

# Sustainable Business

At CIMB, we conduct business in a way that fosters long-term economic development with a deep commitment to ethical responsibility, as well as social and environmental stewardship. Through our portfolio of products and services, we provide solutions aimed at encouraging the transition to a lower-carbon economy, uplifting social equity, and safeguarding our planet for long-term shared prosperity and wellbeing.

We recognise the disparity in financial inclusion and health across ASEAN, and proactively address pressing issues such as the rising cost of living and escalating financial fraud, head-on. These issues often hit the most vulnerable populations – low-income families and the elderly – the hardest. Our goal is to ensure that economic empowerment is accessible to more, by enhancing financial literacy and widening access to our solutions.

As a customer-centric institution, we continuously refine our approach to providing a better, faster and safer banking experience, responsive to the shifting needs and aspirations of our customers. Harnessing the transformative power of digitalisation, with significant investments in digital innovation and cybersecurity, we are determined to live up to our promise to provide distinctive, personalised and secure banking experiences.



## Positive Impact through Finance

Deliver innovative sustainable finance solutions and advisory that enable our clients to create positive impacts and reduce harm



## Empowerment through Financial Inclusion and Health

Provide accessible and affordable banking services and improve financial literacy for underserved communities



## A Culture of Customer Excellence

Develop meaningful long-term customer relationships through seamless yet personalised experiences



## Innovative and Technology-Driven

Leverage technology to improve our processes and better serve our customers



## Robust Cybersecurity and Privacy

Safeguard our customers' data and privacy to the highest standards against potential threats

## MATERIAL TOPICS

## 2023 ACHIEVEMENTS



### Sustainable and Responsible Finance: Creating Positive Impacts

- Mobilised RM32.4 billion of sustainable finance via Green, Social, Sustainable Impact Products and Services
- Launched Malaysia's first comprehensive Sustainability-Linked Financing proposition for SMEs
- Won 14 awards across the region for sustainable finance



### Financial Inclusion and Literacy

- Distributed RM8.7 billion of financing to low-income individuals across ASEAN
- Provided RM6.2 billion of financing to micro and small enterprises in support of SDG 8: Decent work and economic growth
- Trained more than 7,800 youths under our financial literacy programmes



### Customer Experience

- Achieved a Net Promoter Score within 69% of the industry in our four key markets
- Rolled out a strategy to combat financial scams



### Digitisation and Innovation

- CIMB Clicks<sup>1</sup> uptime at 99.74%
- BizChannel<sup>1</sup> uptime at 99.95%



### Cybersecurity and Data Privacy

- Enhanced our Security Operation Centre and Threat Intelligence to address increasing cyber threats
- >100,000 hours of cybersecurity and data privacy lessons completed by over 30,000 CIMBians

<sup>1</sup> Figures are calculated using the simple average of system percentage uptime availability in Malaysia, Indonesia, Singapore and Thailand, excluding scheduled maintenance.



## SUSTAINABLE AND RESPONSIBLE FINANCE: DRIVING POSITIVE IMPACTS

The role of banks today extends far beyond traditional financing; we are at the forefront of channelling capital towards sustainable and responsible initiatives. At CIMB, our approach is holistic, recognising that prosperity today requires a balance of economic performance and attention to critical global concerns including climate change, social welfare, economic development, and environmental preservation. Our commitment is twofold: we foster resilient and inclusive development while simultaneously working to minimise harm and inequities.

Aligned with our goal of achieving Net Zero by 2050, we work with our clients to future-proof their operations against climate change and other emerging risks, and to help them facilitate a just transition. In an era where financial investments are increasingly measured by the environmental and social impacts they create, CIMB is working to ensure that our investments catalyse positive outcomes that drive collective progress and wellbeing.

| Sustainable and Responsible Finance Approach

### OUR GREEN, SOCIAL, SUSTAINABLE IMPACT PRODUCTS AND SERVICES FRAMEWORK

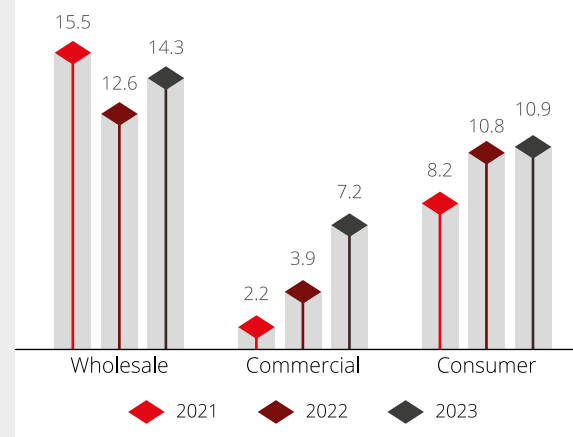
Our commitment to continuously create positive and sustainable impact through our financing is encapsulated in our Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework. The GSSIPS Framework guides our efforts towards facilitating a just transition and positive social outcomes through our products and services, and is aligned with the principles of Islamic finance through the Value-Based Intermediation (VBI), as well as global frameworks and goals such as the UN SDGs.

CIMB's sustainable finance activities are guided by our Sustainable Finance Framework (SFF), which aligns our financing activities with international sustainability standards and best practices. In FY2023, we updated our SFF that summarises CIMB's sustainability governance, policies, and implementation of sustainable finance to provide more clarity and transparency to our approach in classifying and reporting our GSSIPS achievements. The revised SFF includes our overall guiding principles, scope of recognised products, governance process, deal classification logic and alignment to various credible sustainable finance frameworks. CIMB's SFF can be found here.

Through the GSSIPS framework, our frontliners are empowered to consistently identify and encourage eligible sustainable financing activities that produce positive impacts for the environment and society. With sustainable finance taxonomies evolving throughout the region, we seek to continue refining our framework to keep pace with industry standards, such as enhanced principles and technical screening criteria for transition finance.

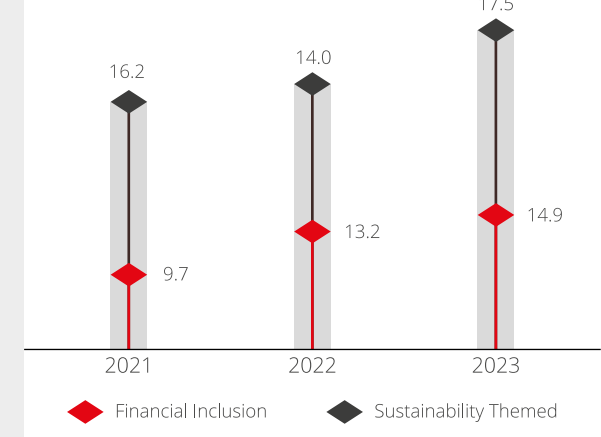
With the increasing demand for sustainable finance, we raised our sustainable finance target from RM60 billion to RM100 billion by 2024, more than tripling our initial target for the same period from our initial goal. In 2023, we mobilised RM32.4 billion in sustainable finance, a 19% increase compared to 2022. Cumulatively, we have mobilised around RM86.2 billion of sustainable finance between 2021 to 2023.

GSSIPS Breakdown by Business Unit (RM bil)



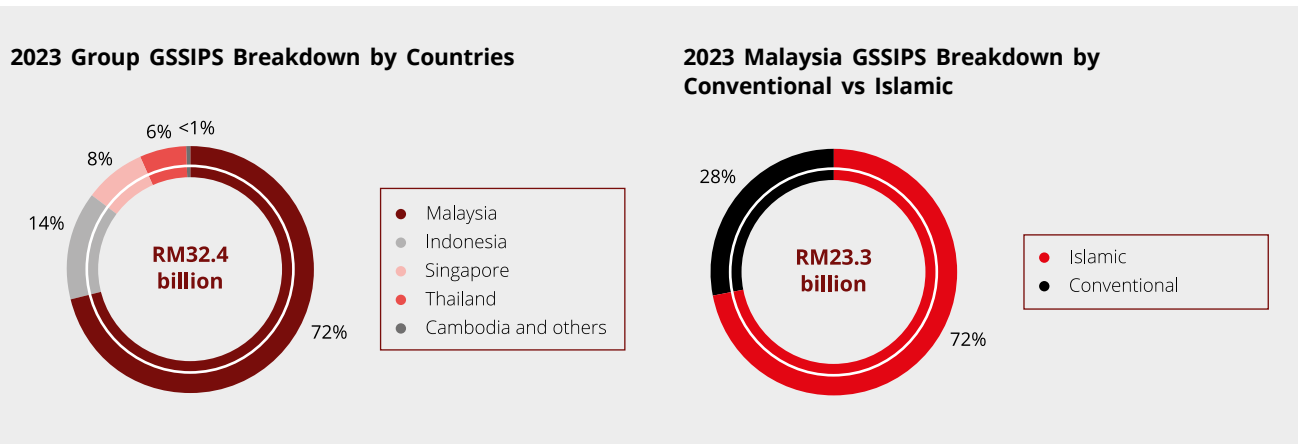
Commercial Banking increased mainly due to change in SME data reporting methodology from 2023 onwards.

GSSIPS Breakdown by Category (RM bil)



The Financial Inclusion category consists of financing for low-income consumers and micro and small enterprises, while the Sustainability Themed category consists of green, social, sustainable, and sustainability-linked financing, as defined in our GSSIPS and SFF. Sustainability-themed deposits and investment accounts that counted towards the total GSSIPS portfolio in 2021 are excluded from this chart.

## Sustainable Business



While we have made significant strides, there remain challenges to overcome in bringing systematic change and accelerating sustainable finance for our clients. In line with our Net Zero sector pathways, we seek to engage with clients in hard-to-abate sectors to catalyse transition financing, while continuing to encourage more green and social projects among our clients and their value chains.

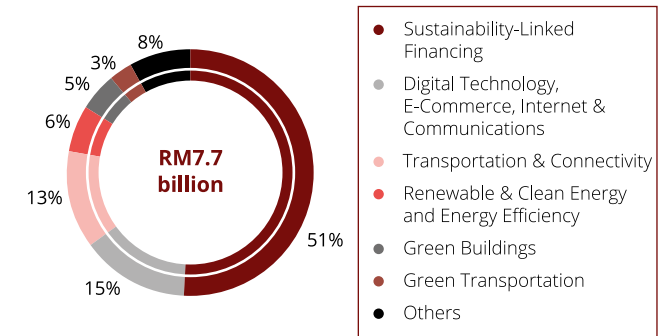
In order to better allocate capital to green, social, sustainability and transition projects, we continue to enhance our financial offerings and processes to meet the diverse requirements of our clients, from SMEs to large corporates across our ASEAN coverage. We recognise that more effort is required for some projects and technologies to be financially viable and are constantly exploring on ways to bridge this gap effectively, including blended financing and enhancing our credit assessment processes. Recognising that our green financing is mainly channeled towards climate change mitigation activities, we are actively seeking to build our capabilities in financing climate adaptation projects. These efforts underscore CIMB's dedication to expanding the reach and efficacy of sustainable financing across both our conventional and Islamic product suite.

### WHOLESALE BANKING

Within our Wholesale Banking division, spanning Corporate Banking, Investment Banking, and Treasury and Markets, we are strategically positioned to support our corporate clients in various sectors as they rapidly advance their sustainability agendas. We are encouraged to see that many of our clients are actively aligning with stricter disclosure mandates to better articulate their sustainability strategies and performance, while also noting that our corporate clients are proactively working on their commitments to the SDGs and the pursuit of a just Net Zero transition, by seeking capital for initiatives to generate new resilient business opportunities and promote harm reduction. With regional governments rolling out energy transition roadmaps and low-emission economic policies, we play a crucial role as a facilitator to this shift. Our Wholesale Banking division channels our financing, capital-raising activities and treasury services towards achieving positive environmental and social outcomes.

### CORPORATE BANKING

#### 2023 Financing Mobilised by GSSIPS Focus Area



In 2023, our Corporate Banking and Financial Institutions teams facilitated RM7.7 billion of financing to clients across the region. We saw strong growth in sustainability-linked financing to almost RM4.0 billion, comprising 51% of our Corporate Banking GSSIPS transactions. Green, Social and Sustainable use of proceeds financing however decreased to RM3.7 billion from RM5.7 billion driven by lower financing of free/subsidised education and green buildings compared to 2022.

We continue to ramp up engagement efforts with our corporate clients to highlight relevant sustainability topics through events such as our flagship The Cooler Earth Sustainability Summit. A highlight was a dedicated session in Malaysia where we collaborated with key corporate clients and expert partners to discuss best practices in establishing sustainable supply chains, sustainable supply chain financing solutions from CIMB, and the availability of data solutions to track sustainability performance. CIMB Niaga also shared the latest updates on their sustainability policies and frameworks with members of the Indonesia Employers Association.

Key deals facilitated include:

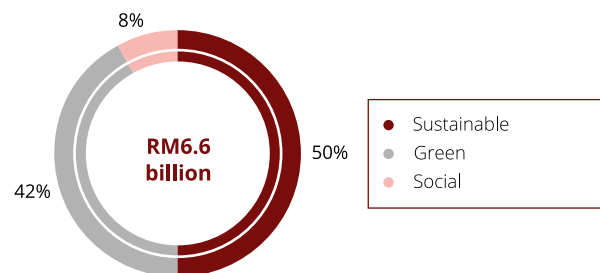
- Reducing GHG emissions intensity for the telecommunications sector in Malaysia**  
 CIMB Malaysia served as the sustainability structuring agent, joint lender and sustainability lead arranger for U Mobile's RM1.4 billion Sustainability-Linked Financing (SLF). U Mobile will receive a rebate on its financing rate based on meeting the agreed targets of GHG emissions intensity reduction through the implementation of energy-efficiency and solar power projects for its operations. This deal won the Asset Triple A Sustainable Finance Awards 2024 for the best sustainability-linked loan in the Malaysian telecom sector.
- Facilitating green building certification of self-storage facilities in Singapore**  
 CIMB Singapore was the joint lender, sustainability adviser and coordinator for Asia's first Self-Storage SLF of S\$180 million for StorHub. The financing facility features a sustainability-linked margin adjustment tied to two environmental key performance indicators of Storhub's properties in Singapore. The targets include reducing electricity consumption and obtaining LEED green building certification.
- Reducing GHG emissions in the integrated lifestyle property sector in Thailand**  
 CIMB Thailand sealed its first sustainability-linked loan valued at THB3.0 billion with Asset World Corporation (AWC), Thailand's leading integrated lifestyle real estate group. With the twin objectives of aligning AWC's sustainability goals and enhancing Thailand's position as a global sustainable tourism destination, the facility will go towards supporting efforts to reduce GHG emissions in its operations.
- Enabling microfinance business expansion in Thailand**  
 CIMB Thailand's Financial Institutions team disbursed a social loan to support a local non-bank financial institution in providing affordable microfinancing to underbanked customers.
- Supporting green energy projects for Indonesia's power sector**  
 CIMB Niaga participated in the first syndicated green loan facility of USD750 million for Perusahaan Listrik

Negara (PLN), a state-owned enterprise which provides the majority of Indonesia's power generation and distribution. PLN has a decarbonisation plan in place to achieve Net Zero carbon emissions in line with national commitments.

### CAPITAL MARKET SOLUTIONS

Despite challenging market conditions, we strengthened our capabilities in the conventional and Islamic debt capital markets and we leveraged our expertise to channel capital to various green, social and sustainable projects. In 2023, our Debt Capital Markets (DCM) team successfully facilitated RM6.6 billion<sup>1,2</sup> worth of Green/Social/Sustainable bonds/Sukuk (GSSB) throughout the region. As a result, we received the accolade of the Best Bond House for Sustainable Finance by Alpha Southeast Asia. Our efforts in the Malaysian market were also recognised, with CIMB Investment Bank Berhad ranked as the Top Lead Arranger (Overall) in Bond Pricing Agency Malaysia Sdn Bhd's (BPAM) ESG Bond League Table.

#### Sustainable Bonds and Sukuk Facilitated



<sup>1</sup> Following the Group's Sustainable Finance Classification Guiding Principles, the classification/recognition method for sustainable bonds and Sukuk is the apportioned value of CIMB's participation in underwriting the transaction as accredited by Bloomberg's League Tables.

<sup>2</sup> This includes the amount credited for the issuance of CIMB's Sustainability Tier 2 Sukuk and Sustainability AT-1 Sukuk, amounting to RM1.3 billion, where proceeds have been allocated to various eligible GSSIPS facilities (per our SDG Bond and Sukuk Framework) extended to our clients. We have excluded counting this amount again towards our RM100 billion GSSIPS target, since the positive impact is already taken into account at the point of extending the facilities to our clients.

Key deals facilitated include:

- Supporting green development in Indonesia**  
 This transaction marks the seventh time since 2014 that the Indonesian government has appointed CIMB to act as Arranger and Dealer, Lead Manager, and Bookrunner for its global Sukuk offering under its USD35 billion Trust Certificates Programme. This latest USD2 billion offering, including a USD1 billion green tranche, is the largest USD Sukuk issuance by an Asian sovereign at issuance and was awarded the Best Sovereign Green Sukuk of the Year by Alpha Southeast Asia.
- Enabling the largest mini-hydro project financing deal in Malaysia**  
 We are the sole Principal Adviser, Financial Adviser, Lead Arranger, and Lead Manager for RP Hydro (Kelantan) Sdn. Bhd.'s RM975 million ASEAN Green SRI Sukuk Wakalah. This transaction marks the largest greenfield non-recourse project financing ringgit-denominated Sukuk issuance, and the largest mini-hydro project financing deal funded through the MYR debt capital markets in 2023. It was awarded the Best Local Currency Sukuk of the Year and Best ESG Green Financing Deal of the Year in Malaysia by Alpha Southeast Asia.
- Accelerating the energy transition in Thailand**  
 CIMB Thailand supported low-carbon growth by underwriting green debenture issuances with a total size of THB9.9 billion by Energy Absolute Public Company Limited. Funds from these issuances will be used to finance various renewable energy projects including electric buses and other low carbon technologies.
- Supporting sustainable energy development in Singapore**  
 CIMB Singapore successfully facilitated the issuance of Sembcorp Industries' S\$350 million green bond. Funds from this issuance will be utilised to fund eligible projects under Sembcorp's Green Financing Framework (2021), including renewable energy such as solar and wind.

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### TREASURY AND MARKETS SOLUTIONS

Building on the launch of our landmark Sustainability-Linked Treasury (SLT) programme at the end of 2022, we engaged with our clients to integrate sustainability-linked rebate structures in our treasury risk management solutions, to further incentivise them to achieve their ESG aspirations. These solutions, which can be incorporated into regular FX trading or hedging structures such as interest rate or FX swaps, are customised to each client's sustainability ambitions and business requirements.

Key deals facilitated include:

- Improving biodiversity and climate change disclosures in the palm oil supply chain**  
 Intercontinental Specialty Fats, our first foreign MNC and first palm oil sector client in the SLT programme, stands to receive a rebate linked to its Carbon Disclosure Project assessment scores.
- Reducing GHG emissions in shipping**  
 We developed our first Shariah-compliant hedging solution with MTT Shipping Sdn. Bhd., linked to improving the carbon intensity indicator of its vessels. They have committed to align their overall emissions reduction trajectory with that of the International Maritime Organisation.

### CARBON MARKETS

As carbon markets develop across ASEAN, CIMB is continuously exploring our role in facilitating end-to-end carbon market solutions for our clients. While we recognise that there are challenges, such as the complexities around Article 6 of the Paris Agreement regarding cross-border emissions trading and issues raised on verification standards, we acknowledge that carbon markets will play a critical role in channelling funding towards sustainability projects.


As part of our efforts to explore innovative solutions for our clients, we signed a Memorandum of Collaboration (MoC) with Bursa Malaysia to explore expanding our services, leveraging Bursa Carbon Exchange (BCX), a streamlined platform for trading high-quality carbon credits through standardised contracts. Under the MoC, we are exploring how CIMB can potentially conduct carbon credit transactional services on behalf of our clients via BCX. The strategic partnership provides capacity building features to deepen understanding of voluntary carbon markets and improve our clients' access to carbon credits.

### COMMERCIAL BANKING

With many SMEs in the region grappling with adverse economic conditions and rising costs, CIMB is committed to providing these clients with essential financing as well as support on their sustainability initiatives. A vital engine of economic progress, SMEs are increasingly looking to integrate sustainable business practices to enhance their ability to compete, and to enable their continued inclusion in supply chains.

In 2023, CIMB provided RM6.2 billion in financing to micro and small enterprises across the region. Separately, RM1 billion was channeled towards Green, Social and Sustainable financing, a significant progress from previous years.

### GREENBIZREADY™

Through GreenBizReady™  our award-winning complimentary, one-stop sustainability solution, we empower Malaysian SMEs to embark on their sustainability journey with access to capacity building, advisory, technical services and business matching with support from industry leaders, sustainability service providers and government agencies.

In 2023, we enhanced GreenBizReady™ with a new RM3 billion Sustainability-Linked Financing (SLF) Programme to accelerate SME adoption of sustainable business practices. We are the first bank in the market to offer a complete value proposition for SMEs to tap into SLF opportunities, including simple tools for quantifying sustainability performance, measuring their carbon footprint and authenticating impact.

Leveraging the Malaysian Green Technology and Climate Change Corporation's (MGTC) Low Carbon Operating System platform, the SLF incentivises SMEs to achieve credible GHG emission reduction targets through attractive financing rebates of up to 0.50% p.a., as they secure financing to meet their business needs.

In addition, we conducted a series of comprehensive client engagement sessions focused on topics critical to sustainability such as energy efficiency, human rights and sustainable agriculture. As a highlight, The Cooler Earth Sustainability Summit 2023 featured a multifaceted panel on energy efficiency practices. The session brought together speakers from the Energy Commission, Malaysia Association of Energy Service Companies, Sustainable Energy Development Authority and MGTC to explore the commercial advantages of energy-efficient operations, in anticipation of the Energy Efficiency and Conservation Bill 2023.

With the aim of enhancing the quality and scope of corporate sustainability reporting, the implementation of the EU Corporate Sustainability Reporting Directive has made addressing human rights risks in the supply chain a pressing concern for businesses. Leveraging on one of our GreenBizReady™ associates, Earthworm Foundation guided our clients from the construction, manufacturing, and palm oil sectors on integrating human rights governance into their operations. We also provided these clients with due diligence tools that help in the management of the issue. CIMB Islamic also partnered with Preferred by Nature, the Forest Stewardship Council and WWF Malaysia to support our Commercial Banking clients in the Palm Oil and Forestry sectors in navigating the new European Union Deforestation Regulation.

### **GreenBizReady™: Charting GCA's Sustainable Transformation** *Zain Puteh, ESG Adviser, Global Component Asia*

Aviation engineering firm, Global Component Asia (GCA; formerly known as RUAG Aviation Malaysia), joined our GreenBizReady™ platform in November 2022. The company's Economic, Environment, Social and Governance adviser, Mr Zain Puteh, shared GCA's experience with CIMB's GreenBizReady™ programme.

#### **What started GCA on its sustainability path?**

When it comes to critical issues such as sustainability, our experience shows how important it is to have a strong internal champion. Our sustainability culture and commitment are driven and led from our top leadership. It is also essential to start on the right footing backed by the appropriate guidance with a robust agenda and framework. Today, everyone at GCA feels passionate and proud about being a responsible global citizen.

#### **How did GCA become involved with CIMB's GreenBizReady™?**

I am an avid follower of CIMB's The Cooler Earth Sustainability Summit. During my attendance of the 2022 Summit with our Chairman, we stopped by the booth of one of CIMB's GreenBizReady™ associates, Impacto, and learned about how GreenBizReady™ is a one-stop and step-by-step solution for companies looking to embark and progress in their sustainability journey. Through understanding the GreenBizReady™ offerings and the challenges and opportunities for SMEs, we became convinced that GreenBizReady™ would be a good platform for GCA to take the next big leap in sustainability. We then signed up for the GreenBizReady™ programme.

#### **How has GreenBizReady™ benefitted GCA?**

We needed to articulate our sustainability aspirations into a concrete, coherent agenda and working closely in the GreenBizReady™ ecosystem helped us a lot with that. We underwent a 1-year programme with support from CIMB and Impacto, which was instrumental in our formulation of a comprehensive framework. Being able to tap on their case studies of other SMEs was also very informative. Through their coaching, we were able to create a GCA-specific sustainability agenda that resonates with our employees, especially our younger staff.

After having the framework in place, we could then zero in on creating the action plans to achieve our sustainability objectives. CIMB and Impacto also guided us to other resources that we could tap into, and with our sustainability programme in place, we won a National Aerospace Industry Coordinating Office grant to drive our sustainability agenda and initiatives. And this year, just one year after we dropped by the GreenBizReady™ booth, we were able to showcase our ESG Journey at LIMA Malaysia 2023.

#### **What feedback do you have for CIMB on GreenBizReady™?**

I see GreenBizReady™ as a critical resource for Malaysia's drive towards sustainability, especially because, as a complimentary programme, it is focused on enabling SMEs which do not typically have the type of resources that larger corporates have. I hope to see the platform grow and for more SMEs to get onboard. Our experience with GreenBizReady™ has reinforced our confidence in CIMB as a leading bank that is firmly focused on sustainability, not just for itself, for business, but for the good of society as a whole.





## Sustainable Business

### LOW CARBON TRANSITION FACILITY AND HIGH TECH AND GREEN FACILITY

We proactively help our clients to tap on various sustainable financing schemes, such as Bank Negara Malaysia (BNM)'s Low Carbon Transition Facility (LCTF), and High Tech and Green Facility (HTG), which were established to support SMEs to adopt sustainable and low-carbon practices, as well as invest in strategic green sectors and technologies.

More than RM150 million in financing was approved for our SME clients for LCTF and HTG in 2023. These facilities contributed to a range of projects across renewable energy, electric vehicles, energy efficiency solutions and circular economy initiatives, demonstrating Malaysian SMEs' growing participation in the green economy.

### COMMERCIAL BANKING SINGAPORE

CIMB Singapore has been a Partner Financial Institution for Enterprise Singapore's Enterprise Financing Scheme – Green (EFS-Green) since 2022. In 2023, we expanded the suite of trade finance products offered under the scheme to include products such as Letters of Credit, Trust Receipts, Export Invoice Financing and Bank Guarantees. As part of the EFS-Green scheme, we provided RM70 million in sustainable trade financing to our clients, facilitating solutions that reduce waste and promote circular economy practices, among others.

As part of The Cooler Earth Sustainability Summit, CIMB Singapore hosted a session with the SME Centre@Singapore Indian Chamber of Commerce and Industry to share and discuss on the sustainability landscape in Singapore and how CIMB can support the clients' business, should they choose to pursue opportunities in Malaysia.

### COMMERCIAL BANKING INDONESIA

In 2023, CIMB Niaga disbursed close to RM1.5 billion of SME financing. In addition, CIMB Niaga disbursed RM104 million of green and social financing to our clients. This includes

financing for sustainable agriculture and waste management purposes. The Giro Kartini current account for women entrepreneurs incorporates preferential rates, capacity building and a donation to support traditional weaving training for women with disabilities in Sulawesi. The Giro Kartini account balances was close to RM26 million in 2023.

### SUSTAINABLE TERM INVESTMENT ACCOUNT-I

In Q4'23, CIMB Islamic rolled out a second Sustainable Term Investment Account-i (Sustainable TIA-i) tranche for businesses, as a follow-on to the first tranche in 2022. It offers clients competitive profit rates with an investment lock in of six or 12 months.


The Sustainable TIA-i focuses primarily on financing assets linked to SDG 8 which promotes decent work and economic growth, with particular emphasis on assets that are aligned to micro, small and medium enterprises (MSMEs) as defined by Bank Negara Malaysia. In 2023, the total Sustainable TIA-i balances was approximately RM309 million, down from the previous year due to intense market competition intense market competition for deposits and shorter campaign period compared to 2022.

### CONSUMER BANKING

Consumers' awareness and concerns for sustainability issues such as climate change are on the rise. According to the CEO Action Network multi-stakeholder survey released in December 2023, a majority of consumers are taking extra steps to incorporate sustainability in their daily lives<sup>3</sup>. This upward trend of consumers embracing sustainability is reflected in their growing preference for sustainable choices, such as purchasing energy-efficient appliances, installing solar panels in their homes and driving hybrid or electric vehicles. We facilitate our customers' sustainable lifestyle choices by continuing to promote our green financing and ESG investment options.

 | CIMB's Consumer Banking Sustainable Offerings

### FIRST INTEGRATED SUSTAINABLE SOLUTION/SUSTAINABLE HOME LIVING SOLUTION

We have significantly expanded our green home financing product offerings this year to match the growing demand in Malaysia and Indonesia. In conjunction with Earth Day, we became the first Malaysian bank to launch a one-stop online platform – Sustainable Living Home Solutions (SLHS) , dedicated to helping Malaysians embrace sustainable lifestyle practices and reduce their environmental impact at home in a convenient manner.

SLHS brings together all of CIMB's housing solutions under one roof, such as preferential mortgage financing rates for green building-certified homes and interest-free instalment plans for solar panel financing of up to 60 months with various solar panel providers. CIMB's merchant partners offer 0% Easy Pay plans on energy-efficient appliances to incentivise consumers to make a sustainable choice. The ease of the SLHS one-stop platform has also supported the growth of green mortgage financing to RM1.0 billion across the region in 2023, mainly contributed by Malaysia's mortgage portfolio. In 2023, green home financing at the Group level almost tripled from the previous year.

In Singapore, we introduced Green Renovation Financing tailored for customers integrating at least five sustainable features into their home renovation plans. The initiative saw an uptake of RM99 million in accepted financing. In Indonesia, the total quantum for green certified home financing grew to RM47 million from RM20 million in 2022.

<sup>3</sup> *The Business Case For Corporate Sustainability In Malaysia: A Multi-Stakeholder Approach, CEO Action Network, 2023.* 

## GREEN VEHICLE FINANCING

We observed a notable increase in customer demand for cleaner transportation as governments in the region incentivise the adoption of electric vehicles (EVs). This is evident in the significant surge in green and hybrid auto-financing, with RM504 million disbursed across Malaysia and Indonesia, slightly more than double compared to 2022.

In Malaysia and Indonesia, we offer preferential financing rates for hybrid or EVs. In Malaysia, we provide up to 90% margin of financing and extend the repayment period to nine years, while in Indonesia, we offer attractive financing rates including a 0% rate for the first two years of the EV financing. Furthermore, this year, we launched our EV campaign in Malaysia, aimed at encouraging more Malaysians to transition to EVs. The comprehensive package covers a wide range of car ownership needs including attractive auto-financing terms, motor insurance and privileged access to selected EV charging stations.

## ECOSAVE SAVINGS ACCOUNT-i

By depositing with the CIMB Islamic EcoSave Savings Account-i, our Malaysian customers can play an important role in channelling support to environmental conservation projects. We contribute 0.2% of the total average portfolio balance to environmental initiatives, with portfolio balances now standing at RM2.5 billion. Since its inception, over RM8 million has been directed to support 17 environmental projects.

In 2023, the programme onboarded Forever Sabah with a RM750,000 grant to support community-led restoration and preservation of the Babagon Water Catchment area, a critical source providing approximately 57% of the wider Kota Kinabalu area's supply. We also deepened our partnership with WWF Malaysia with an additional RM1 million commitment towards the protection of the Setiu Wetlands ecosystem.

 | CIMB's EcoSave Savings Account-i



The Babagon Water Catchment provides approximately 57% of the water supply to Kota Kinabalu.



CIMB Islamic Bank allocates RM1 million from EcoSave Savings Account-i towards a three-year partnership with WWF-Malaysia to enhance Setiu Wetlands protection, community education and conservation-driven livelihoods.

## WAQF SAVINGS PROGRAMME

CIMB Niaga Sustainability Waqf is a unique form of endowment under the *Mudharabah* principle. It offers a direct gift by CIMB Niaga to customers, which is transferred to the Waqf foundation in the form of a Waqf programme. The goal is to promote sustainability and generate continuous benefits for the community through programmes in education, healthcare, environmental health and community empowerment. In 2023, CIMB Niaga gifted Rp15 million towards Waqf institutions including a well project supporting climate adaptation efforts based on a total portfolio savings of approximately Rp203.5 billion.

## ESG INVESTMENTS

Our ESG-themed offerings for our Consumer and Private Banking customers span from ESG funds to structured products, discretionary mandates and investment-linked insurance. We work together with a range of fund management partners such as Principal Asset Management and Sun Life in providing some of these offerings. In Indonesia and Thailand, we also offer our clients access to both government and corporate sustainability bonds.

In 2023, our customers purchased approximately RM658 million of ESG investment products, a slight increase from the previous year. Globally, ESG funds as an investment asset class encountered challenges, including underperformance compared to conventional peers and increased scrutiny regarding greenwashing. These factors contributed to reduced demand for this type of investment product. CIMB remains committed to our fiduciary responsibility, guiding our customers towards appropriate investments that meet their financial objectives and sustainability impact goals.



## Sustainable Business



### FINANCIAL INCLUSION, HEALTH AND LITERACY

Financial health and inclusion are crucial aspects for financial institutions, reflecting the significant role banks play in providing access to financial services. Regulatory bodies in our key markets have emphasised the importance of improving financial access, financial literacy, consumer protection and distribution channels. This strategic focus aligns with CIMB's commitment to fostering financial inclusion and ensuring our services positively impact the broader community.

#### OUR FINANCIAL INCLUSION AND HEALTH COMMITMENT

In 2020, having identified financial inclusion and financial health as a material matter, we carried out an in-depth analysis of our operations and portfolio to identify where we could make the most meaningful impact. Based on these insights, we have established strategic goals aimed at enhancing access and support particularly for vulnerable groups. Our progress towards these goals will be tracked and reported annually, overseen by our sustainability teams at both management and Board levels.

#### OUR TARGETS

As we analysed the financial inclusion and financial health data in each of our key markets, we found that the needs and priorities of the vulnerable groups differ by country. Our target-setting process began in Malaysia, where we have the largest customer base. Based on the results of our analysis, we have decided to focus on the bottom 40% income earners (B40), who face significant economic vulnerability.

Despite widespread access to basic banking services, data shows that many B40 individuals struggle to save for emergencies or retirement, with a majority projected to fall short of essential savings goals. The Employees Provident Fund projected that approximately 70% of its members are at risk of falling short of the Basic Savings goal of RM240,000 by the time they reach 40.<sup>1,2</sup>

The rising cost of living, compounded by economic disruptions and climate-related disasters, further underscores the urgent need for financial protection of those most susceptible to external shocks. However, there is an evident gap in access to life insurance in Malaysia, where the Life Insurance and Family Takaful penetration rate of 54% in 2022 falls short of the 75% target set by Bank Negara Malaysia (BNM). Furthermore, lower levels of digital literacy pose risks. According to a 2022 BNM survey, a significant percentage of respondents shared passwords and personal data, exposing themselves to online fraud.

To address these challenges, CIMB has launched a targeted initiative in Malaysia, where we aim to provide customers in the vulnerable segments with greater access to wealth-building and insurance products, to empower them with solutions that build their credit history, improve their financial management skills and reduce reliance on high-cost financing sources. Through financial literacy and digital literacy training initiatives, we aim to help customers better understand financial products and risks of banking in a digital world, empowering them to make better informed decisions.

To track our progress in meeting our goal of promoting financial health and inclusion within the communities we serve, we have set a target to increase the number of customers in the vulnerable segment, who hold solutions aimed at improving their long-term financial health. Notably, we exclude products that may lead to negative impacts, such as credit cards and personal loans.



Target  
1



**378k** vulnerable customers with insurance and wealth-building products, compared to 352k in 2022

Target  
2



**560k** vulnerable customers with products beyond savings accounts compared to 492k in 2022

<sup>1</sup> 71% of EPF contributors aged 55 and below do not have enough to rise above poverty level, *New Straits Times*, 2023.

<sup>2</sup> Special Report: Fixing the Low Retirement Savings of EPF Members, *The Edge*, 2023.

In addition to setting targets, we continue to innovate and expand our range of financial products and services to better align with the needs of the targeted underserved groups based on market research. This analysis helps us to better understand, address and tailor delivery methods based on the needs and preferences of our targeted vulnerable groups, including those with physical disabilities, the elderly and those facing financial hardship.

CIMB Group also actively engages with social welfare organisations, Higher Education Institutions and other industry players to expand the reach of inclusive financial services and offers non-financial support for specific underserved groups. To protect the rights and financial wellbeing of our targeted vulnerable groups, we have internal policies, procedures and safeguards in place when assessing potential borrowers in order to prevent over-indebtedness. We also conduct training programmes to strengthen our employees' understanding of vulnerable groups to ensure communications and information about products and services are easily legible and comprehensible, and to ensure appropriate sales techniques and respectful treatment of these groups. CIMB Group also has complaint mechanisms easily accessible to our vulnerable customers, so that we can respond to their feedback promptly and continuously improve the quality of our services.

 | Financial Inclusion Products and Services

## **INCLUSIVE ACCESS TO FINANCIAL PRODUCTS AND SERVICES**

### **ACCESS FOR THE UNBANKED AND UNDERBANKED IN THE PHILIPPINES**

The Philippines has one of the lowest rates of banking penetration in Southeast Asia, with only 56% of the population having a bank account. From its establishment in 2019 until the end of 2023, CIMB Bank Philippines has extended banking access to 7.5 million depositors. Of these, we have extended loans to more than 3 million customers,

of which more than 50% are first-time bank account holders. Our efforts have been acknowledged and have garnered several awards, including being named the #1 Bank in the Philippines in Forbes' World's Best Banks 2023 ranking.

### **ENHANCING ACCESSIBILITY TO FINANCIAL SERVICES THROUGH DIGITALISATION**

We believe digitalisation plays a pivotal role in promoting financial inclusion. In Malaysia, we collaborate with Alibaba's Ant Financial Group, to provide e-wallet services under TNG Digital, which provides convenient access to financial services to all levels of society.

TNG Digital continued to offer and enhance several key features through its app, which provides low barriers of entry to the B40 segment, including lower minimum amounts for investments and insurance coverage:

- **Insurance Hub:** Enabling users to explore insurance options in one place
- **Investments Platform:** Empowering individuals to grow their wealth
- **Cross-Border Payments:** Facilitating international transactions
- **Government Aid Disbursement Support:** Ensuring timely access to essential funds

TNG eWallet is designed to be inclusive through their straightforward financial services products and user-friendly processes. The e-wallet's financial services currently benefit more than two million users monthly.

### **EMPOWERING FINANCIAL INCLUSION ACROSS DIFFERENT AGE GROUPS**

Our efforts towards financial inclusion extend across various markets. In Indonesia, CIMB Niaga continues to offer SimPel, a Student Savings account, to allow and encourage students to start saving from a young age. It is also widely promoted

in remote areas of the country. As of 2023, there are 100,201 accounts. In addition, we offer savings accounts with special interest rates to senior citizen customers in both Malaysia and Thailand.

Through these initiatives, we strive to enhance user convenience and financial accessibility, fostering a more inclusive financial landscape.

### **OFFERING AFFORDABLE FINANCING FOR LOW-INCOME INDIVIDUALS**

As part of our contribution to promoting financial inclusion, we have mobilised RM7.3 billion in financing to B40 customers in Malaysia. This amount has reduced compared to 2022 mainly driven by lower Amanah Saham Bumiputera (ASB) financing and discontinuation of the government's My First Home Scheme. Through TNG Digital, we aim to further extend financial services to this customer segment to ensure they can easily access banking and financial services.

In Indonesia, CIMB Niaga extended approximately RM480 million under its inclusive financing scheme for low-income individuals with incomes of up to RP8 million. In Thailand, CIMB Thai disbursed RM911 million in financing to customers with incomes of THB20,000 or lower, primarily to purchase vehicles.

### **ACCESS TO INVESTMENTS FOR WEALTH BUILDING**

We firmly believe that facilitating access to wealth-building opportunities within low-income and underserved communities is crucial for achieving social equity. We offer financing for ASB investments in Malaysia, helping customers access affordable funds. Our total ASB financing for B40 communities amounted to RM1.5 billion in 2023, making up more than 68% of all ASB financing extended.

## Sustainable Business

This year, we also broadened the investment options for underserved Malaysians. In October, TNG Digital signed a Memorandum of Collaboration (MoC) with Bursa Malaysia and Affin Hwang Investment Bank Berhad to offer a user-friendly platform to make participation in the stock market more accessible to underserved segments by lowering costs and entry barriers.

### FOSTERING THE GROWTH OF SMES

We understand the importance of financing SMEs as part of financial inclusion, especially those owned and led by people from vulnerable segments such as low-income earners and women entrepreneurs. We have several initiatives in place to foster the growth of SMEs in Malaysia. For example, through CIMB Islamic's collaboration with Taylor's Education Group, we provide financial grants and capacity building to micro-entrepreneurs to enhance their business knowledge and skills. In addition, through MicroBizReady, we offer financial training to empower entrepreneurs with the necessary skills to grow a small business. We also offer SME QuickBiz financing to SMEs via our zero-collateral SME working capital financing facility to ease financing for small business owners. In Eastern Indonesia, 223 female and vulnerable MSME players received entrepreneurship/business literacy training and working capital financing facility with no interest from CIMB Niaga.

 | Sustainable Business and Banking Products

### PROMOTING FINANCIAL LITERACY

Across ASEAN, we support financial literacy programmes that empower vulnerable segments such as youths and entrepreneurs from low-income backgrounds. These programmes are essential to help them take control of their financial future and build long-term wealth. By learning about financial concepts and strategies, they can make better informed decisions on their finances, avoiding financial pitfalls in the journey to their financial goals.

#### BE\$MART: OUR FLAGSHIP LITERACY PROGRAMME

Be\$mart is CIMB Foundation's flagship financial literacy programme to raise the level of financial literacy among Malaysian youth. Launched in 2016, it targets students from underserved backgrounds studying in public universities and colleges across Malaysia. Over 25,000 students have benefited from the programme since its inception.

The programme aims to equip them with essential financial knowledge to manage their finances effectively as they graduate and enter the workforce, so that they can make well-informed and meaningful financial decisions for a more successful future. Topics covered ranged from understanding the basics of budgeting, saving, investing, managing debt, financial protection and fraud awareness. Our approach emphasises real-world scenarios, utilising relatable examples to make financial concepts easily comprehensible. In 2023, we piloted a revamped approach to the programme and reached 98 students.

### FINANCIAL LITERACY PROGRAMMES FOR SCHOOL CHILDREN

CIMB Niaga continues to be a strong supporter of the Financial Services Authority's (OJK) mission to improve financial literacy and inclusion. In 2023, CIMB Niaga's hybrid financial literacy programmes reached 8,395 students from 37 cities.

The financial literacy and inclusion programmes held by CIMB Niaga include the Tour de Bank (TDB) which introduces banking functions and savings benefits to elementary school students, and the Let's Save and Share (Ayo Menabung dan Berbagi) programme which is targeted at middle and high school students, introducing them to financial planning. CIMB Niaga has also extended financial management training to teachers from schools participating in the TDB and AMDB programmes. This programme has reached 7,646 students and 148 teachers across 84 schools in Indonesia.

 | Financial health and literacy initiatives

### INITIATIVES TO COMBAT FINANCIAL FRAUD AND SCAMS

Amid the escalating cases of financial fraud and scams, we actively contribute to raising awareness of this critical issue. CIMB is committed to supporting national efforts in tightening banking security and combating financial fraud. We have implemented a freeze function in our online banking apps, enabling users to suspend account activities immediately in case of suspected unauthorised access or fraud. We are also supporting a national scam awareness campaign to educate and protect customers from fraudulent schemes. In our ongoing efforts to safeguard our clients from evolving scams, we regularly share informative infographics across multiple digital channels, including our website, social media platforms and the OCTO App. Our aim is to keep our clients updated on the latest trends and tactics, empowering them to recognise and avoid potential threats effectively.



## CUSTOMER EXPERIENCE

At CIMB, we prioritise meeting the ever-changing needs and ambitions of our customers.

We adapt our offerings to anticipate their requirements, delivering experiences that are relevant and personal. Our commitment is crystallised into five key principles of customer experience (CX): Easy, Efficient, Extra Mile, Empathy and Empowerment (5Es). These 5Es are aligned with our new brand proposition and corporate values that steer our conduct. Together, they represent our dedication to service excellence and high standard of care.

### CUSTOMER EXPERIENCE GOVERNANCE

Our frontliners serve as the vanguards of our customer experience, embodying our commitment to excellence. Their conduct is guided by our four primary customer-related policies: the Group Treating Customers Fairly Policy, Group Customer Exit Handling Policy, Group Complaints Handling Policy and Group Customer Communication Policy. Detailed information on the management and oversight of our customer service can be found on our website. [🔗](#)

## COMMITTED TO TREATING CUSTOMERS FAIRLY

We value the relationships we have with our customers and are committed to strengthening our connection on the basis of trust. We embed six Treating Customers Fairly commitments in our processes and through our actions.

### 6

#### PRINCIPLES OF TREATING CUSTOMERS FAIRLY



In 2023, we enhanced the Group Treating Customers Fairly Policy and Procedure to include how we support vulnerable customers, and the principles of fair practices in their engagement. We also expanded our Treating Customers Fairly dashboard to provide oversight of operations in Thailand and Indonesia.

### ENSURING RESPONSIBLE COMMUNICATIONS

In 2023, we introduced our new Group Customer Communication Policy to elevate the standards of our written engagement with customers, aligning it with regulatory standards across the region. This policy ensures that our correspondences with customers are easily understood and effective.

## Sustainable Business

### STRENGTHENED COMPLAINTS HANDLING

We are committed to resolving complaints at the first point of contact, ensuring fast and effective resolution to customers' requests and feedback. We have a robust and comprehensive process in place to manage customer dissatisfaction, which is implemented via our Group Complaints Handling Policy and Procedure. In 2023, close to 50% of customer complaints were resolved at the first point of contact. We analyse the underlying reasons for the complaints to avoid future recurrence.

We ramped up CX Booster and New Hire On Job training programmes to ensure a consistent and excellent customer experience. Teams were empowered to go the extra mile to meet the expectations of customers by rewarding those who provided feedback with surprise vouchers. We received over 8,100 customer compliments on their experience through various channels regionally.

We launched the Contact Centre Transformation programme to build a best-in-class Customer Experience Contact Centre in Malaysia. We strengthened our CX Quality Monitoring and established a structured Performance Monitoring Dashboard for our call centres, providing clear visibility of real-time customer experience performance and indicating where corrective actions are needed. These dashboards cover a holistic view of call volume, fulfilment (such as SLA driven and turnaround time), resources and manpower, call disposition and Voice-of-Customers (VoCs).

Our zero tolerance towards mis-selling is reflected in our comprehensive and holistic investigation process, which is designed to ensure fair outcomes for both customers and employees. This year, we registered 14 cases of mis-selling in Malaysia, a significant improvement from 112 cases in 2021.

### TACKLING FINANCIAL SCAMS

We have established a comprehensive, cross-divisional initiative to strengthen our fraud prevention measures and raise customer awareness, empowering CIMB customers to effectively recognise and safeguard themselves against scams. Led by the CEO of Consumer Banking, the programme has implemented advanced security protocols to further safeguard our customers' assets and intensified our efforts to combat financial crimes.



#### Lock Clicks ID

Users can block their digital access upon detecting unusual activities, ensuring immediate protection against unauthorised account access



#### Single Registered Device

Each CIMB Clicks ID is uniquely paired to a single mobile device, ensuring a personalised and secure banking experience with every login



#### 12-hour Cooling Off Period

Users are unable to access the account for 12 hours to allow verification of their identity when signing on from a new device



#### Mandatory SecureTAC Approval

Every transaction made through CIMB Clicks/CIMB OCTO App, including FPX and selected non-monetary transactions, is safeguarded by a SecureTAC approval gateway



#### Heightened Authentication Process

Biometric authentication and facial recognition are required to verify the identity of account owners for the opening of new accounts through non-face-to-face methods or for conducting money transfers exceeding a specified limit



#### Post Notification for Transactions

Users receive post notifications for transaction performed on mobile and internet banking



#### Near Real-Time Monitoring System

Accounts that exhibit suspicious activity are immediately secured with a temporary block



#### Fraud Awareness Assessment




An assessment for customers to test their awareness of fraud on CIMB Clicks/CIMB Octo App is conducted every six months



## MEASURING CUSTOMER EXPERIENCE

We use multiple channels and touchpoints to gather customer interaction and experience data across our value chain. These insights are used collectively to design initiatives that drive positive customer outcomes and create stronger brand affinity.

 | Customer Experience Performance Data

Components in our measurement ecosystem	What we measure	How we measure	How we performed
<p><b>OPERATIONAL</b></p>	<p> <b>Service Level Agreement (SLA) performance</b></p>	<p>A consolidated dashboard of more than 100 vital indicators encompassing fulfilment levels across key channels, products and systems, tracked on a monthly basis to ensure we meet basic customer expectations. Examples include customers' time spent at branches and our call centre, product application turnaround time and digital uptime</p>	<p>83% of our core CX indicators met their respective targets</p> <p>Fulfilment across key channels rebounded during the second half of the year across Malaysia, Indonesia, Singapore and Thailand</p>
<p><b>TRANSACTIONAL</b></p>	<p> <b>Customer Satisfaction Score</b></p>	<p>An in-house platform to track service experience and perform recovery across key physical, voice and digital customer interaction channels, supplemented with ad-hoc research or surveys to facilitate business decision-making</p>	<p>We met Customer Satisfaction targets in 11 out of 20 channels tracked. Our complaints handling process was flagged as an area of improvement, notably in the quality and timeliness of issues resolution, and providing customers with timely updates. Through the Customer Resolution Unit Transformation Programme a thorough assessment was conducted to identify and address the root causes. As a result, we strengthened the monitoring of customer experience quality, staff reskilling and capability building</p> <p>We also received feedback on the User Interface and User Experience of the BizChannel platform. These insights were reviewed and incorporated into the design and delivery implementation of the upcoming NextGen BizChannel platform</p>
<p><b>STRATEGIC</b></p>	<p> <b>Net Promoter Score (NPS)</b></p>	<p>An annual Group-wide Customer Engagement Survey to gauge where we stand relative to our key competitors from a total banking relationship standpoint</p>	<p>The combined NPS score for general banking across our four core markets is within 69% of the industry average. This marks a slight improvement from 2022 due to better ranking performance in Malaysia and Thailand. We maintained our NPS score against a progressive industry average in Indonesia. In Singapore, the decline was driven by a shift in consumer sentiment to a more neutral stand towards CIMB while competitors have largely remained status quo</p> <p>Our NPS score significantly improved for both CIMB retail and non-retail customer segments across all four markets</p>

## Sustainable Business

### JOURNEY TRANSFORMATION AND DIGITISATION

Since 2022, we have accelerated the Journey Transformation and Digitisation (JTD) programme to harness technology and innovation thoughtfully to enhance the way we serve our customers. Employees can take on short- and long-term projects via the JTD initiative to contribute their expertise and capabilities towards enhancing the efficiency of the Bank, while developing new skills and broadening exposure.

This year, we made significant headway with the completion of 41 projects, including our “Every Branch is Home Branch” initiative which allows customers to perform seven common transactions at any branch, regardless of where they initially opened their account. These enhancements significantly improved convenience and reduced wait times. We have since identified seven additional transactional touchpoints for further improvement in the banking experience. CIMB Thailand launched the Pang Verr 1.0 project as a pilot initiative to promote Business Process Re-engineering. The pilot has catalysed bank-wide efforts in process improvement and heightened collaboration.

We have also improved back-end efficiencies by implementing automation in selected functions such as the consistent updating of customer information across documents that require the same information. For example, the ‘Auto Update on Maintenance Forms’ function has significantly reduced errors and time spent associated with manually transferring information from our Banking Communication System to various relevant maintenance forms. The system can now populate and auto-tag pre-set information, such as account name, loan amount, loan details and approval date into seven maintenance forms, freeing up 12 full days annually for employees to focus on providing value-add services for customers.

### SOCIAL MEDIA MONITORING

Keeping a close ear to customer feedback is vital for agile responses to their needs. Social media serves as a crucial channel for gathering feedback and monitoring sentiments.

This year, we automated our social media monitoring using machine learning, reducing manual monitoring time by 70% and improving content tagging accuracy. This enhancement enables us to capture social media sentiments more effectively, respond promptly and accurately to customer queries and gain deeper insights into customer preferences.

### CIMB WOWEEK!

The CIMB WoWeek! is our signature week-long celebration dedicated to strengthening our bonds with our valued customers and expressing gratitude to the millions who entrust CIMB with safeguarding and growing their assets. In addition to showcasing CIMB product innovations, service enhancements and customer success stories, the event serves as a platform to promote financial literacy, raise awareness about financial fraud and underscore the significance of cybersecurity.



### EMPOWERING EMPLOYEES TO MAKE A DIFFERENCE

We recognise that every employee is an ambassador for CIMB and plays a pivotal role in enhancing the customer experience. Often the first and last points of contact with our customers, they are the cornerstones of our pursuit to become a premier ASEAN bank with a deep-rooted customer focus. We invest in empowering our workforce to identify and act on opportunities to elevate our services, and provide them with the tools and platforms necessary to drive meaningful change.

## CAPABILITY BUILDING

The CIMB BEATS programme is a strategic bank-wide initiative aimed at reinforcing customer-centricity among employees and equipping them with new skills and knowledge to effectively embody our customer-first values. Through the creative use of gamified learning modules, the programme provides an engaging and interactive five-step pathway for employees to gain competencies in enhancing customer experiences, ensuring fair treatment of customers and promoting clear written communication.

## INNOVATION PROGRAMMES

CIMB Innovator is an employee empowerment platform designed to drive agile mindsets across the Group. By implementing a design-thinking process, employees deep dive into the user's experience, relook at existing services, challenge assumptions and redefine problems to identify alternative strategies and solutions. A key feature of this platform is the high level of empowerment our employees have to rapidly rollout prototypes to test and implement their ideas. Solutions from the platform have significantly enhanced various processes. In Singapore, improvements include doubling the processing rate for Consumer deposit account openings from 20% to 40%, cutting SME credit processing time from 11 to five days and enhancing turnaround times for non-retail credit underwriting – from 16 to nine weeks in Corporate Banking and from seven to under four weeks for Mid-corporate.

In 2023, #teamCIMB identified 28 projects, with 10 winners selected for their significant impact on improving customer experience. Winners include:

- **Group Operations:** The team automated the production of audit confirmation letters, achieving a 75% increase in productivity and eliminating the need for the maker role
- **Group Legal and Compliance:** The team introduced ROBO STR 2.0, a scalable data analytics solution that identifies segments with Suspicious Transaction Reporting propensity, leading to improved productivity and efficiency
- **Group Commercial and Transaction Banking:** The team introduced a revolutionary cashline renewal process, providing a significant boost in both customer experience and work efficiency

We launched the "Journey Transformation and Design: Make the Pitch Campaign" competition as a platform for employees to identify, devise and advocate solutions that refine our operational processes. Winning projects were chosen based on the ability to enhance customer experience and improve employee, operational and cost efficiency.

The inaugural event drew 18 qualified entries addressing various issues, including enhancing training platforms, process automation, strengthening anti-money laundering measures and advancing self-service capabilities for customers.

### Make the Pitch Campaign Winners



#### **Automation of Merchant ID and Terminal ID for termination request by Group Operations' Business Operations Management – Merchant Ops**

The proposal outlines a solution to automate a high-volume and manual process to ensure swifter and more accurate execution of termination requests with reduced errors.

#### **Efficiency Enhancement to Ongoing Due Diligence process for Non-borrowing Customers' Profile Updates by Group Legal and Compliance's AML Transformation capitalise Unit for consistency**

The proposal aims to reengineer the due diligence process for non-borrowing customers by leveraging technology to automatically gather the latest information to refresh our records. The strategy uses trusted external sources to keep our non-borrowing customer profiles current, thereby improving the success rate of our engagement efforts.

#### **Establishment of International Settlement Transaction Monitoring Dashboards by Products by Group Operations' Risk Control Unit**

The proposal introduced a monitoring system to mitigate the risk of delays or omissions in performing international settlements due to the different cut-off times of applicable countries. Late settlement costs would be avoided through automated email alerts and meticulous oversight of each transaction's journey.

The Pang Verr 1.0 project launched in March 2023 served as a pilot initiative to promote Business Process Re-engineering at CIMB Thai PLC. It was driven by the identification of key pain points in current processes. The pilot was successful in catalysing bank-wide efforts in process improvement and heightened collaboration within the organisation. 16% of projects have been completed with ongoing efforts to address remaining tasks and objectives.

## Sustainable Business



### **DIGITALISATION AND INNOVATION**

We embrace technological innovations that enable us to be more agile and responsive to our customers and their evolving needs. The future of banking lies in personalisation. By harnessing the power of data analytics and artificial intelligence, we can generate new insights to create products and services tailored to our customer preferences. At the same time, we can enable our customers and their businesses to make smarter, data-informed decisions that drive success.

We welcome technological innovations and invest in new technology that have the capability to enhance our digital customer experience, deliver the speed of implementation and uncompromisingly safeguard the privacy and data security of our customers.

### **TECHNOLOGY AND DATA GOVERNANCE**

Ensuring the security, availability and integrity of our technology and data is paramount at CIMB. Our Group Technology and Data Division spearheads this effort, guided by the strategic insights of the Group Transformation Committee as well as the Board. The Group Technology and Data teams provide quarterly updates to the Group Operational and Resiliency Risk Committee and bi-monthly updates to the Board Risk and Compliance Committee. We also hold monthly meetings for the Regional Technology Risk Committee.

At the operational level, technology and data governance at CIMB focuses on delivering governance capabilities such as Policy and Guidelines, Risk Control and Assurance, Quality Assurance and Audit Management, while ensuring compliance with policies and procedures. We adhere to the Financial Services Industry Standards, as well as the relevant local regulatory technology policies and procedures in the regions we operate in.

### **PROACTIVE INTEGRATED IT RISK MANAGEMENT**

In 2023, we enhanced our controls across the entire technology value chain, covering day-to-day operations and project life cycle, by implementing an Integrated IT Risk Management tool. This tool enables us to proactively manage technology risks and maintain compliance, thereby limiting our risk exposure and enabling us to meet regulatory expectations. The unified view of controls across technology and risk domains fosters collaboration among our risk specialists, enhancing our ability to mitigate technology risks more effectively. The tool also provides data and insights to guide our actions and prioritisation efforts.

### **GREATER AVAILABILITY AND RESILIENCE**

In addition to our investment in technology refresh for servers, data warehouses and switches, we have rolled out Software Defined Wide Area Network (SD WAN) technology across our regional operations, which enable our employees and customers to enjoy higher bandwidth and faster systems performance. Through the use of SD WAN, we have improved the performance of the systems by three times compared to 2021. Our network latency has also improved by 60%.

We will complete our on-premise managed Platform as a Service (PaaS) project in early 2024. PaaS is a proactive end-to-end monitoring and analytics vehicle that is tailor-made to future-proof CIMB's network for higher performance and better reliability.

We have built an intelligence capability that offers 24/7 monitoring through predictive analysis. Our security operation centre (FusionX) houses cross-sector teams from the Tech and Data division to monitor in real-time all activities of our main technology applications, effectively supporting decision-making and minimising disruptions through early detection.

As a result of our investments in technology to deliver high availability and resiliency, CIMB Clicks and BizChannel achieved average system uptimes<sup>1</sup> of 99.74% and 99.95% respectively in 2023, even as the Group continues to grow its customer base and experiences increased logins and usage. We were also able to scale up and enhance our banking app – CIMB Octo, on a future-ready platform. Powered by a brand-new infrastructure and containerised microservices, this upgrade allows us to scale and accommodate rapid growth of online transactions, while providing greater data security and simplifying cross-team coordination. The microservices platform also allows us to selectively deploy components without major disruptions. Lessons from app enhancements were shared and applied to the regional app enhancement rollout in Indonesia.

<sup>1</sup> These figures are calculated using the simple average of system percentage uptime availability in Malaysia, Indonesia, Singapore and Thailand excluding scheduled maintenance.

## EVOLVING OUR TECHNOLOGY AND PEOPLE FOR TOMORROW

We are on a multi-year transformation programme to enhance our technology infrastructure capability and maturity across the Group, with the aim of building a reliable, resilient and secure digital environment to meet evolving business and customer needs. This includes core systems development to support the transformation of our customers' journey, implementing agile methodologies and providing training to upskill our teams.

### AGILITY IN TRANSFORMING CUSTOMER JOURNEYS

Agility and design thinking are the key tenets of our Transforming Customer Journey efforts. We have adopted a collaborative approach drawing from across organisational functions to foster innovation and ensure that everything we do is aligned with our customer-centric principles and sustainability goals. This involves:



Iteratively creating and improving our offerings via our Human-Centred Design and Agile framework



Designing products and services with sustainable value



Early prototyping to bring our best ideas to life



Working together across disciplines to boost our knowledge and skills

Data-driven decision-making underpins our strategy, offering a solid foundation for our choices and ensuring that our progress is measurable over time. We encourage the principle of empathy in the ideation of design thinking; successes and failures are equally embraced as learning opportunities as we focus on creating solutions that effectively meet customers' needs while fulfilling our environmental and social responsibilities.

To drive agility and design thinking principles throughout CIMB, we continue to ramp up engagement and training with our Design and Research, Product Management, Programme Management Office and Technology teams across the business units of Retail Deposits, Investment and Commercial Banking. To date, we have engaged over 700 employees through monthly workshops, professional certified programmes, as well as secondment opportunities and on-the-job training.

## IMPROVING CUSTOMER JOURNEY

Enhancing our services in 2023, we built upon established approaches, principles and design thinking elements to elevate the customer journey. A notable milestone was the introduction of the CIMB web-based electronic Know-Your-Customer (e-KYC) platform, featuring a fully digital account opening process for our retail deposit customers. This strategic move optimises the customer experience, streamlines the journey, and empowers customers to open accounts effortlessly, anytime and anywhere.

The CIMB e-KYC provides a fully digital account opening process covering the majority of our product portfolio which was traditionally onboarded through branches. The platform has the capability to seamlessly partner with digital apps in the market to provide an online account opening process through other channels.

The digital onboarding process not only offers convenience to the customers but also opens avenues for future expansion and scalability, allowing for the seamless onboarding of other banking products digitally. Furthermore, it presents collaborative opportunities with other digital channels, fostering potential partnerships in the digital ecosystem.

## DIGITAL AND TECH TALENT

Talent development and building a culture of "digital first" remains a key focus to drive technology transformation. We adopt a two-pronged approach to building a critical mass of relevant tech talent within CIMB. We invest in training our talents to drive the adoption of new technology aligned with business demands, as well as to enable agile ways of working. Our targeted recruitment initiatives, such as The Complete Banker Digital programme, ensure a talent pipeline of top graduates to support the Bank. We have developed a system of tailoring tech career pathways to nurture and retain talent. In 2023, our Digital and Data Academy has trained approximately 16,000 employees across the region, delivering more than 169,000 training hours.



## Sustainable Business

### RESILIENT AND NEXT-GEN TECH

As technology continues to transform financial services, we strive to develop and deliver improved products and services for our customers. We continue to invest in digital infrastructure such as mobile banking, digital payments and cloud-based services to meet customer expectations today and into the future.

### NETWORK RESILIENCE

Our data centres combine traditional IT systems with the advanced capabilities of an on-premise private cloud. This enables integrated technology management across different business areas, accelerating our digital transformation journey and garnering significant cost savings.

To ensure resilience in our network, we progressively update our data centres to enhance network connectivity and bandwidth, while reducing latency. This year, we initiated a domestic SD-WAN standardisation project aimed at delivering high-quality connectivity and enhanced end-to-end security for all domestic WAN links across CIMB headquarters, branches, campus and data centres.

Our on-premise managed Platform as a Service (PaaS) project is nearing completion. PaaS serves as a proactive end-to-end monitoring and analytics solution tailored to future-proof CIMB for higher performance and improved reliability.

We are also constantly sourcing for solutions and services that are more energy efficient, as part of our commitment to lower our carbon footprint. We have established plans to enhance energy efficiency in our managed data centres and continue to convey our expectations to all service providers.

### NEW PLATFORMS AND NEXT-GEN CLOUD MIGRATION

We are starting to migrate our technology infrastructure to the cloud, aiming to streamline processes, accelerate innovation and elevate service quality. To ensure a smooth transition, we have bolstered our Cloud Governance framework, implemented Cloud Standards and established comprehensive policies and procedures. Additionally, a dedicated Cloud Operations Model has been crafted to address organisational structure, job roles, required skillsets and training programmes.

We continue to enhance CIMB OCTO, our digital platform with 5.9 million registered users. This year, we upgraded the platform by introducing a CrossBorder QR payment service in Thailand, Indonesia and Singapore, enabling customers to transact effortlessly with participating merchants. We also enabled the personalisation of the home screen to speed up banking transactions and enhanced our receipt management features for user convenience.

BizChannel, our key digitalisation platform for CIMB's non-retail customers is next in line for an upgrade. Its user base and transaction volume have increased by 3.5% and 1.0% respectively in 2023, with 99.95% uptime reliability. In 2024, we will launch the NextGen BizChannel which will offer more features and greater empowerment for our customers in managing their day-to-day finances.

#### Uptime for BizChannel and CIMB Clicks

BizChannel		
2019	2022	2023
99.86%	99.99%	99.95%

CIMB Clicks		
2019	2022	2023
99.45%	99.50%	99.74%



*Figures are calculated using the simple average of system percentage uptime availability in Malaysia, Indonesia, Singapore and Thailand excluding scheduled maintenance.*



## CYBERSECURITY AND DATA PRIVACY

As custodians of customer data and financial assets, financial institutions and service providers are targets for cyber-criminals. A regional study reveals a 65% increase in application and API attacks within the financial services sector, totaling over 9 billion attacks over 18 months<sup>1</sup>. These attacks are largely Layer 3 (network) and Layer 4 (transport) Distributed Denial of Service (DDoS) attacks fueled by the escalation in virtual machine botnet strength and hacktivism linked to the Russia-Ukraine conflict.

At the forefront of this challenge, CIMB is committed to continuously strengthening the credibility and integrity of our online systems to ensure that customers can bank efficiently, securely and with confidence. We achieve this by embedding a stringent risk management culture and by deploying best-in-class systems and processes to deliver on our promise to safeguard our customers' banking experience.

### DATA AND INFORMATION GOVERNANCE

We operate in accordance with our Group Data Protection and Management Policies, which articulate our commitment to collecting, using, and safeguarding customer and stakeholder data at a consistent and high standard. Our data and security management policies and processes are seamlessly integrated into our robust risk and control framework. The execution of the policies and framework is a shared responsibility among all employees, overseen through senior level governance forums. To ensure compliance, Data Protection Officers monitor, enforce and update the organisation's policies and procedures, aligning with local laws and regulations.



| Cybersecurity and Data Privacy Governance

### OUR PRINCIPLES

CIMB operates in a highly regulated and digital environment. We seek to ensure that our management of data and systems is ethical, responsible and consistent. The core tenets of our approach are available on our website.

Our regional teams engage independent assessors to evaluate our readiness for emerging laws. Thailand and Vietnam enacted their Personal Data Protection laws in 2022 and 2023 respectively, and in line with these, CIMB Thai and Vietnam have rolled out policies and procedures under their newly established Data Protection Office. CIMB Niaga also completed its first phase of readiness in 2023 for the enforcement of the law in 2024.

Read more about our policies for publicly listed entities below. Entities within the Group may publish separate policies if required by local law.

Malaysia | Indonesia | Singapore | Thailand | Philippines | Vietnam

### RESPONSIBLE AND FAIR USE OF DATA

CIMB's philosophy of ethical and responsible use of data means that we are respectful and empathetic to those whose personal data we collect, process, store or transmit. Our Privacy Policy and notices outline the fundamental principles guiding the collection, usage and protection of personal data, including our approach to emerging technologies like Cloud and Artificial Intelligence (AI).

This year, we completed the consolidation of Privacy and Data Governance under Group Technology and Data in Malaysia, Indonesia, Singapore and Thailand. The Data Protection/Privacy functions now report to the Group Data Protection Office, led by the Group Data Governance Head for Data, Regulations and Standards. This allows CIMB to be agile and holistic in governing and responding to changes in non-financial laws and regulations pertaining to data and the responsible use of new technologies.

We have completed key revisions in privacy notices and obtained consent as well as revised the data impact analysis and data risk assessments to ensure that privacy controls are considered in new systems and technology deployments. We also retain data in accordance with the legal and regulatory required duration, and proceed to delete or render such data unreadable thereafter. We continuously monitor customer complaints and potential regulatory data breaches. There were no major or material data or security breach incidents experienced or substantiated in 2023 and 2022<sup>2</sup>.

<sup>1</sup> *The High Stakes of Innovation: Attack Trends in Financial Services, Akamai, 2023.*  
<sup>2</sup> *Substantial incidents refer to written statements by regulatory or similar official body addressed to CIMB that identifies a breach, or a compliant or incident recognised as legitimate and material by CIMB.*

## Sustainable Business

### UPHOLDING TRUST IN PRIVACY AND CONFIDENTIALITY

We foster trust by consistently adhering to our Data Protection (Privacy) principles and standards across the region. We integrate security, privacy, and confidentiality considerations into the design and operations of our systems, products, and services, ensuring the safety of both our data and stakeholders. Our policies, procedures and control measures for safeguarding customer information undergo an independent review at least once every two years, with the most recent audit conducted in 2023.


 | Cybersecurity and Data Privacy Governance

### PRUDENT AND CAUTIOUS ADOPTION OF NEW TECHNOLOGIES

Our strategic roadmap and risk management plan for the adoption of new technologies, “Journey to the Cloud”, embodies our prudent and phased approach. Following the successful pilot and early adoption of Cloud platforms and services for non-customer/personal data and non-critical systems, we have embarked on several projects to deploy services and products via cloud-based solutions in an incremental manner. This will ensure that our data and systems are ready for customers to continue enjoying our services in a seamless, safe and secure way.

We are also progressing in developing our approach to ethical AI adoption, which will shape and evolve in alignment with emerging regulatory guidelines as well as industry practices. We currently do not permit analytical and operational AI models to function without human oversight and intervention.


### PERMITTED DATA DISCLOSURES AND TRANSFERS

The principles of trust, ethics and fair dealing are fundamental expectations from customers, governments and the industry for an ASEAN banking leader like CIMB. This is particularly crucial as the adoption of remote digital banking, assisted by AI-driven solutions, cloud connectivity and increased data sharing between entities continues to gain momentum. The disclosure and transfer of data to third parties are based on legal and regulatory basis, as well as consent where required. For further insights into our key principles, visit our website. 

### CYBERSECURITY

Robust information security is fundamental to safeguarding our customers and their data, and it is a critical pillar of our risk management approach. As the digital economy continues to expand, so have our efforts to continuously assess, monitor and strengthen our cybersecurity protection and access controls.

### CYBERSECURITY GOVERNANCE

Cybersecurity constitutes a pivotal element of technology risk, and is systematically addressed within our Enterprise-wide Risk Management Framework. This comprehensive framework employs a three-lines-of-defence model to effectively manage technology and cybersecurity risks. Detailed information, encompassing our suite of policies outlining our security approach, along with the oversight from the Board and Senior Management, is available on our website. 

### CYBERSECURITY OPERATIONS

The Group IT and Cyber Security department conducts periodic, proactive security assessments and reviews, such as penetration tests, vulnerability assessments, patch assessments and risk and impact analyses, all of which are verified by independent external experts. The team carries out periodic cyber drill simulations, intelligence-led penetration tests, compromised assessments, red teaming exercises and business continuity exercises. It also conducts security awareness exercises and training and provides essential digital-related tools and services for day-to-day operations across the organisation.

Our Security Operating Centre ensures round-the-clock security vigilance by employing an advanced analytics-driven Security Information and Event Management solution. The system collects, analyses and inspects high volumes of network and other machine data in real-time. At the same time, our Cyber Threat Intelligence team proactively monitors various sources and threat intelligence feeds for any information that can potentially impact the Bank’s security posture. Any potential risk is promptly escalated to the Computer Emergency Response Team (CERT) for further investigation. We have also continued to strengthen our environmental controls by augmenting CIMB’s access, segregation and encryption standards and technologies.

### SYSTEM READINESS AND TESTING

Our Group Technology Disaster Recovery Policy outlines our readiness, resilience and ability to provide critical information technology capabilities and services after an incident, emergency or disaster. Developed in alignment with internationally recognised best practices for disaster recovery, it provides the standards for IT disaster recovery planning, execution and business continuity across the Group. We stress-test our business continuity and disaster recovery readiness multiple times annually, covering live, simulation and industry-wide exercises, in accordance with regulatory as well as Group requirements.

## **DRIVING A PRIVACY AND SECURITY CULTURE**

Our corporate culture is key to cultivating better governance and responsible data usage. We actively provide our employees and senior management with comprehensive training on data privacy and cybersecurity, aiming to increase awareness and understanding of associated risks. We also make related policies an integral part of all levels of the organisation.

## **TRAINING AND AWARENESS**

Our e-learning curriculum covers a broad spectrum of information and technology governance topics, ranging from data management and privacy security to business continuity. Complemented by the Digital and Data Academy, along with external trainers, we focus on developing specific skills and enabling key roles. In 2023, our workforce made significant strides in professional development with over 30,000 CIMBians successfully completing more than 100,000 training hours. We also trained and onboarded data stewards and data protection officers in the various Business Units and Enablers, particularly in the entities and markets requiring additional monitoring and support.

In countries where data protection laws are enforced, we update and train our Customer Resolution Units to engage and respond to complaints or allegations of possible breaches, ensuring timely escalation and resolution.

## **USER ACCOUNTABILITY AND RESPONSIBILITY**

We conduct simulation exercises to assess the cybersecurity awareness of #teamCIMB. Those who do not meet the required standards undergo additional online training to strengthen their knowledge of security threats.

As hybrid working becomes the new normal, we are committed to ensuring that our confidential systems remain secure for remote access. Our teams diligently monitor systems access and flag irregular behaviour. We constantly add security threat scenarios to help us better detect and pre-empt potential unusual activities or unauthorised access. To address any residual risks, we implemented essential end-user controls and continue to foster a culture of user awareness to encourage accountability and minimise unintentional data access or sharing. We also monitor selected staff activity on specific systems for any unusual viewing or access to mitigate internal conduct risks.

Our data protection philosophy, centred around principles such as data minimisation and the "need-to-know" basis, incorporates the principle of least privilege. This principle ensures that individuals or systems are granted only the minimum access necessary for their specific tasks, effectively reducing the exposure of sensitive information and minimising the risk of data misuse.

Data integrity and availability, including user readiness, is also a key objective of the various business continuity and data recovery tests performed. Critical systems are tested at least annually, as part of regulatory and industry-wide readiness testing.

## **IMPROVING CONTROLS AND PROCESSES**

CIMB is ISO27001-certified for security operations and we continually assess, test and audit our controls and practices. In addition to these, we appoint independent assessors, security teams and expert testers to validate, challenge and evaluate our security, project readiness and governance controls.

We are implementing a new integrated vulnerability management and rapid incident response solution. The system can perform endpoint security investigations with real-time visibility and control, enhancing our capability to protect, detect and respond to potential cyber threats. Beyond safeguarding customer data, the new system will serve to reinforce our customers' confidence in securing their assets against fraud and scams. We are also strengthening the security of our mobile apps to ensure a safe and secure experience for all users.

To heighten our vigilance and responsiveness, our Security Operating Centre and Cyber Threat Intelligence teams continually monitor, analyse and co-relate anomalies and external intelligence for potential threats. The counter-measures in our security arsenal range from blocking high-threat addresses and connections to launching legal action to "take down" phishing or bogus websites. We recently implemented User Behaviour Analytics, an advanced cyber threat detection solution using Machine Learning technology to boost our capabilities to detect unknown cyber threats.