoY whilst CASA continued to grow strongly at 8.7% YoY, with the CASA ratio reaching 41.6% as at Jun-21. The Group’s loan-to-deposit (“LDR”) ratio stood at 87.8% as at Jun-21, down by 1.1% from 88.9% in the preceding quarter.

² Reported figures include exceptional items in 1H21.

Asset Quality

1H21 core total provisions decreased by 47.8% YoY to RM1.41 billion, mainly due to lower credit-related/significant impairment of assets.

The Group's allowance coverage rose to 102.2% as at 2Q21 compared to 101.9% in the preceding quarter, while the gross impaired loans ("GIL") ratio remained unchanged at 3.4% as at Jun-21. The annualised loan loss charge stood at 0.71%.

Capital and Liquidity Management

The Group remains well-capitalised as its CET1 ratio strengthened to 13.4% as at Jun-21 from 12.9% as at Mar-21, while the total capital ratio also strengthened by 0.3% to 17.4% as at Jun-21. The Group's liquidity coverage ratio ("LCR") remains comfortably above 100% for all banking entities within the Group.

Segment Performance

Group Consumer Banking 1H21 operating income grew by 19.5% YoY whilst PBT also saw improvement. NII increased by 15.5% from loan growth and improved NIM, while NOII increased by 33.5% due to strong wealth management performance in 1Q21. Consumer loans grew by 3.2% YoY, while deposits declined by 7.2% on the back of liability management with CASA growth of 9.0% YoY.

Group Commercial Banking 1H21 operating income grew by 5.4% YoY whilst PBT increased due to lower expected credit losses ("ECL") from the absence of large provisions and improved topline. NII grew by 5.1% driven by improved NIM, while NOII grew by 7.0% from higher fees and commissions. Commercial loans declined by 5.8% due to business recalibration in selected key markets, while deposits grew by 6.9% underpinned by CASA growth of 14.1%.

Group Wholesale Banking 1H21 operating income grew by 24.4% YoY whilst PBT also improved, largely attributable to strong NOII growth of 72.9% from improved Treasury & Markets income and significantly lower provisions. NII increased by 9.6% YoY. Wholesale loans declined by 2.3% YoY due to derisking of the balance sheet in selected key markets, while deposits grew by 6.1%.

CIMB Digital Assets & Group Funding 1H21 core operating income increased by 23.2% YoY excluding exceptional items, whilst core PBT also saw improvement supported by improved NII and lower TNG Digital losses post-deconsolidation. NII grew by 63.1%, outpacing a 29.3% decline in core NOII. Digital businesses including TNG Digital and CIMB Philippines continued to register strong momentum.

CIMB Islamic 1H21 operating income grew by 41.4% YoY whilst PBT also improved driven by a robust topline along with lower provisions. Net financing income ("NFI") grew by 49.7% on the



back of improved NIM and lower funding costs, whilst non-financing income (“NOFI”) was up 4.9%. Islamic financing grew by 3.9% YoY, while deposits grew by 7.2%.

Moving Forward

Dato’ Abdul Rahman said, “While we saw solid performance in the first half, we remain cautious due to potential downside risks in the second half. This is primarily due to the COVID-19 Delta variant, which has added to the uncertainty surrounding the opening of regional economies and economic recovery. Accordingly, we have lowered our loan growth guidance to 2-3% and expect provision levels to remain elevated coupled with higher modification loss as we continue to provide repayment assistance to affected borrowers, such as the existing Payment Assistance Programme in line with the PEMULIH aid package”.

“Our focused investments under our Forward23+ strategic plan are progressing well, particularly in the areas of cost rationalisation and wealth management. With more than 50% of banking transactions now being carried out online, we have strengthened our digital proposition and will continue to invest in technology to enhance customer experience. CIMB Islamic remains a key focus as we aim to strengthen its leading position through an Islamic first approach to developing products and solutions.” Dato’ Abdul Rahman concluded.

As of mid-August 2021, CIMB Malaysia has provided financial payment relief assistance to around 480,000 individuals, SME and business banking customers. 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 customers in 2020, but excludes the blanket moratorium in March 2020. CIMB continues to provide support to borrowers who are financially affected by the pandemic. Repayment assistance remains available to all affected borrowers, and CIMB encourages all affected borrowers to reach out to the Bank to discuss any loan repayment assistance.

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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 RM46.2 billion as at 30 June 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 635 branches and around 33,000 employees as at 30 June 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.

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