

DEAR STAKEHOLDERS,

The transition from response to recovery remains a complex and challenging process. The scale and speed at which various government and business machinery responded to COVID-19 has been as unprecedented as the health crisis itself. Where we have witnessed far reaching socio-economic effects, we have also seen a total turn-around in the approaches to managing disruption, towards creating new ways of life and work. The year 2021 and the resilient leadership demonstrated by people and businesses alike has reaffirmed our commitment to responsible growth and well-being of everyone associated with our business and the ecosystem.

TOTAL ASSETS:

RM621.9
BILLION

MARKET CAPITALISATION:

RM55.3
BILLION
RESILIENT LEADERSHIP AND VALUE CREATION

The most extraordinary circumstances have called for extraordinary leadership. Over the past year, leaders have come to appreciate the inequities brought about by 'one-size-fits-all' policies and processes. They have experienced the same challenges as the other stakeholders to business. They are able to not only empathise, but also look at issues from multi-dimensional perspectives, requiring multi-dimensional solutions. This realisation in itself continues to be a strong motivation for leaders to focus on both strengthening their stakeholders' trust with definitive action as well as on reinforcing the ability of businesses to not just survive but thrive. I identify this elemental change in behaviour – where leaders acknowledge the greater challenges that impede productivity and performance, and displaying a genuine desire to 'build back better' – as 'Resilient Leadership', with sustainability at the heart of all our efforts.

In short, at CIMB, resilient leadership and commitment to sustainability have been key to our efforts to recover on our path to achieving future growth. In 2021, we managed our stakeholder relationships with renewed care and purpose, towards advancing customers and society. Our priority commitment to stakeholders has been towards rebuilding their lives and livelihoods by doing what we do best: being here for them, understanding their diverse needs, making sure they have seamless access to finance and financing solutions, and keeping them resilient on their road to recovery.

In doing so, we have improved our orientation during the year to 'value creation' and this essentially meant both preserving our ability to create and deliver value to our multiple-stakeholders as well as improving our communications through Integrated Reporting <IR>. Our journey on <IR> has been gradual, with emphasis on 'internalisation' of its guiding principles in a way that is meaningful in establishing the interconnectedness of various functions, their roles, and contributions to CIMB's stakeholders, our business intent and greater purpose.



MESSAGE FROM THE CHAIRMAN

DATUK MOHD NASIR AHMAD
Chairman

RISK AND GOVERNANCE

Businesses had a little over a year to learn from the pandemic 'handbook'. The task at hand was not just to adapt by mobilising business continuity plans. The bigger focus has been on building resilience to both real and perceived risks, present and future. This required us to reassess if our systems and resources are adequate and sufficiently robust to identify, manage and mitigate future risks. Our efforts in 2021 also included revisiting crisis management plans, operational contingency processes, people and performance strategies, and above all, response and recovery mechanisms amongst others.

During the year, CIMB's Board of Directors actively deliberated on current and emerging business risks associated with technology deployment and digital enablement; people health, productivity and performance; human rights; impact of climate change; supply chain continuity; and community well-being. The Board recognises that such fundamental risks can potentially compromise our ability to create stakeholders' value as well as impact our overall sustainability and business performance. The Board also constantly emphasises on the need to enhance knowledge, capabilities, and capacity of both business enablers and business drivers to effectively manage such risks.

MESSAGE FROM THE CHAIRMAN



Addressing Group Corporate Assurance Division's Regional Virtual Town Hall.

FEMALE REPRESENTATION ON THE BOARD:

30%

The primary objective is to ensure CIMB 'walks the talk' not just in addressing various risks, but also in communicating the strategies and their outcomes efficiently and meaningfully to various stakeholders of business.

Overall, at Board-level, our attempt has been to offer best-counsel to the management for responding swiftly to pressing matters that compromise the quality of our stakeholder relationships and threaten the smooth functioning of the organisation. We also established the need for a balancing act between near-term business performance, mid-term recovery strategies, and long-term resilience.

Towards this, we saw some positive movements and changes in top management in 2021. In January, Paul Wong Chee Kin succeeded Sutee Losoponkul as President and CEO of CIMB Thai. In April, Haniz Nazlan joined as Group Chief Strategy Officer. This was followed by the appointment of Vera Handajani as Group Chief Risk Officer in August replacing David Richard Thomas who left the Group after nine years. Lastly in December, Lani Darmawan was named the President Director and CEO of CIMB Niaga to succeed Tigor M. Siahaan who moved on to pursue other interests. The Board is proud that we were able to fill these senior positions with mainly internal talents and confident that they will continue to grow our ASEAN position from strength to strength.

Throughout the year under review, CIMB met the target of 30% female representation on the Board. This, I believe, augurs well in terms of our ability to leverage on different perspectives and sensibilities that challenge the status quo and make way for balanced debates and better decision-making. Gender balance on CIMB Board contributes to improving risk governance and our overall orientation to responsible growth.

Given the vulnerability of financial performance in the last two years, delivering sustainable financial returns to shareholders remains our focus, while creating long-term value for other stakeholders.



Speaking to shareholders at the 64th AGM.

FORWARD23+ AND GROWTH

The pandemic has necessitated the critical role of the financial sector, in particular banks. It has been a litmus test of their abilities and ingenuity to respond to customers, employees and stakeholders, when they are most vulnerable and at-risk. During the year, in executing Forward23+ strategies, the priority for the year remained to develop greater understanding of stakeholder needs and expectations, to assist and navigate them through the impacts of COVID-19, and help them recover and rebuild with resilience.

If 2020 was 'Year Zero' where we recalibrated strategies for survival, then 2021 was 'Year One' of those strategies taking shape and evolving to address emerging challenges and leveraging new opportunities along the way. Barring the possibilities of significant escalations in virus outbreaks, we are confidently on track with our Forward23+ strategy.

The past two years have shown that financial performance is vulnerable to external forces. This has strengthened our resolve to deliver sustainable shareholder returns, while creating long-term value for all stakeholders. This will be driven by efforts to reshape our portfolio, improve cost-efficiencies, enhance technological infrastructure and capabilities, build a healthy and efficient workforce, remain customer-centric, and leverage on our regional presence to make targeted investments.

To ensure seamless implementation of Forward23+ programmes across ASEAN, a major decision was taken during the year to evolve from our Regional Operating Model. We have now put in place the Target Empowerment and Alignment Model (TEAM) which is not a 'one-size-fits-all' model but provides flexibility in implementation of our model. By being flexible, TEAM provides clearer lines of reporting for different operations and at the same time strengthens accountability and efficiency to support the achievement of Forward23+ targets.



Hosted our 64th AGM via live streaming and online voting.

MESSAGE FROM THE CHAIRMAN

SUSTAINABILITY AND SUSTAINABLE BUSINESS

The Intergovernmental Panel on Climate Change (IPCC) released its sixth assessment report in 2021. It concluded that the intensifying effects of climate change and its tipping points cannot be excluded from future planning. There is an urgency like never before to transform not just our energy system but the way we conduct our business and lives. In the process, the challenge lies in managing risk exposures to create net positive impact on the environment and society while creating financial opportunities for both businesses and the stakeholders in their ecosystems.

Following CIMB's commitment to prohibit new coal financing, we entered into the first phase of this process in 2021 with the end objective of achieving a zero-coal portfolio by 2040. Besides, in support of the Paris Agreement target to limit global warming to 1.5°C, we continued to devise programmes internally across the Group to reach net zero GHG Scope 1 and 2 emissions in our operations by 2030 and overall Net Zero GHG by 2050 (including scope 3 and financed emissions). Our target to mobilise RM10 billion in sustainable finance under the Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework was achieved ahead of schedule. This commitment was subsequently raised to RM30 billion during the year, and we have successfully achieved RM25.9 billion by end-2021.

We continued in our drive to support sustainable businesses of all sizes. For instance, RM250 million was allocated to CIMB GreenBizReady, which was launched in 2021 as a resource centre for SMEs embarking on their sustainability journeys. Linking knowledge and capacity building with sustainable finance schemes, the initiative seeks to encourage a greener post-pandemic recovery and is aligned with the desired just transition to a green economy.

CIMB's third sustainability-themed summit, The Cooler Earth, once again gathered thousands of businesses, leaders from public and private sectors, as well as civil society and the public. The theme in 2021 was Align, Act, Accelerate, pointing to a collective desire to move forward past the turmoil of the pandemic. A Youth Day during the five-day online summit was dedicated to raising the voices of our youths on issues that matter to them, given that they would be inheriting a warming and inequitable planet.

In keeping with its commitment, the Group continued to support CSR work. Our overarching theme has been to 'leave no one behind', especially the most affected and at-risk members of society e.g. B40 communities in Malaysia. A total of RM28.7 million was disbursed for various CSR programmes to support such underserved and disadvantaged communities across ASEAN. For instance, the Komuniti Kita COVID-19 Relief project pledged RM10 million towards healthcare needs such as facility and equipment upgrades as well as food aid for those who have lost their livelihoods to the pandemic. The programme works with various NGOs to deliver help in the most effective ways. Similarly, CIMB Islamic pledged to sponsor RM300,000 for a participating programme under Bank Negara's iTEKAD initiative that supports

the asnaf and B40 communities affected by the pandemic with training and job opportunities, micro and social financing. The first batch of 31 participants under the CIMB Islamic Rider Entrepreneur Programme have already received motorcycles and placements with Food Panda.

CIMB has always been a staunch supporter of the arts. From October to December 2021, a tripartite initiative to uplift the local arts and culture community was organised as part of a CIMB collaboration with the Cultural Economy Development Agency (CENDANA) and Yayasan Hasanah.

Environmental injustices and social inequality surfaced with intensity after the pandemic. The strong performance of ESG funds compared to traditional funds in the past year has also been a topic of global discussion. At CIMB, we continued to strengthen our business case for sustainability; we improved our internal capabilities and capacity to understand and implement sustainability approaches and strategies; we recognised the need to design credible and consistent communications to keep our stakeholders in the loop on our responsible business practices, and we remained committed to creating shared value by driving sustainability as one of the strategic pillars of Forward23+.

GREEN, SOCIAL, SUSTAINABLE IMPACT PRODUCTS AND SERVICES MOBILISED:

**RM25.9
BILLION**

CSR INVESTMENT:

**RM28.7
MILLION**



PEOPLE AND PERFORMANCE

With extended lockdowns and movement restrictions, we witnessed adverse psychosocial impact on people from all backgrounds, demographics and positions. The mental and physical state of being were affected by isolation, anxiety, monotony, and even insecurities associated with relationships and financial standing. Our priority is of course to help our people manage their health challenges and mental well-being, while creating a safe, secure and trusting environment to motivate productivity and performance.

All states in Malaysia entered phase four of the National Recovery Plan in 2021, signalling a positive return to activity for many businesses and economic sectors. Despite the relaxation in SOPs, #teamCIMB still adheres to social distancing measures and a work-from-home option is encouraged where possible. Split operations and jobs-on-rotation are still being practiced and meetings are held online as much as possible.

CIMB responded swiftly to the demands of this new COVID-19 era, from at-risk customers and communities to employees, suppliers and business partners, who benefitted from our relief, assistance and well-being programmes.

On behalf of the Board, I take this opportunity to commend our employees who persevered with unwavering spirit despite the uncertainties whether at the frontline of our physical branches or dialling-in from home. Without their determination, we could not have provided the critical financial support that our customers and communities needed during the year. Our employees' best interests are taken to heart and we encourage them to make the best of the services and support that are offered by CIMB through various channels and initiatives. As one, we will continue to walk together and prove once again that the #teamCIMB spirit is strong and unwavering.

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FINAL REMARKS AND ACKNOWLEDGEMENTS

In 2021, we had two retirements of Board members. Dato' Robert Cheim Dau Meng retired as Chairman of CIMB Investment Bank Berhad while Puan Rosnah Dato' Kamarul Zaman retired from the Boards of CIMB Bank Berhad and CIMB Islamic Bank Berhad. We are ever so grateful for their sterling services to CIMB and wish them well.

The year also saw the appointment of Ms Teoh Su Yin as Chairperson of CIMB Investment Bank Berhad besides welcoming two new directors namely Dr Azura Othman to CIMB Islamic Bank Berhad and Ms Surina Shukri to CIMB Investment Bank Berhad.

In a wider context, I speak on behalf of all CIMB management and staff in thanking the unsung heroes of this pandemic: the medical frontliners and government agencies who have delivered on their mandate of 'immunisation for all'; businesses who have taken a lead in lending a helping hand to communities; and citizens who set-up their own support groups and initiatives to help the underserved segments of the society. The lessons learnt in solidarity strengthens my belief in a strong recovery.

Amidst all this, we have worked through another year of ups and downs with our partners, suppliers, customers, and our stakeholders. Thank you for continuing to place your trust in our relationships and our ability to create value for you. Let us together build a better and a more resilient future.



Datuk Mohd Nasir Ahmad
Chairman



Datuk Mohd Nasir Ahmad with YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz inside one of the mini gallery rooms in Hotel Art Fair at Element Kuala Lumpur. Also in picture is Mr. Kenny Teng, the owner of G13 Gallery.



Launch of TripART collaboration with CENDANA and Yayasan Hasanah and CIMB Hotel Art Fair officiated by Minister of Finance - YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz.