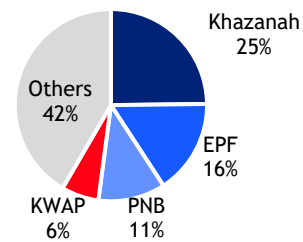




CIMB GROUP HOLDINGS BERHAD

Share Price (RM)*	5.35
Market Cap (RM mil)*	57,058.03
Market	Main
Stock Code	1023
Sector	Financial Services
FTSE ESG Rating	★★★★
Shariah Compliance	No

Shareholders as at end-July



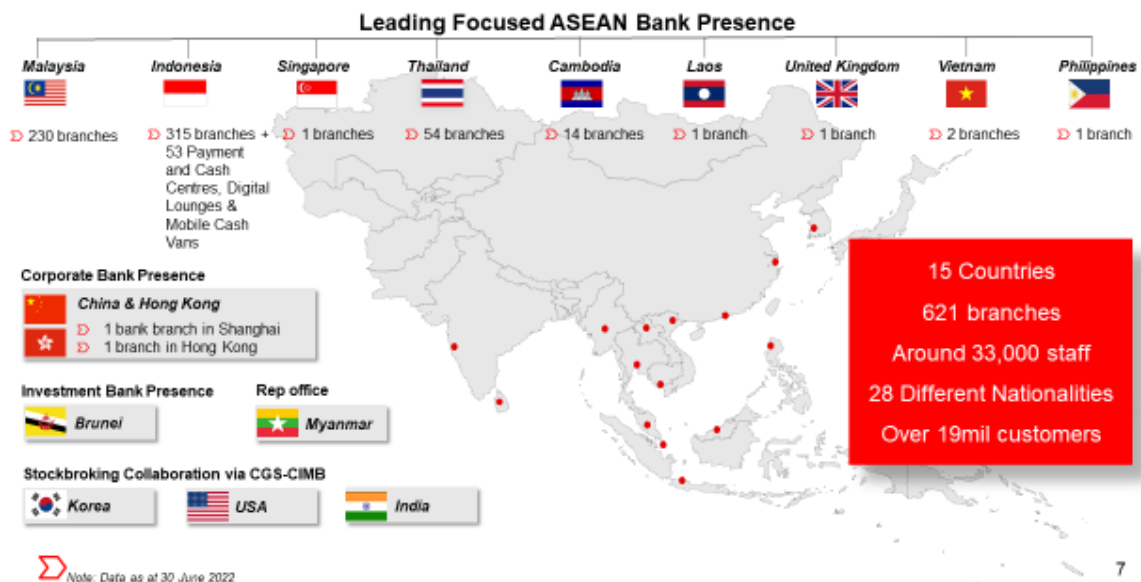
*as of 3 November 2022

[Company Profile](#)

1. Can you give us a brief introduction of the company?

CIMB Group Holdings Berhad (CIMB Group) is a leading focused ASEAN bank and one of the region’s foremost corporate advisors. It is also a world leader in Islamic finance. The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, wholesale banking, Islamic banking, wealth management and digital payment products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of June 2022, has around 33,000 staff and over 19 million customers. CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987. Total assets at end June 2022 were RM653.0 billion, with total shareholders’ funds of RM60.3 billion and total Islamic assets of RM163.8 billion. At the end of July 2022, the major shareholders were Khazanah Nasional Berhad (Khazanah) with 24.8%, Employees Provident Fund (EPF) with 16.0%, Permodalan Nasional Berhad (PNB) with 11.3% and Kumpulan Wang Persaraan (Diperbadankan) (KWAP) with 6.3%.

A Diverse Regional Network



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2. What are your key success factors?

We developed our Forward23+ Strategic Plan with the ambitious aim to be the leading focused ASEAN bank. A key pillar under Forward23+ is to Deliver Sustainable Financial Returns, given that we have historically lagged behind our peers in terms of Return on Equity (ROE). We made considerable headway in reshaping our portfolio by focusing in core areas of growth such as Consumer Malaysia and Indonesia, Commercial Malaysia and SME in Indonesia. We also increased allocation in our Group Funding as we continue to increase bond holdings and rebuild our loan book. We reduced our asset allocation in Commercial (ex-SME) Indonesia and Singapore while we continue to fix the businesses. As such, we now have the right platform and are well positioned to accelerate our asset growth as economies recover.

Cost optimisation initiatives continued to be a core focus to further improve our productivity and efficiency. We successfully identified RM410 million worth of cost take-out opportunities, to be materialised in stages, out of which RM195 million has been realised in 2021. This resulted in a record low Cost to Income Ratio (CIR) of 48.6% in 2021, bringing us closer to our Forward23+ target of 45%. Together with the cost savings crystallised in FY20, this meant that we delivered on our targeted cost take-out of RM1 billion set at the inception of Forward23+.

Our focus to improve asset quality is also showing results with significantly lower provisions compared to FY20 which was impacted by the pandemic. However, we continued to take a prudent approach and Cost of Credit remains elevated from overlays which we will retain until the end of the targeted financial assistance programmes.

3. How does the bank position itself in the everchanging landscape of the financial industry?

The rules of business, regulations and dynamics of the industry are continuously evolving posing new challenges, but also creating new opportunities for business. Whilst we are firmly focused on executing our Forward23+ strategy plan, we do so in the context of our internal and external environment. This includes reshaping our portfolio, prioritising digitalisation and analytics to drive customer experience, delivering cost efficiency and productivity, strengthening our fundamentals and remaining purpose-driven.

4. Can you share your digitalisation plans?

The Group plans to continue investing in technology as we accelerate digital transformation and further strengthen technology and operational resilience. Our priority is customer experience for both retail and non-retail customers. In this respect, we successfully launched the release of the CIMB Octo App on 18 August 2022 in Malaysia. The app offers more personalisation with many interesting features for a brand new banking experience. At the same time, it complements CIMB Clicks to ensure greater uptime and reliability. Our non-retail customers will also soon enjoy a next generation B2B banking experience.



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5. Touch n Go Digital has grown a lot in recent times. Can you share the landscape and prospects of this business? There has also been a lot of collaborations to this end, can you share your approach on collaborative efforts?

Malaysia's e-money space has seen tremendous growth in the past 5 years as the population embraces cashless payment options, moving towards a cashless society. It is also a space that is high on the Government's agenda through initiatives such as eTunai, ePenjana, eBelia and ePemula, as well as the introduction of DuitNow QR.

The landscape has also evolved such that in addition to facilitating payments, e-wallets are now also a platform to proliferate financial products and services, and an opportunity to offer them in an inclusive manner to the underserved. Overall, there is still a lot of opportunity to proliferate usage of e-wallets into less urban parts of the country, as people get more informed and educated on its benefits.

We have built the TNG eWallet as a platform that can intermediate multiple types of services, and by that nature we work with all parties to serve customers via an open architecture - this includes merchants, payment gateways, banks, asset managers, insurers and many others. Today we have already demonstrated excellent outcomes with a robust suite of payment offerings, as well as an initial suite of innovative financial services by working closely with our partners.

Given that Malaysia is at an 'early' stage of digitalisation with significant room to grow across multiple areas, we see ourselves as a platform that can contribute in areas of product design and technology deployment. The goal of our collaborative model is to deliver value with best-in-class user experience and offerings, and solving key pain points for consumers jointly with our partners.

6. How is your business strategy like for the different geographical markets that you are in?

Our strong ASEAN footprint is what differentiates us from competitors and we are deriving benefits from our regional diversification efforts. That makes us one step closer to our vision - to be the leading focused ASEAN bank.

Our ongoing efforts under the Forward23+ strategic plan continue to show positive outcomes. Indonesia and Thailand in particular have seen strong traction in business performance, enabling the Group to benefit from our ASEAN diversification.

7. What are your challenges and how do you address them?

Our positive financial performance momentum indicates our revamped strategy is working and efforts are generating results. However, we maintain a cautious stance going forward in view of various macroeconomic headwinds especially the inflationary pressures that are affecting the business and investment environment. CIMB will continue to execute our Forward23+ strategies building on the positive asset growth momentum, contained cost escalations and moderate credit cost.

8. Describe your recent financial results and what investors can expect going forward.

CIMB Group reported a PBT of RM4.26 billion for 1H2022, an increase of 17.5% YoY. Core net profit increased by 18.4% to RM3.10 billion from RM2.62 billion in 1H2021. The positive performance was driven by higher operating income, contained cost escalation as well as lower provisions across key markets. This translated to an EPS of 30.0 sen and a core annualised 1H22 ROE of 10.4%. Accordingly, the Group proposed a first interim dividend of 13.00 sen per share, or a 50% payout ratio, comprising 2.60 sen in cash and 10.40 sen under the Dividend Reinvestment Scheme.

Going forward, we expect to derive benefits of our diversification efforts across ASEAN with focused investments and portfolio reshaping, whilst maintaining a cautious stance in view of

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various macroeconomic headwinds. Nevertheless, the Group remains optimistic of a better financial performance and are on track to exceed our 2022 targets. The Group will continue to execute Forward23+ strategies building on the positive asset growth momentum, contained cost escalations and moderate credit cost.

[Quarterly report on consolidated results for the financial period ended 30 June 2022](#)

9. Tell us about your efforts in the area of sustainability.

Sustainability is one of the key pillars under our Forward23+ Strategy with the target of achieving the 75th percentile on the S&P Global Corporate Sustainability Assessment (for DJSI inclusion) by 2024. As at end 2021, we achieved the 79th percentile, hitting our target three years ahead of schedule, underlining our commitment to sustainability.

In September 2021, in conjunction with The Cooler Earth Sustainability Summit, the Group has announced the enhanced commitments to accelerate our sustainability agenda by setting ambitious targets which included:

- Achieving net zero greenhouse gas (GHG) Scope 1 and 2 emissions in our operations by 2030;
- Achieving overall Net Zero GHG by 2050 (including scope 3 and financed emissions);
- Increasing our sustainable finance commitment target from RM10 billion to RM30 billion by 2024 aimed at creating positive impact under our GSSIPS Framework;
- Rolling out our No Deforestation, No Peat, No Exploitation (NDPE) policy in phases starting mid-2022; and
- Investing RM150 million over five years and 100,000 employee volunteer hours annually by 2024.

The Group is constantly developing new sustainable financial products and services. These included, amongst others, an RM2.45 billion sustainability-linked derivative transaction in October 2021. This landmark deal is the world's first Malaysian Ringgit-denominated sustainability-linked derivative transaction and Asia's largest ESG linked derivative trade to date. In total, we mobilised RM25.9 billion of sustainable finance in 2021, up from RM10.9 billion in 2020.

In 2021, we established the Group Sustainability and Governance Committee (GSGC) which provides the Board with stronger oversight of our sustainability journey. We have also set sustainability-linked KPIs for the Group's top 100 executives. This is to ensure that everyone understands and moves towards our commitments as a group.

Moving into 2022, our focus will be on sustainable finance innovation, working closely with our clients to identify and seize opportunities to improve on their sustainability performance, and to prepare for upcoming regulatory changes such as the EU Carbon Border Adjustment Mechanism. We will also be rolling out our Group Human Rights Policy, to help safeguard against human rights violations in our operations, and in our clients' businesses.

10. In line with being a Purpose and Performance Driven PLC, are there headline key performance indicators that you wish to share with your stakeholders/investors?

Forward23+ is the Group's strategic plan in response to the extremely challenging and disruptive market landscape. The recalibrated strategy takes into account the 'new normal' brought about by the COVID-19 pandemic, trade-offs, clear performance metrics and tracking mechanisms with collective ownership of the strategic plan across the Group. Our vision is to become the leading focused ASEAN bank by passionately embracing a customer-centric mindset to advance customers and societies in the markets where we operate.

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CIMB aims to be an organisation that:

Drives Sustainable Financial Returns by reshaping our portfolio, drive cost efficiency, digitise for value and undertake focused investments;

Disciplined in our execution - focused, clear and transparent on things that we want to do and strive to deliver them accordingly;

Take a 'customer-first' approach to deliver relevant, value adding and competitive products and services;

Strengthen fundamentals for all-round operational efficiency to support growth

Strengthen and create a purpose-driven organisation through embedding positive culture and values, creating an environment to be the best place for the best talents to work in and embracing sustainability for the benefit of our society

Five strategic themes drive the strategic plan, namely Delivering Sustainable Financial Returns; Disciplined Execution; Customer Centricity; Transform Fundamentals; and Purpose-driven Organisation.

Headline KPIs by 2024, to be a leading ASEAN bank amongst top quartile by financial metrics

- Top quartile ROE
- CIR of $\leq 45\%$
- Common Equity Tier 1 of >13.5

Non- financial metrics:

- Top quartile in Net Promoter Score (NPS)
- Collective scorecards for bonus pool determination
- Streamlined management meetings
- Multi-country and multi-disciplined taskforce and introduction of the new Target Empowerment and Alignment Model (TEAM)

Sustainability targets:

- Top quartile on S&P Global Corporate Sustainability Assessment for DJSI inclusion
- Increase female representation in Board and leadership roles
- Close gender-based remuneration gaps
- Mobilise RM30 billion in sustainable finance
- Net zero GHG Scope 1 and 2 emissions in our operations by 2030
- Overall Net Zero GHG by 2050 (including Scope 3 and financed emissions)

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