

CIMB: Leveraging cost efficiency for steady growth

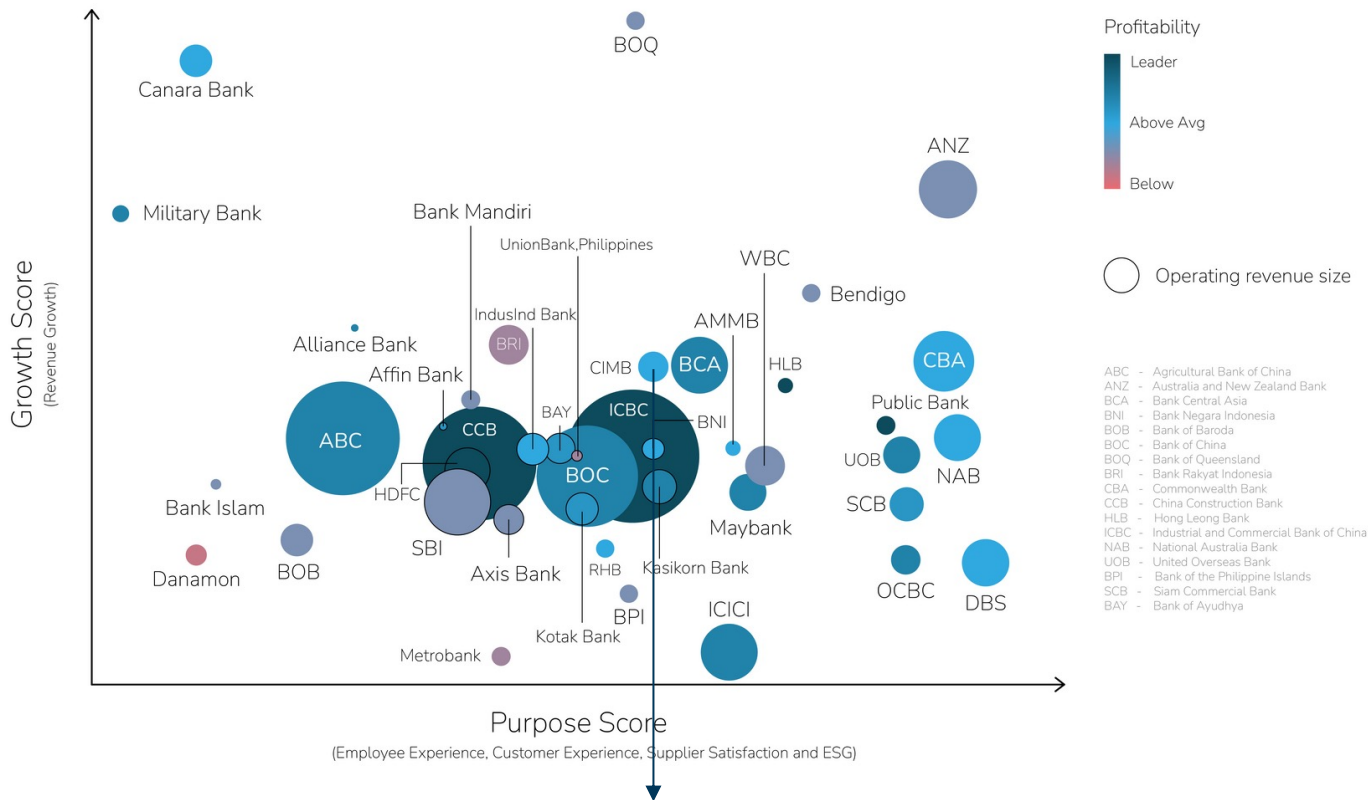
2023 outlook

Company Insights

twimbit Purpose Score



Benchmarking CIMB on the twimbit purpose index



CIMB lies here on the twimbit purpose index

- 1 CIMB holds a growth score of 2.84 out of 5, among the top 3 in Malaysian banks
- 2 CIMB's purpose score of 68% reflects their investments towards increasing stakeholder experience
- 3 The bank's operating revenue of USD 4.7 billion is the second highest amongst Malaysian banks
- 4 The bubble colour indicates above average profitability

Executive summary – CIMB at a glance



Company Name	:	Commerce International Merchant Bankers Berhad
Headquarters	:	Kuala Lumpur, Malaysia
Employees	:	33,265
Countries	:	16
Branches	:	630
Revenue	:	USD 4.7 bn (RM 19.51 bn)
Common Equity Tier 1 Ratio	:	14.5%
YoY Revenue Growth (%)	:	▲ +8.2%
Annual IT Spending	:	USD 162 mn (RM 676 mn)

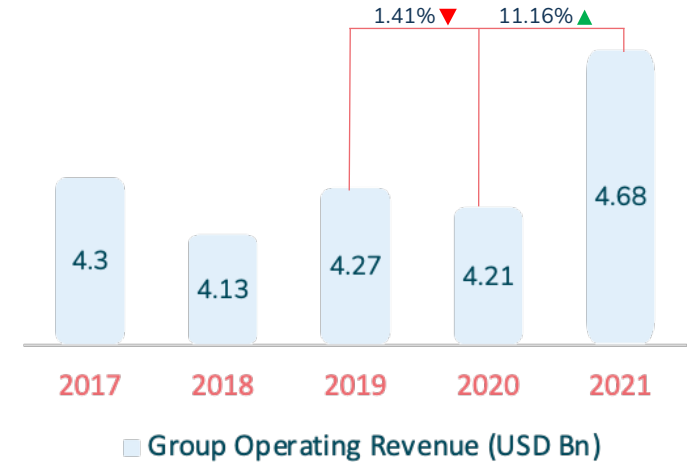
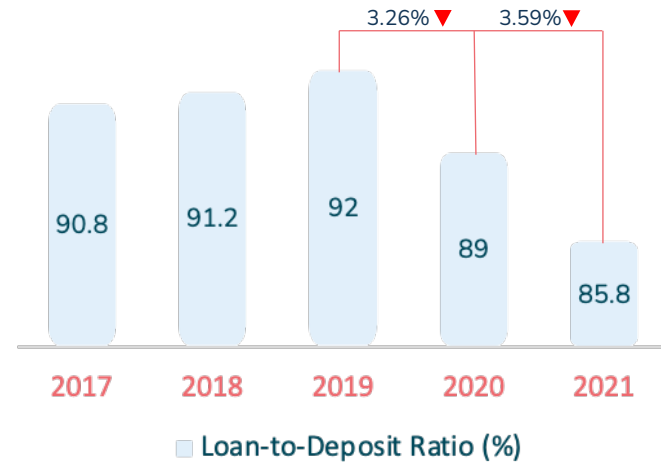
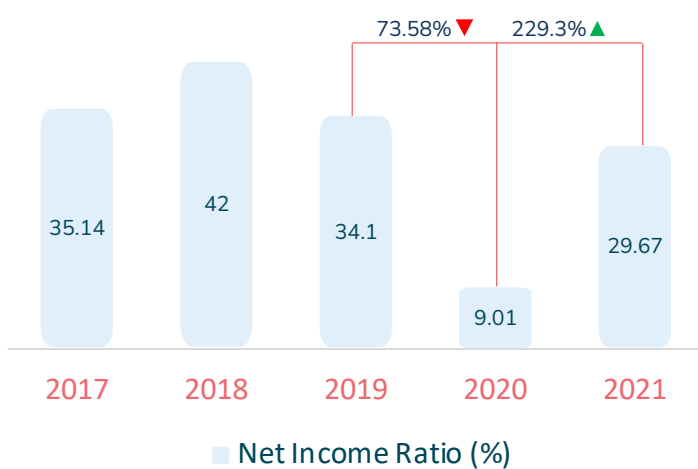
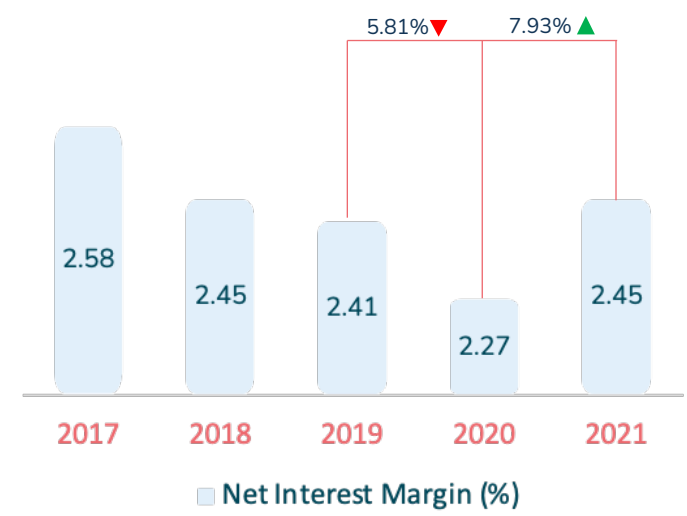
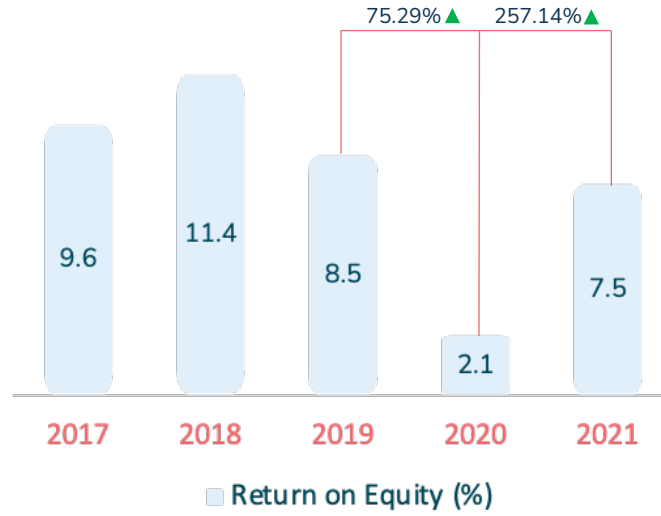
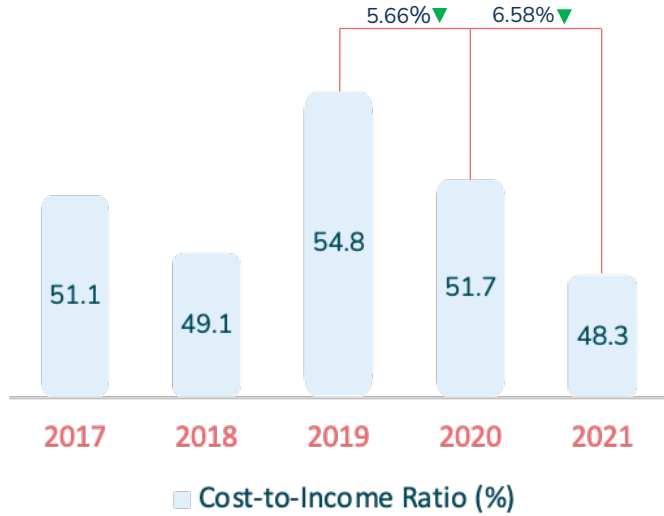
Strategic focus areas

- 1 Sustainable financial returns
- 2 Customer centricity
- 3 Digital and operational resiliency
- 4 Becoming a purpose-driven organisation

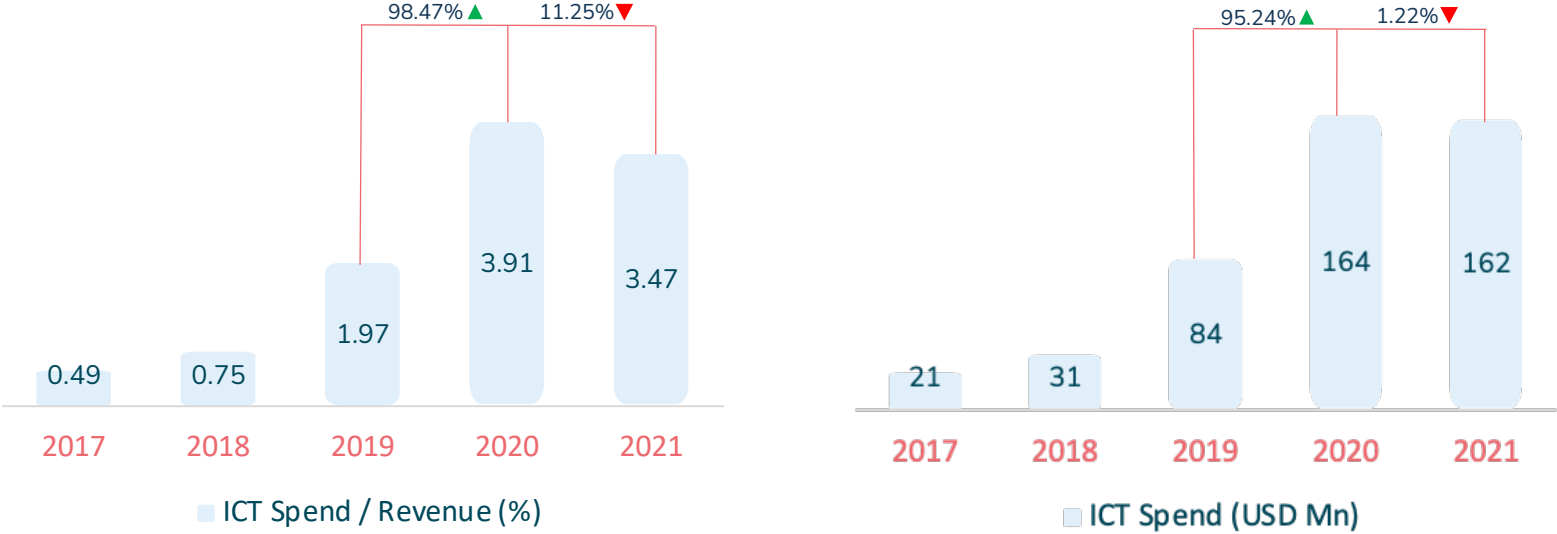
Awards

- ✓ **Best Bank for Investment Solutions** by The Asset Triple A Private Capital Awards
- ✓ **Winner of the Finance – Bank category** by Trusted Brands Asia 2021
- ✓ **Best Bank for SMEs** at the Asiamoney Best Bank Awards for Malaysia
- ✓ **Winner of the Technology – Innovative or Emerging Technology Adoption award** by Euromoney Private Banking and Wealth Management survey

Financial highlights



CIMB's ICT spend increased significantly from FY19-20, stabilising in FY21



Measures of success

USD 1.05 bn (RM 4.65 bn)

Net Profit for the Group (▲ 289.3% YoY)

42.5%

CASA ratio for the Group (▲ 10.3% YoY)

Within 54%

Ranking in Net Promoter Score (NPS) among peers; significant improvement from 2020 (within 72%)

5.7 mn

Active digital users (▲ 11.8% YoY)

USD 168 mn (RM 749 mn)

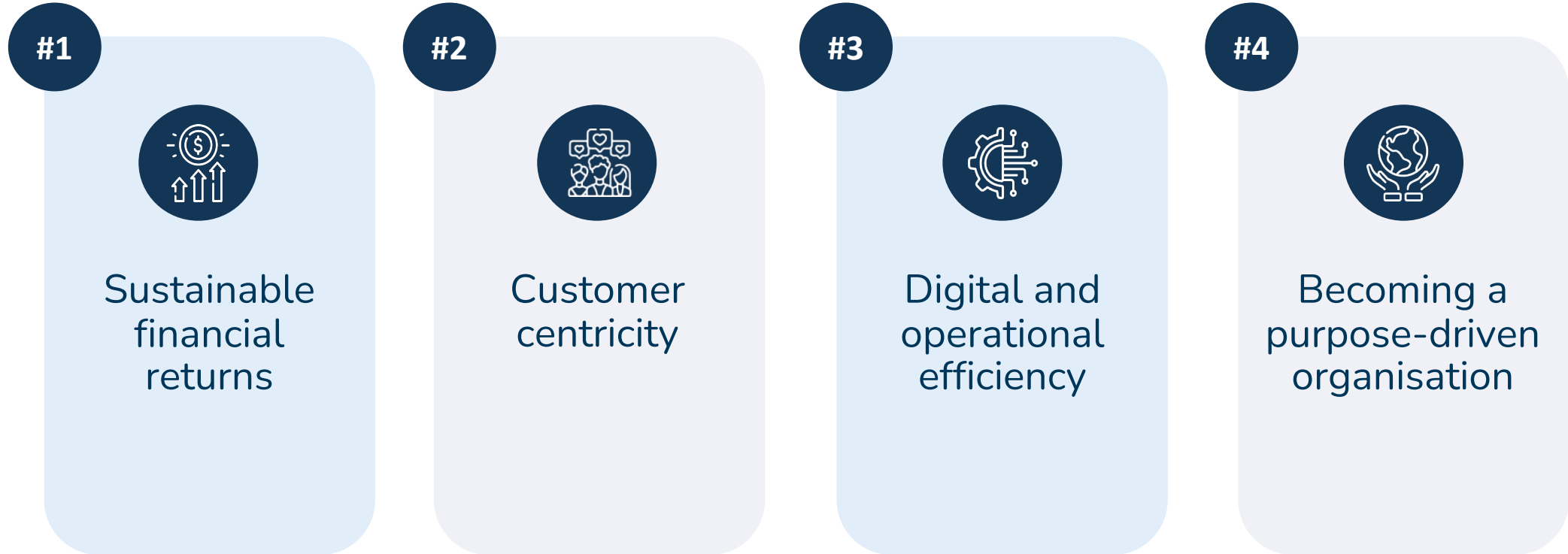
Digital transactions volume (▲ 47.7% YoY)

48%

Increase in retail digital transaction value

Note: Figures are for FY 2020-2021

Top 4 strategic focus areas for CIMB bank today



#1 Sustainable financial returns

Tapping into **high potential opportunities** across ASEAN

Honing cost efficiency

- Tightened cost management to accelerate profitability, resulting in only a marginal increase in operating expenses
- ROE increased to 7.5% from FY2020's ROE of 2.1%
- Record low CIR of 48.3%

Increased efforts to improve digital financial services

- Active digital users increased by 11.8% YoY and growth in digital acquisition grew by 37%
- Total digital transactions increased by 47.7% YoY
- Total sales contribution from digital sourcing increased 37% YoY
- eKYC digital onboarding operationalised in Malaysia

Emphasis on Preferred and Wealth customer segments

- Introduced Islamic wealth management propositions with enhanced offerings
- Achieved targeted Preferred customers growth in all markets
- Launched the first Preferred savings account, 'Preferred Savings-i'
- Grew the Preferred Islamic customer base by 25% YoY

#2 Customer centricity

Providing an efficient banking experience and always going the **extra mile** for customers

Strengthen customers' trust

- Focused efforts to improve customer experience resulted in an NPS improvement compared to 2020
- Supported >300k customers impacted by the pandemic and floods through various payment relief programs
- Improved turnaround time and service excellence, where 85% of core indicators achieved established targets and customer satisfaction targets were achieved in 5 out of 6 core channels
- Improved first-level resolution of customer issues
- Enhanced proactive management for high system uptime and stability, resulting in 99.9% system uptime for BizChannel and 99.31% on Clicks

Personalisation

- Invested in personalisation efforts to increase customer engagement and experience through tailored segment-driven solutions
- Rolled out 70 active personalisation programs with ~20 million communications sent out monthly to customers in Malaysia
- Personalised and impactful sharing of BizChannel features, user guide, webinar training, and new customer onboarding

#3 Digital and operational efficiency

Leveraging **technology** to propel the Group forward

Harness technology for proactive management

- Completed BizChannel platform technology refresh for Malaysia, Singapore, Thailand, and Cambodia to overcome capacity and stability challenges
- Re-engineered internal processes and provision of alternative client transaction channels to avoid service disruptions
- Introduced new video eKYC capability for consumer credit product in Vietnam

Increase efforts to digitise and automate front and back offices

- Commenced Robotic Process Automation (RPA) workshops for #teamCIMB to improve turnaround time and CX

Leverage AI and ML

- Optimised EVA chatbot and Let Us Call You (LUCY) as primary channels for COVID-19 information and access to relief/repayment assistance
- Embedded machine learning (ML) and AI models in risk, fraud, and anti-money laundering
- 7% improvement in detection of mule accounts

#4 Becoming a purpose-driven organisation

Play a key role in advancing customers and society through **responsible banking practices**

Making strides in sustainability

- Established the Group Sustainability and Governance Committee to provide stronger oversight of the Group's sustainability journey
- Committed to carbon neutrality (scope 1 and scope 2) by 2030 and overall net-zero GHG by 2050
- Became the first ASEAN bank to join the Net-Zero Banking Alliance
- Accelerated progress on Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework
- Mobilised USD 5.7 bn (RM 25.9 bn) towards the Group's target of RM 30 bn in sustainable finance by 2024
- Reduced paper usage by migrating to e-statements, and conducting online loan applications through InstaBiz
- Promoted EcoSave-i , an environment-linked savings account where 0.2% of average portfolio balance is contributed to support green activities

Actively engaging with suppliers

- Engaged with suppliers on sustainability matters for growth
- The Vendor Code of Conduct acknowledgement became a mandatory requirement for new vendors
- >197 suppliers engaged on sustainability; 88% of suppliers are local

CIMB's digital strategies



Refreshed apps and platforms

- Next Gen Clicks app 'CIMB OCTO', banking platform and Next Gen BizChannel
- Incorporates new features based on best practices and personalisation, alongside a new technology stack



Privacy and cybersecurity

- Close monitoring by the dedicated Cyber Security Defense Centre and Threat Monitoring and Intelligence unit
- Elevated security awareness program for staff

CIMB's technology innovation

#1



OctoSavers-i

#2

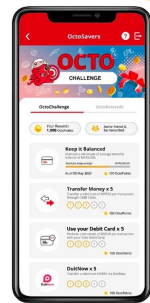


EVA chatbot for
SME customers

#1 OctoSavers-i



Join the OctoSavers fam with ease and convenience. Even your debit card will be delivered to your doorstep!

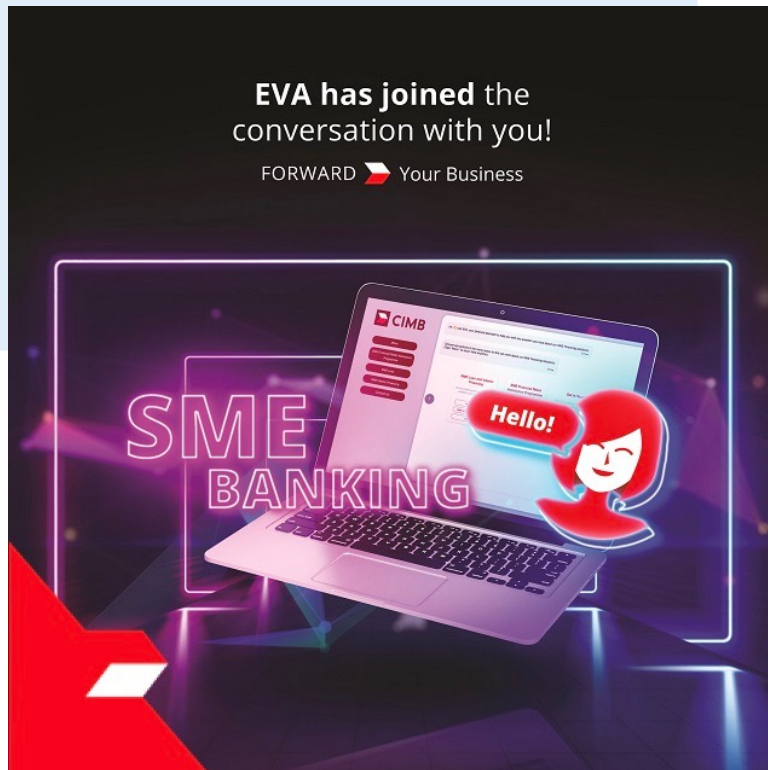


How to play OctoChallenge

- Step 1**
Log in to your CIMB Clicks app.
- Step 2**
Go to 'My Account' and tap on 'OctoChallenge and Rewards' under your OctoSavers Account-i.
- Step 3**
Start your OctoChallenge! You can view your monthly challenges and achievement progress. Do check out for surprise OctoMissions banners as well.
- Step 4**
Complete your OctoChallenge and OctoMissions to earn OctoPoints.
- Step 5**
Redeem instant rewards using your accumulated OctoPoints via 'OctoRewards'.

- The first fully digital savings account from CIMB
- Launched alongside the new CIMB Octo Debit Mastercard as part of CIMB's strategy to increase its CASA base
- The account opening and onboarding process is done entirely online in 5 steps
- The customer's debit card will be mailed directly to them, thus ensuring a convenient branchless experience
- Users can earn points and instant rewards through a gamified experience (missions and challenges)

#2 EVA chatbot for SME customers



- EVA is the first conversational and real-time commercial banking NLP-powered chatbot in Malaysia
- EVA's 24/7 availability provides SME customers with instant and consistent answers
- Functions as an electronic relationship manager that can support SMEs in their queries on selecting the most suitable financial relief assistance for their business needs
- EVA's Eligibility Check feature efficiently digitalises the long process of engaging with a sales representative

Digital partnerships for growth



- CIMB entered a partnership with **Juwai IQI**, Asia's largest proptech group, to provide property financing to Juwai IQI customers in Malaysia
- The partnership allows direct access to CIMB's suite of investment solutions and exclusive benefits, providing a one-stop centre for a wide range of financial needs

- CIMB partnered with **Shopmatic** to launch "CNY Go Digital" for SME customers, enabling them to increase their online brand presence and seamlessly connect with customers
- Shopmatic's services allow SMEs to easily set up a fully integrated website in 30 minutes and enjoy 50% off on a 12-month subscription plan on the Shopmatic platform
- Customers are also able to obtain the "Do-It-For-Me" package where tailored website designs and setup will be provided for only USD 213 (RM888) with a promo code

Top 5 growth opportunities

#1



Customer
experience

#2



Branch
transformation

#3



Digitise for the
future

#4



AI in
everything

#5



Open banking

#1 Customer experience

Improved performance

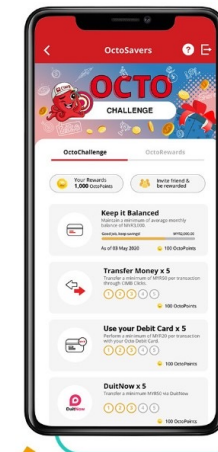
- NPS improved significantly from FY2020, with the NPS for FY2021 NPS being within 54% of the industry in four markets.
- Availability of CIMB Clicks and BizChannel across MIST* improved substantially to 99.25%.
- Conducted RPA workshops for CIMB staff to improve turnaround time and CX.

Personalisation

- Rolled out 70 active personalisation programs with ~20 million communications sent out per month to Malaysian customers.
- Focused on personalisation and cross-selling strategies to achieve real and near real-time execution capability.

Gamification

- Designed a gamified experience in CIMB Clicks for OctoSavers Account-i holders via monthly OctoChallenges and OctoMissions.



How to play OctoChallenge

Step 1

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#1 Customer experience

Analyst View



The roadmap for enhanced CX

- CIMB can extend its use of big data by incorporating personalised and predictive insights across all its platforms and mobile banking apps.
- CIMB should enable seamless and fully online account opening processes across all account types (currently, this feature is limited to OctoSavers-i accounts).

Expand capabilities beyond current app

- CIMB can launch a lifestyle app to meet customers' needs all under one hub (e.g., DBS).

#2 Branch transformation

Current branch network

- 630 retail branches and 7,652 self-service customer access points.
- Optimised the branch network by identifying underserved areas and fine-tuned the distribution of SST (self-service terminal) networks.
- Used branch-to-branch distance data and geospatial analytics to plan current and future customer touchpoints.
- The number of branches and SSTs in Malaysia and Singapore are steadily declining.
- Improved cash holdings in branches due to advanced analytics, which helped in reducing cash runs and costs, while improving the customer experience.



#2 Branch transformation

Analyst View

Reimagining the branch experience and branch network

- CIMB should explore innovative branch models to deliver a 'community hub' experience and boost social engagement.
- CIMB can expand the bank's physical footprint by introducing unmanned self-service robo-branches.
- CIMB should introduce cardless cash withdrawals at ATM (eg., Maybank) and next-gen ATMs (eg.. OCBC) for better efficiency.



#3 Digitise for the future

Analyst View

Current state: embracing cloud and data analytics

- CIMB utilised cloud to enhance the speed-to-market of new digital and digitisation solutions.
- Leveraged Alibaba Cloud to empower the digital transformation journey.
- CIMB aims to protect customer data and enhance security capabilities with continuous reviews of cyber-defense capabilities.
- Applied data analytics to better understand customers' digital and social behaviour.
- Completed a core stack refresh and facilitated transition toward cloud-based platforms by enabling Platform as a Service (PaaS), Software-defined Wide-Area-Networks, and Office 365.

Growth opportunities for the cloud footprint

- CIMB should expand its cloud capabilities throughout the bank to enable operation cost reductions.
- CIMB should adopt a hybrid cloud strategy (e.g., DBS, OCBC) to catalyse innovation while retaining the inherent control and performance of an on-premise deployment.

#4 AI in everything

Analyst View

Current progress with AI integration

- Ramped up integration of ML and AI models in risk, fraud, and anti-money laundering efforts.
- Utilised automated systems to enhance decision-making and risk assessments.
- Refined and adapted in-house ML models by expanding data points, increasing fraud prediction accuracy by 13-15%.
- Launched 'EVA' for SME customers, the first conversational style and real-time commercial banking chatbot in Malaysia powered by AI and NLP.
- Reported ~6% revenue contribution by big data and advanced analytics to the MIST revenue via acquisition, portfolio management and personalisation initiatives.

What should CIMB do next?

- Integrate AI and ML into customer touchpoints, such as digital biometric customer verification, money management solutions, and savings and investment recommendations.
- Expand automation into other processes to increase operational efficiency, eg., customer onboarding.

#5 Open banking

Analyst View

API developer portals

- CIMB Niaga (Indonesia) has an API developer portal that has been active since 2019.
- CIMB Singapore has an API gateway ("API Gateway@CIMB") with API products, such as data services, payments, and business account notifications.

Ecosystem partnerships

- In June 2021, CIMB Vietnam partnered with Finhay to launch a co-branded debit card with virtual account, being the country's first-ever 3-in-1 bank account.
- The 3-in-1 bank account can be opened and maintained directly from the Finhay app.

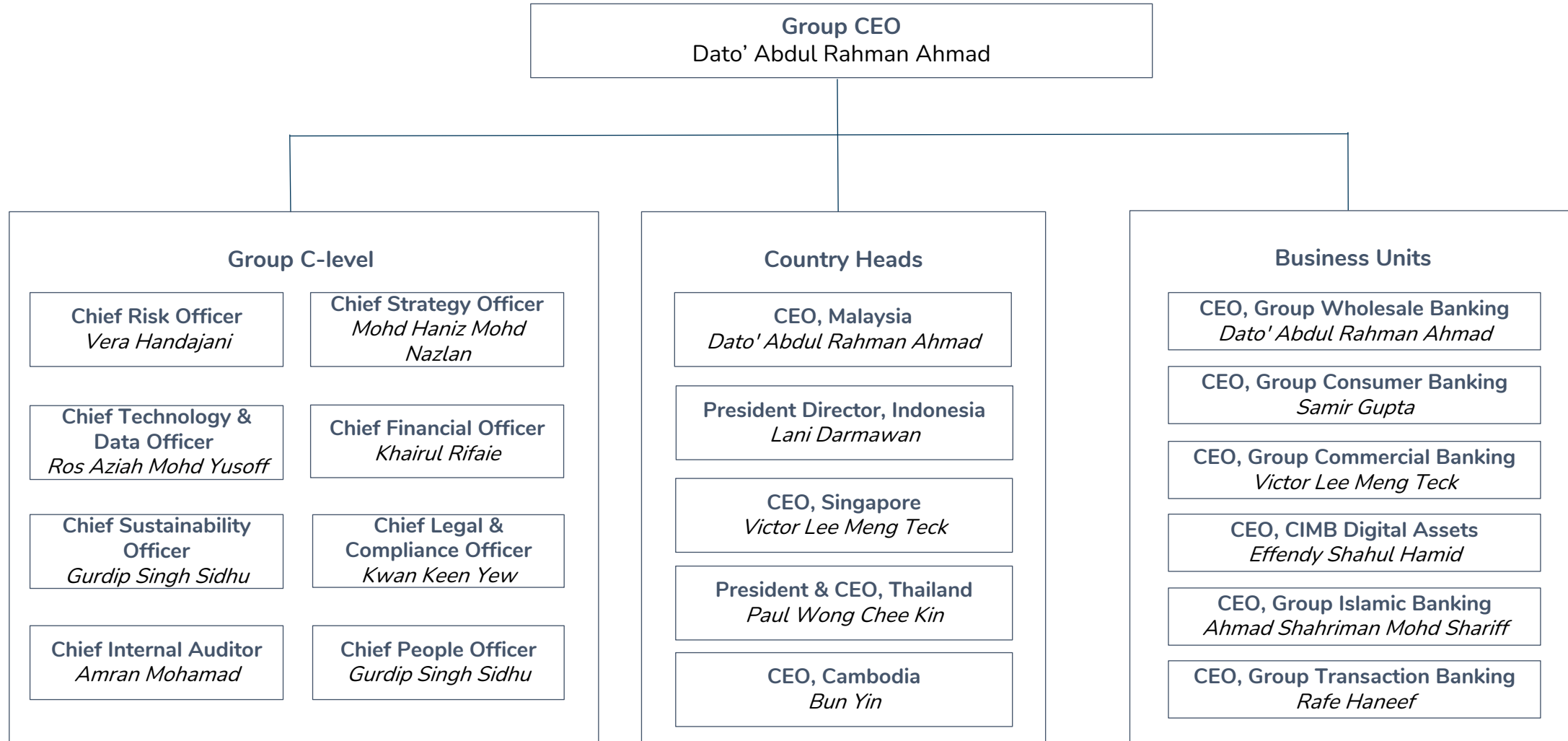
How can CIMB seize the opportunity in open banking?

- Expand API footprint to Malaysia and Thailand, in addition to actively encouraging developers integrate its APIs into their applications.
- Launch a developer platform that spans the MIST* region.
- Explore more opportunities for embedded finance beyond open banking through ecosystem partnerships within ASEAN.



Appendix

Key decision-makers



Dato' Abdul Rahman Ahmad



Group CEO

- Appointed as CIMB Group's CEO in June 2020
- Has over 20 years of experience in leadership roles across different industries

Powering through the pandemic:

“ Despite the stop-start nature of the opening of economies where we operate, the Group showed strong financial performance recovery where we either met or exceeded all our financial profitability targets.

”

Priorities for the future:

“ Growth in ASEAN is expected to pick up in the second half of 2022 with the continued loosening of restrictions. With anticipated economic recovery, CIMB will focus on expanding its CASA franchise and loan growth, committing to investing and enhancing our digital capabilities, technology and operational resiliency, cost discipline, risk management and asset quality. All of this while intensifying our efforts to advance our ESG agenda and work towards our sustainability commitments.

”

Khairul Rifaie



Group CFO

- Headlined the CFO role in 2019.
- Khairul previously headlined the position of CFO, Malaysia and Regional Head of Financial Control

Going forward:

“ We are cautiously optimistic for 2022, anticipating a gradual economic recovery across all our key operating markets. The Group will continue to execute the Forward23+ strategies while focusing on credit risk and RAROC optimisation.

”

Customer centricity:

“ The Group continues to keep customers at the core of everything that we do. Our focus is to remain agile and re-purpose both processes and people to ensure minimal-to-no service disruptions. Towards this, the Group is focused on three main areas;

- I. Accelerate digital enablement and investments in technology
- II. Continue supporting at-risk and vulnerable customers with re-purposed financing/moratorium solutions
- III. Empower customer-facing and front-end employees.

”

twimbit
be more



Insights



Immersions



Challenges

How can we help?

reachus@twimbit.com