



CIMB Group Digital Businesses Investor Day 2023

CIMB Group Holdings Berhad

31 October 2023



FORWARD23+ Strategy

The Forward23+ strategic house refined to shape the Group's 2023 business plan and key focus areas

Vision

To be the leading focused ASEAN bank

Strategic Themes

1 Delivering Sustainable Financial Returns

a) Reshape portfolio

- Accelerate profitable growth
- Fix & turnaround underperforming businesses
- Capital & balance sheet optimisation

b) Drive cost efficiency

- Embed cost discipline
- Increase productivity

c) Digitise for value

- Address technology resiliency
- Digitise & automate front & back office
- Focus on data & analytics

d) Focused investments

- Deepen CASA & deposit franchise
- Invest in Wealth & Affluent business, Wholesale, and Transaction Banking
- Grow Islamic finance
- Selected digital investments

2 Disciplined Execution

- Performance culture
- Regional operating model

3 Customer Centricity

- CX transformation including transforming customer journeys
- Treat customers Fairly

4 Transform Fundamentals

- Risk management & asset quality
- Enhance operational resiliency
- Finance & compliance resiliency

5 Purpose-driven organisation

a) Culture & Values

b) Human capital

c) Sustainability

We have a clear view on where we will compete and how will we win

FORWARD 23+

To be the leading focused ASEAN bank







Leading	Focused	ASEAN
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We seek to be amongst the **leading ASEAN banks (top quartile)** when measured by **financial metrics** such as **ROE*** and **CIR** as well as **non-financial metrics** such as **NPS**, **Organisational Health** and **Sustainability**

* Weighted average top quartile

**We will not be everything to everyone.
Focus on key markets and segments, where we play to win**

Where will we compete

-  **Universal Bank:** Across all segments
-  **Focused Universal Bank:** Consumer and SME; high quality wholesale
-  **ASEAN focus:** ASEAN wholesale and Preferred; niche in commercial
-  **Focused player:** ASEAN wholesale and Preferred; niche in consumer finance
-  **Universal** community focused bank
-  **Selective investments:** Digital attacker leveraging on partnerships to create a hedge on future

How will we win

- Lead the market on **customer experience** and **service** for focused customer segments
- Stay competitive in **providing value** to customers by becoming more efficient
- Leveraging our **ASEAN footprint** as a **differentiator** where relevant
- Investing in **technology, digital and analytics** to lead on service, experience and value
- Being **brilliant at the basics:** end to end risk management, controls, performance orientation

We are a **local ASEAN bank**. This identity resonates with our staff and external stakeholders. It provides an element of **differentiation** and aspiration

Our portfolio needed to be reshaped



Malaysia



Indonesia



Singapore



Thailand



Cambodia



Digital

↑ SME/ Commercial	↑ Consumer & SME	↑ Wealth Management	↑ Wealth Management	↑ SME/ Commercial
↑ Consumer	↑ Wealth Management	↑ T&M	↑ Consumer	↑ Consumer
↑ Wealth Management	↑ T&M	⊙ Corporate	↑ T&M	↑ Wealth Management
↑ Transaction banking	↑ Transaction banking	⊙ Commercial	⊙ Corporate ¹	↑ Transaction banking
↑ T&M	⊙ COBA	⊙ Transaction banking	⊙ Transaction banking	↑ T&M
↑ Corporate	⊙ COMBA	⊙ Consumer	⊙ Commercial	↑ Corporate

TnG & TNGD
 Philippines
 Vietnam

FORWARD 23+

- 1 Undertake stringent portfolio review**
- 2 Implementation of dynamic allocation framework**
 - Stronger growth vs market for performing businesses
 - Slower growth vs market for businesses that need to be fixed

Asset composition and growth



Growth momentum continued to improve on areas we would like to invest

Asset Composition					Gross Loan Composition			
Year	Consumer	Commercial	Wholesale	CDA & Group Funding	Year	Consumer	Commercial	Wholesale
Dec-19	33%	11%	43%	12%	Dec-19	50%	18%	32%
Jun-23	32% ▼	10% ▼	42% ▼	17% ▲	Jun-23	52% ▲	16% ▼	32% ▼

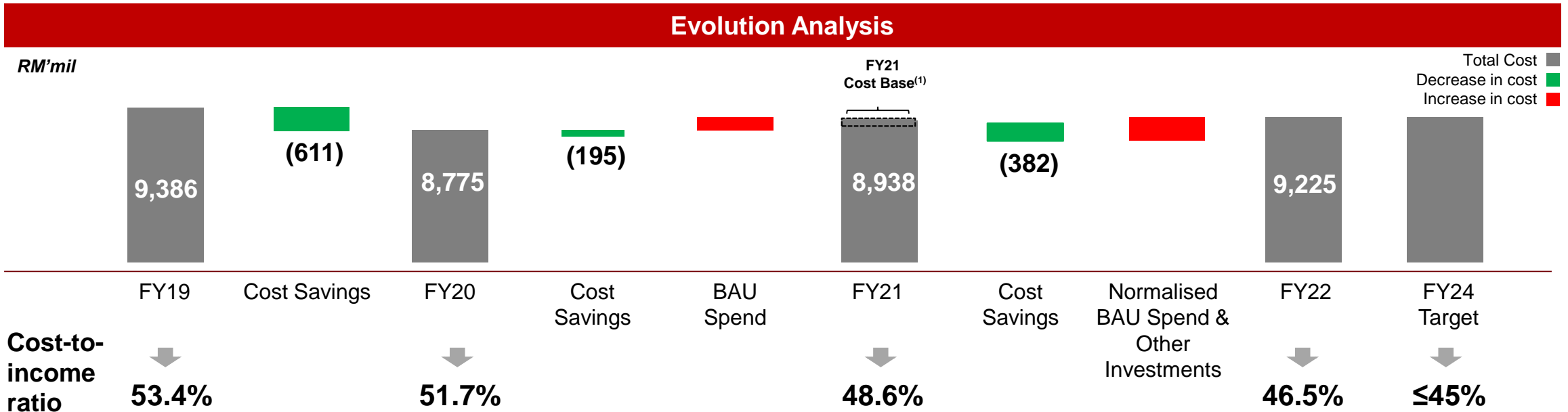
	Loan Growth (YoY)		Initiatives / Comments	
	1H23	2019 – 1H23		
🏠 Invest				
Consumer	+7%	+19%	➤	Consumer loans growth driven by Thailand and Indonesia
Malaysia	+5%	+17%	➤	Malaysia loans growth driven by Commercial segment
Malaysia Commercial	+8%	+26%	➤	Malaysia Commercial growth driven by Business Banking
Indonesia Consumer	+8%	+28%	➤	Indonesia Consumer holding strong
🏢 Fix				
Indonesia Commercial (ex-SME)	+1%	+7%	➤	Indonesia Commercial portfolio optimisation completed. Growing cautiously
Singapore Commercial (ex-SME)	-3%	-50%	➤	Singapore Commercial showing improved LLC
✖ Exit				
Thailand Commercial	-29%	-71%	➤	Thailand Commercial – Continued portfolio run down

Note: Malaysia includes London, Hong Kong and Shanghai

Structured Cost Take-out



Cumulative cost saving of RM1 billion achieved



~RM1 billion cost savings taken out between 2020-2022:

A&G optimisation	185	Personnel costs optimisation	250
Tightened marketing cost	110	Tactical reduction on non-IT spend	56
Singapore restructuring	45	Savings from IA Write-off & Accelerated Depreciation ⁽²⁾	80
Thailand restructuring	30	Consumer Malaysia initiatives ⁽³⁾	24
Indonesia cost optimisation	55	Real Estate optimisation	7
TnGD deconsolidation	200		

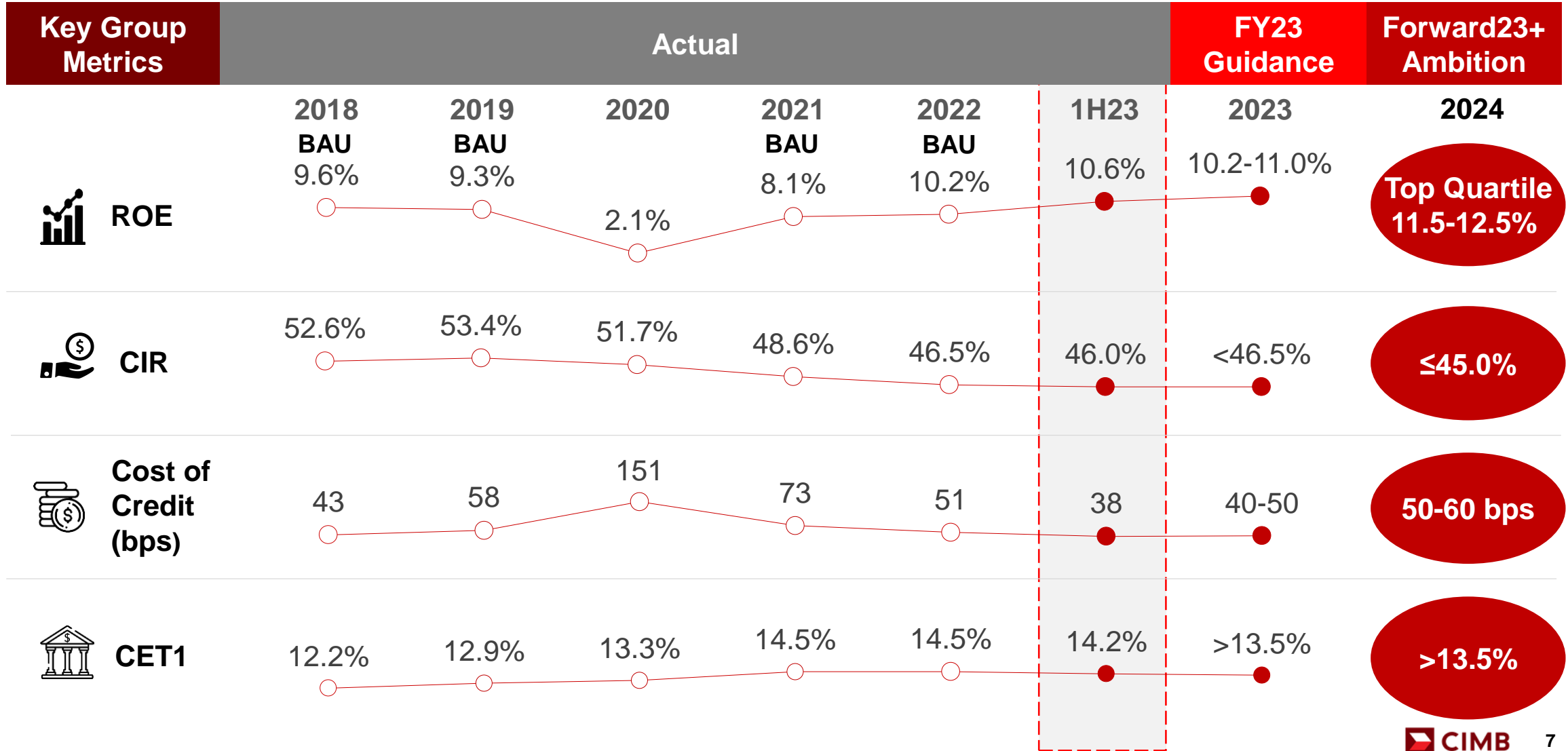
- Sustained productivity gains with enhanced CAPEX prioritisation framework and stringent opex management especially in the tech capex and opex space

Notes: (1) FY21 Cost Base without cost savings is RM9,133 mil

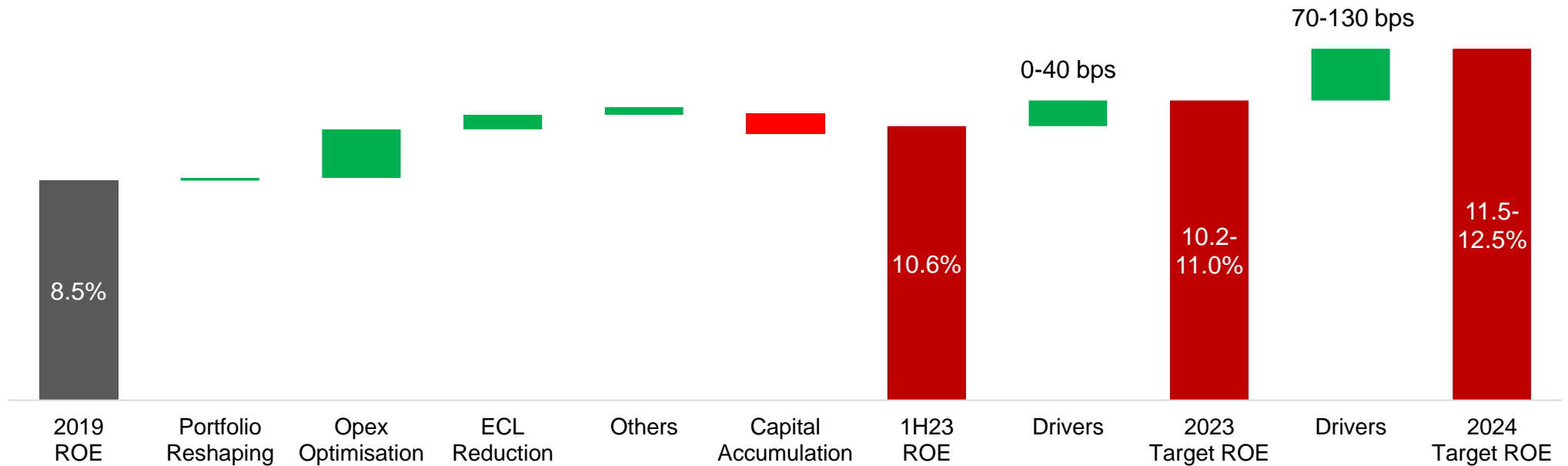
(2) Savings from IA write-off based on FY2021 exercise, while savings from accelerated depreciation only to commence when the asset is fully depreciated

(3) Optimisation of the Consumer business including, paper statement and courier/printing reduction, real estate optimisation and rental negotiation

Positive momentum towards meeting our Forward23+ ambitions



ROE journey and trajectory



Key Highlights

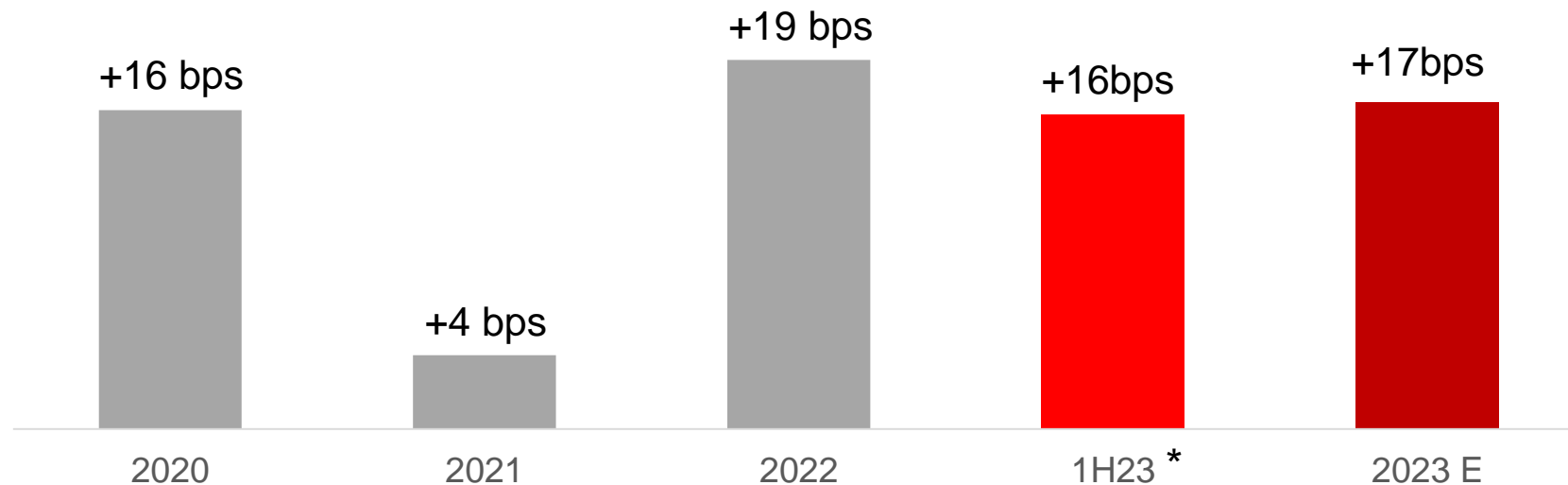
- ROE progressed to 10.6% in 1H23 from 8.5% in 2019 as we delivered on key Forward23+ initiative
- Our business recalibration efforts via reshaping of our portfolio delivered positively across segments and geographies
- Achieved structured cost take out of RM1bil over 3 years
- ECL uplift from proactive asset quality management
- Partial offset from higher CET1 of 14.2% at end Jun-23 vs 12.9% in 2019

Future Drivers

- BAU profitability from asset growth, NOII expansion and preferred segments growth
- Higher contribution from CIMB Niaga
- Further credit cost optimisation
- **CIMB Digital Assets (CDA) turnaround**
- Capital optimisation

CDA on a Positive Trajectory

CDA losses narrowed over the last 4 years. 1H23 losses declined by 86.9% vs 2019, contributing to the Group's ROE improvement largely from CIMB Philippines and CIMB Vietnam's partnership-led expansion and TnG Group's profitability improvement since 2019



Narrowing CDA losses have cumulatively contributed to **55bps** of Group's ROE expansion since 2019

Note: *1H23 vs 1H22

Final Remarks

- CIMB Digital Assets is a key component to the success of the Forward23+ Strategy, with:
 - TNG Group playing a core role in the Group's digital banking aspirations;
 - Philippines to breakeven by 2023 and contribute positively from 2024;
 - Vietnam moving in the right direction towards breakeven

- Approaching the final year of the Forward23+ programme, the Group will continue executing the strategies as core focus remains on:
 - Driving profitability through targeted loan growth and CASA growth;
 - Contain operating costs while ensuring sustained technology investment;
 - Sustainable loan loss charges;
 - Our ASEAN diversification efforts via reshaping of our portfolio and focused investments

- The Group remains optimistic in achieving its key financial targets for 2023 & 2024 with CIMB Digital Assets playing an important role in the Group's ROE expansion



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Section A – Preamble

Introduction to CIMB Group Digital Businesses

Executive Summary

- As CIMB transitioned from T18 to F23+, a view was taken around strategies required to **future-proof the franchise amidst rising disruption in the digital space**. This view was driven primarily by a few factors:
 - An **increased shift in customer preferences toward digital-first experiences**, including the accessing and consumption of banking products and services;
 - The **democratisation of technology and emergence of new players** – challenging incumbents and introducing new digital business models and nimble operating structures;
 - **Entry of non-banks** in the financial services sector, driving the **origination and distribution of financial products and services through digital platforms**;
 - **Increased collaboration between banks and non-banks** to bring combined capabilities, superior customer access as well as value propositions; and
 - **Regulatory shifts** in areas of digital bank licensing and heightened emphasis on innovation.

Executive Summary (Cont'd)

- Emergence of **new digital banks have challenged how banking is done** and how customers are served.
- Digital banks differ from traditional banks in several areas:
 - Designed to be fully digital from the ground up, utilising digital-native technology and back-end cores to **run like a technology company**;
 - No physical branches – instead, work closely with digital platform and/or partner ecosystems to **onboard and serve customers** through end-to-end digital experiences;
 - Able to acquire and **serve customers at scale, attributable to its variable cost base**; and
 - **Offer superior cost base and returns** from that of traditional banks.
- Notable examples include Tinkoff Bank (**~50% ROE, ~40% CIR**) ; WeBank (**~30% ROE, ~40% CIR**) ; and Kakaobank, which acquired **10Mn+ customers** and achieved **profitability**, all **within 3 years** of operations.

Executive Summary (Cont'd)

- **ASEAN regulators responded** – **Singapore, Malaysia** and **Philippines** led the way and issued digital bank licenses through 2021-22, whereas **Indonesia** captured digital banking provisions within their existing regulations. **Thailand** now plans to issue licenses in 2024.
- **Large incumbent banks** formed two general camps – most believe they can be ‘digital’ on their own; whereas ‘challengers’ see it as a step change to advance market share and leapfrog capabilities, but require joining forces in a consortium to win.
- Having assessed this opportunity, CIMB has also taken a stance – that it is able to **enhance its core business fundamentals through digitisation**, at the same time the franchise is also in a strong position to **pursue strategic hedges outside the Group**.
- CIMB Group thus embarked on a **two-pronged strategy** that involved investing in digital capabilities and pursuing new-age digital businesses:
 - **Organically** undertake a continued modernisation **of its technology, core banking platform and customer journeys** to drive greater resiliency, speed of development and innovation;
 - Portfolio-rise and incubate new digital banks and platform-oriented businesses **outside the Group’s core franchise in relevant markets**, operating with a ‘digital attacker’ approach and designed to **deliver new capabilities as well as add intrinsic value to the Group**.

Executive Summary (Cont'd)

- CIMB Group's four (4) digital businesses :
 - **CIMB Philippines** – the 'newest' addition to CIMB franchise in ASEAN, built as a full digital bank organically from the ground up, now serving 7Mn+ customers and poised for profitability;
 - **CIMB Vietnam** – Vietnam's first true digital bank and the first market where CIMB took pivots and embarked on a 'digital attacker' approach;
 - **Touch 'n Go** – Malaysia's first fintech, traditionally mobility and transportation oriented with nationwide reach, a valuable franchise CIMB has had a stake in for 20+ years; and
 - **TNG Digital / Touch 'n Go eWallet** – joint venture established between TNG and Ant Group, allowing the TNG franchise to leapfrog into retail payments, now the #1 eWallet, largest digital platform and payments ecosystem in Malaysia.
- The digital businesses are expected to perform in two areas – by becoming **significant contributors to the operating performance and bottom line**, by being **valuable in their own right** and accrete value to the Group.
- These digital businesses have also built talent and leaders fit to operate in digital native environments, talent that will be able flow into and elevate the rest of the Group.

Section B – Deep Dive into each Digital Business

1. **CIMB Philippines**

2. **CIMB Vietnam**

3. **Touch ‘n Go Group**

(A) Touch ‘n Go Sdn Bhd (“Touch ‘n Go” or “TNG”); (B) TNG Digital Sdn Bhd (“TNG Digital” or “TNG eWallet”)

Section B – Deep Dive into each Digital Business

1. CIMB Philippines

2. CIMB Vietnam

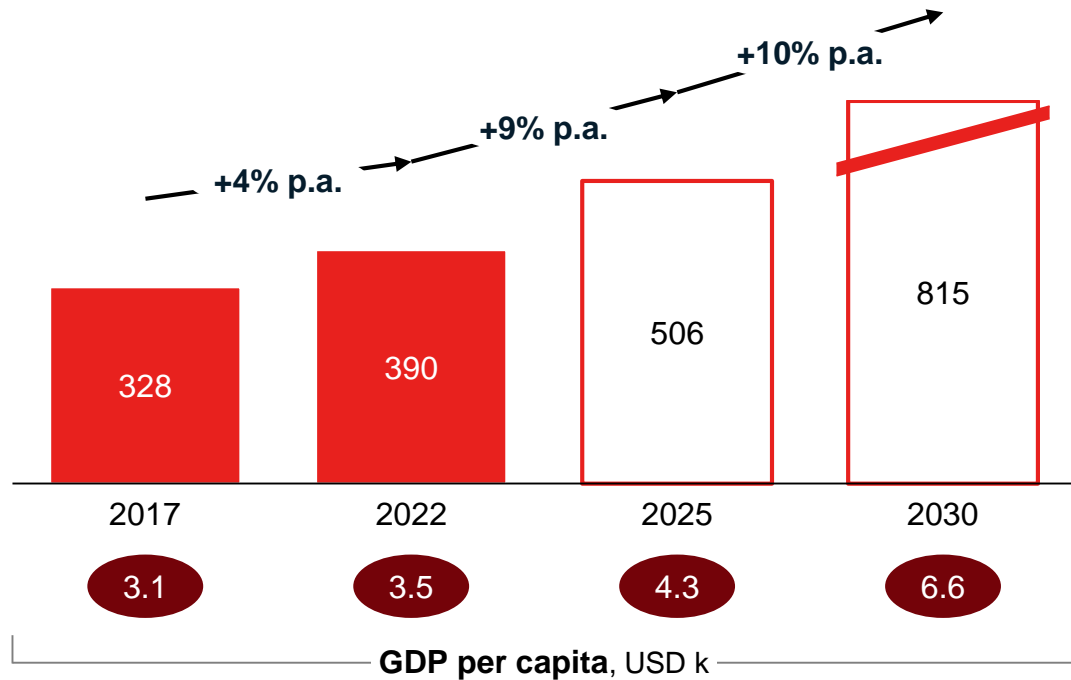
3. Touch 'n Go Group

(A) Touch 'n Go / TNG; (B) TNG Digital / TNG eWallet

Philippines had always been an important market to CIMB given its strong market potential

Philippines is a USD390bn economy, projected to grow at ~10% CAGR

Gross domestic product (GDP), USD Bn

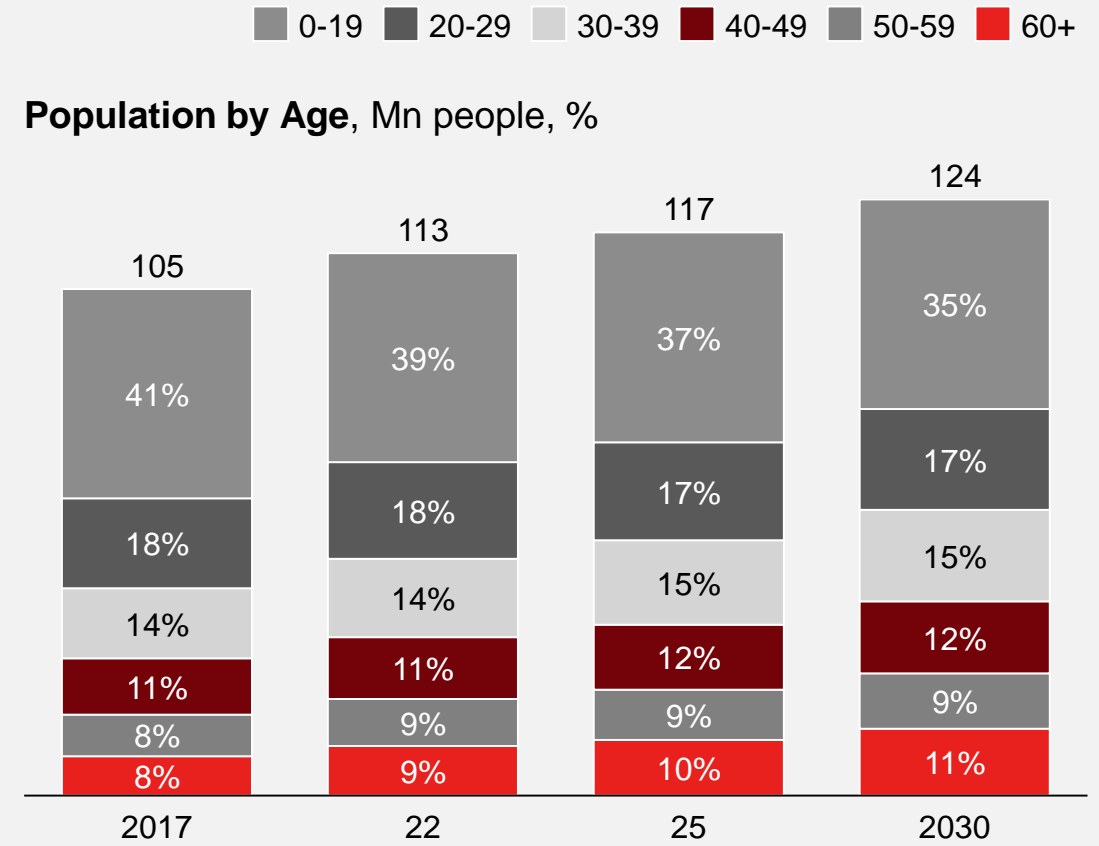


Philippine's economy is growing fast at 10% CAGR (vs. ID 8%, TH 5%), projected to be 2nd largest GDP in the region at USD 815 Bn in 2030

Inbound remittance corresponds to 8% of GDP in 2021

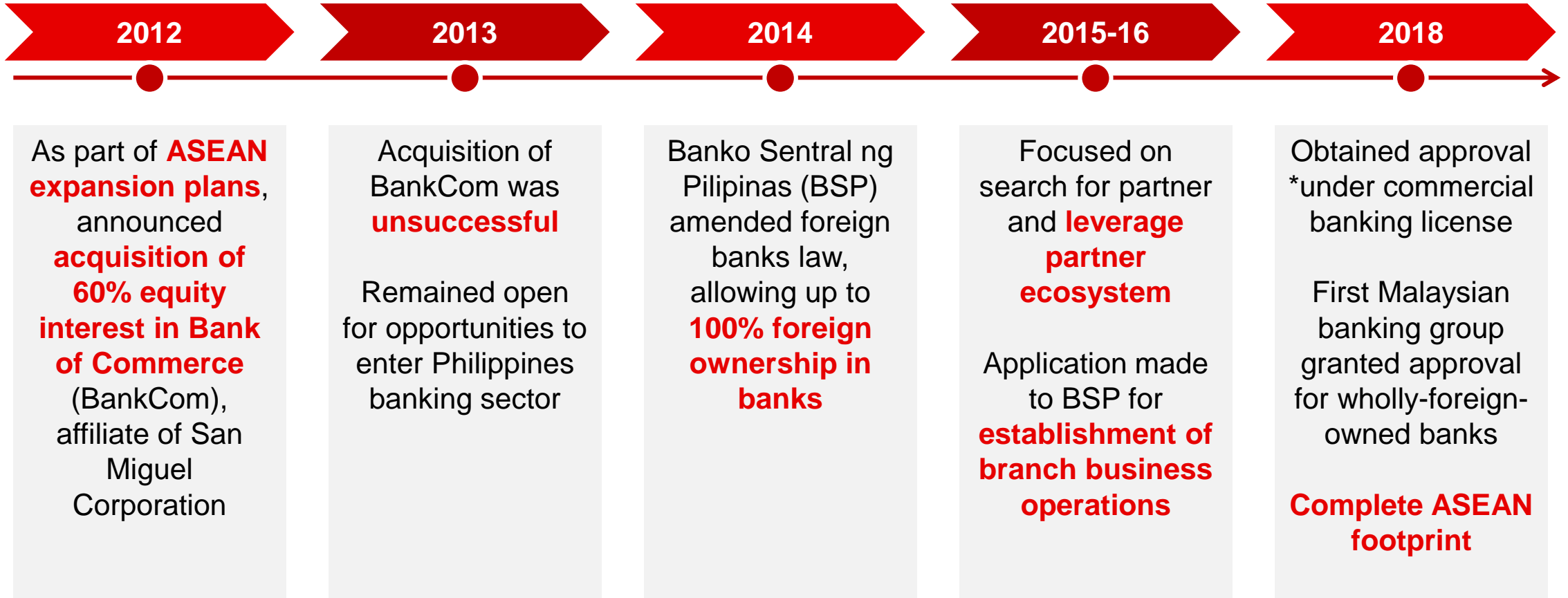
Source: EIU

Combined with a young and growing ~110 Mn population



The Filipino population is developing at a rapid pace adding **over more than 20 Mn new adults (18+)** between 2022-2030 (50% of ID, 3x of TH and MY)

CIMB's attempt to enter Philippines was no secret ; finally made headway as regulators signaled liberalisation on foreign ownership in banks



Upon BSP approval, recognised an opportunity to disrupt banking in Philippines using digital delivery models and specialised segment plays...



Branch- Based Banking

Banks in the Philippines heavily rely on branches to perform account opening and financial transactions.



Limited Access Credit

Only 35% of the population have access to banking whereas only 30% have access to formal credit.



High Fees & Charges

Savings hurdles/conditions to start earning interest. Various fee charges.



Low Savings Rate

Basic Savings Accounts interest rates between 0.00% - 0.25%.

CIMB Philippines Play

Mobile application based ; digital product delivery models

Take advantage of increasing internet and mobile penetration

Product propositions targeting mass, young and rising middle class with increasing disposable income

Low/No fees ; above market CASA interest rates

... and CIMB entered the Philippines market as the nation's first all-digital and mobile first banking proposition, leveraging strategic ecosystem partnerships



CIMB PHILIPPINES

PRODUCTS & INNOVATION

- **HIGHER VALUE**
Best interest rates and no hidden fees
- **PRODUCTS FOR ALL**
Products that everyone can afford and meet the requirement

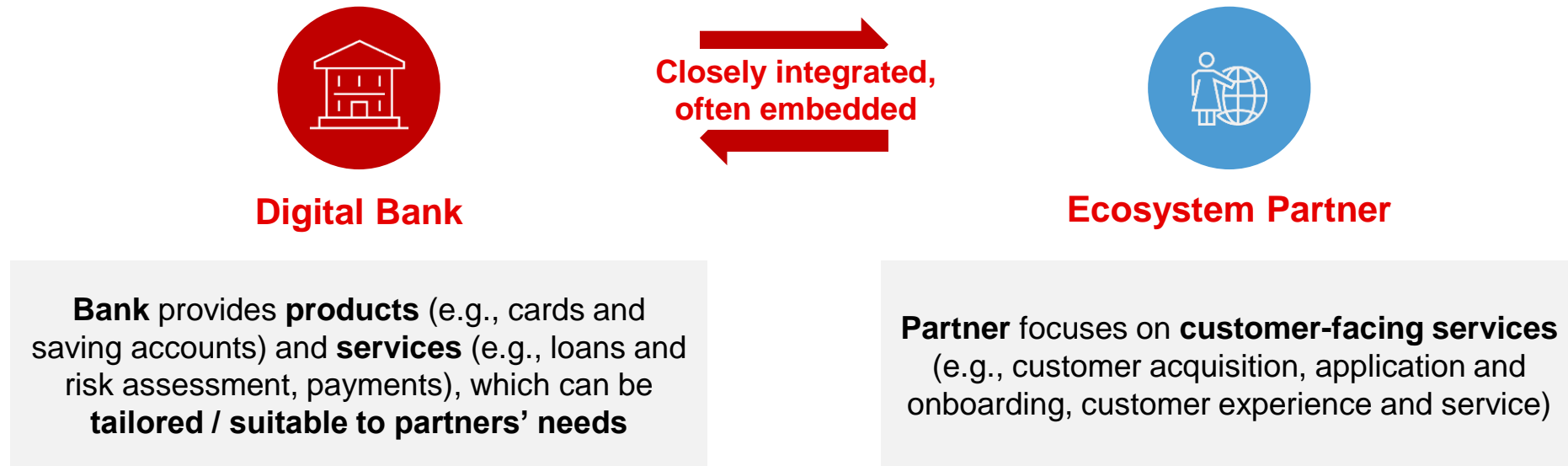
DIGITAL & CUSTOMER EXPERIENCE

- **BEST FINANCIAL SOLUTION & APPLICATION**
Continuously upgrading our services to match the best standards for digital banking
- **SIMPLER, CONVENIENT & HASSLE FREE**
To provide and serve best digital experience for all our customers

ECOSYSTEM PARTNERSHIPS
(next slide)

TECHNOLOGY, DATA, PEOPLE AND CULTURE

The strategic ecosystems partnerships is key to CIMB Philippine's digital delivery model, acquiring customers through partners' expansive reach...



Win-win partnership

- Highly scalable, lean and cost-efficient partnership model
- Digital bank benefits from wider reach via captive customers within partners' ecosystem → efficient customer acquisition / lower cost than own channels
- Ecosystem partner derives additional engagement parameter with its customer → additional revenue stream from cross/up-selling financial products and services

... and when executed, allowed it to substitute costly physical branch network with CIMB Philippine's own digital app and partner footprint

SIMPLER PRODUCTS FOR A WIDER AUDIENCE



Virtual Debit Card



Current Account



Savings Account



Personal Loan



Revolving Credit

* LEVERAGE ON PARTNER PLATFORM REACH



Savings Account

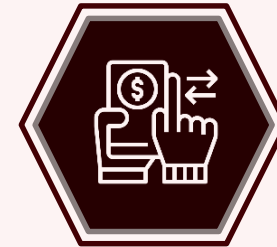


Revolving Credit

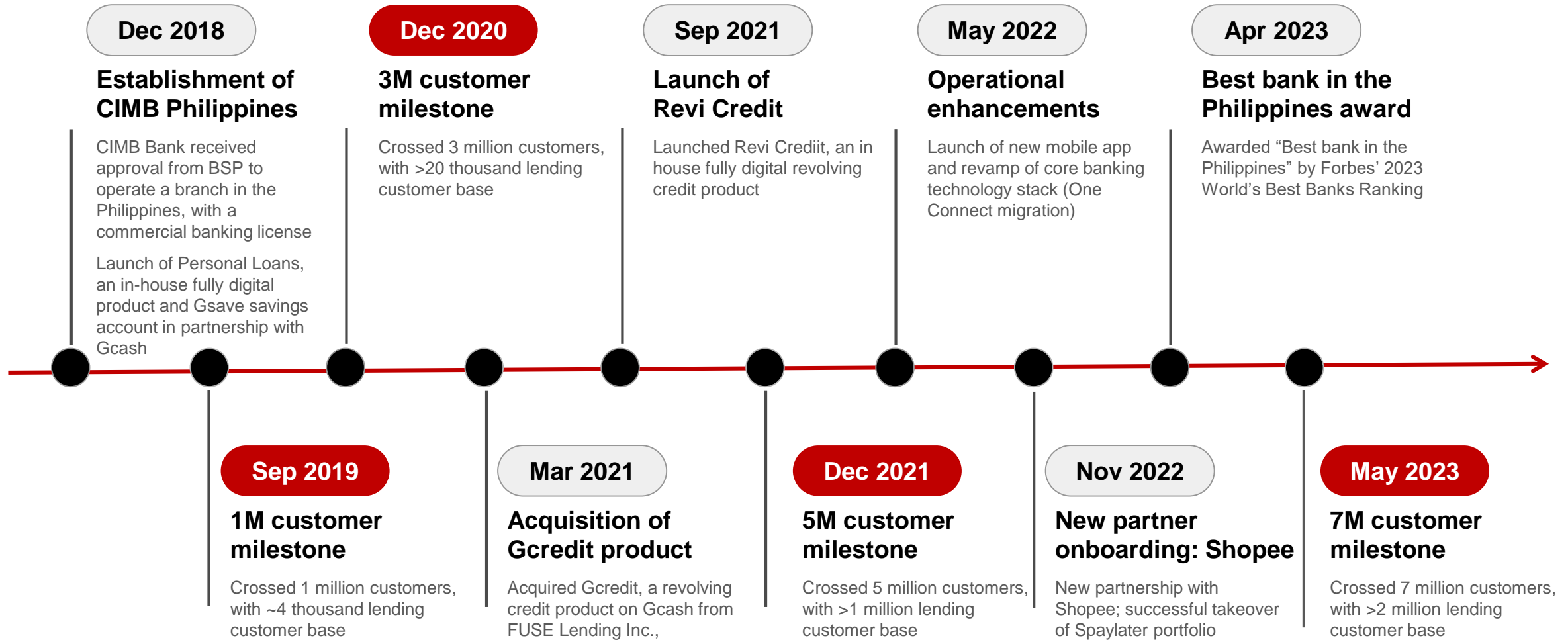


Buy Now Pay Later

* CASH IN, CASH OUT & TRANSFER OPTIONS



Successful execution of the business model made CIMB Philippines the fastest growing digital bank in ASEAN by customer base



Today, CIMB Philippines is an award-winning leading digital bank in the Philippines, pioneering digital financial solutions in the market



FIRST DIGITAL & MOBILE ONLY-BANK IN PHILIPPINES

*Pioneer and Industry Leader in Digital Banking Solutions
<10 minutes Account Opening*

THE ONLY BANK IN ASEAN EMBEDDED IN ECOSYSTEMS

CO-LAUNCHED FIRST MOBILE SAVINGS WALLET IN PHILIPPINES

The leading digital and mobile-only bank in the Philippines


- Operates on a Commercial Banking License
- Fully digital and branchless operations

CHAMPIONING FINANCIAL INCLUSION

>50% of lending customers being first-time bank borrowers



Competitors took notice, launching their digital banks and reiterated CIMB Philippine's key success factors; its head-start allowed it to maintain market leadership for now

		Customers ⁽¹⁾ Mn	Loans PHP Bn, 1Q23	Deposits PHP Bn 1Q23
		7.0	12	20
Maya Bank	▪ Launched 2Q22	1.5	2	21
UNO Bank	▪ Launched 2Q22	0.2	4	1
Union Bank	▪ Launched 3Q22	1.7	10	12
Sea Bank	▪ Launched in 2Q22	1.0	3	11
Tonik Bank	▪ Launched 1Q21	0.3	1	8
GOTyme	▪ Launched 4Q22	0.3	1	1
Overseas Filipino Bank	▪ Focused on remittance cards for OFW	N/A	2 ⁽²⁾	3 ⁽²⁾

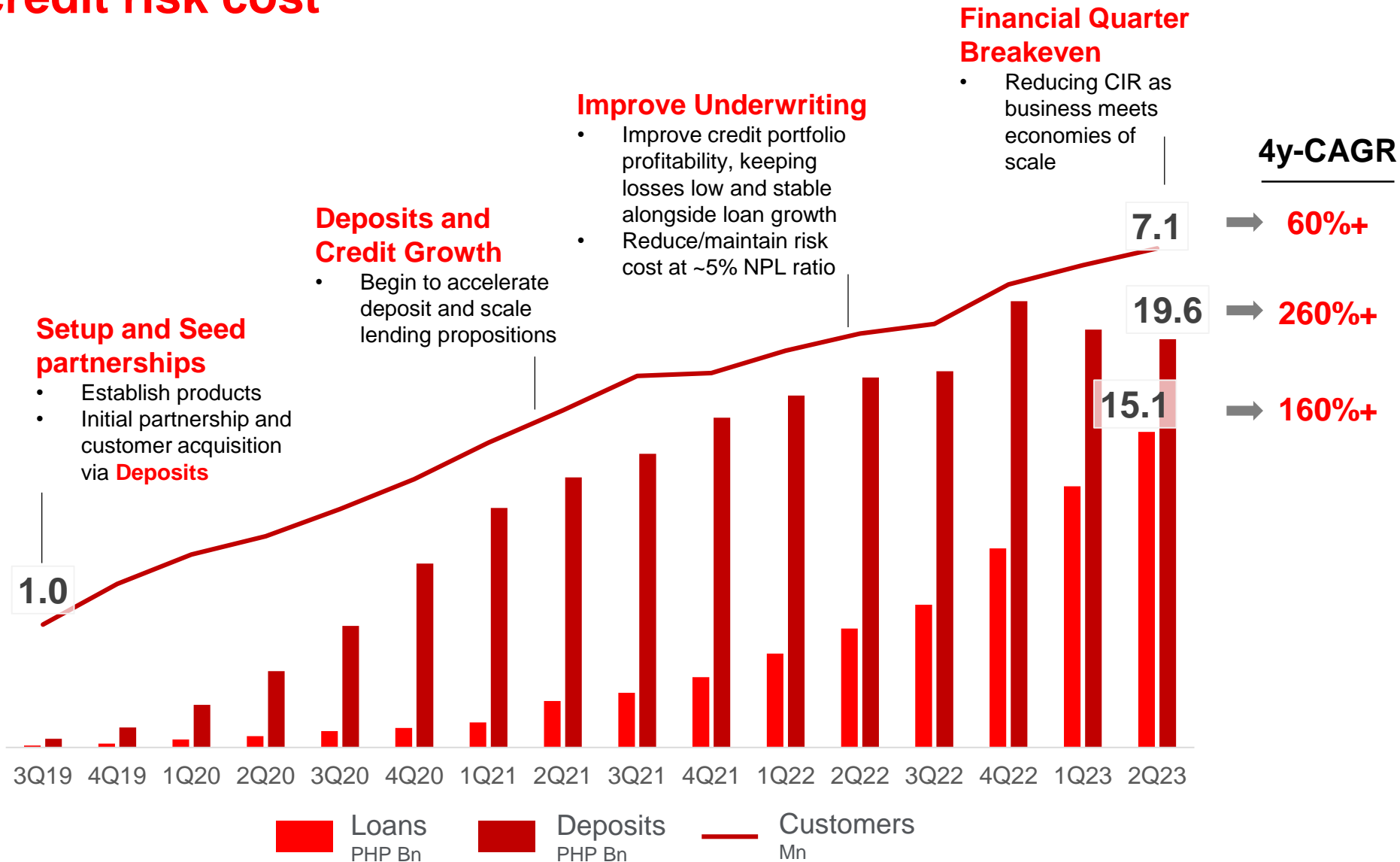
- BSP issued guidelines on establishment of digital banks in December 2020, ushering a new wave of entrants into the Philippines banking sector.
- Digital banks with existing ecosystems were able to convert their customer base early on.
- Increased competition in the market for deposits as new entrants focused on deposits to acquire.
- **CIMB Philippines** remains ahead of competition, **but staying ahead means continued innovation and superior user experience.**

Notes:

(1) Customers data as of April 2023.

(2) As of 4Q22.

Major advantage in arriving at profitable-scale ahead of competition ; continued push on acquisition, deposit and loan growth at manageable credit risk cost



Today

7.1 Mn+
and growing
Unique customers

5.0 Mn+
Deposit
Customers

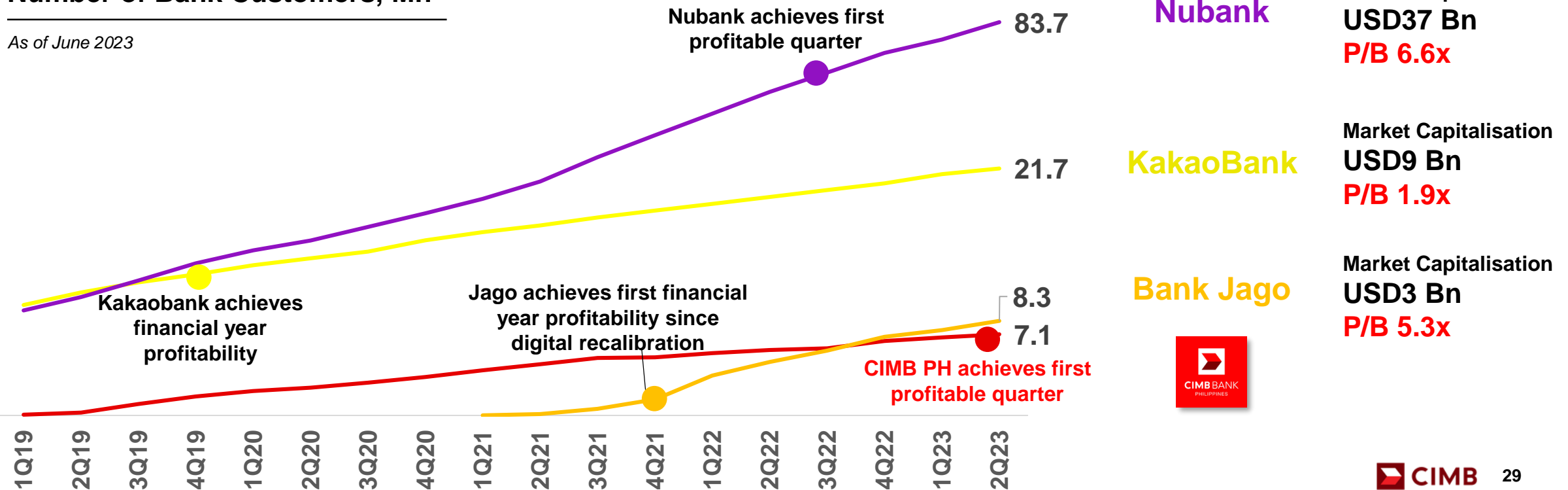
2.0 Mn+
Lending
Customers

CIMB Philippines is amongst digital banking players globally which have demonstrated scale and success in their respective markets

- CIMB Philippines is now part of a cohort of disruptive digital banking players which have demonstrated scale, success and **have / will be achieving full financial year profitability**.
- While their balance sheet sizes are still small relative to incumbent universal banks, capital markets have begun pricing in (premium vs book) the **eventuality of digital banks acquiring substantial share of banking profit pools**.

Number of Bank Customers, Mn

As of June 2023



Outlook continues to look positive for CIMB Philippines – profitability around the corner as it doubles down on growth opportunities and operational improvements

Commercial Focus Areas

Grow loan book, but cautiously

- Diversify loans portfolio through existing and new partnerships
- Increase cross sell to our own lending products

Deposits growth & funding strategy

- Focus on deposits growth and market share among digital players
- Begin looking at a more robust funding offering mix and strategy

Explore new segment propositions

- Staying true to partnership based digital financial services, seed new propositions i.e. SME, Affluent, Overseas Foreign Workers

Operational Focus Areas

Strengthen Business Processes

- Focus on governance and oversight as business scales
- Ongoing enhancements to AML & KYC controls

Tech Resiliency & Speed

- Emphasis on tech stability, resiliency and speed to market
- Ensure strong dedicated tech team to support business roadmap

People Retention

- Expansion of key enabling teams to support business scale
- Focus on key talent retention

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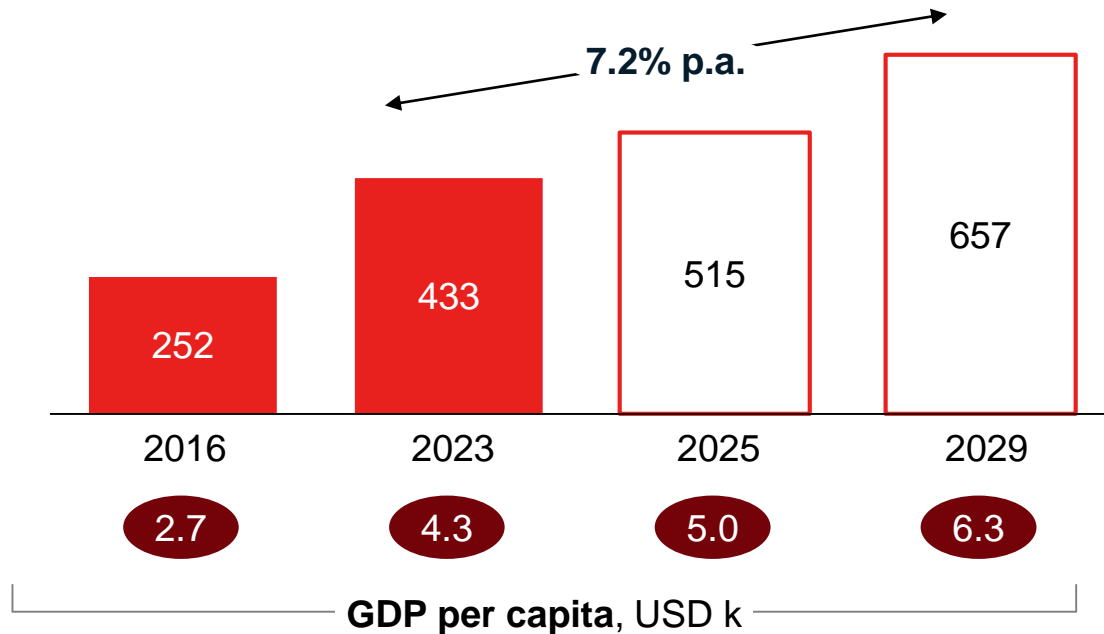
3. Touch 'n Go Group

(A) Touch 'n Go / TNG; (B) TNG Digital / TNG eWallet

Vietnam has one of the fastest growing economy and income levels in the region, with favourable demographics

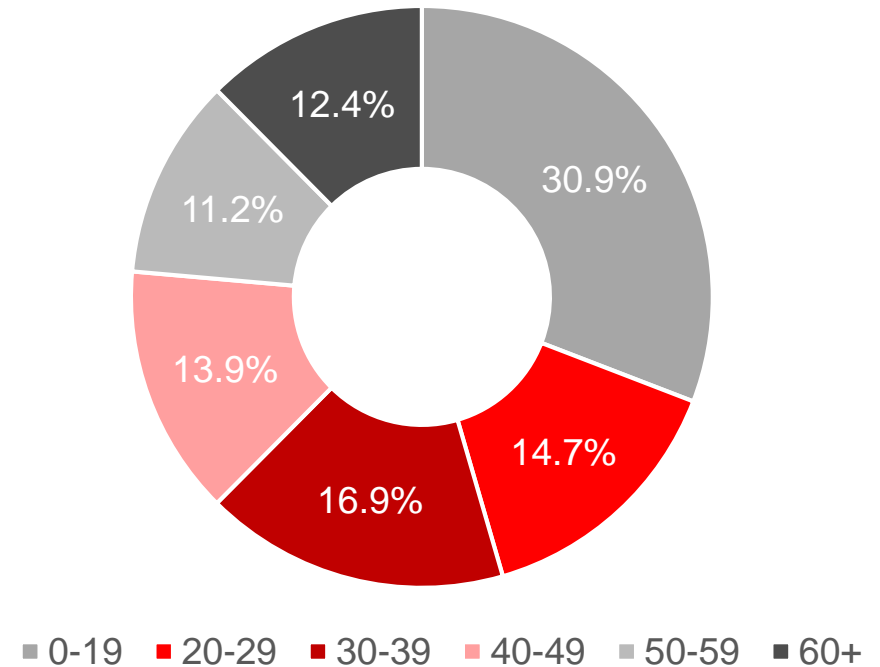
Vietnam is a USD406bn economy, projected to grow at ~7.2% CAGR for the next few years

Gross domestic product (GDP), USD Bn



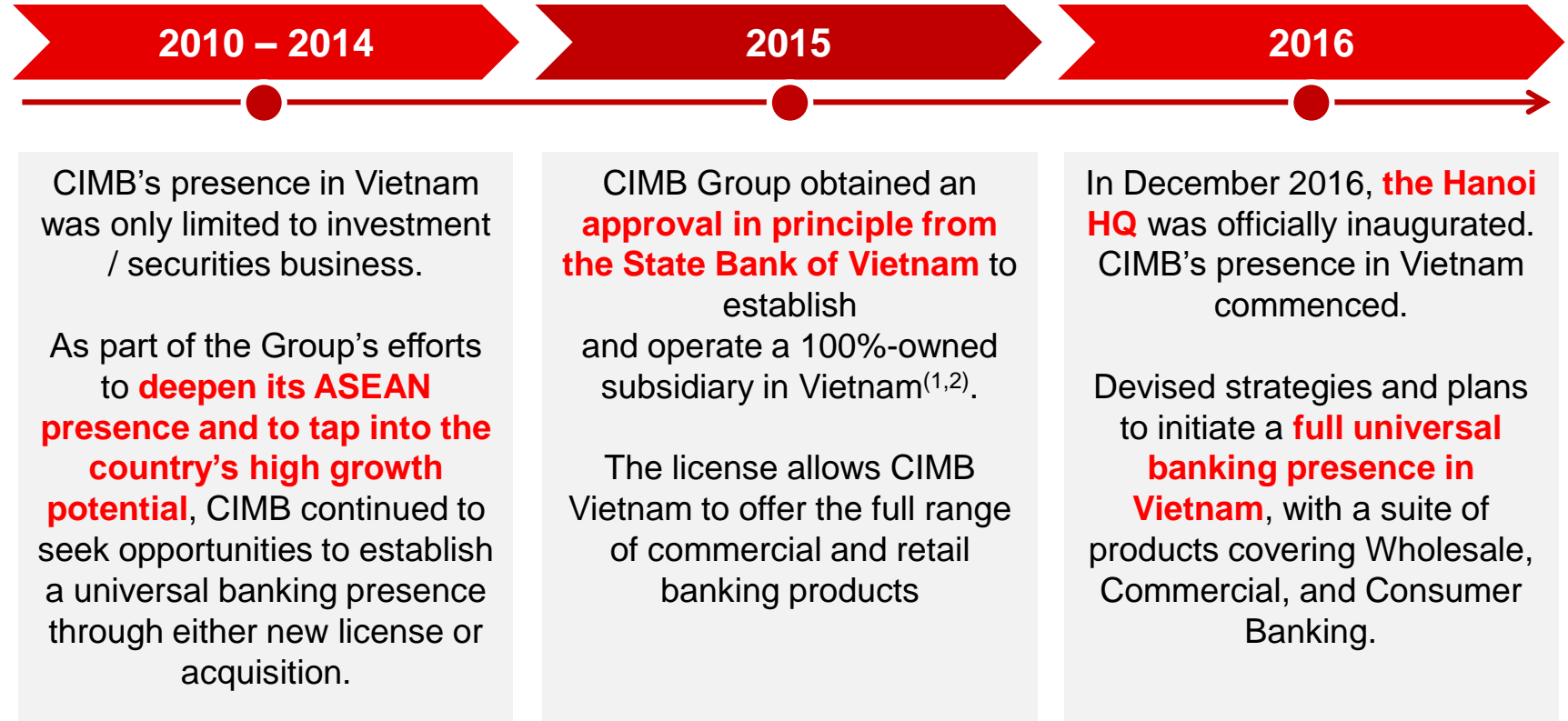
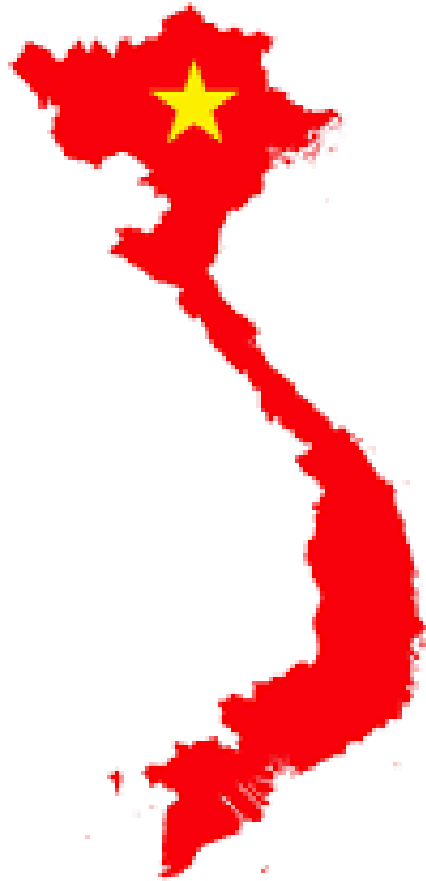
Combined with a young and growing ~105 Mn population, driving key economic consumer growth

Population by Age (2023), %



*Source: IMF, US Census

As part of efforts to deepen its ASEAN presence, CIMB Group secured its banking license in Vietnam and launched in 2016, with the intention of unveiling a full universal banking presence



Notes:

1. Only seven foreign banks have been awarded a license to operate a 100% banking subsidiary in Vietnam.
2. CIMB Vietnam is the first to be awarded such a license after a seven-year hiatus.

By early 2017, it was evident that bringing the business to scale 'conventionally' would present its challenges – efforts on putting in place a digital platform began

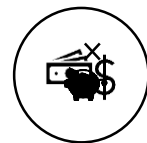
Key challenges observed:



The Vietnam banking sector is largely dominated by the local incumbents



Extensive identification and verification required dampens take-up



2/3rds of the population are un/under served by financial services institution



Systemic societal reliance on cash

Favourable macro landscape:

- Vietnam as a relatively new market was the prime candidate to **explore this mode of business given its nascent stage**
- Demographic data has indicated Vietnam as a suitable market for digital offerings, given its **youthful population, high smartphone penetration rate, and internet connectivity.**

CIMB Vietnam

Digital Attacker Model

CIMB Vietnam's pivot journey saw it laying the necessary building blocks required of a digital bank as it refocused its business



Thinking Digital
2017 - 2018

- Explored and deployed digital and mobile-first consumer products
- Began exploring the development of a **new core banking system & platforming of a digital bank** infrastructure
- Established Ho Chi Minh branch in 2018



Pivot to Digital
2019 -2020

- Pivot towards **“Platform-Centric” Digital Banking** model with new partnerships
- Preferred customers **continue to be serviced via branch as hedge for funding**
- Focused on building digital-only products (deprioritized non-essential products)
- Given the subscale nature of the Corporate Banking portfolio, fully **exited Corporate Banking to enhance focus on retail**



Crystalizing
2021-2022

- **Strengthen foundations** as a “Platform-Centric” Digital Banking with a **clear growth roadmap**
- **Roll out innovative digital financial products** with key partners
- **Enhance lending automation and analytics** and improvement in end-to-end digital experience

The business model has now been recalibrated, with focus on availing financial services digitally through partner platforms, alongside minimal branch presence



Identify Key Strategic Partners

Establish relationships with platforms that allows synergistic scalability



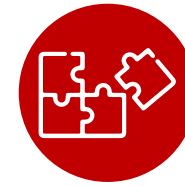
Product Design with & for Partners

Customised offerings to fit partner's user base profile and needs



Continuous / Iterative Enhancements

Continuous improvements of product features to ensure ability to scale



E2E Digital Experience

Automated processes for smooth user experience



Preferred product offering

Targeted customers serviced via our branches

Platform-Centric Strategy

Banking Branch Model

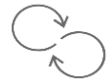
Post recalibration – CIMB Vietnam now has the required capabilities to scale digitally and capture future growth

CIMB Vietnam's 4-pronged strategy underpinning digital customer acquisition and monetisation has tremendous scalability potential for future growth

A Ability to Co-design Financial Use Cases with Key Partners



Integrated user experience and touch points – platform is the first choice to shop for financial services and products



Optimised targeting (segment, time and place) delivers high conversion rate



Behavior tracking across products for opportunity to cross-sell or upsell



Deepen and widen data sources (own platform + partner's platform)



Progressive build-out of data analytics capabilities to process user data for behavioral patterns and actionable insights



Automation of decision processes across all spectrum for quicker and more seamless digital experience

C Ability to Leverage Data to Automate Decisioning

B Ability to Integrate with Partner Platforms



Swift and complete integration with partner platform



Products are white-labelled on partners' platforms while underlying product user database remains with us



Product fulfilment completed on partner's front-end platform, which is integrated with our modular stack



Cost efficiency with partner-led acquisitions



Customer data analytics drive customized propositions for cross-sell

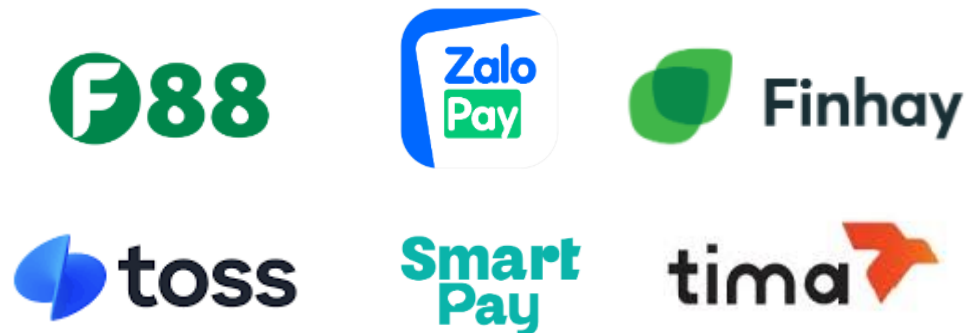


Geared towards customers that have higher likelihood to adopt or intensify usage of products/services

D Ability to Enable Targeted Cross-Sell

New digital banking capabilities allowed the business to undertake a “Platform-Centric” product creation approach...

High Quality Digital Platforms



Current and past successful ecosystem partnerships and strategic collaborations

Reach

5 key current ecosystem partners and **more upcoming**

20Mn+ collective partners' customer base

Innovative products

Co-branded product meeting needs of partners

	<ul style="list-style-type: none"> Secured / Unsecured Cash Loans
	<ul style="list-style-type: none"> Credit Card Debit card
	<ul style="list-style-type: none"> Buy Now Pay Later

Simpler product for a wider audience via OctoApp

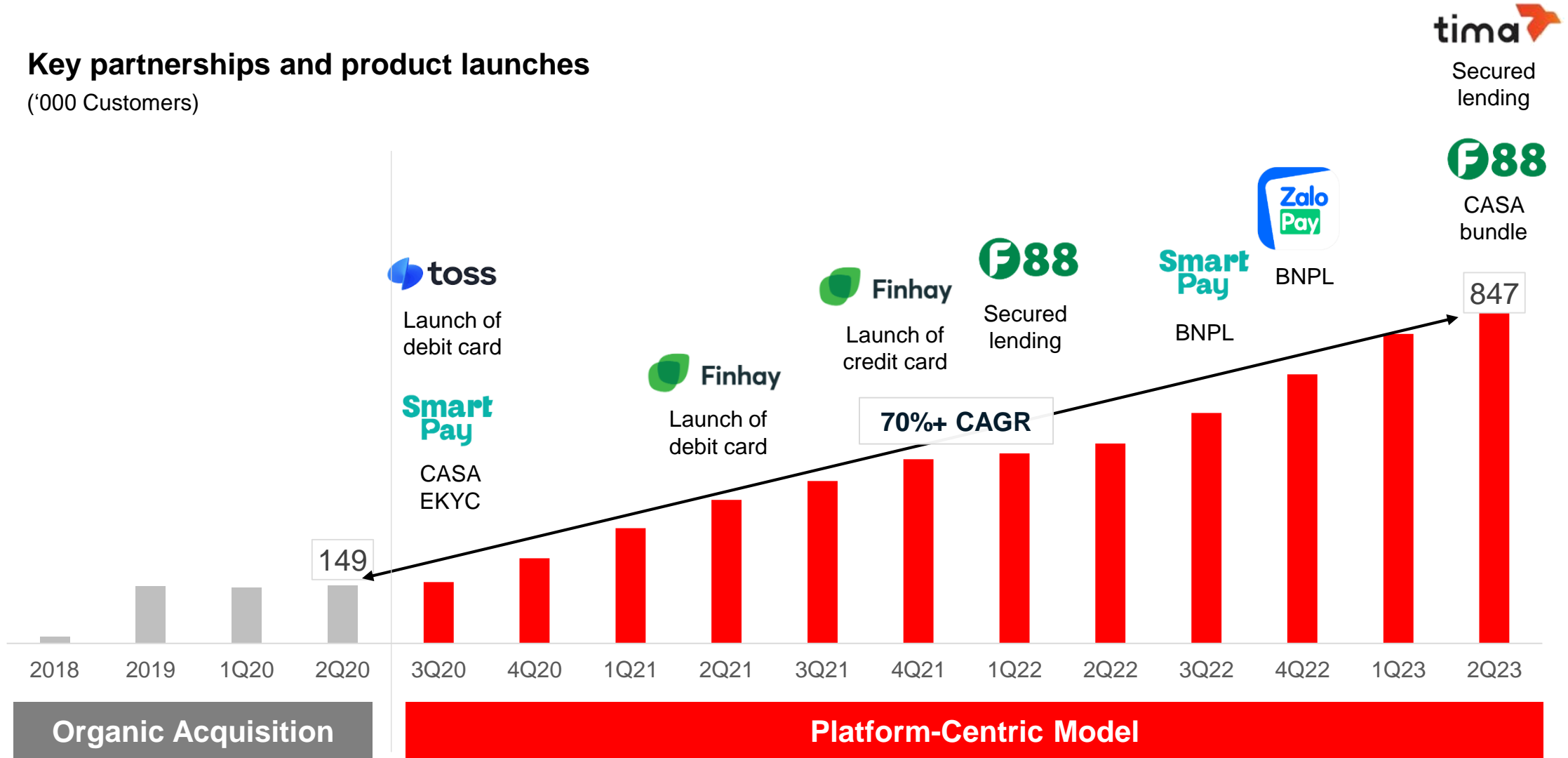
- CIMB Digital CASA
- CIMB Digital FD
- CIMB Smart Deposit Account
- CIMB Revi Credit Card
- CIMB Visa Debit Card

*Based on public disclosure, as of 30 June 2023 unless stated otherwise

... which enabled rapid customer acquisition, with more than 70% of CIMB Vietnam's digital customers acquired via partnerships

Key partnerships and product launches

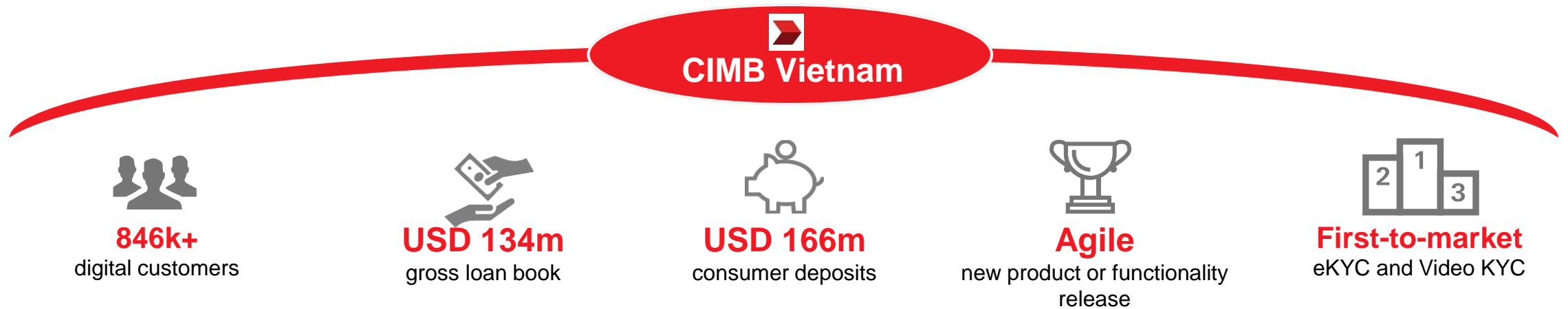
('000 Customers)



There are still no clear winners among digital banks in Vietnam yet – significant upside in terms of “first mover advantage”

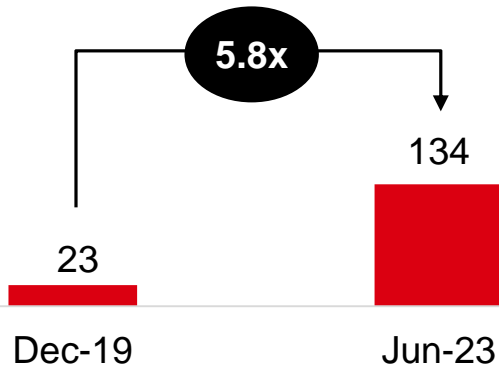
	Bank	Banking license	Launch date	Digital Proposition	No. of digital customers	No. of branches
Top 5 Joint Stock Banks	VietcomBank	✓	2020	VCB Digibank – mobile banking app	-	630
	BIDV	✓	N/A	BIDV SmartBanking – mobile banking app	10Mn+	1,085
	VietinBank	✓	2013	iPay – mobile banking app	6Mn+	1,130
	TPBank	✓	2017	LiveBank – automated transaction points	-	107
	TechcomBank	✓	2014	F@st Mobile – mobile banking app	6Mn+	297
Digital Banks	CIMB Vietnam	✓	2016	Digital Bank	846k+	2
	Timo	Leverage Viet Capital Bank's license	2015	Digital Bank	350k+	Branchless with 4 Hangouts
	TNEX	Leverage Maritime Bank's license	2020	Digital Bank	1.5Mn	Branchless
	Übank	Leverage VP Bank's license	2020	Digital Bank	-	Branchless
	VPBank NEO	Leverage VP Bank's license	2021	Digital Bank	4.5Mn	Branchless
	CAKE	Leverage VP Bank's license	2021	Digital Bank	3Mn	Branchless

CIMB Vietnam demonstrated initial success following its pivot to digital, on the back of its “Platform-Centric” partnership strategy...



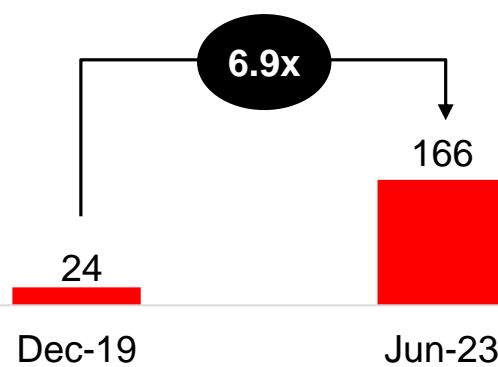
Gross Consumer Loans

(USDmn)



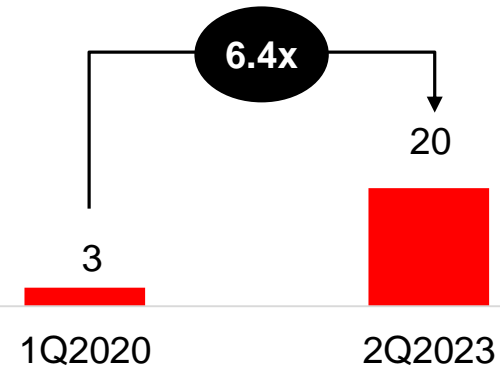
Consumer deposits

(USDmn)



Transaction volume

(USDmn)



Note:
1. As of 30 June 2023 unless stated otherwise

...and is geared and well positioned for the next phase of scaling and become a leading digital bank in Vietnam



Partnerships

- Continue pursuing other **high-value partnership** opportunities
- **Sharpen risk assessment of partners** and execution of partnerships



Product

- Continue to develop new and innovative use cases both deposit / lending to meet the underserved population – **Savings to be top priority product**
- Develop customized propositions for cross-sell to increase **higher likelihood product adoption at a lower cost**



Data and analytics

- **Doubling down on data analytics** with deepen and widen data sources
- Develop ability to **process user data for behavioral patterns**
- **Enhancing credit scoring model** to improve overall loan portfolio performance



Technology

- **Sustain progress on tech delivery** - enhanced capabilities continue to show in product release, automation, and partner integration
- **To future proof our technology** – agile development and core banking migration to support growth

Grow and sustain customer acquisition momentum and hit first million customers via **partnerships and new use cases**



Enhance profitability with **scale, operational efficiency and improvement in loan portfolio performance** to achieve the break even point

CIMB Vietnam has established itself a pioneer and will continue to be a prominent player in Vietnam's digital banking landscape



First-to-market eKYC and Video KYC

Issuance of the first-ever virtual debit card in Vietnam

Recognized for its innovation and ability to develop cutting-edge products with ecosystem partners



Section B – Deep Dive into each Digital Business

1. CIMB Philippines

2. CIMB Vietnam

3. **Touch 'n Go Group**

(A) Touch 'n Go / TNG ; (B) TNG Digital / TNG eWallet

Touch 'n Go is Malaysia's first fintech company and the nation's pioneering cashless payments platform centered on mobility and transportation...



- Incorporated in 1996, Touch n' Go is **Malaysia's sole Electronic Toll Collection operator** for highways.
- In addition to toll collection, TNG has also developed proprietary tech to facilitate payment acceptance at **parking bays, and as the common electronic ticket for public transportation (trains and buses)** in Kuala Lumpur and across Malaysia.
- **30+ million cards** being actively used, processing up to **6+ million transactions** daily, and **~RM7 billion in TPVs** annually.



100% TOLL COVERAGE
34 highways **2.2k+** Toll Lanes



100% TRANSIT COVERAGE
1.6k+ train stations and buses









DOMINANT IN PARKING
1.3k parking sites



Touch 'n Go's expansive ecosystem and sticky use cases means it is likely the most recognised and ubiquitous Malaysian brand today, and a significant part of the population's daily lives

...and it has built a wide array of award-winning mobility focused use cases, trusted and actively used by a nationwide customer base

A strong suite of varied use cases


Expressways	Parking	Transit	Fueling
 <p>34+ highways 2,200+ toll lanes</p>  <p>509+ RFID lanes</p>	 <p>1,400+ parking sites 20 on-street parking councils</p>	 <p>1,400+ TNG-enabled buses</p>  <p>4 rail lines 190+ stations 2,800+ gates</p>	 <p>250+ RFID fuelling stations</p>


Interfacing with a large base of customers through its form factors


Customers			Form Factors			
						
17Mn+ Registered customers	4k+ Corporate accounts	~3k Government accounts	30Mn+ Annual Active Cards	6Mn+ TNG Enhanced cards	9Mn+ Cards linked to TNG eWallet	2Mn+ RFID tags


Proven as a trusted offering to Malaysian stakeholders

Accolades

- 

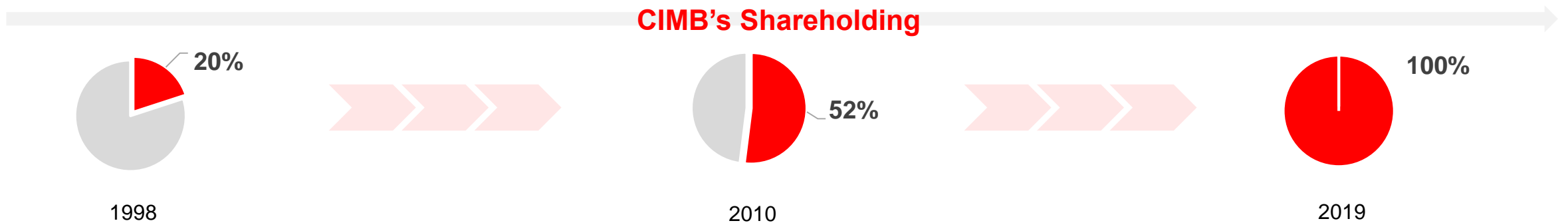
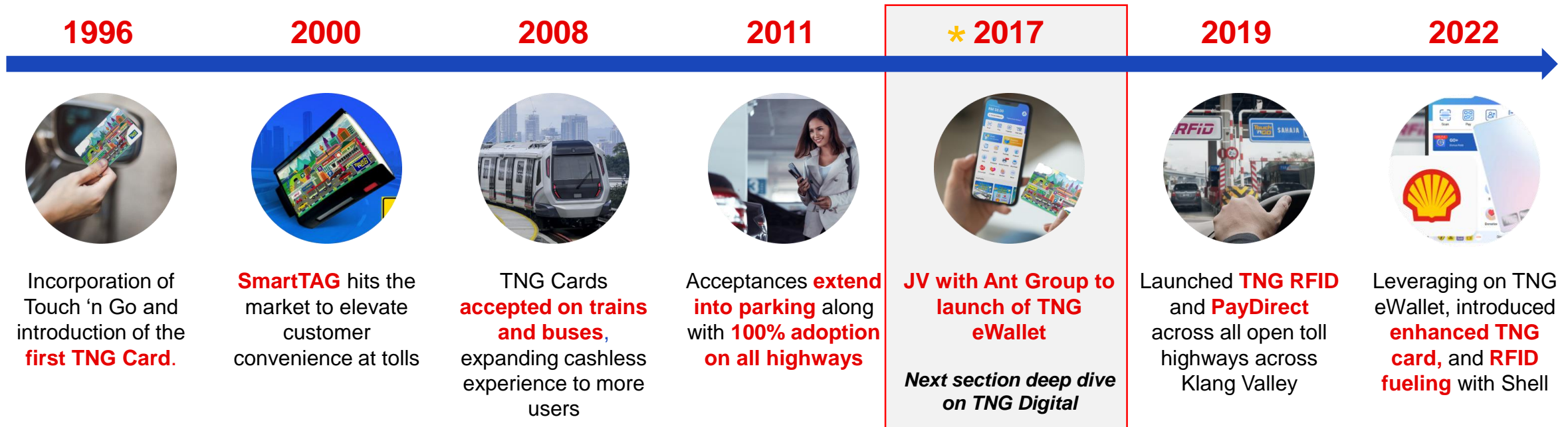
Nation's Favourite Brand Fintech Mobility Solutions
- 

E-Wallet: Enhanced TNG Card
Fintech: RFID Shell Refueling
- 

Company of the Year Fintech & Digital payment services category.
- 

Most Preferred Graduate Employer, Fintech Category
Top 25 Most Preferred Graduate Employers, Overall

Through this all, CIMB has had a strong hand in Touch 'n Go's growth, recognising it as a large customer interfacing business with high value potential – eventually venturing into retail payments through eWallet JV



As part of CIMB's Forward23 plans, Touch 'n Go conducted a strategic review of its business – 5 pillars to structurally pivot & drive financial returns...



Drive mid-term financial returns, manage cost

- Defending existing revenue streams – long hanging fruit & quick wins
- Drive cost efficiency
- Determine sustainability and steady state



Enhance tech capabilities & data initiatives

- Technology refresh to allow for scale
- Build a data-centric business – data management and analytics capabilities



Strengthen brand, people and customer focus

- Build better customer experience – “YOU Matter”
- Overhaul brand promise
- Internal cultural change – L.E.A.P DNA



Drive strategic partnerships

- Sharpen partnership approach
- Expand collaborations through new strategic partners to build scale



Explore and pursue new horizons

- Tapping into adjacent business models
- Explore new revenue streams beyond current payments-oriented model

... with a view of defending & growing the core business, and also focus efforts on future-proofing the company



GROWTH & FUTURE PROOF
2023 - 2025

Enhance and innovate digital products to stay relevant, unlock new revenue streams

- Adjacent opportunities into digital platform
- Focus on technology and data driven initiatives



STABILISATION & REDEFINE
2020 - 2022

Stabilizing operations and recalibration of process to withstand Covid impact

- Recalibrate strategies to drive growth in other areas
- Addressing gaps in processes and modernizing technology systems
- Optimize cost and customer experience



MATURITY
2017 - 2019

Pioneered cashless payments platforms centered on transportation for over 20 years

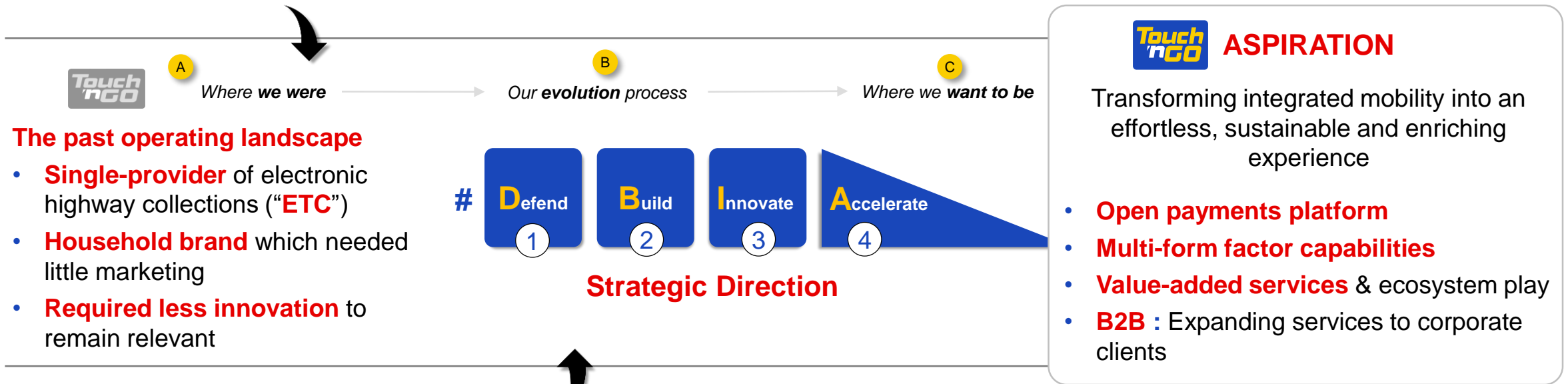
- Foundation built, healthy operating metrics but showing signs of flat-lining trajectory
- Muted P&L growth

Longer term strategy: Defend, Build, Innovate and Accelerate

In the face of an evolving landscape:



- The vision for **MLFF in Malaysia** is **still in development**
- Adoption of **open-payments**
- Wider macroeconomic changes which may change how mobility payments is perceived



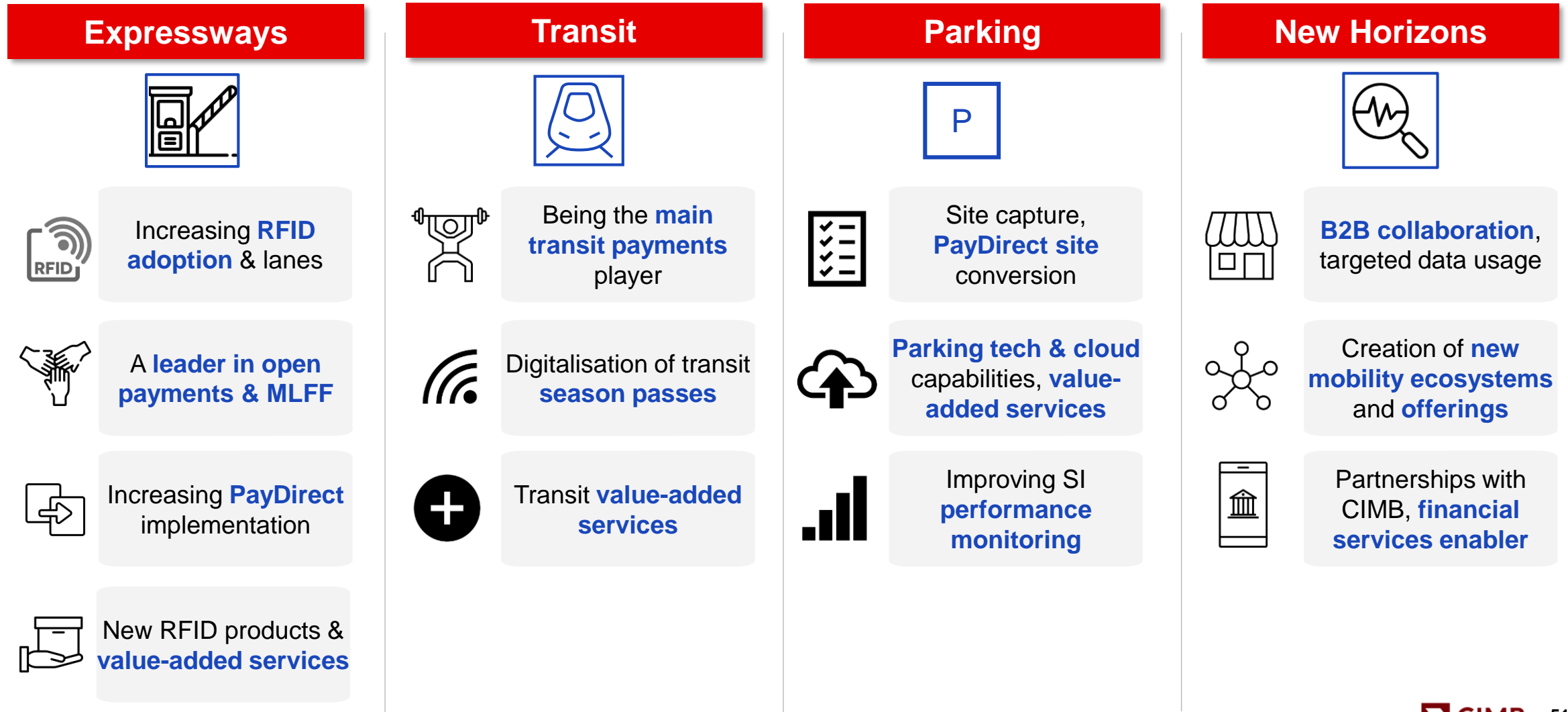
Industry shifts and movements:



- **Technology advancement / adoption** such as automated number plate recognition (“**ANPR**”), artificial intelligence (“**A.I.**”)
- A plurality of payments providers **foraying into the mobility payments space**

TNG has always been at the heart of mobility. To continue securing its position in this space and to unlock further growth; aspire to evolve as a wholistic leader in the mobility technology and services space.

Touch 'n Go's overarching strategy can be broken down into key initiatives which are in various stages of play – from implemented ideas to bold new plays



Focusing on being a purpose driven company with 4 key sustainability themes

- **#GoNetPositive** – a new mantra in ensuring that a net positive impact in everything we do
- Refining sustainability efforts targeting 6 of the United Nation’s SDGs.
- 4 important pillars to TNG Group in achieving sustainable growth in the future in a more responsible manner



TECH 4 GOOD

Holding ourselves accountable to a higher standard by ensuring our products & services make ongoing contributions to more inclusive, greener and sustainable development to the community

TREATING PEOPLE FAIRLY

Fair and transparency business environment with all stakeholders i.e. employees, customers, suppliers.

Provide a fair, friendly and socially inclusive workplace to protect every employee’s wellbeing, safety and basic rights

DIGITAL INCLUSION

Targeted interventions to empower communities in need to unlock equal access to inclusive digital products and services, conduct welfare outreach to drive social impact

OUR PLANET

Taking appropriate actions in everyday life to support the conservation of our environment in which we operate

Section B – Deep Dive into each Digital Business

1. CIMB Philippines

2. CIMB Vietnam

3. Touch 'n Go Group

(A) Touch 'n Go / TNG ; (B) TNG Digital / TNG eWallet

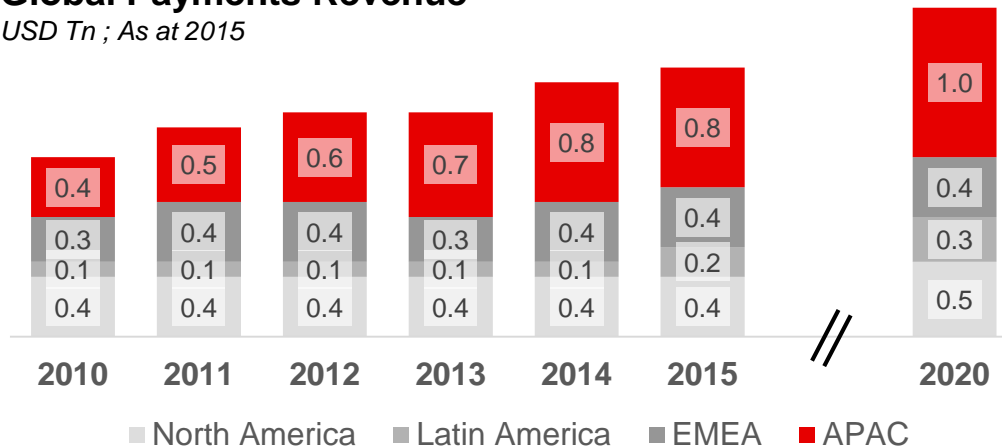
In the early days, CIMB via TNG explored and had built certain propositions in retail with the intention of cross / up-selling their large captive user base

- As penetration into toll payments near its peaked, TNG experienced tapered growth in its financial performance. With a large captive customer base of over 15Mn active cards it needed a different strategy to sustain growth and outsized profits.
- CIMB / TNG looked towards other payment verticals to expand its business, eventually identifying retail payments as a large business pool to venture into for additional customer touchpoints and **hopes for financial products and services in the long-haul – where even CIMB’s banking business could leverage and make a play.**
- In its attempt to move into retail payments, TNG had dedicated intense efforts to building a proposition primarily centered around the delivery of a mobile wallet based solution, with current TNG card holders as early adopters.
- Very quickly, **key challenges emerged** :
 - **Technology** – dependent on 3rd party expertise to develop top of class retail payment platform and use cases
 - **Expertise and talent** – lack of understanding of retail payments and financial services ; still lies in traditional card-based payments
 - **Changing competitive landscape** – Retail payments space intensified with non-traditional players (banks, telcos) and foreign providers stepping in.

Meanwhile, there were notable trends emerging globally and in Asia, which spurred the formulation of a differentiated establishment strategy

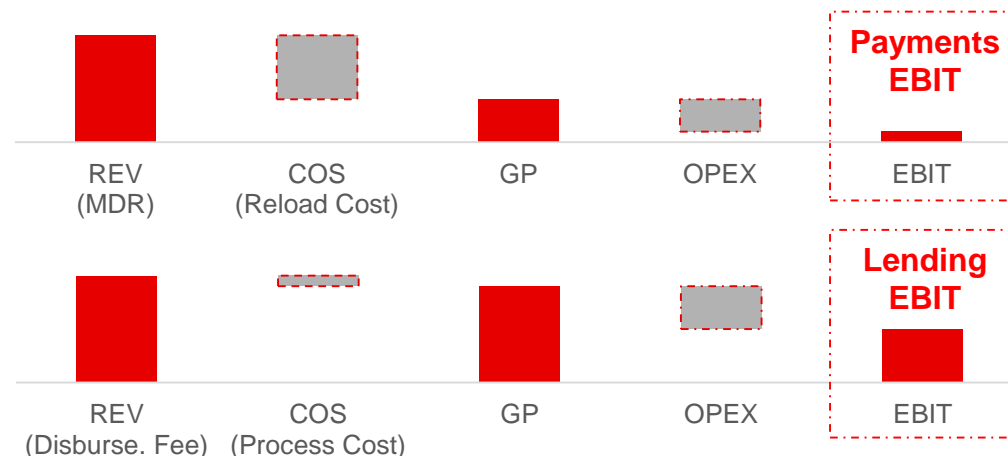
Global Payments Revenue

USD Tn ; As at 2015



eWallet Businesses Unit Economic Waterfall

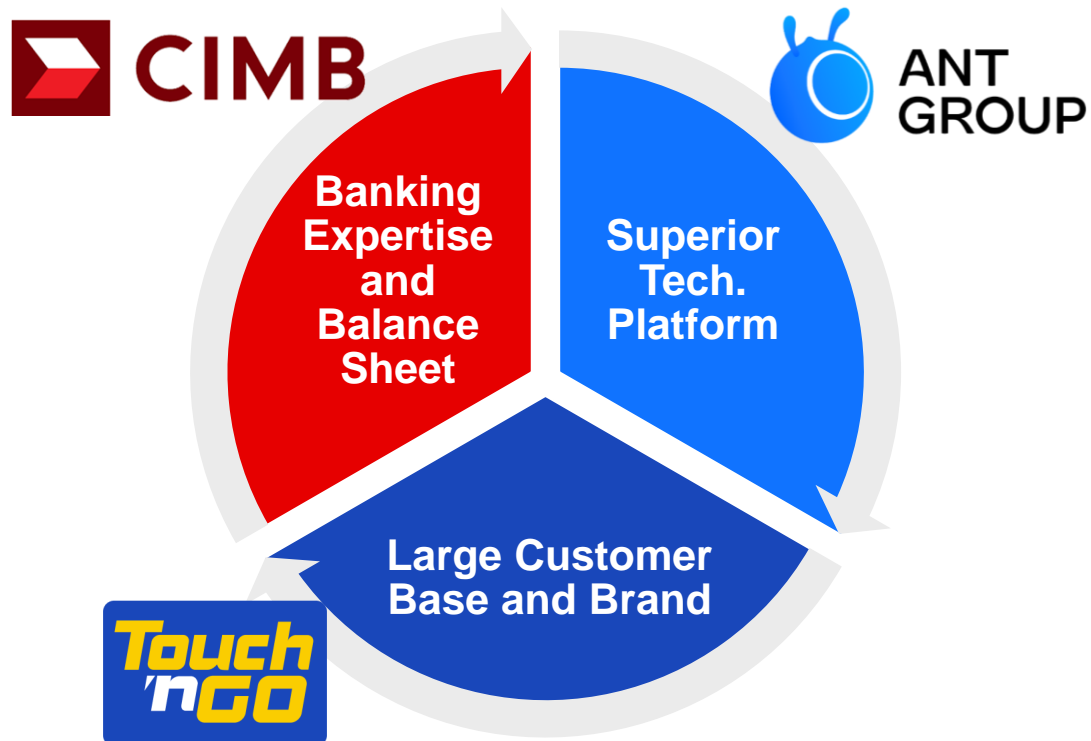
Illustrative based on Asian payment leader P&L



- In China, industry giants in e-commerce (Alibaba Group) and social media (Tencent Group) built their **mobile-based payments solutions (eWallet)** – Alipay and WeChatpay – and **leapfrogged card based payments technology**.
- eWallets met early and continued success, unlocking **small merchant market previously inaccessible** due to terminal costs.
- By modernising the payment infrastructure, these payment giants transformed customer experience and reshaped the financial services landscape by **venturing into lending, wealth and insurance for higher value products (and margins)**.
- From studying these businesses, relying on payments alone would not be sustainably profitable – it was also **key to drive monetisation by expanding into digital financial services and other value added services**.

For CIMB / TNG to succeed in retail game over the long run, it needed a game changer strategy

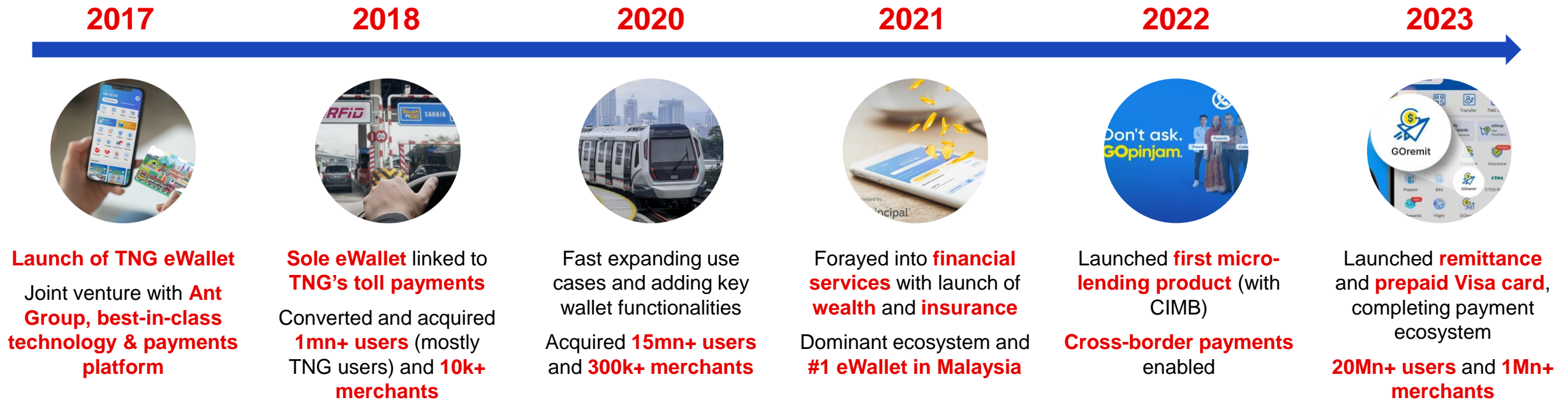
- To remain relevant and compete in retail payments, CIMB / TNG believed strongly in these three (3) success factors: **(1)** robust technology solution/platform ; **(2)** product speed to market ; and **(3)** ability to (manage) scale.
- CIMB / TNG **originated a joint venture with Ant Group** (Alipay) – who at the time was charting their expansion outside China into Asia – which culminated in the formation of **TNG Digital, and launch of TNG eWallet.**



Joint Venture Thesis

- 1 Leveraging on strength of JV parties to **DISRUPT** and **LEAD** domestic retail digital payments space.
- 2 Ant Group inject learnings of building platforms and its supporting technologies to be used together with TNG brand.
- 3 Integrated suite of payments solutions for customer and merchants at speed – value propositions that CIMB / TNG alone would be challenging.
- 4 CIMB provide lending expertise and balance sheet
- 5 Plug into Alipay network of global merchants which adds reach and scalability

The thesis was validated – TNG eWallet is the largest and #1 Finance App in Malaysia, robust growth journey and strong foundation setting ; eventually validated by strong industry backers as strategic investors

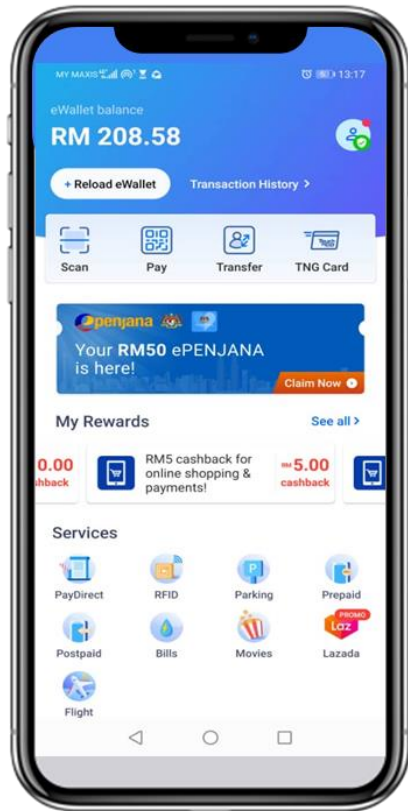


Shareholders



(1) Although CIMB/TNG shareholding was diluted and as a result recognized a **one-off revaluation gain of >RM1bn in Jan 2021** from this process, CIMB/TNG remains the single largest shareholder in TNG Digital

TNG eWallet has completed its evolution from a mobility focused eWallet, to being a complete cash alternative in payments and now offering a full suite of digital financial services



LEADING MOBILITY PAYMENT EWALLET

Mobility
Sole e-wallet connected as a source of funds for payment of tolls and capturing a large market share of parking

COMPLETE CASH ALTERNATIVE

Offline Payment

Mobility, Hypermarkets / Convenience stores
Petrol stations
Pharmacies Lifestyle and others



Online Payment

E-commerce, gaming, direct-to-consumer, app store, ticketing, bill & utility



Transfer, Funds In/ Out

Seamless money transfer between banks and eWallets



EXPANSION INTO FINANCIAL SERVICES

WealthTech
Wealth management offerings



CreditTech
Microloans, revolving credit



Insurtech
Bite-sized insurance



Prepaid Card
Cash in / out and complete payments ecosystem



Remittance & Cross-Border
Inbound and outbound remittance, international payments



Credit Score
Leveraging transaction data scoring



Conversion of TNG mobility customer base

Robust user engagement and touchpoints

Monetisation via lending and financial services

TNG Digital's industry leading, award winning and best-in class propositions are well recognised, receiving strong support from customers and partners

As of 30 June 2023



20.0MM+ | **15.0mm+**
Registered | e-KYC



1.0MM+
Merchants Nationwide



RM 42.4Bn
L12M Total Payment Volume
>50% e-Money Market Share



Malaysia's #1 and largest eWallet
by Users and Merchant Acceptance

Only eWallet Connected to Toll Payments Nationwide

First Malaysian eWallet for Payments in Mainland China

Launched GO+

- First of its kind **digital micro-investment**
- First eWallet **Recognised Market Operator**

Launched GoPinjam

First lending offering for loans **as low as RM100** with repayment period **as short as one week**

Safety & Security Measures On Par with Malaysian Banks

Implemented all 5 mandatory safety and security measures ahead of banks and other eWallets



TNG eWallet is the partner of choice for Government initiatives to increase awareness, public confidence and reduce barriers to e-payment adoption



(Jan – Mar 2020)

RM30 wallet credit to eligible Malaysians to encourage digital payments



(Jul – Sep 2020)

RM50 wallet credit to eligible Malaysians as part of post-covid recovery stimulus



(Jun – Jul 2021)

RM150 wallet credit to eligible youths to boost e-commerce adoption



(Apr – Jun 2022)

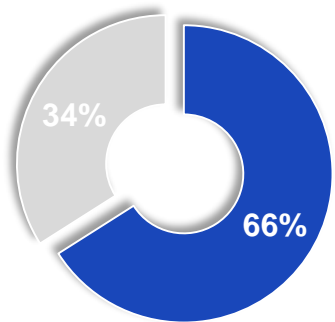
RM150 wallet credit to eligible youths to encourage digital payments



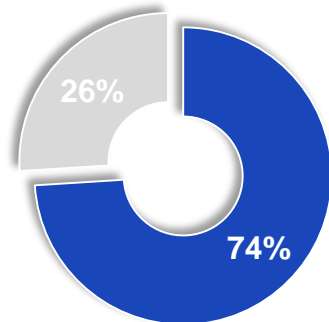
(Jun – Aug 2023)

RM200 wallet credit to eligible youths to encourage digital payments

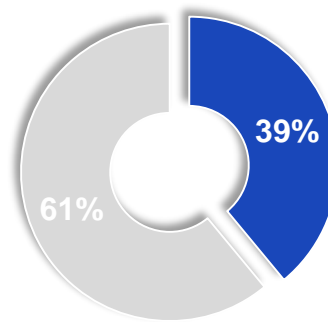
Total Claimants



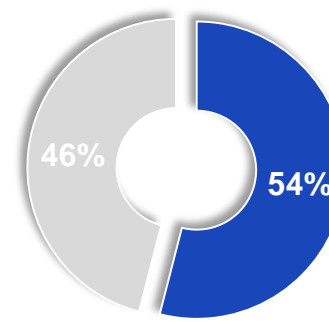
7.4mm



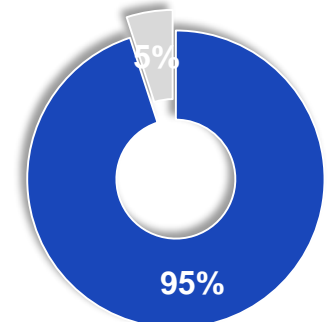
11.4mm



1.9mm



1.8mm

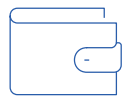
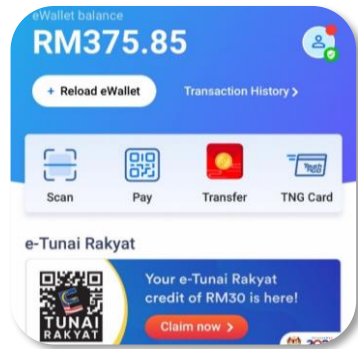


1.8mm

■ TNG eWallet ■ Other eWallets

TNG eWallet is beginning to look like an alternative to banks – offering a whole suite of financial services with innovative and digitally embedded offerings relevant for the masses

Payment + Remittance



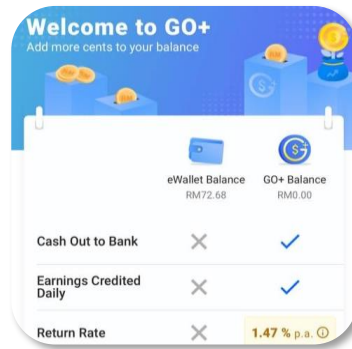
7Mn+ Average Daily Transactions

Accepted at **1MM+** merchants

Real Time and **Zero Charge** on transfers

>50% market share in e-Money payments

WealthTech



Since 2021



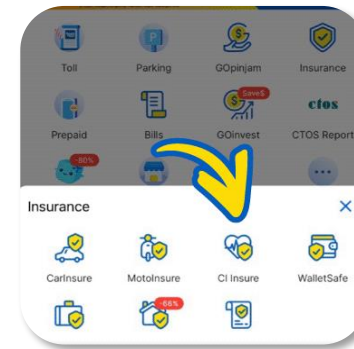
3Mn+ Users

Higher return rate than traditional fixed deposits

Invest as little as **RM 10**

No lock-in period

InsureTech



Since 2021



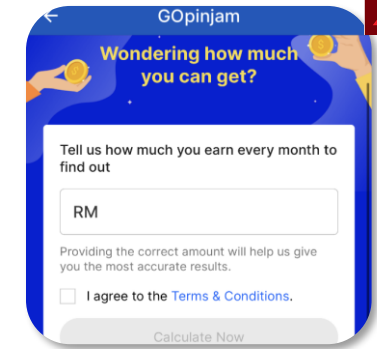
2Mn+ Policies

Broad coverage including auto, moto, parking, travel, home, e-Wallet, illness

Apply in **minutes**

Start with as little as **RM 3 per day**

CreditTech



Since 2022



1Mn+ Monthly interactions

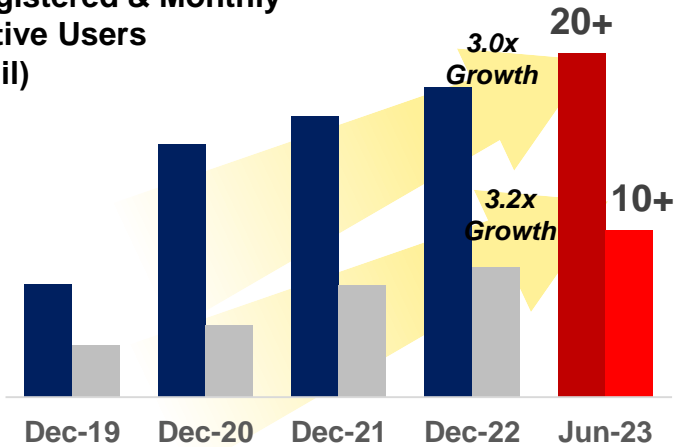
Borrow as low as **RM 100**

Quick disbursement to e-Wallet or bank

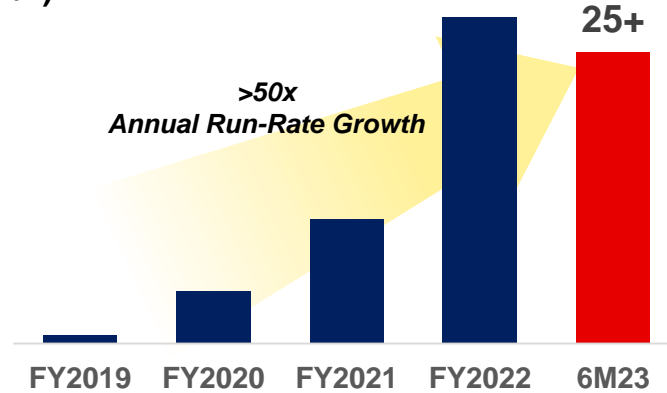
Flexible repayment from **1 week–12 months**

Operational indicators of the business are healthy, indicating it is on the right track of monetisation and towards profitability

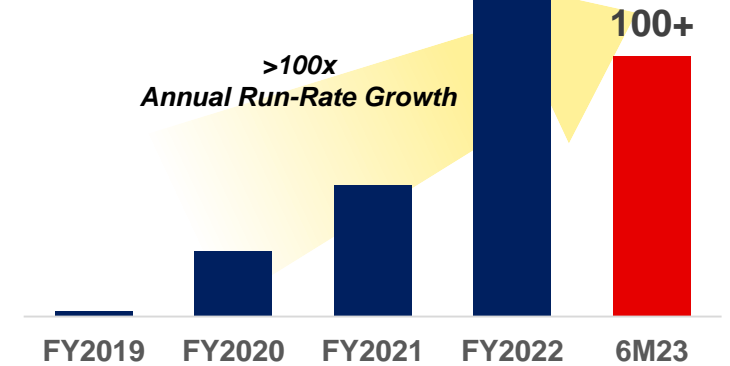
Registered & Monthly Active Users ('mil)



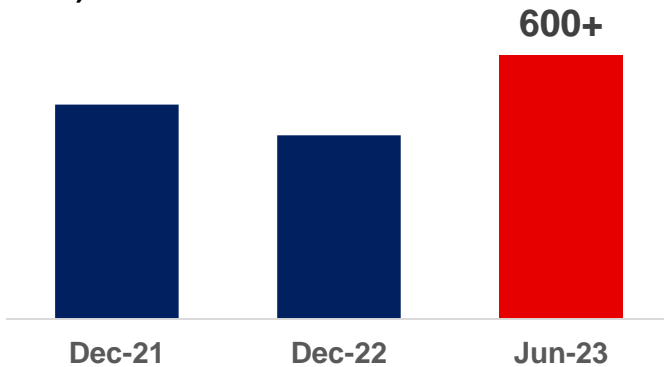
Total Payments Value (RM'bil)



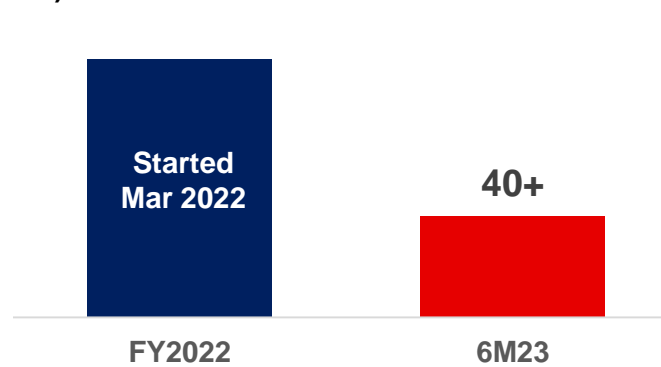
Revenue (RM'mil)



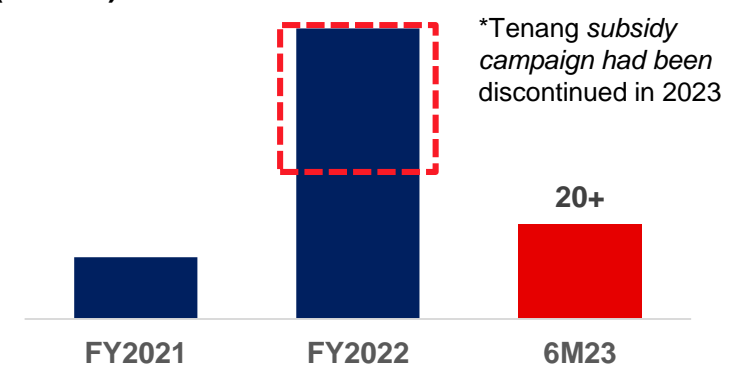
Wealth AUM (RM'mil)



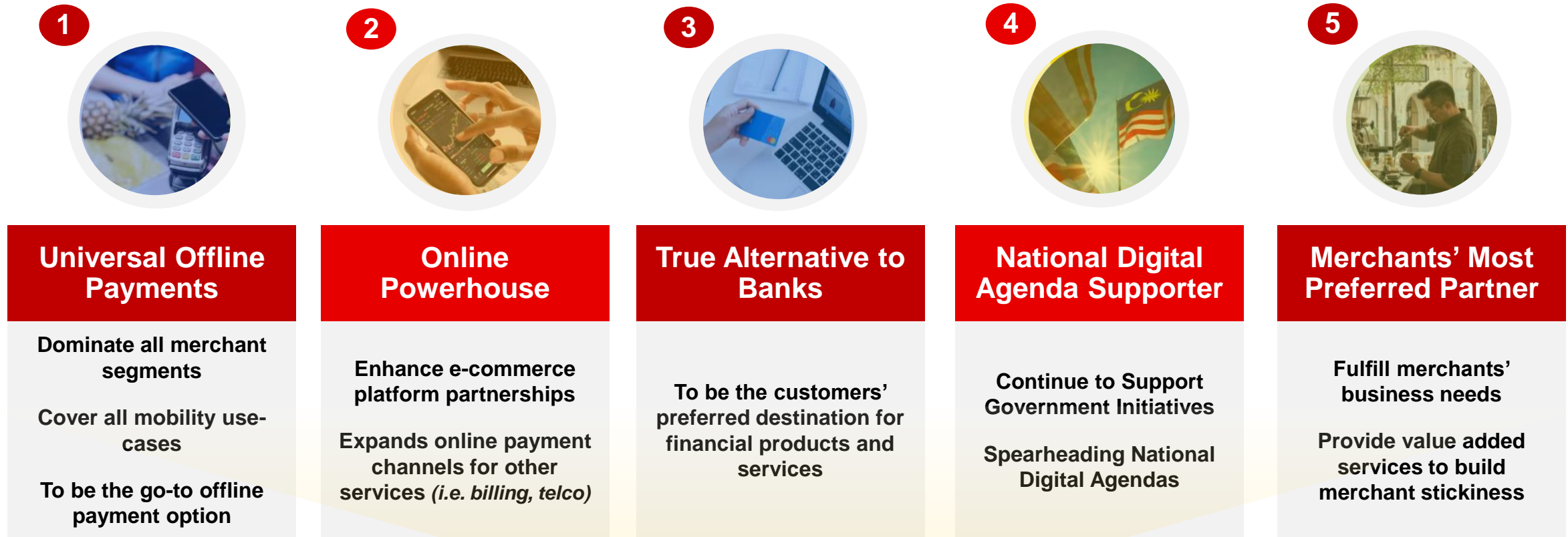
Loans Disbursed ('000)



Insurance GWP (RM'mil)



There is still ample growth opportunities for TNG Digital across its five key pillars, once executed will enhance the business in its current state and allow it to pursue new business opportunities

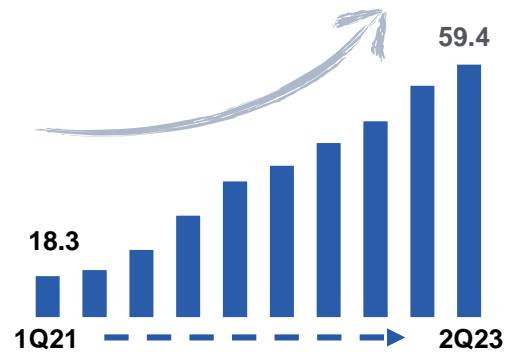


Servicing (a growing) 20Mn+ customer base and 1Mn+ merchant base ; and processing 6Mn+ transactions daily

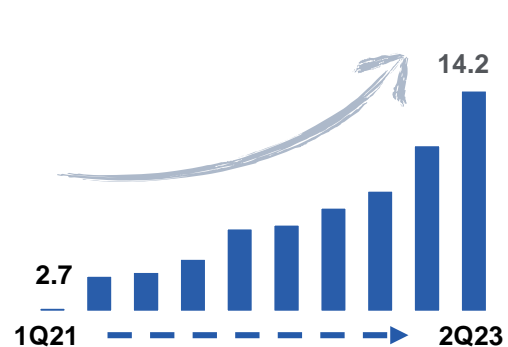
The Path to Profitability roadmap requires acceleration and expansion of high margin products combined with optimisation of the cost structure

While TNG Digital dominates payments...

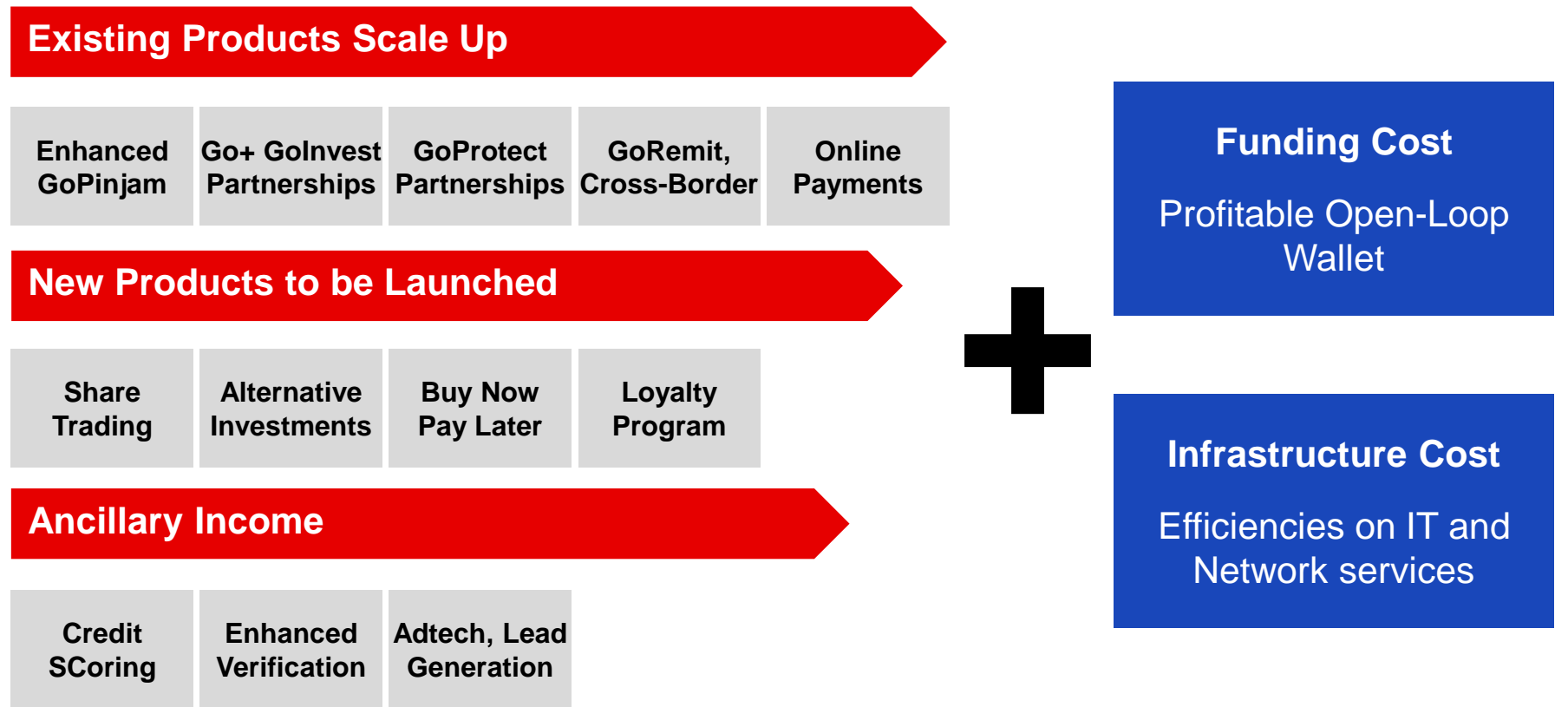
By eWallet TPV (%)



By Digital Payment Instrument TPV (%)



There's room to further improve take-up of high margin products and services, launch new revenue lines opportunities; improving cost of doing business and operational efficiencies



New horizons, adjacent business avenues and right to play – tapping on its 1Mn+ merchant touchpoints



1MM+
Merchants
800K+ MSMEs



Transaction Services

Current

- Offline acceptance
- Online acceptance
- Soundbox

New initiatives

- T+0 settlement

**Merchant
Payment Needs**

Business optimization

Current

- Merchant dashboard
- Mini-program

New initiatives

- Merchant e-wallet

**Merchant
Operation Needs**

Value-added Services




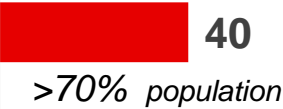






New initiatives

- Lending
- Geo-location
- Wealth
- Loyalty
- Insurance
- Listing

**Merchant Lead Generation
& Financial Needs**

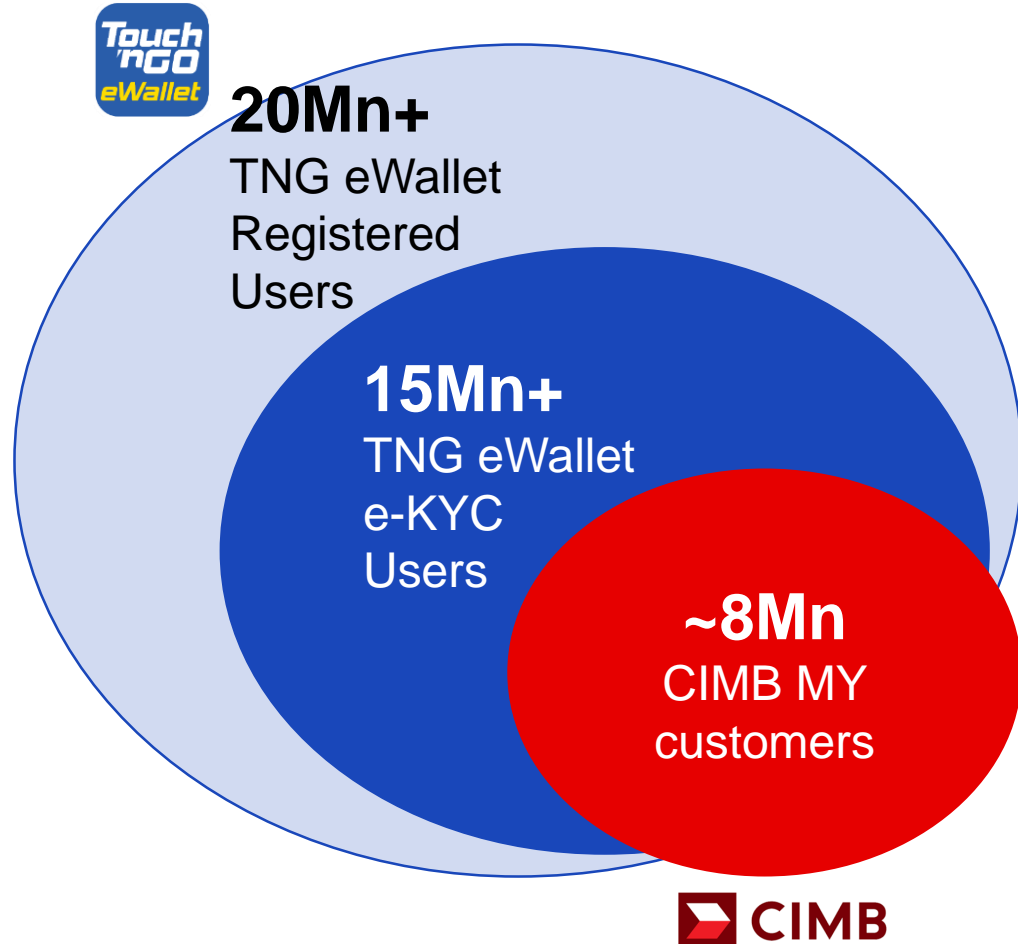
Overall, TNG Digital's prospects are encouraging, as evidenced by the respective trajectories of its closest peers in the region

- TNG Digital is part of a **new wave of valuable, domestic-focused payment businesses** affiliated with Ant Group, with the same playbook of **generating additional revenue streams beyond payments** – financial services and other value added services – to become more profitable.
- Kakaopay has turned profitable in 2022, while Paytm has narrowed its losses substantially. Similarly, TNG Digital is tracking its path towards meeting profitability in the near term.
- **While Malaysia lacks scale** as compared to India, Kakaopay is able to achieve profitable at sub-scale in South Korea – indicative of **a pathway for TNG Digital in Malaysia**.

As of June 2023	Reg. Customers Mn	Last 12-months TPV ⁽¹⁾ USD Bn	Market Cap. USD Bn	Profitable
Paytm	 92 <i>~6% population</i>	 220	 7	X
Kakaopay	 40 <i>>70% population</i>	 94	 5	✓
	 20 <i>>60% population</i>	 9+	 Valuation from Jul'22 fundraising	X

1. TPV definitions may differ

There is latent opportunity for CIMB Malaysia to leverage on TNG eWallet's expansive reach to acquire customers and grow retail assets



- CIMB Malaysia's customer growth has plateaued at ~8Mn customers, as it largely relies on offline channels for acquisition and service.
- Since April 2022, CIMB and TNG Digital has collaborated on **GoPinjam, Malaysia's first personal loan product offering of its kind** (small ticket size, short tenure). Today, the product receives 1Mn+ applications monthly.
- There are **still opportunities being explored** between CIMB and TNG Digital in several areas which could bring meaningful impact :

Deepen
lending

Deposits /
CASA

Micro SME
segment



CIMB Group Digital Businesses Investor Day 2023

CIMB Group Holdings Berhad

31 October 2023

