

**CIMB GROUP HOLDINGS BERHAD**

(Company No. 195601000197 (50841-W))

Minutes of the Sixty-Six (66<sup>th</sup>) Annual General Meeting of CIMB Group Holdings Berhad (“CIMB” or “the Company”) held virtually at the broadcast venue at Level 31, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia on Thursday, 13 April 2023 at 10.00 a.m.

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**Present at Broadcast Venue** : Datuk Mohd Nasir Ahmad - Chairman  
Dato’ Abdul Rahman Ahmad – Group Chief Executive Officer  
Dato’ Mohamed Ross Mohd Din  
Encik Didi Syafruddin Yahya  
Encik Afzal Abdul Rahim  
Ms. Teoh Su Yin  
Mr. Robert Neil Coombe  
Ms. Ho Yuet Mee

**Present remotely via Tele-presence** : Dato’ Lee Kok Kwan  
Ms. Shulamite N K Khoo

And 1,723 shareholders attending or by proxy via RPV as per Attendance List

**In Attendance** Encik Khairul Rifaie – Group Chief Financial Officer  
Datin Rossaya Mohd Nashir – Group Company Secretary

Representatives from Messrs PricewaterhouseCoopers

Mr. Soo Hoo Khoon Yean  
Ms. Elaine Ng Yee Ling  
Mr. Jimmy Tee Chee Meng  
Mr. Chong Chee Kong

**1. CHAIRMAN OF THE MEETING**

Datuk Mohd Nasir Ahmad took the Chair.

**2. QUORUM**

The Group Company Secretary confirmed that there was sufficient quorum in accordance with Article 63 of the Company’s Constitution, and the 66<sup>th</sup> Annual General Meeting (AGM) of the Company was duly convened.

**3. NOTICE OF MEETING**

The Notice convening the Meeting was tabled and taken as read.

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#### 4. CHAIRMAN'S OPENING REMARKS

The Chairman welcomed the Shareholders to the 66<sup>th</sup> AGM of CIMB. The Chairman took the opportunity to thank the Shareholders for their virtual presence and continuous support to CIMB.

The Chairman then introduced the Board of Directors of CIMB, the Group Chief Financial Officer and the Group Company Secretary.

The Chairman also introduced the representatives from PricewaterhouseCoopers, the External Auditors, Mr. Soo Hoo Khoon Yean, Ms. Elaine Ng Yee Ling, Mr. Jimmy Tee Chee Meng and Mr. Chong Chee Kong who were also present at the broadcast venue.

The Chairman informed the Shareholders that this year marked CIMB's 66<sup>th</sup> Annual General Meeting, a milestone of which CIMB was truly proud of, a milestone based on efforts and contributions owed to so many past leaders. This year's AGM was also the 4<sup>th</sup> AGM that CIMB had conducted virtually since the COVID-19 pandemic started in March 2020. 2022 saw the COVID-19 virus largely contained leading to the economy showing early signs of normalcy and healthy growth. CIMB's collective efforts from the COVID-19 targeted assistance programmes accelerated significantly, with Government and the private sector firmly focused on rebuilding the economies.

The Chairman enlightened the Shareholders that 2023 was an opportunity to practise mindfulness in the process of building back, with an emphasis on rebuilding better. Besides the obvious business priorities of profit and recovery, the concern for leadership was to decide which legacies should be kept and improved on and which to be left behind. He continued that CIMB had always recognised the building back journey as an opportunity to reimagine pathways to realise corporate ambitions and value creation model. Hence, in response to the present needs of stakeholders, CIMB had envisioned a new proposition of 'Moving Forward with You'. The challenges of the pandemic era had affirmed CIMB's conviction in CIMB's purpose to serve and CIMB's new brand proposition pivots the organisation to be ready to step up to that challenge in the new normal.

CIMB would continue to recalibrate its strategies with a commitment to leave no one behind, an underlying principle in the Group's orientation towards value creation. CIMB would also continue to prioritise stakeholder concerns and strive to be transparent in the process.

On Risk and Governance Mechanism in 2022, the Chairman explained that Governance concerns were focused on recovery outcomes, a process which involved testing and evolving existing contingency plans, CIMB's risk management architecture, and human capital strategies. Enhancing the risk assessment and mitigation systems was a top priority, especially given the circumstances underscored by the COVID-19 pandemic. Given this, CIMB had deployed rapid-response mechanisms during the crisis management period, leveraging on the inbuilt agility of CIMB's systems and processes.

The Chairman further highlighted that the Board of Directors had undertaken a comprehensive assessment of business risks stemming from technology, digital infrastructure, and cybersecurity; employee wellbeing, productivity, and performance; human rights; climate change; supply stability; and community relations, with an eye to minimising the potential risks to business continuity while maximising stakeholder value. He pointed out that during this period, the tension between long-term value and short-termism was particularly evident in CIMB's considerations of business risks. The

Board of Directors further navigated trade-offs between temporary solutions to mitigate short-term risks and more deep-seated, transformative changes to keep the organisation robust and responsive to anticipated future risks.

The Shareholders was apprised that the five strategic priorities under CIMB's Forward23+ and Growth Strategy remained unchanged, these being delivering sustainable financial returns, disciplined execution, customer centricity, transforming fundamentals, and becoming a purpose-driven organisation. The immediate focus was to rebuild better with stakeholders by reshaping the portfolio, strengthening the technological ecosystem, driving cost-efficiencies, fostering peak performance in the workforce, centering customers, and making strategic investments across the regional Group. The turnaround efforts had also allowed CIMB to push forward with the Forward23+ objectives in the new normal and minimising any negative impact on CIMB's value-creation abilities.

With regard to the Sustainability Pillar of Forward23+ Strategy, the Chairman imparted that at 4th place, CIMB had been ranked amongst the top banks of the world in the 2022 Financial System Benchmark, which assessed 400 global financial institutions on their progress in supporting a just and sustainable economy. In 2022, CIMB doubled its sustainable finance target from RM30 billion to RM60 billion by 2024 and under its Green, Social, Sustainable Impact Products & Services (GSSIPs) framework, the initial RM30 billion target was mobilised two years ahead of schedule. CIMB had also entered into a strategic Memorandum of Understanding (MoU) with Bursa Malaysia to promote sustainable business practices. Under the MoU, CIMB would be providing access to finance for public-listed companies in Malaysia to improve their sustainability performance and strive to be admitted into the FTSE4Good Bursa Malaysia index.

Meanwhile, through CIMB Foundation, CIMB also continued to address the widening gap between low-income households, B40s and the growing middle class. In a bid to leave no one behind, RM33.4 million was channelled (through various programmes) to underprivileged communities in our operating markets.

The Chairman referenced the topline priorities in relation to #TeamCIMB where the conditions in the new normal were kept to an optimum, to minimise disruption to employees' productivity from movement fluctuations. He added that CIMB continued to prioritise the safety and well-being of CIMB employees, including their mental health. Working arrangements were mostly hybrid, with employees being offered the flexible option to work-from-home or at CIMB's premises, while frontliners continued to serve customers physically at the branches. The Chairman, on behalf of the Board, expressed his gratitude and commended #teamCIMB for pulling through the recovery period remarkably. He added his conviction that resilience truly lies with the endurance of the people who kept the wheels turning on the ground, come rain or shine. CIMB's ability as an organisation to pivot to these challenges, minimise losses, and turnaround what could have been major impairments was a testament to the resilience of the #teamCIMB spirit.

The Chairman continued to report that for the third year in a row, the Board had maintained a female ratio of 30% in line with its commitment to increase Board-level diversity. The Board welcomed qualified female leaders in decision-making positions, not to mention the boost to governance capabilities that were attributable to gender diversity and increasing Board diversity aligning with best practices for well-rounded risk management and blended competencies. Following this commitment, Ms. Ho Yuet Mee was appointed to the Board on 28 July 2022, and also as a member of the Group Audit Committee and Group Sustainability & Governance Committee of CIMB.

On the recent change at the leadership level, the Chairman highlighted that in 2022, Group Wholesale Banking underwent a leadership change with the appointment of Mr. Chu Kok Wei and Encik Novan Amirudin as the Co-CEOs. The joint heads were responsible for leading the Wholesale Banking business unit, which was a key contributor to the Group's regional presence.

Last but not least, the Chairman conveyed the Board's appreciation to all its stakeholders – #teamCIMB, regulators, suppliers, partners, investors and members of the community, for being a part of CIMB's recovery journey. He stated that the strength and speed of the recovery could not have been possible without the resilience and perseverance of CIMB's customers, partners, suppliers, and communities, each playing an integral role in the recovery of the economy and the health of the society. He further expressed his enthusiasm in seeing another progressive year with the people, and that CIMB would continue to be a reliable pillar of strength for its stakeholders to build back better, as always.

The Chairman ended his speech by inviting the Group CEO to provide his presentation on the 2022 CIMB Group Overview and 2023 Plans.

## 5. GROUP CEO'S PRESENTATION

Dato' Abdul Rahman Ahmad thanked the Chairman and welcomed all shareholders and guests to the AGM, and presented the Group's key financial performance which included CIMB Today, FYE 2022 Performance, Forward23+ Progress, Journey Towards a Purpose Driven Organisation and Going Forward.

Dato' Abdul Rahman expressed his sincere appreciation to shareholders for taking their time to be with CIMB today. He informed that this was the 4<sup>th</sup> time CIMB had conducted the AGM virtually.

Dato' Abdul Rahman reiterated that, although the global and regional economies recovered post pandemic, the year 2022 presented the world with highly challenging situations, ranging from supply chain disruptions, elevated geopolitical tensions caused by the Russia-Ukraine War, and heightened trade conflict between the United States (US) and China. These challenges had led to global economies, particularly the US, grappling with higher-than-expected inflation, which necessitated sharp and rapid rise in interest rate.

For ASEAN economies, whilst benefiting from post pandemic rebound, several additional factors including rising debts, labour shortages and constraints on government spending and fiscal policy dampened optimism for a high growth recovery.

Against the aforementioned economic backdrop, Dato' Abdul Rahman informed that his presentation would cover five (5) key areas, as follows:

(i) CIMB Today

CIMB Group today remained the fifth largest bank in ASEAN, with an expanded total asset size of RM667 billion, a significant growth from RM586 billion in FYE 2019. CIMB's footprint spanned across 15 countries with 604 branches across the region, employing more than 33,000 talents.

CIMB Group's vision remained to be the leading focused ASEAN bank. Being a local ASEAN bank was CIMB's key differentiator, where it would focus on

identified key markets and segments to win. This was strengthened by CIMB's driven purpose which was to build a high performing sustainable organisation to help advance customers and society together.

(ii) FYE 2022 Performance

The financial highlights of CIMB's core underlying performance excludes one off non-recurring exceptional items such as the impact of Cukai Makmur, for fair comparison.

In FYE 2022, CIMB Group recorded positive performance with Net Profit growing strongly by 33.5% year-on-year (YoY) to RM6.2 billion, translating into a Return on Equity of 10.2%. This was a proud achievement for the Bank as this was the first time in many years that CIMB Group had delivered a double-digit core ROE. Operating Income recorded an 8.0% YoY growth across all segments and markets, reaching RM19.8 billion. This was mainly driven by Net Interest Margin (NIM) expansion, healthy loan growth and higher fee income.

Next, Gross Loans grew 7.7% YoY in 2022, surpassing CIMB's internal target as well as industry benchmarks. Deposits positively grew by 4.6% YoY although CASA declined marginally given the rebound of economic activity and individuals and businesses increasing their spending.

CIMB's focus on cost discipline continued, with Operating Expenses increasing only by 3.2% YoY to RM9.2 billion despite requiring investment in technology and talent. Hence, CIMB's Cost-to-Income Ratio reduced further to achieve a new record low of 46.5%, compared to 53.4% recorded in 2019.

Consequently, CIMB's underlying business performed strongly benefiting from the positive JAW, with pre-provisioning operating profit (PPOP) growing by a market leading 12.5% YoY to reach RM10.6 billion in FYE 2022. One of CIMB's main priorities under its Forward 23+ Strategic Plan was to de-risk its business by reshaping the portfolio. A considerable headway in this space had been made.

In terms of total provisions, it was recorded that the total provisions were almost RM1.0 billion or 31.5% lower than FYE 2021 from reduced corporate provisions, macroeconomic factors and overlays. As a result, the Group's credit cost improved to 51 basis points (bps) from 73bps in FYE 2021, meeting CIMB's Forward23+ FYE 2024 target ahead of schedule.

The positive impact of income growth contained cost escalation and lower provisions enabled the Group's Profit Before Tax to grow strongly by 33.8% YoY to reach RM8.5 billion in FYE 2022. Satisfyingly, this strong performance was delivered across all business segments and countries and represented the highest profitability growth YoY amongst banks in Malaysia.

CIMB's CET1 Capital Ratio remained at 14.5%, reflecting the Group's capital strength and resilience. This also represented a considerable and healthy improvement from the historical level of 12.5% recorded in 2018. In relation, given the strong capital position, CIMB had announced an all-cash second interim dividend of 13.00 sen per share, bringing the full year dividends to 26.00 sen per share compared to 22.99 sen per share in FYE 2021. The 18% YoY

total dividend increase amounted to RM2.75 billion, translating to a dividend payout ratio of 50.5%, in line with CIMB's dividend policy of 40% to 60%.

In summary, despite the volatile operating environment, the Group successfully exceeded all its FYE 2022 targets across all profitability metrics. The Group's ROE of 10.2% exceeded the target of 9.0%, loan growth was higher than the target as well as industry and the Group delivered Cost to Income ratio of 46.5% surpassing its target of 49.0%. For the second year in a row, CIMB Group's share price rose from RM5.45 at the end of 2021 to a high of RM5.80 at the end of 2022. This translated to significant CIMB outperformance in terms of Total Shareholders Return (TSR) over FBMKLCI and KL Financial Index in 2022 as well as for the past 3 years.

The year 2022 also saw CIMB continuing to receive numerous accolades. These included Best ASEAN Sustainability Sukuk and Structured Product from the Asset Triple A in Malaysia, and Best Domestic Private Bank from Asia Money. In addition, CIMB Singapore had won the Employee Engagement of the Year at the Business Management Excellence Awards and CIMB Niaga was recognised in having the most impactful Digital Banking App. More recently, CIMB had also won Best Retail Bank by The Asian Banker in Malaysia.

(iii) Forward 23+ Progress

Dato' Abdul Rahman informed that CIMB formulated the Forward23+ Strategic Plan in 2020 and the direction was now midway through the execution journey. He then provided a quick recapitulation on the 5 strategic themes which were to deliver Sustainable Financial Returns through Disciplined Execution and Transforming our Fundamentals, putting Customer Centricity at the core of what CIMB does and being a Purpose-driven Organisation.

As part of CIMB's strategy to deliver sustainable financial returns, portfolio reshaping plans were substantially completed. CIMB had de-risked its portfolio in areas where it had exited or descaled business segments where there was less competitive advantage in, such as the Commercial lending segment in Thailand, Indonesia and Singapore. At the same, CIMB was aggressively growing key profitable segments particularly in the Consumer, SME and ASEAN network wholesale business that was helping to drive the profitability of CIMB's regional operations in Indonesia, Thailand and Singapore.

CIMB's digital asset investments, driven by CIMB Philippines and Touch 'n Go Digital, continued to deliver strong growth traction and market adoption. CIMB Philippines now had over 6.5 million customers with deposits growing by about 30% to hit RM1.68 billion and loan growth more than doubling to RM821 million. Touch 'n Go Digital continued to go from strength to strength with 18.7 million registered users, 9.2 million Annual Transacting Users and over 700,000 merchants on-boarded. Progress was also being made to deliver a clear path to sustainability with operating income more than doubling, to reach RM165 million.

At the inception of Forward23+, CIMB had set itself the ambitious target to take out RM1.0 billion from its cost structure. Fast forward to today, the target was reported to be delivered, through rigorous cost discipline. It was worth noting that despite rising inflation, CIMB's Operating Expenses in FYE 2022 of RM9.2

billion was still lower than the RM9.4 billion recorded in FYE 2019 and its current CIR of 46.5% give the Group some confidence that Bank was on track to achieve our targeted CIR of 45% by 2024.

CIMB also recognised that it had to improve its platform reliability to ensure minimal disruption for the customers. Over the last three years, CIMB had invested RM2.7 billion to enhance its digital platforms reflecting the commitment to address this issue. CIMB had delivered clear improvements in its digital reliability, for both Clicks and BizChannel in terms of system availability and had significantly reduced the number of unscheduled downtimes. However, the work was far from its conclusion. CIMB was committing to invest another RM1 billion in FYE 2023 to enhance its technology and operational reliability and resiliency. Linked to this and as part of customer centricity, CIMB launched a new mobile banking application in Malaysia, CIMB OCTO, which had an enhanced UI / UX feel and greater personalisation. CIMB also refreshed its applications for CIMB Niaga and Singapore. Currently, the Bank was embarking on transforming its corporate digital platform, NextGen BizChannel as well as rolling out a new Customer Relationship Management system. Under the transforming fundamentals pillar, CIMB initiated Programme Aquarius and launched the Safeguarding the Bank Campaign to strengthen the Bank's operational resilience. The Bank also had undertaken a refreshed values and culture framework, EPICC, which stood for Enabling Talent, Passion, Integrity & Accountability, Collaboration and Customer Centricity. These initiatives had already seen improvements as reflected by the latest independent employee OHI survey where CIMB was seen moved to the 2<sup>nd</sup> quartile amongst leading organisations in ASEAN.

(iv) Journey Towards a Purpose Driven Organisation

A key pillar under Forward 23+ was making CIMB a purpose driven organisation, particularly in driving the sustainability agenda. In this context, CIMB had achieved considerable progress in this critically important area. During the year, the Bank achieved a 22% reduction in GHG emissions for Scope 1 and 2, mobilised a cumulative amount of RM54.3 billion towards Green, Social & Sustainable Impact Products and Services (otherwise known as GSSIPS). CIMB was also the first in Malaysia to launch the Sustainability Thematic risk management solution for its Treasury clients.

Furthermore, CIMB launched the Group Human Rights Policy, which provides for fair and just treatment for not just the employees but also for those that the clients employ. At the same time, CIMB expanded the Corporate Social Responsibility programmes and invested almost RM35 million across the region, together with #teamCIMB contributing 140,000 volunteer hours to meaningfully impact the lives of the communities operated in.

In 2022, CIMB further improved its score for S&P Global Corporate Sustainability Assessment and achieved the 80<sup>th</sup> percentile, surpassing the Forward 23+ target, whilst also ranked 4<sup>th</sup> out of 400 global financial institutions in terms of ESG performance, by the World Benchmarking Alliance at COP27 last year. Notwithstanding this, CIMB was committed to continue to do more. In September 2022, the Bank announced deeper commitments at its flagship event, The Cooler Earth Sustainability Summit which included the following:

- (i) Reducing the thermal coal mining exposure by half from end-2021 levels by 2030 and fully by 2040;
- (ii) Lowering carbon intensity for the cement sector by 36% by 2030; and
- (iii) Raising the sustainable finance GSSIPS target from RM30 billion to RM60 billion.

Being a purpose driven organisation brought a meaning that CIMB would need to address the concerns of the public, to ensure they feel secure conducting their day-to-day financial transactions. Unfortunately, with digital acceleration, CIMB had seen frauds and scams becoming an increasingly troubling trend that had affected customers in Malaysia and globally. In this context, CIMB was fully driven and on schedule to implement all the security initiatives mandated by Bank Negara Malaysia (BNM) to strengthen safeguards against financial scams. As a proactive measure, CIMB had fully migrated from the SMS One-Time Passwords (OTP) to SecureTAC via CIMBClicks application and moved to a single bound device.

Recently, the Bank introduced the “kill switch” where customers would be able to freeze their own online banking ID if they detected suspicious activity and further tightened fraud detection rules and triggers. Soon, CIMB would require customers to call to verify that they were changing or activating a new phone. The Bank fully considered and understood that all these measures would create friction to the customer user experience, but CIMB was hopeful that its customers would also understand that these were all done for their own safety and security benefits. The early results of these measures had been positive where it had seen a decline in absolute value of fraud levels and CIMB’s market share of industry fraud loss rates. To this, the Bank was of the ambition that this improving trend would continue as it remained totally committed to keeping our customers’ savings safe.

(v) CIMB Going Forward

Dato’ Abdul Rahman shared CIMB’s perspective and outlook for FYE 2023.

It was visible that FYE 2023 appeared to be another uncertain and challenging year. CIMB, however, remained cautious given the rising geopolitical tensions, sustained inflationary pressures resulting in elevated interest rates coupled with intense deposit competition. The recent turbulence within the banking industry with the collapse of SVB and Credit Suisse portrayed how fragile market confidence could be and if not addressed properly and in a timely manner, could pose risk to the greater economy. Accordingly, CIMB expected the growth of ASEAN economies to moderate with Malaysia predicted to grow at 3.9%, Indonesia 4.7%, Singapore 1.9% and Thailand 3.7%. Notwithstanding the uncertain economic backdrop, CIMB’s broad strategy remained and it would stand guided by the Forward23+ Strategic Plan which had been refined.

In summary, the Bank had identified four (4) main priorities, details of which were as follows:

- (i) Aggressively strengthen CIMB’s CASA and deposit franchise to compete effectively amidst the intense competition, accelerate the execution of the Affluent strategy, grow Islamic Finance and drive Non-



- Interest Income growth particularly through the one-bank client approach for Wholesale Banking;
- (ii) Double down on its digitisation initiatives to transform end-to-end customer journey and internal processes. To also continue its focus in enhancing the operational resilience and institutionalise it across the board;
  - (iii) Remain focused on cost discipline, risk management and asset quality to mitigate downside risks; and
  - (iv) At the same time, continue executing the roll out of EPICC culture and human capital transformation programmes, as well as intensifying efforts to advance our sustainability agenda, particularly in developing key capabilities to deliver sustainable products and services to the clients.

Based on this, CIMB expected its performance for FYE 2023 to continue to improve and had set ambitious targets for FYE 2023 with ROE of 10.2% to 11.0%, targeted loan growth of 5 to 6%, loan loss charge of between 45bps to 55bps, Cost to Income ratio of less than 46.5%, and a healthy CET1 Capital Ratio of more than 13.5%. The Bank believed the targeted performance in FYE 2023 would provide a strong platform and positive trajectory towards meeting its Forward 23+ targets for FYE 2024. Subject to fair market conditions, the Group was confident that its ambition to deliver the top quartile financial and non-financial targets across Return of Equity, Cost to Income Ratio and Sustainability, were on track and within reach. Rest assured, the Board and Management were wholly committed to continue with the Forward23+ transformation journey and ensure the Bank achieve its ambition to be the leading focused ASEAN Bank by 2024.

Before ending his presentation, Dato' Abdul Rahman expressed, on behalf of CIMB Group, his sincerest gratitude to the Group Chairman and the Board for their continued trust, support and confidence in Management. He then stressed that he was honoured and privileged to be part of #teamCIMB who had been incredibly resilient during such challenging times, their dedication and perseverance. Last but not least, he thanked the customers, partners, and most importantly, valued shareholders for their kind support, trust and understanding. He affirmed the commitment of CIMB to further improve and deliver on its ambition to be the leading focused ASEAN bank.

## 6. POLLING PROCESS

The Chairman informed that the members, corporate representatives and proxies present had the right to speak and vote on the resolutions set out in the Notice of the 66th AGM dated 16 March 2023.

Before moving to the formal business of the Meeting, the Chairman informed that voting on each of the Resolutions set out in the Notice of AGM would be conducted via online electronic voting. Shareholders had the right to speak and ask questions in real time by clicking on the messaging icon. He also encouraged all present to refer to the "documents tab" in the online portal to view the Pre-AGM questions and answers

posted by Minority Shareholder Watchdog Group (MSWG), Permodalan Nasional Berhad (PNB) and other individual shareholders.

The Chairman further informed that in his capacity as Chairman of the Meeting, he had been appointed as a proxy by some Shareholders and would be voting in accordance with their instructions. Further to this, he highlighted that the Share Registrar, Boardroom Share Registrars Sdn Bhd (Boardroom), would act as a Poll Administrator to conduct the online electronic polling process and that Messrs Deloitte had been appointed as the Scrutineer to verify the poll results.

The Chairman then invited Shareholders and proxy holders to view a short video on the electronic poll voting procedures presented by the Poll Administrator, Boardroom, details of which were duly noted.

Before proceeding with the Agenda for the AGM, the Chairman informed the Shareholders that any queries regarding banking-related matters should be directed to CIMB's dedicated email at [cru@cimb.com](mailto:cru@cimb.com).

The Chairman highlighted that the Group Chief Financial Officer and the Group Company Secretary were also shareholders of the Company. They had offered to be proposer and seconder for all the resolutions. In this respect, Resolution 1 to Resolution 10 were duly proposed and seconded.

**7. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Chairman tabled the Audited Financial Statements for the FYE 31 December 2022 and the Reports of the Directors and Auditors.

The Chairman informed that CIMB had published the Annual Report (AR) and Accounts for FYE 2022 to Bursa Malaysia on 16 March 2023, which was subsequently uploaded to CIMB's Website on the same day.

The Audited Financial Statements for the FYE 31 December 2022 were only for discussion and would not be put to vote, as it did not require Shareholders' approval under the provisions of Section 340 (1)(a) of the Companies Act 2016.

**8. RE-ELECTION OF DIRECTORS WHO RETIRE PURSUANT TO ARTICLES 81 AND 88 OF THE COMPANY'S CONSTITUTION**

The Chairman proceeded with items 2 and 3 of the Agenda, Ordinary Resolutions 1 to 4 on the Re-election of Directors Who Retire pursuant to Articles 81 and 88 of the Company's Constitution.

Being an interested party in Ordinary Resolution 1, the Chairman handed the chair to the Group CEO to present these Resolutions.

In line with BNM's Guidelines on Corporate Governance and CIMB's Fit and Proper Policies and Procedures for Key Responsible Persons, the GNRC had conducted assessments of the retiring Directors at the AGM under Articles 81 of the Company's Constitution. The assessment criteria for their re-appointment included their attendance and contribution at Board and Committee meetings, their time commitment

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and level of contribution to effectively discharge their roles as Directors as well as subjective assessment on their conduct, character and competence, amongst others.

The Board had approved the GNRC's recommendations for these Directors to retire by rotation.

The Group CEO informed of the following Resolutions for Directors who retired pursuant to Articles 81 of the Company's Constitution:

- (i) Agenda 2 on Ordinary Resolution 1 is for the proposed re-election of Datuk Mohd Nasir Ahmad who retired under Article 81 of the Company's Constitution
- (ii) Agenda 2 on Ordinary Resolution 2 is for the proposed re-election Encik Didi Syafruddin Yahya who retired under Article 81 of the Company's Constitution;
- (iii) Agenda 2 on Ordinary Resolution 3 is for the proposed re-election of Ms. Shulamite N K Khoo who retired under Article 81 of the Company's Constitution.

The Group CEO added that under Article 88 of the Company's Constitution, the Board had the power to appoint any person to be a Director, whether to fill a casual vacancy or as an addition to the existing Board of Directors. Any Directors so appointed shall hold office until the next AGM and be eligible for re-election. In view of this, the following Resolution was tabled pursuant to the said Article 88 of the Company's Constitution:

- (iv) Agenda 3 on Ordinary Resolution 4 is for the proposed re-election of Ms. Ho Yuet Mee who retired under Article 88 of the Company's Constitution.

## **9. APPROVAL ON PAYMENT OF NON-EXECUTIVE DIRECTORS' REMUNERATION**

The Chairman informed that the next item was Agenda 4, Ordinary Resolution 5 on the proposed payment of Non-Executive Directors' Remuneration with effect from the 66th AGM until the next AGM of the Company.

Being interested in Ordinary Resolutions 5 and 6, the Chairman handed the chair to the Group CEO to present these Resolutions.

Dato' Abdul Rahman informed that Section 230(1) of the Companies Act 2016, provided, amongst others, that fees of the directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. This proposal was also in line with the recommendation by BNM in its Directors' Remuneration Report.

The Board of Directors had recommended the Directors' fees for the Company and its subsidiaries as approved at the previous AGM of the Company, for Shareholders' approval. There was no revision to the amount proposed. The proposal, if approved by the Shareholders, would allow CIMB to remunerate Directors timely instead of in arrears. This ensured accountability while recognising the effort and contribution of the Non-Executive Directors by paying them in a timely manner without having to wait for the next AGM.

**10. APPROVAL ON PAYMENT OF ALLOWANCES AND BENEFITS PAYABLE TO NON-EXECUTIVE DIRECTORS**

Dato' Abdul Rahman presented the next item was Agenda 5, Ordinary Resolution 6 on the proposed payment of allowances and benefits payable to Non-Executive Directors of the Company up to an amount of RM3,895,000 from the 66th AGM until the next AGM of the Company.

The amount payable to Non-Executive Directors comprised allowances, benefits-in-kind and other emoluments payable to them by the Company and its subsidiaries.

In determining the estimated cap payable for the Non-Executive Directors, various factors were considered, including the number of scheduled meetings for the Board, Board Committees and Boards of subsidiaries as well as the number of Non-Executive Directors involved in these meetings. The Board recommended up to an amount of RM3,895,000 as payment of allowances and benefits payable from the 66th AGM until the next AGM of the Company. There was no revision to the amount proposed since the last AGM.

Dato' Abdul Rahman then invited the Chairperson of the GNRC, to present details of the reinstatement of Board-related costs in 2022 and the annual cap payable to the Non-Executive Directors.

Ms. Teoh Su Yin, the Chairperson of the GNRC, thanked Dato' Abdul Rahman and proceeded to explain the following:

The Board recognised that the total remuneration for Non-Executive Directors has increased from RM3.282 million in Financial Year 2021 to RM3.744 million in Financial Year 2022. The increase was due to the reinstatement of the original remuneration framework for Board fees and meeting allowances effective from 1 January 2022.

Annual Cap

Based on the Annual Cap of RM3.895 million that was approved by Shareholders at the 64th AGM for variable benefits payable to the Non-Executive Directors, the Board noted that the actual variable benefits payable for the financial year 2022 was RM3.7 million resulting in a positive gap of RM0.195 million. With the positive gap, the Board viewed that this amount would be sufficient to cover the Board-related cost for the year 2023, and had recommended that this amount be maintained for Shareholders' approval.

The Board proposed to maintain the Annual Cap of RM3.895 million for variable benefits payable to the Non-Executive Directors from the 66th AGM until the next AGM of the Company for approval by the shareholders as specified under Ordinary Resolution 6.

*At this juncture, Dato' Abdul Rahman over the chairmanship to the Chairman for next agenda.*

**11. RE-APPOINTMENT OF AUDITORS**

The Chairman informed that Agenda 6, Ordinary Resolution 7 was on the proposed re-appointment of Messrs PricewaterhouseCoopers (PwC) as Auditors of the Company

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for the FYE 31 December 2023 and to authorise the Board of Directors to fix their remuneration.

Being satisfied with PwC's performance in 2022, their technical competency and audit independence as well as fulfilment of criteria set out in CIMB's Guidelines for the Appointment/Re-appointment of external auditor, the Board recommended the reappointment of PwC as external auditors of the company for the FYE 31 December 2023.

The Chairman further informed that the present auditors, PwC, had expressed their willingness to continue in office.

### **SPECIAL BUSINESS**

#### **12. RENEWAL OF AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES**

The Chairman informed the Meeting that the next item on the Agenda 7, under Special Business, Ordinary Resolution 8, was to give the authority to the Directors to issue shares at any time until the conclusion of the next AGM, provided the number of shares to be issued did not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all relevant governmental and/or regulatory authorities being obtained for such allotment and issue.

This proposal, which had been approved for the past years, was to give the Directors the authority to issue new shares up to 10% of the capital of CIMB without having to call for an Extraordinary General Meeting. The proposal was however subject to regulatory approvals, namely Bursa Malaysia Securities Berhad and/or BNM, and would only be valid up to the next AGM.

He added that Ordinary Resolution 8 was proposed for the purpose of renewing the general mandate for issuance of Shares by the Company under Section 76 of the Companies Act, 2016. If passed, it would give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without the need to convene a general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate, if granted, would provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of improving and/or restoring its capital position under stressed conditions and also for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Chairman highlighted that the Company had not issued new shares pursuant to Section 76 of the Companies Act, 2016 under the general mandate sought at the 65<sup>th</sup> AGM held on 21 April 2022, which would lapse upon the conclusion of today's AGM.

#### **13. RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY IN RELATION TO THE DIVIDEND REINVESTMENT SCHEME (DRS)**

The Chairman proceeded to the next item of the Agenda, Agenda 8 under Special Business, Ordinary Resolution 9, which was to consider and if thought fit, to pass the

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Ordinary Resolution to renew the authority for the Company to allot and issue new ordinary shares in the Company in relation to the DRS. The details of the Resolution were as stated in the Notice of AGM.

The Shareholders had approved the Dividend Reinvestment Scheme at the Extraordinary General Meeting held on 25 February 2013.

The Shareholders were informed that this proposal would give authority to the Directors to issue ordinary shares in the Company in respect of dividends to be declared, if any, under the DRS, until the conclusion of the next AGM. A renewal of this authority would be sought at the subsequent AGM.

#### **14. RENEWAL OF THE AUTHORITY TO PURCHASE OWN SHARES**

The Chairman informed the meeting that the item under Agenda 9 under Special Business, Ordinary Resolution 10, was for the Shareholders to consider and if thought fit, to pass the Ordinary Resolution to renew the authority for the Company to purchase its own ordinary shares, details of which were as stated in the Notice of AGM.

The Chairman further informed that shareholders had approved a similar motion for the past years and that the last approval would lapse at this meeting. In view of this, the Board sought the shareholders' approval for a new mandate until the next AGM. The details of the Proposed Share Buy-Back were as stated in the Statement Accompanying Notice of AGM.

By having this authority in place, the Company would be able to utilise any of its surplus financial resources to purchase CIMB shares in the market. The increase in Earnings per Share, if any, from the Proposed Share Buy-Back was expected to benefit the Shareholders of the Company.

The purchased shares could be held as Treasury Shares and re-sold through Bursa Securities with the intention of realising potential gain without affecting the total issued and paid-up share capital of the Company. The distribution of the Treasury Shares as share dividend also served to reward the shareholders of the Company. The share buy-back would only be made after careful consideration, and where the Board was of the opinion that the Proposed Share Buy-Back was in the best interest of the Company and Shareholders.

#### **15. QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP (MSWG)**

The Chairman informed that there were questions received from MSWG and invited Dato' Abdul Rahman to address them accordingly.

Dato' Abdul Rahman provided CIMB's written replies in response to the 6 questions raised by MSWG and a snapshot of the questions and responses were also provided online for the benefits of the shareholders.

##### **Question 1:**

CIMB recorded commendable results in FYE 2022 with a 26.7% increase in net profit to RM5.44 billion despite a marginal increase of 1.7% in total operating income to RM19.84 billion. The robust result was driven by a strong 7.7% gross loan growth and

a significantly lower provision made on loans, advances and financing amounted to RM1.95 billion compared to RM2.6 billion in the year before. Despite the anticipated economic slowdown in major global economies, e.g., the United States and European Union, the Bank was cautiously optimistic in line with positive economic growth within its key operating countries and segments.

- (i) How has the outlook changed following the recent events affecting Silicon Valley Bank (SVB) and Credit Suisse? What is the view of the Board and Management of their collapse, and what lessons to learn from?
- (ii) In light of the SVB collapse, what is CIMB's total investment exposure to foreign bonds, treasury bills and securities which is subject to greater interest risk/interest rate fluctuation? Which are the countries that these investments/instruments are exposed to? Please elaborate on the interest risks that CIMB faces in these countries and how they impact the Bank's investments.

**Response:**

The Group remained cautious on the outlook for the year in view of the volatile and uncertain economic environment and risk of sustained inflation and elevated interest rates. Whilst it was foreseen that the recent developments with selected banks in the US and Europe would not have major direct impact on CIMB Group. CIMB recognised that these would create additional turbulence within the global banking industry and financial markets, which would require CIMB to remain vigilant.

The collapse of the US and Europe banks were caused by a gross mismatch between asset and liability maturity as well as the sharp loss of trust by the affected banks' customers. The key lessons from this was the importance of diversified deposits, rigorous management of interest rate maturity risk and a tight risk management monitoring framework, all of which were practiced strictly in CIMB. Further, all banks should never take the confidence of its customers for granted and always safeguard the trust of its depositors.

As at the end of December 2022, foreign bonds, treasury bills and securities accounted for 9.6% of the Group's total assets, and were denominated in various currencies including the USD. These securities were required for maintaining a level of high-quality foreign currency liquid assets under Basel III requirements for LCR purposes, as well as MLA (Minimum Liquid Asset) requirements in Singapore.

The market value of bonds was determined by interest rate movements. The Group maintained a stringent and comprehensive interest rate management framework, as well as stress test its liquidity and market conditions regularly to minimise risk and exposure to such fluctuations.

**Question 2:**

One of CIMB's focuses in FY2023 was to optimise asset quality and address its gross impairment loan (GIL) ratio, which currently lagged behind its peers (page 41 of Integrated Annual Report 2022). As of the end of FY2022, CIMB's GIL stood at 3.27% compared to 1.7% at the industry level.

- (i) Considering CIMB's diverse financing exposure and sprawling regional operating presence, what was the targeted GIL ratio?
- (ii) What is the Bank doing differently to improve its GIL ratio given that the GIL ratios of other banking peers are significantly lower?

- (iii) Please elaborate on the GIL outlook across different operating countries.

**Response:**

CIMB Group had a higher GIL ratio mainly due to the geographical mix of CIMB's regional footprint with greater exposure to Indonesia, which was a higher risk/return market that had a correspondingly higher GIL compared to other core markets.

Notwithstanding, CIMB recognised the need to improve on this metric and had identified this as a key programme under the refined Forward 23+ Strategic Plan to improve asset quality and be closer to market benchmarks.

The initiatives to lower the Group's GIL ratio included a more effective management of the inflow/outflow migration of impaired customers, accelerating NPL write-offs or recovery and targeted sale of impaired loans. CIMB expects these efforts, together with the continued progressive economic recovery in the regional economies, to gradually lower the GIL ratio across our different operating countries.

- (iv) The size of credit-impaired loans, advances and financing (LAF) for residential properties (housing) increased by 73.18% to RM3.1 billion compared to RM1.79 billion in FY2021 (page 106 of Financial Statements 2022).
- (v) Why was a higher level of LAF for residential properties classified as credit impaired despite improving domestic economic outlook in the COVID-19 endemic stage?

**Response:**

Further, the increase in credit impaired loans advances and financing for residential properties was mainly from the higher rate of post-moratorium delinquency, largely in Malaysia. Additionally, the Group's conservative approach in impairing newly restructured accounts, despite not being required to also contribute to the YoY GIL increase.

**Question 3:**

CIMB's CASA ratio moderated to 39.9% after peaking at 42.5% at the end of FY2021 due to resumed economic activities and intense deposit competition among banks. Meanwhile, Malaysian deposits contracted 0.2% year-on-year.

- (i) With the continuous outflow of CASA funds in rising rate environment, which would further strain CIMB's funding cost, does the Group foresee NIM to be under pressure?

**Response:**

Following the 6bps NIM expansion to 2.51% in 2022, the Group's NIM was expected to moderate in 2023 as funding cost repriced to take into account the rate hikes in 2022, coupled with a lower average CASA ratio as consumers spend more due to increased economic activity and migrate to term deposits to take advantage of the elevated interest rates.

NIM compression expected to affect Malaysia and Thailand more but to be partially offset by resilience in Indonesia and Singapore. At the same time, CIMB was positive



on the growth of NOII that would help to mitigate the overall impact on operating income in FY2023.

- (ii) How likely would CASA ratio moderate to around 34 – 35% as in pre-pandemic times? If so, how would this impact the funding cost?

**Response:**

The moderation of Group's CASA ratio to be manageable, underpinned by strong traction in Indonesia and Singapore. However, funding cost particularly in Malaysia was expected to be elevated given the current intense industry deposit competition. To alleviate this, CIMB would focus efforts to expand CIMB's CASA franchise particularly from non-retail segments i.e. Commercial and Corporate, as well as improve customer and product proposition to increase transactional activity.

**Question 4:**

Following Bank Negara Malaysia's directives issued in September 2022 to strengthen safeguards and controls against financial scams, what measures have CIMB introduced since then to further safeguard the monies of depositors?

**Response:**

At CIMB, the following had been implemented:

- (i) Migrating from SMS OTP to SecureTAC, which was a more secured authentication method;
- (ii) Migrating customers to a single secured mobile device for the authentication of online banking activities;
- (iii) Call back verification for new customers and new devices;
- (iv) Enhanced the Customer Call Centres with dedicated lines for scam / fraud related calls, this complements the National Scam Response Centre; and
- (v) Implemented kill switch, a self-service feature for our customers to initiate urgent suspension of their account.

Accordingly, CIMB was on track to implement all BNM measures by 2023.

**Question 5:**

It was reported recently that the Malaysia Anti-Corruption Commission (MACC) was looking at the roles of five major local banks of their roles in an international investment scam which had defrauded RM200 million locally and up to RM1 billion worldwide. MACC said up to 20 bank officials were involved, including lawyers, auditors, secretaries, accountants and company directors.

(Source:<https://www.thestar.com.my/news/nation/2023/03/16/macc-looking-at-five-banks-implicated-in-international-scam-syndicate-case>).

- (i) Were any officials from CIMB implicated in the scam?
- (ii) And please share the Bank's observation on the occurrence of bank fraud among customers by the number of cases and the amounts involved.

**Response:**

To-date, none of CIMB staff were found to be implicated or involved in the scam. CIMB was obligated to maintain confidentiality on the ongoing investigations by MACC and hence, unable to disclose or discuss any further information on this matter. CIMB always provides full cooperation with enforcement agencies as part of CIMB's responsibility to assist in protecting the integrity of the financial industry. CIMB would continue to strengthen the compliance culture and framework as well create greater awareness on financial scams within the Group.

**Question 6:**

With growing scrutiny on how banks conduct their lending activities, some major banks faced greenwashing accusations in that they were actively promoting green initiatives while hiding information about their continued financing of high carbon footprint companies.

- (i) How does the Bank guard against Greenwashing?

**Response:**

CIMB was always conscious in ensuring all its sustainability efforts were genuine, to guard against the risk of greenwashing. CIMB had a comprehensive governance framework, overseen by the Board Sustainability and Governance committee that ensures all initiatives were properly measured and validated in accordance with global standards.

CIMB was transparent in its communications to ensure there was no over promise. For example, there was clear position statements in CIMB's website on sensitive sectors such as coal, palm oil and forestry, and have a stringent process to review CIMB's financing activities to ensure adherence to these positions and restrictions under CIMB's Sustainable Financing Policy.

- (ii) After achieving the RM30 billion target ahead of schedule, the Bank now aimed to double its sustainable finance commitment to RM60 billion by 2024. How was the use of proceeds of the financing tracked? How does the Bank ensure that customers utilise the facilities as intended and that their utilisation was aligned with the Bank's sustainability targets?

**Response:**

The CIMB Group Sustainability Council approved all eligible assets under CIMB SDG Bond and Sukuk Framework, aligned to CIMB's sustainability strategy and focus SDGs. CIMB's sustainable financing was guided by the Green, Social, Sustainable Impact Products and Services framework, in line with Bank Negara's CCPT (Climate Change Principle Based Taxonomy). CIMB also conducted an annual review of facilities extended and could declassify the green and/or social financing in cases where the facilities were not used for the intended purposes.

- (iii) How does the Bank verify or certify that its ESG-focused loans/ financing/ investments have delivered on their promises? Is such verification independently and/or externally certified?

**Response:**

For assets under CIMB's SDG Bond and Sukuk framework, customers were requested to provide the quantitative value of the environmental and social impacts arising from the financed assets. This was reported annually and reviewed by an external party to determine whether the projects met the Use of Proceeds and Reporting criteria outlined in the framework. Clients with sustainability linked loans/financing were also required to obtain independent verification of their sustainability achievements.

**16. QUESTIONS FROM PERMODALAN NASIONAL BERHAD (PNB)**

The Chairman informed that there were questions received from PNB and invited Dato' Abdul Rahman to address them accordingly.

Dato' Abdul Rahman provided CIMB's written replies in response to the seven (7) questions raised by PNB and a snapshot of the questions and responses were also provided online for the benefits of the shareholders.

**Question 1:**Investment Banking Performance

CIMB's Investment Banking had recorded a significant decline in PBT to RM35 million in 2022 (2021: RM113 million; 2020: RM212 million). What are the reasons behind the decline?

**Response:**

The decline in profitability of the Investment Banking business was attributed to the following factors:

- (i) Despite gain in market share, investment banking fees were lower due to the weaker capital market and deal flow activity across the region;
- (ii) Lower wealth management fees from the Private Banking business given the challenging global investment environment; and
- (iii) Lower dividends received from CIMB's associate stake in CGS-CIMB from lower percentage shareholding.

**Question 2:**Asset Quality

CIMB has the highest GIL among the domestic listed banking peers. In FYE 2022, the GIL for CIMB stood at 3.3% largely caused from high GIL of CIMB Niaga (7.1%). How does CIMB plan to reduce its GIL further, especially for its Indonesian operation?

**Response:**

CIMB Group had a higher GIL ratio mainly due to the geographical mix of its regional footprint with greater exposure to Indonesia, which was a higher risk/return market that had a correspondingly higher GIL compared to other core markets.

Notwithstanding, CIMB recognised the need to improve on this metric and had identified this as a key programme under the refined Forward 23+ Strategic Plan to improve asset quality and be closer to market benchmarks.

The initiatives to lower the Group's GIL ratio included a more effective management of the inflow/outflow migration of impaired customers, accelerating NPL write-offs or recovery and targeted sale of impaired loans. CIMB expected these efforts, together with the continued progressive economic recovery in the regional economies, to gradually lower the GIL ratio across the different operating countries.

**Question 3:**

Meeting ROE target of 11.5% to 12.5% by 2024.

Given the expected moderating loans growth, NIM compression and escalating cost, CIMB might need to focus on accelerating NOII and reducing its credit cost in order to meet its ROE target under Forward 23+.

- (i) NOII: It was previously indicated that CIMB would focus on increasing fee income to drive NOII as part of meeting ROE target by 2024. What would be the growth target set for fee & commission income, if any?

**Response:**

CIMB Group projected a double digit NOII growth for 2023 driven by lending, wealth management and bancassurance fees, increased transaction income, expected growth in Treasury & Markets income following a weak 2022 and higher NPL sales and recoveries from 2023 onward. CIMB also expected this trend to sustain into 2024.

- (ii) Credit cost:  
 (a) For 2023: The credit cost guidance for 2023 remains slightly elevated at 45bps to 55bps (versus FYE 2022 of 51bps) as CIMB may retain and re-allocate its overlays into new risk areas. Can you explain more on these new risk areas?

**Response:**

CIMB Group was in the process of assessing its options and approach towards the treatment of overlays, taking into consideration potential new risk areas arising from the continued geopolitical tensions and possibility of a global recession. The ECL models would be recalibrated and validated with the latest credit quality observations to ensure sufficient level of provisions.

- (b) For 2024: The credit cost guidance for 2024 of 50bps to 60bps is higher than the guidance for 2023. What is the reason behind this, and the plans to further reduce its credit cost to help achieving its ROE target?

**Response:**

The 2024 credit cost target was set in end-2020 during the height of the COVID-19 pandemic. CIMB Group had since implemented various initiatives including tightening credit and risk management, which had resulted in the Group achieving a 51bps credit cost for 2022. Evident from the Group's 2023 credit

cost target of 45-55bps, CIMB was optimistic that the 2024 credit cost would likely exceed the initial target.

**Question 4:**

Loan Moratorium

It is noted that CIMB intends to provide a 6-month loan moratorium to individuals and SMEs who have been impacted by recent floods in Johor. How much is the expected exposure to CIMB, and what are the financial impacts, if any?

**Response:**

Thus far, CIMB had received 151 applications amounting to RM16 million in loans related to flood relief. The Bank did not foresee the exposure to increase significantly unless there were further severe flood incidence. Any financial impact was expected to be immaterial.

**Question 5:**

Impact of Open Toll Payment System to Touch 'n Go and Touch n' Go Digital ("TNG Group")

The Works Minister had announced that a total of 11 highways may start allowing the usage of debit cards and credit cards to pay for tolls by September 2023 and if proves to be successful, may be implemented on all highways nationwide.

- (i) How would this development impact TNG Group's market share and profitability going forward?
- (ii) What is CIMB's plan to mitigate the impact?

**Response:**

TNG's current contribution accounted for less than 1% of the Group's total PBT. As such, CIMB does not expect any material impact to CIMB Group's performance regarding developments in TNG.

Notwithstanding, the Bank wished to highlight that TNG was today a diversified electronic payments company, which operates across multiple verticals including highway tolls, transit, parking, and fuelling, as well as having exposure in the retail e-wallet segment via its strategic investment in TNGD. Whilst highway toll operations provide sizeable contribution, TNG operates a diverse set of businesses in an open market and have taken necessary measures to be competitive across all CIMB's segments.

As such, CIMB highly believed in putting the best product possible out to market, and in many ways it had been successful in bringing new payment form factors to market over the years. TNG's business fundamentals remained robust with its growing and diversified revenue streams. CIMB welcomed the introduction of competition and new players within the highway toll industry as it would benefit and provide more options to consumers. And this gave the Bank the confidence that TNG, with its longstanding experience especially on real time payment reconciliation, could continue to thrive within this space.

**Question 6:**Directorships for Individuals Approaching 9 Years of Tenure

It is noted that CIMB Board Charter limits the tenure of an Independent Director to a maximum of 9 years. What is CIMB's plan with regards to directorships of Mr. Robert Neil Coombe and Ms. Teoh Su Yin, given that their tenures are approaching 9 years this year?

**Response:**

Mr. Rob Coombe's and Ms. Teoh Su Yin's tenures on the Board of CIMB would both expire on 14 April and 7 October 2023, respectively.

CIMB has a Board Succession Planning Framework in place, which among others, looks into the suitability and competency of candidates to be on-boarded as new Directors in the Company. Guided by this Framework, the Board had in 2Q 2022 commenced the search to identify potential candidates to replace the retiring Directors. This process was currently on-going and the two new Directors were targeted to be on-boarded no later than 3Q 2023, subject to regulatory approvals.

**Question 7:**Scope 3 Financed Emissions Baseline

CIMB has established its financed emissions baseline solely with regards to its lending portfolio. To highlight, one of CIMB's domestic banking peers has included other asset classes (i.e. equities and bonds) into its baseline number. Is there a plan by CIMB to incorporate other asset classes into its baseline number and would it changed significantly?

**Response:**

Currently, CIMB was adopting a phased approach to this huge exercise, and it had measured and published its financed emissions in the financing book. Now, CIMB was focusing on action plans for these, such as developing targets and de-carbonisation plans for sectors, asset classes and geographies that were most material to the Group. CIMB planned to extend the coverage of the financed emissions and management actions to include equities and bonds in the near future.

**17. PRE-AGM QUESTIONS FROM SHAREHOLDERS**

The Chairman thanked the Group CEO and informed that CIMB received pre-AGM questions from individual Shareholders which the first question would be read out and answered by him on behalf of the Board.

- (i) CIMB received quite a few queries from shareholders about door gifts for those who attended the AGM today.

The Chairman responded that this year, all Shareholders registered for the AGM would receive a RM50 TNG Reload Voucher as a door gift. This was an increase from the RM35 voucher last year. The voucher would be delivered via email from CIMB's share registrar, and the attendees should receive it within

30 days of the AGM. This was a token of thanks to CIMB's loyal Shareholders who had taken the time and effort to attend the AGM today.

The Chairman then invited the Group CEO to read all other questions and answer them on behalf of the Board. The Group CEO and Encik Khairul Rifaie then addressed the following questions from the shareholders:

- (ii) Mr. Kow Lih Shi queried on the risk management by CIMB in order to avoid falling into the US banking issue.

Dato' Abdul Rahman responded that, as mentioned in the response to MSWG, the collapse of the US and Europe banks were caused by a gross mismatch between asset and liability maturity as well as the sharp loss of trust by the affected banks' customers. The key lessons from this was the importance of diversified deposits, rigorous management of interest rate maturity risk and tight risk management monitoring framework, all of which were practiced strictly in CIMB.

- (iii) Mr. Teo Cher Ming posed four (4) questions as follows:

- (a) He queried whether the Bank had any exposure to SVB, Credit Suisse and ADANI.
- (b) In view of the Credit Suisse/SVB crisis, he queried whether CIMB had conducted a stress test on its portfolio in this high interest environment.
- (c) In view of the government reviewing TNG's status as the only electronic payment provider for tolls, he sought the views from Management given that CIMB had sued PLUS over its introduction of PLUS RFID few years back.
- (d) He informed that CIMB Octo was a useful application and that he managed to use it during introduction. However, after few months of use, he was unable to use it as the application was forcing him to do one-time setup and this required a debit card which he did not intend to apply since there were other options such as DuitNow and QR payment which were widely available. To this, he queried on the rationale for the Bank to opt the customers to pay RM15 using a debit card to use CIMB Octo app.

Dato' Abdul Rahman responded to the above questions, details of which were as follows:

- (a) CIMB Group did not have any direct or indirect exposures for both credit and bonds to SVB, Signature Bank, Silvergate Bank, Credit Suisse or ADANI. There was an over-the-counter (OTC) FX/Derivatives trade with CS, which was cash collateralised through clearing house and the amount was not material.
- (b) The Group had undertaken the necessary measures on its portfolio, and maintained a stringent and comprehensive interest rate management framework, as well as stress test its liquidity and market conditions regularly to minimise risk and exposure to such fluctuations.
- (c) CIMB respected and recognised the government's intention to provide acceptance of additional modes of payment for consumers when it came to toll payments. The Bank had a good working relationship with PLUS and had been in collaboration to develop an open payment system that would be trialled later this year jointly between TNG and PLUS.

- (d) This was an interim control that the Bank deployed to mitigate the increase in fraudulent transactions recently, while working on a more robust control on device registration. From mid-May, CIMB would deploy a cooling off period where all customers would have to undertake a call back verification for any registration of Clicks/OCTO on a new device. Once this was implemented, this interim control would be removed, and customers would no longer be required to enter an active card number and PIN to register.
- (iv) Mr. Kwong Kum Hon posed two (2) questions as follows:
  - (a) He highlighted that some of the banks in US and Europe were facing serious financial stress. As such, he sought clarity whether this wave of financial crisis would propagate to Malaysia and whether CIMB would take any pre-emptive strategies to prevent or reduce this effect from impacting the Bank.
  - (b) He requested for information on CIMB's exposure to Credit Suisse AT1 bond crisis either directly or indirectly.

Dato' Abdul Rahman responded to the above questions, details of which were as follows:

- (a) CIMB recognised that recent events would create additional turbulence within the global banking industry and financial markets which would require the Bank to remain vigilant. As mentioned earlier, CIMB would always ensure that it had diversified deposits, undertake rigorous management of interest rate maturity risk and had in place a comprehensive risk management monitoring framework, including stress testing its liquidity and market conditions regularly to minimise risk and exposure to such fluctuations.
- (b) It was noted that the exposure to other banks' AT1 instruments were not material.
- (v) Mr. Lim San Kim commented that it would be better for the Bank to have investments in the currencies of Russia and China as opposed to the US.

The Group CEO the comments and highlighted that the USD remained the prevailing trading currency of the world. Rest assured that the Bank had relevant governance and risk controls to manage its USD exposures accordingly.

- (vi) Mr. Lee Mun Hoe posed ten (10) questions as follows:
  - (a) He queried whether CIMB was in support of the government initiative to hire local workers including auxiliary police officer, security guards and cleaners.
  - (b) He requested the information on CIMB's business plan beyond Forward23+.
  - (c) He queried whether the various compliant cost and ESG related framework had affected CIMB's profitability and day-to-day business operation.
  - (d) He enquired whether the Bank had any plan to impose increase service fees to provide sustainable return to the shareholders.
  - (e) He sought clarification on the strategy of how the Bank sustained the increase in revenue in view that there were no fees directly applied to retail loans documents and expected change on hire purchase interest computation to reducing balance method.



- (f) He requested for the plans of major corporate events of CIMB in 2023.
- (g) He queried whether all CIMB owned properties were green building certified.
- (h) He sought information on whether CIMB had the intention to install solar panels in all owned property buildings.
- (i) He requested for information on the overall bonus payout to the staff in terms of average number of months as compared to precedent year.
- (j) He queried on the impact to CIMB's monthly electric bills in view of government reducing electricity subsidy in the early of the year.

Dato' Abdul Rahman responded to the above questions, as follows:

- (a) He responded in the affirmative and informed that CIMB currently employed auxiliary police officers (local workers) as part of its workforce.
- (b) At the moment, CIMB was focused on ensuring that it was able to deliver on its Forward23+ Strategic Plan targets by 2024. CIMB had commenced work on its business plan beyond Forward23+ to ensure that the Bank would build on its current strong momentum. However, it was still in early formulation and Management would share further details of this Strategy once it was finalised.
- (c) CIMB's profitability and day-to-day business operations were not impeded by the ESG framework. In fact, the rapid growth of the green economy presented opportunities for industries and the clients of the Bank to capture new sources of growth and CIMB was actively supporting them in their transition plans. Compliance cost was a necessary and integral part of ensuring that the Group was fully compliant with all regulations and was crucial to the safety and well-being of the Bank and its customers.
- (d) There were presently no plans to impose or increase service fees. However, the bank periodically reviewed the adequacy of these fees and charges in view of the market forces and the cost to serve the customer.
- (e) The expected change in interest rate computation for hire purchase was unlikely to significantly impact the revenue of the business. To mitigate the impact on loan fee document, CIMB would focus on cross selling to increase product holding per retail customer, which would generate additional fee income to its business.
- (f) CIMB planned to continue undertaking its annual The Cooler Earth Sustainability Summit, as well as similar events such Artober, Bazaar Siberturahim and the Music Run.
- (g) Many of CIMB's main buildings, such as Menara CIMB in Kuala Lumpur, and Singapore HQ were green certified, with others such as CIMB Hub and Wisma CIMB in KL, and Thai HQ building were in the process of being certified. This was part of CIMB's core sustainability agenda, towards meeting its net zero operational emissions target by 2030.
- (h) CIMB was currently exploring installation of solar panels on technically viable owned properties. For this initiative to be economically feasible, then Bank would have to focus on locations where the rooftops had sufficient space for installation.
- (i) The overall bonus payout for CIMB Malaysia staff was broadly about 10% higher than the preceding year in line with better financial performance, and was comparable with other peer banks in Malaysia.
- (j) The anticipated increase in electricity cost from the revisions in ICPT by utility providers had been budgeted for. The increase was not a

significant component of CIMB's overall cost and would not have impact to CIMB's operations as a whole. As part of the Bank's plan to become net zero in operations by 2030, CIMB was also actively pursuing energy efficiency and green energy initiatives.

- (vii) Mr. Lee Shew Loong posed three (3) questions as follows:
- (a) He enquired on the likelihood of the market impact of the current Government's statement on the monopoly restrictions of TNG on the Group's performance.
  - (b) Touching on TNG RFID Lane on most of the highways, he queried whether the Bank had any immediate solutions to the current unwanted events where most of the times, the RFID lane would be in long queue due to sensor issues and also limited lane. He further suggested that the Bank should have an enhancement of the reader systems and also increase the numbers of RFID lane.
  - (c) In view of the current performance of share market, most of the bank index had fallen tremendously, leaving aside the investors sentiments that led to the slump of CIMB share price. He queried on whether the Bank would be affected by the current world financial global crisis, which had led to United States bank in critical financial conditions.

Dato' Abdul Rahman responded to the above questions, details of which were as follows:

- (a) He stressed that the question had been addressed in the PNB FAQ earlier, where it was explained that TNG contributed less than 1% of the Group's PBT. As such, the Bank did not expect these developments to have any material impact to CIMB Group's performance.
- (b) CIMB was in continuous conversations with the government and highway authorities in addressing availability of more RFID lanes, and it would continue collaboration with its highway partners and services providers to improve the user experience at toll plaza lanes. CIMB was also encouraged by the adoption of RFID thus far, with volumes having surpassed SmartTag in terms of usage. In terms of the specific suggestion on enhancing the reader systems, CIMB was in alignment with the need to continuously monitor this and work with the expressways who owned the reader systems at the tollgates as well as relevant highway authorities for determining the number of RFID lanes at the tolls.
- (c) Since the inception of CIMB's Forward 23+ Strategic Plan in 2020 up to end of 2022, CIMB's share price and TSR had significantly outperformed both KLCI FBM and KL FIN Index, with an annualised TSR of 23.1% from end of May 2020 and 11.7% in 2022. All banks' share prices including CIMB had been under pressure this year which was caused by the turbulence within the global banking industry. Rest assured, the Bank believed that over time, these uncertainties and concerns would subside and it was confident that CIMB could continue delivering value creation to its shareholders over the mid to long term undertaking.

- (viii) A number of Shareholders raised questions related to dividends as follows:
- (a) Mr. Alan Pang Yinjin queried whether CIMB would provide a higher dividend payout.
  - (b) Mr. Lim San Kim queried on when the dividend would be paid out by the Bank.

- (c) Mr. Chai Ming Chiuan queried on the reason the dividend reinvestment plan was not made available for final dividend.
- (d) Mr. Mah Ming Kit requested for the dividend and dividend reinvestment policies.

In response to all the questions posed on the dividend, Encik Khairul Rifaie informed that the dividend payout was assessed by taking into account CIMB's financial performance, and the requirements and expectations of its stakeholders. The Group's dividend payout policy remained at 40% to 60%, and that the Bank would continue to assess distribution capabilities, taking into account financial and capital aspects.

In view of the current global situation, CIMB would review the dividend policy to ensure capital adequacy and efficiency. At the same time, the Bank would also look into optimising its capital plans. For example, the Bank had recently paid all-cash dividends for the second interim dividends for FYE 2022 as the DRS was not required in view of the Group's adequate capital position.

The payment of the second interim dividend for FYE 2022 was made on 12 April 2023.

- (ix) Mr. Loh Boon Siong queried on the means for a Shareholder to acquire the hardcopy of the 2022 Annual Report.

Dato' Abdul Rahman informed that the 2022 Annual Report was now available for download on CIMB's corporate website at [www.cimb.com](http://www.cimb.com).

Management would also encourage the Shareholders to download the report to support CIMB's commitment to sustainability and reduce paper consumption. However, if the hardcopy of the 2022 Annual Report was still a preferred method, he guided the Shareholders to fill in the Request for Printed Copy of Annual Report 2022 Form which could be found on CIMB's corporate website at [www.cimb.com](http://www.cimb.com) and Management would have it delivered within fourteen working days from the date of the request.

- (x) Encik Mohd Ridzuan bin Mohd Noor highlighted that recently, fund transfers method to all accounts had been limited to a blanket amount of below RM100. To this, he posed two (2) questions as follows:
  - (a) He queried on the reason the trusted account that had been listed on CIMB Clicks' favourite list for years was subjected to this lopsided SOP.
  - (b) He then queried whether CIMB did not trust the favourite list or even transfer from a CIMB account to another CIMB account.

Dato' Abdul Rahman responded that fund transfers above RM100 on CIMB Clicks web-based transactions now required the use of SecureTAC on the CIMB Clicks mobile application.

This was part of CIMB's efforts to migrate from SMS OTP (of which a RM100 limit currently applied) to more secure forms of authentication for online transactions, to provide greater protection and better safeguard CIMB's customers' accounts. This was also in line with directives from Bank Negara Malaysia in September 2022.

It was also noted that this restriction currently did not apply for transactions performed directly on the CIMB Clicks mobile application, which utilised the SecureTAC fully.

- (xi) Mr. Huam Soon Kee sought clarity on how the current AI technology could improve the Bank's efficiency and reduce resources wastage.

Dato' Abdul Rahman informed that, in CIMB, AI technologies were currently being used mainly for the following two (2) key initiatives:

- (a) To automate routine, repetitive tasks such as daily operations of back-office task and testing. This allowed CIMB to free up its employees to focus on more complex and higher-level body of work as well as help reduce human errors.
- (b) To analyse big chunks of data for pattern recognitions that led to better predictions. Some examples were given as follows:
- Customer data analytics for better personalised messaging, and to increase customer engagement.
  - Predictive analytics for 24/7 monitoring of CIMB's key systems, which allowed the Bank to quickly detect anomalies that might indicate errors or malfunctions.

As the AI technology matured, CIMB would continue to leverage on its capability, not only for optimisation of resources, more importantly for greater efficiency and productivity in key focus areas.

- (xii) A question was also received from Asia Research & Engagement (ARE). Asia Research & Engagement (ARE) worked with institutional investors to accelerate the energy transition in line with the Paris Agreement. <https://asiareengage.com/energy-transition/>

ARE noted that CIMB had made significant progress in 2022 as it started the journey to achieve Net Zero overall GHG emissions by 2050. Positive progress had been made to quantify financed emissions and identify the sectors which required immediate attention, Oil & Gas, Cement and Power. Establishing 2030 targets for cement and thermal coal mining was leading the way in the Malaysian banking community.

However, ARE was concerned with the quality of the data being used to calculate the emissions and the level of engagement with CIMB's corporate customers in Oil & Gas, Cement and Power. ARE was also informed that the overall data quality score based on PCAF guidance was 4 where best score was 1 and worst score was 5 (according to CIMB Sustainability Report 2022).

Within these three (3) sectors, ARE sought confirmation on the percentage of the following corporations:

- (a) That provided CIMB with annual emission reporting;
- (b) That had NZ 2050 commitments;
- (c) That had adopted SBTi and established short and medium targets with detailed pathways to achieve the targets; and

- (d) In relation, ARE queried on the timeline CIMB would develop a risk management infrastructure to monitor the transition risk of its financed emissions.

In response to the questions posed by ARE, Dato' Abdul Rahman informed that CIMB had less than 10% of its clients in these 3 sectors in the region that had disclosed their emissions data as of end 2021. He then assured that CIMB would continue to engage its clients to increase the level and quality of data reporting

With respect to Net Zero 2050, CIMB was currently doing a stocktake of its Group's financing portfolios to identify clients who had committed to Net Zero 2050 and/or had established science-based targets. Based on CIMB's preliminary analysis, less than 10% of its clients in Malaysia in those three sectors had undertaken such initiatives.

Furthermore, he stressed that CIMB's primary focus for this year was to set Net Zero Paris-aligned targets for carbon intensive sectors, as well as further strengthen the Bank's climate risk management practices in line with regulatory expectations and best practices. To this, CIMB had planned to make some key announcements next year.

## 18. ONLINE QUESTIONS FROM SHAREHOLDERS DURING THE AGM

The Chairman then opened the Questions and Answers (Q&A) session and invited shareholders to submit questions online for the Board/Management's response. The Chairman informed that the Board would endeavour to respond to these questions. The questions posed online would be reviewed to avoid repetition of questions of similar in nature, and if they were lengthy the Board would summarise them.

The Chairman further informed that CIMB had appointed the Independent Scrutineers, Messrs. Deloitte, to verify and oversee the Q&A process.

The Board/Management then addressed questions from the shareholders, as follows:

- (i) Mr. Teo Cher Ming queried on the impact to the Bank for migrating from rule of 78 to reducing balance.

Dato' Abdul Rahman responded that the change proposed by the Consumer Credit Oversight Board Task Force (CCOB Task Force) in their second public consultation paper which required banks to compute interests and principal based on the balance reduction method, which would lower overall cost of credit for borrowers.

However, this change would only be relevant for new hire purchase contracts signed after the revised Hire Purchase Act came into effect at the later date. As such, CIMB did not expect any financial impact arising from the proposed changes for the foreseeable future.

- (ii) Mr. Koh Lih Shi queried on the ways the Board could ensure the safety of cyber banking and the challenges the Bank experienced on overall user safety, machine case during transaction and deposit withdrawal.

Dato' Abdul Rahman informed that CIMB was committed to protect its customers from falling victim to frauds and scams. In line with the regulator's direction, CIMB had introduced several measures to safeguard and protect its customers. He then assured that CIMB considered the data security of its customers seriously, and had taken proactive steps to mitigate potential risks. On behalf of the Bank, Dato' Abdul Rahman reminded customers to be vigilant and pay attention to transaction alerts and check their statements regularly. He stressed that the customers should reach out to the Bank should they notice any suspicious transactions.

- (iii) Ms. Lee Suan Bee queried on the total cost spent by CIMB for the 66<sup>th</sup> AGM which was held virtually.

The Group CEO provided the estimated cost for the virtual 66<sup>th</sup> AGM which was below RM100,000 excluding gifts, which was only 10% of the total cost if it was held hybrid/ physically.

- (iv) Mr. Teo Cher Ming then sought clarification from Management on the news on the acquisition of KAF Securities and the current position of CGS-CIMB's joint venture.

Dato' Abdul Rahman responded that Management was unable to comment or provide specific details on the matter at this juncture and would provide further update(s) and make the necessary announcement(s) once the way forward option and strategy was finalised.

Customer experience remained a priority and Management had extended the existing Collaboration Agreement with CGI and CGS-CIMB until end 2023 to ensure no disruption to the Bank's customers.

- (v) Mr. Cheah Yew Boon queried whether the Bank could declare dividend on quarterly basis as opposed to the current half yearly basis.

Encik Khairul Rifaie responded that CIMB's dividend payout and its frequency took into account its financial performance and the requirements and expectations of its shareholders. The current frequency of dividend payout remained adequate. Management would continuously assess the need to change the current frequency in line with capital adequacy requirements and expectations from stakeholders.

- (vi) Ms. Keng Poh Wee queried whether TNG operation was profitable at the present moment and whether there were any new developments by the company.

Dato' Abdul Rahman informed that TNG was currently profitable and would continue to be in the foreseeable future. He added that Management remained open to corporate development opportunities across CIMB's digital businesses as long as they were value accretive to the Group, and would continue to evaluate them.

- (vii) Ms. Foong Siew Chui enquired whether the Bank had any plans to close down more branches.

The Group CEO informed that CIMB would continually evaluate the network required to serve its clients and continually adjust its network accordingly. CIMB had seen more customers using digital channels over recent years and had also seen reduction in footfall in its branches. For 2022, the Bank had closed 13 branches but there were no branch closures in the pipeline planned for 2023.

- (viii) Encik Amer Matridi bin Abu Mansur Matridi highlighted that he had yet to receive his 2021 AGM door gift and queried on how this matter could be resolved.

Dato' Abdul Rahman informed that CIMB's Share Registrar, Boardroom, would contact him directly regarding this matter, and apologised for any inconvenience caused.

- (ix) Ms. Foong Siew Chui then queried whether there was any plan to have multi-purpose self-banking machine placed in the shopping malls/strategic buildings as opposed to having physical branches.

Dato' Abdul Rahman responded that CIMB was continuously evolving its service models to meet customer demand and changing behaviour. There were no immediate plans to have such machines, but should there be a compelling business and customer need, the Bank would respond accordingly.

- (x) Mohd Nor Iqbal bin Abdul Aziz highlighted that, based on page 129 of CIMB 2022 Financial Statements, it was noted that CIMB Group would be disposing its remaining equity interest in CGS-CIMB partnership, which focused on brokerage services. Given this development, he queried whether CIMB would exit its brokerage business in entirety or whether the Bank would explore any opportunities to maintain its exposure in brokerage business.

Dato' Abdul Rahman informed that, as shareholders' were aware, CIMB had sold a 50% stake in CIMB Securities to China Galaxy International in 2018 and 2019. Under the agreement, there was a put and call option for both parties to acquire or sell the balance 50% stake.

As of today, CIMB held a 25% stake in CGS-CIMB Securities. CGI had exercised its call option to acquire the remaining 25% stake. Accordingly, CIMB had reclassified CGS-CIMB from "investment in associates" to "asset held for sale in our FYE 2022 Financial Statements as per MFRS requirements. The completion of this divestment was subject to regulatory approvals.

As mentioned above, CIMB had extended the existing Collaboration Agreement with CGS until end 2023 while the Bank would continue to finalise its strategy in relation to the stockbroking business, moving forward.

- (xi) Mr. Law Kung Hoo highlighted that the collapse of Silicon Valley Bank and Credit Suisse were shocking. He added that these events would have very limited impact on local banks. However, as a precaution, he enquired whether the Board and Management would take it as a lesson and as an opportunity to carefully look into their bank's assets, liabilities and systems, in order to ensure that these situations would never happen to CIMB.

Dato' Abdul Rahman informed that the Board and Management carefully monitored the environment for any adverse conditions and would review

CIMB's Market Risk, Asset Liability Risk, and Liquidity Risk measurements and risk appetite on an ongoing basis to ensure that the Bank was well protected against any such development.

- (xii) Puan Hariza binti Ismail queried on the mitigation action by the Bank in ensuring that there was no internal cohort with the scammers, in this era of high scam occurrence.

The Group CEO informed that, internally within CIMB, Management ensured the Bank's controls, policies and procedures which promoted high standards of integrity.

- (xiii) Mr. Chua Song Yun highlighted that Credit Suisse cases had exposed the risk of Additional Tier 1 capital (AT1), making investors lose confidence on these types of securities. He then posed two (2) questions in relation as follows:
  - (a) He requested on the percentage of CIMB's Tier 1 Capital ratio which consisted of AT1 debts.
  - (b) He queried whether Management foresee higher interest costs to refinance these AT1 debts in future.

Dato' Abdul Rahman responded as follows:

- (a) CIMB Group's Tier 1 Capital was made up of mainly shareholders' funds with only about 5% in AT1 debts
  - (b) The costs to refinance these AT1 debts would depend largely on the supply and demand of such debts in the market, the market conditions and sentiments at the time of the issuance.
- (xiv) Mr. Wong Chie Kheong queried on the causes, results and findings for last year's incident where many accounts had been inappropriately frozen by CIMB. He also queried whether there were any human errors in Group Technology & Data that led to the incident.

Dato' Abdul Rahman informed that, as highlighted in last year's AGM, investigations confirmed that the incident was due to a processing error and not a system breach. CIMB had undertaken consequence management and addressed the gaps by implementing additional controls and necessary changes in processes. The Group had embarked on a comprehensive programme to enhance its operational resilience to ensure such incidents would not recur in the future. All recovery measures taken were in line with industry-standard practice and after due notice and notifications were provided. As the recovery process was still ongoing, CIMB was not able to provide specific amount of recovery to-date. The Bank remained committed to ensure a fair and managed resolution and it would continue to engage all affected customers.

- (xv) Mr. Cheong Yoke Looi queried on the high GIL recorded for CIMB.

Dato' Abdul Rahman responded that CIMB had by far the largest Indonesia contribution to P&L and Balance Sheet amongst Malaysian banks. And this did contribute to the overall higher GIL. As mentioned earlier, CIMB recognised the need to improve on this metric and had identified strategic initiatives to reduce GIL and be closer to market benchmarks. CIMB's asset quality and risk management controls were effective and robust.



- (xvi) Mr. Lim San Kim requested information on the businesses of the Bank that were profitable and not making profit.

The Group CEO informed that all segments recorded positive financial performance in FYE 2022 and FYE 2021.

- (xvii) Mr. Lee Tuck Feong requested information on the Bank's net profit position in view that CIMB's total assets of RM660 billion was the 5<sup>th</sup> largest Bank in ASEAN.

Dato' Abdul Rahman responded that CIMB Group remained the 5<sup>th</sup> largest bank in ASEAN as at end of December 2022 by assets size. CIMB Group recorded a profit after tax of RM5.59 billion in 2022, the third highest among Malaysian banks. However, Management wished to highlight that the Bank had recorded the highest profitability growth YoY amongst banks in Malaysia.

- (xviii) Mr. Lim San Kim then queried on the Bank's current average interest and whether the interest was expected to increase.

The Group CEO informed that, broadly, CIMB's deposit rates were also published on its website and it varied depending on the tenure and type of deposit product. Similarly, for loans/financing the interest varied depending on the product. All product related information was published on CIMB's website.

- (xix) Mr. Lee Boon Fei queried on the difference between CIMB Clicks and CIMB OCTO, and whether the Bank would pivot to the recent CIMB OCTO in the near future.

Dato' Abdul Rahman responded that this was an additional application and did not replace CIMB Clicks. CIMB OCTO application had been designed to bring an enhanced and personalised banking experience, which addressed the feedback Management had gathered from customers.

CIMB had also taken this opportunity to refresh the supporting technology and infrastructure design to cater to both current and future needs. Management was committed to make this a better banking experience for the Shareholders and would continue to enrich CIMB OCTO application.

- (xx) Mr. Lim San Kim further queried on stakes the Bank held in TNG.

Dato' Abdul Rahman informed that CIMB Group owned 100% of Touch 'n Go Sdn Bhd via CIMB Digital Assets Sdn Bhd.

- (xxi) Mr. Lee Kwai Yoong highlighted that he had invested in the CIMB Thailand listed entity for the last 20 years but had not been receiving consistent dividend or capital growth. To this, he queried on the narratives.

Encik Khairul Rifaie responded that, in the Forward23+ strategy, Management had identified CIMB Thai as an area to fix and turnaround. With this, CIMB's strategy to exit the Commercial segment in CIMB Thai had been progressing well and its portfolio had shifted towards Consumer and Wholesale businesses. CIMB was on the right trajectory to see improved performance as its plans were being executed in a disciplined manner CIMB Thai capital growth had seen

good progress and had been declaring dividends to its shareholders in the past 3 years.

- (xxii) Mr. Foo Chwan Lee commented that, despite spending much money to improve CIMB's online presence, its website remained the only banking website in Malaysia that always experienced the issue on connectivity. To this, he urged Management to focus on the fundamental issue as highlighted.

Dato' Abdul Rahman informed that delivering a reliable and consistent user experience to customers remained CIMB's priority. Management had made considerable investment and significant progress in this area.

This was demonstrated in CIMB's uptime for online services to its customers. In 2022, the uptime exceeded the threshold of 99.5% (actual 2022 performance of higher than 99.9%), which Management had disclosed on CIMB's website. This was part of the Bank's commitment in delivering a reliable and consistent user experience, and to provide transparency of its unscheduled downtime of CIMB Clicks.

- (xxiii) Mr. Kee Wee Lim queried whether there was any Capital Expenditure (CAPEX) involved in the coming year.

Dato' Abdul Rahman informed that Management would undertake an annual Group-wide assessment of CIMB's investment requirements. This assessment included both technology refreshes, building resiliency as well as supporting ongoing business and compliance requirements. The capital investment appetite also took into consideration the Group's profitability in deciding the right amount to be invested.

- (xxiv) Mr. Chua Song Yun queried on the total outstanding loans that were still under repayment assistance (included those restructured), in terms of amount and percentage to the Bank's loan portfolio as at to-date. He then queried on the YTD comparison of the figures as opposed to the previous year's number.

The Group CEO responded that, as at end of December 2022, CIMB Malaysia's total Consumer segment under Targeted Relief Assistance was at 1% (Compared to 30% as at end of January 2022). Substantially, more customers had exited the relief programs and resumed payments.

- (xxv) Mr. Loo Yeo Ming sought clarity on the Bank's plan for succession planning.

Dato' Abdul Rahman informed that the Group took succession planning seriously for all leadership and senior positions. He added that CIMB had a robust succession planning framework in place to look at suitability and potential of candidates.

- (xxvi) Mr. Loo Yeo Ming then queried whether there were any bonus issues to be declared as there was a resolution for directors to allot and issue shares.

Dato' Abdul Rahman responded that the resolution for directors to allot and issue new shares was a general mandate and if granted, would provide flexibility to the Company for any possible fund raising exercise activities. While the bonus issue was an option, it was not within CIMB's plans for the foreseeable future.

- (xxvii) Mr. Pon Doss Bala Kumar a/l P. Navamoney queried on the prospect or challenges of the Bank's SME segment for 2023 and 2024, taking into consideration the current outlook on geopolitical, economic and increasing COVID-19 cases.

Dato' Abdul Rahman informed that the Group had seen a recovery in the SME segment post-COVID, with most customers exiting the payment assistance program in line with the reopening of the economy. CIMB was cautiously optimistic for the segment outlook with an eye on global external risks.

- (xxviii) Ms. Wong Lai Ngoh queried on the reason behind the decrease of CIMB's share price from RM5.80 to RM5.20. She then queried whether there was any possibility of a share buyback exercise.

Dato' Abdul Rahman informed that CIMB continuously reviewed to ensure the adequacy and efficiency of its capital position. There were several capital management tools to help manage capital. This included amongst others dividend payout policy, dividend reinvestment scheme, share buyback and the available capital raising options.

- (xxix) Ms. Koh Chooi Peng highlighted that the share-based payment expenses amounted to RM23.09 million in FYE 2022 versus RM48.97 million in FYE 2021 was a drop of more than 100%. To this, she queried on the reasons behind the decrease and whether the share-based expenses in FYE 2023 would be similar to that of the previous year.

Dato' Abdul Rahman responded that the drop was from the Equity Ownership Plan issued to selected employees in the Group. The Group had since implemented a Long-Term Incentive Plan on 9 June 2021 and recorded share-based expenses increase from RM33.5 million in FYE 2021 to RM54.3 million in FYE 2022.

For FYE 2023, share-based expenses would be based on the Group performance.

- (xxx) Ms. Wong Lai Ngoh then queried on the outlook for other ASEAN countries such as Vietnam and Philippines.

Dato' Abdul Rahman informed that both the Philippines and Vietnam digital banking operations were within the ambit of CDA. CIMB PH continued to lead the way as one of the fastest growing banks in ASEAN, whilst CIMB VN continued to grow from strength to strength as one of Vietnam's most innovative and emerging digital banks.

- (xxxi) Mr. Lim Seong Hon queried on the requirement for a proxy to receive the door gift.

Dato' Abdul Rahman informed that a Member was entitled to appoint up to 5 proxies provided that each proxy appointed should represent at least 1000 shares. Regardless of how many proxies a Member appointed, only 1 proxy was entitled to the door gift.

- (xxxii) Mr. Lee Tuck Keong queried on the recovery rate on the moratorium loan since the Pandemic.

Dato' Abdul Rahman informed that a significant proportion of moratorium takers (approximately 90%) had resumed normal repayments post expiry of moratoriums and relief assistance. There was a very small proportion who opted for further relief assistance.

- (xxxiii) Mr. Lee Siu Ming queried whether the Bank had any plan for TNG to apply for initial public offerings (IPO).

The Group CEO responded that the Bank had no such plans made for TNG at the moment.

- (xxxiv) Mr. Chin Kok Woi posed four (4) questions as follows:

- (a) He requested for a detailed information on the future prospects for TNG in terms of profitability and business direction.
- (b) It was noted that customers were unable to reload TNG cards via the TNG e-Wallet. To this, he queried whether the Bank had a plan to improve the feature, allowing the customers to reload their TNG cards seamlessly through the e-Wallet.
- (c) As there were several e-wallet competitors in the Malaysian market, he queried on the Bank's strategy for further strengthening TNG's market share and its plan to enhance TNG's position in both Malaysia and the ASEAN region.
- (d) He then highlighted his experience in using TNG e-Wallet in China whereby he was unable to use it for taxi payments.

Dato' Abdul Rahman informed that TNG remained profitable today as a payments company that was historically dominant in areas of mobility and transportation. CIMB continued to grow in these areas in terms of expanding its offerings and improving product propositions, but at the same the Bank was exploring new business verticals that would bring in new revenue streams.

As widely known, TNG had invested into retail payments via TNGD, which operated the e-Wallet business today.

CIMB had launched the Enhanced TNG card in 2022, which allowed reloads via the TNG e-Wallet on NFC-enabled mobile phones.

TNGD today operated Malaysia's #1 e-Wallet, and CIMB would continue invest in expanding its offerings, merchant coverage as well as financial services propositions to maintain its market share. There were no plans to expand TNG or TNGD's coverage outside Malaysia at this point.

Digital payments were typically driven by local markets and their respective infrastructures and regulatory regimes. CIMB had, however, enabled Alipay+ on the TNG e-Wallet, which allows users to make payments in select countries and select merchants that were within the Alipay+ network.

- (xxxv) Regarding forfeiting of balance amount in TNG cards expiry date after being inactive for a year or more, Mr. Chong Saw Twan queried whether the Bank would change the agreement to cancel the card and refund to cardholders instead of forfeiting it.

Dato' Abdul Rahman responded that users were advised to apply for a refund for expired TNG cards with balance. The refund could be applied for online.

- (xxxvi) Ms. Koh Chooi Peng highlighted that the realised loss from sale of financial instruments at fair value increased by more than 100% to RM1,067 billion in FYE 2022 (under Note 39 of the Financial Statements). To this, she posed two (2) questions as follows:
- (a) She queried on the reasons for the huge jump in realised losses from sale of financial instruments; and
  - (b) She queried on the financial instruments that contributed to the losses.

Encik Khairul Rifaie informed that the loss was mainly from debt and money market instruments due to difficult trading environment. However, these positions were hedged by derivatives instruments which recorded a realised profit of RM5.3 billion.

- (xxxvii) Ms. Koh Chooi Peng then highlighted that CIMB Group realised a net gain on disposal of derivative financial instruments amounted to RM5,327 billion in FYE 2022 versus RM2,592 billion in FYE 2022. To this, she queried whether there were any derivative financial instruments sold and the rationale for CIMB Group to commit such a big amount in trading of derivative financial instruments in FYE 2022.

Encik Khairul Rifaie informed that the Group entered into derivatives instruments such as interest rate derivatives, foreign exchange derivatives, equity derivatives amongst other to hedge its underlying instruments.

The increase in the notional amount of derivatives instruments was in tandem with CIMB's growth in assets in FYE 2022.

- (xxxviii) Mr. Tan Yew Lay commented that it was difficult to purchase TNG NFC cards due to its limited stocks.

Dato' Abdul Rahman informed that the global shortage of chips had affected various industries for the most part of the last two years. These circumstances had made the production of enhanced TNG cards challenging this past year, but CIMB had started seeing improvements in supply chain capacity as it entered 2023. CIMB expected to see further improvements as it worked towards fulfilling market demand this year.

- (xxxix) Ms. Wong Lai Ngoh further queried whether there would be any dividend payout from CIMB Niaga.

Dato' Abdul Rahman informed that CIMB Niaga had recently declared a dividend payout of 60% for FYE 2022. This was in line with CIMB Niaga's dividend payout ratio of between 40% to 60% and had been declaring dividends for the last 5 years.

The Chairman thanked shareholders for all questions and reiterated that if there were questions yet to be answered, Management would post the answers on the Company's Website soonest possible.

With that, the Chairman declared that the Q&A session closed.

The Chairman then declared that the Audited Financial Statements together with the Directors and Auditors Reports for the FYE 31 December 2022 were deemed received.

## 19. POLLING AND CLOSE OF POLLING

The Chairman informed that additional 10 minutes would be provided for all resolutions to be voted on by poll and another 10 minutes for the Independent Scrutineers to verify the results. In the meantime, the Corporate Videos would be shown on screen and the Chairman declared that the Meeting would resume in 20 minutes.

## 20. ANNOUNCEMENT OF POLL RESULTS

The Chairman resumed the Meeting at 12.50 pm for the declaration of results. He informed that he had received the poll results from Boardroom and Deloitte and proceeded to read out the poll results, as follows:

- (i) Re-election of Datuk Mohd Nasir Ahmad who retired pursuant to Article 81 of the Company's Constitution

The Chairman announced the poll result in respect of **Ordinary Resolution 1** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,616,978,482	99.9739
Against	2,245,737	0.0261

**THAT** Datuk Mohd Nasir, who retired pursuant to Article 81 of the Company's Constitution, be re-elected as Director of the Company.

- (ii) Re-election of Encik Didi Syafruddin Yahya who retired pursuant to Article 81 of the Company's Constitution

The Chairman announced the poll result in respect of **Ordinary Resolution 2** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,615,233,333	99.9524
Against	4,106,809	0.0476

**THAT** Encik Didi Syafruddin Yahya, who retired pursuant to Article 81 of the Company's Constitution, be re-elected as Director of the Company.

- (iii) Re-election of Ms Shulamite N.K Khoo who retired pursuant to Article 81 of the Company's Constitution

The Chairman announced the poll result in respect of **Ordinary Resolution 3** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,614,984,666	99.9495
Against	4,355,476	0.0505

**THAT** Ms Shulamite N.K Khoo, who retired pursuant to Article 81 of the Company's Constitution, be re-elected as Director of the Company.

- (iv) Re-election of Ms Ho Yuet Mee who retired pursuant to Article 88 of the Company's Constitution

The Chairman announced the poll result in respect of **Ordinary Resolution 4** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,619,057,566	99.9973
Against	236,938	0.0027

**THAT** Ms Ho Yuet Mee, who retired pursuant to Article 88 of the Company's Constitution, be re-elected as Director of the Company.

- (v) Approval on Payment of Non-Executive Directors' fees

The Chairman announced the poll result in respect of **Ordinary Resolution 5** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,614,060,460	99.9536
Against	3,994,978	0.0464

**THAT** the payment of Non-Executive Directors' Remuneration with effect from the 66th Annual General Meeting until the next Annual General Meeting of the Company be approved.

- (vi) Approval on Payment of Allowances and Benefits Payable to Non-Executive Directors

The Chairman announced the poll result in respect of **Ordinary Resolution 6** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,304,465,550	96.5743
Against	294,578,015	3.4257

**THAT** the payment of Allowances and Benefits payable to Non-Executive Directors' of the Company up to an amount of RM3,895,000 from the 66th Annual General Meeting until the next Annual General Meeting of the Company be approved.

(vii) Reappointment of Auditors

The Chairman announced the poll result in respect of **Ordinary Resolution 7** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,491,016,510	98.5398
Against	125,825,725	1.4602

**THAT** Messrs. PricewaterhouseCoopers be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Board of Directors be authorised to fix their remuneration.

(viii) Renewal of the Authority for Directors to Allot and Issue Shares

The Chairman announced the poll result in respect of **Ordinary Resolution 8** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,409,970,241	97.5709
Against	209,373,985	2.4291

**THAT** pursuant to Section 76 of the Companies Act, 2016, the Directors be and are hereby given full authority to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being **AND THAT** the Directors be and are hereby given full authority to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance with the provisions of the Companies Act, 2016, whichever is the earlier.



- (ix) Renewal of the Authority for Directors to Allot and Issue New Ordinary Shares in the Company in Relation to the Dividend Reinvestment Scheme

The Chairman announced the poll result in respect of **Ordinary Resolution 9** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,602,511,519	99.8043
Against	16,869,790	0.1957

**THAT** pursuant to the Dividend Reinvestment Scheme (DRS) approved at the Extraordinary General Meeting held on 25 February 2013 and renewed at the Annual General Meeting held on 15 April 2021, approval be and is hereby given to the Company to allot and issue such number of new CIMB Shares for the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new CIMB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted 5-day volume weighted average market price (VWAMP) of CIMB Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and not less than the par value of CIMB Shares at the material time;

**AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.

- (x) Renewal of the Authority to Purchase Own Shares

The Chairman announced the poll result in respect of **Ordinary Resolution 10** which was carried as follows:

Poll Results	Number of Shareholdings	%
For	8,519,067,351	98.8392
Against	100,050,267	1.1608

**THAT**, subject to the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time), the Company's Articles of Association and the requirements of the Bursa Malaysia Securities Berhad (Bursa Securities) and approvals of all the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (Proposed Shares Buy-Back) as may be determined by the Board of Directors of the Company from time to time through Bursa

Securities upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained earnings of approximately RM1.139 billion based on the Audited Financial Statements for the financial year ended 31 December 2022 be allocated by the Company for the Proposed Shares Buy-Back **AND THAT** the ordinary shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and cancel the remainder of the shares **AND THAT** where such shares are held as treasury shares, the Directors of the Company may distribute the shares as dividends, re-sold on Bursa Securities, transfer the shares under the employees' share scheme or as purchase consideration or otherwise use the shares for such other purposes as the Minister may by order prescribe **AND THAT** the Board of Directors of the Company be and are hereby given full authority generally to do all acts and things to give effect to the Proposed Shares Buy-Back with the full power to assent to any conditions, modifications, revaluations and/or amendments (if any) as may be imposed by the relevant authority with full power to do all such acts and things thereafter on any part of the shares bought back in accordance with the Companies Act, 2016, Company's Articles of Association, Main Market Listing Requirements of Bursa Securities and any other rules and regulations that may be in force from time to time **AND THAT** such authority shall commence immediately upon passing of this ordinary resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company in 2024 at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the Shareholders of the Company in a general meeting;
- whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and/or any other relevant authorities.

## 21. ANY OTHER BUSINESS

The Chairman had been duly advised by the Group Company Secretary that the Company had not received any notice of any other business. Therefore, there was no other business to be transacted of which due notice had been given in accordance with the Companies Act, 2016.

Before closing the meeting, the Chairman informed the Shareholders that today's AGM served as the last meeting for Mr. Rob Coombe, as his 9-years tenure on the Board ends the next day. He mentioned that Mr. Coombe first joined the Group as the CEO of the then Commerce Asset Fund Managers Sdn Bhd in 1996, a post he held until 2002 and he then returned to CIMB to serve as a Board member in 2014. Mr Coombe was a dedicated member of the Board and was CIMB's first Advisor, instrumental in helping CIMB chart and formulate its Sustainability agenda.

On behalf of the Board and the Shareholders, he conveyed his thanks and appreciation to Mr Coombe for his service to CIMB during his tenure as Member of the Board and wish him well in his future endeavours.

**22. CLOSE OF MEETING**

The Chairman declared the 66th AGM of the Company closed and thanked all members present for their participation.

There being no other business, the Meeting concluded at 1.10 p.m. with a vote of thanks to the Chair.

Confirmed

**Datuk Mohd Nasir Ahmad**  
**Chairman**

Date: 27 April 2023

CHAIRMAN'S  
INITIALS