

ASEAN CATALYST



ANNUAL REPORT 2017

PG 24

RECORD PROFITS

Positive sustainable momentum shown by all business pillars and enablers.

PG 27

STRONGER CORE

With all T18 programmes firing well, our foundation is stronger than ever.

PG 39

INNOVATION

Set up of CIMB FinTech to drive innovation and digitalise operations.



FORWARD  ASEAN



CIMB NIAGA
Digital Lounge

Beat
Banking

**Touch
'nGO**

Rekening Ponsel

CIMB e va



View our Annual Report, Accounts and other information about CIMB Group Holdings Berhad at

www.cimb.com

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CIMB
PAY
MALAYSIA

CIMB
FastSaver

CIMB *Clicks*



The cover showcases the digital world and our ongoing commitment to deliver solutions that empower our customers, our people and our partners to fulfil their dreams and aspirations for a better future.

ABOUT OUR REPORT

OUR REPORTS

“At **CIMB Group Holdings Berhad**, we produce a range of corporate reports for the benefit of our multiple stakeholders, mainly to equip them with critical information on the many levels of our business operations.”



AR/15



AR/16



AR/17



FS/15



FS/16



FS/17



CR/15



CR/16



CR/17

ANNUAL REPORT

This is the primary source of information about our Group and gives a simple and comprehensive overview of our financial and non-financial milestones and achievements for each year.

By studying the report, our stakeholders can learn about our strategy; businesses and performance; approach to governance and risk as well as our future goals. The report demonstrates our accountability and strengthens the trust of our stakeholders.

ANNUAL FINANCIAL STATEMENTS

During the year, we publish a range of financial statements, including quarterly financial statements and the audited annual financial results.

These statements present to our stakeholders a clear and full analysis of our financial affairs at the end of each financial year. They are documented by external auditors in accordance with international financial reporting standards.

CITIZENSHIP REPORT

Our Citizenship Report shares information that is specific to our economic, social, environmental and governance performance.

It also showcases various programmes and initiatives implemented to create shared value and for positive impact in the community, workplace, marketplace and the environment. The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards.

ABOUT THIS REPORT

“The very foundation of our success as a leading financial services provider, with presence in nine of the 10 ASEAN markets, rests on our strong relationship with multiple stakeholders of CIMB Group Holdings Berhad. Therefore, we continuously seek opportunities to engage, educate and empower our stakeholders, forging partnerships for progress. Our Annual Report is one such opportunity to communicate our inclusive growth strategies, achievements and our continuing mission with our stakeholders in a transparent and meaningful manner.”

REPORTING SCOPE AND BOUNDARIES

This Annual Report covers our financial and non-financial performance during the period 1 January 2017 to 31 December 2017.

Through this report, it is our sincere effort to keep our stakeholders abreast of key developments; programmes and initiatives; market challenges and business solutions; our achievements; mid- to long-term direction; and the overall health of operations in 2017 in various geographical markets where we operate.

The report also presents rich insights and forward-looking statements on financial position and performance in the year ahead.

Our report is particularly relevant for our stakeholders in the ASEAN markets of Malaysia, Indonesia, Singapore, Thailand, Brunei, Cambodia, Myanmar, Vietnam and Laos. A range of other stakeholders across the globe will also find our report informative.

Our financial statements are independently audited and provide in-depth and transparent disclosure of our financial performance.

Unless we indicate otherwise, all the data presented relates to the Group, which includes our banking operations and our subsidiaries.

In preparing our report, we were guided by the requirements of local and international statutory and reporting frameworks, including those of Bursa Malaysia.

MATERIALITY DETERMINATION

All our Annual Reports present a balanced and accessible assessment of our strategy, performance, governance and prospects.

The various issues and developments included in the 2017 edition were determined by a range of considerations, such as quantitative and qualitative criteria; issues likely to impact our ability to achieve strategic objectives and remain sustainable; matters covered in reports presented to our Board of Directors; the risks identified by our risk management team; and the interests of our key stakeholders. We also consider factors that affect the economic and social environment in various countries and regions where we conduct business.

STATEMENT OF THE BOARD OF DIRECTORS OF CIMB GROUP HOLDINGS BERHAD

The Board acknowledges its responsibility to ensure the integrity of the Annual Report. In the Board's opinion, the report addresses all material issues and matters and fairly presents the Group's performance for the year 2017.

Approved by the Board of Directors and signed on behalf of the Board:



Nazir Razak
Chairman



Tengku Zafrul Aziz
Group Chief Executive Officer/Executive Director

INSIDE THIS REPORT

61st

Annual General Meeting of
CIMB Group Holdings Berhad



WHERE

Grand Ballroom, Level 3A
Connexion @ Nexus
No. 7, Jalan Kerinchi
Bangsar South City
59200 Kuala Lumpur
Malaysia



WHEN

Thursday, 26 April 2018



TIME

9.00 a.m.

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pg **80** Board of Directors



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Dato' Sri Nazir Razak
Chairman



MESSAGE FROM THE
CHAIRMAN

Dear Shareholders,

In my letter to you last year, I was optimistic about the outlook for the global economy, but concerned about policy unpredictability, trade protectionism and more divisive politics emerging across the world. Thankfully, as the year progressed, our worst fears about the Trump administration policies, Brexit and geo-political tensions did not materialise. Instead, the global economy and trade gathered steam, financial markets were buoyant and CIMB’s operating environment was favourable across ASEAN.



Delivering the opening address at Invest Malaysia 2017, jointly organised by Bursa Malaysia and CIMB.



Launching CIMB Foundation’s 10th anniversary celebrations.

**2017
IN REVIEW**

For CIMB, 2017 can be described as the year we got our “mojo” back – we saw it in our share price, we read about it in analyst reports and the media, we heard about it from our customers, and we felt it among the staff. There was an overall sense of positivity that had been missing for a few years as we tackled higher non-performing loans and recalibrated our operations. Although we still have a year to go on our T18 journey, the heavy lifting has been done, the firm is back on strong footing and it showed.

We met most of our targets for 2017, with ROE coming in at 9.6%, CET1 at 12.2% and our share price outperforming the FBMKLCI by a massive 42%. While our revenue engines continued to thrive, we also enjoyed significant uplift from the T18 recalibration of our business foundations across the “5Cs” – cost, capital, culture, compliance and customer experience.

Our major strategic initiatives progressed according to plan – the divestment of our stake in Bank of Yingkou was completed in December 2017, our stockbroking platform partnership with China Galaxy Securities was launched in January 2018, and the joint venture with Alibaba at Touch ‘n Go is on schedule to commence soon. We are also set to complete our ASEAN platform later this year with the opening of CIMB Philippines.

It has not been all good news though. Asset quality in Thailand and Indonesia remain thorns in our side; a more normalised credit charge last year would have lifted our ROE into the early teens. We also continued to find too many incidences of carelessness in basic processes. Embedded in our culture must be the determination to excel in not just revenues, but in every single business process. We must also improve our regional mindset and culture in order to fully realise cross-border synergies that our ASEAN platform promises. Nevertheless, these are the areas that need to be improved and should not detract us from celebrating a successful year overall.



POST-T18 AND FOURTH INDUSTRIAL REVOLUTION

The Group CEO, Tengku Dato' Sri Zafrul Aziz, has begun a consultative process that will take place over the next few months to develop a new strategic blueprint for post-T18. The new plan should institutionalise T18 improvements and accelerate our "A Better CIMB", or "ABC", culture programme. The core of the new plan, however, has to be how CIMB survives, navigates and thrives in the Fourth Industrial Revolution. It does seem like while we have been recalibrating for the present, the future has rapidly accelerated towards us.

The Fourth Industrial Revolution is driven by new technological breakthroughs, not only in the digital realm (such as artificial intelligence and autonomous cars), but also in the physical (new materials) and biological realms (bio-engineering), and these feed on one another. New technologies are revolutionary in speed, breadth and depth, and threaten to disrupt everything – business, politics and society at large.

In recent years, technology has had devastating effects on companies in many industries, such as music, photography, video and television, print media and retail. Over the next few years, banking, alongside others, such as healthcare, automotive, education and telecommunication, will face the same fate. We have already witnessed the incredibly rapid incursion of platform companies, such as Amazon, Facebook, Alibaba and Tencent, into payments and other parts of banking. Companies with captured ecosystems are trying to do the same, and FinTechs are emerging all over the world, determined to eat into the profit pools of banks.

Banking, as we know it, is under threat. Incumbent banks must respond fast, and unlike in the past when we were "growing up", there is no developed-market template to follow. All banks are in the same boat and we have to leverage on our advantages, such as customer trust and data, domain knowledge, capital strength, and faith of the regulators, and come up with strategies to not only defend ourselves, but also to grab new opportunities that have opened up, even beyond banking.

In my view, in the next five-to-ten years, there will be three categories of banks: 1) banks that get technology right and succeed, 2) banks that fail to embrace technology, and, therefore, get marginalised and have low returns, and 3) banks that lend too much money to companies that do not prepare for the Fourth Industrial Revolution – these banks can even fail. Our post-T18 plan will be about making certain that CIMB is in the first category.

Another critical element to embed into our company is a stronger culture of contributing to society at large. The new-age corporate cannot be just about profits and shareholders; it must also be about improving lives of our people and planet. CIMB has taken a big step in that direction, with our commitment to spend 1% of our pretax profit on corporate social responsibility, implement Flex4CSR for staff to participate in our programmes, and begin work on Environmental, Social and Governance (ESG). We will strive to excel in this space as well at all our operating entities across the region and at CIMB Foundation.



Celebrating the launch of a collaboration between CIMB and Ant Financial Services to enable Alipay mobile wallet in Malaysia.



Sharing a light moment at CIMB Annual Management Summit.



2018 PROSPECTS

At the World Economic Forum annual meeting in Davos last month, I sensed more optimism than at any time since the Global Financial Crisis, fuelled by the International Monetary Fund raising its global growth forecast to 3.9% for 2018 and 2019 (2017: 3.7%), riding on synchronised global recovery, buoyant trade and financial markets, and US tax reforms.

The economies of ASEAN countries are growing strongly again, with an estimated average expansion rate of 5.2% in 2017. Our biggest market, Malaysia, grew by 5.9% in 2017, boosted by improved commodity prices, higher external demand for manufactured goods, and better domestic consumption and investment. This year, we expect ASEAN to grow by 5.1%, with Malaysia at 5.2% and our second biggest market, Indonesia, at 5.3%.

When there is so much optimism, there is always possible exuberance. When so much positive news seems to have been factored into forecasts, markets tend to be more volatile and sensitive to adverse news. As central banks normalise interest rates, they will have to tread carefully, managing expectations at every turn.

Similarly, political risk seems to have been dialled down to a minimum, and this could turn sharply and cause a lot of volatility. It is hard to believe that the situation in the Middle East and the Korean peninsula can be totally benign this year, or that trade wars will not take centre stage at some point. We should also be mindful of potential domestic election surprises across ASEAN, with Malaysia, Thailand, Indonesia and Cambodia going to the polls this year or early next year. In short, we will need to factor political events and market volatility more stringently into our risk assessments this year.

“ALL BANKS ARE IN THE SAME BOAT AND WE HAVE TO LEVERAGE ON OUR ADVANTAGES, SUCH AS CUSTOMER TRUST AND DATA, DOMAIN KNOWLEDGE, CAPITAL STRENGTH, AND FAITH OF THE REGULATORS, AND COME UP WITH STRATEGIES TO NOT ONLY DEFEND OURSELVES, BUT ALSO TO GRAB NEW OPPORTUNITIES THAT HAVE OPENED UP, EVEN BEYOND BANKING.”

FINAL REMARKS AND RECOGNITIONS

In 2018, our priorities are to close out T18 successfully and develop a new medium-term plan for growth, at the heart of which will be how we navigate the Fourth Industrial Revolution, capitalising on opportunities and mitigating threats.

The Boards of the Group and operating banks continue to be refreshed and strengthened to provide management the necessary support and oversight at all times. We welcomed Ahmad Zulqarnain Che On to the Board of CIMB Group, Serena Tan Mei Shwen to the Board of CIMB Bank, as well as Ho Yuet Mee and Jalalullail Othman to the Board of CIMB Islamic Bank.

In view of the criticality of the technology challenge, the Board has set up a new Technology Advisory Committee, chaired by a member of the Board of CIMB Bank and technology entrepreneur, Afzal Abdul Rahim, to help guide management.

I would like to put on record our gratitude to Board members who stepped down: Datuk Joseph Dominic Silva and Hiroaki Demizu for their services to the Board of CIMB Group, Ahmad Zulqarnain for his services to the Board of CIMB Bank and Board of Commissioners of CIMB Niaga, as well as Prof. Dato’ Dr. Sudin Haron for his services to the Board of CIMB Islamic Bank.

Yours sincerely,

Nazir Razak
28 February 2018



plug ⁱⁿ pay

Touch
'nGO

CIMB
PAY
MALAYSIA

FORWARD BANKING

We continuously innovate to cater to the present and future needs of our customers with ground-breaking financial solutions.

CIMB Clicks



CIMB eva

01

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CIMB OVERVIEW

CIMB is a leading ASEAN universal bank, one of the largest investment banks in Asia and one of the largest Islamic banks in the world.



TOTAL ASSETS

^ **506.5**
billion



MARKET CAPITALISATION

^ **60.3**
billion



NET PROFIT

^ **4.5**
billion

VISION

TO BE THE LEADING ASEAN COMPANY

MISSION

To provide universal banking services as a high-performing, institutionalised and integrated company located in ASEAN and key markets beyond, and to champion the acceleration of ASEAN integration and the region's links to the rest of the world.

OUR VALUES



ENABLING PEOPLE

We empower and align our people to innovate and deliver value in their workplace as well as for the community they serve.



CUSTOMER-CENTRIC

We exist to serve our customers and we sell products and services that our customers understand and value.



INTEGRITY

We are honest, respectful and professional in everything we do because integrity is the founding value of CIMB Group.



STRENGTH IN DIVERSITY

We have respect for different cultures, we value varied perspectives and we recognise diversity as a source of strength.



HIGH PERFORMANCE

We work hard and we work strategically for customers, staff and other stakeholders.

CIMB SHARE INFORMATION

Company Name



CIMB GROUP HOLDINGS BERHAD

Stock Name



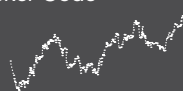
CIMB

Stock Code



1023
(Bursa Malaysia)

Ticker Code



CIMB: MK
(Bloomberg)
CIMB.KL
(Reuters)

Financial Year End



31 DECEMBER

Share Registrar

SYMPHONY SHARE REGISTRAR SDN BHD

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

CIMB PROFILE & PRESENCE

CIMB Group is a leading ASEAN universal bank and one of the region's foremost corporate advisors. It is also a world leader in Islamic finance.

The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2017, had around 38,000 staff and over 13.5 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM60.3 billion as at 31 December 2017. Total assets at the end of 2017 were RM506.5 billion, with total shareholders' funds of RM48.2 billion and total Islamic assets of RM102.9 billion. At the end of 2017, the substantial shareholders were Khazanah Nasional Berhad with 27.27%, Employees Provident Fund (EPF) with 14.40% and Kumpulan Wang Persaraan (Diperbadankan) with 6.15%.

OUR MARKET PRESENCE



CIMB BANK

CIMB BANK

CIMB Bank is the Group's commercial bank in Malaysia with 269 branches across the country. It has subsidiaries in Thailand, Cambodia and Vietnam, as well as branches in Singapore, London, Hong Kong, Shanghai and Laos and representative offices in Yangon and Mumbai.

CIMB NIAGA

CIMB NIAGA

CIMB Niaga is the Group's banking franchise in Indonesia with 476 branches across the archipelago. It has been listed on the Indonesia Stock Exchange since 1989 and is the fifth largest bank in Indonesia by assets at the end of 2017.

CIMB

CIMB INVESTMENT BANK

CIMB investment banking franchise operates in 15 countries across Asia Pacific. CIMB Securities is the Group's stockbroking arm, providing institutional and retail brokerage and equities research.

CIMB THAI ซีไอเอ็มบี ไทย

CIMB THAI BANK

CIMB Thai is the Group's banking franchise in Thailand. It has been listed on the Stock Exchange of Thailand and is the 9th largest commercial bank in Thailand by assets, with 86 branches nationwide and 1 overseas branch in Vientiane, Laos.

CIMB ISLAMIC

CIMB ISLAMIC

CIMB Islamic is the Group's Islamic banking and financial services franchise, with an extensive suite of innovative Shariah-compliant products and services. It operates in parallel with the Group's universal banking platform.

CIMB BANK ធនាគារ ស៊ីអាយអិចប៊ី ភីអិលស៊ី

CIMB BANK PLC

CIMB Cambodia is the Group's banking franchise in Cambodia, with 13 branches across the country. It offers a wide range of banking products and services for individuals, businesses and corporates.

CIMB BANK

CIMB VIETNAM

CIMB Bank (Vietnam) Limited is the Group's banking franchise in Vietnam with one branch headquartered in Hanoi. CIMB Bank Vietnam offers a wide range of banking products and services for individuals, businesses and corporates.

KEY HIGHLIGHTS OF 2017

BUSINESS HIGHLIGHTS



T18 STRATEGY

Sustained momentum in all T18 strategic programmes resulting in amongst others, strengthened foundations across multiple dimensions – Cost, Customer, Capital, Culture and Compliance.

Refer to Group CEO's Overview page 23.



INNOVATION AND DIGITALISATION

Launch of CIMB FinTech to drive innovation as well as to incubate new ideas; digitise operations; and transform the Group into a data-first organisation, with an agile mindset, and supported by a long-term digital roadmap.

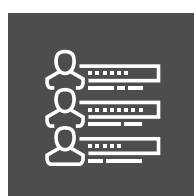
Refer to CIMB FinTech page 39.



SUSTAINABILITY LEADERSHIP

Pledge of 1% of PBT, or about RM65 – RM75 million per year for CSR initiatives. In 2017, we extended RM13.7 million to various community, education and sports related causes, both through CIMB Foundation and wider Group initiatives.

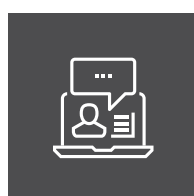
Refer to Citizenship Statement page 157.



PEOPLE DEVELOPMENT

Continued momentum in culture transformation, further embedding the 3 critical behaviours. Revamped talent management programme, complemented by an enhanced performance management system.

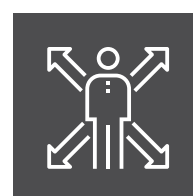
Refer to Human Capital Growth page 106.



CUSTOMER EXPERIENCE

Streamlining and re-engineering of CX-related processes organisation-wide, in addition to investing 11,000 training and contact hours to improve customer focus and centricity.

Refer to Group CEO's Overview page 23.



STRATEGIC PARTNERSHIPS

Widened our network with the partnership with China Galaxy Securities in the regional cash equities space. In insurance, we continued to deepen our relationship with Sampo Japan with our regional bancassurance partnership.

Refer to The Group's Strategy page 34.

FINANCIAL HIGHLIGHTS

Total Assets

RM506 billion

Operating Income

RM18 billion

Net Profit

RM4.5 billion

Gross Loans

RM324 billionDeposits From Customers[^]**RM357 billion**

ROE

9.6%

Gross Dividend Per Share

25 senTotal Capital Ratio (CIMB BANK)[#]**16.8%**

[^] Include structured investments classified as "Financial liabilities designated as fair value", "Investment accounts of customers" and "Other liabilities"

[#] The capital ratio computed has not taken into account the effect of reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH on the proposed second interim dividend for financial year ended 31 December 2017



CORPORATE MILESTONES AND OUR RICH HERITAGE



Timeline of Corporate Milestones:

- 1974**
Pertanian Baring Sanwa Multinational Bank (PBSM) established in Kuala Lumpur and launched by Prime Minister Tun Abdul Razak Hussein.
- 1986**
PBSM changes name to Commerce International Merchant Bankers Berhad (CIMB) after acquisition by Bank of Commerce.
- 1999**
Bank of Commerce (Malaysia) Berhad merges with Bank Bumiputra Malaysia Berhad to form Bumiputra-Commerce Bank Berhad.
- 2002**
CAHB takes a majority stake in Indonesia's PT Bank Niaga Tbk.
- 2006**
CIMB acquires Southern Bank. The new-look CIMB Group launches in the presence of the Malaysian Prime Minister Dato' Sri Abdullah Ahmad Badawi.
- 2008**
CIMB Niaga established through a merger between Bank Niaga and Bank Lippo. CIMB Group acquires BankThai and the following year renames it CIMB Thai.
- 2012**
CIMB Group starts the acquisition of most of the Asia Pacific cash equities and associated investment banking businesses of the Royal Bank of Scotland, and expands or adds operations in Sydney, Melbourne, Hong Kong, London and New York. CIMB Group acquires SICCO Securities, a Thai stock-broking company.
- 2013**
CIMB Group completes its Asia Pacific investment banking platform with new operations in Taiwan and India and Korea. The Group moves into its new 40-storey headquarters in Menara CIMB, located at the high-tech hub of Kuala Lumpur Sentral.

Corporate Milestones and Our Rich Heritage



2017

1987

Bank of Commerce successfully lists on Bursa Malaysia.

1991

Bank of Commerce merges with United Asian Bank. In a major restructure, the merged banks become Bank of Commerce (Malaysia) Berhad, under holding company Commerce-Asset Holding Berhad (CAHB). CIMB becomes a separate CAHB subsidiary.

2003

CIMB lists on Bursa Malaysia. The listing lasts only three years and delivers returns of 340% to shareholders.

2005

CIMB acquires GK Goh Securities in Singapore. In a major corporate restructure to create a universal bank, CIMB acquires sister company Bumiputra-Commerce Bank from holding company CAHB. Holding company CAHB is renamed Bumiputra-Commerce Holdings Berhad.

2009

CIMB Group launches retail banking operations in Singapore. CIMB Group acquires a 19.99% stake in the Bank of Yingkou, China. Holding company BCHB is renamed as CIMB Group Holdings Berhad.

2010

CIMB Group launches banking operations in Cambodia, bringing retail banking presence to five ASEAN nations – Malaysia, Indonesia, Singapore, Thailand and Cambodia.

2016

CIMB opens its first branch in Vietnam. This 100% owned subsidiary allows CIMB to establish its presence in the country as a universal banking platform and strengthen its banking franchise in ASEAN.

2017

CIMB and China Galaxy Securities Group become 50:50 shareholders in CIMB Securities International Pte, Ltd., repositioning CIMB's stockbroking business as a pure play broker with the client base of a universal ASEAN bank.



Rekening Ponsel

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CIMB
FastSaver

Beat
Banking

CIMB Clicks

CIMB eva

FORWARD TOGETHER

02

We seek to partner with our customers and many stakeholders to provide quality financial solutions that catalyse growth and progress for all.

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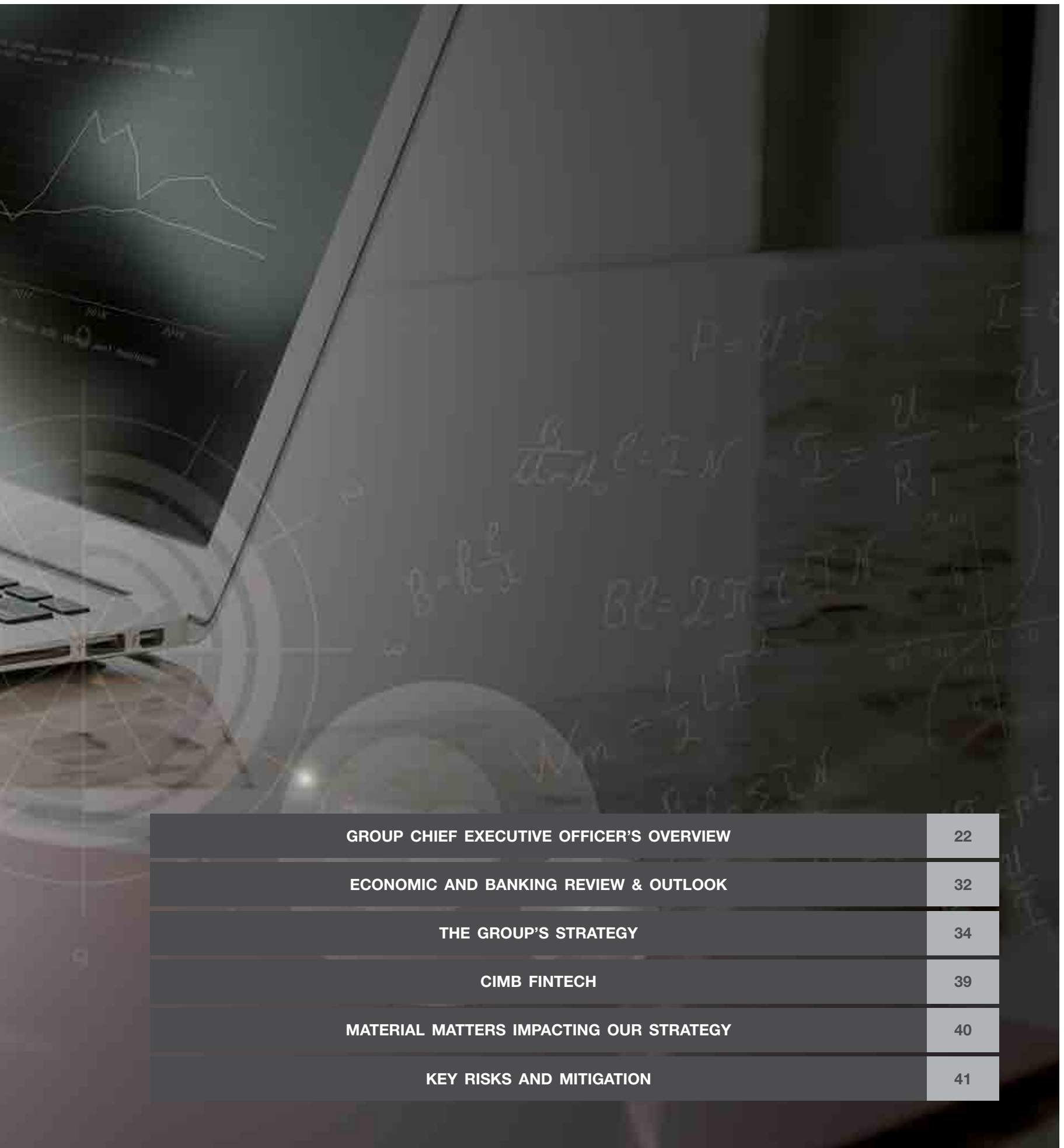
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Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Group Chief Executive Officer



GROUP CEO'S OVERVIEW

Dear Shareholders,

2017 was the year the Group got its mojo back. Buoyed by a synchronised global recovery, I am pleased to share that the Group ended the year in a stronger position, both financially and foundationally. Our revenue engine continued to grow sustainably with operating income at a record level. Cost discipline remained strong and we ended the year better capitalised. More significantly, we sustained momentum in all our T18 strategic programmes with notable improvements in customer experience, cost, capital, digital and culture. Such outcomes could only be made possible with the full support of all our stakeholders – the Chairman and the Board, our regulators, my colleagues at #teamCIMB, our customers and you, our shareholders.

Moving forward, we will remain focused on delivering our T18 programmes anchored on our strategic priorities – Customer, Capital, Cost, Culture and Compliance. Concurrently, 2018 will see the formulation of our strategic roadmap beyond 2018. Together, these measures form the bedrock in realising our vision of being a leading ASEAN universal bank.

THE YEAR IN REVIEW

In 2017, the world economy accelerated at its strongest pace since the start of the decade. Global growth and trade surged. In most developing and developed economies, consumer confidence grew, industrial production rose and unemployment fell. Prices for energy commodities rebounded following steady demand and declining inventory levels. Despite uncertainties from an “America First” Trump Administration and geopolitical risks in the Korean peninsula, markets worldwide showed relatively low volatility. Closer to home, ASEAN member countries – especially Malaysia, Thailand, Singapore, Cambodia and Vietnam – saw robust growth on the back of a sharp acceleration in exports and an upturn in manufacturing. Certainly, there was optimism in the air.

Two key themes defined the global financial sector in 2017: renewed health and disruption.

Buoyed by the global recovery and accommodative monetary conditions, the fundamentals underpinning the industry strengthened. Capital and liquidity reserves were at their highest than any time in recent memory. There were greater operational efficiency and better compliance. More significantly, the industry continued to innovate to build compelling propositions to meet the demands of and retain customers.

Concurrently, banks continued to contend with not only their traditional counterparts but also disruptors in the form of technology firms. In particular, “platform” companies began to disintermediate the industry and stake a claim to bank’s customers. Hence, 2017 saw continued focus on the part of traditional banks on digitisation, big data, analytics, machine learning and open source development, aided by regulatory “sandboxes” established across different economies.

Despite the fast evolving landscape, I am heartened to report that the Group achieved a record operating income of RM17.6 billion, with a Return on Equity (ROE) of 9.6% on the back of strong growth shown by nearly all business segments across our key operating markets. We maintained our discipline in cost management with our cost-to-income (CIR) improving for the third consecutive year to 51.8% from a high of 59.1% in 2014.

Our bottom line was largely affected by provisions from the Commercial segment in Thailand and Singapore. However, we ended the year better capitalised with Common Equity Tier 1 (CET1) Ratio of 12.2%.

We sustained momentum in all T18 strategic programmes comprising over 600 projects Group-wide, leveraging on our Regional Operating Model to share best practices across the Group. Areas where we have made notable improvements include customer experience, cost, capital, digital and culture.

On the Customer Experience (CX) front, 2017 saw the Group streamline and re-engineer CX practices throughout the organisation. Over 11,000 training and contact hours were invested with encouraging results seen in turnaround time and service quality. CX policies were also introduced to deliver on our promise of being Efficient, Easy and always going the Extra Mile.

On the technology front, we launched CIMB FinTech to drive innovation and chart our long-term digital roadmap. Its flagship project is to deliver a mobile-centric digital bank for use in Vietnam and other new markets. In addition, it is also tasked with incubating new ideas, digitising operations and transforming the Group into a data-first organisation with an agile mindset. Complementary to CIMB FinTech is our Big Data and Analytics programme, as well as continued efforts to build resilience into our systems.

Strategic partnerships remained a key theme for 2017. We launched our partnership with China Galaxy Securities Co Ltd in the regional cash equities space to improve economies of scale while allowing the Group to capitalise on the growing flows of capital and trade between China and ASEAN. In insurance, we continued to deepen our partnership with Sampo Japan Nipponkoa Holdings Inc and Sun Life Malaysia through innovative products, analytics and distribution channels.

The plan to complete the Group’s ASEAN footprint through our presence in the Philippines is well underway. We are on target to be fully operational by the fourth quarter of 2018 with a digitally-led proposition, enhanced by partnerships with established local players to drive market share.

Strategic Review

WE REPORTED A RECORD OPERATING INCOME OF RM17.6 BILLION WHILE OUR COST-TO-INCOME IMPROVED FOR THE THIRD CONSECUTIVE YEAR TO 51.8%.

FINANCIAL PERFORMANCE

GROUP PERFORMANCE

The Group reported a record operating income of RM17.6 billion representing a 9.7% growth YoY, whilst operating expenses increased 5.6% YoY thereby contributing to the third consecutive year of positive JAW. Our strict cost management efforts contributed to an improved CIR of 51.8% from 53.9% in FY16. This translated to a 14.6% improvement in pre-provision operating profit (PPOP). Profit before tax (PBT) registered a 25.1% growth despite higher-than-expected provisions from the Commercial segment in Thailand and Singapore. Net profit grew 25.6% to RM4.5 billion which strengthened ROE and CET1 to 9.6% (8.3% in 2016) and 12.2% (11.3% in 2016) respectively. Lastly, the Group reported a net earnings per share (EPS) of 49.6 sen (cf. 41.0 sen in 2016).

The Group's loan book grew a marginal 0.2% YoY as we recalibrated certain business segments, particularly in Indonesia and Thailand. However, deposits grew 5.5% driven largely by Consumer deposits in Malaysia. Consequently, the Group's loan to deposit (LD) ratio strengthened to 90.8% from 95.6% in 2016.



Warm camaraderie between our Chairman, Dato' Sri Nazir Razak (centre), together with (Left to Right) Tigor Siahaan, CEO of CIMB Niaga, Mak Lye Mun, CEO of CIMB Singapore and CEO of Group Wholesale Banking and Kittiphun Anutarasoti, CEO of CIMB Thai during the Annual General Meeting for FY2016.

SEGMENTAL PERFORMANCE

On a segmental basis, Consumer banking was our best performer with PBT growing 11.8% YoY driven largely from loan and fee income growth. CIMB Malaysia continued to perform well with improved market share in all key consumer segments such as mortgages, hire purchase, credit cards and deposits. CIMB Niaga showed improvement in its CASA accumulation efforts while it recalibrated its card and auto businesses. CIMB Thai remained firmly on the path of profitability with PBT increasing 108% YoY with an annual loan growth of 7.8% in the Consumer segment. Lastly, CIMB Singapore continued to demonstrate respectable growth in line with that of the city state.

Commercial banking PPOP grew a respectable 12.2% YoY following continued emphasis on deposits, trade finance and effective cost discipline. However, its PBT declined 18.1% YoY from higher-than-expected provisions in Thailand and Singapore. Nonetheless, the segment showed good progress in both loans and deposits, primarily from CIMB Malaysia.

Wholesale banking recorded a strong 53.0% YoY growth in PBT on the back of higher non-interest income, effective cost management and lower provisions. Corporate banking PBT grew 61.1% YoY from improved provisions while Treasury & Markets and IB benefitted from improved market activity. We also maintained market share in various league tables including being the No.1 ECM franchise in ASEAN for 2017. Overall, the segment's contribution to the Group's PBT improved to 42%.

Transaction banking saw strong growth from each of its core pillars. The cash management and trade finance businesses grew 11.0% and 9.0% YoY respectively, driven by an increase in CASA accounts and bank guarantees. In addition, higher custody business translated to higher securities services revenue. Overall, the segment registered a 10.0% YoY improvement in revenue.

Our Group Asset Management and Investments (GAMI) segment was buoyed by robust growth from the public markets business. In particular, the Malaysian business pushed the Group-wide assets-under-management (AUM) to RM74.0 billion, a 9.7% improvement from 2016. The private markets continued to focus on capital optimisation and business innovation, most notably a joint venture partnership between Touch 'n Go and Alipay. Overall, the segment registered lower PBT of RM132.3 million mainly from the absence of the share of results from Bank of Yingkou (BOYK).

2017 was another record year for Group Islamic Banking underpinned by strong traction from our corporate and consumer businesses. Operating expenses and provisions were also well managed. Overall, PBT improved 21.8% YoY and the segment remained one of the key players in global sukuk with more than USD57 billion in issuances over the past 11 years.



A session with Dato' Sri Najib Razak, Prime Minister of Malaysia, Datuk Seri Johari Abdul Ghani, Finance Minister II, Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry, Tan Sri Amirsham Abdul Aziz, Chairman of Bursa Malaysia Securities Berhad, Tan Sri Dato' Seri Ranjit Ajit Singh, Chairman of Securities Commission Malaysia and our Chairman Dato' Sri Nazir Razak with investors at InvestMalaysia 2017.

COUNTRY PERFORMANCE

CIMB Malaysia reported commendable growth driven by the Consumer and Wholesale segments. CIMB Malaysia's contribution to Group PBT remained strong at 69%, driven by strong loan and deposit growth of 6.5% YoY and 12.4% YoY respectively. Following strong cost and asset quality management, Malaysia reported its third consecutive year of positive JAW.

CIMB Indonesia saw improved performance on the back of stronger revenue growth, disciplined cost management and lower provisions. Its CASA grew 8.3% YoY while provisions declined 18.6% from 2016. Overall, Indonesia's PBT improved 48.5% YoY, which made up 21% of Group PBT.

CIMB Thailand returned to profitability following improved net interest margins (NIM) from a recalibration in its deposit base and firmer grip on asset quality. Its Consumer segment posted its second consecutive year of profits. Despite challenges in the Commercial space, total provisions declined 13.5%.

Despite elevated provisions stemming from its Commercial segment, our Singapore operations continued to register respectable growth. Topline improved from higher NIM and FX income. Concurrently, strong cost discipline strengthened its CIR to 60.0% (65.6% in 2016). Overall, PBT from Singapore operations improved 46.9%, which made up 5% of Group PBT.



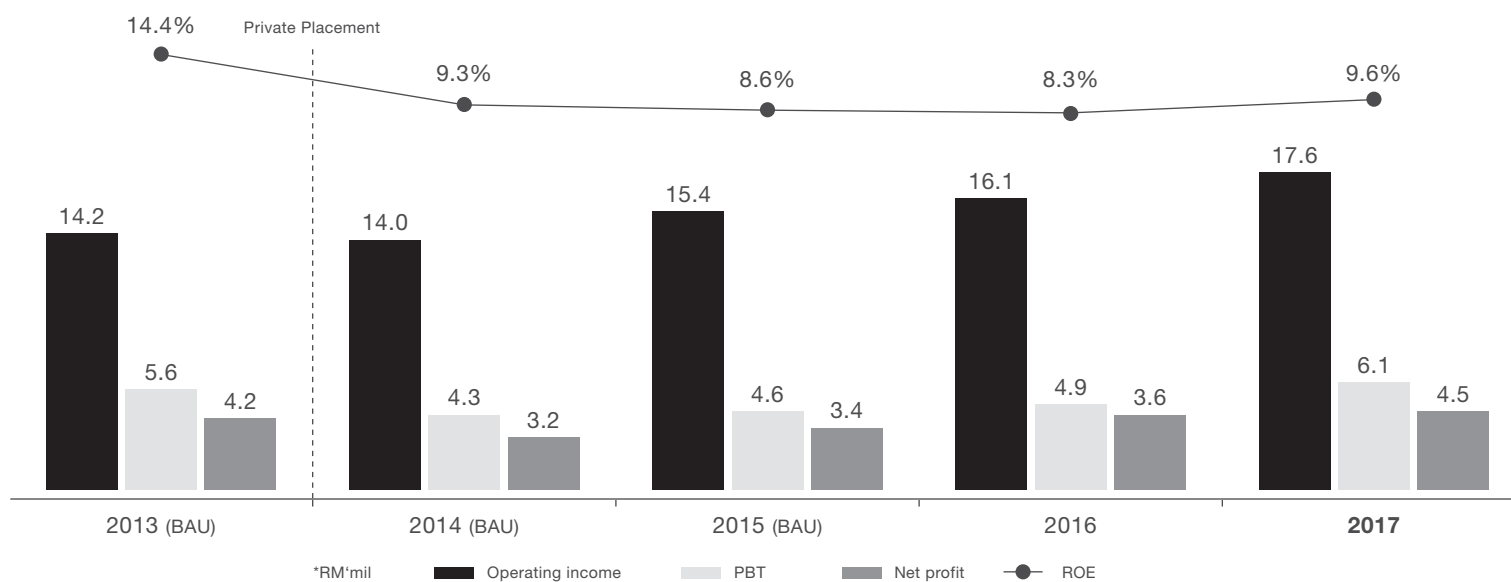
At CIMB Cambodia's Annual Dinner with our CEO of CIMB Cambodia, Bun Yin. CIMB Cambodia is one of the Group's best performers in 2017 where its loan book grew 32% YoY to about USD100 million, the largest single year increase since operations began in 2010.

Strategic Review

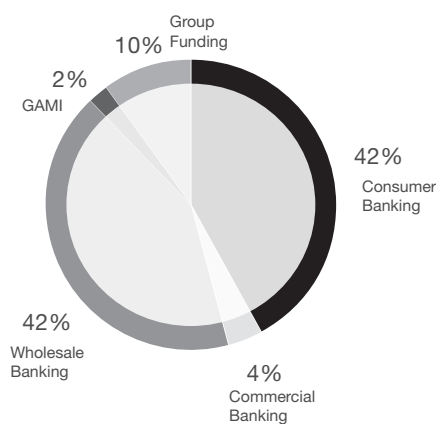
Below is a snapshot of the financial performance and financial position for the year ended 31 December 2017:

Yearly Earnings Trend

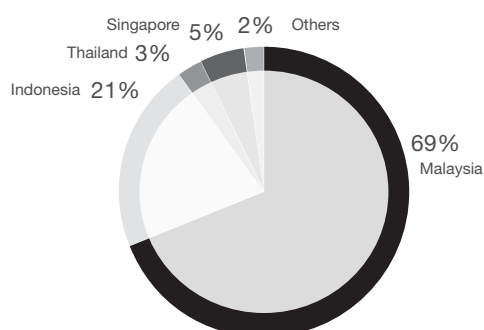
Record operating income, PBT and PAT in 2017



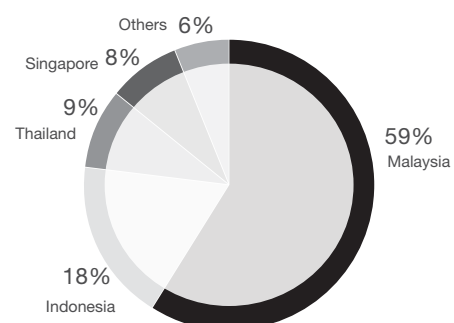
PBT By Segment



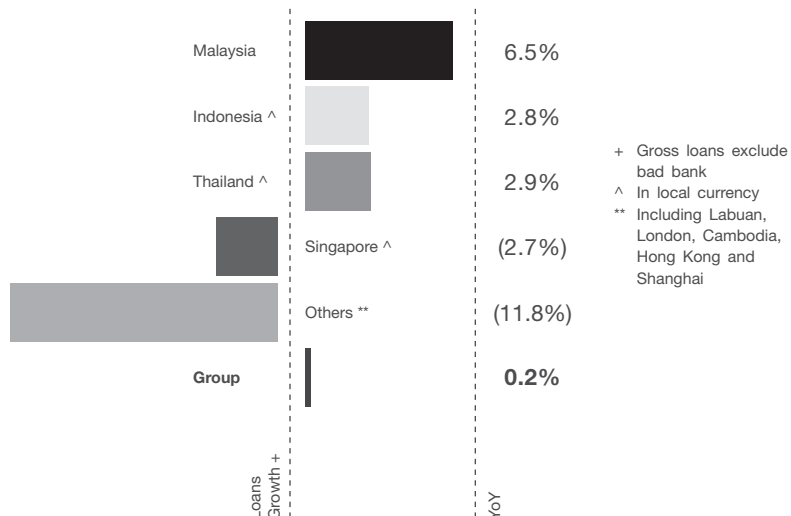
PBT by Country



Loan by Country



Loan Growth by Country



Actual vs Target

	FY17 Actual	FY17 Target
ROE	9.6%	9.5%
Dividend Payout Ratio	51.0%	40% - 60%
Total Loans Growth *	0.2%	7.0%
Loan Loss Charge	0.69%	0.60% - 0.65%
CET 1 (Group)	12.2%	>11.5%
Cost-to-income	51.8%	<53.0%

* Excluding bad bank

T18 STRATEGY

T18 is the Group's mid-term strategy focused on strengthening the firm's foundations while driving new revenue growth areas. Comprising over 600 projects Group-wide, the T18 strategic programmes have been focused through the lens of the 5Cs – Customer, Culture, Compliance, Cost and Capital.

2017 represented the third year of our T18 journey and I am heartened to report positive traction in all key areas. A few key projects undertaken under T18:

CUSTOMER EXPERIENCE (CX)

CX was institutionalised in 2016. In 2017, we introduced Customer Journey Mapping to streamline and re-engineer CX-related processes throughout the organisation. Over 11,000 training and contact hours were invested to drive customer process improvements. Thus far, we have seen encouraging results including same day auto-finance credit decision making in Malaysia, a 64.0% reduction in turnaround time for credit card approvals in Singapore and a 50.0% reduction in number of documents required for business account opening in Thailand.

We also established three CX policies to nurture customer-centric behaviours, namely policies on Treating Customer Fairly, a Complaints Handling Framework as well as a Customer Exit Handling Process. Collectively, these efforts will ensure we deliver on our promise of being Efficient, Easy and always going the Extra Mile.

PEOPLE

Culture transformation, talent development and meaningful engagement remain key thrusts of the Group's Human Resource strategy. 'A Better CIMB' initiative saw continued focus on embedding our three critical behaviours and reinforcing the spirit of 'one #teamCIMB'. In 2017, we expanded the ABC Informal Leader's Network to 142 business sponsors and 2,304 informal leaders to further enhance engagement. In addition to year-long town halls, we organised two "Culture Days" and 683 informal chat sessions throughout the year. Finally, 2017 saw us embark on a 'Forward>Together Nationwide Tour' where senior management connected with nearly 9,000 CIMBians across Malaysia.

Through innovative learning and development initiatives, we continued to nurture the potential of our workforce. In 2017, the Group revamped its talent management programme complemented by an enhanced performance management system. The year also saw the introduction of new talent development initiatives including three new Programme Centres of Excellence for Consumer Banking, Transaction Banking as well as Islamic and Sustainable Finance. In total, the Group invested over 1.8 million hours or RM107.9 million in training and development in 2017.

2017 also saw the launch of the Workplace Wellness programme aimed at helping CIMBians manage their personal priorities. Flexible working arrangements for parents, one-month paternity leave, financial support for single parents and a zero-interest housing loan scheme for targeted employees were a few of many benefits introduced.



In 2017, we launched our CIMB corporate song, "Maju Bersama" or "Forward Together" during the first Forward>Together Nationwide Tour. The song was inspired by CIMB Niaga's corporate song.

TECHNOLOGY

In 2017, we launched CIMB FinTech to drive innovation and chart our long-term digital roadmap. Its flagship project is to deliver a mobile-centric digital bank for use in new markets, in addition to incubating new ideas, digitising operations and transforming the Group into a data-first organisation. Through close collaboration with various business pillars, CIMB FinTech will also inculcate an agile and dynamic culture across the Group.

Concurrently, our Digital Banking team launched a Big Data and Analytics programme to improve efficiency and CX. Through better behavioural and predictive modelling techniques, digital sales increased 168% from 2016. CIMB EVA, our award winning chat-based mobile banking application, was further enhanced with natural language processing and machine learning capabilities to create more nuanced experiences.

Future proofing also involves building resilience into our systems. To that end, we upgraded our systems in compliance with regulatory requirements, embarked on next-generation network design, applied high availability application architecture and implemented various application monitoring tools. 2017 also saw the completion of our Regional Payments Platform to centralise payment processes across all markets in which we operate.

COST AND CAPITAL

In 2017, we launched a Group Electronic Procurement System across Malaysia, Indonesia, Singapore and Thailand that aided the identification of key suppliers and spending patterns. A head office consolidation exercise was completed to encourage an agile working environment while optimising work space. Furthermore, the Group's property insurance policies were pooled and streamlined throughout the region. To date, the Group Procurement team achieved over RM250.0 million in savings through the deployment of category management strategies and robust demand management.

We also pursued productivity-improving initiatives including Robotic Process Automation, network optimisation as well as effective headcount planning.

2017 also saw continued focus on Risk-Weighted Assets (RWA) optimisation to ensure efficient deployment of capital. Rigorous reviews were conducted to balance revenue growth with risk adjusted returns on capital (RAROC). Business process improvements in data quality, account planning as well as optimisation of collateral and credit limits were implemented. In all cases, there was continued emphasis on being cost and capital savvy.

Collectively, these efforts translated into encouraging results in the areas of cost, capital and ROE. For the third consecutive year, JAW continued to be positive. The Group's CIR strengthened to 51.8% in 2017 from 59.1% in 2014. Our CET1 ratio improved to 12.2% in 2017 from 10.4% when we began our T18 journey in 2015. Despite the larger capital base, ROE remained robust at 9.6% in 2017.

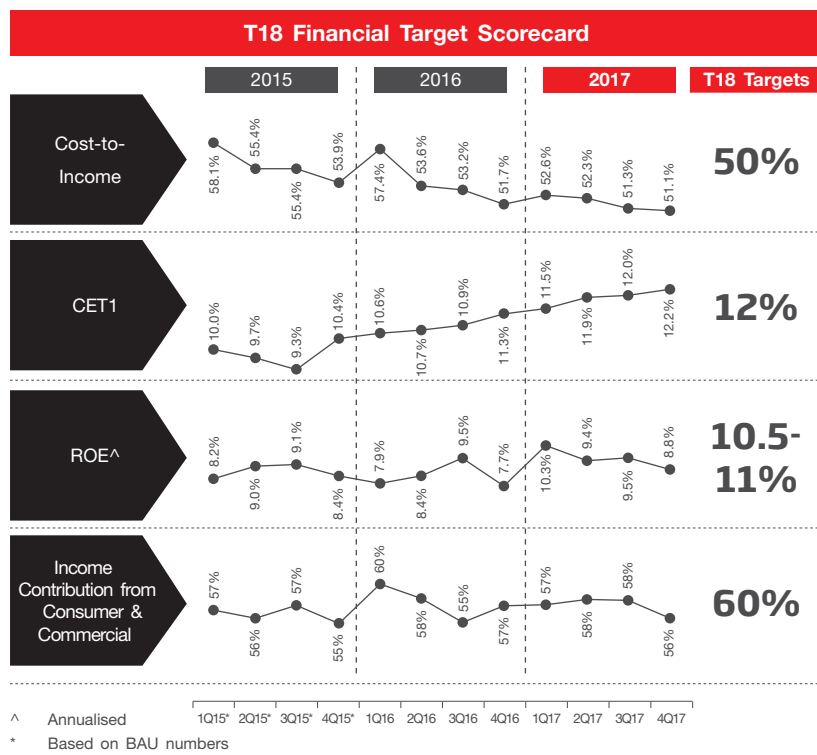
Strategic Review

RISK AND COMPLIANCE

Effective risk management remained a key priority in 2017. Despite the accommodative monetary and market conditions, we continued to assess our internal stress tests and portfolio tools especially in the areas of credit risk, operational risk and liquidity risk. Multiple initiatives were made to strengthen existing infrastructure on system capabilities, data management and internal controls. Also, the Group's risk appetite was continuously reviewed and translated into practical frameworks, limits and policies used by the business units. To enhance our risk management agenda, we further leveraged on big data and data analytics.

In 2017, we continued to inculcate compliance into the fabric of the organisation. A year-long staff engagement on compliance was made. To enhance engagement, we introduced 'ZAC' (or Zealous About Compliance), a CIMB employee icon, to champion our compliance culture at every staff townhall or event.

In the adjacent column is our T18 financial targets scorecard to date:



ENHANCING SHAREHOLDER VALUE

The Group's improved financial performance was certainly reflected in our share price which rose 51.2% throughout the year and outperformed the FBMKLCI by 41.8%. On that note, I am heartened to report that we were the best performing banking stock and the second-best performing stock on the FBMKLCI in 2017. The Group's foreign shareholding increased to 27.5% as at end-2017 compared to 25.8% previously.

We declared a total of 25 sen per share of dividend for the year, while the dividend payout for FY17 of RM2.28 billion is equivalent to 51.0% of net profit for the year. The second interim net dividend payment of 12 sen per share will be made to shareholders via cash or our Dividend Reinvestment Scheme.

TSR Relative Performance



	1 JAN 2017 TO 31 DEC 2017	1 JAN 2017 TO 28 FEB 2018
CIMB Share Price	+51.2%	+66.3%
Against FBMKLCI	+41.8%	+53.2%
Against KLFIN	+34.0%	+39.3%

Throughout 2017, the Group's strong performance garnered accolades from the finance community, including:

01	Best Bank in Indonesia and Malaysia by Asiamoney Awards 2017
02	Best Digital Bank in Malaysia by Asiamoney Awards 2017
03	Best Retail Bank in Malaysia by The Asian Banker
04	Best JomPAY Bank by Malaysian e-Payments Excellence Awards 2017
05	Best Investment Bank in Asia Pacific by The Asset Triple A Awards 2017
06	House of the Year in Indonesia and Malaysia by Asia Risk Awards 2017
07	Sukuk House of the Year in Asia Pacific by The Asset Triple A Awards 2017



Receiving the award for Best JOMPAY Bank in Malaysia by Malaysian e-Payments Excellence Awards 2017 from Governor of Bank Negara Malaysia, Tan Sri Muhammad Ibrahim.

CREATING VALUE THROUGH CORPORATE RESPONSIBILITY

Our success is directly linked to the prosperity of the communities where we operate. In 2017, we extended over RM13.7 million to various community, education and sports related causes both through CIMB Foundation and wider Group initiatives.

On the education front, we remain proud partners of the Chevening-CIMB ASEAN Scholarship, through which we sponsored five students from the ASEAN region to pursue a one-year Master's degree programme in the UK. 2017 also saw 16 CIMB ASEAN Scholarship recipients pursue undergraduate studies in reputable universities worldwide. Meanwhile, our Be\$MART financial literacy programme was well received by 4,592 students from 59 universities and colleges throughout Malaysia. Another notable annual event is our Young ASEAN Leaders, which brought over 50 ASEAN students together on the topic "Sharing Economy Beyond Boundaries".

In sports, the Group announced its partnership with Junior Cycling Malaysia to develop the nation's cycling talent. Meanwhile, I am heartened

to report that players from our Junior Squash Development Programme swept six gold medals in the 2017 ASEAN Games, a testimony to the success of the programme. Community Link is another pillar in our CSR initiative which has touched the lives of over 700,000 Malaysians across 962 projects since its inception. Touching on both our sports and community pillars is our inaugural CIMB Cycle, where 1,300 riders participated and RM120,000 was raised for Yayasan Munuwarah.

2017 was particularly special as it marked the 10th anniversary of CIMB Foundation. With a focus on Empowering Communities and Changing Lives, we announced our pledge of 1% of Group PBT, or about RM65 million to RM75 million per year, to CSR initiatives. CIMB Foundation will also be ASEAN-focused, beginning with the roll out of our Community Link and Be\$MART programmes outside Malaysia. To encourage CIMBIans to contribute, we also announced a Flex4CSR policy which will enable staff to take up to one month of paid leave to work on CSR causes close to their hearts.



Distributing Hari Raya gifts to underprivileged children during our annual charity event at Masjid Ar-Rahah.



At the inaugural CIMB Cycle event, where 1,300 riders participated including members of the Negeri Sembilan royal family.

Strategic Review

MOVING FORWARD

OUTLOOK

Moving ahead, we are optimistic that the growth momentum will carry into 2018, buoyed by stronger uplift in energy prices and the US offsetting some deceleration in Europe, Japan and China. Growth in the rest of Asia, including ASEAN, will remain robust. Consequently, inflation may gather steam following positive output gaps and better labour market conditions. Overall, we expect global output in 2018 to expand by 3.9%; the US and the EU will grow by 2.2%; economies like Malaysia and Indonesia will muster a respectable 5.2%; China at 6.7%; while India will race ahead at 7.3%.

Risks to the outlook centre on two concerns. Foremost, potentially worsening US-Asian trade relations may create headwinds to Asian exports with Asian countries likely to rely to a greater degree on domestic demand in 2018 than in previous years. However, the current account surpluses of the region should remain a cushion for stronger domestic demand without sparking currency or interest rate fears. The second risk is the combination of low bond yields, high asset prices and low volatility in many markets, which tend to be associated with building excesses that end in volatility spikes and severe market corrections.

This year, a few countries across ASEAN will likely hold elections namely Malaysia, Thailand, Indonesia and Cambodia. While macroeconomic policies are not expected to shift in these countries, the first three could see a boost in market activity through fiscal policy and greater inflow of foreign funds.

The banking industry will continue to contend with non-traditional players disrupting the industry. Subsequently, digitisation will remain a key theme as banks continue to deploy the vast digital toolkit available. Lastly, the industry will continue to adapt to new regulatory measures such as MiFID II as well as future ones such as Basel IV.



During the Share Purchase Agreement Signing Ceremony of CIMB Securities International Pte. Ltd in Beijing with Gu Weiguo, Deputy Chairman and Executive Director and President, China Galaxy Securities.

THEME AND FOCUS AREAS

Three years ago, we began our T18 journey with concerted efforts to Recalibrate, Recharge and move Forward. In the last three years, we have successfully strengthened our foundations across multiple dimensions – Customer, Capital, Cost, Culture and Compliance. Moving forward, 2018 represents the final sprint of our T18 journey where we will remain focused on delivering our T18 programmes and where possible, exceeding them.

Hence, it is only apt that the theme for #teamCIMB this year is “Exceed T18”.



In 2018, we will also focus on key initiatives, including:

- 01 Executing of digital strategy in new markets
- 02 Optimising of partnerships – e.g., China Galaxy, Sampo, Ant Financial
- 03 Intensification of data and digital initiatives
- 04 Recalibrating of CIMB Thai and Commercial Banking division
- 05 Further embed CX, risk and compliance culture

Our targets for FY18 are:

	FY18 Target
ROE	10.5%
Dividend Payout Ratio	40% - 60%
Total Loans Growth *	6.0%
Loan Loss Charge	0.55 – 0.60%
CET 1 (Group)	12.0%
Cost-to-income	50.0%

* Excluding bad bank

BEYOND 2018

2018 will see the formulation of our strategic roadmap beyond 2018. We will engage all stakeholders – shareholders, customers, regulators, #teamCIMB – in mapping out the next phase of the Group’s evolution. We will consider the impact of the Fourth Industrial Revolution and how we can leverage on fast changing technological developments. In doing so, we will rethink the way we do business and challenge our own notion of what is “normal”.

No doubt, agility, imagination and a willingness to change will be critical to success. It is on this note that I invite you, our shareholders, to share your thoughts and insights in the coming year.

ACKNOWLEDGEMENTS

With #teamCIMB at the 2017 Annual Management Summit.

In terms of changes in leadership and management, we welcomed the appointments of Ramesh Narayanaswamy as Group Chief Technology and Operations Officer and Effendy Shahul Hamid who is also our Head of Group Asset Management and Investments as CEO of Group Commercial Banking. Blending new talent with internal promotion gives us nothing less than fresh energy and perspectives.

At the Board level, 2017 saw the appointments of Ahmad Zulqarnain Che On and Serena Tan Mei Shwen as Non-Independent Directors for CIMB Group and CIMB Bank respectively. CIMB Islamic Bank welcomed the appointment of Ahmed Baqar Rehman, Jalalullail Othman and Ho Yuet Mee as Independent Directors, while Maris Samaram joined CIMB Thai as an Independent Director. I am confident that their capabilities, vast industry experience and business acumen will help propel the Group’s growth momentum.

Allow me to express my appreciations to Board members who stepped down in 2017 – Hiroaki Demizu and Datuk Joseph Dominic Silva for their services on the Board of CIMB Group, Ahmad Zulqarnain Che On for his services on the Boards of CIMB Bank and CIMB Niaga, Prof Dato’ Dr Sudin Haron for his services on the Board of CIMB Islamic Bank and Sukont Kanjana-Huttakit for his services on the Board of CIMB Thai. We cannot thank them enough for all the guidance and invaluable advice. Lastly, special thanks to Yong Jiunn Run for his contribution as CEO of Group Commercial Banking.

On behalf of Group management, I extend my gratitude to all our Board of Directors for their unwavering support and trust. Looking back at the progress made thus far, I remain humbled by the Chairman and the Board’s trust in me. I would also like to thank our valued shareholders, clients, regulators and the communities in which we operate, for their faith in the CIMB leadership. Special thanks to the International Advisory Panel for their priceless insights and guidance.

Most importantly, I am grateful for the support and commitment demonstrated by my fellow CIMBians, most notably the Group Management Committee members. Personally, it has been gratifying to see colleagues approach the challenges of tomorrow with nothing short of enthusiasm, dedication and with the spirit of ‘one #teamCIMB’. Going forward into 2018, we are excited about the future and will challenge ourselves to Exceed our T18 promises, imagine the next phase of our evolution and ultimately realise our vision of being a leading ASEAN universal bank.

Tengku Zafrul Aziz
28 February 2018

Strategic Review

ECONOMIC AND BANKING REVIEW & OUTLOOK



ECONOMY

THE YEAR IN REVIEW

Global growth and trade in 2017 were a breath of fresh air. Global GDP surged to over 3% while global trade grew at almost double through most of the year. Stronger trade growth was particularly significant for emerging markets such as ASEAN, despite concerns over the global trading system sparked by the Trump Administration’s protectionist rhetoric and abandonment of the Trans Pacific Partnership.

Stronger business and consumer confidence, rising industrial production, and a pick-up in employment were the building blocks of an expansion of trade and income. Meanwhile, a rebound in commodity prices (energy as well as industrial commodities) provided a fillip to large parts of the emerging markets and resource-rich regions.

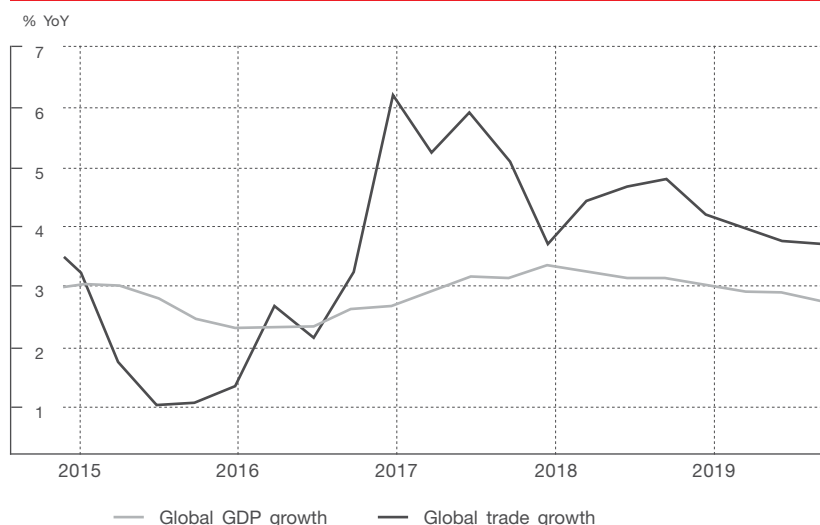
Economic activity in the U.S. firmed in 2017, growing at the fastest pace in three years, with confidence indicators remaining elevated including a spur in consumer spending, a gradual tightening of the labour market, as well as a rebound in business investment. Concurrently, Euro Area growth was surprisingly high, reflecting accommodative monetary policy, fading political risks, falling unemployment and resilient external demand. The upturn in growth in Japan was driven primarily by the global economic recovery, aided by the relatively weak Japanese yen. China’s economy posted its first annual acceleration in five years. However, while the growth of credit moved in line with higher nominal GDP growth, high levels of debt created greater risk, leading to the downgrading of the country’s sovereign debt. In ASEAN,

growth fared better than expected – especially for Malaysia, Thailand, Singapore and Vietnam – buoyed by a sharp acceleration in exports and an upturn in manufacturing.

Despite a synchronised recovery and falling unemployment, inflation remained subdued. Hence, financial conditions in general remained accommodative. Nominal yields on 10-year U.S. Treasury bonds waned and remained capped at sub 2.5%, as markets priced in a gradual path of normalisation of the U.S. monetary policy, evidenced by two policy rate hikes in the U.S., with a number of other developed nations such as the UK and Canada following suit. Additionally, the Fed unveiled plans for normalising its balance sheet (which commenced in October 2017), while the European Central Bank hinted at a “lower for longer” bond buying plan starting in 2018. Across Asia, markets began pricing in higher policy rates. Bank Indonesia and the Reserve Bank of India cut policy rates, while all the other central banks left policy rates unchanged.

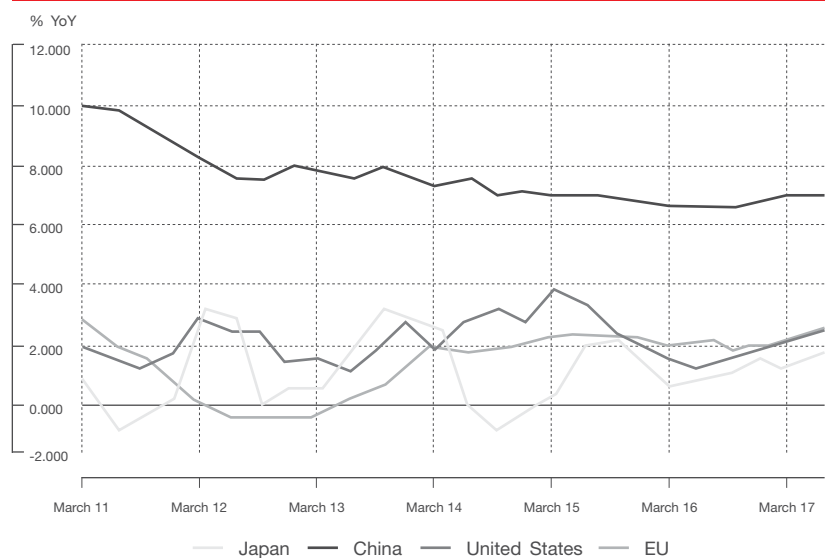
2017 also shaped up as one of the most sanguine in market history, marked by low volatility amid high equity valuations and despite political uncertainty. The U.S. dollar remained soft during the year, hitting multi-year lows and reversing the gains seen in 2016. The weak sentiment towards the greenback benefitted emerging market (EM) currencies, driving appetite for EM assets.

FIGURE 1: GLOBAL GDP AND TRADE GROWTH



Source: Oxford Economic Forecasting

FIGURE 2: GDP GLOBAL IN SELECTED COUNTRIES



Source: CEIC

Moving forward, we share the view that global growth will broadly match that of 2017, with stronger growth in commodity and oil producers and the US offsetting some deceleration in Europe, Japan and China. Growth in the rest of Asia, including ASEAN, should come in at or above potential but driven more by domestic demand. Already indicators of trade growth are softening, while those for inflation are gathering steam, consistent with positive output gaps and better labor market conditions. The US dollar's marked weakening, exacerbated by the broader perceptions of global recovery and the "America First" rhetoric of the US, will create some headwinds to Asian exports as will likely protectionist trade policies. The current account surpluses of the region, while raising the US ire, should remain a cushion to allow for stronger domestic demand without sparking excessive currency or interest rate concerns.

Inflation of nontraded goods (mostly domestic services) should continue to quicken, creating a tightening bias across the region. But traded goods prices – with the exception of some commodities, especially oil – should push in the opposite direction. A weaker dollar would imply a tightening of Asian financial conditions. Because of this, Asian central banks are likely to lag behind the four policy rate hikes that the new Powell-led Fed will most

likely introduce in 2018, as it tries to manage inflation in the face of expansionary fiscal policy embodied in US tax cuts and spending increases.

The risks to the outlook center on two external economic issues. Firstly, US-Asian trade relations are likely to worsen. The Trump Administration's first salvo in a possible tariff war – high tariffs on Asian washing machines and solar panels – has reignited worries about trade. Consequently, Asian GDP growth will likely rely to a greater degree on domestic demand in 2018 than it did in 2017. The second external risk is the combination of low bond yields, high asset prices and low volatility in many markets, periods associated with building excesses that end in volatility spikes and market corrections. Market's reactions to US fiscal policy have already begun to spark higher volatility, higher bond yields and lower stock prices. Relative to the past standards though, there is still significant scope for higher volatility and bond yields.

Across ASEAN this year, many countries will hold elections – Malaysia, Thailand, Indonesia and Cambodia. While macroeconomic policies are not likely to shift in these countries, the first two could see a boost in activity through fiscal policy and greater inflow of foreign funds.



BANKING INDUSTRY

YEAR IN REVIEW

As the world economy accelerated to its strongest pace since the start of the decade, banks globally showed signs of renewed health. Fundamentals underpinning the industry strengthened. Capital reserves were their highest level in recent memory. The industry was awash with liquidity as loan-to-deposit ratios fell to their lowest level in decades. More significantly, banks improved their cost structure. Interest rates have risen in many regions, a boon to net-interest income and profits. With pressure from both digital competitors and changing consumer behaviour, banks continued to innovate, digitise operations and build compelling experiences that better meet the needs of customers. In ASEAN, efforts to integrate the region's banking sector continued under the banner of the Banking Integration Framework.

Despite improvements, challenges remain. A long-running compression of margins and slowdown in revenue growth continued. Globally, the industry's ROE remained at its recent historical range of eight to ten percent. The ASEAN banking system continued to experience a sustained increase in debt, particularly household borrowings in Malaysia, Thailand and Singapore.

PROSPECTS

Notwithstanding differing regional operating environments, the banking industry will need to take steps to mitigate risks arising from several key developments.

Foremost among those risks, the industry will continue to contend with non-traditional disruptors. In particular, "platform" companies will stake a claim to bank's customers and the revenues they represent. As a response, digitisation, especially that which leverages banking data, will remain a key theme as banks deploy their vast digital toolkit. Also, the industry will continue to adapt to new regulatory measures such as MiFID II, as well as future ones such as Basel IV. In ASEAN, modest growth momentum may dampen consumer and business sentiment, limiting demand for credit and financial services.

These developments make it imperative for banks to capitalise on digital innovations to upgrade internal systems and processes, pursue greater levels of operational efficiency, enhance risk and asset quality management, as well as establish effective partnerships with third parties to create and enable a digital ecosystem. In addition to practices that foster innovation, agility will be another crucial enabler of continued value creation going forward.

Strategic Review

THE GROUP'S STRATEGY

“The underlying themes for the Group’s strategy in 2017 has been to forge partnerships and develop digital centric business models, strengthen our efficiency and resiliency in the areas of cost and capital, and further our commitment to good governance and sustainability.”

The Group’s strategy encapsulates our greater responsibility to make business growth meaningful for our customers, employees, shareholders, and other multiple stakeholders who have placed great trust in us.

It is a continuous process of understanding the dynamics of the ever-evolving customer needs and preferences; anticipating various risks and their impact on our stakeholders; mapping the regulatory environment; building our value proposition; and delivering solutions par excellence.

During the year under review, the Group’s Strategy was guided by the following key themes: partnerships and digital centric business models; efficiency and resiliency; governance; sustainability and planning forward for beyond 2018.

1. PARTNERSHIPS AND DIGITAL CENTRIC BUSINESS MODELS

Strategic partnerships have been, and will continue to be, instrumental in defining and driving growth for CIMB Group. By leveraging our partners’ ecosystems, including their customer base, facilities and presence, CIMB Group will be able to better serve our more than 13.5 million customers as well as grow this base even further across 851 branches worldwide. In 2017, we forged partnerships to optimise efficiencies; enhanced capabilities and capacity through collaboration; and differentiated ourselves from other market players.

- **Joint Venture with China Galaxy Securities**

On 6 June 2017, CIMB Group signed an agreement with China Galaxy International Financial Holdings Ltd, a wholly-owned subsidiary of China Galaxy Securities Co., Ltd (China Galaxy) to form a 50:50 joint venture in the Group’s regional stockbroking business. With this partnership, the Group is able to leverage on the strengths of China Galaxy, including its network, market access as well as business and technological know-how, to generate new revenue streams and realise greater cost and efficiency synergies.

On completion, China Galaxy, one of the largest Chinese securities firms, will become CIMB’s partner in institutional and retail brokerage, equities research and associated securities businesses across the markets where CIMB Group operates. With this partnership, CIMB Group and China Galaxy will explore other areas of mutually beneficial co-operation to facilitate greater capital and investment flows between China and the ASEAN region.

- **Exclusive Insurance Partnerships**

In 2016, the Group took steps to accelerate the growth of fee income through bancassurance partnerships with Sampo Japan Nipponkoa Holdings (“Sampo”) and Sun Life Assurance Company of Canada (“Sun Life”). For 2017, the Group continues to work closely with both partners to increase sales through various initiatives such as development of new products, digital channels, data analytics to improve the effectiveness of cross-selling and product bundling etc.

IT IS A CONTINUOUS PROCESS OF UNDERSTANDING THE DYNAMICS OF EVER-EVOLVING CUSTOMER NEEDS AND PREFERENCES; ANTICIPATING VARIOUS RISKS AND THEIR IMPACT ON OUR STAKEHOLDERS; MAPPING THE REGULATORY ENVIRONMENT; BUILDING OUR VALUE PROPOSITION; AND DELIVERING SOLUTIONS PAR EXCELLENCE.

On the non-life insurance front, CIMB Bank Berhad commenced its exclusive partnership with Berjaya Sampo Insurance Berhad in August 2017. This follows the establishment of a regional distribution partnership with Sampo in June 2016 that covers Malaysia, Indonesia, Singapore and Thailand. The roll-out has been in phases, with Singapore and Indonesia having commenced in 2016.

On the life insurance front, the Group continues to work with its strategic partner Sun Life in both Malaysia (through Sun Life Malaysia) and Indonesia (through Sun Life Financial Indonesia). The Group continues to record strong premium growth in both countries in 2017, mainly driven by the effective coordination and support by branch sales teams and the Insurance Specialist channel. We are also working with Sun Life to evolve our life bancassurance business model to become more digitally-enabled, taking advantage of analytics to improve our multi-channel sales effectiveness. In October 2017, the Group further expanded the scope of its partnership with Sun Life in Malaysia through a Business Cooperation Agreement between CIMB Principal Asset Management Berhad (“CPAM”) and Sun Life Malaysia.

- **Touch ‘n Go – Alipay Joint Venture**

The Group’s subsidiary, Touch ‘n Go Sdn Bhd received approval from Bank Negara Malaysia for the incorporation of a joint venture entity with Ant Financial Services Group’s Alipay in November 2017. The JV between both parties will introduce a world-class mobile wallet solution and is expected to spur the growth of mobile payments in Malaysia by bringing in cutting edge technology and business practices to the market.

- **Completing our ASEAN Footprint**

The Group's expansion into the Philippines will mark the completion of our ASEAN footprint. CIMB Bank received the approval from the Monetary Board of the Bangko Sentral ng Pilipinas ("BSP") in November 2017.

The strategy will be one of adopting new business models where we will work closely with our strategic partners to build a digitally centric financial ecosystem.

Following the banking sector liberalisation in 2014, CIMB Bank is the first Malaysian banking group to be granted BSP's approval to operate in the Philippines under Republic Act No.10641, an act that allows the entry of foreign banks into the Philippines through the establishment of wholly-owned operations with full banking authority.

The bank is targeted to be fully operational by the fourth quarter of 2018. This will complete our ASEAN footprint, which is a key target under T18.

- **Building the Digital Proposition**

Against the backdrop of fast-evolving digital trends and disruptive technologies, the Group launched CIMB FinTech in 2017. CIMB FinTech was launched to drive innovation and chart the Group's long term digital roadmap. Its flagship project is to deliver a mobile centric digital bank to be deployed in new markets. Thus far, notable progress has been made with the launch of the Vietnam digital bank to a closed user group in December 2017, with a market launch on track for 2018.

The Group's T18 Digital Banking programme worked in parallel to improve our efficiency in delivering financial services, with strengthened customer relationships and improved experience. The year saw the Group launching a big data programme to gain rich consumer insights and devise new products and solutions which are tailored to specific customer needs and preferences. By deploying behavioural and predictive-analytics, and models such as next-product-to-buy, the Group was able to increase sales via digital channels by 168%, with an increase in the penetration of digital customers by 22%. The volume of digital transactions grew 30% over 2016.



China Galaxy's Chairman and delegates' visit to Menara CIMB Kuala Lumpur.

In 2017, CIMB EVA, the first-in-market chat-based mobile banking application was also introduced to our customers. EVA, which stands for Enhanced Virtual Assistant, is positioned as a personal trusted advisor and uses artificial intelligence capabilities such as Natural Language Processing and Machine Learning to allow our consumers to message us to check balances and conduct transactions such as fund transfers and prepaid reloads. EVA also allows customers to get a full portfolio view of their bank balances and can help customers understand their spending patterns.

2. EFFICIENCY AND RESILIENCY

In 2017, we worked with various business leaders to deploy emerging technologies and identify new areas to optimise costs and productivity; from leveraging on internal synergies, to tapping the potential of digital.

- **Optimising Cost and Productivity**

As part of the Group's ongoing efforts to reduce cost and improve productivity, several major initiatives were implemented. One of the Group's notable initiatives in 2017 was the implementation of the Group Electronic Procurement System ("GEPS"), which was launched in 4 countries (Malaysia; Indonesia; Singapore; and Thailand). Equipped with procurement and spend analysis tools, GEPS offers greater transparency in spend. As a result, the regional category management team was able to identify key suppliers and top-spend items. This further empowered

the team to work with various business units and enablers to plan ahead for strategic cost optimisation.

Over the last one year, the procurement team, with the collective efforts of business units and enablers, achieved a total of RM156 million in cost savings and cost avoidance over the contract period through various tenders and negotiations executed locally and regionally.

There was also stronger financial discipline and a cost-conscious mindset seen across the Group. All of this contributed to the successful decrease of CIMB's Cost-to-Income ratio from 59.1% in 2014 to 51.8% in 2017, which brings CIMB another step closer to its T18 Cost-to-Income ratio target of 50%.

One of the initiatives pursued was the Robotic Process Automation project, launched in September 2017. By automating repetitive tasks in banking operations, the Group's processes are executed with enhanced quality, increased accuracy, better productivity, and improved staff efficiency. In the month of November 2017 alone, 9 out of the 15 processes deployed in production have shown significant reduction in turn-around-time, ranging from 25% to 90%, which serves the bank's objective to continuously excel in serving its customers.

Across the region, the Group also embarked on an initiative to convert to e-statements and invested in automation to improve productivity.

Strategic Review

- **Capital Optimisation**

The Group continues to strengthen its capital position in 2017. Our CET1 ratio at the end of 2017 was 12.2% versus 11.3% at the end of 2016.

This healthy position provided added resiliency in navigating growth.

Various initiatives such as the optimisation of our risk weighted assets (“RWA”) as well as our emphasis on risk adjusted return on capital (“RAROC”) have provided strengthened focus and overall capital consciousness across the Group.

- **Working in Synergy, with Business Focus**

To accelerate growth in line with the T18 Strategy, the Group focused on a number of high potential businesses by harnessing synergies across functions and countries, especially with Commercial Banking, Transaction Banking, and Islamic Banking divisions. The Group took a holistic approach and initiated various programmes covering product development, marketing, process improvement, digitisation, customer experience, and talent development.

The Commercial Banking division launched Biz123, a holistic one-stop platform that offers a complete range of solutions for SMEs. This solution aims to help CIMB’s business customers with issues such as working capital, facility financing, cash management, and sound advisory. This is in line with the Group’s Forward brand promise, which is about empowering customers to advance towards their goals and aspirations, at various stages of growth.

Following a similar approach, the Transaction Banking division launched new products such as Bizlite in Indonesia and FX Online in Malaysia. Greater focus was also put on facilitating cross-border trade, and seamlessly serving our business customers across our ASEAN platform.

Islamic Banking on the other hand focused on strengthening its product suite and improving customer experience, whilst launching innovative new products such as the Term Investment Account-i in Malaysia and Fastsaver-i in Singapore, the country’s first ever Shariah-compliant online savings account.

With enhanced business focus and by working in synergy, the Group remained

true to its commitment to serve customers with better products and improved experience, thereby enhancing our overall productivity and efficiency.

3. GOOD GOVERNANCE

Good governance is all about transparency, accountability, and sustainability. At Group level, deliberate steps are taken to ensure continuous assessment and monitoring of key business risks to safe guard shareholders’ interests. In 2017, we further enhanced our risk management tools, policies and procedures, as well as our control mechanisms in line with regulatory requirements.

- **Strengthening Governance and Controls**

As a financial institution that operates in many jurisdictions and across various entities, the Group is committed to ensure that all entities are appropriately governed, both in terms of the relevant aspects of governance, as well as the level of governance and oversight required. A holistic Entity Governance Framework was developed in 2017, to further refine and align the relationships between the various entities across the Group, including elements such as Senior Management Accountability, Policies and Procedures, Management Committees, Financial Booking Governance, Delegation of Authority, and Inter-Entity Service Level Agreements. The exercise reinforces CIMB’s commitment to protect shareholders’ interests and stakeholders’ value creation.

- **Managing Strategic Risks**

Strategic risk management in the Group is governed under the Strategic Risk Framework. In 2017, the Group focused on enhancing the existing framework to ensure that strategic initiatives are evaluated in a robust manner and any potential risks identified and mitigated early on. The enhancements to the framework seek to institutionalise strategic risk management within the Group, as well as to provide the top management with a bird’s eye view of the Group’s key strategic initiatives across all businesses and countries.

- **Protecting Data Integrity**

In March 2017, the Group introduced a new Data Management Policy – a key deliverable under the MIS and Data Management Programme under T18. The Policy sets out a structured approach to

managing data and disseminating information within CIMB Group effectively and efficiently.

During the year, CIMB also established common data standards on critical fields on new on-boarding systems and new systems projects, and rolled-out standards to address data quality issues and instil awareness regionally on data governance and best practices for data management.

- **Regional Operating Model (ROM)**

The Group continues to improve upon its Regional Operating Model. In 2017, the main focus was on the institutionalisation of processes to strengthen regional governance and ensure adherence to the ROM guidelines and rules of engagement, especially in the areas of senior-level recruitment and performance management.

4. SUSTAINABILITY

At CIMB Group, we continuously seek opportunities to improve our processes and systems, and to introduce workplace and marketplace solutions that deliver value for multiple stakeholders. In 2017, we initiated efforts to shape our long-term sustainability agenda.

- **Propagating Value-Based Intermediation (“VBI”)**

The Group is a leading proponent for value-based intermediation, representing the next step in positioning Islamic finance as an agent for positive change. It entails moving beyond a focus on Shariah compliance and considers a more holistic observation of Shariah. More significantly, VBI promises sustainable impact to stakeholders and the environment at large without compromising the financial returns of shareholders.

Being a leader in Islamic finance, the Group is well positioned to integrate VBI into our operations and offerings. Key areas of focus include facilitating entrepreneurship, empowering communities, strengthening governance and improving customer experience. In 2017, we introduced the CIMB Sustainability Framework, which will enhance the quality of the Group’s financial and non-financial disclosures. In the process, the Group will identify and address various economic, social and environmental impacts from its activities.

5. PLANNING FORWARD WITH OUR CUSTOMERS AND EMPLOYEES IN MIND

• Continuously Enhancing Customer Experience

The Group Customer Experience Management (“GCXM”) department was established in 2016 as an outcome of one of the T18 programmes of CIMB Group. Customers are the top priority for CIMB Group, and understanding and improving Customer Experience (“CX”) is core to the Group’s ongoing T18 strategy. Throughout the year, GCXM continued to pursue CIMB’s strategic imperative, which is to make CX a key differentiator. Consistency of service levels was achieved and best practices were replicated across countries to ensure CIMB continuously raises the bar. As a result, the Group saw positive improvements in 79% of the core CX indicators that have been set.

CIMB prioritises customers’ needs and expectations by aiming to achieve the “3E Promise” in every customer interaction and every project. They are:

- **Efficiency** – CIMB’s ability to resolve and/or fulfil customers’ needs and requests accurately and efficiently
- **Easy** – CIMB’s ability to provide easy and convenient methods for customers to attain their needs
- **Extra Mile** – CIMB’s ability to provide personalised service to customers and endeavour to go beyond the prescribed standards to delight them

The Group strives to create a lasting impression by constantly monitoring and improving customer experience across multiple touchpoints. This is an organisation wide priority and to ensure consistent performance, clear CX Key Performance Indicators and metrics have been set up. The Group continues to use analytical insights on CX performance to generate ideas to sustain good experiences and identify areas for improvement.

CIMB has adopted the discipline of Customer Journey Mapping to help identify customer pain points in processes, products and services, which are then resolved using the tools from Lean Six Sigma. In 2017, the Group invested in 53 Lean Six Sigma workshops and 7,000 training hours, to empower people to drive customer process improvements. Another ~4,000 training contact hours contributed to convert 15 customer journeys to 18 projects, to address customer pain points.

To strengthen the CX mindset amongst employees, the Group also launched a campaign to promote entrepreneurial thinking, where staff were encouraged to identify opportunities for continuous

improvement in CX. As a result, GCXM received 425 project submissions across four geographies, 180 of which were subsequently completed in 2017, while the rest are currently in progress.

• #teamCIMB

People are our biggest asset and a lot of efforts were channelled towards developing the right skill-sets and behaviours through innovative learning and development initiatives, alongside the culture transformation process. The organisational culture rests on the Group’s philosophy of shaping a ‘A Better CIMB’ (“ABC”) by encouraging three critical behaviours, with emphasis on a ‘one#teamCIMB’ mind-set. Organisation-wide, 2017 was about ‘living’ and ‘breathing’ the Group’s three critical behaviours, seeing these behaviours being demonstrated throughout the Group, and realising good business outcomes and benefits from these behaviours.

To further drive the importance of these behaviours, several initiatives were introduced. ABC Culture Day, was celebrated on two occasions in 2017: “Apple”ciation Day - a dedicated day for CIMBians across the region to express their thanks and appreciation to others in the form of giving out an apple; and #onetwojuice - where CIMBians across the region played simple games that are popular in each country. The ABC Torch of Recognition was also launched where Group Management Committee (“GMC”) members initiated the torch relay in their respective areas, and employees who received the torches identified other deserving people/colleagues to pass the torch on to. Events were also organised regionally to showcase ABC Success Stories, recognising peers who demonstrate the three critical behaviours. These were subsequently shared with all employees to reinforce the spirit of one#teamCIMB. This symbolic Torch will continue to be passed around from CIMBian to CIMBian across the region as a way to acknowledge and recognise each other’s efforts and continued support towards colleagues.

Investing in CIMB talent remains a top priority where the Group worked on a revamped end-to-end talent management programme - from talent identification to developing ‘AGILE’ talents in the workforce. In parallel, CIMB also strengthened and enhanced its performance management systems to promote meritocracy and professional growth.

6. PLANNING FORWARD

• The T18 Scorecard for 2017

Overall, T18 has been a huge effort for the organisation and 2017 was not any different. The Group has come a long way from where it started, especially in strengthening its core and building stamina. 2017 was about staying focused, continuing to drive the delivery of committed T18 targets and striving to close any gaps. The Programme continues to run a large portfolio of over 500 projects, ranging from foundation building, to revenue acceleration.

With all the efforts that #teamCIMB has put into implementing T18 initiatives, the Group has successfully maintained momentum in pursuing various targets set under its T18 strategy. In its third year, the programme has already over-achieved its 2018 target for CET1 and is well on its way to reach the other targets.

However, there is still a lot of work to be done and 2018 will be spent focusing on achieving the T18 targets that CIMB has set for itself.

T18 SCORECARD	2015 RECALIBRATE	2016 RECHARGED	2017 FORWARD T18	2018 EXCEED T18 Target
RETURN ON EQUITY (ROE)	8.6%	8.3%	9.6%	10.5-11%*
COST-TO-INCOME RATIO (CIR)	55.6%	53.9%	51.8%	50.0%
COMMON EQUITY TIER 1 (CET1)	10.4%	11.3%	12.2%	12.0%*
INCOME CONTRIBUTION FROM CONSUMER & COMMERCIAL BANKING	55.9%	57.7%	57.2%	60.0%
PRESENCE IN NUMBER OF ASEAN COUNTRIES	8 OUT OF 10	9 OUT OF 10	9 OUT OF 10	10 OUT OF 10

* The banking industry worldwide is evolving at a rapid pace where, amongst others, we see margins compressing, and capital and compliance cost rising in tandem with increased governance expectations. In light of this, our goals for two of our T18 targets have been revised for 2018.

Strategic Review

During the year, the Group organised many activities to ensure that #teamCIMB appreciated the importance of T18 and how they, as individuals, can positively contribute towards organisational performance. In 2017, various events and programmes were held to cascade the various values, strategies, targets and results of T18.



Spreading the T18 messages at the “Forward Together Nationwide Tour 2017”, which ran throughout the year in Malaysia.



Spreading the 5C message (Cost, Compliance, Culture, Capital and Customer) to non-HQ staff in Malaysia, teaching them how they can contribute towards T18 goals as individuals.

• **Focus in 2018**

The focus in 2018 will be two-pronged:

- The Group will accelerate its efforts to deliver T18 targets; and
- A strategic roadmap will be formulated, to address the impact of the digital revolution and new emerging technologies on the Group and its businesses.

• **Exceed T18**

The theme launched for #teamCIMB at the Group’s Annual Management Summit for 2018 is to “ExceedT18”.

Exceed is the theme by which #teamCIMB will rally upon for 2018. Striving not just to meet but exceed expectations and to embed the exceed mindset into the fabric of the organisation.

EXCEED T18



• **Looking Beyond T18**

As the pace of disruption and change continues to accelerate with the adoption of technology, the Group will be considering options and initiatives to ensure we are well positioned to navigate and thrive in the 4th Industrial Revolution world.

In 2018, the Group will be embarking on a journey to design its next Strategic Roadmap.

The development of this roadmap will be guided by three principles:

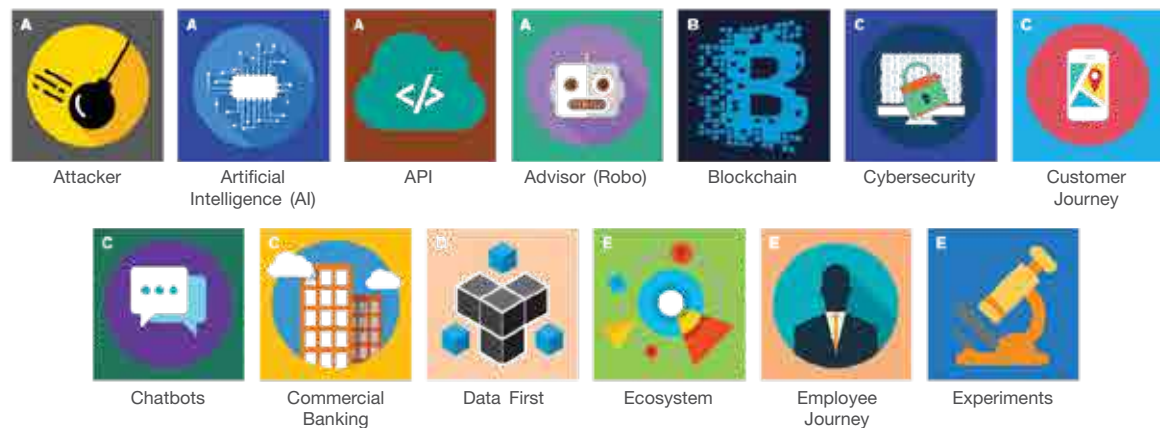
- Experimental and iterative;
- Agile; and
- Inclusive and multi-stakeholder.

The development of the roadmap will entail a multi-dimensional engagement exercise with our various stakeholders as well as a deep analysis and understanding of the global trends and evolution of banking.

CIMB FINTECH

Digital disruption is here to stay. Industry lines are blurring, exacerbated by disintermediation, commoditisation and the unbundling of financial services. Meanwhile, consumers are rapidly evolving, demanding faster and more personalised solutions. The Fourth Industrial Revolution (IR4.0) will further catalyse change, challenge existing business norms and inspire new ones. Recognising such a fast-evolving landscape, we launched CIMB FinTech.

CIMB FinTech Focus Areas



WHO WE ARE AND WHAT WE DO

CIMB FinTech was launched to drive innovation and chart the Group's long term digital roadmap. Its flagship project is to deliver a mobile centric digital bank to be deployed in new markets. It will be underpinned by superior customer experience, ease of use, meaningful engagement and tailored offerings.

Our Innovation Lab will be the *test-and-build* platform for new ideas as well as to swiftly incubate new concepts, build prototypes, run pilots and ultimately innovate. Successful pilots will then be scaled by either spinning back into the businesses or spinning out into new ventures. During the year under review, we have gained traction with new technologies such as blockchain, augmented and virtual reality, machine learning and artificial intelligence.

Through close collaboration with various business pillars, in 2017, we embarked on various initiatives, which include building a digital employee experience, featuring holistic staff engagement and seamless integration. We also explored initiatives to engineer a digital commercial banking experience.

Overarching all these initiatives, CIMB FinTech also inculcated an agile culture and way of working across the Group, enabling us to be more nimble, quick to react and respond to the evolving landscape.

Ultimately, CIMB FinTech is poised to future-proof the organisation. We have made respectable progress in 2017 and look forward to launching new propositions in the years ahead.

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
Digital Strategy and Roadmap	- Developed and endorsed digital roadmap.
Digital Bank	- Launched Vietnam digital bank to a closed user group in December 2017, with public launch on track for 2018.
Innovation Lab	- Initiated assessments of new solutions and exploring potential pilots.

MOVING FORWARD






In 2018, we look forward to launching our digital bank in Vietnam, with similar propositions to follow in some of our other markets, including the Philippines. Through the Innovation Lab, we will continue to identify parts of the value chain that stand to gain the most from digital innovation, test possible use cases and scale successful ones. This year, we will be exploring an ecosystem play via strategic alliances and partnerships.

Foundationally, CIMB FinTech will continue to inculcate an agile culture, challenge the status quo and transform the Group into a data-first organisation.

In delivering the best customer experience, we will ensure continuous alignment of our solutions with customers' needs, keep abreast with the latest technological developments and operate at the highest service levels. Simultaneously, we will continue to work closely with our regulators, including the leveraging of regulatory sandboxes (where available) to ensure alignment to existing governance structures.

Strategic Review

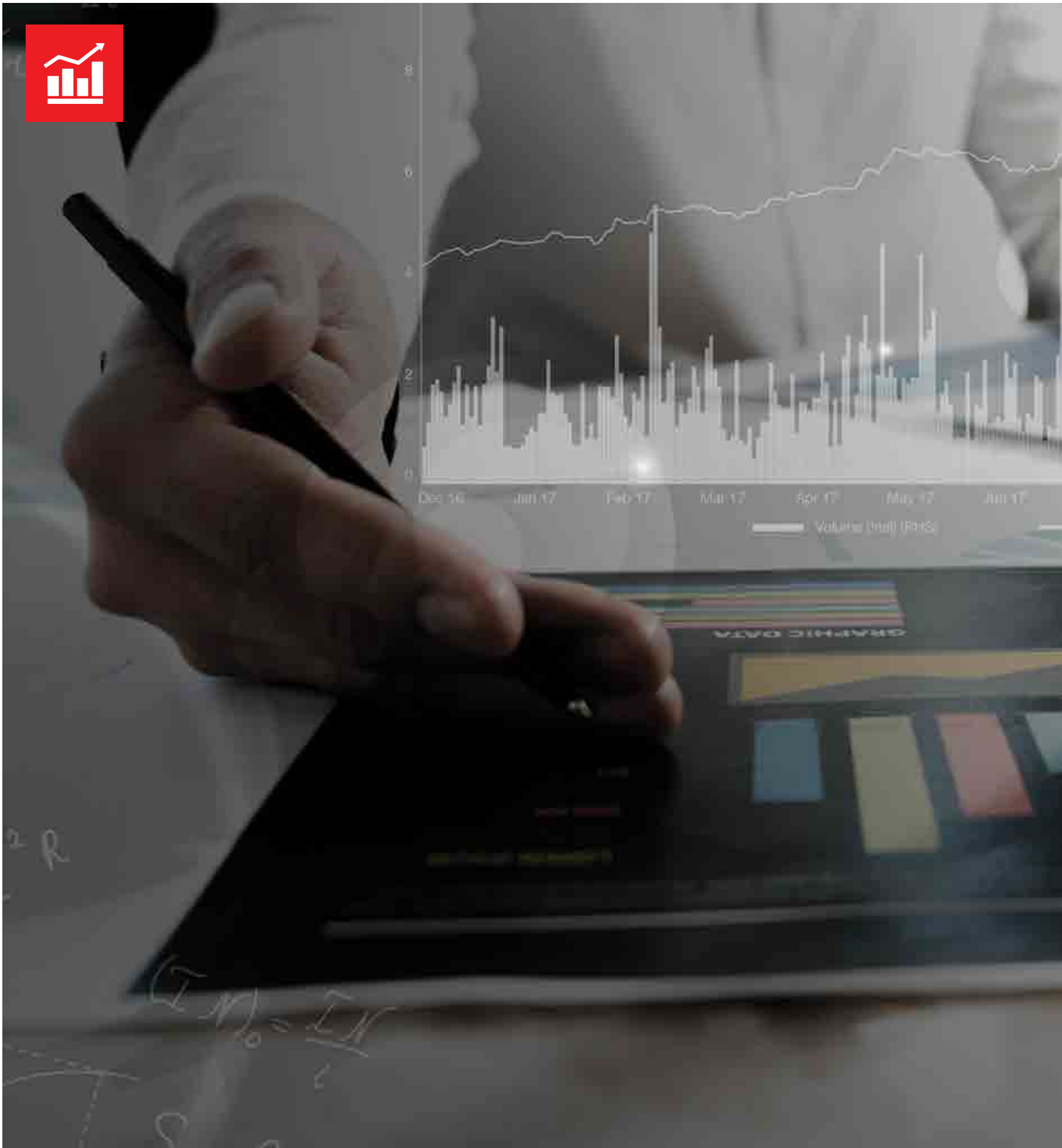
MATERIAL MATTERS IMPACTING OUR STRATEGY

<p>MATERIAL MATTERS</p> <p><i>WHY ARE THESE IMPORTANT?</i></p>	<p>HOW DO WE REALISE OUR STRATEGY?</p>	<p>FOR MORE INFORMATION</p>
<p>GEOPOLITICAL AND ECONOMIC DEVELOPMENTS</p> <p>The Group is committed to deepening our business in the ASEAN region while managing risks from wider geopolitical and economic developments.</p>	<ul style="list-style-type: none"> • Work closely with regulators and stakeholders to protect the interests of shareholders, clients and depositors. • Align our strategy according to regional and local developments. 	 <p>PG 32 on Economic and Business Review & Outlook</p>
<p>TECHNOLOGY</p> <p>The Group recognises the need to embrace technology to improve customer experience and achieve greater levels of operational efficiency. Concurrently, maintaining the integrity of operations, including cyber security, remain key priorities.</p>	<ul style="list-style-type: none"> • Invest resources to digitise operations. • Establish an Innovation Lab to incubate and test proofs of concept. • Encourage an agile and data-driven culture across the organisation. • Apply comprehensive data governance, including data origination, access, use, security and privacy. 	 <p>PG 27 on Group CEO's Overview</p> <p>PG 39 on CIMB FinTech</p>
<p>CUSTOMER EXPERIENCE</p> <p>Customers are a key stakeholder to the Group. Better service requires an in-depth understanding of their expectations, circumstances and desires.</p>	<ul style="list-style-type: none"> • Establish Customer Experience Policies that guide employees in sustaining customer centricity. • Strengthen the Group's "Customer First" culture that upholds ethical and fair conduct. • Apply methodologies and investments that create better experiences for customers. 	 <p>PG 27 on Group CEO's Overview</p> <p>PG 34 on The Group's Strategy</p>
<p>PEOPLE</p> <p>People remain a key asset to realising the Group's vision. Robust talent development, meaningful engagement and culture transformation remain key areas of focus for the Group.</p>	<ul style="list-style-type: none"> • Invest in learning and talent development. • Develop wellness programmes that support CIMBians in managing their various personal priorities. • Encourage a more cooperative culture through "A Better CIMB" initiative to drive performance. 	 <p>PG 27 on Group CEO's Overview</p> <p>PG 106 on Human Capital Growth</p>
<p>REGULATION</p> <p>As a responsible corporation, the Group works closely with all regulators in the region to ensure compliance and effective application of regulations.</p>	<ul style="list-style-type: none"> • Enhance policies, procedures and risk practices in line with regulatory standards. • Closely monitor industry and regulatory developments worldwide. 	 <p>PG 41 on Key Risks and Mitigation</p>

KEY RISKS AND MITIGATION

TYPES OF RISK	MITIGATION ACTIONS
CREDIT RISK	<ul style="list-style-type: none"> The Group has a robust credit risk policy framework, embedded with prudent lending guidelines to minimise credit default and losses. The Group strives to maintain a portfolio of credit risk, which is adequately diversified by country, industry, market, sector, product, customer segment and duration. Business Units are responsible for the risks with Group Risk Division, providing independent oversight for overall risk control. Aside from periodic review, the Group has an Early Warning and Watchlist Process. It is a pro-active credit risk management tool that identifies deteriorating credits at early stages, thereby minimising any potential credit loss. An independent post-credit review process conducted regularly by the Group assesses the quality of loans approved. The Board Risk Committee and Group Risk Committee (GRC) periodically set the strategic intent using Risk Posture and Risk Appetite. Exposures are actively monitored, reviewed regularly and reported to GRC and Board Risk Committee. Deteriorating portfolios are identified, analysed and discussed with the relevant business units for appropriate remedial actions, if required.
MARKET RISK	<ul style="list-style-type: none"> The Market Risk team monitors and reports the market risk exposures of the Group within approved Risk Appetite. The team constantly keeps abreast of market developments and regulatory requirements, which impact the Group's market risk metrics.
OPERATIONAL RISK	<ul style="list-style-type: none"> The Group actively manages operational risk within an acceptable risk appetite. Operational Risk is embedded as an important element in the assessment of risks within the Group's products, services, processes and systems. IT risk (including cyber security) remains a top global operational risk. The Group continues to institutionalise capabilities to mitigate such threats while building resilience. Multiple initiatives are underway to strengthen existing infrastructure on system capabilities, data management and internal controls. The Group continues to manage reputational risk robustly by identifying the sources of the risk and monitoring these within a defined risk appetite.
NON-COMPLIANCE RISK	<ul style="list-style-type: none"> Compliance capabilities were enhanced throughout the region with resources systematically allocated. Existing measures to curb money laundering and terrorism financing were updated to account for prevailing operating conditions. Systems and processes were also tweaked to uphold the Group's business conduct and market integrity.
FUNDING & LIQUIDITY RISK	<ul style="list-style-type: none"> The Group maintains high quality liquid assets and well diversified sources of funds as a liquidity risk buffer under both business-as-usual (BAU) and stress conditions. The Group actively measures, monitors and manages its liquidity positions to comply with the regulatory Basel III Liquidity Coverage Ratio (LCR) requirements. The Group also performs semi-annual consolidated stress tests, (including liquidity stress tests) to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions.
COUNTRY RISK	<ul style="list-style-type: none"> Country limits are set to capture and manage country risks arising from credit exposure to obligors. Country limits are approved by Group Credit Committee upon consideration of the relevant risks and business requirements.
SHARIAH NON-COMPLIANCE (SNC) RISK	<ul style="list-style-type: none"> The Group has established Board Shariah Committee (BSC) and four Shariah functions namely, Shariah and Governance, Shariah Risk Management CoE, Shariah Compliance Review CoE and Shariah Audit as required under BNM Shariah Governance Framework. This governance is to monitor Shariah compliance in the Islamic banking business. Shariah-related policies and procedures have been developed among others, requiring approval from BSC for all Islamic banking business and operations. Risk management tools have been enhanced, facilitating how Business Units (BU)/Business Enablers (BE) identify and manage inherent SNC risk in their areas.

PERFORMANCE REVIEW





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Performance Review



Shahnaz Jammal
Group Chief Financial Officer



GROUP FINANCIAL REVIEW BY GROUP CFO

It was a record breaking year for the Group as we chalked up net profit of RM4.48 billion, translating to net earnings per share of 49.6 sen and ROE of 9.6%. The strong performance reflects the continued benefits of the realignment exercises undertaken across the Group over the past few years, as healthy top-line growth was reinforced by prudent cost management and progressively declining loan provisions. With the Group ending 2017 well capitalised and on solid foundations, we were able to reward shareholders with a higher dividend payout of 51% for the financial year.

THE YEAR IN REVIEW

Whilst 2017 remained a challenging year for the financial industry, the business environment and capital markets were relatively robust. Geopolitical developments continued to dominate headlines, sustaining volatility across all markets. With a prudent approach to asset growth and intensified emphasis on liability and asset quality management, we surpassed our main financial targets for the year – most notably the targets for ROE, cost-to-income ratio (CIR) and Common Equity Tier 1 (CET1) ratio. The 2017 performance also puts the Group on track towards achieving our T18 targets.

We delivered a strong performance in 2017 with a 25.6% YoY growth in net profit to RM4.48 billion compared to RM3.56 billion in 2016. This was equivalent to an earnings per share (EPS) of 49.6 sen and an ROE of 9.6% (8.3% in 2016).

This performance came on the back of measured growth based on risk-adjusted returns and careful cost and asset quality management, which brought about steady top-line growth and an improved bottom-line result:

- The Group's 2017 revenues were 9.7% higher at RM17.63 billion as compared with RM16.07 billion in 2016.
- Inclusive of net finance income and hibah from our Islamic Banking operations, NII increased by 8.4%, contributed mainly by Consumer Banking and Wholesale Banking.
- Non-interest income (NOII) rose by 12.8%, due to increased capital markets activity and increased income from Consumer wealth management and bancassurance.
- Operating expenses were 5.6% higher at RM9.13 billion in 2017 (from RM8.65 billion in 2016). In local currency terms, expenses only grew 3.4% YoY, reflecting the strict efforts in managing costs across the Group.
- With the positive operating income and operating expense JAW, the Group's profit before tax (PBT) was 25.1% higher at RM6.11 billion. This translated to a 25.6% YoY improvement in the Group's net profit to RM4.48 billion.
- Asset quality improved in 2017 as the Group's net impairment losses narrowed by 9.4% to RM2.40 billion in FY17 compared to RM2.65 billion in FY16. The lower loan impairments were primarily from Wholesale Banking, and partially offset by higher Consumer Banking provisions following write-backs in FY16 and an uptick in Commercial Banking, particularly in Thailand and Singapore. The Group's gross impaired loans ratio stood at 3.4% as at 31 December 2017.
- Gross loans grew 0.2% YoY in 2017 or 3.1% YoY in local currency terms. This was respectable given some large corporate repayments during the year as well as the realignment of certain businesses.
- The Group's deposits grew 5.5% YoY, with enhanced liability management leading to the reduction of higher-cost deposits across the board. Liquidity remained ample through the year with a loan-deposit ratio of 90.8% as at 31 December 2017 and entity-level liquidity coverage ratios in excess of minimum requirements.
- Capital adequacy strengthened further with the Group's CET1 ratio rising to 12.2% as at end-December 2017 compared to 11.3% as at end-December 2016.

GROWTH DRIVERS

2017 saw the Group post another strong year of revenues with a 9.7% expansion in operating income to RM17.63 billion. This came on the back of an 8.4% expansion in NII and a 12.8% growth in NOII.

- The NII growth was achieved despite an overall 0.2% increase in gross loans. Enhanced liability management across all jurisdictions allowed the Group to defend its net interest margins (NIM) at 2.63%.

- NOII had a solid year given the improved capital markets environment, which buoyed net trading income and increased foreign exchange market volumes. In addition, our Consumer Banking NOII gained significant traction within wealth management, as well as from new bancassurance agreements with Sampo in Indonesia and Malaysia. Transaction Banking and Private Banking also continued to chart positive trajectories in 2017.
- From a business unit stand point, the Consumer and Wholesale Banking divisions performed strongest with 9.0% and 10.0% revenue growth respectively. The Consumer Banking operations in Malaysia, Thailand and Singapore underpinned the better showing, whilst increased capital markets activity across the region bolstered the Wholesale Banking performance.

OVERVIEW OF BUSINESS-UNIT PERFORMANCE

This section serves as an overview of the performance of the Group's business units. Further details can be obtained from the Business Review section of this report.

- Consumer Banking PBT increased by 11.8% YoY to RM2.57 billion in FY17 from RM2.30 billion in FY16, driven by a 7.8% increase in NII – on the back of 4.0% and 9.1% growth in loans and deposits respectively. NOII posted a stronger 12.3% YoY growth owing to further inroads made by the wealth management and bancassurance businesses. The improved profitability was also attributed to stricter cost controls which brought about a positive JAW for the year.
- Commercial Banking PBT was 18.1% lower YoY at RM236 million in FY17 compared to RM288 million in FY16, mainly due to higher impairment losses on loans, advances and financing in Thailand and Singapore. However, the business continued to progress well with a 7.9% expansion in operating income and improved cost management.
- Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury & Markets, Transaction Banking, Equities and Private Banking. Its PBT rose by 53.0% YoY to RM2.57 billion in FY17 from RM1.68 billion in FY16, underscored by stronger trading activity and investment banking deal flows, as well as lower corporate banking provisions.
- Group Asset Management and Investment (GAMI) consists of the Group's public and private asset management portfolios, inclusive of strategic investments. The 39.4% YoY decline in PBT to RM132 million was attributed to the derecognition of the Bank of Yingkou in FY17. Excluding this, the public markets business continued to perform strongly.

Revenue by Segments			
RM'mil	FY17	FY16	YoY
Consumer Banking	7,901	7,251	9.0%
Commercial Banking	2,183	2,023	7.9%
Corporate Banking	3,117	3,095	0.7%
Treasury & Markets	1,659	1,250	32.7%
Investment Banking	1,182	1,070	10.5%
GAMI	521	482	8.1%
Group Funding	1,063	894	18.9%
Total Income	17,626	16,065	9.7%

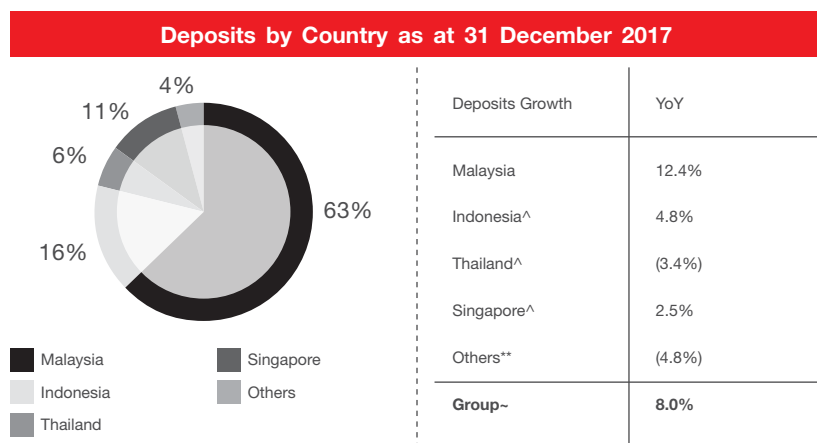
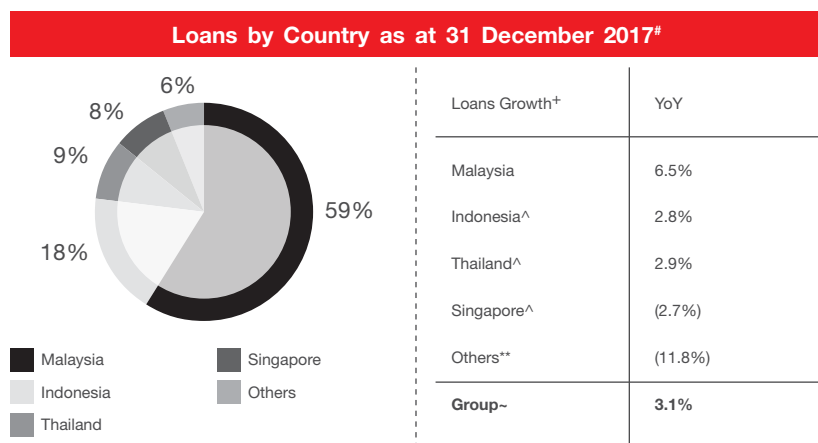
Performance Review

OVERVIEW OF COUNTRY PERFORMANCE

ASEAN remains the Group’s key focus and significant efforts continue to be made to diversify the earnings spread not just by business but also by geography. With the improving performances of both Indonesia and Thailand in 2017, we see greater earnings diversity in line with the strategic aim of becoming a true regional universal bank.

The following section provides an overview of the Group’s performance by country.

Malaysia	Indonesia	Thailand	Singapore
<p>The Malaysian operations continued to perform steadily with a 10.7% YoY PBT growth to RM4.58 billion. Gross loans in Malaysia expanded 6.5% YoY driven by a solid 7.4% growth within the Consumer segment – particularly mortgages, credit cards and auto – as well as Commercial Banking (+10.6%), which continued to benefit from the success of our transaction banking initiatives. Corporate Banking loans declined 1.9% YoY in Malaysia largely due to several large repayments during the year. Deposits were 12.4% higher YoY driven by all segments with an 8.7% growth in CASA. Malaysian asset quality was steady with the gross impaired loans ratio remaining at 1.8% in 2017.</p>	<p>Indonesia’s PBT expanded by 48.5% YoY to RM1.37 billion, reflecting the improvement in CIMB Niaga’s financial performance. Gross loans were 2.8% higher YoY in Rupiah terms as the robust economic growth was primarily centered on the infrastructure sector. In addition, CIMB Niaga had switched its focus towards higher-quality, shorter-term loans and is in the process of recalibrating the auto business. Deposits grew 4.8% YoY from Commercial (+9.9%), Corporate (+6.2%) and Consumer Banking (+2.2%). CIMB Niaga’s CASA drive continues to gain momentum (+8.3% YoY) with its CASA ratio rising to 52.6%. NIM contracted slightly to 5.6%, while gross impaired loans ratio stood at 5.1% in 2017 with loan provisions falling 18.0% YoY.</p>	<p>Thailand recorded a PBT of RM184 million for 2017 compared to RM14 million in the previous year. This significant improvement came from the turnaround to profitability at CIMB Thai following the lower provisions overall and stronger profitability at Consumer Banking in 2017. CIMB Thai chalked up 2.9% YoY loan growth underpinned by expansion in Consumer (+7.8%) and Corporate (+3.9%) loans, with Commercial loans declining 10.9% as the business recalibration continued. Deposits were 3.4% lower as CIMB Thai shed higher-cost deposits during the year.</p>	<p>PBT from Singapore increased 46.9% YoY to RM354 million. This came on the back of improved liability management, with the 2.5% YoY deposits growth emanating from significant growth in lower-cost CASA at the expense of higher cost fixed deposits. This brought about an expansion in NIM. The improved performance was achieved despite a 2.7% YoY contraction in gross loans (Consumer -5.3%; Commercial +13.3%; Corporate -8.4%) in 2017.</p>



+ Gross loans exclude bad bank
 ~ Excluding FX fluctuations
 ^ In local currency
 ** Including Labuan, London, Cambodia, Hong Kong & Shanghai
 # Based on geographical location of counterparty, excluding bad bank

COST-MITIGATING MEASURES

The Group’s CIR improved to 51.8% in 2017 compared to 53.9% in 2016, reflecting a third consecutive year of positive JAW, and surpassing the Group’s target of <53% for the year. This was achieved with concerted efforts across all businesses and support units to lift operational efficiency, reduce costs and enhance productivity.

- For 2017, the Group’s operating expenses rose 5.6% YoY. In local currency terms, our costs were 3.4% higher for the year.



Performance Review

- Since the beginning of the Group’s cost management initiatives 3 years ago, we have witnessed greater financial discipline from all divisions, with cost and efficiency as central factors of all undertakings. During the year, our new regional procurement framework and system was fully entrenched across all geographies.
- With increased digitalisation across all aspects of our business, we have continued with operational rationalisation exercises to raise productivity and improve efficiency. Some of the measures taken under the Customer Experience (CX) initiative, including reducing application turnaround times, shortening loan approval processes and cutting down on documentation and paperwork, have also resulted in increased off-branch transactions. We continued streamlining the branch network across the region with a further 58 closures in 2017 (45 in Indonesia; 7 in Malaysia; 6 in Thailand) over the year.
- Our strategic workforce planning initiative continues to ingrain greater discipline in manpower management across the Group. With the focus on quality and productivity, we have seen a further 3.5% reduction in the Group’s workforce to around 38,000 by the end of the year.

Operating Expenses			
RM'mil	FY17	FY16	YoY
Personnel	5,254	4,821	9.0%
Establishment	2,130	2,108	1.0%
Marketing	302	311	(2.9%)
Admin & General	1,447	1,411	2.6%
Total	9,133	8,651	5.6%

With cost awareness at the top of everyone’s mind, capital expenditures (capex) continue to be very focused, particularly on information technology and digital projects which forward the Group’s digital aspirations.

FINANCIAL POSITION

From a financial perspective, the Group ended 2017 on a strong note – with record operating income, all-time-high net profits, firmly controlled costs and a strengthened capital position. The intense scrutiny on asset quality management and the institutionalisation of risk management and compliance over recent years has resulted in continued improvement in overall credit costs.

- Liquidity remains sufficient with the Liquidity Coverage Ratio and Net Stable Funding Ratio continuing to stay above regulatory limits and internal targets.
- The Group sustained its capital accumulation trajectory by increasing its CET1 ratio to 12.2% as at end-December 2017, a 90bps uplift from the 11.3% in 2016. The Group’s Tier-1 and total capital ratios stood at 13.6% and 16.5%, respectively.
- The Group aims to remain focused on maintaining a strong and efficient capital base through: (i) prudent liability management, (ii) continuing with the dividend reinvestment scheme, (iii) exploring further disposals of non-core assets, (iv) ensuring more efficient deployment of capital based on RAROC, and (v) continuing with RWA-optimisation exercises.

- Going into the final year of our T18 plan, we remain confident in meeting the set operational and financial targets. We expect the numerous projects to deliver the desired returns from both revenue and profitability perspectives, as we strive to maintain a positive JAW by keeping costs well under control. Barring unforeseen circumstances, the Group expects to meet the T18 targets and strengthen its financial position by end-2018.

RETURNS TO SHAREHOLDERS

Following the pleasing performance in 2017, the Board announced a 51.0% dividend payout for FY17 by declaring total dividends amounting to RM2.28 billion or 25.00 sen per share. This is to be paid in two interim dividend payouts of 13.00 sen (paid in November 2017) and 12.00 sen by May 2018 with the option of either cash or via a DRS.

NON-FINANCIAL MEASURES OF PERFORMANCE

Non-financial indicators remain relevant components in evaluating the success of our initiatives towards achieving the desired strategic objectives. These elements are pertinent in their

own right but also play crucial roles in the total sum of parts. Some key indicators include:

- 1) **Customer experience (CX) metrics**
 - With CX now fully institutionalised within the Group, various measures have been put in place to track and implement a significant number of initiatives to spearhead the CX objectives. These initiatives seek to improve the total customer experience at all touch points to improve customer perception and loyalty, elevate customer satisfaction and ultimately raise overall brand equity.
- 2) **Culture and employee engagement**
 - We continue to place significant emphasis on improving the Group’s culture via numerous projects and initiatives to create a healthy, caring and cohesive workforce. Consistent engagements, surveys and informal workshops have been implemented to raise employee satisfaction levels, which ultimately result in happier and more productive staff.
- 3) **Compliance**
 - The Group has placed significant priority on Compliance via strengthening manpower and elevating skillsets across all divisions. We have enhanced processes, increased awareness by rolling-out the Compliance code of conduct, and strengthening the overall governance and framework.
- 4) **Corporate Social Responsibility (CSR)**
 - As an organisation, CIMB has always espoused the mantra of giving back to society. In tandem with the heightened awareness and importance of CSR, the Group has increased its commitment by pledging 1% of our annual PBT towards CSR from 2018. Collaborative efforts will be deepened through our CSR pillar programmes such as sports, education and community development.

GOING FORWARD

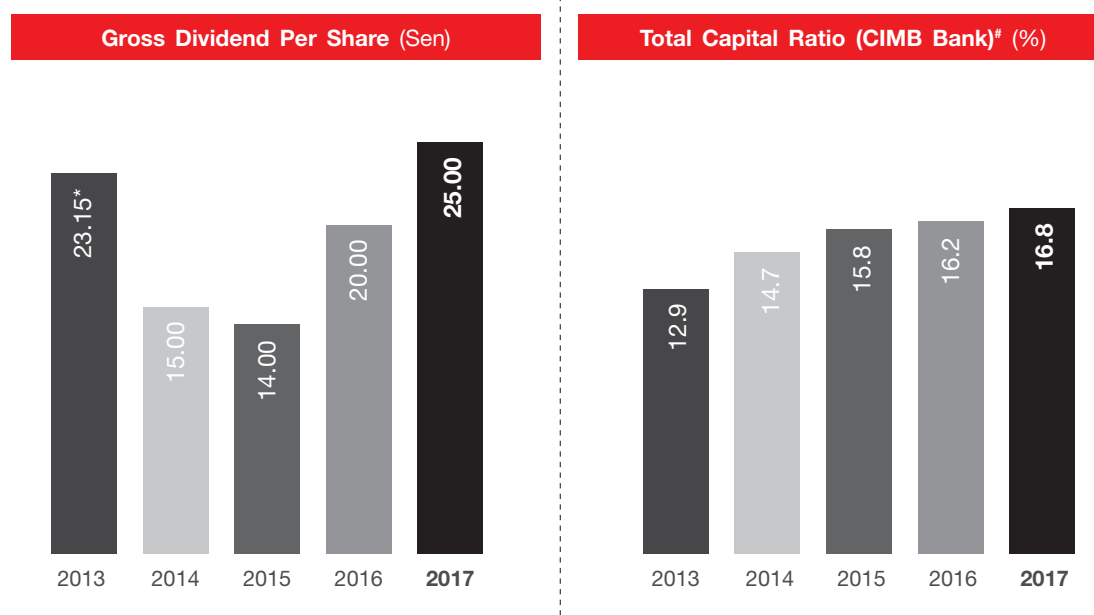
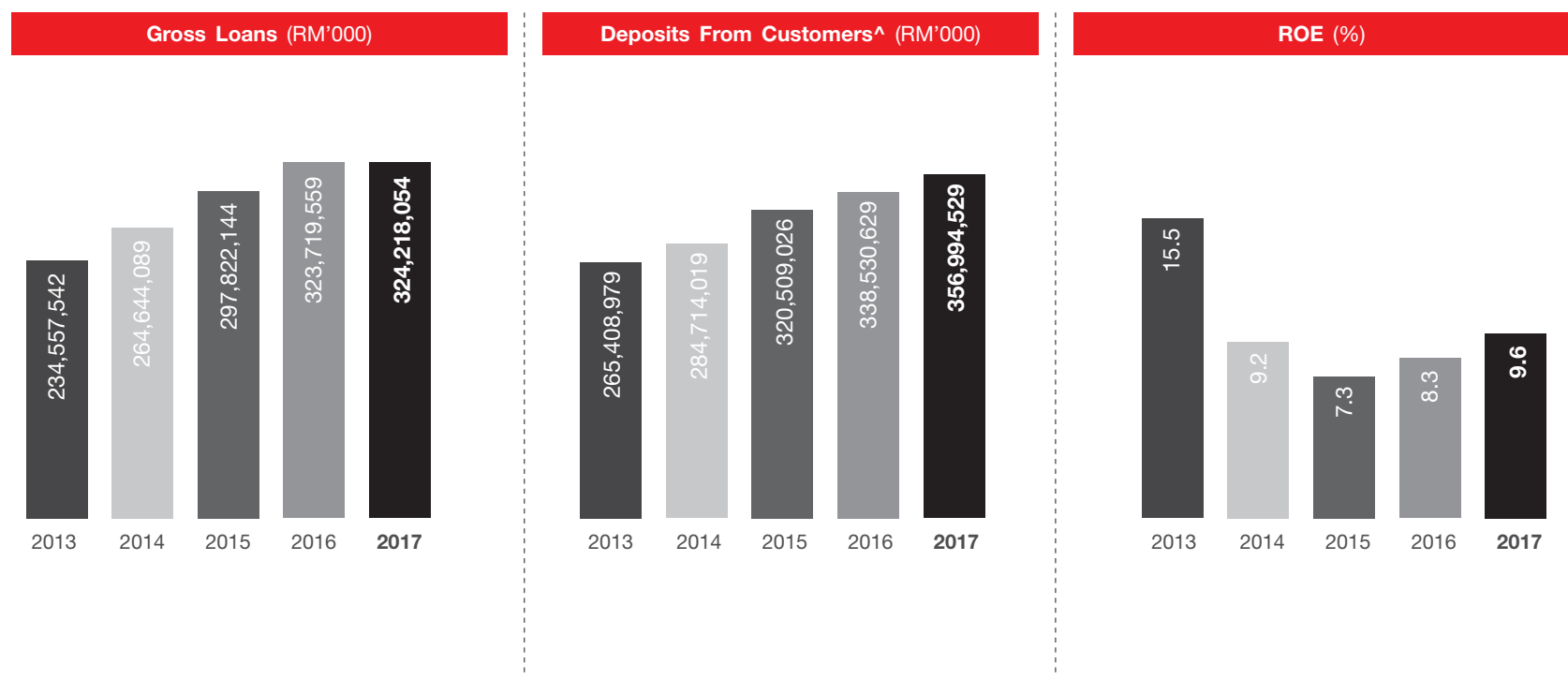
We are optimistic about achieving our T18 targets and objectives, with continued focus on prudent asset growth, cost discipline, asset quality improvement and capital management. That said, we remain cautious of the volatile and unpredictable macro environment and external developments which could pose risks to our growth trajectory.

Therefore, our balance sheet strategy for 2018 remains one of measured growth. We are projecting loan growth of 6% for the Group in 2018, driven by Malaysia and supported by improvements in Indonesia, Thailand and Singapore.

In terms of targets for 2018, we are aiming for a CET1 ratio of 12.0%, CIR of 50%, with a loan loss charge of 55-60bps and ROE of 10.5%.

Performance Review

FIVE-YEAR GROUP FINANCIAL SUMMARY



^ Include structured investments classified as “Financial liabilities designated as fair value”, “Investment accounts of customers” and “Other liabilities”

* Based on the enlarged 8,229,341,531 ordinary shares, arising from the issuance of 500 million new ordinary shares pursuant to the private placement exercise completed in January 2014

The capital ratio computed has not taken into account the effect of reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH on the proposed second interim dividend for financial years ended 31 December 2013 to 31 December 2017

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Key Highlights	Financial Year Ended 31 December				
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Consolidated Statement of Income					
Operating income	17,626,496	16,065,255	15,395,790	14,145,924	14,671,835
Overheads	9,133,575	8,651,690	9,248,978	8,291,963	8,457,870
Profit before allowances	8,492,921	7,413,565	6,146,812	5,853,961	6,213,965
Allowance for impairment losses on loans, advances and financing	2,230,907	2,408,883	2,168,624	1,522,068	660,607
Profit before taxation and zakat	6,109,985	4,884,144	3,913,993	4,276,423	5,849,229
Net profit for the financial year	4,475,175	3,564,190	2,849,509	3,106,808	4,540,403
Consolidated Statement of Financial Position					
Gross loans, advances and financing	324,218,054	323,719,559	297,822,144	264,644,089	234,557,542
Total assets	506,499,532	485,766,887	461,577,143	414,156,356	370,912,797
Deposits from customers [^]	356,994,529	338,530,629	320,509,026	284,714,019	265,408,979
Total liabilities	456,693,097	438,687,729	419,344,515	375,765,233	339,684,237
Shareholders' funds	48,245,479	45,308,175	41,050,778	37,360,436	30,271,098
Commitments and contingencies	875,879,316	888,167,213	883,583,439	702,740,799	526,572,598
Financial Ratios (%)					
Common equity tier 1 ratio (CIMB Bank) [#]	11.9	11.5	11.5	11.2	9.6
Tier 1 ratio (CIMB Bank) [#]	13.3	13.1	12.7	12.6	11.6
Total capital ratio (CIMB Bank) [#]	16.8	16.2	15.8	14.7	12.9
Return on average equity	9.6	8.3	7.3	9.2	15.5
Return on average total assets	0.90	0.75	0.65	0.79	1.28
Net interest margin	2.63	2.63	2.66	2.80	2.85
Cost to income ratio	51.8	53.9	60.1	58.6	57.6
Gross impaired/non-performing loans to gross loans	3.4	3.3	3.0	3.1	3.2
Allowance coverage ratio	70.5	79.8	84.7	82.7	84.8
Loan loss charge	0.69	0.74	0.73	0.58	0.28
Loan deposit ratio	90.8	95.6	92.9	93.0	88.4
Net tangible assets per share (RM)	4.14	3.92	3.63	3.28	2.67
Book value per share (RM)	5.23	5.11	4.81	4.44	3.92
CASA ratio	35.0	35.7	34.1	34.7	34.3
Other Information					
Earnings per share (sen) – basic	49.6	41.0	33.6	37.5	60.0
Gross dividend per share (sen)	25.00	20.00	14.00	15.00	23.15*
Dividend payout ratio (%)	51	49	42	40	40
Number of shares in issue ('000)	9,225,547	8,868,384	8,527,272	8,423,751	7,729,346
Weighted average number of shares in issue ('000)	9,016,943	8,689,362	8,475,522	8,288,256	7,570,924
Non Financial Highlights					
Share price at year-end (RM)	6.54	4.51	4.54	5.56	7.62
Number of employees [~]	37,597	38,952	40,545	41,669	40,804

For financial years 2013 to 2017, CIMB Bank's capital adequacy ratios are based on revised guideline on capital adequacy framework issued by BNM on 28 November 2012, which was revised on 13 October 2015 and then subsequently on 4 August 2017. The revised guidelines took effect for all banking institutions on 1 January 2016 and 4 August 2017 respectively and will take effect for all financial holding companies on 1 January 2019. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The risk-weighted assets of the Bank Group and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets)/CAFIB (Basel II – Risk-Weighted Assets) issued on 28 November 2012 and was subsequently updated on 1 August 2016 and 2 March 2017.

[^] Include structured investments classified as "Financial liabilities designated as fair value", "Investment accounts of customers" and "Other Liabilities"

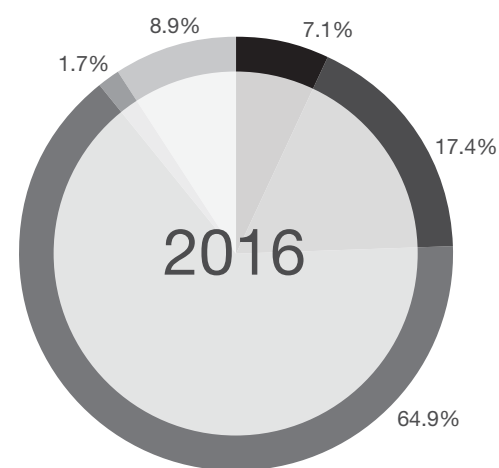
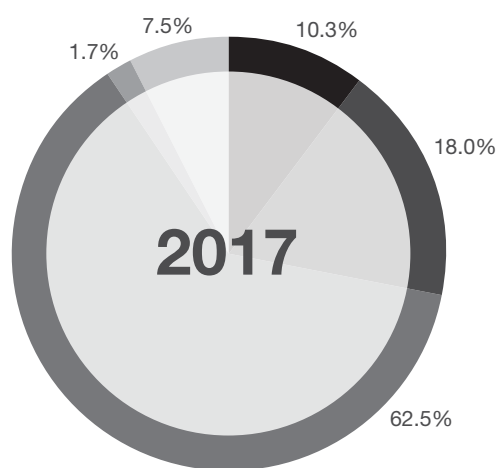
* Based on the enlarged 8,229,341,531 ordinary shares, arising from the issuance of 500 million new ordinary shares pursuant to the private placement exercise completed in January 2014

[#] The capital ratio computed has not taken into account the effect of reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH on the proposed second interim dividend for financial years ended 31 December 2013 to 31 December 2017

[~] Excludes headcount borne by third parties

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

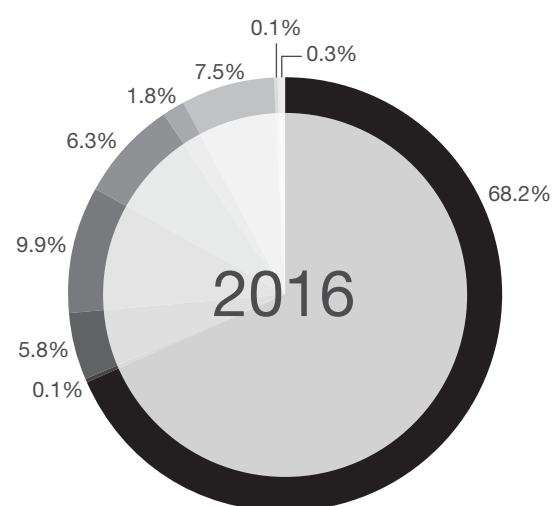
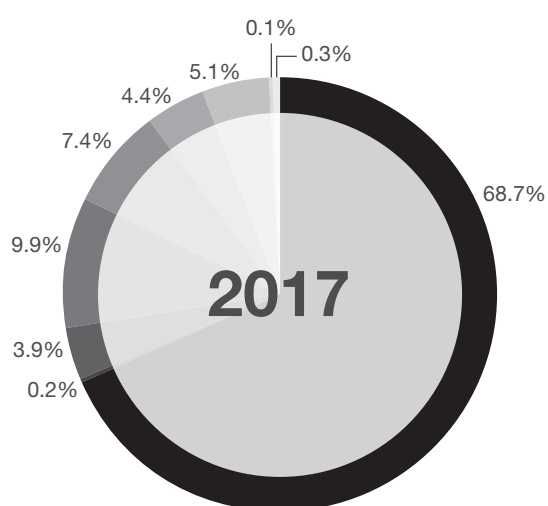
Assets



- Cash and balances with banks and reverse repurchase agreements
- Portfolio of financial investments
- Loans, advances and financing

- Statutory deposits with central banks
- Other assets (including intangible assets)

Liabilities & Equity



- Deposits from customers
- Investment accounts of customers
- Deposits and placements of banks and other financial institutions
- Bills and acceptances payable and other liabilities
- Debt securities issued and other borrowed funds

- Share capital
- Reserves
- Perpetual preference shares
- Non-controlling interests

QUARTERLY FINANCIAL PERFORMANCE

RM'000	2017			
	Q1	Q2	Q3	Q4
Operating revenue	4,360,497	4,327,360	4,423,144	4,515,495
Net interest income	2,645,545	2,684,156	2,603,020	2,526,376
Net non-interest income and income from Islamic banking operation	1,714,952	1,643,204	1,820,124	1,989,119
Overheads	(2,295,732)	(2,262,940)	(2,267,083)	(2,307,820)
Profit before taxation and zakat	1,613,598	1,433,657	1,527,351	1,535,379
Net profit attributable to equity holders of the Company	1,180,258	1,102,464	1,132,224	1,060,229
Earning per share (sen)	13.31	12.25	12.50	11.57
Dividend per share (sen)	–	13.00	–	12.00

RM'000	2016			
	Q1	Q2	Q3	Q4
Operating revenue	3,725,318	3,903,071	4,123,742	4,313,124
Net interest income	2,383,825	2,351,977	2,445,309	2,644,815
Net non-interest income and income from Islamic banking operation	1,341,493	1,551,094	1,678,433	1,668,309
Overheads	(2,136,885)	(2,090,874)	(2,192,978)	(2,230,953)
Profit before taxation and zakat	1,123,129	1,188,611	1,360,750	1,211,654
Net profit attributable to equity holders of the Company	813,804	872,826	1,023,175	854,385
Earning per share (sen)	9.54	10.07	11.74	9.67
Dividend per share (sen)	–	8.00	–	12.00

Performance Review

KEY INTEREST BEARING ASSETS AND LIABILITIES

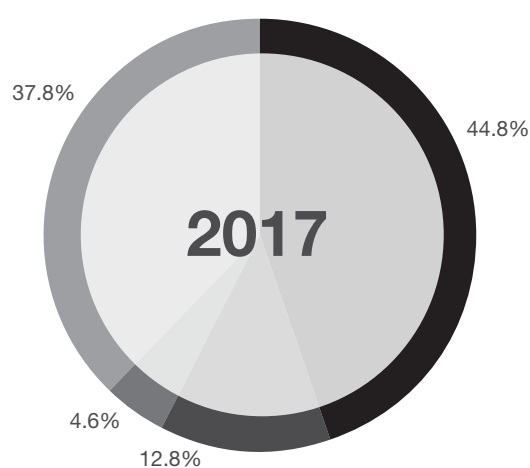
	Financial Year Ended 31 December 2017		
	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	45,723	2.28	1,148
Financial assets held for trading	21,657	2.56	665
Financial investments available-for-sale	32,404	3.87	1,198
Financial investments held-to-maturity	36,921	4.10	1,390
Loans, advances and financing	316,557	5.95	18,761
Interest bearing liabilities:			
Total deposits*	373,951	2.42	9,337
Bonds, Sukuk, debentures and other borrowings	24,953	3.24	770
Subordinated obligations	12,533	5.54	744

	Financial Year Ended 31 December 2016		
	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	29,018	2.15	859
Financial assets held for trading	22,769	2.35	563
Financial investments available-for-sale	31,530	3.93	1,266
Financial investments held-to-maturity	30,381	4.04	1,137
Loans, advances and financing	315,373	6.13	17,944
Interest bearing liabilities:			
Total deposits*	369,604	2.45	8,873
Bonds, Sukuk, debentures and other borrowings	16,926	3.46	661
Subordinated obligations	13,725	5.65	801

* Total deposits include deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions, financial liabilities designated at fair value and structured deposits.

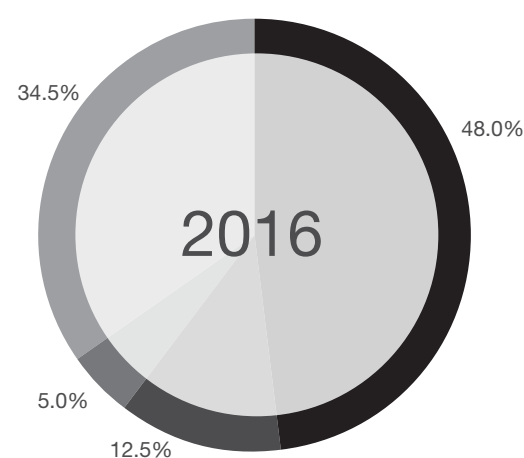
VALUE ADDED STATEMENTS

	2017 RM'000	2016 RM'000
Value added		
Net interest income	10,459,097	9,825,926
Income from Islamic banking operations	2,131,813	1,704,043
Non-interest income	5,035,586	4,535,286
Overheads excluding personnel costs and depreciation	(3,527,033)	(3,505,157)
Allowances for impairment losses on loans, advances and financing	(2,230,907)	(2,408,883)
Other allowances made	(164,803)	(236,226)
Share of results of joint ventures	12,895	4,236
Share of results of associates	(121)	111,452
Value added available for distribution	11,716,527	10,030,677
Distribution of Value Added		
To employees: Personnel costs	5,254,514	4,820,659
To the Government: Taxation and zakat	1,502,019	1,251,187
To providers of capital: Cash dividends paid to shareholders Dividend-in-specie to shareholders Non-controlling interests	402,338 – 132,791	223,334 205,048 68,767
To reinvest to the Group: Dividend reinvestment plan Depreciation Retained profit	1,838,642 352,028 2,234,195	1,412,974 325,874 1,722,834
Value added available for distribution	11,716,527	10,030,677



■ **To Employees:**
Personnel costs

■ **To the Government:**
Taxation and zakat



■ **To providers of capital:**
Cash dividends paid to shareholders
Dividend-in-specie to shareholders
Non-controlling interests

■ **To reinvest to the Group:**
Dividend reinvestment plan
Depreciation
Retained profit

Performance Review

CAPITAL MANAGEMENT

OVERVIEW

Capital management at CIMB Group (“Group”) remains focused on maintaining a healthy capital position through building an efficient capital structure. The capital position and structure of the Group are designed to meet the requirements of the Group’s shareholders, customers, regulators, external rating agencies and other stakeholders. Guided by CIMB Group’s Capital Management Framework, the objectives of capital management are as follows:

- (1) To maintain a strong and efficient capital base for the Group and its entities to (a) always meet regulatory capital requirements; (b) realise returns to shareholders through sustainable return on equity and stable dividend payout; and (c) be able to withstand stressed economic and market conditions.
- (2) To allocate capital efficiently across the business units and subsidiaries to (a) support the organic growth of the Group’s

business units and subsidiaries; (b) take advantage of strategic acquisitions and new businesses when opportunities arise; and (c) optimise the return on capital for the Group.

- (3) To maintain capital at optimal levels to meet the requirements of other stakeholders of the Group, including rating agencies and customers.

The Group’s regulated banking entities have always maintained a set of internal capital targets which provide a strong buffer above the minimum regulatory requirements. The following table shows the relevant capital ratios of each of the regulated banking entities of the Group in comparison to the minimum level required by the respective central banks under the Basel III framework.

CAPITAL RATIOS (AFTER PROPOSED DIVIDEND)	COMMON EQUITY TIER 1 CAPITAL		TIER 1 CAPITAL		TOTAL CAPITAL	
	As at 31 December 2017	Minimum Regulatory Ratio	As at 31 December 2017	Minimum Regulatory Ratio	As at 31 December 2017	Minimum Regulatory Ratio
CIMB Bank	11.88%	4.50%	13.35%	6.00%	16.80%	8.00%
CIMB Islamic	13.29%	4.50%	13.89%	6.00%	16.29%	8.00%
CIMB Investment Bank	30.87%	4.50%	30.87%	6.00%	30.87%	8.00%
CIMB Niaga	17.01%	4.50%	17.01%	6.00%	18.23%	8.00%
CIMB Thai	12.47%	4.50%	12.47%	6.00%	16.63%	8.50%

KEY INITIATIVES

Our goal is to continuously build capital towards full implementation of Basel III requirements, whilst optimising its use fully. Tools that are employed to achieve this include:

- (1) liability management to address capital instruments that are no longer compliant with the new Basel III guidelines;
- (2) new Basel III instruments issuance;
- (3) dividend reinvestment scheme (DRS);
- (4) risk-weighted assets (RWA) optimisation; and
- (5) Group-wide stress testing and impact assessment.

Key capital management initiatives that were undertaken during the 2017 calendar year include:

- (1) The DRS was continued with a reinvestment rate averaging 82.0% in the year, reflecting investor confidence in the Group and generating an additional RM1.8 billion of capital.
- (2) CIMB Group issued RM1.5 billion Basel III T2 Subordinated Debt on 30 November 2017.
- (3) The continuing RWA optimisation initiatives during the year, largely through active loan portfolio rebalancing, system and data enhancements and parameter and methodology recalibrations.

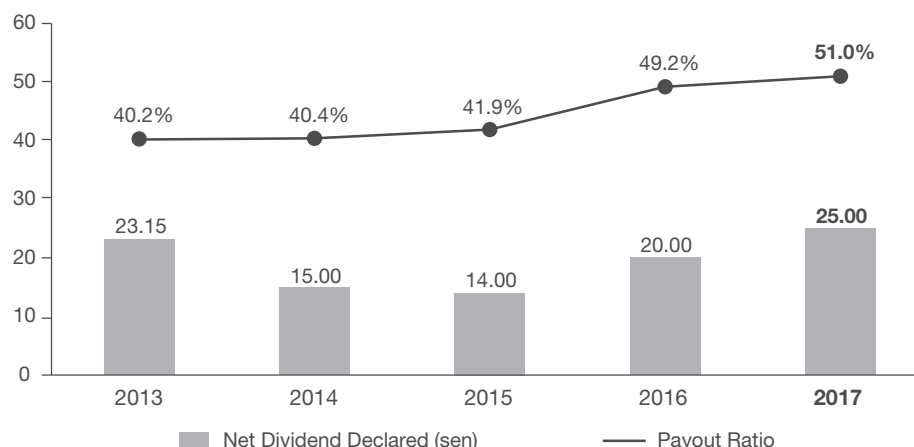
DIVIDEND POLICY

For the financial year ended 31 December 2017, the first interim single tier dividend of 13.00 sen per ordinary share, on 9,052,105,590 ordinary shares amounted to RM1,176,773,727 was approved by the Board of Directors on 28 July 2017. The dividend consisted of an electable portion of 13.00 sen per ordinary share which shareholders could elect to reinvest in new ordinary shares in accordance with the DRS. Following the completion of the DRS, a total cash dividend of RM208,995,579 was paid on 10 November 2017.

A second interim single tier dividend of 12.00 sen per ordinary share, on 9,225,542,534 ordinary shares amounting to RM1,107,065,104 in respect of the financial year ended 2017 was approved by the Board of Directors on 29 January 2018 and Bank Negara Malaysia on 27 February 2018. The second interim single tier dividend will be payable in May 2018 and will consist of an electable portion of 12.00 sen per ordinary share which shareholders can elect to reinvest in new ordinary shares in accordance with the DRS.

DIVIDEND REINVESTMENT SCHEME

The DRS was implemented in 2013 to provide shareholders with an option to reinvest dividends into new ordinary shares of CIMB and at the same time to help preserve the Group’s capital. It was first applied to the Group’s second interim dividend for the 2012 financial year. The dividend reinvestment rate has been solid, with an average rate of 80.8%.



CREDIT RATINGS

CIMB BANK BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	October 2017	<ol style="list-style-type: none"> Long-term Foreign Currency Bank Deposits Rating Short-term Foreign Currency Bank Deposits Rating Long-term Domestic Currency Bank Deposits Rating Short-term Domestic Currency Bank Deposits Rating USD1.0 billion Multi-Currency Euro Medium Term Notes Programme USD350 million 5-year Senior Unsecured Notes USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/Subordinated) 	<p>A3 P-2 A3 P-2 (P)A3 A3 (P)A3/(P)Ba1</p>	Stable
Standard & Poor's Ratings Services (S&P)	December 2017	<ol style="list-style-type: none"> Long-term Foreign Currency Rating Short-term Foreign Currency Rating Long-term Local Currency Rating Short-term Local Currency Rating USD350 million 5-year Senior Unsecured Notes 	<p>A- A-2 A- A-2 A-</p>	Stable
RAM Rating Services Berhad (RAM)	December 2017	<ol style="list-style-type: none"> Long-term Financial Institution Rating Short-term Financial Institution Rating RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme <ol style="list-style-type: none"> Issuances prior to 1 January 2016 with non-viability events linked to CIMB Bank Berhad Issuances on or after 1 January 2016 with non-viability events linked to CIMB Bank Berhad as well as CIMB Group Holdings Berhad and its subsidiaries RM10.0 billion Additional Tier-1 Capital Securities Programme RM20.0 billion Medium Term Notes Programme 	<p>AAA P1 AA₁ AA₂ A₁ AAA</p>	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2017	<ol style="list-style-type: none"> Long-term Financial Institution Rating Short-term Financial Institution Rating RM5.0 billion Subordinated Debt and Junior Sukuk Programmes RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme RM1.0 billion Innovative Tier 1 Capital Securities 	<p>AAA MARC-1 AA+/AA+_{IS} AA+ AA</p>	Stable

CIMB GROUP HOLDINGS BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	October 2017	<ol style="list-style-type: none"> Long-term Issuer Rating Short-term Issuer Rating 	<p>Baa1 P-2</p>	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2017	<ol style="list-style-type: none"> Long-term Corporate Credit Rating Short-term Corporate Credit Rating RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme 	<p>AA+ MARC-1 AA</p>	Stable
RAM Rating Services Berhad (RAM)	December 2017	<ol style="list-style-type: none"> Corporate Credit Rating Corporate Credit Rating RM6.0 billion Conventional and Islamic Commercial Papers/Medium-term Notes Programme RM3.0 billion Subordinated Notes Programme RM6.0 billion Conventional and Islamic Commercial Paper Programme RM10.0 billion Additional Tier-1 Capital Securities Programme 	<p>AA₁ P1 AA₁/P1 AA₃ P1 A₁</p>	Stable

Performance Review
CIMB INVESTMENT BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Standard & Poor's Ratings Services (S&P)	December 2017	1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating	A- A-2 A- A-2	Stable
RAM Rating Services Berhad (RAM)	December 2017	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating	AAA P1	Stable
Moody's Investors Service (Moody's)	January 2018	1. Long-term Issuer Rating 2. Short-term Issuer Rating	A3 P-2	Stable

CIMB ISLAMIC BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	October 2017	1. Long-term Foreign Currency Bank Deposits Rating 2. Short-term Foreign Currency Bank Deposits Rating 3. Long-term Domestic Currency Bank Deposits Rating 4. Short-term Domestic Currency Bank Deposits Rating	A3 P-2 A3 P-2	Stable
RAM Rating Services Berhad (RAM)	December 2017	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating	AAA P1	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2017	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2.0 billion Tier 2 Junior Sukuk Programme 4. RM5.0 billion Tier 2 Junior Sukuk Programme	AAA MARC-1 AA ⁺ _{IS} AA ⁺ _{IS}	Stable

CIMB THAI

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	June 2017	1. Long-term Issuer Rating 2. Long-term Foreign Currency Bank Deposits Rating 3. Short-term Foreign Currency Bank Deposits Rating 4. Long-term Domestic Currency Bank Deposits Rating 5. Short-term Domestic Currency Bank Deposits Rating	Baa2 Baa2 P-2 Baa2 P-2	Stable
RAM Rating Services Berhad (RAM)	July 2017	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme	AA ₂ P1 AA ₃	Stable
Fitch Ratings	April 2017	1. Long-term National Rating 2. Short-term National Rating 3. THB3.0 billion 4.80% Subordinated Lower Tier 2 4. THB10.0 billion Unsecured Subordinated Short-term Debenture Programme	AA(th) F1+(th) AA-(th) F1+(th)	Stable

CIMB NIAGA

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Fitch Ratings	August 2017	1. Long-term Issuer Default Rating 2. Short-term Issuer Default Rating 3. Long-term National Rating 4. Short-term National Rating 5. Senior Unsecured Bonds 6. IDR8.0 trillion Senior Unsecured Debt Programme 7. IDR1.6 trillion Subordinated Debt 8. IDR1.38 trillion Subordinated Debt	BBB F3 AAA(idn) F1+(idn) AAA(idn) AAA(idn) AA(idn) AA(idn)	Stable
Moody's Investors Service (Moody's)	February 2017	1. Long-term Issuer Rating 2. Long-term Foreign Currency Bank Deposits Rating 3. Short-term Foreign Currency Bank Deposits Rating 4. Long-term Domestic Currency Bank Deposits Rating 5. Short-term Domestic Currency Bank Deposits Rating	Baa3 Baa3 P-3 Baa3 P-3	Stable

BALANCE SHEET MANAGEMENT

The Balance Sheet Management team is responsible for structural funding and liquidity of the Group and maintains the Funds Transfer Pricing (FTP) framework, which is governed by the Group Asset Liability Committee (GALCO). The FTP mechanism is reviewed and revised based on the prevailing market conditions and the relevant strategies approved by the management and the Board of Directors. It is also guided by various regulatory principles.

The FTP framework promotes a Group-wide allocation of funding costs and benefits to the business units by taking into account the interest rate and liquidity positions of the Bank. To fund our businesses, a liquidity premium is charged to the business units based on the tenor of the transactions. Business units that generate long-term, stable funding are in turn incentivised in the form of liquidity credit. Presently, we focus on attracting more steady retail deposits to provide the funding required for the retail and SME businesses that are beneficial to the economic livelihood of society.

To sustain a robust liquidity profile and optimised funding structure of the Group, we are guided by internal measures as well as by the Basel III Liquidity Framework, namely the Liquidity Coverage Ratio (LCR), with a primary focus on ensuring a sufficient buffer of liquid assets to survive a significant stress scenario lasting 30 calendar days.

LOAN & DEPOSIT BOOK FUNDING STRUCTURE 2017

A large portion of the Group's assets comprises of loans, advances and financing, mainly funded by customer deposits and investment accounts, which continued to remain stable and resilient during the year under review. Besides traditional deposits, our funding base also includes stable long-term borrowing such as senior funding, cagamas funding and asset securitisation.

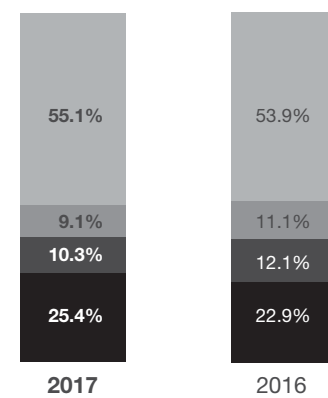
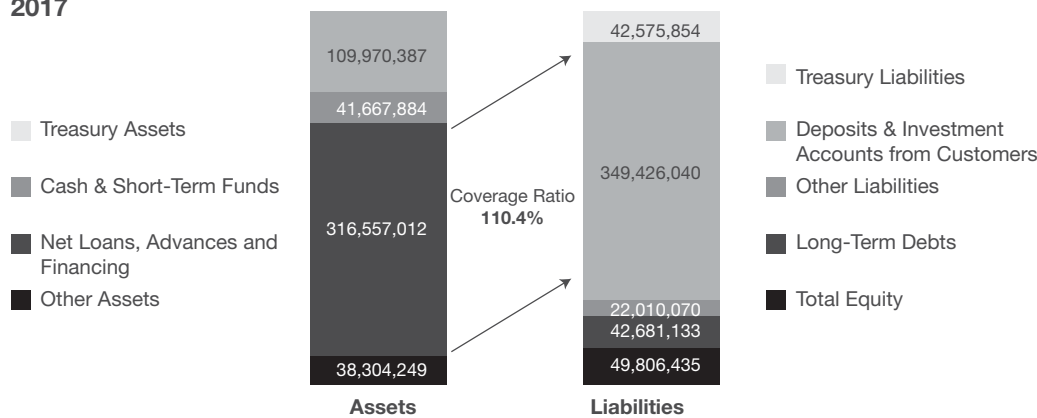
In 2017, we saw an excess deposits coverage of 10.4%, compared to 5.2% in 2016. Our core customer deposits and investment accounts have also increased by RM17.7 billion from RM331.8 billion in 2016 to RM349.4 billion in 2017, a 5.3% growth. We also saw a 21.4% growth in long-term borrowing from RM35.1 billion to RM42.7 billion in 2017.

Going forward, we will continue to prioritise growth in core customer deposits and investment accounts, which remain our steady and resilient sources of funding.

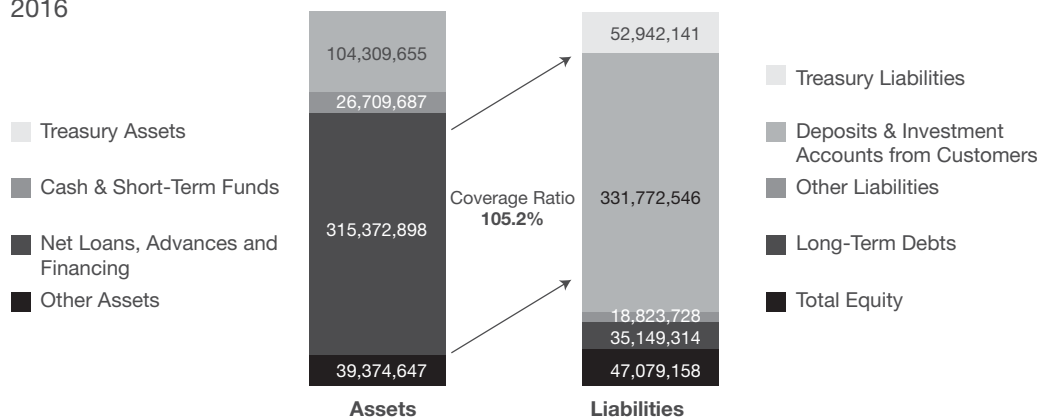
GROSS LOANS, ADVANCES AND FINANCING BY RESIDUAL CONTRACTUAL MATURITY

As at 31 December 2017, the Group's total gross loans, advances and financing have grown by 0.2% or RM498.5 million to RM324.2 billion from RM323.7 billion in 2016. The long-term loans, advances and financing formed a significant part of the balance sheet maturity profile, where exposures with residual maturity of five-years and more represent 55.1% of total gross loans in 2017.

2017



2016



Performance Review

INVESTOR RELATIONS

The Group's Investor Relations effort is undertaken with a longer-term view of ensuring the sustainability of fair through-the-cycle valuations. In essence, 2017 was a reflection of the efforts put in recent years, bringing about a resurgent interest in the company and culminating in the stock outperforming the FBMKLCI as well as the financial sector over the year. While the world maneuvered around global developments like the new US leadership, geopolitical uncertainties across the various jurisdictions and the rise of crypto-currencies which resulted in volatile markets and currencies, the financial sector had a good year with buoyant equity and fixed income markets.

With the T18 initiatives and policies firmly entrenched across the franchise, 2017 was a year where the Group undertook several strategic developments including recalibration of the consumer banking business in CIMB Thai and the auto finance business in CIMB Niaga, securing approval to establish and operate a branch in the Philippines, entering into a 50:50 joint venture with China Galaxy Securities for the regional cash equities business, completion of the disposal of the Group's 18.21% interest in the Bank of Yingkou as well as a milestone joint venture between Touch 'n Go and Alipay. Internally, the Group established CIMB FinTech and appointed Olivier Crespin as CEO. These developments necessitated careful articulation to all external stakeholders to ensure the market had a clear understanding of each event and fully appreciated the role each played towards the Group's overall strategic direction.

From a financial standpoint, CIMB Group posted record annual revenues and earnings in 2017, and met its main financial targets for the year. This was undoubtedly viewed positively by the market in general, while allowing shareholders and investors to focus on more strategic and pertinent matters. The Investor Relations team had to keep the investment community informed on the continuous regulatory developments like FRS9, Basel III and Basel IV, in addition to other regulatory updates by the central banks across the region. Other events which had share price implications included the sale by The Bank of Tokyo-Mitsubishi UFJ (BTMU) of its 4.6% stake in the Group as well as the two separate share sales of 1% each by Khazanah Nasional.

Through all these developments, the Group's Investor Relations division sustained a high level of inclusion and disclosure by keeping an ever open line of communication. Institutional investors are accorded opportunities to engage with members of senior management in investor relation meetings. The Group CEO Tengku Dato' Sri Zafrul Aziz and Group CFO Shahnaz Jammal spearhead investor relations activities supported by the Investor Relations team and selected members of senior management where necessary. These include Tigor M. Siahaan (CEO CIMB Niaga), Mak Lye Mun (CEO CIMB Singapore) and David Richard Thomas (Group Chief Risk Officer).

SIGNIFICANT EVENTS

DATE	EVENT	
6 June 2017	Announcement of the 50:50 Strategic Partnership in Stockbroking Business between CIMB Group and China Galaxy International Financial Holdings Limited	Bursa Announcement
24 July 2017	Announcement of JV between Touch 'n Go Sdn Bhd, a 52.22% subsidiary of CIMB Group, and Alipay Singapore E-Commerce Lte Ltd, a subsidiary of Ant Financial Services Group	Bursa Announcement
6 September 2017	Announcement of the proposed acquisition of Jupiter Securities Sdn Bhd	Bursa Announcement
20 September 2017	Announcement of Mitsubishi UFJ Financial Group's banking entity, The Bank of Tokyo-Mitsubishi UFJ, Ltd's sale of its entire 4.6% stake in CIMB Group	Bursa Announcement
16 November 2017	Announcement of CIMB Bank's receipt of approval from the Monetary Board of the Bangko Sentral ng Philipinas to operate a branch in the Philippines	Bursa Announcement
19 December 2017	Announcement of the completion of the disposal of CIMB Group's 18.21% stake in the Bank of Yingkou Co., Ltd.	Bursa Announcement

ANALYST BRIEFINGS

For the 2Q and 4Q financial results announcements, the Group held its regular live investor briefings and press conferences. To ensure maximum access to appropriate stakeholders, a conference call facility is conducted during the briefings mainly for regional analysts and fund managers, or those who are unable to attend. Attendees are accorded the opportunity to question senior management after the CEO's presentation. For the 1Q and 3Q financial results announcements, only a conference call is conducted. The Investor Relations team ensures that financial statements and press releases are uploaded to Bursa Malaysia prior to them being sent to interested parties and made available in the Investor Relations segment within the Group's website.

ANNOUNCEMENT OF FINANCIAL RESULTS

DATE	EVENT	TYPE OF MEETING
24 May 2017	CIMB Group 1Q17 Results	Conference Call
28 August 2017	CIMB Group 2Q17 Results	Analyst Briefing and Conference Call
28 November 2017	CIMB Group 3Q17 Results	Conference Call
28 February 2018	CIMB Group 4Q17 Results	Analyst Briefing and Conference Call

AGM/EGM

CIMB Group’s 60th Annual General Meeting (AGM) was conducted on 28 April 2017. The CEO presented the Group’s 2016 financial performance as well as highlighted the outlook, initiatives and strategies for 2017. Shareholders in attendance put forth various questions, opinions and comments to the Board of Directors and members of senior management. Where possible, responses provided while queries which could not be answered immediately were duly taken note of and followed up post-AGM. The matters raised included the expansion strategy in Vietnam, potential impact of MFRS9 and FinTech strategies, on top of the regular operational issues over the year.



The Board of Directors addressing shareholders at the 60th AGM.

INVESTOR MEETINGS

The Group conducted a total of 118 investor meetings in 2017, unchanged compared to the previous year. However, we met a higher number of buy- and sell-side analysts and fund managers – a total of 446 compared to 413 in 2016. There was a material increase in the number of in-house meetings and teleconferences over the year (a total of 67) as we saw an uptick in visitations from domestic and foreign funds. The increasingly brighter economic environment, strengthened Ringgit and improved capital markets resulted in increased attention from foreign investors.

We continued to uphold best practices in terms of providing as high levels of disclosure as possible and sufficient guidance on the Group’s strategies in all segments, markets and financial performance. Given the fact that we strictly adhere to closed periods a month before each quarterly results announcement as well as management’s availability, it was a relatively productive year for the Group’s investor relations activities. We maintained the practice of hosting pre-closed period meetings each quarter to update the buy- and sell-side. Coupled with the quarterly financial results briefings and conference calls, we conduct eight official large group meetings annually to ensure the investment community is continually kept informed on our latest developments. CIMB Niaga witnessed a higher number of in-house meetings in 2017 in line with the increased attention in Indonesia and the company’s improving financial performance.

NO. OF MEETINGS/NO. OF FMS AND ANALYSTS

CIMB GROUP	2016		2017	
	MEETINGS	FM/ANALYSTS	MEETINGS	FM/ANALYSTS
In-house meetings	41	192	48	254
Conferences	27	101	29	108
Non-deal roadshows	41	107	22	54
Teleconferences	9	13	19	30
Total	118	413	118	446

CIMB NIAGA	2016		2017	
	MEETINGS	FM/ANALYSTS	MEETINGS	FM/ANALYSTS
In-house meetings	11	34	19	66
Non-deal roadshows	15	56	–	–
Total	26	90	19	66

CONFERENCES AND ROADSHOWS

In tandem with the more positive operating environment and improved financial performance, the Group made a concerted effort to reach out to foreign investors, particularly in the first half of year. We attended four conferences in 2017 – in Hong Kong, London and Kuala Lumpur (twice) – compared to three in the previous year, meeting 108 existing and potential investors in 29 meetings. The Group CEO and CFO continued to be committed to engage with external stakeholders by going on four non-deal roadshows during the year to Singapore (twice), Edinburgh and Frankfurt. We had a total of 44 meetings overseas during the year, meeting 125 existing and potential shareholders. We continue to utilise our shareholder analysis to ensure that senior management delivers the appropriate operational and strategic updates to the pertinent external stakeholders.

Performance Review

CONFERENCES AND ROADSHOWS

DATE	EVENT	LOCATION	ORGANISER
5 January 2017	CIMB 9th Annual Malaysia Corporate Day	Kuala Lumpur	CIMB
13 March 2017	Non-Deal Roadshow	Singapore	UBS
27-28 March 2017	Credit Suisse 20th Annual Asian Investment Conference	Hong Kong	Credit Suisse
10 April 2017	Non-Deal Roadshow	Edinburgh	JP Morgan
11-12 April 2017	JP Morgan Best of Asia Conference	London	JP Morgan
13 April 2017	Non-Deal Roadshow	Frankfurt	JP Morgan
25 July 2017	Invest Malaysia Kuala Lumpur 2017	Kuala Lumpur	CIMB and Bursa Malaysia
1 December 2017	Non-Deal Roadshow	Singapore	Macquarie

CREDIT RATING

The Group engages with domestic, regional and global credit rating agencies regularly to keep abreast of their latest thoughts and views on the global financial industry. In addition, these engagements are to update the rating agencies on developments within the Group – both financially and strategically. Given their pertinent role in the eyes of the economic and investment community, credit rating agencies require precise and detailed explanations of operational and financial data to ensure a fair review of the Group. The rating agencies that the Group engages with are: RAM Ratings, Malaysian Rating Corporation (MARC), Standard and Poor's (S&P), Fitch Ratings and Moody's Investors Services.

SHARE PRICE PERFORMANCE AND FOREIGN SHAREHOLDING

2017 was a stellar year for the Group's share price performance with a 51.2% appreciation over the 12 month period – ending the year at RM6.54 compared to the adjusted opening price of RM4.32. With the FBMKLCI rising by 9.4%, the stock outperformed the benchmark index by a very respectable 41.8% in 2017. This strong performance emanated from a combination of improved operational fundamentals and financial results, positive macroeconomic drivers and a return of foreign fund flows over the year. Investors were heartened by the progress made towards achieving the T18 targets with a steady topline growth supplemented by strict cost controls, steady capital accumulation and evident turnaround in the fortunes of CIMB Niaga and CIMB Thai.

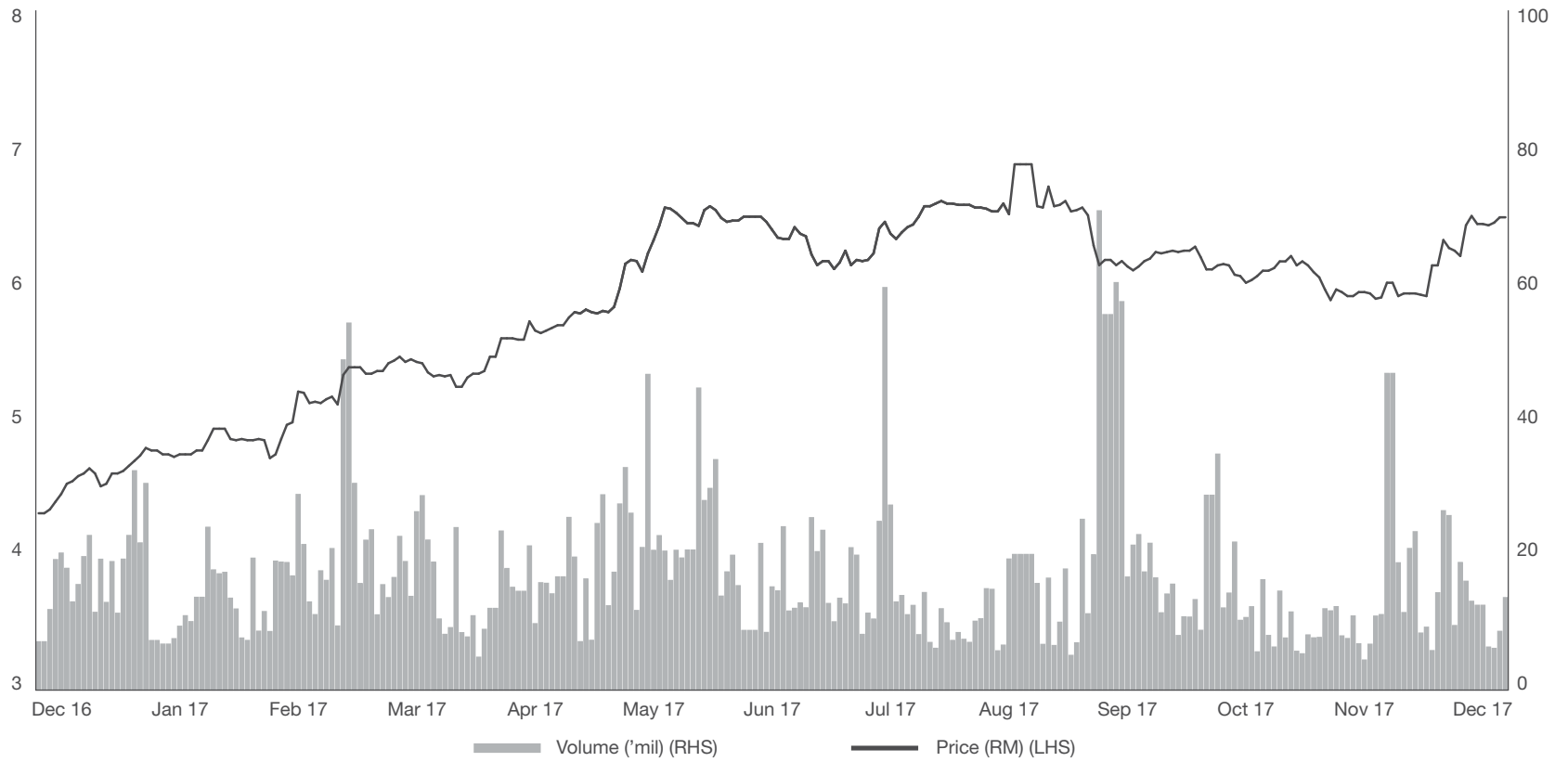
Given this backdrop, the Group's foreign shareholding increased to end the year at 27.5% compared with 25.8% as at end-2016. Whilst this only marked a 1.7% YoY rise, market forces and dynamics caused the Group's foreign shareholding to rise to as high as 31.5% in August 2017 before easing at the year-end.

RESEARCH COVERAGE

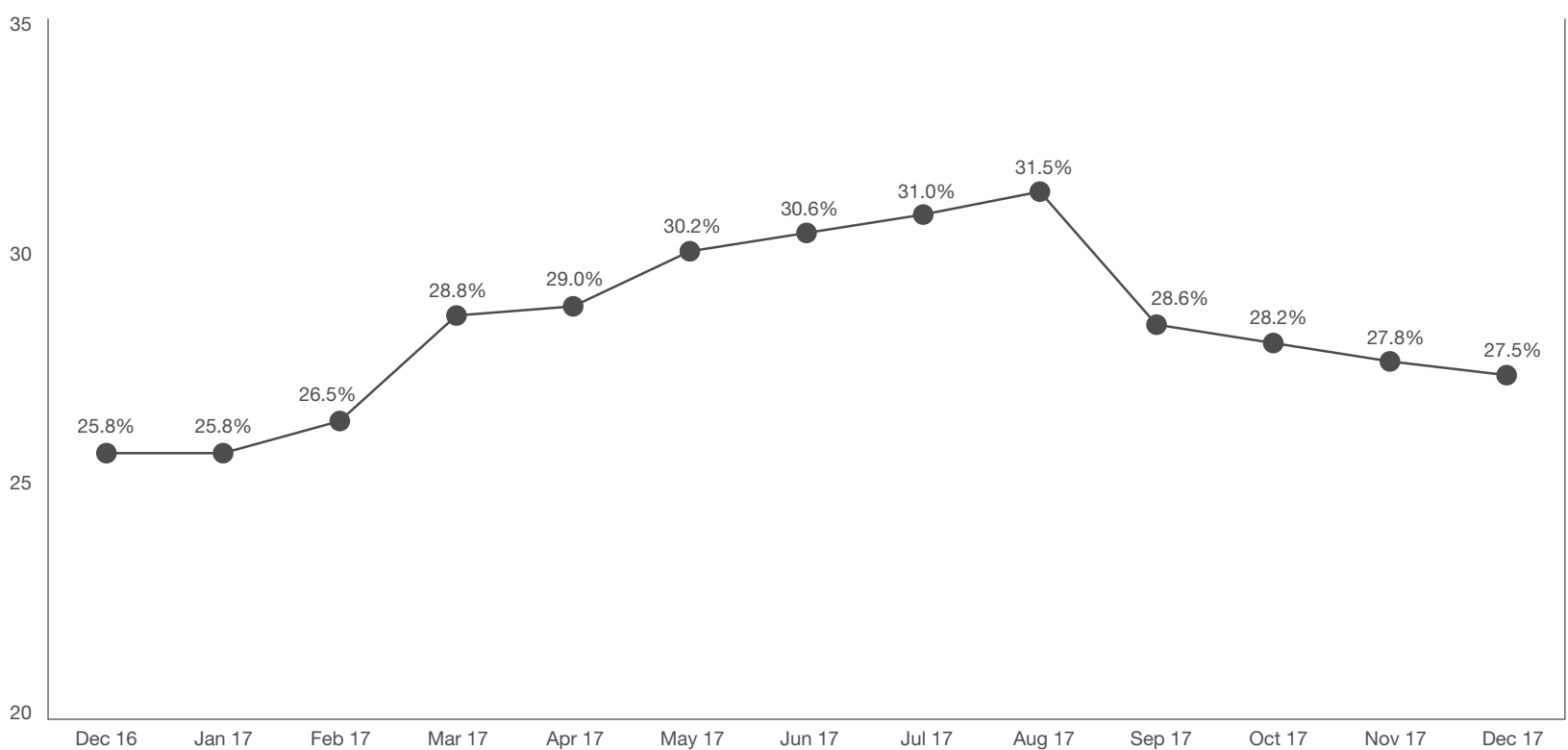
CIMB Group remains a well-covered stock amongst the investment community with 24 analysts and research houses maintaining core coverage on the stock as at end December 2017. As a core component of the FBMKLCI – the fifth largest market capitalised company – CIMB Group is also the second largest financial institution in Malaysia and fifth largest in ASEAN by assets, the stock continues to attract a substantial following by both domestic and foreign investors.

NO	RESEARCH HOUSE
1	Affin Hwang Investment Bank
2	AllianceDBS Research
3	AmlInvestment Bank
4	Bernstein Research
5	Citi Investment Research
6	CLSA Securities
7	Credit Suisse Securities
8	Deutsche Bank
9	Goldman Sachs
10	Hong Leong Investment Bank
11	HSBC
12	JP Morgan Securities
13	KAF-Seagroatt & Campbell Securities
14	Kenanga Investment Bank
15	Macquarie Capital Securities
16	Maybank Investment Bank
17	MIDF Amanah Investment Bank
18	Morgan Stanley Research
19	Nomura Securities
20	Public Investment Bank
21	RHB Research
22	TA Securities
23	UBS Securities
24	UOB Kay Hian

CIMB Group Share Price and Volume



CIMB Group Foreign Shareholding



Performance Review

Long Term Value Creation

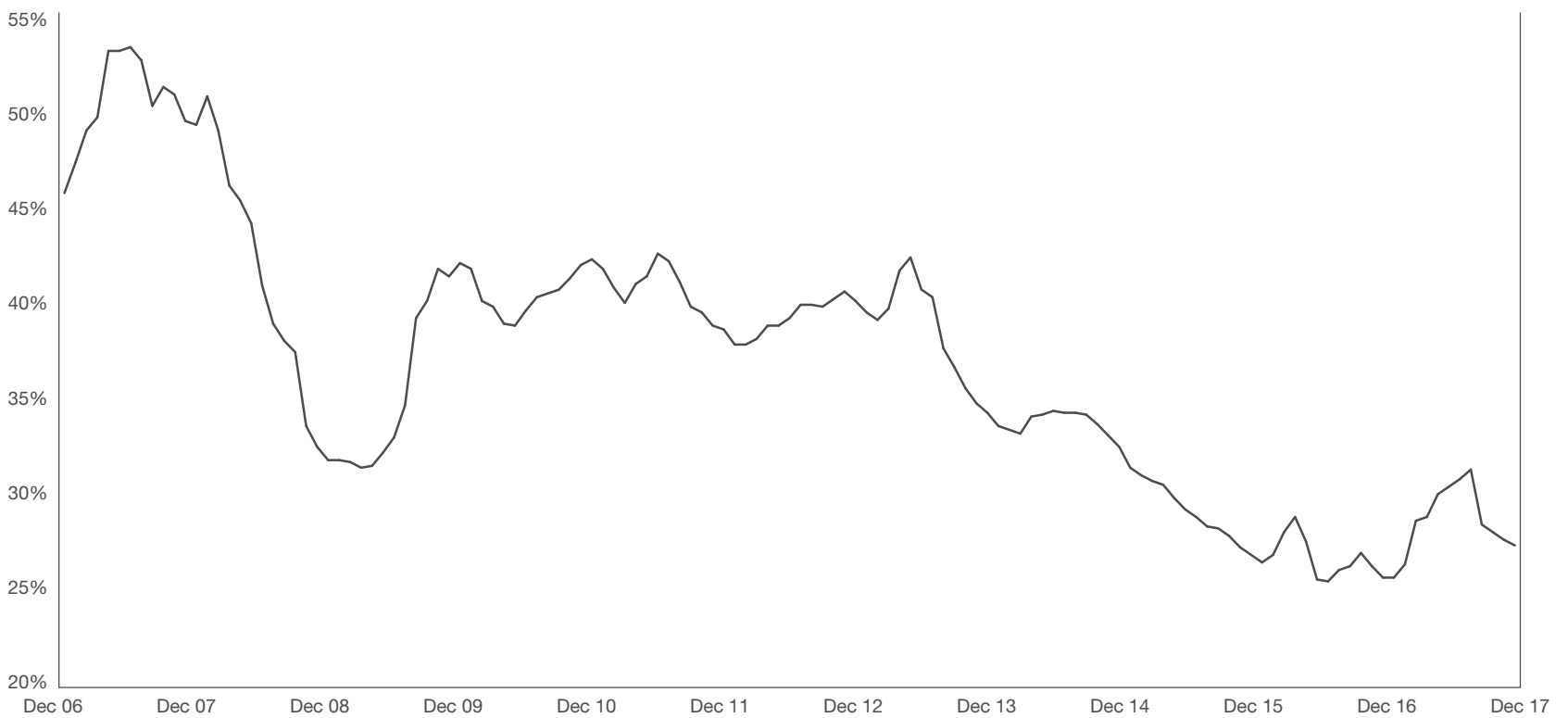
Shareholders' Returns (6 June 2005* - 31 December 2017)



Note: *Date of announcement of the M&A between CIMB Berhad and CAHB

	1 YEAR	12.5 YEARS
CIMB	51.2%	316.7%
FBMKLCI	9.4%	227.0%

Foreign Shareholding (December 2006 - December 2017)



FINANCIAL CALENDAR

28 February 2017

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2016

16 March 2017

Notice of book closure for single tier second interim dividend of 12.00 sen per share for the financial year ended 31 December 2016

30 March 2017

- Notice of 60th Annual General Meeting
- Issuance of Annual Report for the financial year ended 31 December 2016
- Date of entitlement for the single tier second interim dividend of 12.00 sen per share for the financial year ended 31 December 2016

4 April 2017

Notice of election in relation to the dividend reinvestment scheme that provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of CIMB

21 April 2017

Errata to the Annual Report 2016 – Financial Statements 2016

28 April 2017

- 60th Annual General Meeting
- Payment of the single tier interim dividend of 11.00 sen per share for the financial year ended 31 December 2016
- Additional listing of 183,726,322 new ordinary shares, via the Dividend Reinvestment Scheme

24 May 2017

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2017

28 August 2017

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2016

28 September 2017

Notice of book closure for the single tier first interim dividend of 13.00 sen per share for the financial year ending 31 December 2017

12 October 2017

Date of entitlement for the single tier interim dividend of 13.00 sen per share for the financial year ending 31 December 2017

17 October 2017

Notice of election in relation to the dividend reinvestment scheme that provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares in CIMB

10 November 2017

Payment of the single tier interim dividend of 13.00 sen per share for the financial year ending 31 December 2017

13 November 2017

Additional listing of 173,436,944 new ordinary shares via the dividend reinvestment scheme

28 November 2017

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2017

2018 TENTATIVE DATES

30 May 2018

1Q18 Financial Results

29 August 2018

2Q18 Financial Results

21 November 2018

3Q18 Financial Results

February 2019

4Q18 Financial Results

BUSINESS REVIEW





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Business Review

GROUP CONSUMER BANKING



BY SAMIR GUPTA

“In 2017, we continued to drive our key focus areas, achieve stronger profits and invest for the future. Efforts were accelerated in digital banking, analytics, innovation, process reengineering for optimised productivity and enhanced customer experience. Overall, we have made a good progress and we will continue to innovate and drive key initiatives to achieve the Group’s overall T18 objectives.”

WHO WE ARE AND WHAT WE DO

We provide conventional and Islamic banking solutions to individual customers and small businesses. Our range of products include deposit accounts; loans; personal financing; credit cards; wealth management and investments; bancassurance; remittance and FX etc. These offerings can be accessed through multiple delivery channels, i.e., online banking, mobile banking, self-service banking via ATM terminals, phone banking, all of which allow financial transactions to be performed beyond normal banking hours. Products and services are also accessible over-the-counter at 851 of our branches regionally and selected partner locations.

Tapping the potential of digital, big data and advanced analytics, backed by a holistic product proposition and an integrated regional universal banking franchise model, we aim to deliver superior customer experience while being sustainably resilient and profitable, driven by values such as speed, efficiency, transparency and service excellence.

OUR GROWTH DRIVERS IN 2017

We charted good performance in challenging market conditions underpinned by intense competition and margin erosion, driven mainly by strong performance in our Malaysia, Thailand and Singapore markets. Our key growth drivers in 2017 included wealth management, investments, credit cards, auto loans, and CASA amongst others.

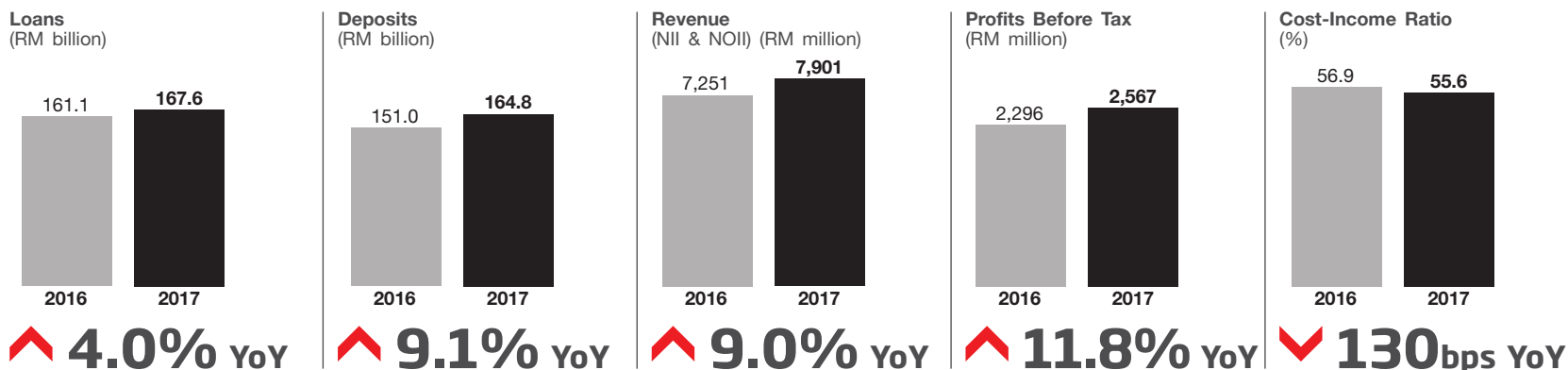
Our performance in 2017 can also be linked to the improved credit risk models; advanced analytics; risk-based pricing strategies; sales productivity improvement through digital sales enablement, faster turn-around-time (TAT), and customer experience (CX) initiatives. In Malaysia, loan growth was

driven by strong mortgage growth. The income from wealth management also showed positive increase in Malaysia, Thailand and Singapore due to favourable investment climate.

In expanding our partnerships, we have inked a 15-year profit-sharing partnership with Japan’s third largest general insurer, Sompo Japan Nipponkoa Holdings Inc for bancassurance. This partnership will allow us to exclusively distribute Sompo’s non-life insurance products regionally, with zero incremental capital and significant revenue contributions, in line with being capital conscious while enhancing profitability.

FINANCIAL PERFORMANCE

In 2017, the Group Consumer Banking division continued to register strong profit growth i.e., 9% growth in revenue, 12.3% growth in pre-provision operating profit (PPOP) and 11.8% growth in profit before tax (PBT). Regionally, in all our operating markets, we saw an improvement in cost-to-income ratios, with revenues growing faster than expenses.



RECOGNITION	AWARDS	AWARDING BODY
	Best Retail Bank, Malaysia	The Asian Banker. The International Excellence in Retail FS Awards 2017
	Best Digital Bank, Malaysia	Asiamoney Banking Awards 2017
	Digital Product of The Year Award for CIMB EVA*	The Asian Banker

OUR RESPONSE TO T18 STRATEGIES AND 5Cs



Capital efficiency is a key focus as we grow the Consumer balance sheet. We have recalibrated and augmented our credit risk models for key portfolios. This complemented our risk based pricing acquisition strategy, and we realised significant capital savings as well as continuously improved the risk adjusted return on capital of our business.



With our capabilities in big data and analytics, we are able to identify and target customers more granularly based on their transactions, spending and saving patterns, etc. Campaigns leveraging on big data capabilities generated 1.9x more responses and 1.2x more spends vis-a-vis non-big data campaigns. In 2017, our Digital Sales Enablement (DSE) contributed over RM150 million in revenues regionally.

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
<p>DIGITAL SALES ENABLEMENT (DSE)</p> <ul style="list-style-type: none"> Deployed advanced analytics and propensity modelling for better targeting, customer acquisition and cross-selling. Availed instant decisioning for mortgage, credit card and personal financing application. 	<ul style="list-style-type: none"> Achieved RM150 million in revenue regionally. Instantised mortgage applications, by issuing instant letters of offer. Introduced personal 'live' link where customers can apply for credit cards and personal financing with instant decisioning via a SMS link.
<p>REGIONAL PRODUCTIVITY AND COST</p> <ul style="list-style-type: none"> Improved and augmented processes through functional streamlining, automation, transaction offloading and analytics. Optimised branch networks and SST (Self-Service Terminals) footprint, especially in Malaysia and Indonesia. 	<ul style="list-style-type: none"> Improved CASA and revenue per branch in Malaysia and Indonesia. Achieved estimated cost savings of RM120 million.
<p>THAILAND RETAIL 2.0</p> <ul style="list-style-type: none"> Focused on mass-market segment, with emphasis on productivity enhancement and cost reduction initiatives, wealth advisory and digital engagement model. 	<ul style="list-style-type: none"> Increased revenue by 26.7% YoY and PBT by 108% YoY.
<p>INNOVATION</p> <ul style="list-style-type: none"> Introduced *CIMB EVA 2.0 (Enhanced Virtual Assistant) with enhanced natural language processing to comprehend conversational English and spend analyser. Embarked on a significant transformation to a 'data-first' organisation by adopting advanced open-source big data and data science algorithms. 	<ul style="list-style-type: none"> Users are able to access intelligently categorised spend behaviour and interact better through EVA. Enables us to provide contextual, relevant and timely offers to a broad customer base more intelligently.

CHALLENGES/RISKS

CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
<p>Regulatory Compliance Higher and stricter standards of compliance and the introduction of new regulations i.e., Net Stable Funding Ratio (NSFR) and IFRS 9).</p>	<ul style="list-style-type: none"> Inculcated a zero-tolerance culture for non-compliance across all levels of employees and vendors with continuous engagement between Bank's senior management, regulators and senior management of vendors. Managed balance sheets more holistically through intelligent acquisition. Developed the right mix of products based on the risk appetite of different consumer segments. 	<ul style="list-style-type: none"> Reduced operational lapses. Enhanced risk profile and returns on risk adjusted capital. Achieved net stable funding position.
<p>Rapid Technology Change and Disruption: Puts pressure to re-skill and allocate more resources in keeping with the pace of change.</p>	<ul style="list-style-type: none"> Enhanced budgets to enable technology change, system resiliency, hiring, compliance and FinTech – all for business growth. Introduced and promoted value-added digital banking services and applied big data solutions for intelligence, segmenting, targetting and acquisition. Deployed digital sales enablement and decision management, which aided sales channels for lead generation, propensity modelling, customer segmenting and targetting, risk assessment and product pricing. 	<ul style="list-style-type: none"> Improved customer experience from better system uptime. Increased sales due to better sales fulfilment rates through data driven acquisition.

OUTLOOK AND PROSPECTS

In the year ahead, we remain cautiously optimistic as the industry will continue to see diminishing margins and added pressure due to regulatory and compliance requirements. With disruptive technologies and innovations at play, consumer expectations will be higher emphasising simplicity, speed, safety and control.

We will continue to invest in advanced analytics and artificial intelligence to make our products and value-added services more meaningful for the customers as we head towards being a 'data-first' organisation. Our suite of internet and mobile banking solutions i.e., CIMB Clicks and CIMB EVA will

continue to be augmented, complementing our digital acquisition strategy and improving cashless payments with QR Code capabilities. Partnerships driven scale-up will be key in markets where we have limited presence with opportunities to create new revenue streams through co-branded products and services.

Overall, we expect to sustain growth and profitability through innovation, continuous process improvement, efficient cost management and service excellence. We aspire to move the franchise towards being the leading consumer bank and a major financial services provider in ASEAN.

Business Review

GROUP COMMERCIAL BANKING



“Group Commercial Banking had a challenging year where we saw strong revenue performance being offset by larger than expected provisions in some of our markets. However, we saw significant improvements in our deposit franchise, our cross-sell efforts have started to show results, and our partnership with the Consumer Bank continued to see us making progress in the SME space.”

BY EFFENDY SHAHUL HAMID

WHO WE ARE AND WHAT WE DO

We provide comprehensive financial solutions – both conventional and Islamic – to various businesses, including mid-corporates, and small & medium-sized enterprises (SMEs) across the region. Our end-to-end services include credit facilities such as cash management solutions; treasury and structured products. These are made available to our customers through multiple channels such as online banking, our dedicated relationship managers, and our extensive regional branch network.

OUR GROWTH DRIVERS IN 2017

The year under review was challenging primarily due to higher than expected provisions in some of our markets, directly impacting profitability. However, we recorded positive performance with operating income up by 7.9% YoY. Our earnings in 2017 were well diversified, with NOII growth at 23.1% across the board, mainly contributed by Transaction Banking and FX activities growth. Likewise, the NII grew at 4.9% YoY, mainly contributed by funding income, which grew double digit.

Last year, more of our efforts were focused on realising the value of the CIMB Group franchise. Our deposit strategy was supported by dedicated teams to serve and cater to non-borrowing customers. Deployment of such teams in Malaysia, Singapore and Cambodia led to productive cross-selling initiatives as well as growth in deposits. For instance, our overall deposit balances in Malaysia increased by RM3.4 billion YoY.

We also had a good year growing trade loans which achieved double digit growth mainly from Malaysia and Singapore. In Malaysia, we focused on the FMCG sector and developed tailored supply-chain and distributor financing

programmes, creating a close-loop ecosystem between suppliers and their distributors. Both AEON Big Supply Chain Financing Programme and Nestle Distributor Financing Programme went live in 2017.

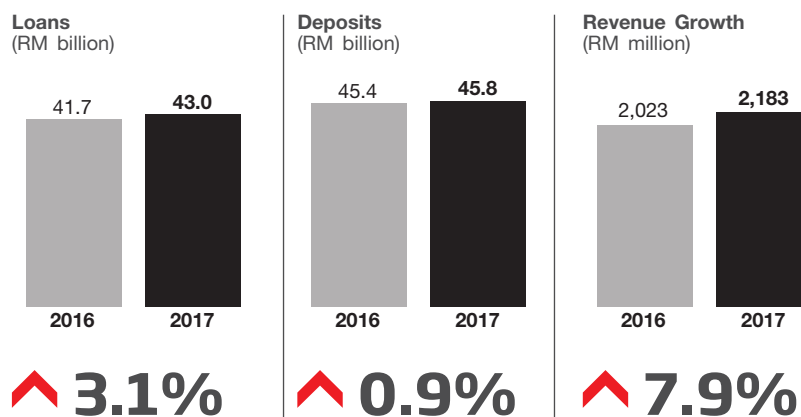
In Singapore, the Transaction Banking division contributed significantly towards our Trade Finance customer franchise.


At CIMB, we believe the Fourth Industrial Revolution (IR4.0) is already here. While we have a very strong digital proposition for our commercial and SME customers such as CIMB@Work, Trade Finance, Cash Management, and Biz Channel; we aspire to be a strategic enabler in the digital space. This means, we will provide solutions for digital eco-systems; open APIs for easy connectivity; and partnering with leading digital solution providers for seamless services to our SME clients. For instance, in 2017, we entered into a collaboration with Alipay to support the payment needs of the ever-growing Chinese tourists, as well as to enhance our existing digital platform i.e., the mobile banking.

FINANCIAL PERFORMANCE

While the competition remained intense, our robust CASA growth at 13.3% across the Group pushed-up deposits. Malaysia continued to experience strong loans growth of 10.6% YoY. Whereas in Singapore, growth in Transaction Banking and FX activities significantly contributed to the overall double digit revenue growth YoY.

Whilst the topline performance of the business demonstrated strong momentum, pockets of the business were hampered by elevated provision levels. This is evident primarily in Thailand, Indonesia and in Singapore, and has weighted down on the overall business PBT growth.



RECOGNITION	AWARDS	AWARDING BODY
	<ul style="list-style-type: none"> Best JomPAY Bank 2017 Best Customer Experience for JomPAY JomPAY Innovative Award Best Interbank GIRO (IBG) Bank Financial Process Exchange (FPX) Innovative Award 	Malaysian e-Payments Excellence Awards 2017
	<ul style="list-style-type: none"> Top FI Partner Award (Overall Category) 	SME Awards 2016 by Credit Guarantee Corporation
	<ul style="list-style-type: none"> One of the top three Preferred Business Partners in Financial Institutions category 	The Outstanding Partner (TOP) Recognition – Malaysia SME Preferred Partners Award 2017 by Malaysia SME

OUR RESPONSE TO T18 STRATEGIES AND 5Cs



In 2017, we devised an end-to-end Asset Quality Management Framework for Thailand and Indonesia, which included preventive asset quality measures for the on-boarding of New-to-Bank (NTB) customers; corrective asset quality measures for Existing-to-Bank (ETB) customer management; and major IA provisions in all our operating markets except for Thailand.

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
<p>BUSINESS AND MARKETING PROGRAMME</p> <ul style="list-style-type: none"> Introduced the Regional Marketing Programme and our new customer value proposition Biz123 on 7 August 2017. Launched a dedicated business website to increase NTB, increase market share in SME segment, and provide a unified brand experience across ASEAN. 	<ul style="list-style-type: none"> Recorded approximately 250,000 visits as at 31 December 2017. Served as new sources of lead generation with interest mainly on key products such as: <ul style="list-style-type: none"> Enterprise Clean Loans Business Current Account BizProperty Plus
<p>MSMEs LENDING PROGRAMMES (INDONESIA)</p> <ul style="list-style-type: none"> Introduced special interest packages to SMEs and pre-approved top-ups for high-value, performing customers. Secured IDR4.1 trillion contribution to SME loans as at December 2017. Achieved 0% NPL since the launch of the programme in 2016. 	<ul style="list-style-type: none"> SME loans grew at 10.7% YoY, outpacing industry SME growth. Increased SME Niaga customer franchise by over 10%.

CHALLENGES/RISKS

CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
<p>High Loan Loss Provisions (Thailand, Indonesia and Singapore): Affects PBT despite a healthy PPOP/ income growth.</p>	<ul style="list-style-type: none"> Our emphasis on delinquent monitoring, portfolio reviews, and pre-screening programmes ensured effective loan loss management. We also initiated discussions to: <ul style="list-style-type: none"> Set-up a dedicated Asset Quality (AQ) Team to monitor and control asset quality; and Improve Early Warning (EW) Predictive Tools, which will help detect weak accounts early-on for us to strategise and minimise potential loan losses. 	<ul style="list-style-type: none"> Allowed greater independence for the AQ Teams to improve portfolio management. Provided ROM support for loan workout team. Implemented Regional AQ Framework that covers end-to-end AQ management – from preventative to corrective AQ measures.

OUTLOOK AND PROSPECTS

The outlook for Group Commercial Banking remains strong, especially in our largest markets, Malaysia and Indonesia, which will continue to drive and deliver new growth.

At a product-level, we will extend our Regional Marketing Programme – Biz123, as a critical initiative to raise product awareness and deliver on individual market’ value proposition. At a macro-level, we will deploy three key strategies: a) focus on cross selling efforts, which will drive higher product holding and customer retention; b) strengthen our Asset Quality Framework in Thailand and Indonesia, to improve customer selection,

approval, active portfolio monitoring as well as recoveries; c) take a segment-driven approach across all our markets through improved credit processes and people-, product- and industry-focus.

As we progress in 2018, we will continuously build our digital capabilities to tap the huge potential in SME segment. To this end, we will develop greater understanding of digitisation trends and their impact on the dynamics of business. This will allow us to strategise new business models and value propositions to cater to the growing digital entrepreneurs and businesses in Malaysia and the region.

Business Review

GROUP WHOLESALE BANKING



BY MAK LYE MUN

“Our efforts in 2017 were focused on leveraging our strong networks across ASEAN to capture greater share of market, while managing costs and optimising performance. Despite various policy challenges in markets such as Indonesia and Vietnam, we maintained our momentum from the previous year and achieved new growth in core markets of Malaysia, Singapore and Thailand.”

WHO WE ARE AND WHAT WE DO

We are a leading Wholesale Banking franchise in ASEAN, catering to the banking needs of both corporate and institutional clients. Our regional banking solutions include capital market fund raising; corporate advisory services; hedging solutions; cash management; trade, leverage, M&A, project advisory and structured-financing; risk manufacturing and market risk management; fixed income, currency and commodities (FICC) and equity derivatives. Our products are distributed across the various customer segments from retail and high net-worth individuals to SMEs, Corporates, Non-Bank Financial and Financial Institutions.

We are also one of the top brokers in the region, where we produce research analysis covering equities, fixed income and economics, in addition to our award-winning I-Trade, an online trading platform that provides access to five markets worldwide. Our regional Private Banking service offers customised advisory, portfolio planning and wealth management solutions for high net-worth individuals. Our key value proposition, in line with the Group’s footprint, is the benefit of our regional presence, platforms and solutions. Our cross-border regional operating model (ROM) equips us with the capabilities to offer insights on regional markets and bespoke products with sustainable returns. In doing so, we also deliver best-in-class and seamless customer experience across all markets.

OUR GROWTH DRIVERS IN 2017

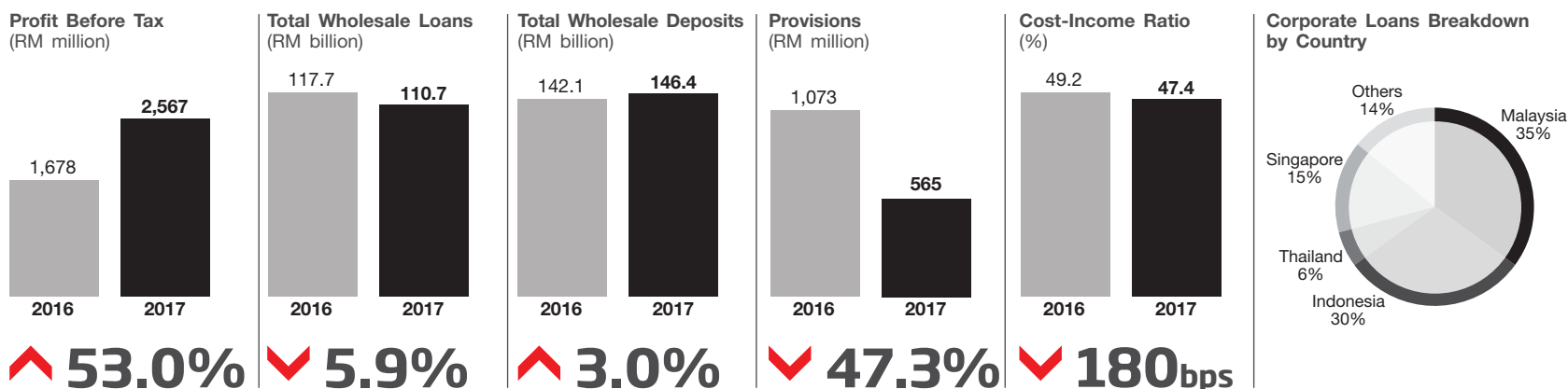
The robust ASEAN markets coupled with good delivery of our corporate, treasury and advisory services continued to contribute to our growth in 2017. We also gained credibility as the first-choice lender, especially to fund M&As and leveraged deals. In 2017, CIMB Bank was ranked number two (#2) in Malaysia in the M&A league table and is one of the most active investment banks YTD2017, with six successful deals, valued at approximately USD818 million. Our ability to offer Leveraged Acquisition Financing (LAF) based on superior structures, speed-to-market, transactional issues resolution also gained much traction last year.


In the region, we introduced six new products in 2017 at our newly-opened branch in Vietnam. These include term loan, revolving credit, current account, collection and payment amongst others. Our Corporate Banking division in Vietnam closed its first financing deal, first capital account and first FX deal in Q2 2017, contributing to the positive momentum.

The key policy rates in major operating markets (e.g., Malaysia, Singapore and Thailand) remained relatively constant and accommodative in 2017, maintaining the growth momentum in these economies. The improved oil and commodity prices supported the currencies of major ASEAN countries, e.g., Malaysia and Indonesia, which positively contributed to our bottom line, with lower loan loss provisions and more hedging flows.

FINANCIAL PERFORMANCE

In 2017, the Group Wholesale Banking division reported strong growth YoY. The total revenue grew by 10.0% YoY in 2017 to RM6 billion, with Corporate Banking and Treasury Markets being the biggest contributors to the topline (52.3% and 27.8% respectively). Our equity capital markets (ECM) franchise has been ranked #1 in Malaysia and ASEAN in 2017, with ECM deals valued at approximately USD6.2 billion and a market share of 33.98%. In 2017, we have been ranked #1 in Bloomberg’s ECM ASEAN league table, with total ECM deal volume in Malaysia increasing approximately by 44.3% YoY.



RECOGNITION	AWARDS	AWARDING BODY
	#1 ASEAN Local Currencies Bonds Underwriter and #2 Global Sukuk Underwriter	Bloomberg Fixed Income League Tables 2017
	Best Investment Bank, Asia Pacific Sukuk House of the Year, Asia Pacific	The Asset Triple A Islamic Finance Awards 2017
	Syndicated Loan House of the Year, Malaysia	Asia Pacific Loan Markets Association ("APLMA")

OUR RESPONSE TO T18 STRATEGIES AND 5Cs



In keeping with our regional operating model (ROM), we deployed cross-selling strategies in competitive markets. This further helped us improve capital efficiency, and increase the share of flow income. This was achieved mainly through our institutionalised account planning process, which is about identifying and focussing on strategic and core clients, both regionally and locally.



During the year under review, we focused our efforts on efficient allocation and optimisation of capital across all our businesses. The capital was assigned to trade and businesses that generated more favourable risk-adjusted return on capital (RAROC) and as a result, Group Wholesale Banking's RAROC improved significantly.

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
<p>PROCESSES, RISKS AND COMPLIANCE</p> <ul style="list-style-type: none"> Strengthened governance, upgraded the compliance framework, and improved enforcement. Reviewed processes and focused on system controls. Rolled out Treasury & Markets Code of Conduct in all the countries where we operate. Established a Regional Customer Diligence and Acceptance unit to oversee the management of onboarding process of customers regionally. 	Reduced operational risk incidents and improved compliance culture.
<p>ASSET QUALITY MANAGEMENT</p> <ul style="list-style-type: none"> Improved asset quality management through better client selection and a more robust early warning process. Also, accelerated restructuring and recovery efforts. 	Achieved lower provision, with increase in recovery initiations.
<p>COST AND PRODUCTIVITY</p> <ul style="list-style-type: none"> Continued to drive cost-saving initiatives through process improvement; inculcating a cost-conscious culture and mindset; organisational structure streamlining; and implementation of regional operating model. 	Improved productivity and cost-to-income ratio continued to improve from 49.2% in 2016 to 47.4% in 2017.

CHALLENGES/RISKS

CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
<p>New Regulations: Result in higher operational costs for compliance of new regulations.</p> <p>(e.g., BNM's Foreign Administration Rules, IFRS9 accounting standard, MiFID2 regulation, Basel III Net Stable Funding Ratio liquidity requirement standard etc.)</p>	<ul style="list-style-type: none"> Adopted technological solutions to mitigate and help flag out non-compliance. Conducted training related to new regulations to keep employees up to date on new regulations. 	Reduced FSA/AMLA breaches.

OUTLOOK AND PROSPECTS

In 2018, we are expecting the policy rates in all key operating markets including Indonesia, Singapore and Thailand to remain relatively constant; we already saw an increase of 25 bps in Malaysia. We understand that due to the fluctuating interest-rate cycles and monetary policies (Indonesia, for instance, changed its rates eight times last year), we will need to strengthen our risk management principles especially in our day-to-day operations.

Depending on the global policy environment affecting the ASEAN Trade and FDI Flows, we will continuously look for opportunities to leverage and intermediate intra-ASEAN and China-ASEAN flows. With more and more

corporates continuing to look out for business diversification and cross-border opportunities, we expect the inbound M&As into ASEAN to sustain its momentum into 2018.

While we retain our focus on growing our market share of Shariah financing in Indonesia, we will continue to tap the potential in infrastructure financing in all local markets. On the other hand, our strategic partnership with China Securities Galaxy Group will prove to be a springboard for new growth as well as to boost our investment banking capabilities in this region. For instance, we will be better able to source Chinese buyers for ASEAN targets and pre-IPO/cornerstone investors for Hong Kong/ASEAN IPOs and vice versa.

Business Review

GROUP TRANSACTION BANKING



BY HENDRA LEMBONG

“On our journey to be a leading Transaction Bank in ASEAN, in 2017, we reported a commendable growth in profitability and client base. Through our product capabilities and relationship-based approach, we strengthened customer loyalty and grew wallet share across markets where we operate.”

WHO WE ARE AND WHAT WE DO

In CIMB's Group Transaction Banking business, we provide a wide range of products in our Cash Management, Trade Finance and Securities Services that cater to our Group customers across the region. We design end-to-end cash management solutions that provide our clients a better control over their cash flow by improving their collection cycle, helping them efficiently manage their payments in the most cost-efficient manner and maximising their liquidity potential. In addition, we also offer innovative and state-of-the-art solutions through partnership with FinTech companies and other service providers. Our Trade Finance products range from traditional trade products to structured trade and supply chain financing solutions that cater to all customer segments. And our Securities Services solutions include custodian services, fund accounting services, corporate trustee, and agency business.

OUR GROWTH DRIVERS IN 2017

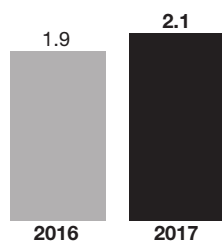
In 2017, our Transaction Banking profitability growth was mainly driven by strong NII growth from larger CASA balance and trade loans; and strong NOII growth from custody business contributed to a healthy 10% increase in revenue year-on-year (YoY). Our strategic partnerships with FinTech and other service providers were also instrumental to expand our client base, through innovative products and services offerings.

Our focus to build and strengthen customer relationships has contributed to an increase in operating accounts and wallet shares. For instance, our e-Banking customers increased by 26% YoY and CASA grew 9% YoY. The growth in trade finance was driven by the larger trade loans and transaction throughput. One of the key enablers for this growth was the ability to secure mandates from many infrastructure projects. Securities services business grew as a result of higher Assets Under Management and the growing number of Funds, especially from Indonesia where we were able to secure many new mandates.

FINANCIAL PERFORMANCE

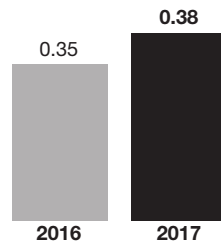
In 2017, Transaction Banking recorded a 10% increase in revenue YoY, with each of our core businesses reporting healthy growth.

Cash Management
(RM billion)



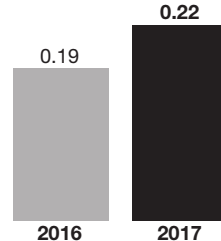
▲ **11% YoY**

Trade Finance
(RM billion)



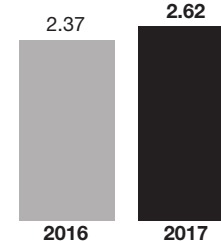
▲ **9% YoY**

Securities Services
(RM billion)



▲ **16% YoY**

Total Revenue
(RM billion)



▲ **10% YoY**

RECOGNITION



AWARDS

- Best JomPay Bank, Best IBG bank, FPX Innovation Award
- Best Trade Finance and Supply Chain Solution, Malaysia
- Best Service Provider (Transaction Bank and Cash Management), Indonesia
- Best E-Solution Partner, Indonesia

AWARDING BODY

- Malaysian e-Payments Excellence Awards
- The Asset Triple A Treasury Trade & Risk Management Awards 2017

OUR RESPONSE TO T18 STRATEGIES AND 5Cs



In keeping with the Group's T18 strategy to be capital conscious while enhancing profitability, we are continuously improving our products and services to deliver excellent customer experience. We embed a positive working culture and practice zero-tolerance on non-compliance. We continue to push more process automation to drive cost efficiencies and ensure cross-selling efforts to promote trade loans to the customers.

CUSTOMER	CULTURE	COMPLIANCE	COST	CAPITAL
Innovate new products and services to meet customer' requirements and revamp customer on-boarding process	Embed "A Better CIMB" culture in day-to-day activities	Continue to enhance risk and compliance awareness and establish a designated Compliance and Risk Officer as first line of defense	Continue to push more process automation to drive cost efficiencies	Ensure cross selling is in place for trade loans to maintain a healthy RAROC

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
<p>CASA AS OPERATING ACCOUNT</p> <ul style="list-style-type: none"> Launched an acquisition programme to secure more operating accounts. Leveraged on the branch network to acquire new clients and expand client base. 	CASA growth increased by 9% YoY.
<p>E-BANKING</p> <ul style="list-style-type: none"> Launched e-Banking platform for SMEs in Indonesia, with simpler authorisation matrix and on-boarding process. Rolled-out new feature for FX transaction, with real-time online access to FX live rates (barring trader's involvement). 	e-Banking customers increased by 26% YoY.
<p>MARKET EXPANSION</p> <ul style="list-style-type: none"> Enhanced our product offerings to tap large retail customer base as well as opportunities to expand to new customer segments. Offered eco-system solutions to get business from customers' networks or the community. 	Acquired more than 500,000 new-to-bank accounts from integrated/end-to-end solutions that we implemented for our clients.

CHALLENGES/RISKS

CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
Stricter Risk and Compliance: Increasing trend of risk and compliance breach in banking industry.	Established designated risk and compliance officer in Transaction Banking unit as first line of defence and formed GTB risk committee to address risk and compliance matters.	Achieved satisfactory control environment rating and all key risk indicators (KRIs) met the target.
Competitive Landscape: Rise of FinTechs may capture wallet share from conventional banking service.	Identified potential areas where banks and FinTechs can work together to serve FinTech's customers.	On-boarded many FinTech customers through a strategic partnership approach.

OUTLOOK AND PROSPECTS

In 2018, we are expecting a positive trend in global trade flows especially in the ASEAN region, which will augur well for our trade business. Rapid digitisation and digital innovations will increasingly become a norm in the industry. In our journey to be a dominant player in the digital space, we will continue our focus on digital product innovation through in-house product development and partnership with FinTechs and other service providers. Customer experience will continue to be an important agenda for 2018, and we will be embarking on various initiatives to improve customer experience and strengthen customer loyalty.

Towards our vision of becoming a leading Transaction Bank in ASEAN, we will continue to leverage our ASEAN capabilities as a key differentiator, mainly to drive more cross-border flows. This will also entail tapping the potential of community banking through supply-chain solutions.

Business Review

GROUP ASSET MANAGEMENT AND INVESTMENTS



“The GAMI business reported positive performance through our focus on balancing profitability and creating value across the Group’s equity investments. In 2017, the assets under management (AUM) for public markets business increased by 10% YoY to a record-breaking RM74 billion. We continued to optimise our private markets business through strategic initiatives such as our joint venture with Ant Financial Group and disposal of the Bank of Yingkou.”

WHO WE ARE AND WHAT WE DO

We are the leading ASEAN public markets asset management franchise (CIMB-Principal Asset Management or CPAM), with core operations in Malaysia, Indonesia, Thailand and Singapore. We also operate CIMB-Principal Islamic Asset Management, which is a global Islamic asset management franchise. The CPAM Group is well-positioned to serve clients across retail, institutional, corporate and international segments.

As a sustainable and capital-efficient private markets investment practice, we operate in three distinct categories: Private Equity Fund Management (PEFM); Strategic Investments (SI); and Passive Fund Investments (PFI). Our primary objective is value creation through portfolio optimisation and capital management, ensuring that the Group’s balance sheet is deployed effectively across its equity investments.

OUR GROWTH DRIVERS IN 2017

In 2017, the market conditions were generally favourable to our GAMI business. The PBT for public markets increased 31% YoY, mainly due to an increase in AUM and management fees as a result of improved performance of the funds. The revenue contribution from our Thailand operations also increased from 12% in 2016 to 15% in 2017, backed by new product offerings and a robust funds strategy. Similarly, we saw aggressive asset growth in Indonesia.

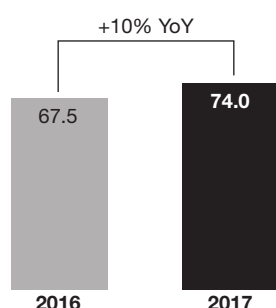
Our focus on strengthening the agency force and its productivity; offering differentiated products; optimising distribution channels across the region; and tapping new opportunities in the corporate segment significantly contributed to the 10% YoY growth in AUM for public markets.

In private markets, we continued to optimise the business potential as well as the regional opportunities. We forged value-creating partnerships; considered strategic divestments; and channelled selective investments – all of which contributed to our steady growth journey and positive capital efficiency metrics YoY.

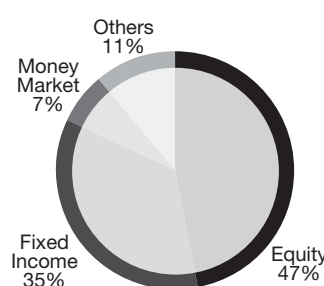
FINANCIAL PERFORMANCE

The financial performance in 2017 was above expectations, mainly contributed by our robust public markets business. Our strong Malaysian business pushed the Group-wide AUM beyond the RM70 billion mark and the CIR of public markets improved to 58.1% i.e., an improvement of 4.3% YoY. In the region, CPAM Thailand and CPAM Indonesia reported positive progress and the Singapore business sustained its growth YoY. For the year under review, we distributed RM48 million in dividends to CPAM shareholders.

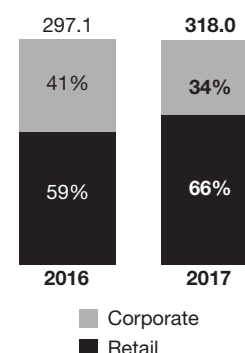
AUM Growth
at 10% YoY



AUM by Asset Class
as at 31 December 2017



% Retail Revenue Contribution to CPAM Group



RECOGNITION



AWARDS

- Global Investments Performance Standards (GIPS) Compliance Award (CPAM – the first and only asset management company in Thailand to receive the award)
- Best Fund over 3 years (Bond Global), Al Hilal Global Sukuk Fund
- Best Global Bond Portfolio Manager
- Fund House of the Year, Malaysia

AWARDING BODY

- The CFA Institute Thailand
- 2017 Thompson Reuters Lipper Fund Award, MENA Markets
- EPF External Portfolio Managers Award 2017
- Asian Investment Asset Management Awards 2017

OUR RESPONSE TO T18 STRATEGIES AND 5Cs



In 2017, we dedicated significant resources to define and build digital strategy for public markets. We institutionalised a steering committee, which endorsed our digital plans for execution in 3Q 2018. As we sustain our efforts into 2018, we will tap the potential of digital solutions as enablers of new growth. With digital, we are confident of increasing our market share and topline revenue, while enhancing the overall customer experience (CX) in all our operating markets.



As capital adequacy and requirements increase, the returns and optimisation of portfolios become critical. In private markets, we continued to focus on optimisation, with a Group-wide role to strategise investments for value creation and greater capital efficiencies. In 2017, we executed the disposal of our stake in Bank of Yingkou to Shanghai Guozhijie Investment Development Co Ltd. As a result, the CET-1 was uplifted by 23bps for CIMB Group and 49bps for CIMB Bank.

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
<p>PARTNERSHIPS</p> <ul style="list-style-type: none"> Signed a definitive agreement with Alipay to establish a payment-centric joint venture (JV) with Touch 'n Go (TnG). Signed a distribution agreement in November 2017 with Sunlife Malaysia. Signed a partnership deal with Bukapalax, an e-commerce company, to distribute mutual funds online. 	<ul style="list-style-type: none"> Established a company, which will leverage Alipay's technology solutions and TnG's wide user-network for creating a robust and secure digital payment gateway/infrastructure. Secured exclusive rights to market/distribute life insurance products through our CWA agents, offering holistic wealth preservation solutions to our customers. Became the first asset management company to enter into such a tie-up in Indonesia, with over 30,000 new accounts.
<p>DIVESTMENTS & RESTRUCTURING</p> <ul style="list-style-type: none"> Completed the disposal of our stake in Bank of Yingkou to Shanghai Guozhijie Investment Development Co Ltd. Completed internal restructuring to create a larger CIMB-Principal Islamic Asset Management (CPIAM). 	<ul style="list-style-type: none"> Received proceeds of RM930 million i.e., a gain of RM43 million. Uplifted CET-1 by 23bps for CIMBGH and 49bps for CIMB Bank. Accelerated efforts to scale-up CPIAM, with capacity and capability to explore regional opportunities, supported by an increasing demand for ESG products.

CHALLENGES/RISKS

CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
<p>Market Uncertainty: Affects investor' sentiments and their investment decisions.</p>	<ul style="list-style-type: none"> Engaged proactively with distributors to better understand the market and investor needs. Introduced our mixed asset solutions to investors with moderate risk profiles. Launched CIMB Islamic Global Equity Fund in 2017, offering clients growth opportunities with an international portfolio of Shariah compliant equities. 	<ul style="list-style-type: none"> Achieved total sales of RM16.76 billion, up by 48% as compared to 2016.

OUTLOOK AND PROSPECTS

The outlook for GAMI division will remain positive, given the favourable market conditions across the region. The active ASEAN markets and disruptive trends will spur the unit trust and fund management industry, presenting new opportunities for growth. However, we will remain cautious and monitor the ASEAN markets closely, especially with the impending General Elections in both Malaysia and Thailand.

With our Renminbi Qualified Foreign Institutional Investor (RQFII) licence (granted in 2017), we are in the midst of developing new innovative products with more value-added benefits for our Malaysian and international clients. With these new offerings, our customers will be able to invest directly into China's onshore securities for both fixed income and equity.

We will increasingly see non-financial institutions disrupting the market with innovative digital solutions. This will intensify competition in the retail segment. However, we will be in a good position, especially with our digitisation plans and strategies.

As the banking industry transforms and further matures, in the private markets, we will embark on a new journey to define our investment strategy for the Group. Meanwhile, we will continue portfolio optimisation activities to improve our returns on capital.

The financial services landscape will be even more dynamic in 2018, with unconventional players and products. Hence, we anticipate an increase in regulatory pressure, which will also reinforce the critical need and value of our current organisation-wide initiatives to develop a risk and compliance mind-set for business continuity and growth.

Business Review

GROUP ISLAMIC BANKING



BY RAFE HANEEF

“With our commendable track record in the global sukuk space, our structuring capabilities and distribution prowess, we remain No. 1 cumulatively over the past 11 years with a dominant market share of 15%*, having lead managed more than USD57 billion* in sukuk deals. This year also saw considerable traction in our corporate and consumer businesses, mainly due to our ‘Islamic-first’ strategy. As a result, our financing and deposits** grew by 24% and 26% respectively.”

WHO WE ARE AND WHAT WE DO

We are the Islamic banking and financial services franchise of the Group with an extensive suite of innovative Shariah-compliant products and services. Our solutions include financing, sukuk, investment banking, transaction banking, asset management, banca-takaful and securities services for individual, commercial, corporate and institutional customers across ASEAN.

In conducting Islamic business, we monitor and ensure good Shariah governance and compliance across the Group. With the execution of our ‘Islamic-first’ strategy, we aim to extend the value proposition of Islamic products to our customers and the wider public. We aspire to provide world-class Islamic banking and finance solutions which will progressively integrate environmental, social and governance factors via a values-based approach, a hallmark of Islamic finance.

OUR GROWTH DRIVERS IN 2017

During the year under review, the Consumer Banking division introduced new Islamic products, widening the spectrum of financial solutions available to clients. The re-launch of Full Flexi mortgage was timely, giving customers better control of their mortgage. The introduction of the Term Investment Account-i widened the options available to customers to grow their portfolio with CIMB Islamic. In Singapore, we launched FastSaver-i, the country’s first Shariah compliant online savings account product. In Indonesia, we brought to market our first Hajj and Umrah debit card catered for pilgrims, with beneficial features.

Commercial Banking focused on the Islamic Affinity Market segment, by creating awareness on Islamic finance and cash management solutions with businesses which contribute to the Halal Economy. There were also a number of process improvements undertaken to improve customer

experience without compromising Shariah requirements. These included extending the facility period and renewal process of Cashline-i as well as enhancing the Term Financing-i yearly statement to align with our customers’ financial reporting periods.

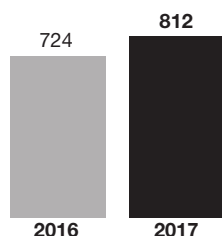
In addition to the innovative and ground-breaking sukuk issuances (details on next page), the introduction of the Islamic Liquidity Management System in Malaysia helped us to improve our services and ability to extend end-to-end cash management financial solutions for corporate and commercial banking clients.

Overall, our regional operating model continued to generate positive results in 2017, with Singapore and Indonesia chalking steady double-digit growth in terms of financing.

FINANCIAL PERFORMANCE

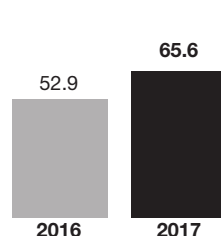
CIMB ISLAMIC BANK BERHAD

Profit Before Tax
(RM million)



12% YoY

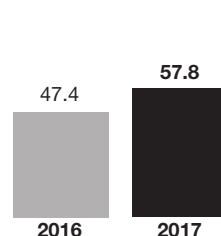
Deposits**
(RM billion)



24% YoY

(24% YoY growth guided by liquidity plan and strong capital management)

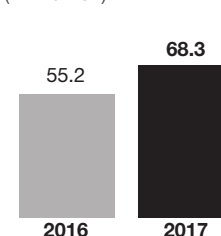
Financing
(RM billion)



22% YoY

(Strong financing growth of 22% YoY generated stable income for Islamic business)

**Regional Financing
CIMB Group Islamic Banking
Operation**
(RM billion)

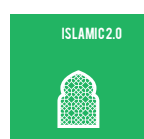


24% YoY

(Significant expansion YoY in Singapore and Indonesia in Islamic asset)

RECOGNITION	AWARDS	AWARDING BODY
	Best Islamic Bank, Malaysia	IFN Awards 2017
	Best Islamic Bank, Indonesia	
	Best Investment Bank, Asia Pacific	The Asset Triple A Islamic Finance Awards 2017
	Sukuk House of the Year, Asia Pacific (5th Year in a Row)	

OUR RESPONSE TO T18 STRATEGIES AND 5Cs



In 2017 we intensified our efforts to simplify products and processes in order to deliver seamless customer experience. In April, we also launched the Islamic and Sustainable Finance Programme Centre of Excellence, which is already developing the curriculum to help build capabilities in Islamic and sustainable finance across various business divisions of CIMB.

HIGHLIGHTS 2017

KEY INITIATIVES	RESULTS
<p>Sukuk Innovation and Leadership</p> <p>World's Largest Green, Sustainable and Responsible Investment Sukuk Issuance</p> <ul style="list-style-type: none"> Led Quantum Solar Park (Semenanjung) Sdn Bhd's ("QSP Semenanjung") RM1 billion Green SRI Sukuk to partially fund three solar photovoltaic plants in Malaysia. The projects are expected to be instrumental in helping Malaysia achieve sustainable electricity supply and the reduction of carbon emissions in line with the National Renewable Energy Policy and National Green Technology Policy of Malaysia. <p>Largest Ringgit-Denominated Sukuk Issuance by a China-owned Company</p> <ul style="list-style-type: none"> Managed BEWG (M) Sdn Bhd's inaugural RM400.0 million Sukuk Wakalah, the company's first debt capital market instrument, providing diversification of funding sources. It is also the first Ringgit-denominated Sukuk by a China-owned company for water infrastructure funding. 	<p>QSP Semenanjung's Green Bond Framework has received a Dark Green shading – which entail zero emission solutions and governance structures that integrate environmental concerns into all activities – from the Center for International Climate Research (CICERO).</p> <p>The Sukuk Wakalah was fully subscribed, achieving BEWG's target funding size and desired offer terms.</p>
<p>'Islamic-first' Consumer Banking Product Strategy</p> <ul style="list-style-type: none"> We increased the visibility of Islamic banking and accelerated growth in consumer financing by identifying and promoting flagship products. Select consumer banking financial solutions, in particular certain secured financing products, which were positioned as the go-to product recommendation once customer suitability was ascertained. Term Investment Account-i (TIA-i) was launched in August, offering retail customers an additional new wealth management solution. The Islamic banking industry will progressively shift towards using investment accounts as a major source of funding. 	<p>Overall, the results were remarkable with a 22% growth in financing for CIMB Islamic in 2017.</p> <p>Term Investment Account-i stood at RM619 million as at 31 December 2017.</p>

OUTLOOK AND PROSPECTS

Our 'Islamic-first' strategy will be further entrenched through various initiatives such as defaulting select products to Islamic and introducing Islamic-centric bank branches in certain strategic locations. With these moves, we are confident that the Islamic banking proposition will gain better traction in the near- to medium-term horizon.

We are closely monitoring the progress of our TIA-i which was launched in the second half of 2017 exclusively to our preferred retail customers, and are assessing the possibility of expanding the TIA-i proposition to other customer segments. We are also working on various strategic partnership tie-ups aimed at boosting our deposit base in 2018.

Our recently upgraded Islamic Trade Finance Bank Trade System, as well as the Liquidity Management System, will help accelerate our efforts and introduce comprehensive and best-in-class solutions for our commercial and corporate banking customers. We are projecting a significant uptick in our trade finance business over the next two to three years.

As strong proponents of Value Based Intermediation (VBI), going forward, we will support efforts aimed at developing sustainable and responsible investing and green technology financing, in addition to other VBI initiatives. We are exploring several strategies to implement VBI within the Group and are engaging a number of experts in this field.

We will also continue to improve our technical capabilities and expand our market reach to maintain our dominance in the sukuk space globally.

A woman with long black hair and glasses is smiling while talking on a silver mobile phone. She is wearing a white collared shirt. The background is a dark grey with various digital and network-like graphics, including lines, dots, and arrows. The text 'CIMB Clicks' is visible in the upper left, and 'Beat Banking' is in the lower left.

CIMB Clicks

Beat
Banking

FORWARD **SUCCESS**

We build a strong foundation based on good governance and equip ourselves with new skills, competencies and practices to future-proof our business and help our customers, our people and our partners progress with the organisation.



CIMB NIAGA
Digital Drive

CIMB **Q**va

plug **n** pay

Touch
'nGO

CIMB
PAY
MALAYSIA

03

STRUCTURE & LEADERSHIP

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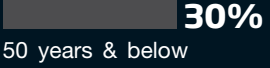
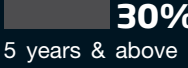


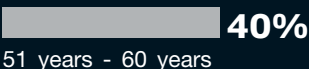
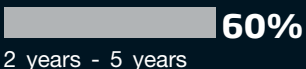

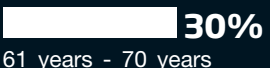



BOARD OF DIRECTORS



From left to right :

- Ahmad Zulqarnain Che On • Watanan Petersik • Dato' Mohamed Ross Mohd Din • Dato' Sri Nazir Razak • Dato' Lee Kok Kwan

BOARD COMPOSITION	AGE GROUP	LENGTH OF TENURE AS DIRECTOR	GENDER	NATIONALITY
1 Senior Independent Director	 30% 50 years & below	 30% 5 years & above	 8 Male	
5 Independent Directors	 40% 51 years - 60 years	 60% 2 years - 5 years	 2 Female	
4 Non-Independent Directors	 30% 61 years - 70 years	 10% 0 year - 2 years		7 Malaysians



From left to right :

- Datuk Mohd Nasir Ahmad • Robert Neil Coombe • Tengku Dato' Sri Zafrul Tengku Abdul Aziz • Glenn Muhammad Surya Yusuf • Teoh Su Yin

BOARD OF DIRECTORS' PROFILES



DATO' SRI NAZIR RAZAK

Chairperson/Non-Independent Director

NATIONALITY	MALAYSIAN
AGE/GENDER	51/MALE
DATE OF APPOINTMENT	27 JANUARY 2006
LENGTH OF TENURE AS DIRECTOR	12 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Chairperson of Group Board Oversight Committee
- Chairperson of Group Compensation Review Committee
- Member of Board Risk Committee

QUALIFICATION

- Master of Philosophy (MPhil), University of Cambridge, United Kingdom
- Bachelor of Science (Hons) in Economics and Politics, University of Bristol, United Kingdom

AREA OF EXPERTISE

- Management, Finance and Banking, Leadership

DIRECTORSHIP

Listed

- President Commissioner of P.T. Bank CIMB Niaga Tbk

Public Companies

- Director of Khazanah Nasional Berhad
- Deputy Chairperson/Non-Independent Director of CIMB Bank Berhad

SHAREHOLDINGS IN RELATED COMPANIES

- 43,625,712 Ordinary Shares of CIMB Group Holdings Berhad
- 7,490,371 (Direct and Indirect) Ordinary Shares of P.T. Bank CIMB Niaga Tbk

RELEVANT EXPERIENCE

Dato' Sri Nazir Razak joined the corporate advisory department of Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) in 1989 and managed various fund raising, privatisation, listing and corporate restructuring exercises. In 1993, he transferred to the bank's stockbroking arm, where he rose to the position of Executive Director. He moved back to CIMB Investment Bank Berhad as Deputy Chief Executive on 1 June 1996 and became CIMB Group Chief Executive on 1 June 1999. He assumed the position of Group Chief Executive of an enlarged CIMB Group on 7 November 2006 pursuant to a merger with Bumiputra-Commerce Bank.

During his tenure as Group Chief Executive Officer of CIMB, Dato' Sri Nazir was recognised as Malaysia's top executive/CEO on several occasions. He was the youngest recipient of Finance Asia's 'Lifetime Achievement Award' in 2009 and was also awarded Euromoney's 'Outstanding Achievement Award' in 2012 in recognition of his outstanding contribution to the Asian financial markets. In 2015, he was the recipient of Asia House's 'Asian Business Leaders Award'.

Dato' Sri Nazir sits on the boards of various CIMB Group subsidiaries and Khazanah Nasional Berhad. He is also Chairman of the World Economic Forum's ASEAN Regional Strategy Group, and a Member of the International Advisory Board of the University of Oxford's Blavatnik School of Government. He is a Trustee of CIMB Foundation and Asia Business Council.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Chairman 13/14	–	Chairman 11/11	Member 4/5	–	Chairman 7/7

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company, except being a Director of Khazanah Nasional Berhad and the brother of Dato' Sri Mohd Najib Tun Hj Abdul Razak, the Chairman of Khazanah Nasional Berhad
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

TENGGU DATO' SRI ZAFRUL TENGGU ABDUL AZIZ

Group Chief Executive Officer/Executive Director

NATIONALITY	MALAYSIAN
AGE/GENDER	44/MALE
DATE OF APPOINTMENT	27 FEBRUARY 2015
LENGTH OF TENURE AS DIRECTOR	3 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Member of Group Board Oversight Committee
- Member of Group Compensation Review Committee

QUALIFICATION

- Fellow, Asian Institute of Chartered Bankers
- Master of Arts in Finance and Management, University of Exeter, United Kingdom
- Investment Management Certificate, Institute of Investment and Research, United Kingdom
- Bachelor of Science (Hons) in Economics and Accounting from University of Bristol, United Kingdom

AREA OF EXPERTISE

- Finance and Banking, Leadership and Management

DIRECTORSHIP**Listed**

- Commissioner of P.T. Bank CIMB Niaga Tbk

Public Companies

- Chief Executive Officer/Executive Director of CIMB Bank Berhad

SHAREHOLDINGS IN RELATED COMPANIES

- 766,632 Ordinary Shares of CIMB Group Holdings Berhad
- 60,031 Ordinary Shares of P.T. Bank CIMB Niaga Tbk

**RELEVANT EXPERIENCE**

Tengku Dato' Sri Zafrul Tengku Abdul Aziz is the Group Chief Executive Officer/Executive Director of CIMB Group Holdings Berhad, a leading ASEAN universal bank and a world leader in Islamic finance with presence in 15 countries worldwide. He is also the Chief Executive Officer/Executive Director of CIMB Bank Berhad and Commissioner of P.T. Bank CIMB Niaga Tbk.

With over 21 years of experience in the financial services sector, specialising in Investment Banking, Zafrul's last position was with Maybank Investment Bank Berhad and Maybank Kim Eng Holdings as Chief Executive Officer. He also held senior positions in Citigroup Malaysia, Kenanga Holdings Berhad and Avenue Securities (now known as ECM Libra). He also experienced being an entrepreneur by setting up Tune Money Sdn Bhd, Asia's first "no-frills" online financial service provider.

Outside of CIMB, Zafrul is an advocate of Malaysia's socioeconomic development and currently heads the Kuala Lumpur Business Club. He is a Panel Member of the Industry Talent Advisory Panel, which provides independent views and advice to the Government of Malaysia on issues and developments of the future of the workforce. He is also a member of the APEC Business Advisory Council (ABAC), representing Malaysia in promoting intra-trade and collaboration within APEC. Further, he is on the boards of the Malaysian Investment Development Authority (MIDA) and Perbadanan PR1MA Malaysia. Zafrul is also actively involved in developing the youth of the nation – he is currently the Chairman of Enactus Malaysia Foundation, an international non-profit organisation aimed at grooming university students into future leaders. Zafrul is also an Honorary Commander of the Navy Volunteer Reserve under the Royal Malaysian Navy.

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company, except being an employee of CIMB
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 15/15	–	Member 10/10	–	–	Member 7/7

Board of Directors' Profiles

**DATUK MOHD NASIR AHMAD**

Senior Independent Director

NATIONALITY	MALAYSIAN
AGE/GENDER	63/MALE
DATE OF APPOINTMENT	20 JULY 2015
LENGTH OF TENURE AS DIRECTOR	3 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Chairperson of Audit Committee
- Member of Board Risk Committee
- Member of Group Nomination and Remuneration Committee

QUALIFICATION

- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Master of Business Administration (Finance), Universiti Kebangsaan Malaysia, Malaysia

AREA OF EXPERTISE

- Finance, Accounting and Audit, Management

DIRECTORSHIP**Listed**

- Senior Independent Director of Media Prima Berhad

Public Companies

- Independent Director of CIMB Bank Berhad
- Independent Director of MIMOS Berhad
- Independent Director of SIRIM Berhad
- Independent Director and Chairman of Sistem Televisyen Malaysia Berhad

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

RELEVANT EXPERIENCE

Datuk Mohd Nasir Ahmad was the President of MIA from August 2011 to July 2013. He was elected as a Council Member of the ACCA UK in September 2013 and was re-elected in September 2016.

He brings with him vast experience in the areas of finance, accounting and management which spans 38 years, having started his career as a Trainee Accountant with Tenaga Nasional Berhad (TNB) in 1979 and moving on to hold various positions in the Finance Division.

In January 1993, Datuk Mohd Nasir was seconded to TNB's subsidiary company, Malaysia Transformer Manufacturing Sdn Bhd as the Financial Controller before being appointed as Chief Executive Officer (CEO) in June 1994.

In January 2000, he joined Sharikat Permodalan Kebangsaan Berhad as its CEO. On 1 June 2001, he was appointed CEO of Perbadanan Usahawan Nasional Berhad, a position he held until his retirement on 1 June 2011.

Datuk Mohd Nasir also holds directorships in private companies such as Prokhas Sdn Bhd, SIRIM Tech Venture Sdn Bhd, CIMB EOP Management Sdn Bhd and Synchronsound Studio Sdn Bhd.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 14/15	Chairman 21/21	–	Member 5/5	Member 4/5	–

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

GLENN MUHAMMAD SURYA YUSUF

Independent Director

NATIONALITY	INDONESIAN
AGE/GENDER	62/MALE
DATE OF APPOINTMENT	25 JANUARY 2010
LENGTH OF TENURE AS DIRECTOR	8 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Chairperson of Board Risk Committee
- Member of Audit Committee
- Member of Group Nomination and Remuneration Committee

QUALIFICATION

- Master in Business Management, Asian Institute of Management, Manila, Philippines
- Bachelor of Arts in Economics, University of Phillipines, Phillipines

AREA OF EXPERTISE

- Finance and Banking, Investment Banking, Leadership

DIRECTORSHIP**Listed**

- Vice President Commissioner of P.T. Bank CIMB Niaga TBK

Public Companies

- Nil

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

**RELEVANT EXPERIENCE**

Glenn Muhammad Surya Yusuf has served on CIMB's International Advisory Panel since 2006 and was Deputy Chairman of the Bank Niaga – Bank Lippo Integration Steering Committee in 2008. He has been a Commissioner of PT Bank CIMB Niaga Tbk since April 2010 and assumed his current position as Vice President Commissioner in June 2012.

Glenn is a prominent figure in the Indonesian corporate scene, having over 30 years of experience in the corporate and financial sectors, including a tenure at the then PT Bank Niaga Tbk (1985-1994) where he rose to the position of Finance Director.

In government service, Glenn was the Head of the Minister of Finance Assistance Team for Financial Sector Restructuring, Department of Finance, Republic of Indonesia from October 2001 to October 2002. He served as the third Chairman of the Indonesian Bank Restructuring Agency (IBRA) from 1998 to 2000 and Director General of Financial Institutions, Department of Finance from April to June 1998.

He has served as President Director/CEO PT PP London Sumatera Indonesia, Tbk from June 2003 to May 2007, President Director/CEO PT Danareksa (Persero) from 1995 to 2001, Director at PT Bahana Pembinaan Usaha Indonesia from 1994 to 1995 and Finance Director at PT Bank Niaga, Tbk from 1991 to 1994.

He was the Head of Investment Banking of PT Bank Niaga from 1989 to 1991, General Manager Los Angeles Agency of PT Bank Niaga Tbk from 1985 to 1989 and Manager of Citicorp Capital Market Group in Indonesia from 1983 to 1985.

He was Senior Partner of PT Nusantara Capital from June 2007 to 2010 and assumed the position of President Commissioner at PT Polyprima Karyareksa from June 2004 to 2010.

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 15/15	Member 21/21	–	Chairman 5/5	Member 9/9	–

Board of Directors' Profiles



WATANAN PETERSIK

Independent Director

NATIONALITY	THAI
AGE/GENDER	57/FEMALE
DATE OF APPOINTMENT	25 JANUARY 2010
LENGTH OF TENURE AS DIRECTOR	8 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Member of Board Risk Committee
- Member of Group Nomination and Remuneration Committee

QUALIFICATION

- Bachelor of Arts from Bryn Mawr College, USA

AREA OF EXPERTISE

- Finance and Banking

DIRECTORSHIP

Listed

- Independent Director of CIMB Thai Bank PCL
- Independent Director of PTT Global Chemical PCL

Public Companies

- Nil

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

RELEVANT EXPERIENCE

Watanan Petersik joined the Board of CIMB Thai Bank PCL which was previously known as Bank Thai Public Company Limited in 2007 as a nominee of TPG Capital. She is currently the Chairperson of the Nomination, Remuneration and Corporate Governance Committee of CIMB Thai Bank PCL. She also holds directorships in various other private companies.

Watanan has been in the financial services industry for over 30 years with her last full-time position at Goldman Sachs.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 13/15	-	-	Member 5/5	Member 12/14	-

Declaration

- She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

Board of Directors' Profiles

ROBERT NEIL COOMBE

Independent Director

NATIONALITY	AUSTRALIAN
AGE/GENDER	54/MALE
DATE OF APPOINTMENT	16 APRIL 2014
LENGTH OF TENURE AS DIRECTOR	3 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Member of Board Risk Committee

QUALIFICATION

- Bachelor of Laws (LLB), University of Technology, Sydney, Australia

AREA OF EXPERTISE

- Corporate, Leadership, Management Operations, Finance and Banking

DIRECTORSHIP**Listed**

- Austock Group Ltd

Public Companies

- Craveable Brands Pty Ltd

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

**RELEVANT EXPERIENCE**

Robert Neil Coombe is currently the Executive Chairman of the ASX listed Austock Group, a financial services business focused on generational financial solutions. He is also Chairman of Craveable Brands, the largest Australian owned Quick Service Restaurant business. He was the CEO of Craveable Brands between 2013 and April 2017.

Before joining Craveable Brands, Robert was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Rob spent six years as the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia.

In total, he has over 35 years' corporate experience in both Australia and Asia.

In addition to the above, Robert is a member of the Advisory Boards of both the UTS Faculty of Law and 5V Capital Investors.

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 12/15	-	-	Member 5/5	-	-

Board of Directors' Profiles

**TEOH SU YIN**

Independent Director

NATIONALITY	MALAYSIAN
AGE/GENDER	47/FEMALE
DATE OF APPOINTMENT	8 OCTOBER 2014
LENGTH OF TENURE AS DIRECTOR	4 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Chairperson of Group Nomination and Remuneration Committee
- Member of Board Risk Committee
- Member of Group Board Oversight Committee

QUALIFICATION

- Licensed Investment Adviser by Securities Commission of Malaysia
- Bachelor of Arts (Hons) in Business Studies, Sheffield Hallam University, United Kingdom
- Business and Technology Education (BTEC) Higher National Diploma (HND) Business Studies, Sheffield Hallam University, United Kingdom
- Diploma in Professional Marketing, Chartered Institute of Marketing, United Kingdom

AREA OF EXPERTISE

- Finance and Banking (Equity research and investment), Management

DIRECTORSHIP**Listed**

- Nil

Public Companies

- Nil

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

RELEVANT EXPERIENCE

Teoh Su Yin has almost 20 years' experience in equity research and investments.

Su Yin began her career with JP Morgan Malaysia as a Junior Analyst in 1994. In 2000, she became Head of Research with sector coverage experience in infrastructure, plantations, power, gaming, real estate and conglomerates.

In 2002, she left JP Morgan to join Deutsche Bank Malaysia Berhad, initially as a Senior Analyst and later as Managing Director, Head of Malaysia and ASEAN Equity Research. As individual analyst, Su Yin was ranked Top 3 by Asiamoney in 2008 and 2009.

She currently serves on the Board of Albizia ASEAN Opportunities Fund in Singapore and holds directorships in various other private companies such as Dragon Bay Sdn Bhd and, Toorak Pty Ltd.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 14/15	–	Member 10/11	Member 4/5	Chairperson 14/4	–

Declaration

- She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

DATO' LEE KOK KWAN

Non-Independent Director

NATIONALITY	MALAYSIAN
AGE/GENDER	52/MALE
DATE OF APPOINTMENT	20 JULY 2015
LENGTH OF TENURE AS DIRECTOR	3 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Member of Board Risk Committee
- Member of Group Board Oversight Committee

QUALIFICATION

- Masters in Business Administration, Simon Fraser University, Canada
- Bachelor of Business Administration (First Class), Simon Fraser University, Canada

AREA OF EXPERTISE

- Finance and Banking

DIRECTORSHIP**Listed**

- Non-Independent Director of CIMB Thai Bank PCL

Public Companies

- Non-Independent Director of CIMB Bank Berhad
- Director of Cagamas Holdings Berhad

SHAREHOLDINGS IN RELATED COMPANIES

- 1,213,630 Ordinary Shares of CIMB Group Holdings Berhad
- 427,305 (Direct and Indirect) Ordinary Shares of P.T. Bank CIMB Niaga Tbk

**RELEVANT EXPERIENCE**

Dato' Lee Kok Kwan was the Deputy Chief Executive Officer (CEO) of CIMB Group prior to his Board appointments. His areas of responsibilities included Corporate Banking, Transaction Banking and Sales and Trading businesses in interest rates, credit, foreign exchange, bonds, equity, commodities and their derivatives, treasury and funding for the Group, fixed income investments and debt capital markets which he developed since joining CIMB in 1996, and has since grown the businesses to be one of the largest global markets operations in ASEAN.

Prior to joining CIMB in 1996, Dato' Lee had more than seven years of markets and treasury experience in the Canadian banking industry. He was the Treasury Portfolio Manager responsible for interest rates and optionality risk and return for a leading Canadian bank and a member of its Senior Asset-Liability Management Committee.

Dato' Lee is also the President of the Financial Markets Association and Adviser to the Securities Commission Malaysia.

Dato' Lee was recently appointed as First Director and Chairman of the Bond and Sukuk Information Platform Sdn Bhd with effect from 3 November 2017 and 22 November 2017, respectively. He also holds directorships in various other private companies.

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 14/15	-	Member 9/11	Member 5/5	-	-

Board of Directors' Profiles

**DATO' MOHAMED ROSS MOHD DIN**

Independent Director

NATIONALITY	MALAYSIAN
AGE/GENDER	65/MALE
DATE OF APPOINTMENT	19 APRIL 2016
LENGTH OF TENURE AS DIRECTOR	2 YEARS

MEMBERSHIP OF BOARD COMMITTEES

- Member of Audit Committee
- Member of Board Risk Committee
- Member of Group Nomination and Remuneration

QUALIFICATION

- Banking Diploma (Part 1), Institute of Bankers, United Kingdom

AREA OF EXPERTISE

- Finance and Banking, Islamic Banking

DIRECTORSHIP**Listed**

- Independent Director of Kumpulan Perangsang Selangor Berhad Group

Public Companies

- Chairperson/Independent Director of CIMB Islamic Bank Berhad
- Director of Cash Band (M) Berhad

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

RELEVANT EXPERIENCE

Dato' Ross joined HSBC Bank Malaysia Berhad in 1972 and served in various capacities ranging from Corporate and Retail Banking, Branch Banking, Area Management, Head of Treasury & Foreign Exchange and was also Head of Group Audit Malaysia. In his last appointment before retiring in December 2007, he was Managing Director of the HSBC Amanah onshore business franchise in Malaysia.

On retirement, he was appointed as Senior Advisor and Executive Director of HSBC Amanah Takaful (Malaysia) Sendirian Berhad until 31 December 2008. Concurrently he was also appointed an Independent Non-Executive Director of HSBC Amanah Malaysia Berhad (as a Founding Director) where he chaired the Risk Committee and also sat on the Audit and Nomination Committee. He retired in April 2016.

Thereafter he joined the Boards of CIMB Group Holdings Berhad and CIMB Islamic Bank Berhad in April 2016 as an Independent Non-Executive Director. In April 2017 he was made Chairman of CIMB Islamic Bank Berhad.

Besides the Directorships that he holds as detailed below, he also sits on an Advisory Board overseeing a Private Equity Fund (Ekuinas OFM Programme) as an Independent Member. He is also a member of the Board of Trustees of Lembaga Zakat Selangor (MAIS), an Independent Non-Executive Director on the Board of an Asset Management Company and a Council Member of the Outward Bound Trust of Malaysia (Outward Bound School Lumut). He is also an Independent Member of MBI Inc, Selangor.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 15/15	Member 19/21	–	Member 5/5	Member 14/14	–

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

AHMAD ZULQARNAIN CHE ON

Non-Independent Director

NATIONALITY	MALAYSIAN
AGE/GENDER	45/MALE
DATE OF APPOINTMENT	3 NOVEMBER 2017
LENGTH OF TENURE AS DIRECTOR	LESS THAN 1 YEAR

MEMBERSHIP OF BOARD COMMITTEES

- Member of Group Nomination and Remuneration Committee
- Member of Board Risk Committee

QUALIFICATION

- Bachelor of Arts in Economics, Harvard and Radcliffe College, Harvard University, USA

AREA OF EXPERTISE

- Finance and Banking, Leadership

DIRECTORSHIP**Listed**

- Nil

Public Companies

- Nil

SHAREHOLDINGS IN RELATED COMPANIES

- Nil

**RELEVANT EXPERIENCE**

Ahmad Zulqarnain Che On is Deputy Managing Director of Khazanah Nasional Berhad. He joined Khazanah in May 2014 as an Executive Director, Investments and subsequently appointed as Head, Strategic Business Unit of Khazanah.

Prior to Khazanah, he was appointed as the first Managing Director/Chief Executive Officer of Danajamin Nasional Berhad in 2009. He has over 22 years' experience in both banking and corporates, including tenures with UBS Warburg, Pengurusan Danaharta Berhad, CIMB Group and Symphony Group.

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company, except by virtue of being representative of Khazanah Nasional Berhad
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2017

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 4/4	-	-	Member 1/1	Member 1/1	-

GROUP COMPANY SECRETARY'S PROFILE

DATIN ROSSAYA MOHD NASHIR

Group Company Secretary

NATIONALITY	MALAYSIAN
AGE/GENDER	49/FEMALE
DATE OF APPOINTMENT	2002
LENGTH OF TENURE AS COMPANY SECRETARY	16 YEARS

QUALIFICATIONS

- Bachelor of Laws (majoring in Business Law), Coventry University, United Kingdom
- Licensed Secretary, Companies Commission of Malaysia
- Affiliate, Malaysian Institute of Chartered Secretaries and Administrators

AREAS OF EXPERTISE

- Corporate Secretarial Practice, Corporate Governance

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Nil



RELEVANT EXPERIENCE

Datin Rossaya Mohd Nashir works with the Chairman and the Board, advising them on their duties and responsibilities, governance matters, ensuring CIMB's compliance to laws and regulatory requirements. She ensures that a corporate governance framework is deployed in a manner that supports the Group's vision and aspirations. She plays a liaison role between the Board and its key stakeholders, both in Malaysia and in the Group's regional operations.

She has more than 20 years of experience in corporate secretarial practice and has been with CIMB since 2002, when she joined the Corporate Legal Services Unit and was instrumental in setting up the Company Secretarial Department in 2004. Prior to working in CIMB, Datin Rossaya was with Permodalan Nasional Berhad, where she assumed the position of Joint Company Secretary for several of its subsidiaries. She began her career with Time Engineering Group.

She serves as a member of the Companies Commission of Malaysia's Corporate Practice Consultative Forum, representing the interests of Government-Linked Companies under Khazanah Nasional Berhad and is a Director of several subsidiaries in the CIMB group. She actively advocates greater participation of women in the boardroom.

Declaration

- She does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies in 2016


CORPORATE STRUCTURE





CIMB GROUP HOLDINGS BERHAD







BOARDS OF MAJOR SUBSIDIARIES

CIMB BANK BERHAD 		
CHAIRPERSON Dato' Zainal Abidin Putih Non-Independent Director	Datin Grace Yeoh Cheng Geok Independent Director	Afzal Abdul Rahim Independent Director
MEMBERS Dato' Sri Nazir Razak Deputy Chairperson/ Non-Independent Director	Venkatachalam Krishnakumar Independent Director	Serena Tan Mei Shwen Non-Independent Director (Appointed on 1 December 2017)
Tengku Dato' Sri Zafrul Tengku Abdul Aziz Chief Executive Officer/Executive Director	Dato' Sri Amrin Awaluddin Independent Director	Ahmad Zulqarnain Che On Non-Independent Director (Resigned on 21 September 2017)
Rosnah Dato' Kamarul Zaman Independent Director	Datuk Mohd Nasir Ahmad Independent Director	SECRETARY Datin Rossaya Mohd Nashir
	Dato' Lee Kok Kwan Non-Independent Director	

CIMB INVESTMENT BANK BERHAD 		
CHAIRPERSON Dato' Robert Cheim Dau Meng Non-Independent Director	MEMBERS Dato' Kong Sooi Lin Chief Executive Officer/Executive Director	SECRETARY Datin Rossaya Mohd Nashir
	Nadzirah Abd Rashid Independent Director	
	Manu Bhaskaran Independent Director	
	Didi Syafruddin Yahya Independent Director	

CIMB ISLAMIC BANK BERHAD 		
CHAIRPERSON Dato' Mohamed Ross Mohd Din Independent Director (Redesignated as Chairperson on 28 April 2017)	MEMBERS Rafe Haneef Chief Executive Officer/Executive Director	SECRETARY Datin Rossaya Mohd Nashir
Datuk Dr. Syed Muhammad Syed Abdul Kadir Non-Independent Director (Resigned on 27 April 2017)	Rosnah Dato' Kamarul Zaman Independent Director	
	Ahmed Baqar Rehman Independent Director (Appointed on 24 July 2017)	
	Ho Yuet Mee Independent Director (Appointed on 3 November 2017)	
	Jalalullail Othman Independent Director (Appointed on 26 January 2018)	
	Professor Dato' Dr. Sudin Haron Independent Director (Retired on 4 November 2017)	

Boards of Major Subsidiaries

PT BANK CIMB NIAGA TBK 		
<p>PRESIDENT COMMISSIONER Dato' Sri Nazir Razak Non-Independent Commissioner</p> <p>MEMBERS Glenn Muhammad Surya Yusuf Vice-President Commissioner Non-Independent Commissioner</p> <p>Zulkifli M. Ali Independent Commissioner</p>	<p>Pri Notowidigdo Independent Commissioner</p> <p>David Richard Thomas Non-Independent Commissioner</p> <p>Armida S. Alisjahbana Independent Commissioner</p> <p>Jeffrey Kairupan Independent Commissioner</p>	<p>Tengku Dato' Sri Zafrul Tengku Abdul Aziz Non-Independent Commissioner (Appointed on 24 August 2017)</p> <p>CORPORATE SECRETARY Fransiska Oei</p>
CIMB THAI BANK PUBLIC COMPANY LIMITED 		
<p>CHAIRPERSON Chakramon Phasukavanich Independent Director (Appointed on 23 February 2018)</p> <p>MEMBERS Dato' Robert Cheim Dau Meng Vice Chairperson Non-Independent Director</p> <p>Kittiphun Anutarasoti President and Chief Executive Officer</p>	<p>Dato' Shaarani bin Ibrahim Independent Director</p> <p>Watanan Petersik Independent Director</p> <p>Chitrapongse Kwangsukstith Executive Director</p> <p>Serena Tan Mei Shwen Non-Independent Director</p>	<p>Dato' Lee Kok Kwan Non-Independent Director</p> <p>Maris Samaram Independent Director (Appointed on 8 May 2017)</p> <p>SECRETARY Zethjak Leeyakers</p>
CIMB BANK PLC 		
<p>CHAIRPERSON Dato' Shaarani Ibrahim Independent Director</p> <p>MEMBERS Bun Yin Chief Executive Officer/Executive Director</p> <p>Dato' Wira Zainal Abidin Mahamad Zain Independent Director</p>	<p>Dr. Mey Kalyan Independent Director</p> <p>Dato' Shahrul Nazri Abdul Rahim Non-Independent Director (Appointed on 23 November 2017)</p> <p>Yong Jiunn Run Non-Independent Director (Appointed on 23 November 2017)</p>	<p>Renzo Christopher Viegas Non-Independent Director (Appointed on 23 November 2017)</p> <p>Kua Wei Jin Non-Independent Director (Resigned on 23 November 2017)</p> <p>JOINT SECRETARIES Ly Sophea Datin Rossaya Mohd Nashir</p>
CIMB BANK (VIETNAM) LIMITED 		
<p>CHAIRPERSON Dato' Wira Zainal Abidin Mahamad Zain Independent Director</p> <p>MEMBERS Dato' Shaarani Ibrahim Independent Director</p> <p>Kua Wei Jin Non-Independent Director</p>	<p>Le Le Thuy Independent Director</p> <p>Thomson Fam Siew Kat Chief Executive Officer/General Director (Appointed on 5 February 2018)</p> <p>Yew Wan Kup Chief Executive Officer/General Director (Resigned on 5 February 2018)</p>	<p>JOINT SECRETARIES Tran Hai Long Datin Rossaya Mohd Nashir</p>



GROUP SHARIAH COMMITTEE



From left to right :

- Sheikh Dr Nedham Yaqoobi • Sheikh Associate Professor Dr Shafaai Musa • Sheikh Yang Arif Professor Adjung Dato' Dr Haji Mohd Na'im bin Haji Mokhtar
- Sheikh Dr Yousef Abdullah Al Shubaily • Sheikh Professor Dr Mohammad Hashim Kamali

GROUP SHARIAH COMMITTEE PROFILES

01

SHEIKH ASSOCIATE PROFESSOR DR SHAFAAI BIN MUSA

Malaysian/50 (male)

Date of Appointment : 9 JANUARY 2006

Length of Service : 11 Years

Directorship/Relevant Appointments

- Nil

Qualifications

- Degree in Shariah, Al-Azhar University, Egypt
- Master's degree in Comparative Laws, IIUM
- PhD, Glasgow Caledonian University, UK

Relevant Experience

- Currently the Associate Professor at the Ahmad Ibrahim Kulliyah of Laws at the International Islamic University Malaysia (IIUM)
- Chairman of the Shariah Committee at Sun Life Malaysia Takaful Berhad
- Formerly the Chief Executive Officer of the Johor Institute of Integrity, Leadership and Training
- Executive Director of IIUM's Centre for Continuing Education
- Chief Executive Officer of the International Islamic College cum Chief Executive Officer, International Islamic University Malaysia Higher Education Sdn Bhd

02

SHEIKH PROFESSOR DR MOHAMMAD HASHIM KAMALI

Canadian (Malaysian Permanent Resident)/73 (male)

Date of Appointment : 1 APRIL 2005

Length of Service : 12 Years

Directorship/Relevant Appointments

- 2009-2013 – Non-Independent Non-Executive Director, CIMB Islamic Bank Berhad

Qualifications

- First Class, Bachelor of Arts (Hons) degree in Law and Political Science, Kabul University, Afghanistan
- Master of Laws degree, London School of Economics, UK
- PhD in Islamic and Middle Eastern Law, School of Oriental and African Studies, University of London, UK

Relevant Experience

- Founding Chief Executive Officer, International Institute of Advanced Islamic Studies, Malaysia
- 2004-2006 – Dean of the International Institute of Islamic Thought and Civilisation
- 1985-2004 – Professor of Islamic Law and Jurisprudence at the Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia
- Serves on the International Advisory Board of 13 local and international academic journals
- Published 35 books and over 200 academic articles
- Addressed at over 200 national and international conferences

03

SHEIKH DR NEDHAM YAQOOBI

Bahraini/58 (male)

Date of Appointment : 14 JUNE 2006

Length of Service : 11 Years

Directorship/Relevant Appointments

- Nil

Qualifications

- Bachelor of Arts degree in Economics and Comparative Religion from McGill University, Montreal, Canada
- PhD in Islamic Law, University of Wales, UK

Relevant Experience

- Author of Several Articles and Publications on Islamic Finance and other Sciences, in both English and Arabic
- Educated in classical Shariah in his native Bahrain and in Mecca under the guidance of eminent scholars such as Sheikh Abdulla Al-Farisi, Sheikh Yusuf Al-Siddiqi, Sheikh Muhammed Saleh al-Abbasi, Sheikh Muhamed Yasin Al-Fadani of Mecca, Sheikh Habib-Ur-Rahman A. Zaini of India, Sheikh Abdulla bin Al-Siddiq Al-Ghumar of Morocco

04

SHEIKH YANG ARIF PROFESSOR ADJUNG DATO' DR HAJI MOHD NA'IM BIN HAJI MOKHTAR

Malaysian/50 (male)

Date of Appointment : 26 SEPTEMBER 2006

Length of Service : 11 Years

Directorship/Relevant Appointments

- Nil

Qualifications

- Bachelor of Laws degree, IIUM
- Master of Laws degree, University of London, UK
- PhD in Shariah, University Kebangsaan Malaysia

Relevant Experience

- Currently Judge of Shariah Appeal Court
- 2015 – Chief Judge of the Selangor Shariah Court
- 2009 – Director, Family Support Division at the Shariah Judiciary Department of Malaysia
- 2008 – Shariah Prosecutor, Federal Territory
- 1998-2007 – Shariah Subordinate Court Judge for Federal Territory and Selangor

05

SHEIKH DR YOUSEF ABDULLAH AL SHUBAILY

Saudi Arabian/46 (male)

Date of Appointment : 28 OCTOBER 2008

Length of Service : 9 Years

Directorship/Relevant Appointments

- Member of Shariah Board of AAOIFI
- Member of Shariah Board of IIFM (Islamic International Finance Market)
- Member of Shariah Board of Albilad Bank in Saudi Arabia

Qualifications

- Bachelor's degree from Faculty of Shariah and Fundamentals of Islam, Department of Comparative Jurisprudence at Imam Muhammad ibn Saud Islamic University in 1993
- Master's degree from the Department of Comparative Jurisprudence at Imam Muhammad ibn Saud Islamic University in 1996
- PhD in Islamic Jurisprudence from Imam Muhammad ibn Saud Islamic University

Relevant Experience

- Currently lectures in the Department of Comparative Jurisprudence, High Institute of Judiciary at Saudi Arabia's Imam Muhammad ibn Saud Islamic University in Riyadh
- Serves as a Cooperating Professor for the American Open University
- Performs advisory functions within numerous religious and charitable organisations both within and outside Saudi Arabia
- Written many books, academic papers and articles on Islamic jurisprudence and commercial law
- Participated in numerous seminars and conventions in related areas
- Expert of Islamic Fiqh Academy



GROUP MANAGEMENT COMMITTEE



Standing from left to right :

- Lee Chin Tok (Invitee) • Ramesh Narayanaswamy • Kwan Keen Yew (Invitee) • Samir Gupta • Hendra Lembong • Tigor M. Siahaan
- David Richard Thomas • Gurdip Singh Sidhu (Invitee) • Kittiphun Anutarasoti • Chu Kok Wei (Invitee) • Lim Tiang Siew (Invitee)
- Renzo Christopher Viegas (Invitee) • Thomas Meow Yoke Nean (Invitee) • Mohamed Adam Wee Abdullah



Seated from left to right :

- Mak Lye Mun • Dato' Kong Sooi Lin • Rafe Haneef • Tengku Dato' Sri Zafrul Tengku Abdul Aziz • Shahnaz Jammal • Effendy Shahul Hamid
- Dato' Hamidah Naziadin

GROUP MANAGEMENT COMMITTEE PROFILES

01 DATO' KONG SOOI LIN

Chief Executive Officer/Executive Director, CIMB Investment Bank Berhad
Group Head, Investment Banking

MALYSIAN/AGE: 56 (FEMALE)

QUALIFICATION

- Honours degree in Commerce, University of New South Wales, Australia
- Certified Practising Accountant (CPA), Australia
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chief Executive Officer/Executive Director, CIMB Investment Bank Berhad
- Committee Member of Agensi Inovasi Malaysia
- Chairperson of CIMB (Private) Limited, Sri Lanka
- Commissioner on the Board of Commissioners of PT CIMB Securities Indonesia
- Deputy Chairman of Malaysian Investment Banking Association (MIBA)

RELEVANT EXPERIENCE

- CEO of CIMB Investment Bank, entrusted with the Group's stewardship of the investment banking franchise as a major regional player
- Head of Senior Bankers Group that provides group-wide corporate client coverage across Asia Pacific
- Group Head of Investment Banking responsible for the origination of advisory transactions in both debt and equity capital markets, and innovative financing solutions
- Group Head of Private Banking in charge of the Group's regional private banking business
- 28 years of investment banking experience with extensive advisory expertise in both equity and debt capital market transactions
- Joined CIMB Investment Bank Berhad in 1994 from Bumiputra Merchant Bankers Berhad
- Began her career at Ernst and Young and Arthur Andersen

02 RAFE HANEEF

Chief Executive Officer/Executive Director, CIMB Islamic Bank Berhad
Chief Executive Officer, Group Islamic Banking

MALYSIAN/AGE: 48 (MALE)

QUALIFICATION

- Master of Laws (LL.M), Harvard Law School
- Bachelor of Laws (LL.B), International Islamic University Malaysia
- Qualified for the New York State Bar in 1997
- Admitted to the Malaysian Bar in 1995

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chief Executive Officer/Executive Director, CIMB Islamic Bank Berhad

RELEVANT EXPERIENCE

- CEO of CIMB Islamic Bank Berhad in charge of the Group's Islamic banking and finance franchise. CIMB Islamic operates as a parallel franchise to the Group's conventional operations and covers Islamic wholesale banking, Islamic consumer banking, Islamic commercial banking and Islamic asset management and investment
- 20 years of experience covering a range of businesses and functional roles gained from three global banks, an international asset management company and a legal firm, at various financial centres including London, Dubai and Kuala Lumpur
- CEO, Malaysia, and Managing Director of Global Markets, ASP, HSBC Amanah in 2010
- Regional Head for Islamic banking, Asia Pacific, Citigroup Asia in 2006
- Global Head of Islamic Finance business at ABN AMRO Dubai in 2004 covering both consumer and corporate businesses
- Joined HSBC Investment Bank plc, London in 1999 and thereafter HSBC Financial Services Middle East, Dubai where he set up the global sukuk business in 2001

03 TIGOR M. SIAHAAN

Country Head, Indonesia
President Director & Chief Executive Officer, PT Bank CIMB Niaga Tbk

INDONESIAN/AGE: 46 (MALE)

QUALIFICATION

- Double major in Finance and Accounting, University of Virginia, Charlottesville, USA
- Alumnus of the IMD BPSE Program (Breakthrough Program for Senior Executives) in Lausanne, Switzerland

DIRECTORSHIP/RELEVANT APPOINTMENTS

- President Director and Chief Executive Officer, PT Bank CIMB Niaga Tbk
- Chairman of Indonesia Malaysia Bilateral Committee of Indonesian Chamber of Commerce and Industry (KADIN)
- Vice Chairman of Perbanas (Indonesian Banks Association)
- Member of the Board of Trustees of Jakarta International School (JIS)
- Mentor in Endeavor Indonesia
- Executive Committee Member of Young Presidents Organisation (YPO) Indonesia
- Supervisory Board Member of Association of Payment Systems of Indonesia (ASPI) from 2013 to 2016

RELEVANT EXPERIENCE

- President Director and Chief Executive Officer of PT Bank CIMB Niaga Tbk.
- 20 years in Citi starting as a Management Associate in 1995
- Chief Country Officer of Citi Indonesia from 2011-2015. First Indonesian to be appointed to the post
- Held several key positions in Citi Indonesia including Country Head for Institutional Clients Group, Head of Corporate & Investment Banking and Country Risk Manager
- Served as Vice President in Institutional Remedial Management Group in Citi Head Office in New York from 2000 to 2003
- Awarded as ASEAN Rising Star from the US – ASEAN Business Council in 2010 and Asian Promising Young Banker in The Asian Banker in 2011

04 KITTIPHUN ANUTARASOTI

Country Head, Thailand
President & Chief Executive Officer, CIMB Thai Bank PCL

THAI/AGE: 47 (MALE)

QUALIFICATION

- Bachelor's degree in Economics (First Class Honours and Gold Medalist), Chulalongkorn University, Thailand
- MBA, Saint Louis University, USA

DIRECTORSHIP/RELEVANT APPOINTMENTS

- President and Chief Executive Officer, CIMB Thai Bank PCL

RELEVANT EXPERIENCE

- President and Chief Executive Officer of CIMB Thai Bank PCL
- 24 years of experience with leading international banks in the Thailand banking industry
- Spent 3 years as Head of Wholesale Banking Group at Krungthai Bank where he successfully led the Bank's transformation of the wholesale banking platform prior to joining CIMB Thai
- Served as Chairman of KTB Advisory, a corporate finance advisory arm of Krungthai Bank
- Served as an EVP in Corporate Banking and subsequently was given an opportunity to lead the Corporate Banking platform in the capacity of Head of Corporate Banking at Siam Commercial Bank
- Spent about 10 years at JPMorgan Chase Bank in Thailand and held a number of key positions including Head of Corporate Banking Thailand, Country Credit Officer for Thailand and Vietnam and General Manager of Thailand Branch
- Started his career at Bank of America, Bangkok, where he joined as a management trainee in 1993. After about 6 years with Bank of America, he joined HSBC as a senior banker covering Multinational Clients

Group Management Committee Profiles

05 MAK LYE MUN

Country Head, Singapore
Chief Executive Officer, CIMB Bank, Singapore
Chief Executive Officer, Group Wholesale Banking

MALAYSIAN/AGE: 60 (MALE)

QUALIFICATION

- Bachelor of Civil Engineering (1st Class Honours), University of Malaya, Malaysia
- Master of Business Administration, University of Texas, Austin, USA
- Charterholder of CFA Singapore

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Non-Executive Director, Boardroom Limited
- Non-Executive Director, Tat Hong Holdings Ltd

RELEVANT EXPERIENCE

- Regional Head of CIMB Group's Private Banking business
- Director of CIMB Securities (Singapore) Pte. Ltd.
- Head of Corporate Finance of GK Goh Securities Pte Ltd in 2005
- Head of Mergers & Acquisitions Advisory Department with the then Development Bank of Singapore (now DBS Bank Ltd)
- Held various senior positions in the corporate finance divisions of Vickers Ballas & Co. Pte. Ltd., Ernst & Young, Oversea-Chinese Banking Corporation Limited and Citicorp Investment Bank (Singapore) Limited
- Member of the Inaugural SGX Listings and Advisory Committee

06 SHAHNAZ JAMMAL

Group Chief Financial Officer

MALAYSIAN/AGE: 43 (MALE)

QUALIFICATION

- Bachelor (Double First Class) and Master of Arts in Economics, University of Cambridge, United Kingdom
- MPhil in Economics, University of Oxford, United Kingdom

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Oversees the finance function of CIMB Group, including financial control, reporting and analysis, capital and balance sheet management, and investor relations
- Responsible for driving, strengthening and protecting the financials of the Group, through the provision of key financial information and analytics, partnering businesses, and meeting the requirements of external stakeholders, whilst ensuring overall financial control and discipline
- Was most recently the Deputy Group Chief Financial Officer and Head of Capital & Balance Sheet Management of CIMB Group. Prior to this, was in various capacities within CIMB Group, including Group Risk Management, Corporate Client Solutions and PT Bank CIMB Niaga Tbk
- Has over 18 years of banking experience, covering M&A Advisory, Risk Advisory, Trading, Risk Management and Finance
- Was previously with Goldman Sachs, Dresdner Kleinwort Wasserstein and Bankers Trust in London, as well as ABN AMRO in Kuala Lumpur

07 SAMIR GUPTA

Chief Executive Officer, Group Consumer Banking

SINGAPOREAN/AGE: 55 (MALE)

QUALIFICATION

- Bachelor of Technology in Mechanical Engineering, Indian Institute of Technology, India
- Master of Management Studies, University of Bombay, India

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Chief Executive Officer of Group Consumer Banking
- Over 30 years' experience in the banking industry including retail, wealth management, consumer finance, cards, risk, operations and audit
- Senior Manager with track record of building consumer banking franchises in Asia, Africa and Middle East
- Started his working career with Citibank, India and moved to Singapore in 1990
- Managed various roles in Citibank and Barclays and PT Bank CIMB Niaga Tbk based out of Singapore, Thailand, Dubai, Turkey and Indonesia
- Joined CIMB Group as Consumer Banking Director of PT Bank CIMB Niaga Tbk in 2010

08 EFFENDY SHAHUL HAMID

Chief Executive Officer, Group Asset Management & Investments
Chief Executive Officer, Group Commercial Banking
(Effective 1 November 2017)

MALAYSIAN/AGE: 44 (MALE)

QUALIFICATION

- Honours in Electronic Engineering with Optoelectronics, University College London, United Kingdom
- Alumni of the CIMB-INSEAD Leadership Programme

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, CIMB-Principal Asset Management Berhad, PT CIMB-Principal Asset Management, CIMB-Principal Asset Management Company (Thailand) Limited and CIMB-Principal Islamic Asset Management Sdn Bhd
- Director, CIMB-Howden Insurance Brokers Sdn Bhd
- Director, Financial Park (Labuan) Sdn Bhd
- Director, Touch 'n Go Sdn Bhd

RELEVANT EXPERIENCE

- Oversees all of the Group's asset management and investments business across both public and private markets, including the Group's regional asset management business (CIMB-Principal), its private equity fund management business and the Group's strategic investments portfolio in companies such as Touch 'n Go
- Oversees all of the Group's regional banking businesses for the small and medium enterprise and mid-sized corporate segment, with a key lean on creating differentiated propositions and executing long term growth strategies
- Managed the Group's entire marketing and communications initiatives and led franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's businesses across the region
- Director in the Group's Investment Banking Division, primarily focusing on corporate advisory and origination
- Career in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives
- Regional business experience having worked and lived in Hong Kong and Singapore

Group Management Committee Profiles

09 HENDRA LEMBONG

Chief Executive Officer, Group Transaction Banking

INDONESIAN/AGE: 45 (MALE)

QUALIFICATION

- Master of Science in Engineering-Economic Systems, Stanford University, USA
- Bachelor of Science in Chemical Engineering, University of Washington, USA

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Over 20 years banking experience that includes assignments in Jakarta, Singapore, Hong Kong and London. He has held several senior Transaction Banking positions across Asia and Europe where he was Managing Director for JPMorgan Asia Pacific, Global COO and Head of Business Development for Deutsche Bank as well as various strategy and product roles for Citibank branches in several countries
- Chief of Transaction Banking at PT Bank CIMB Niaga Tbk responsible for Cash Management, Value Chain, FI & NBFI, Securities Services, Trade Finance and Remittance business across the Bank
- Has worked with many large multinationals and local companies in improving their cash and treasury management operations through various banking solutions. Expertise in building transaction banking systems for banks which are used by many Corporations. Also a member of Asia Pacific Swift Advisory Board between 2011 to 2013 where he worked with other financial institutions to continuously enhance Swift and country payment systems
- Was named as Transaction Banker of The Year – Indonesia by The Asset in 2016 and Top 20 people in Asia Cash Management by Finance Asia in 2011

10 DAVID RICHARD THOMAS

Group Chief Risk Officer

AMERICAN/AGE: 58 (MALE)

QUALIFICATION

- Bachelor's Degree, Whitman College, Washington USA

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Commissioner, PT Bank CIMB Niaga Tbk
- Commissioner, PT Synergy Dharma Nayaga
- Board of Director, The International School of Kuala Lumpur
- Board of Director, GK1World (Singapore)

RELEVANT EXPERIENCE

- Oversees the risk management function of CIMB Group, including Credit, Market, Operational, Shariah, Asset Liability Management Risk and Risk Analytics & Infrastructure
- Responsible for ensuring the consistent implementation of the Group's risk management policies and frameworks, including operationalising the Risk Appetite Statement. The Risk Division of CIMB Group identifies, assesses, measures, controls and reports the material risks that may impact the Group's business operations, profitability, capital and reputation
- Previously worked for Bank of America in Los Angeles, California as a sector Banker, covering the Fortune 500 Aerospace & Defense sector
- Served as the Chief Risk Officer for Asia Pacific for the Royal Bank of Scotland (RBS). Prior to RBS, he served as the Chief Credit Officer for Asia Pacific for Bank of America
- Held various senior level positions based in Singapore, Hong Kong, Thailand, Taiwan, and Malaysia throughout his 24-year tenure in Asia

11 DATO' HAMIDAH NAZIADIN

Group Chief People Officer

Chief Executive Officer, CIMB Foundation

MALAYSIAN/AGE: 54 (FEMALE)

QUALIFICATION

- Bachelor of Laws, University of Wolverhampton, United Kingdom

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, Maxis Berhad

RELEVANT EXPERIENCE

- Provides overall strategic leadership for HR of CIMB across ASEAN
- Transformed HR from an administrative function into a key business enabler, contributing to the Group's rapid growth into a leading ASEAN financial institution that it is today
- Strategised the resource integration, ensuring a successful consolidation in various mergers and acquisitions over the years, within Malaysia, and across ASEAN and APAC regions
- Implemented strategic HR programmes, which have earned peer and industry recognition through numerous awards and elevated CIMB's differentiation in the market
- Strengthens workplace culture through numerous employee engagement initiatives with emphasis on the three critical behaviours of 'A Better CIMB' and compliance to code of ethics and conduct
- Initiated the development of workplace wellness policies and programmes to build and sustain a productive and inspiring environment
- Leads people strategies to attract, develop and retain talent, cultivate an agile workforce to prepare for the future of work, and improve the end-to-end employee experience via technology innovation
- Championed thought leadership through industry talks and publications on issues around women empowerment, and youths and graduates education and development
- Spearheads CSR in community development, sports and education initiatives with diversity and inclusion as the guiding principles
- Has 30 years' experience in HR in the financial industry, of which 27 years were with the Group

12 MOHAMED ADAM WEE ABDULLAH

Group Chief Marketing Officer

Group Chief Customer Experience Officer

MALAYSIAN/AGE: 49 (MALE)

QUALIFICATION

- Master of Business Administration, University of Southern Queensland, Australia

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, Premier Fidelity Sdn Bhd

RELEVANT EXPERIENCE

- Oversees CIMB's Group-wide marketing, brand management and customer experience management function across all its geographies and business divisions
- He is a veteran in the marketing field with a career spanning more than 28 years. He brings diversity, depth and breadth of experience across the entire marketing value chain from sales, advertising, strategic planning, brand and marketing management
- Adam is also a leading practitioner of customer experience management having established the function in his previous organisation and CIMB Group
- Group Chief Marketing Officer of Maybank Group from 2011 to 2015, Chief Marketing Officer of Sunrise Berhad in 2010 and Director of Brand & Advertising in ASTRO from 2004 to 2010
- His marketing experience also includes regional marketing management for BMW Group's regional headquarter based in Singapore, where he was responsible for directing marketing strategies and programmes for BMW Group distribution partners in 17 countries across India, China, Southeast Asia and the South Pacific Island nations
- Adam also spent more than a decade in multinational advertising and brand agencies. He held senior and regional positions working on a diverse range of sectors which included fast moving consumer goods (FMCG), confectionary and beverages, hospitality and travel, automotive, property and telecommunications, where he managed category leading brands such as Maxis, Hotlink, KFC, Pepsi, 100 Plus, Land Rover, Drypers, Wrigley's, Campbell, ICI Dulux, etc.

Group Management Committee Profiles

13 RAMESH NARAYANASWAMY

Group Chief Technology & Operations Officer
(Effective 28 June 2017)

SINGAPOREAN/AGE: 43 (MALE)

QUALIFICATION

- M.Sc (Hons), B.E (Hons) from Birla Institute of Technology and Science, Pilani, India
- M.B.A, Nanyang Business School, Singapore

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Oversees the Information, Technology and Operations functions of CIMB Group
- Responsible for strategy, solution and execution of all Technology projects and operationalising the same. Drive innovation and transformation in these areas to create better customer experience, scalable systems and manage operational and technological risks at an acceptable cost
- Was most recently the Group Chief Information Officer for Singapore Post Limited and driving the technology agenda for transforming the company from a classic postal provider to an e-commerce and logistics company. Prior to that was Head of Technology solution delivery for Retail Banking in Standard Chartered across the group based in Kuala Lumpur and before that in Singapore. Also worked for Citibank in the International cards division managing projects and implementation across Latin America and Europe
- Have 21 years of technology and operations experience, with 16 years in banking and 5 years in e-commerce and logistics industry
- Has been part of a number of customer advisory boards in the past, mentoring the startup ecosystem and provide thought leadership in the area of technology and operations transformation

14 RENZO CHRISTOPHER VIEGAS (Invitee)

Adviser to Group CEO's Office

INDIAN/AGE: 56 (MALE)

QUALIFICATION

- Bachelor degree in Commerce, University of Mumbai, India
- Chartered Accountant and Fellow Member of ICAI

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, CIMB Bank PLC, Cambodia
- Director, Astro Malaysia Holdings Bhd

RELEVANT EXPERIENCE

- Director, Sun Life Malaysia Assurance Berhad from 2013-2017
- Director, Sun Life Malaysia Takaful Berhad from 2013-2017
- Chief Executive Officer of Group Consumer Banking from 2015-2016
- Executive Director of CIMB Bank from 2012-2015
- Deputy Chief Executive Officer of CIMB Group from 2012-2015
- Deputy Managing Director of RHB Bank in 2008
- Extensive experience in the banking industry and started his working career with Citibank in 1985 where he progressively held senior positions in various Asia Pacific countries including regional responsibilities

15 THOMAS MEOW YOKE NEAN (Invitee)

Adviser to Group CEO's Office

MALAYSIAN/AGE: 52 (MALE)

QUALIFICATION

- Bachelor of Accounting (Hons), University of Malaya, Malaysia

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Assists the Group CEO in an advisory role in running the banking franchise of CIMB Group. He is the Chairman of the Group Credit Committee and the Group Underwriting Committee
- Prior to assuming this role, Thomas was most recently the Adviser to the CEO of Group Wholesale Banking. Prior to that he was the Head of Credit Markets and Banking, overseeing the corporate financing, trading and investment franchises in credit markets and banking for CIMB Group. His portfolio included the Debt Capital Markets Origination and Loan Syndication in the ASEAN region, corporate banking covering Thailand, Singapore, North Asia and Cambodia, fixed income trading and investment. Thomas was also the Chairman of the Debt Capital Markets Committee of the Malaysian Investment Banking Association and a member of the ASEAN+3 Bond Market Forum established under the auspices of the ASEAN+3 Bond Markets Initiative
- Thomas has 26 years of experience in the financial markets in ASEAN. Under his leadership, CIMB has been consistently the largest underwriter for local currency bond issuances in ASEAN and one of the world's largest underwriters for sukuk issuances, as published by Bloomberg

16 LIM TIANG SIEW (Invitee)

Group Chief Internal Auditor

MALAYSIAN/AGE: 61 (MALE)

QUALIFICATION

- Member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Ensures that the Group Internal Audit Division supports the Group and Banking Group Audit Committees in discharging their responsibilities, as well as managing the governance, risk and control functions of the Group. He oversees the Internal Audit function across the entire Group
- Joined CIMB in January 1991 as an assistant manager in the Corporate Finance Department and rose to Head of Department
- Following the acquisition of Bumiputra-Commerce Bank Berhad by CIMB and the subsequent merger with Southern Bank, Tiang Siew was appointed as the Group Chief Financial Officer, a position he held for approximately two years before being appointed the Group Chief Internal Auditor
- Started his career in 1976 with a major accounting firm for 10 years of which 18 months was spent overseas before moving into the corporate finance industry in 1987. His tenure in corporate finance involved initial public offerings, mergers, acquisitions, fund raising transactions and restructurings for some of the then largest companies listed on Bursa Malaysia. He was actively involved in the formulation and amendments to guidelines, regulations and law reforms in relation to capital market matters during his tenure in Corporate Finance
- Examiner for the Malaysian Institute of Certified Public Accountants, a position he has held for more than 20 years and in recent years as Chief Examiner

Group Management Committee Profiles

17 KWAN KEEN YEW (Invitee)

Group Chief Compliance Officer

MALAYSIAN/AGE: 44 (MALE)**QUALIFICATION**

- Bachelor of Laws (Hons), University of Sheffield, United Kingdom

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Leads the Group Compliance function which is responsible for the identification, assessment and management of regulatory and compliance risks and management issues of regulatory and compliance across CIMB
- Served in various roles in a foreign bank which included Head of Legal and Compliance for Malaysia, Regional Head of Compliance for Malaysia, Australia, Brunei, Vietnam and Head of Wholesale Banking Compliance for Hong Kong
- Had previously been in private practice at a leading law firm in Malaysia and has over 19 years of legal and compliance experience in financial services laws and regulations

18 CHU KOK WEI (Invitee)

Group Head, Treasury and Markets

MALAYSIAN/AGE: 44 (MALE)**QUALIFICATION**

- MSc in Finance and Economics with Distinction and First Class Honours of BSc (Econ) Economics, the London School of Economics and Political Science, University of London, United Kingdom
- Chartered Financial Analyst (CFA)

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, Asia Securities Industry & Financial Markets Association

RELEVANT EXPERIENCE

- His areas of responsibility include CIMB Group's markets, sales, trading and structuring businesses in interest rates, credit, foreign exchange, commodities, equity and their derivatives; capital markets origination for debt, convertibles and hybrids; fixed income investments; and the funding and liquidity management operations for the CIMB Group
- Prior to joining CIMB in 2003, Kok Wei had six years of experience with a major European bank developing its local currency fixed income business in both Malaysia and Singapore. Since joining the then Commerce International Merchant Bankers Berhad, Kok Wei played an active role in the formation of group-wide treasury and market businesses across the various organic and inorganic growth of the Group

19 GURDIP SINGH SIDHU (Invitee)

Group Chief Strategy Officer

MALAYSIAN/AGE: 44 (MALE)**QUALIFICATION**

- Honours in Accounting and Finance, the London School of Economics and Political Science, University of London, United Kingdom
- Chartered Financial Analyst (CFA)
- Alumni of the CIMB-INSEAD Leadership Programme

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, Proton Commerce Berhad
- Director, CIMB (Private) Limited, Sri Lanka

RELEVANT EXPERIENCE

- Oversees key strategic initiatives across the firm and manages the Group's corporate strategy and planning, mergers and acquisitions, partnerships as well as all programme management office functions. He works alongside the Group CEO and senior management in setting the strategic direction of the Group and supports the execution of key transformational and growth initiatives. He also works closely with the key business pillars and geographies to ensure business strategies are fully aligned Group wide
- Prior to assuming his current role, Gurdip was the Head of Strategy and Business Development within the Group Strategy and Strategic Investments division of the Group. In that role, he had led key strategic and investment initiatives including the Group's streamlining of its insurance businesses, development of the private equity business as well as creation of the Group's medium term strategic roadmap. Prior to joining CIMB, Gurdip spent a decade in an international management consulting firm advising banks, telecommunications companies and Governments across ASEAN, India, South Korea and Spain

20 LEE CHIN TOK (Invitee)

Group General Counsel

MALAYSIAN/AGE: 52 (MALE)**QUALIFICATION**

- Bachelor's of Laws (Hons) degree and Bachelor's of Commerce degree, University of Melbourne, Australia

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Provides the strategic leadership for Group Legal as well as legal issues that apply to the Group
- Prior to his appointment as the Group General Counsel, Chin Tok was with the Capital Markets Department of CIMB from 1996 to 2001
- He was also the Co-Head of Debt Capital Markets in the Corporate Banking, Treasury & Markets Division, a role which he had helmed from 2002 to April 2014. In his role as Co-Head of Debt Capital Markets, Chin Tok was responsible for the debt capital markets and equity-linked origination franchises of CIMB across Southeast Asia, North Asia, Australia and the Middle East
- Prior to joining CIMB in 1996, he spent about six years working in various law firms, namely Mallesons Stephen Jaques (Australia), Drew & Napier (Singapore) and Rashid & Lee (Kuala Lumpur) with primary focus in the areas of banking, capital markets and corporate finance

Declaration

- None of the Management Team has any family relationship with any Director and/or Major Shareholders of CIMB.
- None of the Management Team has any conflict of interests with CIMB.
- Other than traffic offences, none of the Management Team has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

INTERNATIONAL ADVISORY PANEL (IAP)

ABOUT THE IAP

The International Advisory Panel (IAP) was established in 2006 to assist the Board and top management of the Group in devising strategies and generating ideas to support the Group's corporate goal of becoming South East Asia's premier universal bank. With Tun Musa Hitam as Chairman, the IAP is composed of members of various nationalities, expertise, and experience.

As an advisory body, the IAP does not have any day-to-day responsibilities of managing the organisation. The IAP provides unbiased insights and ideas and exposes top management to new thinking in technology, macroeconomics, demography, sustainability and geopolitics.

The IAP officially meets with CIMB's top management once a year where CIMB's management will present for discussion with the IAP its proposed business strategies.

The IAP met in Shanghai, China on 25th November 2017 to discuss and advise on a broad range of topics including geopolitics, global economy and the markets, select country deep dives, and the Group's next Strategic Roadmap.

GEOPOLITICS, GLOBAL ECONOMY AND THE MARKETS

The 4th industrial revolution, its expected changes and implications were discussed at length. The rapidly changing environment demands organisations and people to constantly learn, reskill and refresh to keep pace with change.

CHINA

IAP members viewed CIMB's partnership with China Galaxy Securities positively. This partnership will be pivotal to the Group's larger China strategy. Members of the IAP also requested for the Group to consider exploring opportunities to nurture regional development by facilitating cross-border China-ASEAN investments.

OUR NEXT STRATEGIC ROADMAP

Areas discussed and debated included pace and impact of disruption and encroachment of technology and non-traditional companies into the banking space and across our different business segments. The discussion centered on potential focus areas of the Group moving forward and what these big bets could be.



MEMBERS OF THE PANEL

- 1 **Tun Musa Hitam** (Chairman of UM Land, and former Deputy Prime Minister of Malaysia)
- 2 **Tan Sri Andrew Sheng** (Distinguished Fellow of the Asia Global Institute, and former Chairman of the Securities and Futures Commission, Hong Kong)
- 3 **Tan Sri Muhammad Nor Yusof** (Former Chairman of CIMB Group, Director of Khazanah Nasional Berhad, and Chairman of Malaysian Airline System Berhad)
- 4 **Tan Sri Rainer Althoff** (Managing Director of Jatro AG, and former President and Chief Executive Officer of Siemens Malaysia Sdn Bhd)
- 5 **Datuk Tong Kooi Ong** (Executive Chairman of Sunrise Berhad, and Co-Chairman, The Edge Asia)
- 6 **Glenn Muhammad Surya Yusuf** (Independent Director of CIMB Group, former President Director of Lonsum, and former Chairman of IBRA)
- 7 **Tira Wannamethee** (Executive Director of Chaitalay Hotel Company Limited)
- 8 **Watanan Petersik** (Independent Director of CIMB Group and Founder of Asia Capital Advisory Pte Ltd)
- 9 **Nicholas RH Bloy** (Co-Founder and Managing Partner of Navis Capital Partner Limited)
- 10 **Dr Roberto F. de Ocampo** (Founding Partner and Director of the Centennial Group, and former Secretary of Finance of the Philippines)
- 11 **Rex Auyeung** (Former Chairman and President of the Principal Financial Group – Asia)
- 12 **Goh Yew Lin** (Managing Director of GK Goh Holdings Ltd, and Director of Temasek Holdings (Private) Limited)
- 13 **Marie Elaine Teo** (Senior Advisor and Partner at the Holdingham Group Ltd, and Independent Non-Executive Director at GK Goh Holdings Ltd)

HUMAN CAPITAL GROWTH

“The strength of our human resources across all our operating markets is reinforced by our commitment to build and sustain a high-performance culture. In 2017, we continued to enable the Group’s T18 recalibration efforts covering three critical areas of culture transformation; strategic manpower planning; and performance management. We gained considerable traction and momentum in addressing various gaps and enhancing productivity, while ensuring that our people continued to be highly engaged.”

With around 38,000 employees across 15 countries, including nine ASEAN markets, we are driven by values such as diversity and inclusion for continuous growth. As a progressive regional bank, our ‘people’ strategy is well-positioned to meet the emerging challenges of today’s dynamic marketplace, including rapid digitalisation. Our efforts are always focused on optimising the potential of our workforce and workplace, by making sure we future-proof our employees. We achieve this by developing the right skill-sets and behaviour through innovative learning and development initiatives, alongside the culture transformation process. We also ensure that the evolving needs of our diverse employees are met adequately, covering critical aspects such as health and wellness; financial well-being; flexible work options; and gender balance and participation, amongst others.

2017 was an exciting year for our division, especially with the mandate to resource our newly set-up branch office in Vietnam and the establishment of our FinTech unit. Equipping the business verticals with the right talent is

both a challenge and a strategic consideration in terms of understanding specific skill-sets needed versus what’s available in the market. For instance, the deployment of FinTech solutions using agile methodology calls for agile teams, which in turn necessitates the right talent to build our internal capacities and capabilities.

Encouraging Life-long Learning: Developing our critical mass of employees is a business priority. We conduct regular training needs assessment of all our employees across various functions and levels. We believe learning and development can help employees upskill and reskill to remain competent and relevant, with the evolving needs of the industry and workplace. In 2017, the total training and development hours at CIMB Group were 1,777,270; with a total investment of RM107,952,508. At CIMB Group, we remain committed to the principle of equality in providing opportunities for learning and growth. The average training hours across all levels of employees who attended training in 2017 were 63.4 for women and 52.3 for men.

TOTAL INVESTMENT
(region-wide)



Training and Development

RM107.9 million

2017

OUR RESPONSE TO T18 STRATEGIES

People are our driving force, accelerating our transformation efforts and propelling new growth. Hence, our people initiatives are designed to support the Group’s T18 Recalibration efforts.

CULTURE TRANSFORMATION

Our corporate culture continues to drive performance and accelerate growth. The organisational culture rests on our philosophy of shaping a ‘A Better CIMB’ (ABC) by encouraging three critical behaviours – a) go the extra mile to delight our customers; b) respect each other, engage openly and work together; and c) recognise each other’s efforts and always back each other up. We have successfully cascaded the three critical behaviours of ABC across all levels and locations of our business in the region since 2015. Through numerous activities, our objective has been to accelerate culture transformation and strengthen the spirit of ‘one #teamCIMB’. We organised two “Culture Days” involving employees region-wide simultaneously this year, i.e. #appreciate and #onetwojuice, which focused on appreciation of each other, and respectfulness of our diverse cultures, respectively.

In 2017, we expanded the ABC Informal Leaders’ Network to 142 Business Sponsors and 2,304 Informal Leaders, which enhanced our employee engagement and relationship building activities across the region. Similarly, we extended our most popular staff-management engagement platform called ‘Tuesday Chats’ to Group Management Committee’s one-downs (GMC -1), a skip-level session that facilitates open engagement between staff and senior management to share their feedback and suggestions in an informal setting. The idea has been to ‘walk the talk’ and demonstrate new leadership in bridging management-employee relationships for productive and practical solutions at the workplace and beyond. A total of 683 sessions were held as at 31 December 2017.

We also launched the ABC Torch of Recognition for the region, to cultivate the positive habit of recognising each other’s efforts. Launched by the

Group CEO, ABC Torch relays were initiated by GMC members who subsequently passed down the torches to deserving employees who would then further identify the recipients of the torches. These relays are to continue on as employees pass on the torches as a symbol of recognition of each others’ efforts. In 2017, we continued with the sharing of ABC Success Stories via internal email, as well as Instagram (#ABCTorch and #ABetterCIMBStory). ABC Success Stories are about employees in any part of the region who have demonstrated any of the three critical behaviours. We seek to recognise those who live and spread the three critical behaviours of ABC, and to encourage others to do the same. The implementation of internal communication via social media is intended to drive a higher level of engagement, especially amongst the younger generation of our workforce.

Way Forward

As the banking environment is fast evolving, the need for building and living a compliance culture is absolutely critical. In 2017, we initiated efforts to engage with CIMB employees across various levels to better understand what compliance means to them on the job and what would make ‘compliance’ a habit and behaviour rather than a mandated KPI. Towards 2018, we plan to introduce compliance culture-building programmes, which over time will help mitigate organisational risks.

Meanwhile, we also revisited our employee communications to rediscover ways to improve employee participation, learning and growth. Our discussions in 2017 gave birth to ZAC – a CIMB employee icon, who leads the way to remind CIMBians of compliant behaviour. The idea is to design communications (supported by a fun-to-learn tutorial pack, gamification, competitions, and quizzes) that will inspire employees to learn and apply good compliance practices in their everyday work.



BE VIGILANT, BE ALERT, BE THOROUGH.

If you have any concerns on any risk, wrong-doing or malpractice, please notify whistleblowing@cimb.com via email and attention if to:

Datuk Mohd Nasir Ahmad
Chairman of Audit Committee



BE VIGILANT, BE ALERT, BE THOROUGH.

If you have any concerns on any risk, wrong-doing or malpractice, please notify whistleblowing@cimb.com via email and attention if to:

Datuk Mohd Nasir Ahmad
Chairman of Audit Committee



BE VIGILANT, BE ALERT, BE THOROUGH.

For further information/clarification, please contact the Group Chief Compliance Officer or email groupcompliance@cimb.com.



CIMB Workplace Wellness (Financial Wellbeing) Announcement at the Pekerja Kreatif Pencetus Inovasi Launch in KL Pekerja Kreatif Pencetus Inovasi 2017. From left: Dato’ Hamidah Naziadin; CIMB Group Chief People Officer, YB Datuk Seri Johari bin Abdul Ghani; Menteri Kewangan II, and Tengku Dato’ Sri Zafrul Aziz; CIMB Group Chief Executive Officer.

STRATEGIC WORKFORCE PLANNING

At CIMB Group, workplace planning aims to accomplish three key objectives: equipping the organisation with the right talent; building new competencies and skills for our dynamic business; and keeping employees motivated with fair and equitable policies and benefits towards a high-performance culture.

Thriving on Diversity: In line with our core values and Employee Value Proposition, our strategic workforce planning efforts help foster inclusiveness and diversity for growth. We achieve diversity through merit-based hiring, a selection process that has proven to work for CIMB, based on our consistently positive results. In 2017, 55.6% of our total workforce comprised of women, with 41.8% at senior management level. Also, 20% of the Board positions are held by women.

We also continue to look for differently-abled talent and high-potential employees with special needs. To-date, we have hired 14 such employees in Malaysia alone.

Human Capital Growth

Promoting Needs-based Staff Welfare Policies:

We strongly believe that a nurturing and caring workplace fosters a sense of belonging and a happy, productive workforce. We are guided by this philosophy when reviewing and introducing our human resource policies. For instance, the new innovative policies under the CIMB Workplace Wellness programme aim to help our employees manage their various personal priorities with Flexible Work Arrangements:

Flex4Parents allows employees to choose a reduced workweek or flexible hours options. This meets specific needs of our employees who are either parents of school-going children or are primary care-givers for their ailing parents.

Flex4CSR encourages and creates a culture of corporate social responsibility amongst employees. The policy allows CIMB Group employees to opt for a full-month paid leave to support any of the CIMB Foundation's projects, with no impact on their existing employment tenure and benefits. The employees are also entitled to a half-day leave for every 10 hours spent volunteering for a cause. These policies are in addition to the Foundation's existing employee-

driven CSR initiative called Community Link, which encourages staff from our branches to bid for funding for CSR projects in their respective communities. All the worthy causes are led by our Group Management Committee members, demonstrating leadership by example. The idea is also to promote camaraderie amongst CIMBians in addressing social issues and supporting disadvantaged and underprivileged communities.

Paternity Leave, in effect since 18 June 2017, offers one month's paid leave for first-time fathers. In 2017, 48 employees have applied for paternity leave. This reinforces CIMB's commitment to employees' welfare through gender-balanced policies. It complements CIMB's existing Staff Rejuvenation Programme, which allows employees to take up to nine months of unpaid leave for personal reasons (including extended maternity and paternity leaves) and maintain their current position or seniority in the Bank.

Besides, we also introduced special provisions for employees with huge financial commitments. For instance, our *Zero-interest Housing Loan scheme* allows employees to avail this facility at zero-

interest for the first five years. Similarly, our employees who are single parents and have the responsibility to fund school education for their children, can benefit from the financial assistance payable monthly for every school-going child under their care.

Based on employee feedback, these efforts help build a highly exciting, productive and inspiring work environment, while supporting the different needs of our diverse employees.

Going forward, we will continue to build a delightful employee experience by making our end-to-end HR processes simpler, faster, more accessible and digital. We are working with Group Technology and Operations to enhance our HR back-end technology platform to support the 'front-end employee experience'. In 2017, we initiated efforts to review and further innovate the core HR functions such as employee data management, mobility, and organisation management; payroll; benefits and rewards management; recruitment; and talent & learning management.

CIMB Workplace Wellness



Flexible Work Arrangements

- Staff Rejuvenation Programme (SRP)
- Telecommuting
- Reduced Workweek*
- Flex4Parents*
- One-month Paternity Leave*



Women Empowerment

- Nursing room
- Designated car park
- Parking bays for expecting mothers
- Childcare centre
- Extended maternity leave
- Commitment to 30%
- Career comeback



Health Programmes

- Health talks and fairs
- Exercise programmes
- Health checks and product offers
- In-house gyms
- Dentist and clinics
- CIMB Health & Wellness Year



Financial Wellbeing

- Scholarships
- Sponsorships
- Employee loans
- 0% Interest Housing Loans*
- Financial support for single parents*

* Introduced in year 2017



CIMB – Great Place to Work: The ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2017 recognised CIMB for 'Best Workplace Practices', which allow opportunities for work-life balance; learning and development; career growth; community giving; health and wellness.

From left: YBhg. Dato' Lee Chee Leong, Deputy Finance Minister; Puan Shareen Shariza Dato' Abdul Ghani, Chief Executive Officer of TalentCorp; YBhg. Dato' Hamidah Naziadin, CIMB Group Chief People Officer; and YBhg. Dato' Merina Abu Tahir, President of ACCA Malaysia Advisory Committee.



The Fully-Funded CIMB ASEAN Scholarship for Undergraduate Studies. Standing 5th from left: Tengku Dato' Sri Zafrul Aziz, CIMB Group Chief Executive Officer; Dato' Hamidah Naziadin, CIMB Group Chief People Officer; and 2017 scholars.



The CIMB BEST Scholarship Awards for High-Potential Bumiputera Entrepreneurs in Malaysia. From left to right: Yong Jiunn Run, Senior Managing Director, Group Commercial Banking; Khalid bin Awaludin, CIMB BEST award recipient 1; Dasyariwani Sariah, CIMB BEST award recipient 2; Ahmad Shazli bin Kamarulzaman, Head, Group Commercial Banking; and Yew Teik Beng, Head, Commercial Banking Malaysia.

Creating a Pipeline of Talent: Established since 2016, the prestigious Chevening-CIMB ASEAN Scholarship was introduced in partnership with the Foreign and Commonwealth Office of the UK, and aims to sponsor five students selected from the ASEAN region to pursue a one-year Master's degree programme with reputable university partners of Chevening in the UK.

We also offer the CIMB ASEAN Scholarship to the citizens of five ASEAN countries viz. Malaysia, Indonesia, Singapore, Thailand and Cambodia, which are also our core operating markets. The CIMB ASEAN Scholarship is a fully funded undergraduate scholarship that offers more than just financial support. It reaffirms our commitment to invest in the next generation of talent, and create a robust talent pipeline to propel ASEAN growth.

The scholarship is uniquely designed to offer scholars unparalleled exposure to programmes and initiatives throughout their undergraduate studies, preparing them to be career-ready. Successful scholarship recipients are employed by the Group through our flagship The Complete Banker™ Programme (TCB). To-date, we have recruited 933 graduates through TCB.

In 2017, we received 5,351 applications for the CIMB ASEAN Scholarship from the region, 64 of which were shortlisted to produce 16 scholars (14 Malaysians, 1 Indonesian and 1 Thai). We disbursed RM10.6 million to these 16 scholars to pursue undergraduate studies in reputable universities worldwide. All successful CIMB ASEAN Scholarship recipients will join the CIMB workforce upon graduation.

Supporting the Spirit of Entrepreneurship: The CIMB Bumiputera Entrepreneur Skills Transformation (CIMB BEST) programme was first launched in 2014 to inspire entrepreneurship and catalyse development of the Small and Medium Enterprise (SME) sector in Malaysia. But, in keeping with our commitment to diversity, we continue to encourage applicants from all races and backgrounds, fostering cross-cultural sharing of ideas. CIMB BEST includes sector-based public seminars and multi-track programmes based on entrepreneurs' level of experience. Every year, CIMB awards two of its top participants with the CIMB BEST Scholarship. In 2017, we granted two scholarship awards totalling RM101,600, covering tuition and exam fees for the Bachelor of Business Management (Entrepreneurship) degree at UNIRAZAK.

Way Forward

Moving towards 2018, we recognise the Group's transformation efforts in meeting the new challenges of operating in a disruptive marketplace. We are also mindful of our impending transition to the Fourth Industrial Revolution (IR4.0), with megatrends such as big data analytics, artificial intelligence and frontier technologies influencing the way we conduct our business and our people. Therefore, the focus in 2018 will be on refining our definition of "talent" and recruitment process, mainly to identify the right candidates with emerging skill-sets and new potential.

In 2017, we institutionalised the CIMB Mobility Centre, which has been tasked to devise strategies to remobilise CIMB staff into new roles as a response to the anticipated role redundancies in near future. This also means that we will be working closely with individual business units to differentiate our hiring approaches; upskill, reskill and multi-skill our employees for them to remain relevant and

competitive; co-create new learning methodologies; and improve the outcomes through cutting-edge staff training programmes.

In 2017, we also initiated our discussions to makeshift to a nimbler HR structure with emphasis on building:

1. A dedicated S.W.A.T – Special Winning Attitude Team comprising of a specialised pool of agile, multi-skilled, plug-n-play problem solvers; and
2. A consolidated transactional or operational HR, which translates into teams based in one country, but serving the Group ASEANwide for consistency and efficiency.

The idea is to establish a stronger link between CIMB People Strategy and CIMB Business Context and Strategy to drive greater performance. In the process, we will see more standardisation of Group-wide HR policies as well as hiring of people with business background in addition to the HR expertise.

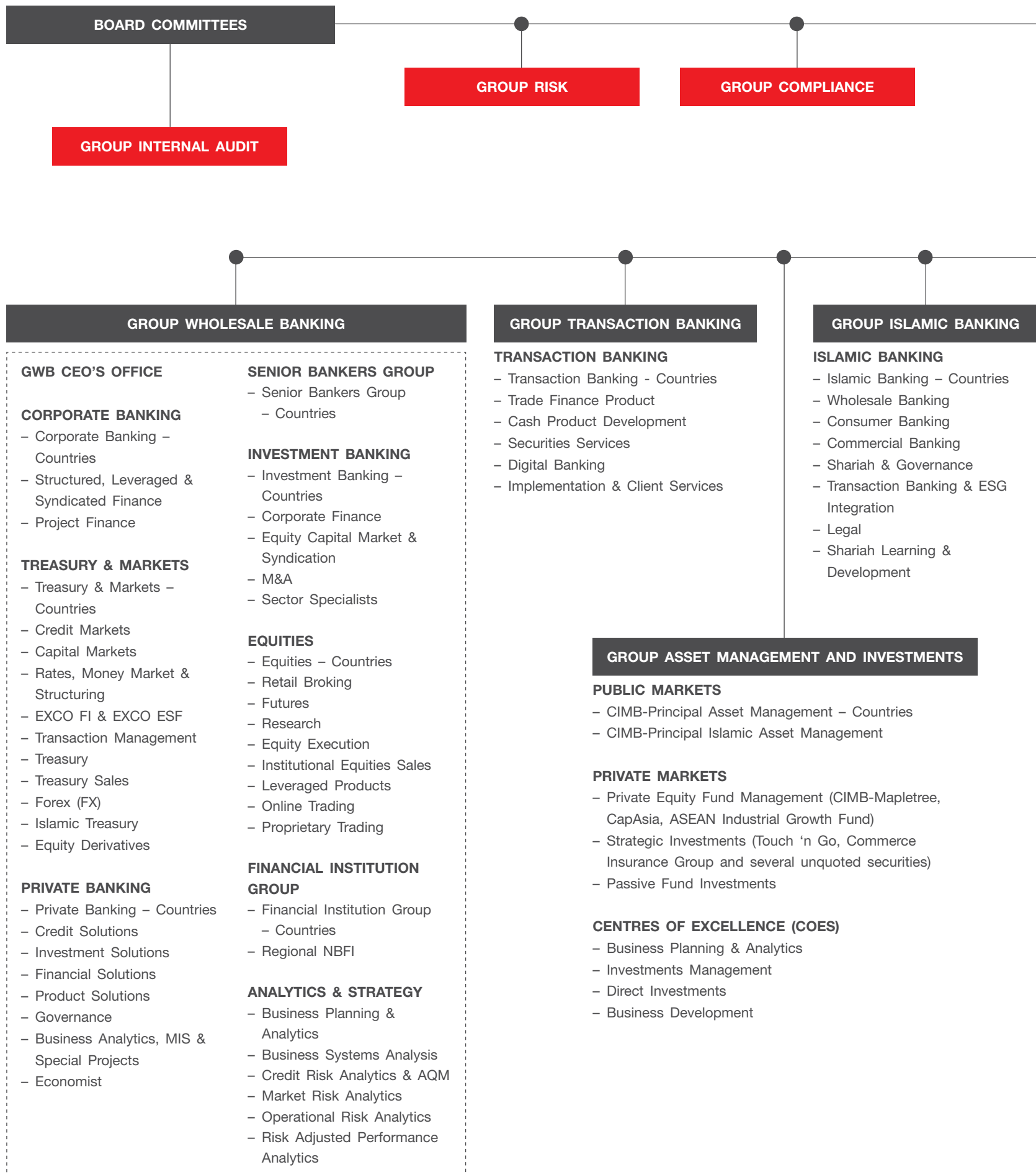
PERFORMANCE MANAGEMENT

At CIMB, the human resources function contributes to enhancing capabilities, productivity and performance – all of which are essential for continuous growth.

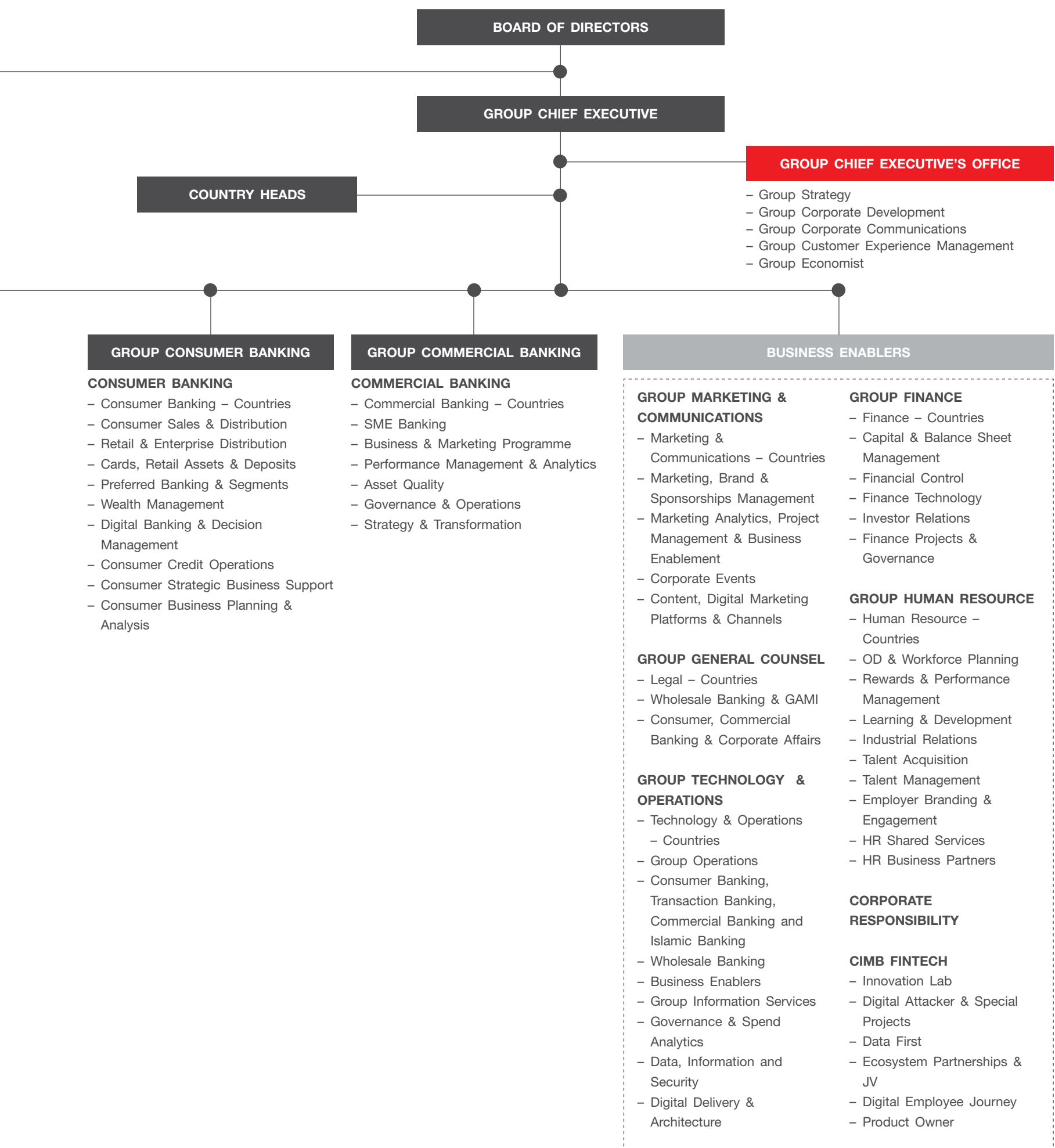
In 2017, we continued to refine our performance management framework so that it's aligned with T18 goals and targets. We are also committed to reviewing and reshaping our HR policies, risk-adjusted performance metrics, governance of KPIs, continuous learning and education programmes, and our performance and reward mechanisms.

For more information on Human Capital Development and our social impact, please refer to CIMB Citizenship Report 2017.

CIMB GROUP ORGANISATION STRUCTURE



CIMB Group Organisation Structure



CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholders,

While we aim to deliver consistent growth for our shareholders, we also owe a greater responsibility to our many other diverse stakeholders. We strive to strike a balance between performance and conformance to create long-term shareholder value, and fulfil our commitment to staff, shareholders and society at large, with prudent risk management policies and principles of good governance. We also recognise the importance of managing business in a sustainable manner, with an emphasis on both financial and non-financial metrics of growth.

"I AM PLEASED TO PRESENT THE CIMB 2017 CORPORATE GOVERNANCE OVERVIEW STATEMENT, WHICH DEFINES OUR OVERARCHING APPROACH TO MANAGING OUR BUSINESS WITH INTEGRITY, ACCOUNTABILITY, TRANSPARENCY AND TRUST. WE ARE GUIDED BY OUR VISION, WHICH IS TO BE THE LEADING ASEAN COMPANY, WHILE OUR ORGANISATIONAL VALUES MOTIVATE US TO DELIVER UNIVERSAL BANKING SERVICES AND SUSTAINABLE OUTCOMES FOR ALL OUR STAKEHOLDERS."

We have put in place the Group Credit Risk Policy, which has credit assessment guidelines for customers with high exposure to environmental, social and governance (ESG) risks. Furthermore, through CIMB Islamic, we will continue to support Bank Negara Malaysia's Value-Based Intermediation, which is aimed at strengthening the roles and impact of Islamic finance in achieving a sustainable financial ecosystem. Further information on the Group's material exposure to ESG risks, and how we manage or intend to manage these risks can be found in our Citizenship Report.

We have continued to apply the ASEAN Corporate Governance Scorecard throughout our regional businesses to enable our entities to share and benefit from international best practices. Our regional operating model (ROM) has further empowered us to streamline our approach to managing regional business challenges, mapping growth areas and priorities, and establishing clear reporting lines for better monitoring and risk management. The ROM has also provided many opportunities for internal talent mobility, contributing to our diversity agenda.

We recognise that accountability, responsible business practices and a strong governance culture begin with an independent and highly effective Board. The Boards of the Group and operating banks continue to be refreshed and strengthened to provide management the necessary support and oversight at all times. We welcomed Ahmad Zulqarnain Che On to the Board of CIMB Group, Serena Tan Mei Shwen to the Board of CIMB Bank, as well as Ho Yuet Mee and Jalalullail Othman to the Board of CIMB Islamic Bank.

In 2018, as we complete our ASEAN platform with the opening of CIMB Philippines, we are committed to upholding high standards of corporate governance in all our operations to further strengthen the trust of our stakeholders and regulators, and our reputation as a leading ASEAN universal bank.

We are grateful to all our stakeholders for their support and look forward to continue being of service this year.

Yours sincerely



Nazir Razak
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

CIMB strongly supports the principles of good corporate governance and is committed to conducting business in an ethical, fair, transparent and responsible manner, building on its strong reputation on integrity.

CIMB has adopted various initiatives which enable the Board of Directors (Board) and Management to make well-informed decisions, provide appropriate accountability and transparency, and establish proper culture and behaviours. For CIMB, it is also important to maintain strong governance practices given the highly regulated industry in which it operates and the need to increase opportunities as well as for the long-term sustainability of its business. The Board Committees help the Board fulfil its governance role effectively.

This Corporate Governance Overview Statement outlines the main corporate governance practices and policies that are in place during 2017. CIMB's corporate governance practices are reviewed regularly and will continue to be refined based on global best practices and guidelines.

CIMB's Corporate Governance Framework is consistent and complies with the following best practices and guidelines:

- 1) Bank Negara Malaysia (BNM)'s Corporate Governance Policy 2016 (BNM CG Policy).
- 2) Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) 2017.

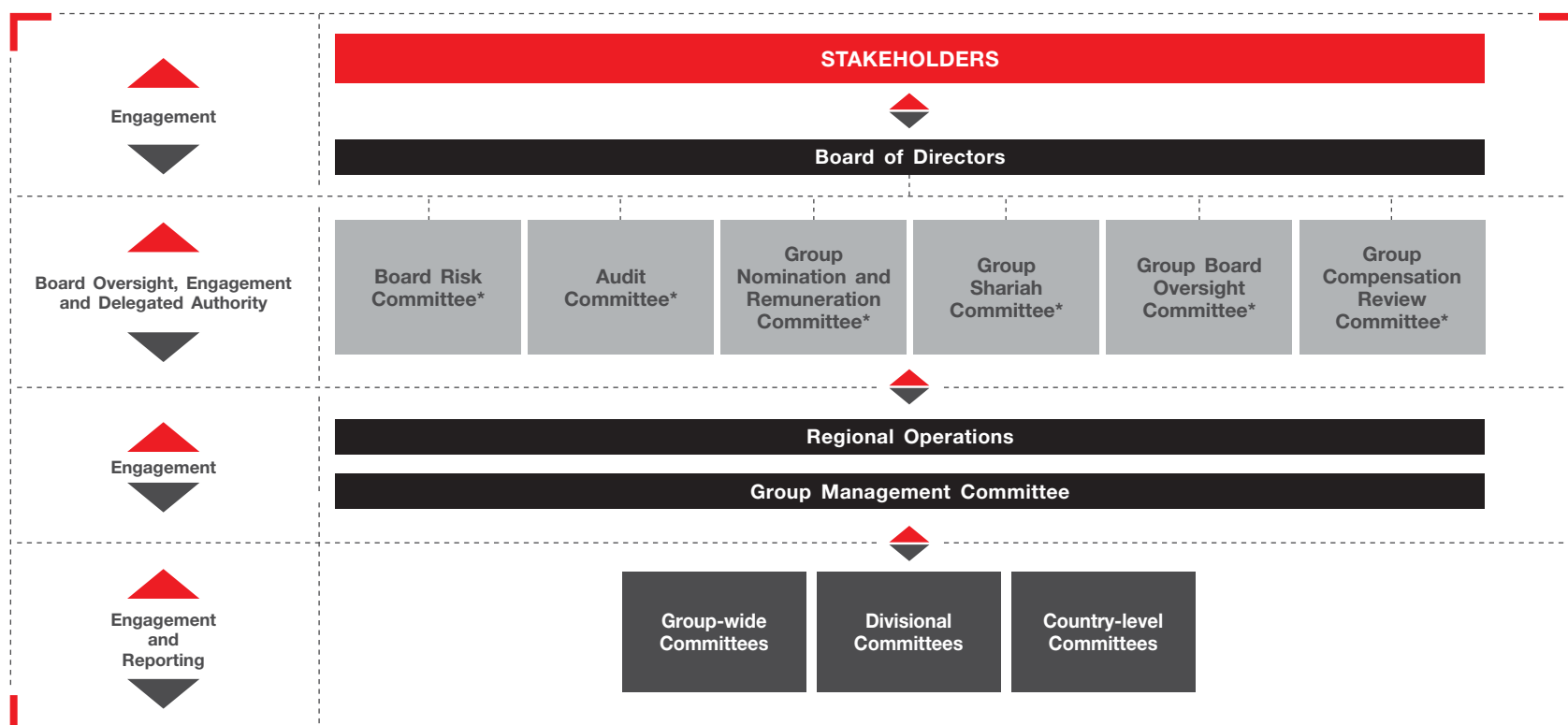
- 3) Malaysian Code of Corporate Governance 2017 (MCCG) published by the Securities Commission.
- 4) Corporate Governance Guide 3rd Edition 2017 (CG Guide) published by Bursa Malaysia.
- 5) Minority Shareholder Watchdog Group (MSWG)'s Malaysia-ASEAN Corporate Governance Scorecard.
- 6) The Green Book, Enhancing Board Effectiveness (Green Book) by the Putrajaya Committee on Government-Linked Companies (GLC)'s High Performance.
- 7) Developments in market practice and regulations.

In 2017, CIMB received, amongst others, the following awards for its group-wide efforts in upholding the highest standards of corporate governance and ethical conduct:

- 1) Best Bank in Malaysia, Asiamoney Corporate Client Choice Awards – Asiamoney Awards 2017
- 2) Best Digital Bank, Malaysia, Asiamoney Banking Awards – Asiamoney Awards 2017

- 3) Best Bank in Malaysia – FinanceAsia Country Awards 2017
- 4) Best Designed Annual Report Award – Silver – National Annual Corporate Report Awards (NACRA) Awards 2017
- 5) Best Self Service Project – The Asian Banker Technology Innovation Awards Program 2017
- 6) Overall Excellence Award – Platinum – National Annual Corporate Report Awards (NACRA) Awards 2017
- 7) Inclusiveness and Diversity Reporting Award – Platinum – National Annual Corporate Report Awards (NACRA) Awards 2017
- 8) Excellence Award for CG Disclosure – Minority Shareholder Watchdog Group (MSWG)
- 9) Excellence Award For Sustainability Practices – MSWG
- 10) Specialised AR: Citizenship Report – Silver – ARC Awards 2017
- 11) Non-Traditional Annual Report – Banks: Regional – Silver – ARC Awards 2017

CIMB'S GOVERNANCE FRAMEWORK



* The Terms of Reference of each Board Committee is available at www.cimb.com, Who We Are – Overview – Corporate Governance – Board Committees

Corporate Governance Overview Statement

CIMB has a robust corporate governance framework in place and is committed to fostering a culture of compliance that values personal and corporate integrity and accountability. The Board and its Committees regularly review the governance framework and associated practices to ensure that they keep pace with changes in regulatory requirements. The regulatory environment continues to evolve as evidenced in 2017 when the new Companies Act 2016 came into effect on 31 January 2017, followed by the MCCG which came into effect on 26 April 2017 and the amended MMLR which was published on 29 November 2017.

Whilst Shareholders and the Board jointly provide oversight on the control and management of CIMB, the ultimate decision making authority rests with the Shareholders at the Annual General Meeting (AGM) where, amongst others, the re-appointment of the Directors and appointment of External Auditors are approved. The Board, on the other hand, is accountable to the Shareholders for the performance of CIMB. In this regard, the Board directs and monitors the business and affairs of CIMB on behalf of the Shareholders and is responsible for CIMB's overall corporate governance. It also oversees and appraises CIMB's overall strategic objectives, direction and performance, some of which are delegated to the Board Committees.

The Group Chief Executive/Executive Director (Group CEO), who also sits on the Board as the sole Executive Director, is responsible for the development and implementation of CIMB's strategy and its overall day-to-day running. Consistent with CIMB's primary objective to enhance long-term shareholder value, this includes providing direction on all aspects of operational matters such as financial, risk management and compliance. The Board delegates to the Group CEO, together with other Key Senior Management of CIMB, the authority for managing CIMB's business to achieve its corporate targets and plans.

Entity Governance

CIMB's Entity Governance Policy and Framework has been developed in 2017 to put in place minimum governance requirements for entities across the Group. The Policy sets out how subsidiaries, joint-venture entities, associates and the like are governed by its parent and the apex entity, and is implemented by each entity based on its respective risk exposure. Regulated and significant subsidiaries or group of subsidiaries apply the entire framework, while entities with lower risk exposure apply certain standards and policies.

Within CIMB's subsidiaries, the Board plays the role of a shareholder in these entities and maintains control and provide oversight through the appointment and removal of Directors on the Boards of the entities. The appointment of a Director on the Board of each major subsidiary ensures continuous flow of information and alignment with CIMB's strategic direction.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board's primary role is to promote CIMB's long-term sustainability and ensure the protection and enhancement of long-term shareholder value, taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. Additionally, the Board is accountable to Shareholders for the performance of CIMB, and is responsible for CIMB's overall governance.

The Board acknowledges the importance of a clear division of responsibility between the Chairman and the Group CEO. The roles of Chairman and Group CEO are therefore exercised by separate individuals to ensure optimal balance, resulting in increased accountability and enhanced decision-making.

Dato' Sri Nazir Razak helms the Board of Directors as Chairman. In his capacity as Chairman, he is responsible for the effective overall functioning of the Board. The Group CEO, Tengku Dato' Sri Zafrul Tengku Abdul Aziz, is responsible for the overall business and day-to-day management of CIMB.

The Board is assisted by the Group Company Secretary who, under the direction of the Chairman, is responsible in facilitating effective information flows within the Board and its Committees and between Senior Management and Non-Executive Directors. The Group Company Secretary is also tasked to facilitate the induction of new Directors and the ongoing professional development of all Directors. Datin Rossaya Mohd Nashir is currently the Group Company Secretary, and has been with the Group since 2002.

In terms of Board meetings, the Board Charter provides that the Directors should receive meeting materials seven days prior to each Board meeting to allow sufficient time for Directors to review and analyse relevant information. The deliberations and decisions arrived at during Board meetings are clearly minuted in a timely manner and action items for Management will be communicated to the relevant parties within 24 hours after the Board meetings. The draft minutes are then tabled at the following meeting for confirmation and thereafter signed by the Chairman.

Number of meetings convened by the Board and each Board Committee

	Number of Meetings in 2017
Board	15
Audit Committee	21
Board Risk Committee	5
Group Nomination and Remuneration Committee	14
Group Shariah Committee	7
Group Board Oversight Committee	11
Group Compensation Review Committee	7

Corporate Governance Overview Statement

Roles and responsibilities of the Board and Board Committees

	Main Areas of Oversight	Number of meetings in 2017
<p>Board</p> <ul style="list-style-type: none"> Comprises 10 members of whom six members are Independent Directors 	<ul style="list-style-type: none"> Strategic/business plans of CIMB and monitor Management's success in implementing the strategies, plans and CIMB's annual budget Conduct of CIMB's business Identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures Succession planning Communications Policy for CIMB CIMB's governance framework and internal control framework CEO and Directors' appointments and their emoluments and benefits Assess and review the effectiveness and performance of the Board Committees of CIMB annually Consider and approve the Financial Statements and interim dividend and recommend the final dividend to Shareholders prior to public announcements and publications as well as all circulars and press releases Monitor the performance of CIMB Approve the changes on Corporate Organisation Structure of CIMB Ensure that there are adequate controls and systems in place to measure the implementation of the Group's policies Review the adequacy and integrity of CIMB's internal control systems and management information systems 	<p>15 meetings held to discuss the following:</p> <ul style="list-style-type: none"> Matters relating to CIMB Matters relating to the three Malaysian banking institutions and regional subsidiaries CIMB's Budget Quarterly CEO's Report Quarterly Capital Management Update Report from AC, GNRC and GBOC CIMB Group Risk Posture Financial Statements Interim and Final Dividends Formalisation/Update of Group Policies Reappointment of External Auditors for the FYE 31 December 2017 Delegated Authorities Remuneration Policy MFRS/IFRS 9 Business Units Updates and Projects Compliance to new Companies Act 2016, MCCG and the amended MMLR Basel II/Pillar 3 Disclosures Performance Assessment and Proposed Compensation for Executive Director Quarterly Compliance Report Anti-Money Laundering/CFT Report Revision of Terms of Reference Board's Annual Evaluation of the Effectiveness of the Management of Compliance Risk Crisis Management Recovery & Resolution Plan – CIMB Group and CIMB Niaga KPI Scorecard for Group CEO Governance on Remuneration of Senior Management and Material Risk Takers
<p>Audit Committee (AC)</p> <ul style="list-style-type: none"> Comprises three members, all of whom are Independent Directors 	<ul style="list-style-type: none"> Financial Reporting Internal controls Internal audit function External audit reports Related Party Transactions 	<p>21 meetings held to discuss the following:</p> <ul style="list-style-type: none"> Matters relating to CIMB Matters relating to the three Malaysian banking institutions and regional subsidiaries Matters relating to other non-banking subsidiaries of the Group Matters relating to demerit framework for CIMB Annual Performance Review for Group Internal Audit and Group Chief Internal Auditor GIAD's KPIs for 2017 2 meetings with External Auditors without the presence of Key Senior Management Documents pertaining to Annual Report 2016 Related Party Transactions Review of Financial Results Update on AC's Terms of Reference MFRS/IFRS 9 Implementation Update Reappointment of External Auditors
<p>Board Risk Committee (BRC)</p> <ul style="list-style-type: none"> Comprises nine members of whom six members (including the BRC Chairman) are Independent Directors All members are Non-Executive Directors 	<ul style="list-style-type: none"> Risk appetite Risk governance Risk frameworks Risk management practices and policies Risk strategy Compliance Risk 	<p>Five meetings to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> Risk Management Policies Risk Appetite Risk Profile Risk Strategy Risk Management Objectives Economics Position and updates Compliance to Risk Posture Annual Performance Review for Group Chief Risk Officer and Group Chief Compliance Officer Demerit framework on Performance Ratings

Corporate Governance Overview Statement

	Main Areas of Oversight	Number of meetings in 2017
Group Nomination and Remuneration Committee (GNRC) <ul style="list-style-type: none"> Comprises six members of whom five members (including the GNRC Chairperson), are Independent Directors All members are Non-Executive Directors 	<ul style="list-style-type: none"> Membership and performance of Board and Board Committees Independence of Directors Fit and Proper Assessment of Directors, Group CEO/ED, Group Shariah Committee Members & Company Secretary Succession planning for Key Senior Management Review of the performance of AC and its members Review Remuneration packages based on the Group's existing remuneration guidelines and framework for Non-executive Directors of the Group including those performing additional functions within the Group and Key Senior Management Recommend specific remuneration packages for key senior management officers 	14 meetings held to deliberate on the following: <ul style="list-style-type: none"> Board Composition Board Effectiveness Assessment Board and Group CEO/EDs Remuneration Board Nomination Setting of KPIs for Group CEO/ED Policies on Governance of the Group Fit and Proper Assessment Entity Governance Policy and Board Responsibility Framework Directors and Responsible Officers Handbook Remediation Actions arising from regulatory gap analysis Directors' Development Plan Long-Term Incentive Plan for Senior Management Revision to the Terms of Reference of the Group Compensation Review Committee SOP for the Selection of External Candidates for the Boards Group HR's Internal Transfer and Recruitment Process Non-Executive Directors remuneration framework
Group Board Oversight Committee (GBOC) <ul style="list-style-type: none"> Comprises four members of whom one is an Independent Director The Chairman of the Board and the Group CEO are members 	<ul style="list-style-type: none"> Review and provide input and guidance on the implementation and monitoring of strategy Review strategy, business plans and budget of CIMB Review potential investments, mergers, acquisitions and divestments of businesses and other assets of CIMB Review Management Reports from Business and Support units on key initiatives undertaken by CIMB 	11 meetings to deliberate on the following: <ul style="list-style-type: none"> T18 Strategy and T18 Governance Regional Expansion Company Culture and Talent Acquisition Innovation and Strategic Initiatives IT Infrastructure and Initiatives Regulatory Compliance Entity Governance Policy and Board Responsibility Framework
Group Compensation Review Committee (GCRC) <ul style="list-style-type: none"> Comprises five members, of whom one is an Independent Director. Three are Chairmen of the three Malaysian FI's in CIMB Group 	<ul style="list-style-type: none"> Compensation policies Remuneration framework for employees Fit and Proper Assessment of Key Responsible Persons Management development and succession planning 	Seven meetings to deliberate on the following: <ul style="list-style-type: none"> Group Remuneration Policy Employees' Remuneration Framework and Arrangements Provision and Allocation of Variable Remuneration and Salary Increments

Description of training and education provided to the Board

List of Training Attended	Mode of Training	Duration in day(s)
Accounting and Audit		
A New Era of Auditing	Workshop	1
Accounting & Finance at Board Level	Seminar	1
International Corporate Governance Network (ICGN) Annual Conference Committee Meetings: Accounting, Auditing	Conference	1
Institute Of Internal Auditors (IIA) Malaysia National Conference 2017	Conference	1
Malaysian Institute of Accountants (MIA) Conference 2017	Conference	2
Communication		
Board Selection – Engagement with Potential Directors	Workshop	1
People's Bank of China (PBC) School of Finance (SF), Tsinghua University: "Belt & Road" SEA Program Orientation Module	Course	3
Corporate Finance		
Invest Malaysia Conference 2017	Conference	1
Talk by Dominic Borton (Megatrends and Long Term Capitalism)	Dialogue	1

Corporate Governance Overview Statement

List of Training Attended	Mode of Training	Duration in day(s)
Financial Industry		
2017 Global Banking Chief Operating Officer (CEO) Roundtable, Italy	Seminar	3
2017 World Economic Forum on Association of Southeast Asian Nations (ASEAN)	Forum	3
31st ASEAN Summit	Conference	2
4th Bank Negara Malaysia (BNM) – Financial Institutions Directors’ Education (FIDE) Forum Annual Dialogue with Deputy Governor of BNM	Dialogue	1
Annual Invest Malaysia Conference 2017	Conference	2
Bloomberg The Year Ahead Asia	Conference	1
BNM Annual Report 2016/Financial Stability & Payments Systems Report 2016 Briefing Session	Dialogue	1
BNM/Persatuan Pasaran Kewangan Malaysia (PPKM) Stimulation Course & Cagamas Dialogue on ‘Sustainable Development of Affordable Housing’	Dialogue	1
Centre for Asian Philanthropy and Society (CAPS) Philanthropy Conference 2017	Conference	1
CIMB Risk Workshop for Board of Directors	Workshop	1
Financial Market Committee Roundtable Discussion	Conference	1
China Investment Corporation: Financial, Investment	Conference	1
Federation of Chinese Associations Malaysia: Financing, Investment	Conference	1
Induction Session - Chartered Banker Membership	Workshop	1
International Advisory Panel Annual Meeting	Dialogue	2
Khazanah Megatrends Forum 2017	Forum	3
Kumpulan Wang Amanah Pencen (KWAP) Connects 2017	Forum	1
Master Class: Chartered Banker Executive Conversion Program	Course	1
SCxSC Digital Finance Conference 2017	Conference	2
Securities Commission Industry Dialogue 2017	Dialogue	3
Governance		
Directors’ Regional Sharing Session	Workshop	2
Association of Chartered Certified Accountants (ACCA) Malaysia Annual Conference	Conference	1
Audit Committee Conference	Conference	1
Compliance Conference 2017	Conference	1
Efficient Inefficiency: Making Boards Effective in a Changing World	Conference	1
Environmental, Social and Governance (ESG) Talk	Dialogue	1
Exclusive Workshop for Nomination Committee Chairman and Members	Workshop	1
FIDE Core Programme Module A	Course	4
FIDE Core Programme Module B	Course	3
Islamic Banking		
Dialogue on Value-Based Intermediation (VBI) – Strengthening the Roles and Impact of Islamic Finance	Dialogue	1
3rd Annual Islamic Development Bank (IDB) Member Countries Sovereign Investment Forum	Forum	3
Leadership		
3rd Distinguished Board Leadership Series – Cryptocurrency and Blockchain Technology	Course	1
Efficient Inefficiency – Making Boards Effective in a Changing World	Course	1
FinTech – Opportunities for the Financial Services Industry in Malaysia	Course	1
Global Transformation Forum	Forum	2
High Performance Leadership	Workshop	1
Leadership and HR Readiness	Workshop	1
Astro Management: Leadership, Banking	Workshop	1
Leading University Kebangsaan Malaysia (UKM) to Organisational Success	Forum	2
Lecture – People’s Bank of China (PBC) School of Finance (SF), Tsinghua University: “B&R EMBA Program”	Course	3
MIA Commemorative Lecture	Course	1

Corporate Governance Overview Statement

List of Training Attended	Mode of Training	Duration in day(s)
Roundtable with Indonesian & Malaysia Business Leaders	Dialogue	1
Fakulti Ekonomi & Pengurusan University Kebangsaan Malaysia (UKM) Talk: Integrity and Leadership	Dialogue	1
Universiti Pertahanan Nasional Malaysia (UPNM) Roundtable Leadership Talks	Dialogue	1
Legal		
Briefing on New Companies Act	Workshop	1
In House Directors' Training – the Companies Act 2016	Course	2
Others – Banking & Finance Related		
2017 CIMB Group's Annual Management Summit (AMS)	Conference	2
BNM Annual Communication Session	Dialogue	1
International Advisory Panel Meeting	Dialogue	2
International Directors Summit 2017	Dialogue	2
Others – General		
10th Iskandar Malaysia Chief Executive Officer (CEO) Forum	Forum	1
Khazanah Board Strategy Retreat Meeting	Workshop	2
Pemukiman Government-Linked Investment Companies' (GLIC), Government-Linked Companies' (GLC), Menteri Kewangan Diperbadankan (MKD) & Badan Berkanun	Course	3
Risk Management		
9th International Conference on Financial Crime and Terrorism Financing (IFCTF)	Conference	1
Kuala Lumpur Baptist Church (KLBC) Diplomat Dialogue Series entitled "The Changing Landscape of Business in Asia under the Trump Administration"	Dialogue	1
CIMB Risk Posture Workshop	Workshop	2

Time spent on training:

Directors	Time Spent in day(s)
Dato' Sri Nazir Razak	22
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	29
Datuk Mohd Nasir Ahmad	31
Glenn Muhammad Surya Yusuf	6
Watanan Petersik	8
Robert Neil Coombe	3
Teoh Su Yin	9
Dato' Lee Kok Kwan	25
Dato' Mohamed Ross Mohd Din	19
Ahmad Zulqarnain Che On* ¹	22
Datuk Joseph Dominic Silva* ²	8
Hiroaki Demizu* ³	1

Notes:

*¹ Appointed on 3 November 2017*² Resigned on 3 November 2017*³ Resigned on 16 October 2017

As part of CIMB's efforts to promote high standards of corporate governance and to further clarify the mandate, responsibilities and procedures of the Board and Board Committees, the Board has formalised its roles and responsibilities in a Board Charter. The Board Charter elaborates on the fiduciary and leadership functions of the Directors and serves as a primary induction literature on the functions of the Board. The Board Charter is reviewed every three years or as change arises to ensure CIMB remains at the forefront of best practices in governance.

The Board has also established Code of Conduct and Code of Ethics which are underpinned by the core philosophy of "Creating Value, Enabling Our People and Acting with Integrity". The Code of Conduct sets out the standards of behaviour that are expected of all employees of CIMB as well as the Board in terms of engagement with customers, business associates, regulators, colleagues and other stakeholders. Further, the Code provides guidance in areas where employees may need to make personal and ethical decisions. In addition to providing guidance, the Code makes references to specific Group Policies and Procedures relating to conflicts of interest, bribery, corruption, money laundering/counter-financing of terrorism, customer management, whistle blowing and fraud management.

The Board has also established a Whistle Blowing Policy which sets out avenues for legitimate concerns to be objectively investigated and addressed. Under this Policy, individuals will be able to raise concerns about illegal, unethical or

Corporate Governance Overview Statement

questionable practices in confidence and without the risk of reprisal. The Whistle Blowing Policy is applicable to all employees, suppliers, vendors, associated stakeholders and CIMB's customers.

Board Composition

The Board comprises 10 Directors, of whom six are Independent Directors. The Group CEO is a Non-Independent Director by virtue of his position as the Executive Director. Similarly, the Chairman and one other Director are Non-Independent due to their previous executive positions in CIMB. The other Non-Independent Director represents Khazanah Nasional Berhad. During the financial year 2017, no Independent Director had served on the Board for more than nine years from the date of his/her first appointment. This is in line with CIMB's Board Charter which limits an Independent Director's tenure of service to a maximum of nine years or upon reaching the age of 70 years, whichever is earlier.

The Group Nomination and Remuneration Committee (GNRC), which is chaired by Teoh Su Yin, an Independent Director, oversees the succession planning of the Board and Key Senior Management. This includes identifying suitable candidates to fill Board and Key Senior Management vacancies as and when they arise. The GNRC also oversees the remuneration package of the Directors and Key Senior Management of subsidiaries within CIMB and undertakes Individual Assessment of Directors eligible for new appointment and re-appointment prior to submission to regulators for approval. Towards this end, the GNRC assesses candidates against a range of criteria, which amongst others, include the candidate's background, experience, professional qualifications, personal qualities, skills to enhance the existing composition of the Board as well as the candidate's ability to commit to the Board's activities.

The GNRC has access to a wide pool of candidates which includes the recommendation by existing Board members or Management and through external sources such as the Directors' Register by FIDE FORUM, BNM and PIDM; and also from independent search firms. By having access to multiple means for sourcing of candidates, the GNRC will be able to identify the most suitably qualified candidates.

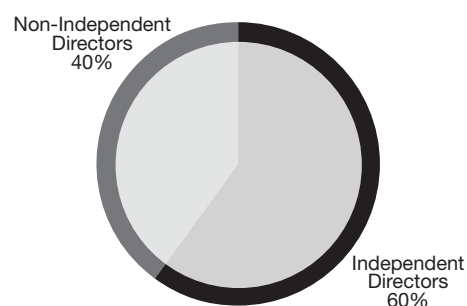
The Board undertakes a formal and comprehensive Annual Assessment of its own performance, its Committees and individual Directors.

Since 2006, CIMB has implemented the Board Effectiveness Assessment (BEA) exercise to evaluate the performance of the Board and Board Committees. To ensure that the BEA exercise is carried out efficiently, an independent external consultant is engaged once in three years. This is to enable sufficient time for the action plan(s) developed following the BEA exercise to be implemented and to yield positive outcome.

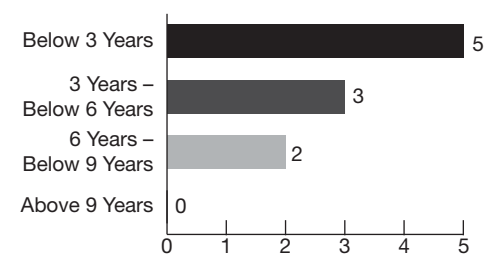
The Board had engaged an independent external consultant to perform the BEA for 2016. The independent external consultant had collated and presented their findings as well as their recommended 2-year action plan to the GNRC and the Board which was duly approved. For 2017, Management had developed a strategy to implement the action plan to meet the expected deliverables. Management had also provided regular updates to the Board and respective Board Committees on the status of the deliverables.

In addition to the BEA exercise, the GNRC conducts Individual Assessment of Directors, CEOs/ Executive Directors, Group Shariah Committee members and Key Senior Management annually to determine the fitness and propriety of Key Responsible Persons.

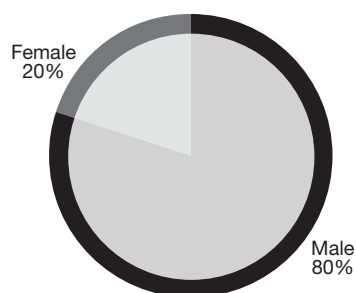
Composition of Directors



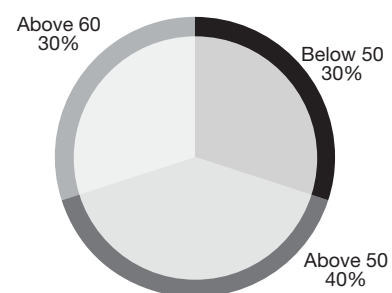
Board Members' Tenure



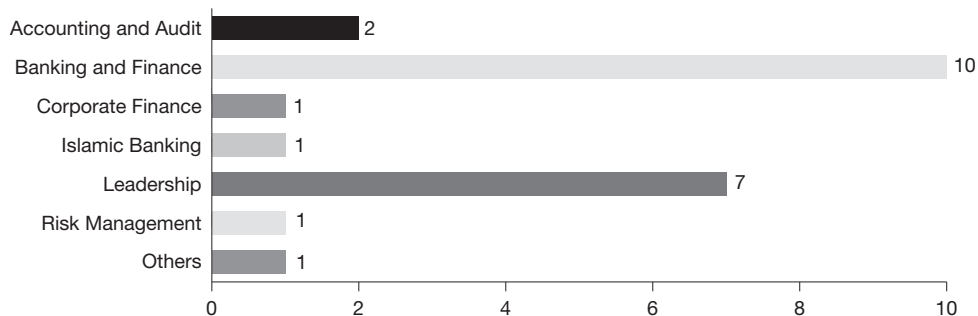
Gender Diversity



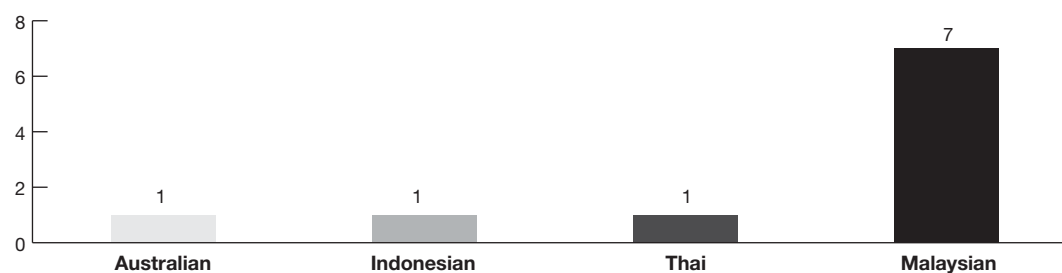
Age Diversity



Board Members' Industry/Background



Board Members' Nationality



Corporate Governance Overview Statement

Remuneration

The Board had approved the Directors' Remuneration Framework and the CIMB Group Remuneration Policy for CEO and Key Senior Management based on the recommendation by the GNRC.

The GNRC and the Group Compensation Review Committee (GCRC) assist the Board in developing and administering a fair and transparent procedure for setting the framework on remuneration of Directors and Key Senior Management respectively. This ensures that they are fairly rewarded for their contributions to CIMB's overall performance. The Framework and the Policy are reviewed periodically to ensure that the remuneration package is sufficiently competitive to attract and retain leadership talent, in line with CIMB's culture, objectives and strategy.

In ensuring the objectivity of the Directors' Remuneration Framework, the GNRC comprises Non-Executive Directors with majority of them being Independent Directors.

Remuneration Policy

The CIMB Group Remuneration Policy, which has been reviewed by the GCRC and approved by the Board, applies to all subsidiaries and overseas offices within CIMB and acts as a guiding principle in relation to the design and management of our remuneration programmes. Three key principles of CIMB's Remuneration Policy are as follows:

Principle	Purpose	Approach
Strong governance	To ensure strong and independent oversight of the remuneration system	<ul style="list-style-type: none"> Oversight and review by GCRC and GNRC Guided by input from control functions, Audit Committees and Board Risk Committees
Appropriate assessment of performance	To support a performance based culture which promotes prudent risk-taking and long-term sustainability	<ul style="list-style-type: none"> Performance measurement through balanced scorecard which includes both financial and non-financial goals, short-term and long-term perspectives and incorporates measures related to risk, compliance and process controls Use of risk-adjusted performance measures i.e. risk-adjusted return on capital (RAROC) and economic profit Deferral and clawback arrangements in variable remuneration schemes
Market competitiveness	To offer rewards that allow CIMB to attract, motivate and retain the right talent	<ul style="list-style-type: none"> Benchmarking against similar organisations in the geographies and industries in which we operate

Components of Remuneration

Employee remuneration is composed of two main components – fixed and variable:

Principle	Purpose	Approach
Fixed	Consists of base salary and fixed allowances	<ul style="list-style-type: none"> Determined based on skills, competencies, responsibilities and performance of the employee, taking into consideration market competitive levels.
Variable	Payable annually through cash bonus and shares (through participation in the Equity Ownership Plan, described below)	<ul style="list-style-type: none"> Purpose of motivating, rewarding and retaining high-performing employees who generate shareholder value and contribute to the success of the Group. Performance-based and not guaranteed, reflecting the individual employee's performance, and business unit or function performance as well as the Group's results. Portions of cash bonus may be subject to deferral over 6 to 9 months. Based on a selection criteria, shares may be awarded to employees through participation in the Group's Equity Ownership Plan, where the value of award ranges from 20% to 60% of variable remuneration.

The Equity Ownership Plan serves as the Group's share-based long-term incentive plan, with the intent of:

- aligning the interests of key personnel to that of shareholders;
- mitigating a short-term mindset and cultivating a focus towards long-term sustainability; and
- retaining key personnel with the Group.

Shares under the plan are released progressively to the participants over three years.

Any deferred variable remuneration (cash bonus and/or EOP shares) that has not been paid to or vested to the employee is subject to forfeiture or adjustment in the event of:

- Resignation or cessation of employment with the Group
- Misconduct
- Material restatement of financial results

Measurement of Performance

The Group's performance is determined in accordance with a balanced scorecard which includes key measures on profitability, cost, capital, shareholders' return, medium to long-term strategic initiatives, as well as risk, audit and compliance positions. CIMB currently tracks two risk-adjusted performance measures – risk-adjusted return on capital (RAROC) and economic profit, which are adopted in phases across the Group.

The Group's key measures are cascaded to the business units and enabler functions accordingly and subsequently to the KPI scorecards of individuals. In 2017, the RAROC measure has been cascaded to the KPI scorecards of key individuals in the organisation across the Group.

For each employee, performance is tracked through KPIs in a balanced scorecard. In addition to financial targets, KPIs in the balanced scorecard usually include measures on customer experience, long-term initiatives (where progress of milestones or ROI may be monitored), risk management and process controls, audit and compliance findings, as well as people-related measures. At the end of the year, performance of each individual is then assessed through the Group's performance management framework which is based on 70% of the balanced scorecard and 30% of the individual's proficiency in required competencies.

Determination of Variable Remuneration

Based on CIMB's performance, the GCRC will determine the overall variable remuneration pool taking into consideration key performance measures and ensuring that CIMB does not pay variable remuneration at a level that would affect shareholders' interest. The GCRC has the discretion to adjust the pool where required, based on poor performance, capital requirements, economic conditions, competitive landscape and retention needs.

Corporate Governance Overview Statement

The Group pool will be allocated by the GCRC to the business units and functions based on their respective performance, measured through balanced scorecards and guided by the Group CEO. The allocation will also take into consideration inputs from the control functions such as Audit, Compliance and Risk.

Variable remuneration of each individual employee is then determined based on individual assessment and the adequacy of bonus pool allocated to the business unit/function to which the individual belongs. Variable remuneration of the individual may also be adjusted based on accountability of audit and compliance findings, or disciplinary action.

The control functions of Audit, Compliance and Risk operate independently from the business units in CIMB, and have appropriate authority to carry out their individual functions without intervention from the business units. To prevent conflict of interest, remuneration of employees in these control functions are not dictated by business units that they support. Remuneration of the Group Chief Risk Officer, Group Chief Compliance Officer and the Group Chief Internal Auditor are approved by the Board Risk Committee and Audit Committee.

CIMB has established a remuneration framework for the Non-Executive Directors as follows:

Non-Executive Directors' Remuneration Scheme	Unrestricted/Non-Deferred	Restricted/Deferred
(Fixed-Type Remuneration)		
• Cash-based	• Directors' Fees • Chairman's Premium (Board and Committees)	Not Applicable
• Shares & Share-Linked Instruments	Nil	Not Applicable
• Others	Benefits-in-kind	Not Applicable
(Variable-Type Remuneration)		
• Cash-based	Meeting allowances	Not Applicable
• Shares & Share-Linked Instruments	Nil	Not Applicable
• Others	Directors' & Officers' Liability Insurance	Not Applicable

The remuneration paid to the Directors by CIMB in 2017, is as follows:

CIMB

Directors	Fees (RM'000)	Salary and/or Other Remuneration (RM'000)	Total (RM'000)	Benefits- in-kind (RM'000)
(Non-Executive Directors)				
Dato' Sri Nazir Razak	155	752	907	–
Datuk Mohd Nasir Ahmad	151	252	403	–
Glenn Muhammad Surya Yusuf	155	276	431	–
Watanan Petersik	151	109	260	–
Robert Neil Coombe	147	74	221	–
Teoh Su Yin	155	234	389	–
Dato' Lee Kok Kwan	151	119	270	–
Dato' Mohamed Ross Mohd Din	155	202	357	–
Ahmad Zulqarnain Che On ^{*1}	27	30	57	–
Datuk Joseph Dominic Silva ^{*2}	44	28	72	–
Hiroaki Demizu ^{*3}	112	53	165	–
(Executive Directors)				
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	–	–	–	–

Notes:

*1 Appointed on 3 November 2017

*2 Resigned on 3 November 2017

*3 Resigned on 16 October 2017

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CIMB Group

Directors	Fees (RM'000)	Salary and/or Other Remuneration (RM'000)	Total (RM'000)	Benefits- in-kind (RM'000)
(Non-Executive Directors)				
Dato' Sri Nazir Razak	843	917	1,760	–
Datuk Mohd Nasir Ahmad	277	572	849	–
Glenn Muhammad Surya Yusuf	916	276	1,192	–
Watanan Petersik	274	109	383	–
Robert Neil Coombe	149	74	223	–
Teoh Su Yin	157	234	391	–
Dato' Lee Kok Kwan	427	287	714	–
Dato' Mohamed Ross Mohd Din	269	432	701	–
Ahmad Zulqarnain Che On ^{*1}	431	108	539	–
Datuk Joseph Dominic Silva ^{*2}	46	28	74	–
Hiroaki Demizu ^{*3}	112	53	165	–
(Executive Directors)				
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	–	9,861	9,861	24

Notes:

*1 Appointed on 3 November 2017

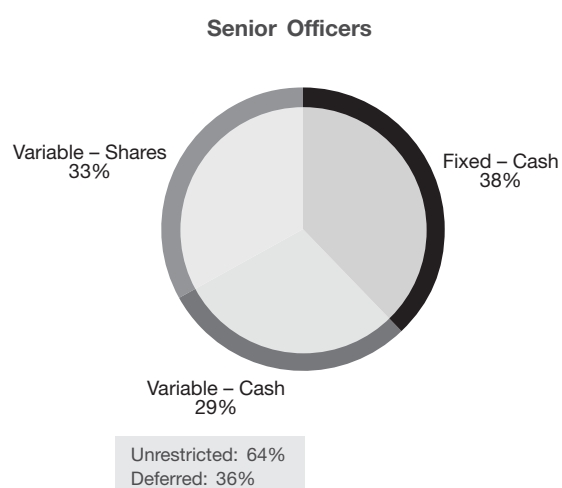
*2 Resigned on 3 November 2017

*3 Resigned on 16 October 2017

The Directors and officers of CIMB are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM988,137.

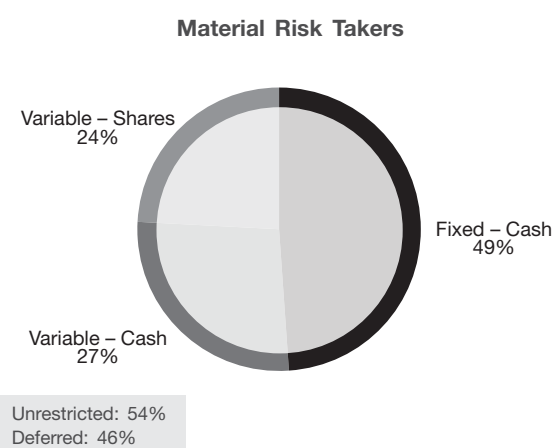
Senior Officers and Material Risk Takers**Summary of 2017 Remuneration Outcomes**

Breakdown of remuneration awarded to Senior Officers and Material Risk Takers for 2017



Senior Officers (SOs) of the Group are defined as the Group CEO and members of the Group Management Committee.

Total remuneration awarded to 19 SOs for the financial year 2017 was RM100.1 million.



Material Risk Takers (MRTs) are defined as employees whose responsibilities have a material impact on the Group's performance and risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Group.

Total remuneration awarded to 34 MRTs for the financial year 2017 was RM88.8 million.

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Table 1: Guaranteed bonuses, sign-on bonuses and severance payments

Category	SOs	MRTs
Number of guaranteed bonuses	-	-
Number of sign-on bonuses	3	-
Number of severance payments	-	-
Total amount of above payments made during the financial year 2017	RM1.53 million	-

Table 2: Breakdown of deferred remuneration

Category	SOs (RM'000)	MRTs (RM'000)
Total amount of outstanding deferred remuneration		
• Cash	282	-
• Shares	69,945	50,740
Total amount of deferred remuneration paid out during the financial year		
• Cash	8,458	8,983
• Shares	15,480	12,681
Outstanding deferred remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	100%	100%
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
Outstanding deferred remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	-	-
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-

Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.

Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.

Table 3: Breakdown of Group CEO's remuneration

Name	Category	Cash (RM'000)	Shares (RM'000)	Total (RM'000)
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	Fixed remuneration	2,895	-	2,895
	Variable remuneration			
	• Non-deferred	1,114	-	1,114
	• Deferred	1,672	4,180	5,852
	Total remuneration award for financial year 2017	5,681	4,180	9,861

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PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee (AC) is chaired by Datuk Mohd Nasir Ahmad and the members are Glenn Muhammad Surya Yusuf and Dato' Mohamed Ross Mohd Din, all of whom are Independent Directors. Members of the AC have the relevant accounting or related financial management experience or expertise, with the Chairman of the AC having more than 37 years of relevant experience.

CIMB has in place a process to consider the appointment/re-appointment of External Auditors, which is in line with BNM's Policy on External Auditor. The process requires the AC to assess the External Auditors' compliance with qualification criteria set out by BNM, which includes evaluating the independence, objectivity and performance of the auditor.

As part of its remit, the AC must ensure that the objectivity, independence and effectiveness of External Auditors are maintained. In this regard, the GNRC has updated CIMB's Standard Operating Procedure to manage the conflict when considering the appointment of former key audit partners and employees of External Auditors, into CIMB.

Risk Management and Internal Control Framework

The Board is cognisant of its overall responsibility and oversight of CIMB's system of internal control and is constantly keeping abreast with developments in areas of risk and governance. To this end, the Board continues to be involved in determining CIMB's level of risk appetite and identifying, assessing and monitoring key risks to safeguard Shareholders' investments and CIMB's assets, in a manner which enables CIMB to meet its strategic objectives. For this purpose, the Board has established governance and processes for reviewing the effectiveness, adequacy and integrity of CIMB's system of internal control and risk management. Whilst it is not possible to completely eliminate risks of failure in achieving CIMB's objectives, the system of internal control is designed to mitigate these risks by identifying, managing and controlling risks, including operational risk.

CIMB employs an enterprise-wide risk management (EWRM) framework as a standardised approach to manage the risks and opportunities effectively. The EWRM framework provides the Board and Management with a tool to anticipate and manage both existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment.

The Board has established a Board Risk Committee (BRC) that is responsible for formulating and reviewing the risk management policies and risk appetite of CIMB. The BRC comprises nine members of whom six members (including the BRC Chairman) are Independent Directors.

Group Internal Audit Division (GIAD) reports independently to CIMB's AC and provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by the Management. The internal audit function is reviewed periodically by the AC to ensure its adequacy in performing its role. GIAD reports significant findings to the AC with recommended corrective actions. Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by Management on corrective actions are closely monitored and undue delays have to be explained to the AC.

In addition, periodic external assessment of GIAD's internal audit activity is conducted by qualified external independent reviewer to assess its conformance with The Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing.

The total costs incurred for maintaining the GIAD function of the Group for 2017 is RM67.1 million and 74,359 mandays. Lim Tiang Siew, the Group Chief Internal Auditor, is the person responsible for internal audit functions in CIMB. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. GIAD adopts the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations on the Treadway Commission.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

CIMB is committed to having open, clear and timely communications with its stakeholders, both internally and externally. In an effort to raise the level of corporate credibility and governance as well as investor confidence, CIMB has designed a structured approach in CIMB Group Communications Policy. This Policy clearly sets out the principles and various channels of communication, policies and procedures relating to dissemination of information to the Shareholders, media and other stakeholders.

It is CIMB's policy to ensure information disseminated is factual, accurate, clear and in a timely manner. Material information should be accessible by all stakeholders through broad public dissemination, as the Policy strictly prohibits individual or selective dissemination. Contact and communication with stakeholders are conducted through the designated spokespersons approved by the Board or the Group CEO.

CIMB embraces social media as an important communication channel with stakeholders as these channels allow immediate and easy access to information as well as providing a platform to gain feedback from the stakeholders. CIMB uses various social media channels such as Facebook, Instagram, Twitter, LinkedIn and YouTube to engage with stakeholders and monitors these social media conversations to improve the way CIMB operates.

Conduct of General Meetings

The Board ensures that Shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM. The AGM notice includes details of the resolutions proposed along with any relevant background information and reports or recommendations. In 2017, CIMB held its AGM on 28 April 2017 with the Notice and Agenda of the AGM delivered to the Shareholders on 31 March 2017 (this being 28 days before the meeting). The Notice and Agenda were also published in the local English and Bahasa Malaysia newspapers and made available on CIMB's website at www.cimb.com.

The 2017 Annual General Meeting was attended by all Directors, Group Management Committee members and 2,844 Shareholders. The Chairman, who chaired the proceedings, provided fair opportunity and time to all Shareholders to exercise their rights to raise questions and make recommendations. The proceedings at the AGM were recorded in the minutes of the meeting and disclosed to Shareholders on CIMB's website within two weeks after the meeting.

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Resolutions during the AGM were arrived at via e-polling to enable all Shareholders to cast their votes. A Poll Administrator was appointed to conduct the polling process.

Summary

The Board considers that CIMB has complied with the provisions and applied the main principles of the MCCG in 2017, except for the following:

- Practice 4.5 (The Board must have at least 30% women Directors)
- Practice 6.1 (The Board has in place policies and procedures to determine the remuneration of Directors and senior management and made available on the company's website)
- Practice 7.2 (The remuneration of Top-5 Key Senior Management)
- Practice 11.2 (To adopt integrated reporting based on a globally recognised framework)
- Practice 12.3 (To facilitate voting in absentia)

The Board has identified those Practices where there is a departure and these departures will be addressed as follows:

- An explanation for the departure;
- Disclosure of alternative practice adopted and how the alternative practice achieves the Intended Outcome;
- Actions which CIMB has taken or intends to take; and
- The timeframe required to achieve application of the prescribed Practice.

Practice 4.5

The GNRC oversees the overall composition of the Boards and Board committees in terms of the appropriate size, skills, gender diversity and the balance between Executive Directors, Non-Executive Directors and Independent Directors through annual reviews.

The Board currently comprises ten Directors, of whom two are women, or 20% female representation. The Board is mindful of having a diverse composition of skills, experience, age and gender when it comes to the appointment of Directors, and remains committed to achieve at least 30% female representation on the Board, whilst ensuring that diversity in its broadest sense remains a central feature.

In advancing the gender diversity agenda, the Board has also taken steps to increase female participation on the Boards of CIMB's main subsidiaries. The subsidiaries that have achieved more than 30% of female participation on the Board are CIMB Investment Bank (40%) and CIMB Islamic Bank (33%), while the female participation on the Board of CIMB Bank is currently at 27%.

CIMB strives to achieve 30% women Directors on the Board by 2018.

Practice 6.1

CIMB has in place a framework and policy to determine the remuneration of Directors and Key Senior Management.

The CIMB Directors' Remuneration Framework covers Directors' fees, Chairman's premium (Board and Committees), and meeting allowances for Non-Executive Directors. This Framework is based on industry standards and commensurate with the responsibilities, levels of contribution and time commitment required of them. The Framework is reviewed periodically by the GNRC and approved by the Board.

In addition, CIMB has established a CIMB Group Remuneration Policy which covers all aspects of remuneration including salaries, allowances, bonuses, options and benefits-in-kind for all employees and Key Senior Management. This Policy is reviewed by the Group Compensation Review Committee and approved by the Board.

Both the Directors' Remuneration Framework and the CIMB Group Remuneration Policy are currently not published on CIMB's website. The Board, however, intends to publish the Framework and the Policy onto CIMB's website by end of 2018.

Practice 7.2

The Board has decided not to disclose on a named basis the top five senior management's remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. The Board believes that disclosure of key executives' remuneration is neither to CIMB's advantage nor in its business interests given the sensitive nature of such information and the fierce competition for talent in the banking industry.

Across the Group, CIMB currently discloses the remuneration of the Top 4 management positions in their respective financial statements, as follows:

1. CEO, CIMB Group Holdings Berhad*
2. CEO, CIMB Bank Berhad*
3. CEO, CIMB Investment Bank Berhad
4. CEO, CIMB Islamic Bank Berhad

* Positions 1 and 2 are held by the same individual

Practice 11.2

CIMB has yet to fully adopt integrated reporting, but has already integrated non-financial information into CIMB's Annual Report to facilitate Shareholders and other stakeholders to better understand how CIMB takes into account the connectivity and interdependences that have a material effect on CIMB's ability to create and sustain value over time.

The Board noted the International Integrated Reporting (IR) Framework issued by the International Integrated Reporting Council in December 2013, a widely recognised integrated reporting framework. The Board is currently assessing the IR Framework for implementation and strives to adopt integrated reporting by 2020.

Practice 12.3

CIMB has yet to facilitate voting in absentia and remote participation by Shareholders at General Meetings. In 2018, CIMB continues to leverage on technology and adopt e-polling as the preferred medium for Shareholders to cast their votes. CIMB will continue to explore and consider the recommendations in the MCCG on the use of technology for remote Shareholders' participation and voting in absentia by 2020.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 28 February 2018.

For further information on the application of the practices encapsulated in the Principles of MCCG during the financial year, please refer to the Corporate Governance Report which can be found in [www.cimb.com](https://www.cimb.com/en/investor-relations/reports-and-presentations/annual-reports.html#read) under <https://www.cimb.com/en/investor-relations/reports-and-presentations/annual-reports.html#read>

ADDITIONAL DISCLOSURES

(as at 31 December 2017 pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2017, the Group has collectively issued the following instruments:

(a) USD15 million bonds (2017/2022)

On 8 March 2017, CIMB Bank issued USD15 million 5-year senior floating rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

(b) USD600 million bonds (2017/2020)

On 15 March 2017, CIMB Bank issued USD600 million 3-year senior floating rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to March 2020 and bears a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly.

(c) USD500 million bonds (2017/2022)

On 15 March 2017, CIMB Bank issued USD500 million 5-year senior fixed rate notes (the "FXD Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

(d) USD2.65 million bonds (2017/2022)

On 28 March 2017 and 27 April 2017, CIMB Bank issued USD2.15 million and USD0.5 million credit linked notes (the "CLN") under its MYR5.0 billion Multi-Currency (excluding Ringgit) Structured Note Programme, which was established on 12 May 2014, respectively. The CLN, which is linked to a specified Reference Entity, will mature on 20 June 2022 and bears a coupon rate of 3.80% per annum payable semi-annually.

(e) Merdeka Kapital

On 31 March 2017, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank, issued RM880 million Medium Term Note (the "MTN") which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 March 2024. During the financial year, CIMB Bank has undertaken a partial redemption of the MTN amounting to RM49.6 million.

(f) THB2.0 billion Debenture

On 8 May 2017, Center Auto Lease Co. Ltd, a subsidiary of CIMB Thai Bank issued THB2 billion debentures. The debentures will mature on 8 May 2020 and bears a coupon rate of 2.44% per annum payable semi-annually. The debenture is guaranteed by CIMB Thai Bank.

(g) HKD874 million notes (2017/2021)

On 9 May 2017, CIMB Bank issued HKD874 million 4-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to May 2021 and bears a coupon rate of 2.31% per annum payable annually.

(h) RM1.0 billion notes (2017/2022), RM1.2 billion notes (2017/2024) and RM800 million notes (2017/2027)

On 18 May 2017, CIMB Bank issued RM1.0 billion 5-year senior medium term notes (the "MTN"), RM1.2 billion 7-year MTN and RM800.0 million 10-year MTN under its senior medium term notes programme of RM20.0 billion in nominal value. The MTNs will mature on 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

(i) RM350 million Medium Term Notes (MTNs)

On 9 June 2017, CIMB Group Holdings Bhd issued RM350 million MTNs which will mature on 11 June 2018. The MTNs carry an interest rate of 4.05% per annum payable semi-annually in arrears.

(j) IDR2,000,000 million bonds

On 23 August 2017, CIMB Niaga issued unsecured IDR2,000,000 million bonds. Purpose of the bond is to expand the credit in order to develop the business. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR802,000 million, IDR376,000 million and IDR822,000 million respectively, with fixed interest rate of 6.75%, 7.70% and 8.15% per annum respectively.

(k) IDR2,000,000 million bonds

On 2 November 2017, CIMB Niaga issued unsecured IDR2,000,000 million bonds. Purpose of the bond is to expand the credit in order to develop the business. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR500,000 million, IDR657,000 million and IDR843,000 million respectively, with fixed interest rate of 6.20%, 7.50% and 7.75% per annum respectively.

(l) Subordinated debts 2017/2027 RM1.5 billion

On 30 November 2017, CIMB Group Holdings Bhd issued RM1.5 billion 10 years non-callable 5 years Tier II subordinated debts bearing a fixed rate coupon of a 4.90% per annum.

(m) Subordinated debts 2017/2027 RM300 million

On 28 December 2017, CIMB Islamic Bank issued RM300 million Tier II Junior Sukuk at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% per annum.

(n) RM1.0 million Sukuk Wakalah

On 29 December 2017, CIMB Islamic Bank issued RM1.0 million Sukuk Wakalah (the "Sukuk") under its Sukuk Wakalah Programme of RM10.0 billion in nominal value. The Sukuk will mature on 31 December 2018 and bear periodic distribution rate of 4.00% per annum, payable semi-annually.

The Sukuk was held by a subsidiary of the Company, hence the amount was eliminated at consolidated level.

2. SHARES BUY-BACK

During the financial year, the Company did not buy back any of its issued share capital from the open market.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued during the financial year by the Group.

4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Group did not sponsor any ADR or GDR programme during the financial year under review.

5. IMPOSITION OF SANCTION AND/OR PENALTIES

There were no public sanctions and/or material penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory body during the financial year under review.

6. NON-AUDIT FEES

Non-audit fees payable to the External Auditors, Messrs. PricewaterhouseCoopers and its affiliates amounted to RM4,065,000 for the Group and RM354,000 for the Company.

7. VARIATION IN RESULTS

There were no variations in results for the financial year ended 31 December 2017 from the unaudited results released on 28 February 2018.

8. PROFIT GUARANTEE

The Group did not receive any profit guarantee during the financial year ended 31 December 2017.

9. REVALUATION POLICY ON LANDED PROPERTIES

Please refer to the accounting policy on Property, Plant and Equipment in Notes **K**, **L** and **N** of the Summary of Significant Group Accounting Policies in the Financial Statements which are set out in the Financial Statements section of the Annual Report.

10. MATERIAL CONTRACTS

There were no material contracts entered into by CIMB Group and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in Notes 50 and 51 to the Financial Statements which are in the Financial Statements section of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board affirms its commitment on its overall responsibility and oversight of CIMB Group's system of internal control and is constantly keeping abreast with developments in areas of risk and governance. In discharging its responsibilities, the Board continues to be involved in determining the Group's level of risk appetite and in identifying, assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets, in a manner which enables the Group to maximise profitable business opportunities. For this purpose, the Board has ensured the establishment of key processes for reviewing the effectiveness, adequacy and integrity of the Group's system of internal controls and risk management. Whilst it is not possible to fully eliminate risks of failure in achieving the Group's objectives, the system of internal controls has been designed to minimise these risks by identifying, managing and controlling risks, including operational risk.

The Board is satisfied that CIMB Group has a sound system of internal controls in place that is functioning effectively and that integrity is maintained throughout the Group's business. A number of policies and procedures have been formalised to further strengthen the system of internal controls to mitigate risks. Delegated Authority and authority limits are established and periodically reviewed to facilitate smooth daily banking and financing operations, trading activities, extension of credit facilities, restructuring, investments as well as acquisitions and disposals of assets. Following the roll-out of the revised Delegated Authority Policy in 2016, a subsequent review was conducted in 2017 to ensure that the Policy remained operationally effective across the region.

In addition, regular testing on the adequacy, effectiveness, efficiency and integrity of the internal controls systems and processes is conducted to ensure its viability and robustness, as per the requirements of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad.

The Board has also obtained assurance from the Group Chief Executive Officer/Executive Director and Group Chief Financial Officer that the Group's risk management and internal controls system is operating adequately and effectively.

MANAGEMENT RESPONSIBILITY

The Management is accountable to the Board and is the overall responsible stakeholder for the effective implementation of the Board's policies and procedures on risks and controls. Its responsibilities in respect of risk management include:

- Identifying, and evaluating the risks faced by the Group, and the achievement of business objectives and strategies;
- Bringing to the attention of the Board, well-documented recommendations and information to support the Board's policy-making, decision-making and oversight responsibilities;
- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the implementation of risk management framework and internal control system in accordance with the Group's strategic vision and overall risk appetite;
- Implementing policies approved by the Board;
- Implementing remedial actions to address compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes identified to risk or emerging risks and the corrective actions taken.

KEY INTERNAL CONTROL PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, including compliance with applicable laws, regulations, rules, directives and guidelines, are as follows:

• Internal Audit

The Group Internal Audit Division (GIAD) reports independently to the CIMB Group AC and the Banking Group AC and is independent of the activities and operations of the business and other support units. The principal responsibility of GIAD is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. In evaluating internal controls, GIAD adopts the 5 components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the

Treadway Commission (COSO); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by CIMB Group AC and the Banking Group AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of CIMB Group. Areas that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. Notwithstanding the risk assessment, the annual audit plan will include areas that must be audited annually due to regulatory requirements, and other established criteria such as recent incidence of fraud, previous adverse audit rating or recent action by regulators. GIAD also undertakes investigations into alleged frauds by staff, customers or third parties, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

GIAD has unrestricted access to information required in the course of its work. GIAD's scope of work is established in accordance with The Institute of International Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal control together with detailed audit observations, response of management, comments and recommendations by GIAD for improvement, and deadline to implement GIAD'S recommendations. CIMB Group AC or Banking Group AC (as appropriate) reviews any exceptions or non-compliance raised and ascertains that appropriate and prompt remedial actions are taken by the management.

Statement on Risk Management and Internal Control

The total costs incurred for maintaining the GIAD function in Malaysia for financial year ended 31 December 2017 is RM32.02 million, comprising personnel costs, establishment expenses, admin & general expenses and marketing expenses.

GIAD conducts training routinely for relevant staff on governance and internal control matters, including attachment of certain staff with GIAD for both classroom and on-the-job training.

The foreign banking subsidiaries have their own Audit Committees and their own internal audit divisions. While the asset management subsidiaries of CIMB Group and Touch 'n Go also have their own respective Audit Committee, the internal audit function for these subsidiaries is carried out by GIAD. CIMB Group AC meets with the relevant subsidiary's Audit Committee once a year to discuss governance and audit matters. The internal audit divisions of the foreign banking subsidiaries submit a report to CIMB Group AC once every quarter. These internal audit divisions follow the same audit planning and standards, and same audit rating methodology as GIAD with such modifications as necessary to suit local environment and regulations.

As a means to objectively evaluate its service quality and to ensure it continues to improve its service delivery, GIAD had obtained ISO 9001:2008 Certification for its quality management system in 2014, awarded by a leading certification body in Malaysia. Such certification on the internal audit services is the first for a financial institution in Malaysia. GIAD had subsequently been re-certified in 2017 based on the ISO 9001:2015 Standard.

In addition, external assessment of GIAD's internal audit activity is conducted by qualified external independent reviewer at least once every five years to assess its conformance with The Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing. The report for the last assessment was issued in 2014, and the next assessment will be undertaken in 2018.

- **Audit Committee (AC)**

CIMB Group AC comprises of three independent Non-Executive Directors. It is a Board-delegated committee charged with oversight of financial reporting, disclosure, regulatory compliance, risk management, governance practices and monitoring of internal control processes in CIMB Group. CIMB Group AC leverages on the work of the Banking Group AC and the respective Audit Committee of the foreign banking subsidiaries, asset management companies of CIMB Group, and CIMB Group's electronic collection system subsidiary, Touch 'n Go.

The Banking Group AC comprised of four Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. Dato' Prof. Dr. Sudin Haron, one of the Independent Directors, and Datuk Dr. Syed Muhammad Syed Abdul Kadir, one of the Non-Independent Directors retired on 4 November 2017 and 27 April 2017 respectively. Madam Ho Yuet Mee, an Independent Non-Executive Director was appointed as a member of the Banking Group AC effective from 3 November 2017. The responsibility of the Banking Group AC is limited to CIMB Bank, CIMB Islamic Bank and CIMB Investment Bank and their subsidiaries. Save for Datuk Mohd Nasir Ahmad, who is chairman of both CIMB Group AC and the Banking Group AC, the two other members of CIMB Group AC are not members of the Banking Group AC. Senior Management, internal auditors and external auditors report to CIMB Group AC and the Banking Group AC (as appropriate) on the effectiveness and efficiency of internal controls.

All significant and material findings by the internal auditors, external auditors and regulators are reported to CIMB Group AC and the Banking Group AC (as appropriate) for review and deliberation. CIMB Group AC and the Banking Group AC (as appropriate) review and ascertain that mitigation plans are implemented by senior management to safeguard the interests of CIMB Group and upkeep proper governance. Management of business and support units that are rated as 'Unsatisfactory' or 'Unacceptable' by internal audit are counseled by the respective Audit Committee.

CIMB Group AC also reviews all related party transactions, and audit and non-audit related fees proposed by the external auditors of CIMB Group.

Presentations of business plans, current developments, operations, risks of the business and controls to mitigate risks are made by the relevant business and support units as and when deemed necessary by CIMB Group AC or the Banking Group AC.

Group AC and the Banking Group AC members are invited to attend CIMB Group's Annual Management Summit where key business and support divisions review their operations for the year, present and discuss strategies and plans for the coming year.

- **Risk Management and Control Framework**

The Board recognises that sound risk management and internal control are integral parts of CIMB Group's business and operations, and are critical in ensuring CIMB Group's success and sustainable growth.

The emphasis of a strong risk management culture is the foundation of the control mechanisms within CIMB Group's Enterprise-Wide Risk Management (EWRM) framework. The framework involves an on-going process of identifying assessing, controlling, monitoring and reporting material risks affecting the achievement of CIMB Group's strategic business objectives. It provides the Board and Management with tools to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles and CIMB Group's business strategies and risk appetite.

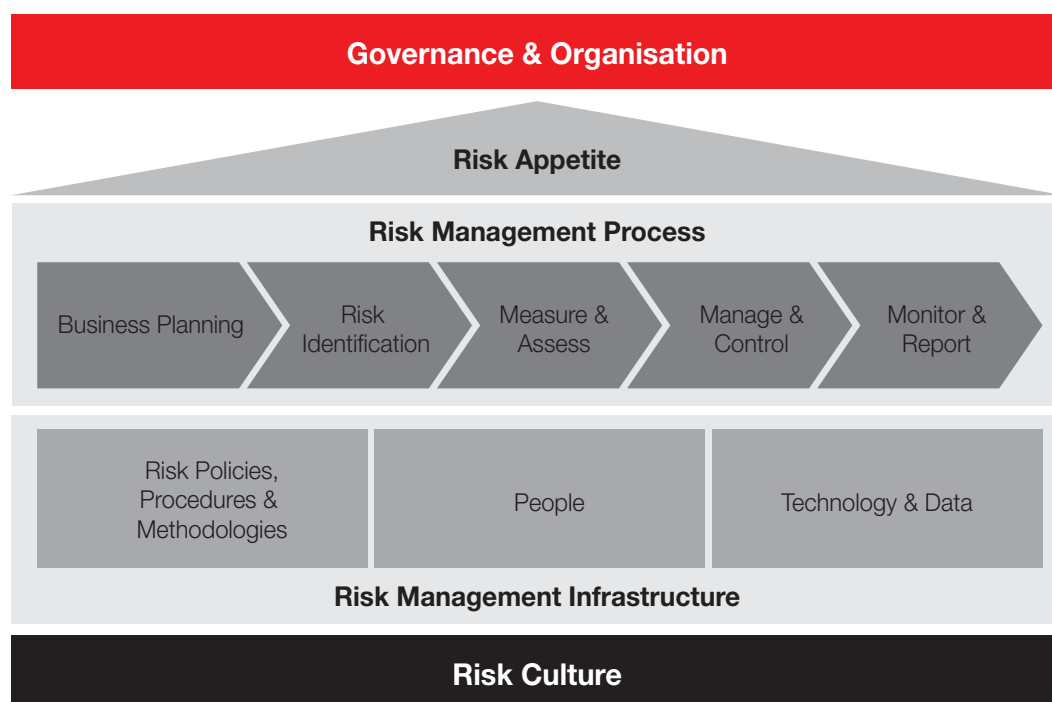
To further enhance the cultivation of the risk management culture, CIMB Group adopts the three lines of defense model in implementing the EWRM framework, which provides clear accountability of risk management across the CIMB Group. The business units as the first lines of defense are primarily responsible for the identification and management of risks within their day-to-day operations. Group Risk, Group Finance, Group Compliance and other control functions, within the second line of defense provide oversight functions; including measuring, performing independent evaluation and monitoring and reporting to the Board and Management, to ensure that CIMB Group is conducting business and operating within the approved risk appetite and in compliance with the relevant regulations. GIAD, as the third line of defense, provides independent assurance on the adequacy and effectiveness of the internal controls and risk management process. The Board has also established the Board Risk Committee, whose responsibilities, amongst others, include overseeing the effective implementation of the EWRM framework.

Statement on Risk Management and Internal Control

• Enterprise-Wide Risk Management Framework

CIMB Group employs the EWRM framework as a standardised approach to manage its risks and opportunities across the CIMB Group. The EWRM framework is consistently adopted by all risk management teams across all jurisdictions, save for some necessary adjustments as required by local regulations.

The key components of the EWRM framework are represented in the following diagram:



The design of the EWRM framework involves a complementary ‘top-down strategic’ and ‘bottom-up tactical’ risk management approach with formal policies and procedures addressing all areas of significant risk for CIMB Group.

The key features of the EWRM framework includes:

- i. **Governance & Organisation:** A strong governance structure is important to ensure an effective and consistent implementation of the EWRM framework. The Board is ultimately responsible for CIMB Group’s risk management activities, sets the strategic direction, risk appetite and relevant frameworks for CIMB Group. The Board is assisted by various risk committees and control functions in ensuring that CIMB Group’s risk management framework is effectively maintained.
- ii. **Risk Appetite:** It is defined as the amount and types of risk that CIMB Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

iii. Risk Management Process:

- **Business Planning:** Risk is a stakeholder in the business planning process, including setting frameworks for risk appetite, risk posture and new product or new business activities.
- **Risk Identification:** Risks are systematically identified through the robust application of CIMB Group’s risk frameworks, policies and procedures.
- **Measure and Assess:** Risks are measured and aggregated using CIMB Group-wide methodologies across each of the risk types, including stress testing.
- **Manage and Control:** Control and limits are used to manage risk exposures within the risk appetite set by the Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.

- **Monitor and Report:** Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within CIMB Group’s risk appetite.

iv. Risk Management Infrastructure

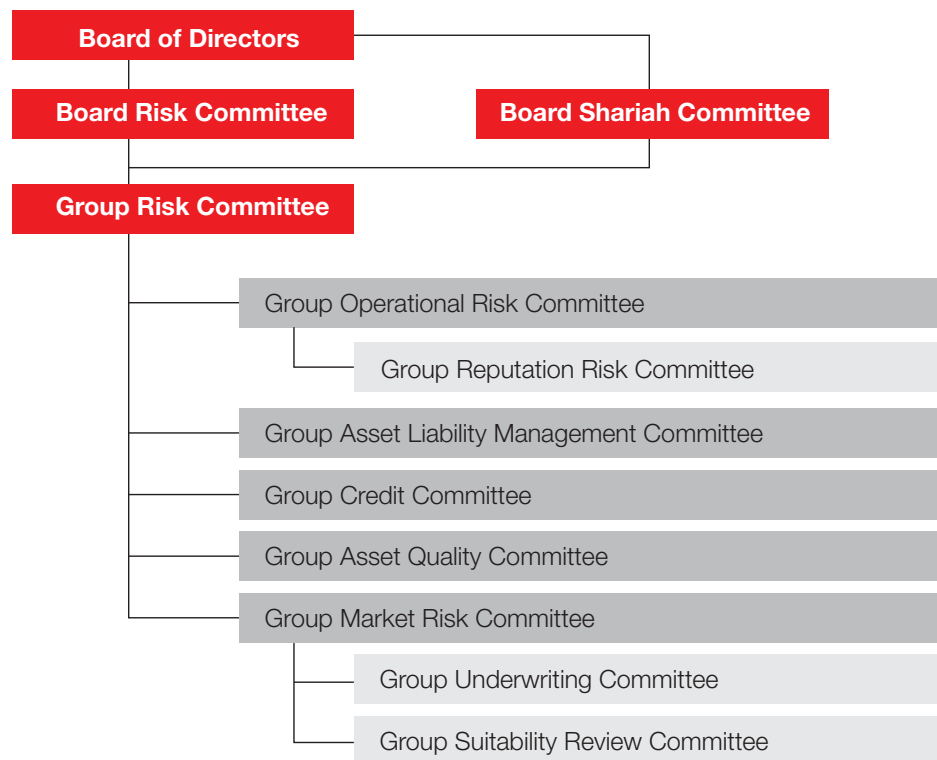
- **Risk Policies, Procedures and Methodologies:** Well-defined risk policies by risk type provide the principles by which CIMB Group manages its risks. Procedures provide guidance for day-to-day risk-taking activities. Methodologies provide specific requirements, rules or criteria that must be met to comply with the policy.
- **People:** Attracting the right talent and skills are the key to ensuring a well-functioning EWRM Framework. The organisation continuously evolves and proactively responds to the increasing complexity of CIMB Group as well as the economic and regulatory environment.
- **Technology and Data:** Appropriate technology and sound data management are enablers to support risk management activities.

- v. **Risk Culture:** CIMB Group embraces risk management as an integral part of its culture and decision-making processes. CIMB Group’s risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across CIMB Group.

Statement on Risk Management and Internal Control

- **Risk Governance Structure**

The structure of CIMB Group Risk Committees is depicted as follows:



- **Board Risk Committee**

At the apex of the governance structure are the respective Boards, which decide on the entity's risk appetite corresponding to its business strategies. In accordance to CIMB Group's risk management structure, the Board Risk Committee (BRC) reports directly to each Board and assumes responsibility on behalf of the Boards for the supervision of risk management and control activities. The BRC determines CIMB Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the risk appetite. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of CIMB Group Risk Committee.

In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within CIMB Group with distinct lines of responsibilities and functions, which are clearly defined in terms of reference.

- **Group Risk Committee**

- The Group Risk Committee (GRC) which reports to the BRC, performs the oversight function on overall risks undertaken by CIMB Group in delivering its business plan vis-à-vis the stated risk appetite of CIMB Group. In this regard, the GRC reviews the Internal Capital Adequacy Assessment Process annually to ensure that all relevant risks have been identified and

captured, and that CIMB Group has sufficient capital resources to undertake such risks in normal and under stressed business conditions.

- The GRC supervises the periodic group wide stress testing exercises by endorsing the appropriate scenarios based on the projected macroeconomic conditions and recommending the results of the Stress Test exercise for the BRC's approval.
- The GRC is also responsible to recommend CIMB Group's Risk Appetite Statement to the BRC taking into consideration the budget, annual business plans and expected macroeconomic conditions. In implementing the Risk Appetite Statement across CIMB Group, GRC, supported by CIMB Group Risk, encourages the timely escalation of all events which may materially impact CIMB Group's financial condition or reputation to the GRC for appropriate action.
- The GRC is further supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

- Similar risk committees are set-up in each of CIMB Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, CIMB Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across CIMB Group as regulators allow. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in CIMB Group.

- **Compliance Framework**

The Board recognises that the Compliance function forms an integral part of CIMB Group's risk management and internal control framework, and that a strong compliance culture reflects a corporate culture of high integrity and ethics.

CIMB Group Compliance Division (GC) reports independently to the Board. Appropriate governance has also been established with clear reporting lines by the local and regional compliance officers to CIMB Group Chief Compliance Officer and the respective local entity Boards, to the extent permitted by the regulations of the local jurisdictions.

GC responsibilities include identifying, assessing and monitoring the compliance risk associated with the business and support units or entities; and advise the Board, Management and officers of the business and support units or entities on relevant laws and regulations. All business and support units or entities must act in accordance with relevant laws, regulations and internal GC policies and procedures. Under the Three Lines of Defence Approach, all business and support units or entities as the first line of defence, are required to review, assess and establish the necessary control to ensure compliance to applicable laws and regulations. The entities or units are required to carry out periodic self-assessment on the adequacy of control and level of adherence to regulatory requirements. GC will also conduct compliance reviews on business and support units/entities as part of the second line of defence assurance that regulatory requirements are in place. GC has unrestricted access to all information, records and business premises of CIMB Group and has the authorisation to speak to any employee of CIMB Group about any conduct, business practice, ethical matter or other issue relevant to discharging GC's duties.

Statement on Risk Management and Internal Control

The respective entity Boards, as well as the CIMB Group Holdings Berhad Board, are provided with compliance reports on a regular basis the findings and analysis of compliance risk including compliance risk assessment, incidences of non-compliance and deficiencies, corrective measures and information to facilitate the Boards having a holistic and overall view of all compliance matters across CIMB Group.

GC's scope of coverage encompasses all business and support units including subsidiaries in Malaysia as well as outside of Malaysia including activities which are carried out by CIMB Group or on behalf of CIMB Group by third parties.

As it is vital to have a robust and effective compliance framework in place to safeguard the interest of CIMB Group, stakeholders, customers/clients and employees, CIMB Group has in place compliance policies and standards with appropriate mechanisms and tools are driven at CIMB Group level to ensure consistency in managing compliance risk within CIMB Group. GC requires all local and regional entities within CIMB Group to adopt and implement the GC Compliance policies and procedures, Group Conflict Management and Chinese Walls policies and procedures, which are reviewed on a periodic basis or as and when required to reflect current practices and the applicable legal/regulatory requirements. Trainings are conducted regularly to create compliance awareness and to facilitate its implementation of laws, regulations and internal GC compliance policies within CIMB Group.

- **Anti-Money Laundering/Counter Financing of Terrorism**

CIMB Group (the Group), continues to emphasise and is committed to enforcing an effective internal control system for Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) in compliance with all related laws, regulations, guidelines and industry leading practices.

The Group's global policy is to comply with and apply relevant of anti-money laundering (AML) practice in all markets and jurisdictions in which it operates and to comply with both the specific provisions and the spirit of all relevant laws and regulations.

The Group continues to strengthen its enterprise wide AMLCFT programme by enhancing its risk based approach to ensure that the key measures are emplaced to prevent and mitigate money laundering and terrorist financing commensurate with the business and compliance risks that have been identified and assessed.

The Group will remain vigilant over the level of compliance at the business segments with regards to AMLCFT rules and measures. Thematic examinations will continue to be carried out on branches and subsidiaries for AMLCFT compliance, when the need arise.

- **Shariah Risk Management**

Under the EWRM framework, Shariah non-compliance (SNC) risk is identified as one of the material risks for CIMB Group, specifically in relation to its Islamic banking business. In this regard, CIMB Group has established a dedicated Shariah Risk Management (SRM) team to facilitate a systematic and consistent approach in managing SNC risk.

The Shariah Risk Management Policy (SRMP) has been developed to articulate the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by CIMB Group in managing SNC risk. The SRMP defines SNC risk as CIMB Group's possible failure to comply with Shariah requirements as determined by the relevant Shariah Committees and as prescribed in CIMB Group's internal policies and procedures. The SRMP provides examples of SNC events and illustrates the cause and impact of non-compliance with Shariah requirements. In addition, SRMP describes the controls that have been put in place by CIMB Group to mitigate SNC risk. These would enable the first line of defense to systematically identify, monitor and control SNC risks in their respective areas, thus minimising potential SNC events.

In addition, to facilitate SNC reporting to the Management and the Board, Risk Appetite Statement (RAS) on SNC has been developed. RAS for SNC is monitored on monthly basis and it is incorporated in the RAS Dashboard for the CIMB Group.

In 2017, CIMB Group introduced new approach to identify and profile SNC risk. The checklist on Shariah contract has been developed to profile SNC risk inherent in Islamic banking products based on certain Shariah contract to supplement SNC risk identified based on department or division under Risk Control Self-Assessment (RCSA). To date, CIMB Group has completed checklist on Tawarruq, Mudharabah and Murabahah. All gaps discovered during the exercise have been resolved.

A newsletter called Shariah Risk Digest has also been introduced to constantly remind Risk Control Officers (RCOs) and Designated Compliance and Operational Risk Officers (DCOROs) on SNC risk. In 2017, ten issues were circulated that received good response from the recipients. The Digest would complement training programmes conducted

by SRM CoE in enhancing awareness on Shariah Risk Management amongst staff. The focus for training in 2017, was on 23 Commercial Banking Centres (CBCs) nationwide as well as training programs organised under Islamic & Sustainable Finance Programme Centre of Excellence (ISF PCOE) and Risk Programme Centre of Excellence (Risk PCOE). ISF PCOE was specifically designed for participants to improve ability to recommend Islamic Banking products that match customer's needs and to increase sales performance in Islamic Banking products, whilst, Risk PCOE was aimed to increase the risk competencies of staff across all job roles, equipping the three lines of defence with the necessary risk management skills and competencies in ensuring risk is appropriately managed across the value chain, in line with the risk appetite.

- **Shariah Research**

The Shariah Research function is undertaken by Advisory & Research unit of Shariah & Governance department which comprises qualified Shariah officers who conduct the pre-product approval process, advisory, research, vetting of issues for submission to the Shariah Committee. This unit is divided into two functions:

- **Research**

Responsible for performing in-depth research and studies on Shariah issues, preparing Shariah papers for all product proposal to be submitted to the Shariah Committee for approval as well as reviewing documentation to ensure consistency with Shariah requirements.

- **Advisory**

Responsible for providing day-to-day Shariah advice and consultation to the business and support units based on the decision of the Shariah Committee.

Additionally, Advisory and Research unit is supported by Governance unit that serves as the Secretariat to the Shariah Committee, as well as the governance functions. The details of this support functions are described as follows:

- **Secretariat**

Responsible for coordinating meetings, compiling proposal papers, disseminating Shariah decisions to relevant stakeholders and engaging with relevant parties who wish to deliberate issues with the Shariah Committee.

The responsibility also includes coordinating submission of proposals to CIMB Group Nomination and Remuneration Committee, the respective Bank Boards and Bank Negara Malaysia on the appointment and reappointment of the Shariah Committee members.

Statement on Risk Management and Internal Control

- **Governance**

Responsible as coordinator for all Shariah organs namely Shariah & Governance Department, Shariah Compliance Review unit of Group Compliance, Shariah Risk Management COE of Group Risk and Shariah Audit of Group Audit in the management and overall oversight on the governance of Islamic business of CIMB Group including without limitation the implementation of the Shariah Governance and the review of structures, mechanism, techniques and process for the purpose of end-to-end products development and other processes related to Islamic business of CIMB Group.

In carrying out the above roles and responsibilities, the Shariah & Governance Department is guided by CIMB Group Shariah Compliance Policy and General Procedures Manual. All communication between CIMB Group and the Shariah Committee will be facilitated by this department.

- **Shariah Compliance Review**

The Shariah review function is carried out by the Shariah Compliance Review Centre of Excellence (“SCR CoE”) in line with the Bank Negara Malaysia (“BNM”)’s Shariah Governance Framework for Islamic Financial Institutions (“SGF”). This SCR CoE’s role is to regularly assess the activities and operations of CIMB Group to ensure that such activities and operations do not contravene with the Shariah requirements.

SCR CoE, as a second-line of defence function, reports independently into the Board Shariah Committee (“BSC”) of CIMB Islamic Bank Berhad (“CIMB Islamic”), and reports functionally into the Chief Compliance Officer of CIMB Islamic, forming part of the CIMB Group Compliance Division. The SCR CoE is staffed by qualified Shariah officers in accordance with BNM’s SGF.

The SCR CoE has established the CIMB Group Shariah Compliance Review Policy and Procedures Manual (“Shariah Review Manual”), which sets out the Shariah Compliance Review function, encompassing regular examination and evaluation of CIMB Group’s level of compliance to the Shariah requirements, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences. In addition, the Shariah Review Manual also sets out the internal reporting process relating to Shariah non-compliance events, in line with BNM’s requirements.

In ensuring that the activities and operations of CIMB Group are Shariah-compliant, SCR CoE conducts pre-and post-review on CIMB Group’s activities and operations (including the end-to-end product development process) in accordance with the annual Shariah compliance review work plan approved by the BSC and the respective Boards of Directors of CIMB Group. In addition to that, trainings on the Shariah Review Manual, Shariah non-compliance reporting requirements, and all other relevant BNM’s policy documents have been conducted to educate and raise awareness of CIMB Group’s staff on the importance of complying with Shariah requirements.

- **Shariah Audit**

Shariah audits of the Malaysian banking and asset management subsidiaries are under the purview of Group Internal Audit Division (GIAD), which reports independently to both the CIMB Group Audit Committee and Banking Group Audit Committee, as well as to the Board Shariah Committee on audit matters relating to Islamic business operations and activities, particularly on Shariah compliance related matters. The principal objective is to provide an independent assessment and assurance to the CIMB Group’s Islamic business operations, as well as ascertaining a sound and effective internal control system for Shariah compliance.

The same audit methodology is implemented by GIAD in carrying out Shariah audits as with non-Shariah audits, which includes audit planning, test of control, substantive procedures, reporting and follow-up on remedial actions. The scope of a Shariah audit is established in line with the areas stipulated in BNM’s Shariah Governance Framework.

GIAD, in collaboration with Group Human Resource, made an arrangement with a reputable Islamic banking association to provide relevant Islamic banking certification to its auditors. The programme encompasses 3 stages, namely Associate Qualification in Islamic Finance (“AQIF”), Intermediate Qualification in Islamic Finance (“IQIF”) and Certified Qualification in Islamic (“CQIF”). There are 21 auditors in GIAD completed CQIF, 2 currently pursuing the same, 2 completed IQIF and another 2 completed AQIF.

- **Board Shariah Committee**

The Board Shariah Committee (Shariah Committee) is responsible for overseeing overall Shariah matters of CIMB Group in accordance with the relevant regulatory frameworks in the jurisdictions where CIMB Group operates in. The Shariah Committee, amongst others, ensures that the Shariah rulings relating to Islamic banking and capital market products and services comply with the fundamental Shariah precepts and resolutions by the relevant Shariah authorities.

The Shariah Committee is assisted by the Shariah and Governance department that functions as an internal adviser on Shariah matters to all Islamic business within CIMB Group. It serves as the intermediary between such units and the Shariah Committee. The Shariah & Governance department also serves as the Secretariat to the Shariah Committee as well as providing Shariah related training across CIMB Group.

The Shariah Governance Framework (SGF) is the enterprise-wide Shariah management plan consisting of Shariah governance mechanisms to be undertaken by relevant sections across CIMB Group. CIMB Group Shariah Compliance Policy and General Procedures Manual serves as a solid platform for all the processes under the SGF. The implementation of the SGF is effected through the following functions:

- Shariah Research;
- Shariah Compliance Review;
- Shariah Risk Management;
- Shariah Audit.

The Shariah and Governance department facilitates the implementation of Shariah Research and coordinates the overall Shariah governance, whilst Shariah Compliance Review, Shariah Risk Management and Shariah Audit functions are performed by CIMB Group Compliance, Group Risk and Group Internal Audit respectively.

- **Board Oversight Committee**

The primary role of the Group Board Oversight Committee (“GBOC”) is to oversee the implementation and monitoring of the Board’s decisions and to provide strategic guidance for CIMB Group as delegated by the Board in its terms of reference.

In 2017, the GBOC continues to ensure that Management has executed Board decisions on strategic matters and its business plans. In addition, the GBOC also oversees that daily operational issues are appropriately implemented and/or monitored efficiently and effectively by Management and that the requirements of good corporate governance practices are observed.

Statement on Risk Management and Internal Control

- **Group Management Committee**

The Group Management Committee (“GMC”) is tasked to assist the Group Chief Executive Officer in managing the businesses of the Group and driving performance within the corporate objectives, strategies, approved annual budget. In addition, the GMC is responsible in ensuring that the Group’s daily operations adhere to the applicable laws and regulations as well as the Group’s internal policies and procedures.

The GMC members report to the Group Chief Executive Officer on the performance of their business divisions in line with the Group’s strategy and other matters as directed by the Board and the Group Chief Executive Officer and CIMB Group Chief Executive Officer.

- **Internal Policies and Procedures**

Policies are formulated to govern standard day-to-day operations and to manage the expected risks of CIMB Group. As such, CIMB Group’s policies are developed from the baseline of current regulatory requirements and industry best practices to govern the business and operations of CIMB Group. The policies of the business and support units are documented, endorsed by the GRC or its sub-committee(s) and approved by the relevant Boards or Board Risk Committee for implementation across CIMB Group, where applicable. Operational procedures, on the other hand, are approved by CIMB Group Policy & Procedure and Outsourcing Committee (GPOC) for implementation. The approved policies and procedures are timely disseminated to stakeholders. Reviews and updates are performed regularly on approved policies and procedures with the intent to ensure continuous improvements in operational efficiency while taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services.

- **Performance Review**

On an entity-specific basis, the Boards of CIMB and its major subsidiaries are regularly apprised of key financial and operating statistics, including legal and regulatory matters for deliberation and where necessary, to instruct that prompt actions are taken to resolve issues in a timely manner.

With respect to reporting at a division-specific level, each core division presents its respective performance report at the monthly GMC meeting, where the report covers, amongst others, monthly financial performance, new business proposals and

listing of defaulted accounts. Each division is assessed against the approved budgets and corporate objectives; and justification is provided for significant variances. Further, the GMC will discuss pertinent issues, strategy and corrective or improvement measures to be implemented, if required.

- **Information Technology Security**

Information Security requires integrated strategy governing discipline over people, process and technology. In 2017, CIMB Group enhanced its Information Security strategies planning on each of the three components for adequate overall risk mitigations.

In order to strengthen and enhance the level of information security management, in addition to adhering to Bank Negara Malaysia’s Guidelines on Management of IT Environment, CIMB Group had developed a security architecture that integrates the technology processes by referencing the following renowned and recognised international technology, process and management standards. The standards include:

ISO 27001 – Information security management system standard defined by ISO and internationally accepted best practice to demonstrate regulatory, compliance and effective risk management on information security.

In line with the banking business growth and IT Infrastructure expansions, our technology design was constantly reviewed in 2017 and improved to effectively mitigate both internal and external risks and threats. The improvement is evidenced by completion of projects to strengthen security control according to our IT Security Blueprint roadmap. We have also enhanced our Security Operation Centre to monitor and respond to potential cyber-attacks in a more effective manner. In addition, we have expanded our security intelligence sources for early warning of threats. This allows us to strengthen our control before the attacks arrive.

At the network security level, the network access control system was expanded to cover more user groups, buildings and computer data centres to detect and prevent unauthorised devices to enter the corporate network. CIMB Group is further leveraging on Enterprise End-Point Anti-Malware, Data Loss Prevention System, Intrusion Prevention System and Content Filtering on Web and email technology which can significantly

mitigate the security risks when data traverses the network. The definition files and configurations of these tools were and continue to be updated as and when required to mitigate newly discovered vulnerabilities.

- **Code of Ethics**

CIMB Group has launched its own Code of Ethics and Conduct in January 2017. The CIMB Code of Ethics and Conduct must be complied by all employees of the Group. It is developed to assist the Group in delivering our brand promise that we will operate with the highest ethical standards. All employees are expected to understand the principles and standards stipulated and must comply with it not only based on its form but also the substance of the ethical principles and conduct stated in the Code. All employees are required to complete the tutorial pack and acknowledge the Code on an annual basis. In addition to this, specific Code of Conduct for certain functions, e.g. Treasury & Markets, Research Analysts, have and will be developed to supplement this CIMB Code of Ethics and Conduct.

- **Human Resources Policies and Procedures**

The Human Resources Policies and Procedures (HRPP) of CIMB Group provides clarity for the organisation in all aspects of the human resource management in CIMB Group. CIMB Group reviews its HRPP periodically to ensure that the policies and procedures remain relevant, and appropriate control are in place to manage operational risks.

Group Human Resource updates employees of changes to policies and procedures via email messages/memoranda. These policies and procedures are also easily accessible by all employees via CIMB Group’s intranet portal, for employees to refer to at their convenience.

- **People Development**

As part of the continuous effort to strengthen people development in CIMB Group, an enhanced Talent and Succession Management Framework along with a new Governance Structure were rolled out in 2017; focused on building the leaders of tomorrow in alignment to CIMB’s DNA fit, succession planning for critical roles as well as accelerating the readiness of talent via a fit-for-purpose suite of diverse interventions ranging from Core, Customised as well as Personalised development interventions.

Statement on Risk Management and Internal Control

Talent Review Committees consisting of key members of our leadership team have been setup at Country, Division and Group level; a multi-tiered platform to discuss, deliberate and endorse matters pertaining to talent and succession management. The focus of development interventions is predominantly on experiential learning through projects, international assignments and deployment into stretched roles followed by exposure through mentoring and executive coaching and education through executive leadership programmes. Integration of the Global Employee Mobility to Talent Management has also been instrumental to drive international assignments across the Group as we strengthen our regional operating model.

CIMB's formal learning programmes span across leadership, universal banking and role-based certifications and development programmes. An example of a senior leadership programme is the CIMB-INSEAD Leadership Programme, which allows the development of leadership skills for senior management with a more global outlook of the business. Another is the Accelerated Universal Bankers Programme that emphasises on the competency of universal banking for middle management employees. The Branch Manager Entrepreneur (BME) programme is an example of a role-based programme to develop future branch managers on top of functional skills trainings and certification programmes through business academies.

- **Remuneration**

CIMB Group's remuneration philosophy aims to reinforce a pay-for-performance culture while ensuring appropriate risk-taking behaviour.

The governance is established on all remuneration-related matters through CIMB Group Compensation Review Committee, which reviews and approves remuneration policies and payouts together with the Board of Directors. Decisions on variable remuneration are made based on the performance of the respective units in CIMB Group and taking into consideration risk-adjusted performance measures such as Economic Profit and Risk Adjusted Return on Capital, which are incorporated in our scorecards and reporting. The Committee is also guided on their decisions according to the advice and assessment provided by CIMB Group's risk, audit and compliance functions on the respective units in CIMB Group.

CIMB Group has a deferred remuneration structure in place through an equity ownership plan, where the share awards are vested over 3 years. This share-based long term incentive plan applies to key personnel and senior management of CIMB Group, as well as identified material risk takers. The plan serves to align the interest of this group of employees to that of our shareholders and to increase focus towards long-term sustainability, as well as retaining them with CIMB Group.

- **Culture**

Integrity is one of the core values that are persistently emphasised by the Management. This goes beyond non-tolerance of fraud, and also covers professionalism, being honest and respectful. Many programmes and initiatives have been put in place to reinforce this value in employees. Through the practice of giving back, leaders share experiences that help others understand business issues from the perspective of integrity and also help each other deal with existing challenges. This is further emphasised via e-learning.

Where suspected fraud is detected, however, CIMB Group ensures prompt investigations and disciplinary actions are taken against offending employees. Disciplinary actions taken can include dismissal of employment and filing of civil suit for the recovery of losses.

- **Whistle Blowing**

A well-disciplined and professional workforce is the cornerstone of a successful organisation. Therefore, all employees are expected to be vigilant about wrong doings, malpractices or irregularities at their workplace. All employees are made aware of CIMB Group's whistle blowing policy and its processes and to promptly report/disclose any such instances to the Management for immediate rectification or for other necessary measures in minimising potential financial or reputational loss. Meanwhile, CIMB Group is wholly committed to ensure strict confidentiality and will not only protect the identity of the complainant but will also protect the complainant from any harassment and victimisation at work due to the disclosure.

- **Anti-Bribery and Corruption**

One of the core values of CIMB Group is integrity, and CIMB Group will not tolerate any acts which are in breach of this value. CIMB Group firmly believes in acting professionally, fairly and with integrity in all business dealings and relationships. Whilst CIMB Group already has in place various policies and processes, which address some of the issues relating to bribery and corruption, a more comprehensive policy to cover areas of concern is deemed necessary in view that CIMB Group operates in many jurisdictions with anti-corruption laws. As such, in line with global best practices and good governance approach, CIMB Group has established the Anti-Bribery and Corruption Policy. As commitment to this Anti-Bribery and Corruption Policy, CIMB has also developed a No Gift Policy in our conduct with our customers in relation to entertainment and the receipt and giving of gifts.

- **Business Continuity Management**

CIMB Group is committed to safeguard the interests of all its stakeholders by ensuring an appropriate level of business resilience throughout the CIMB Group. The Board and Management are responsible to ensure enterprise-wide implementation of sound BCM practices as part of good corporate governance and prudent risk management.

The objective of business continuity is to ensure the safety of employees and to promote organisational resilience by ensuring that critical business processes can continue, or be recovered in a timely manner, following a disruption, thus ensuring:

- customers' expectations and quality of services continue to be met, or be managed, in such a way that customers are retained and new business opportunities are met;
- operations are not adversely affected, thus maintaining the quality of management and meeting statutory and regulatory requirements;
- profits and shareholder values are maintained and do not suffer significant deterioration;
- reputation and image to stakeholders and the public are not negatively affected following a business disruption; and
- compliance with the regulatory guidelines and legislations on BCM (e.g. BNM, Bursa Securities or SC).

Statement on Risk Management and Internal Control

As such, we have put in place a sound BCM Program to ensure that the critical business functions are able to be recovered in a timely manner, in the event of any disruption.

Our BCM Programme is aligned to the organisation's business vision and strategy. This is done by calibrating the Group's BCM Programme to the target level of preparedness, which is determined by the Group Crisis Management Committee.

Regular reviews, re-assessments and updates for BCM documentations/plans have been conducted to ensure adequacy, effectiveness and relevance of the business recovery strategies. These plans are rehearsed and tested on a regular basis

CIMB Group has a BCM department, whose primary role is to ensure effective coordination and supervision of all BCM activities by introducing integrated and standardised BCM approach across the organisation.

Annual BCM workshops are conducted for various business units within the CIMB Group and for regional counterparts with support from the Group Crisis Management Committee and Group Human Resources in its effort to increase employee awareness and efficiency and grow BCM programme maturity.

- **Fraud Detection**

CIMB Group constantly monitors new trends and developments on fraud to implement control and detection tools. Fraud detection tools are used to detect suspicious transactions. As fraudulent activities have evolved in sophistication in the digital age, digital forensics has emerged as an essential tool that supports an effective investigation process through the recovery, analysis and protection of digital evidence. In view of this threat, a Digital Forensic Lab has been set up to enable us to restore and analyse information of the fraudster digital devices.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of CIMB Group.

CONCLUSION

The Board, through the Audit Committee, Board Risk Committee and the Board Shariah Committee, confirms that it has reviewed the effectiveness of the risk management and internal control framework and considers CIMB Group's system of internal control as adequate in safeguarding the shareholders' interests and assets of the group. The Board also confirms that there is an effective ongoing process for identification, evaluation and management of significant risks in the group and is committed to ongoing review of the entire control, compliance and risk management controls.

RISK MANAGEMENT

RISK MANAGEMENT OVERVIEW

A robust and effective risk management system is critical for our Group to achieve continued profitability and sustainable growth in shareholder value in today's globalised and inter-linked financial and economic environment.

Our Group embraces risk management as an integral part of our Group's business, operations and decision-making processes. In ensuring that our Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

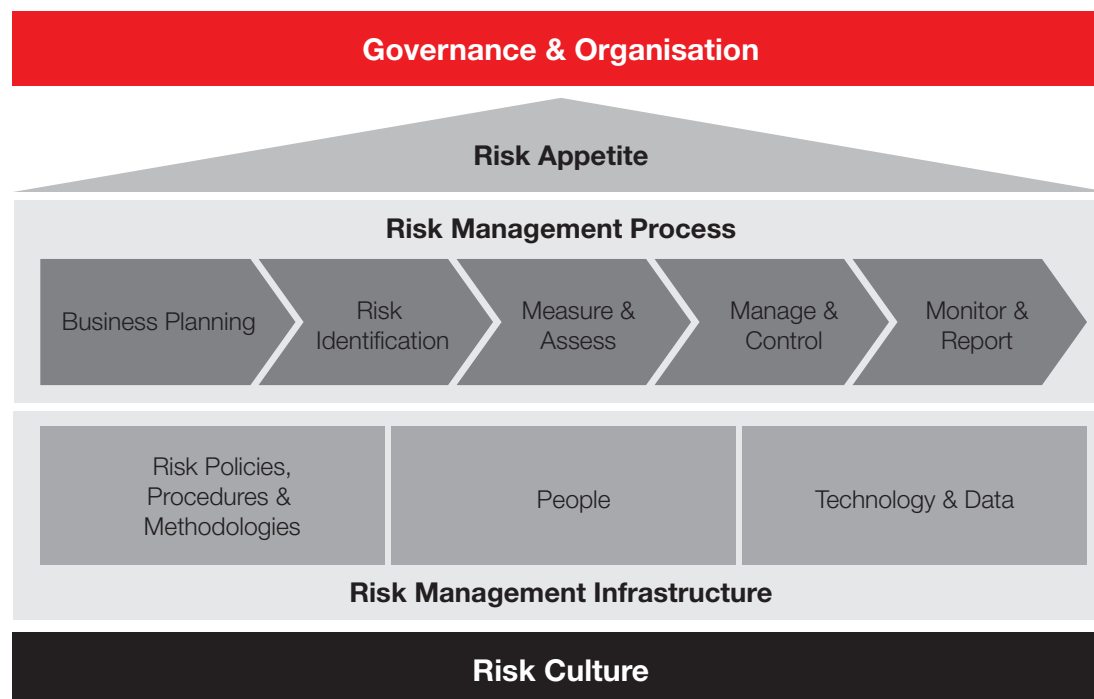
Generally, the objectives of our risk management activities are to:

- (i) identify the various risk exposures and capital requirements;
- (ii) ensure risk-taking activities are consistent with risk policies and the aggregated risk positions are within the risk appetite as approved by the Board; and
- (iii) create shareholder value through sound risk management frameworks.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK

Our Group employs an Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage our risks and opportunities. The EWRM framework provides our Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment.

The key components of the Group's EWRM framework are represented in the diagram below:



The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risk for our Group.

The key features of the EWRM framework include:

- (i) **Governance & Organisation:** A strong governance structure is important to ensure an effective and consistent implementation of the Group's EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively maintained.
- (ii) **Risk Appetite:** Defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

(iii) **Risk Management Process:**

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new product/new business activities.
- **Risk Identification:** Risks are systematically identified through the robust application of the Group's risk frameworks, policies and procedures.
- **Measure and Assess:** Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- **Manage and Control:** Controls and limits are used to manage risk exposures within the risk appetite set by the Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- **Monitor and Report:** Risks on an individual, as well as a portfolio basis, are regularly monitored and reported to ensure they remain within the Group's risk appetite.

Risk Management

- (iv) Risk Management Infrastructure
- Risk Policies, Methodologies and Procedures: Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies provide specific requirements, rules or criteria to be met in order to comply with the policy. Procedures provide guidance for day-to-day risk-taking activities.
 - People: Attracting the right talent and skillset are key to ensuring a well-functioning EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group, as well as the economic and regulatory environment.
 - Technology and Data: Appropriate technology and sound data management support risk management activities.
- (v) Risk Culture: The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines of Defence approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Group.

RISK GOVERNANCE

At the apex of the governance structure are respective boards of entities within the Group, which decide on the entity's risk appetite corresponding to its business strategies. Each Board Risk Committee reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each Board Risk Committee determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each Board Risk Committee also oversees the implementation of the EWRM framework, provides strategic guidance and reviews the decisions of our Group Risk Committee (GRC).

To facilitate the effective implementation of the EWRM framework, our Board Risk Committee (BRC) has established various specialised/sub-risk committees within our Group, each with distinct lines of responsibilities and functions. These are clearly defined in the terms of reference.

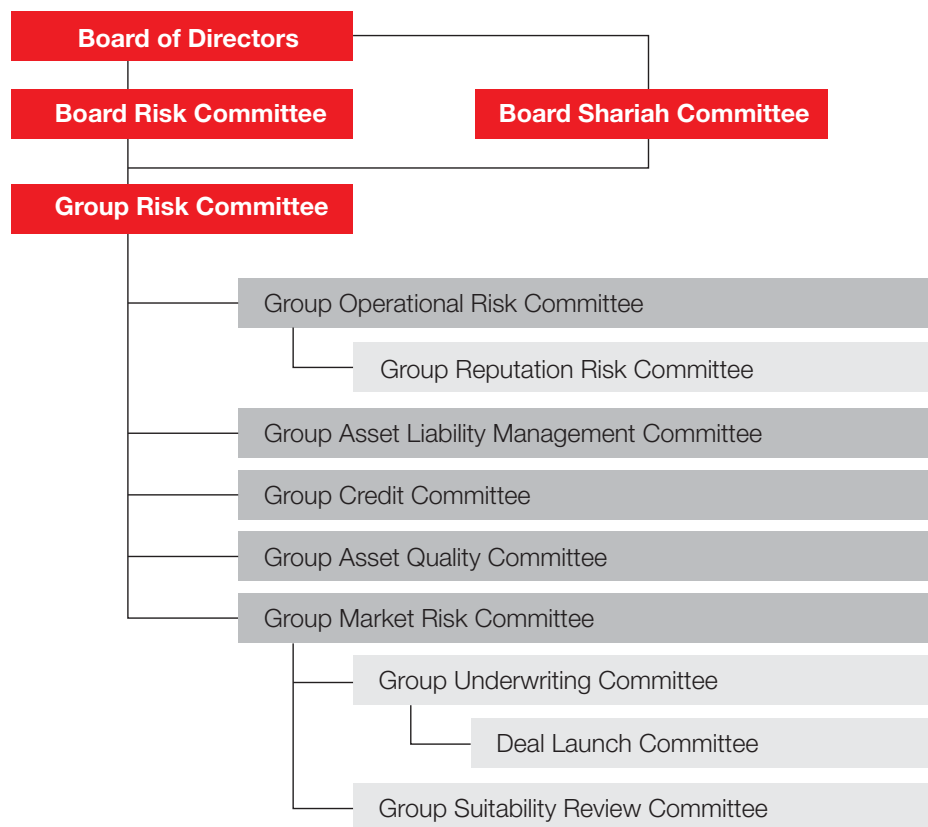
The responsibility of supervising risk management functions is delegated to our Group Risk Committee, comprised of senior management, and reports directly to our BRC. Our GRC performs the oversight function on the overall risks undertaken by the Group in delivering its business plans vis-à-vis the stated risk appetite of our Group. Our GRC is supported by

specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- Market risk, arising from fluctuations in the market value of the trading; or investment exposure, resulting from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- Credit risk, arising from the possibility of losses due to an obligor or market counterparty or an issuer of securities or other instruments held, having failed to perform its contractual obligations to our Group;
- Liquidity risk, arising from a bank's inability to efficiently meet its present and/or future funding needs or regulatory obligations, when they come due, which may adversely affect its daily operations;

- Operational risk, arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
- Interest rate risk in the banking book, which is the current and potential risk to the Group's earning and economic value arising from movement in interest rates;
- Capital risk, arising from the failure to meet minimum regulatory and internal requirements which could incur regulatory sanction of our Group; and
- Shariah Non Compliance (SNC) risk, arising from possible failure to comply with the Shariah requirements as determined by SAC of BNM and SC, the BSC of the Group and other Shariah regulatory authorities of the jurisdictions in which the Group operates.

The structure of CIMB Group Risk Committees is depicted in the following chart:



Our overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, our Group strives to ensure a consistent and standardised approach in its risk governance process. As such, group and regional committees have consultative and advisory responsibilities on regional matters across our Group. This structure increases regional communication regarding technical knowledge. It further enhances support towards managing and responding to risk management issues, thus allowing our Board with a comprehensive view of the activities within our Group.

THREE LINES OF DEFENCE

Our Group's risk management approach is based on the three lines of defence concept, whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risk across our Group and risk management as an enabler of the business units. Line management (including all business units and units which undertake client facing activities) provides the first line of defence. It is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risk through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reporting to management to ensure that our Group is conducting business and operating within the approved risk appetite, and in compliance to regulations. The third line of defence is GIAD who provides independent assurance on the adequacy and effectiveness of the internal controls and risk management process.

THE ROLES OF GROUP CHIEF RISK OFFICER (GROUP CRO) AND GROUP RISK

Within the second line of defence is Group Risk, a function independent of business units. It assists our Group's management and stakeholders in monitoring and controlling risk exposures within the Board-approved risk appetite statement.

The organisational structure of Group Risk is made of two major components, namely, the Chief Risk Officer (CRO) and the Risk Centres of Excellence (CoE). Group Risk is headed by our Group CRO, appointed by our Board to lead the Group-wide risk management functions, including the implementation of the EWRM framework. Our Group CRO:

- (a) actively engages our Board and senior management on risk management issues and initiatives.
- (b) maintains an oversight on risk management functions across all entities within our Group. In each key country of operations, there is a local Chief Risk Officer or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and regulators in the respective countries.

The Group Risk teams are organised into several Risk CoEs in order to facilitate the implementation of the Group's EWRM framework. The Risk CoEs consist of Risk Analytics and Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Management. CoEs are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management.

(a) Risk Analytics and Infrastructure CoE

The Risk Analytics and Infrastructure CoE designs frameworks, develops risk models and tools and implements standardised infrastructure for risk measurement across the Group.

(b) Market Risk CoE

The Market Risk CoE recommends the framework and policies for independent assessment, measurement and monitoring of market risk. This is operationalised through review of treasury positions versus limits, performing mark-to-market valuation, calculating Value at Risk and market risk capital, as well as performing stress testing.

(c) Operational Risk CoE

The Operational Risk CoE ensures that the first line of defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line of defence's execution of the operational risk framework.

(d) Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement and monitoring of liquidity risk and interest rate risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk in the banking book profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

(e) Credit Risk CoE

The Credit Risk CoE consists of Retail and Non-Retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk of the Group. It ensures a homogenous and consistent approach to credit risk policies, methodologies and procedures; credit risk models; underwriting; and portfolio analytics.

(f) Shariah Risk Management CoE

The Shariah Risk Management CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate Shariah Risk Management (SRM) policies and procedures; as well as develops and implements processes for SNC risk awareness.

In addition to the above Risk CoEs, there is also specialised team within Group Risk:

- The Regional Risk & CRO International Offices team oversees the risk management functions of the regional offices, our Group's unit trust and securities businesses and also houses the validation team.

In ensuring a standardised approach to risk management across our Group, all risk management teams within our Group are required to conform to our Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without risk management department, all risk management activities are centralised at the relevant Risk CoEs. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to the relevant Risk CoEs.

KEY AREAS OF RISK MANAGEMENT

1. Credit Risk

Credit risk is defined as the possibility of losses due to an obligor or market counterparty, or an issuer of securities or other instruments held, having failed to perform its contractual obligations to our Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance, as well as commitments to support clients' obligations to third parties, e.g. guarantees. In sales and trading activities, credit risk arises from the possibility that our Group's counterparties are unable or unwilling to fulfil their obligation on transactions on or before settlement dates. In derivatives activities, credit risk arises when counterparties to derivatives contracts are unable or unwilling to fulfil their obligation to pay us the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of our Group's investment in that entity's financial instruments to fall.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital and approved risk appetite, as well as to ensure the returns commensurate with risks.

Risk Management

Consistent with the three lines of defence model on risk management where risks are managed from the point of risk-taking activities, our Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with Group Risk as a function independent from the business units as the second line of defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial loans and private banking loans, credit applications are independently evaluated by the Credit Risk CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units officers are delegated with credit approving authority to approve low valued credit facilities. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limit approved at joint delegated authority and relevant credit committee.

The GRC, with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and reviewing policy. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with single customer, country and global counterparty limits, as well as the assessment of the quality of collateral, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to the above established credit limits is monitored by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty. For retail products, portfolio limits are monitored monthly by Group Risk.

It is our Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for our Group's retail and non-retail exposures.

Credit reviews and ratings are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

All extension of secured credit facilities as deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. Group Credit Committee is

empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

In mitigating the counterparty credit risks from foreign exchange and derivatives transactions, our Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

For each counterparty where a credit support annex has been executed in addition to master netting agreement, our Group will request for additional collateral for any exposures above the agreed threshold, in accordance with the terms specified in the relevant credit support annexes.

Our Group avoids unwanted credit or market risk concentrations by diversifying our portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure by products, counterparty, sectors and country.

2. Market Risk

Market risk is defined as any fluctuation in the market value of a trading or investment position arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Our Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

Our Group adopts various measures as part of risk management process to mitigate market risk. An accurate and timely valuation of position is critical in ensuring current market exposure is not mismatched. Our GRC, with the assistance of Group Market Risk Committee and Group Underwriting Committee, ensure that the risk

exposures undertaken by our Group is within the risk appetite approved by our Board. GRC, Group Market Risk Committee and Group Underwriting Committee are responsible for measuring and controlling our Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

Market Risk CoE evaluates the market exposures using the applicable market price and pricing models. The valuation process is carried out on held for trading and available-for-sale positions on a daily basis in compliance with the independent price verification requirements. This valuation methodology is applied to restate the security value to its current value for the purpose of calculating the profits and losses or to confirm that margins requirements are being met.

Treasury products approval process is coordinated by the Market Risk CoE to ensure operational readiness before launching. The proposed new products are assessed to ensure financial risks are accurately identified, monitored and effectively managed.

The valuation methods and models used are validated by the quantitative analysts to assess their applicability relative to market conditions. The process includes verification of the inputs, assumptions used, programming codes and model reporting capability. Existing valuation models are reviewed periodically to ensure that they remain relevant to changing market conditions.

Our Group also adopts the VAR methodology as an approach in the measurement of market risk. Backtesting is performed to validate and reassess the accuracy of the existing VAR model. VAR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. Backtesting involves the comparison of the daily model-generated VAR against the actual or hypothetical profit or loss data over the corresponding period.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

3. Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholder funds or our reputation arising from our Group's inability to efficiently meet our present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they are due, which may adversely affect our daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of our Group's liquidity risk management is to ensure that our Group can meet our cash obligation in a timely and cost-effective manner. To this end, our Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual and stress conditions. Due to its large delivery network and marketing focus, our Group is able to maintain a diversified core deposit base comprising savings, demand and term deposits, thus providing our Group with a stable, large funding base. Our Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee which subsequently report to Group Asset Liability Management Committee. The Group Asset Liability Management Committee meets at least once a month to discuss the liquidity risk and funding profile of the Group. The Asset-Liability Management function, which is responsible for the independent monitoring of our Group's liquidity risk profile, works closely with Group Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. For overseas branches and subsidiaries, they should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating

needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off-balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by our Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers have been established to alert management to potential and emerging liquidity pressures. Our Group's Liquidity Risk Management Policy is subjected to periodic review, and the assumptions and limits are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis against the internal and regulatory limits.

Our Group's contingency funding plan is in place to alert and enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert our Group's management whenever our Group's liquidity position may be at risk. It provides our Group with the analytical framework to detect a likely liquidity problem and to evaluate our Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of our Group. Consolidated stress tests, including liquidity stress tests, are performed on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments, and haircuts for marketable securities; are documented and the test results are submitted to the Country and Group Asset Liability Management Committees, the GRC, the BRC and the Board. The test results to date have indicated that our Group possesses sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions.

4. Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is defined as the current and potential risk to our Group's earnings and economic value arising from movement in interest rates.

Risk Management

Our Group manages its exposure of fluctuations in interest rates through policies established by Group Asset Liability Management Committee. Interest rate risk in the banking book undertaken by our Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by our Group. The risk appetite is established by the Board. The Group Asset Liability Management Committee is a Board-delegated committee which reports to the GRC. With the support from Asset Liability Management CoE, under Group Risk, and Capital and Balance Sheet Management under Group Finance, our Group Asset Liability Management Committee is responsible for the review and monitoring of Group's balance sheet, business and hedging strategies, the overall interest rate risk profile and ensuring that such risk profile is within the established risk appetite. Treasury & Markets is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

Interest rate risk in the banking book is measured by:

- (i) Economic Value of Equity (EVE) sensitivity measures the long term impact of sudden interest rate movement across the full maturity spectrum of our Group's assets and liabilities. It defines and quantifies interest rate risk as the change in the economic value of equity (e.g. present value of potential future earnings and capital) as asset portfolio values and liability portfolio values would rise and fall with changes in interest rates. This measure helps the Group to quantify the risk and impact on capital with the focus on current banking book positions.
- (ii) Earnings At Risk (EAR) is the potential impact of interest rate changes on the bank's accruing or reported earnings. It focuses on risk-to-earnings in the near term, typically the next one year. Fluctuations in interest rates rate generally affect reported earnings through changes in the bank's net interest income, which is the difference between total interest income earned from assets and total interest expense incurred from liabilities. Our Group's EAR is taking into consideration forecasts on budgeted new business generation and product pricing strategies.

5. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition for capital purpose includes legal risk but excludes strategic and reputation risks.

Operational Risk Management Oversight

The Operational Risk Management (ORM) department, a second line of defence function, provides the methodology, tools and processes for the identification, assessment, reporting, mitigation and control of operational risks for the implementation by respective risk owners across the Group. The ORM department also independently oversees the operational risk monitoring that resides within the first line of defence.

The identification of risks are rated using a universal risk rating methodology applied across the Group's three lines of defence. Monitoring of known risks is primarily done through a network of Operational Risk Committees operating in each material geography and business lines. These committees report up to the relevant business function or country level committees.

The Group Operational Risk Management Committee (GORC) is the senior management group that reviews the operational risk framework and policies to ensure they are appropriate for the size and complexity of the current and future operations of CIMB Group and make recommendation to the Board Risk Committee for approval. GORC oversees and monitors the overall control environment of CIMB Group and reports to Group Risk Committee (GRC) on material operational risks.

Operational Risk Management Approach

CIMB Group recognises that the key determinant for a well-managed banking operation is to cultivate an organisation-wide risk management discipline and culture. Our Group manages operational risks through the following key measures:

- Sound risk management practices in accordance with Basel II and regulatory guidelines;
- Board and senior management oversight;
- Well-defined responsibilities for all personnel concerned;
- Establishment of a risk management culture;
- Deployment of ORM tools that include:
 - Operational Event and Loss Data Management

- Risk Control Self-Assessment
- Control Issue Management
- New Product Approval Process
- Key Risk Indicators; and
- Scenario Analysis

These tools form part of the operational risk policy that allows the Group to effectively identify, measure, mitigate and report its operational risks. Each material division of the CIMB Group self-assesses on their internal risk and control environment rating and report key control deficiencies with remediation plans.

Each new or varied product with changes to the process flow is subjected to a rigorous risk review through sign-offs from the relevant stakeholders, where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners.

The promotion of a risk management culture within our Group, whereby the demand for integrity and honesty is non-negotiable, remains the core theme in our operational risk awareness programme. Additionally, the e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

6. Reputation Risk

Reputation risk is defined as current or prospective risk to earnings and capital arising from the adverse perception by the stakeholders about the Group's business practices, conduct or financial condition. Such adverse perception, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in its customer base, business or revenue. Reputation risk exists throughout the organisation and is essentially a function of the adequacy of the Group's internal risk management processes, as well as the manner and efficiency with which management responds to external influences.

The framework for managing reputational risk identifies the sources of reputational risks, and monitors and manages these within a defined risk appetite. The Group Reputation Risk Committee provides oversight over the framework execution.

7. Shariah Non-Compliance Risk

SNC risk is the risk that arises from the Group's possible failure to comply with the Shariah requirements as determined by SAC of BNM and SC, BSC of CIMB Group and the other Shariah regulatory authorities of the jurisdictions in which the Group operates. SNC may result in financial and non-financial impact to the Group such as

nullification of contract, non-recognition of income or earnings, regulatory breach, reputation risk, etc. The appropriate treatment of any SNC income or earnings shall be advised by the BSC, which may include but is not limited to, channelling the SNC income or earnings to charitable organisation or returning the SNC income or earnings to customers.

Our Group has a Shariah Compliance Policy and General Procedures Manual in place which governs the roles and responsibilities of BSC, overall Shariah compliance functions and Shariah governance processes of CIMB Group. Monitoring of Shariah compliance and Shariah governance is carried out through Shariah Compliance Review and Shariah Audit functions, supported by SRM control measures and Shariah & Governance.

SRM is facilitated by the SRM CoE by implementing a systematic and consistent approach to the management of SNC. The objectives, mission, guiding principles, governance structure, as well as the methodology and approach adopted by the Group in managing SNC risk, is articulated in the Shariah Risk Management Policy (SRMP). In addition, SRM CoE provides training and guidance to enable the first line of defence to systematically identify, assess, monitor and control SNC, thus minimising the potential SNC events.

Apart from monitoring and analysing the SNC events or incidences submitted by Designated Compliance and Operational Risk Officers to Shariah Compliance Review CoE for escalation to BSC and reporting to the relevant risk committees, SRM CoE also actively participates in the Islamic products and services development process to ensure that all SNC risk are appropriately identified, assessed, managed and controlled. SRM CoE also reviews internal policies and procedures to ensure Shariah requirements are embedded in the documents that would guide business and support units in their Islamic operations and business activities. The new products and services, as well as internal policies and procedures that are applicable to Islamic banking businesses and services, are subject to prior approval from BSC before implementation.

8. Basel Implementation

Since July 2010, BNM has approved CIMB Group's migration to Internal Rating Based Approach for credit risk. CIMB Bank Group applies the Advanced Internal Ratings-Based Approach for retail exposures, the Foundation Internal Ratings-Based Approach for corporate exposures, and CIMB Investment applies the Standardised

Approach. The Group's operational risk is based on the Basic Indicator Approach. The Group has progressively set the various foundations to move towards Basel II Standardised Approach. The Group's market risk is based on Standardised Approach.

On 16 December 2010, the Basel Committee of Banking Supervision (BCBS) released the Basel III liquidity framework, introducing two new liquidity risk measures: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

On 31 March 2015, BNM issued a guideline on Basel III Liquidity Coverage Ratio (LCR), consistent with the final text of the LCR issued by BCBS in January 2013 with local customisation in certain areas. BNM adopted the phased-in implementation approach effective from 1 June 2015 at 60%, thereafter the minimum requirement will increase by 10% on 1 January of the each subsequent year until it reaches 100% on 1 January 2019. On 25 August 2016, BNM issued a revised guideline on Basel III LCR, which supersedes the guideline issued on 31 March 2015.

BCBS released the final text of the NSFR on 31 October 2014. Subsequently, BNM released the Observation Period guideline on 7 August 2015 and published the Exposure Draft on 27 September 2017. BNM did not adopt the phased-in approach, instead prescribes that a minimum 100% NSFR will be effective 1 January 2019. The Group is currently computing and submitting the NSFR in accordance to the Observation Period guideline.

The LCR is intended to ensure that banks have sufficient high quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon. On the other hand, the NSFR requires the banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The implementation of the Group's LCR and NSFR framework is governed by the Group Asset Liability Management Committee, which is chaired by the Group CFO. The Group's strategy is focused on the HQLA and maintaining customer deposits and other stable funding sources. The Group continues to build its balance sheet strength and invest in infrastructure to ensure that it is well-positioned to meet the LCR and NSFR requirements within the regulatory timeframe.

AUDIT COMMITTEE REPORT

OVERVIEW

The Audit Committee of CIMB Group Holdings Berhad (Group AC) is committed to its role of ensuring high corporate governance practices and providing oversight on the Group's financial reporting, risk management and internal control systems.

1. ATTENDANCE OF MEETINGS

The details of the Group AC membership and meetings held in 2017 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Datuk Mohd Nasir Ahmad	Chairperson/Senior Independent Director	21	21
Glenn Muhammad Surya Yusuf	Independent Director	21	21
Dato' Mohamed Ross Bin Mohd Din	Independent Director	21	19

In addition to the 21 meetings held to deliberate on matters relating to the Group, 29 other meetings were held by members of the Banking Group Audit Committee (Banking Group AC) to deliberate on matters relating to the three Malaysian banking institutions, making a total of 50 meetings for the year.

The details of the Banking Group AC membership and meetings held in 2017 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Datuk Mohd Nasir Ahmad	Chairperson/Senior Independent Director	29	29
Dato' Zainal Abidin Putih	Non-Independent Director	29	29
Puan Rosnah Dato' Kamarul Zaman	Independent Director	29	29
Puan Nadzirah Abd Rashid	Independent Director	29	27
Madam Ho Yuet Mee (appointed on 3 November 2017)	Independent Director	4	4
Dato' Prof. Dr. Sudin Haron (retired on 4 November 2017)	Independent Director	25	24
Datuk Dr. Syed Muhammad Syed Abdul Kadir (retired on 27 April 2017)	Non-Independent Director	10	7

Deliberations at the AC meetings were robust and detailed, generally lasting for a few hours, and sometimes up to a whole day. Minutes of the AC meetings held were provided to members of the respective Boards. The Board would be briefed on the significant matters deliberated during the AC meetings.

2. AUTHORITY

The AC is a Board delegated committee. In discharging its duties, the AC has explicit authority to investigate any matter within its terms of reference. It has full access to and co-operation from Management and full discretion to invite any Director or Executive Officer to attend its meetings. The AC shall have the necessary resources from the Group to discharge its functions effectively. The AC has full and unrestricted access to information and is able to obtain independent professional advice if necessary, with any expenses related thereto to be borne by the Group.

3. SUMMARY OF ACTIVITIES IN 2017

Internal and External Audit Process

- Approved the annual internal audit plan and the mid-year review of the plan in March and August 2017 respectively; reviewed the audit scope planned based on risk assessment conducted and the audit resource requirements.
- Reviewed GIAD's methodology in assessing the risk levels of the various auditable areas for planning purposes, with audit emphasis on the critical risk areas.
- Reviewed GIAD's audit rating methodology and its consistent application for the various types of audits (eg end-to-end audit, thematic audit, compliance review) in ensuring that the audit ratings accorded are reflective of the state of internal control of the areas audited.
- Approved the KPIs for GCIA and his direct reports; evaluated the GCIA's annual performance together with the remuneration payout.
- Evaluated GIAD's overall performance on half-yearly basis and provided written feedback for improvements.
- Reviewed the summary of internal audit work performed across the region together with the audit outcome on quarterly basis.
- Reviewed and approved the External Auditor's audit plan and scope of work in October 2017.
- Held 2 meetings with the External Auditor to review the financial results and areas of concerns identified.
- Met the External Auditor without the presence of the Group Management and Executive Directors on 24 January 2017 and 26 July 2017 to discuss relevant issues and obtain feedback for improvements.

Audit Committee Report

- j. Reviewed and recommended for Board's approval the audit fees and provision of non-audit services by the External Auditor in accordance with established procedures; evaluated whether such non-audit services would impair the External Auditor's independence and objectivity.
- k. Completed the annual assessment on the External Auditor in December 2017 prior to recommendation to the Board on its reappointment; the principal areas assessed were in accordance to BNM's Guidelines on External Auditor covering performance, independence and objectivity.

Accordingly, the assessment undertaken, amongst others, covered:

- Level of knowledge, capabilities experience and quality of previous work
- Level of engagement with the ACs
- Ability to provide constructive observations and recommendations
- Adequacy in audit coverage and planning
- Timeliness of audit deliverables
- Non-audit services rendered by the External Auditor so that it does not impede their independence.

Governance, Risk and Control

- a. Reviewed the adequacy and effectiveness of the system of internal controls, financial reporting and risk management to ascertain there was a systematic methodology in identifying, assessing and mitigating risk areas.
- b. Ascertained whether management gives emphasis towards compliance with regulatory requirements and internal policies.
- c. Encouraged robust discussion on emerging risks, key challenges and operational concerns, including requiring Management of relevant areas to present their strategies and action plans in achieving established objectives.
- d. Reviewed the efficiency of operations and the economical utilisation of resources throughout the Group.

- e. Reviewed the internal control issues identified by internal, external and regulatory auditors, and Management's response to audit recommendations and the implementation of agreed action plans; Management's presence is required for critical areas and audit reports with adverse audit ratings to facilitate effective deliberation of weaknesses identified and management's corrective actions.
- f. Monitored the implementation of corrective actions by Management; Management need to provide justifications for any undue delay and present for AC's approval.
- g. Attended meetings with the respective ACs and Management of CIMB Niaga, CIMB Thai, CIMB Cambodia, CIMB Principal Asset Management and Touch 'n Go. In each of the meetings, the businesses and issues of the respective operations were presented and discussed.
- h. Attended the Group's Annual Management Summit where relevant businesses and support units reviewed their operations for the year and presented strategies and plans for the coming year.
- i. Appointed AC Chairman to provide oversight on the effective implementation of the CIMB Group Policy on whistle blowing pursuant to BNM Corporate Governance Framework; dedicated email has been established where any concerns on illegal, unethical or questionable practices can be emailed directly to the AC Chairman in ensuring the concerns raised would be objectively investigated and addressed.

Audit Resolution Committee (AIRCom)

- a. AIRCom, an AC delegated committee, assisted the AC in ensuring the effectiveness of management actions in addressing key risks and internal control weaknesses. The appointment of AIRCom Chairman and Alternate Chairman (held by Senior Management) would require the AC's approval.

- b. The AIRCom's key activities include:
- Reviewed significant findings arising from audits and investigations conducted; where necessary, the relevant responsible party would be invited to facilitate robust discussion on issues and effectiveness of corrective actions taken.
 - Reviewed common findings with objective to identify more holistic solution.
 - Reviewed reasons for any delayed implementation of agreed action plans and to escalate to higher authority where required; to provide recommendation for AC's approval for cases with repeated extension of implementation date (the process of revising target implementation date is governed by an established Audit Follow-Up Framework).
 - Reviewed justification for cases where the respective risk owners decided to accept the risk exposure and would not take corrective actions; to provide appropriate recommendation for AC's endorsement.
- c. The AIRCom meetings were held monthly before the AC meetings; minutes of the AIRCom meetings held would be submitted to the AC members for review and appropriate discussion during the AC meetings.

Financial Reporting

- a. Reviewed the financial statements of the Group on a quarterly basis and the draft announcements before recommending them for the Board's approval.
- b. Reviewed the financial results prior to the approval by the Board; discussed the following as highlighted by the External Auditors:
- Significant accounting and audit matters involving credit, treasury, impairment related matters, disposal of subsidiaries, taxation, and IT general control findings
 - Unusual events and transactions
 - Uncorrected misstatements
 - Updates relating to MFRS 9, and cybersecurity risk

Audit Committee Report

- c. In relation to the financial statements for the financial year ended 31 December 2017, the AC at its meeting held on 25 January 2018 was briefed by the External Auditors on the Key Audit Matters included in the Independent Auditors' Report. These are matters regarded as most significant by the External Auditors in the audit of the financial statements of the Group and the Company which involved significant judgement and estimates by the Management. The AC is satisfied that based on the audit procedures performed by the External Auditors, no material exceptions were noted on these Key Audit Matters.
- d. Reviewed write-off proposals as presented by the Management before recommending them for the Board's approval in accordance to established policy.

Related Party Transactions (RPTs) and Conflict of Interest

- a. RPTs are reviewed by the AC, taking into account the nature and underlying details of the transactions, in establishing any potential conflict of interest that may arise, before making recommendation to the Board for approval.
- b. The AC reviewed two RPTs (as defined under the Listing Requirements of Bursa Malaysia) during the year in relation to the proposed business collaboration with Sun Life Malaysia Takaful Berhad and Sun Life Malaysia Assurance Berhad, and proposed shareholders' advance to Project Asia City Sdn Bhd, a subsidiary of the real estate fund co-managed by CIMB Real Estate Sdn Bhd and Mapletree Investment Pte Ltd, prior to recommendation to the Board.
- c. Pursuant to MFRS 124 on Related Party Disclosures, significant RPT balances and transactions were reviewed on quarterly basis, with explanations provided for exceptional trend or transactions.
- d. All loans and financing granted to connected parties (pursuant to BNM's Guidelines on Credit Transactions and Exposures with Connected Parties) are under the direct purview of the respective Board of Directors.

4. SUMMARY OF GIAD'S KEY ACTIVITIES

- a. Carried out audits and investigations on the Group; the scope of audit coverage encompassed all business and support units; areas audited included treasury related matters, loans & financing (retail & non retail), distribution channels, back office operations, IT security, Head Office functions and also special focus areas such as AML/CFT, customer information secrecy, product transparency, outsourced functions and business continuity.

Summary of the number of audit reports issued, including other countries, is as follows:

Countries	Number of reports
Malaysia*	266
Indonesia	261
Thailand	63
Singapore	18
Cambodia	18
Group	626

* Including investigation reports. For countries other than Malaysia, investigations are not under the direct purview of the internal audit function.

In addition to the above reports issued, a number of regulatory driven assignments had also been completed.

- b. Undertook various ad-hoc compliance and validation reviews requested by regulators; more than 27 reviews undertaken in 2017 requiring more than 2,500 mandays.
- c. Identified potential cost savings and prevention of income leakage from the audits and investigations performed during the year.
- d. Monitored and followed up on the implementation of the corrective actions by Management; appropriate validation was performed in accordance to GIAD's Audit Follow-Up Framework.
- e. Reported status of outstanding audit findings to AC on a quarterly basis; undue delays in the implementation of agreed action plans were escalated to the relevant authority for appropriate decision.

- f. Acted as secretariat of AIRCom, and prepared minutes of meeting for submission to AC; other activities including preparing of meeting materials and following-up on matters arising.
- g. Reviewed and provided feedback on new and revisions to policies of the Group, focusing on, but not limited to, ascertaining the governance and controls to address risks.
- h. Submitted periodic reports to the AC, top Management and regulators.
- i. Supported AC in the annual exercise on appointment of External Auditor.
- j. Continued with the Branch Manager Attachment Programme to promote risk and control culture in the first line of defense; 16 branch managers completed the program in 2017.
- k. Recertified with the new ISO 9001:2015 Certification (previously ISO 9001:2008) for internal audit services.
- l. Incurred total costs and mandays to maintain the internal audit function of the Group for 2017 as follows:

Countries	Total Costs (RM'mil)	Total Mandays
Malaysia	32.0	29,232
Indonesia	21.0	30,854
Thailand	9.4	12,277
Singapore	4.3	1,319
Cambodia	0.4	857
Group	67.1	74,539

5. TRAINING

Listed below are the seminars and training events attended by the members of the Audit Committee to keep abreast of latest developments:

Audit Committee Member	Training attended
Datuk Mohd Nasir Ahmad	<ul style="list-style-type: none"> 4th BNM-FIDE Annual Dialogue A New Era of Auditing BNM Annual Communication Audit Committee Conference High Performance Leadership MIA Commemorative Lecture Accounting & Finance at Board Level Leading UKM to Organisational Success Leadership and HR Readiness ACCA Malaysia Annual Conference CIMB Risk Workshop CIMB Risk Posture Workshop 1st Directors' Regional Sharing Session (BRC) CIMB Regional Sharing Session Risk Management Programme Board Offsite of CIMBGH Environmental, Social and Governance (ESG) Talk Cybersecurity for Directors IIA Malaysia National Conference 2017 2017 CIMB Group's Annual Management Summit (AMS) Building High Performance Directors: Organisational Sustainability Talk: Integrity and Leadership MIA Conference 2017
Glenn Muhammad Surya Yusuf	<ul style="list-style-type: none"> CIMB Risk Workshop 1st Directors' Regional Sharing Session (BRC) 1st Directors' Regional Sharing Session (NRC) Board Offsite of CIMBGH
Dato' Mohamed Ross Bin Mohd Din	<ul style="list-style-type: none"> New Companies Act "Efficient Inefficiency – Making Boards Effective in a Changing World" Compliance Conference Board Selection – Engagement with Potential Directors Risk & Rewards: What Boards must know about a Sustainable FI Remuneration System for Senior Managers & Material Risk Takers Dialogue on Sustainable Development of Affordable Housing FinTech – Opportunities for the Financial Services Industry in Malaysia Boards in the Digital Economy Invest Malaysia Conference 2017 CIMB Risk Workshop 3rd Distinguished Board Leadership Series – Cryptocurrency and Blockchain Technology 1st Directors' Regional Sharing Session (BRC) 1st Directors' Regional Sharing Session (NRC) Dialogue on VBI – Strengthening the Roles and Impact of Islamic Finance via Value-based Intermediation Board Offsite of CIMBGH Environmental, Social and Governance (ESG) Talk 2017 CIMB Group's Annual Management Summit (AMS)

Audit Committee Member	Training attended
Dato' Zainal Abidin Putih	<ul style="list-style-type: none"> FIDE Core Programme Module A for Insurance CIMB Risk Workshop 1st Directors' Regional Sharing Session (BRC) 2017 Global Symposium on Development Financial Institutions Khazanah Megatrends Forum 2017 CIMB Group's Annual Management Summit (AMS)
Puan Rosnah Dato' Kamarul Zaman	<ul style="list-style-type: none"> Communication Session with BNM on CRR Meeting at BNM on Islamic Investment Product BNM Compliance Conference Invest Malaysia 2017 CIMB Risk Workshop 1st Directors' Regional Sharing Session (BRC) International Directors Summit 2017 2017 CIMB Group's Annual Management Summit (AMS) Khazanah Megatrends Forum
Puan Nadzirah Abd Rashid	<ul style="list-style-type: none"> FIDE Core Programme Module A Global Business Insights Series: High Performance Leadership in Times of Change and Uncertainty Compliance Conference FinTech: Opportunities for Financial Services Industry in Malaysia Invest Malaysia 2017 FIDE Core Programme Module B CIMB Risk Workshop 1st Directors' Regional Sharing Session (BRC) International Directors Summit 2017 CPA Congress 2017
Madam Ho Yuet Mee (appointed on 3 November 2017)	<ul style="list-style-type: none"> 2017 CIMB Group's Annual Management Summit (AMS)
Dato' Prof. Dr. Sudin Haron (retired on 4 November 2017)	<ul style="list-style-type: none"> Global Business Insights Series: High Performance Leadership in Times of Change and Uncertainty Bengkel Akta Syarikat FIDE FORUM Invitation: "FinTech: Opportunities for the Financial Services Industry in Malaysia" CIMB Risk Workshop 1st Directors' Regional Sharing Session (BRC) Seminar Kebangsaan Memperkasakan Institusi Islam, Kehakiman dan Perundangan Syariah di Malaysia (SKMi) Seminar Celik Wakaf Peringkat Daerah Kuala Muda Seminar Celik Wakaf Peringkat wilayah Persekutuan Training Web Pusat Wakaf MAIWP Bengkel Halatuju YWM
Datuk Dr. Syed Muhammad Syed Abdul Kadir (retired on 27 April 2017)	<ul style="list-style-type: none"> Islamic Investments RISK

SHARIAH COMMITTEE REPORT

THE CIMB GROUP BOARD SHARIAH COMMITTEE (GROUP SHARIAH COMMITTEE), WHICH WAS ESTABLISHED UNDER CIMB ISLAMIC BANK BERHAD, IS TASKED WITH THE RESPONSIBILITY TO ASSIST CIMB GROUP'S BOARD OF DIRECTORS (THE BOARD) IN CONDUCTING OVERSIGHT ON SHARIAH MATTERS PERTAINING TO THE GROUP'S ISLAMIC BANKING AND FINANCING ACTIVITIES.

Although the Board is ultimately responsible and accountable for all Shariah matters under the Group, the Board relies on the independent advice of the Group Shariah Committee on the same.

The main role of the Group Shariah Committee is to assure and advise the Board that the Group's Islamic banking and finance operations do not contain elements or activities that are not permissible under Shariah. In undertaking their duties in overseeing the Islamic operations in Malaysia, the Board and the Group Shariah Committee shall be guided by the decisions, views and opinions of the Shariah Advisory Council of Bank Negara Malaysia, (BNM) the Securities Commission of Malaysia (SC) and the Labuan International Business and Financial Centre, while for operations in other countries, they shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any), sanctioned by law/regulation to be followed by the Group, and where such competent views and opinions on Shariah are not available, then they shall be guided by the Shariah as generally practiced in the respective countries as well as international best practice, where practicable.

The Group Shariah Committee is also responsible for providing an independent assessment that the operations of the Islamic banking and finance business of CIMB Group have been done in conformity with the Shariah, as decided and opined by the Group Shariah Committee and with such Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by relevant financial regulators in the relevant jurisdictions that the Group's Islamic banking and finance businesses are undertaken at any point in time. The Group Shariah Committee consists of five (5) Independent Members and all five members (5) have the prerequisite Shariah qualifications imposed by BNM.

Name of Group Shariah Committee Member	Nationality	Status	Number of Main Committee Meetings	
			Held	Attended
Sheikh Professor Dr. Mohammad Hashim Kamali	Canadian (Malaysian PR)	Independent Member	7	7
Sheikh Dr. Nedham Yaqoobi	Bahraini	Independent Member	7	6
Sheikh Yang Arif Professor Adjung Dato' Dr. Haji Mohd Na'im Bin Haji Mokhtar	Malaysian	Independent Member	7	7
Sheikh Associate Professor Dr. Shafaai Musa	Malaysian	Independent Member	7	7
Sheikh Dr. Yousef Abdullah Al Shubaily	Saudi Arabian	Independent Member	7	6

MAIN ACTIVITIES IN 2017

Throughout 2017, the Group Shariah Committee reviewed and advised on new products and services as well as on product variation and enhancement proposals by CIMB Group together with their documents; amongst others; 1 proposal for new consumer banking product, 1 proposal for new trade finance product, 54 proposals for new and existing debt capital markets deals, 7 proposals for treasury & market products and 5 proposals for new asset management funds.

The Group Shariah Committee also noted, reviewed and endorsed the following and was satisfied that each had been done effectively and in conformity to relevant requirements:

1. The allocation of profit and charging of losses relating to investment accounts;
2. All contracts, transactions and dealings entered into by CIMB Group during the year ended 31 December 2017;
3. All earnings that may have been realised from sources or by means prohibited by Shariah for purpose of disposal to charitable causes;
4. The calculation of Zakat is in compliance with Shariah principles.

The Group Shariah Committee also reviewed and approved CIMB Group's new policies and procedures manual, including variations and amendments to the existing policies and procedures manual, and marketing and branding collaterals, sales brochures for products and campaign materials.

The Group Shariah Committee has also reviewed the necessary internal controls in line with the Islamic Financial Services Act 2013 ("IFSA") and Shariah Governance Framework to ensure that any new Islamic financial transactions are properly authorised and transacted in accordance with the requirements of Shariah; the Group's assets and liabilities under its Islamic banking and finance balance sheets are safeguarded against possible Shariah non-compliance; and, that the day to day conduct of its Islamic banking and finance operations does not contradict Shariah principles.

The Group Shariah Committee also assessed the independent work carried out for Shariah Review and Shariah Audit under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by CIMB Group. Apart from the above, the Group Shariah Committee also reviewed and approved the Shariah Compliance Review work plan for 2017, the revision of CIMB Group Shariah Compliance Policy and General Procedures Manual as well as revision of Shariah Compliance Review Policy & Procedures in relation to the Shariah Non-Compliant reporting process flow.

INTERNAL CONTROL FOR SHARIAH COMPLIANCE

In making an independent assessment and confirmation on Shariah compliance of the Islamic banking and finance business of the Group, the Group Shariah Committee recognises the importance of the need for CIMB Group to maintain and reinforce the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses through the establishment of a system of internal controls that is augmented by written policies and procedures, the careful selection and training of Shariah qualified staff, the establishment of an organisational structure that provides an appropriate and well-defined division of responsibility within the Management and the effective communication of Shariah policies and guidelines to all staff throughout CIMB Group. The internal control system is based on the following parameters:

1. The Management has a professional and qualified staff of Shariah researchers that support the Group Shariah Committee in the decision making and deliberations process, providing check and balance through independent assessment of all matters to be presented to the Group Shariah Committee by the Management.
2. The Management has a Shariah review framework that operates on a front to back basis comprising of self-assessment/ self-reporting mechanism and periodic independent review undertaken by Group Compliance Division.
3. The Management has a robust Shariah risk management framework covering the first, second and third line of defences with strong independent oversight undertaken by Group Risk Management as the second line of defence.
4. Availability of a strong team of internal auditors who conduct periodic Shariah audits of all the Group's Islamic banking and finance operations on a scheduled and periodic basis.

The Group Shariah Committee is further supported by external auditors that would have full and free access to the Group Shariah Committee to discuss their audit processes and findings as to the integrity of the Group's Shariah compliance in its Islamic banking and finance activities and the adequacy of the system of internal controls to detect non-compliance to Shariah.

TRAINING

In 2017, the Group Shariah Committee members have participated in various trainings, seminars and forums in order to keep abreast with the latest market trends and development of Islamic finance industry:

Sheikh Professor Dr. Mohammad Hashim Kamali

- Maqasid Al-Shariah: Past Achievements and Future Challenges, Conference on Contemporary Issues in Islamic Education
- Istanbul Network 5th International Conference: Democratic Transitions in the Muslim World
- Hadhari Global Network Launch in conjunction with World Islamic Economic Forum (WIEF 2017)
- International Seminar on Islam and Green Technology: Green Technology for Sustainable Development
- 4th Afghan Legal Studies Conference
- Scientific Dialogue on Legal System in Afghanistan Conference
- ASEM Symposium on Countering Radicalisation
- Seminar Kebangsaan Mahkamah Syariah 2017 – 60 tahun Pasca Kemerdekaan: 'Menelusuri Cabaran Melestari Masa Hadapan', IAIS Malaysia
- 1st Biennial Conference on Sharia and Social Studies
- Forum: Islam, Civilisation and Science

Sheikh Dr. Nedham Yaqoobi

- 12th International Shari'ah Scholars Forum (ISSF) 2017 (ISRA)
- 5th Annual AAOIFI Shariah Board Conference 2017
- 14th Kuala Lumpur Islamic Finance Forum 2017
- 24th World Islamic Banking Conference
- 38th Al Baraka Annual Islamic Symposium

Sheikh Associate Professor Dr. Shafai Bin Musa

- Muzakarah Cendekiawan Syariah Nusantara Ke 11, BNM
- Value-Based Intermediation Dialogue, BNM
- 7th Asia Islamic Banking & Takaful Conference
- 14th Kuala Lumpur Islamic Finance Forum 2017
- 12th International Shari'ah Scholars Forum (ISSF) 2017 (ISRA)

Sheikh Yang Arif Professor Adjung Dato' Dr. Haji Mohd Na'im Bin Haji Mokhtar

- Muzakarah Ahli Majlis Penasihat Syariah Institusi Kewangan
- Dialogue on Value-Based Intermediation (VBI), BNM
- Shariah FinTech Forum 2017
- Bitcoin Cryptocurrency Halal or Haram

Sheikh Professor Dr. Yousef Abdullah Al Shubaily

- Kuwait Zakat House Annual Conference
- Alinma Bank Workshop in Short Selling
- Islamic Fiqh Academy Summit in Bankruptcy
- Trading in Gold Workshop, Imam University

Shariah Committee Report

TERMS OF REFERENCE OF THE GROUP SHARIAH COMMITTEE

Areas	Responsibilities
Shariah Advisory	<ul style="list-style-type: none"> To advise CIMB Group's Board of Directors and/or the Management on Shariah matters in order to ensure that the Islamic banking and finance business of CIMB Group are Shariah-compliant at all times. To advise for the referral of issues to the Shariah Advisory Council BNM and/or any other competent authority on Shariah in any relevant financial regulators on any Shariah matter that requires their endorsement.
Settings of Policy and Framework	<ul style="list-style-type: none"> To set the policies and procedures for CIMB Group's Islamic banking and finance business, to endorse the Shariah Compliance Manual and all the Manuals governing the Islamic banking business of CIMB Group including the Terms of Reference of the Group Shariah Committee and to suggest for their revision, improvement and updates from time to time as may be necessary. To review and endorse BNM Shariah Governance Framework (SGF) as provided by various tools such as Shariah Compliance Manual and various implementation functions within CIMB Group including Shariah research, Shariah review, Shariah audit and Shariah risk management.
Shariah Rulings	<ul style="list-style-type: none"> To set the policies and procedures for CIMB Group's Islamic banking and finance business, to endorse the Shariah Compliance Manual and all the Manuals governing the Islamic banking business of CIMB Group including the Terms of Reference of the Group Shariah Committee and to suggest for their revision, improvement and updates from time to time as may be necessary. To review and endorse BNM Shariah Governance Framework (SGF) as provided by various tools such as Shariah Compliance Manual and various implementation functions within CIMB Group including Shariah research, Shariah review, Shariah audit and Shariah risk management.
Others	<ul style="list-style-type: none"> To keep abreast of the latest development of Islamic banking business globally, regulatory changes affecting CIMB Group's business, the rulings made by the Shariah Advisory Councils of BNM and SC and the changes in the latest Shariah research, Ijtihad, Fatwas or findings. To engage actively in deliberating Shariah issues presented before the Group Shariah Committee.

FUNCTIONS AND REPORTS

Internal Shariah Audit Function

Shariah audits of the Malaysian banking and asset management subsidiaries are under the purview of Group Internal Audit Division (GIAD), which reports independently to both the CIMB Group Audit Committee and Banking Group Audit Committee, as well as to the Board Shariah Committee on audit matters relating to Islamic business operations and activities, particularly on Shariah compliance related matters. The principal objective is to provide an independent assessment and assurance to the CIMB Group's Islamic business operations, as well as ascertaining a sound and effective internal control system for Shariah compliance.

The same audit methodology is implemented by GIAD in carrying out Shariah audits as with non-Shariah audits, which includes audit planning, test of control, substantive procedures, reporting and follow-up on remedial actions. The scope of a Shariah audit is established in line with the areas stipulated in BNM's Shariah Governance Framework.

GIAD, in collaboration with Group Human Resource, made an arrangement with a reputable Islamic banking association to provide relevant Islamic banking certification to its auditors. The programme encompasses 3 stages, namely Associate Qualification in Islamic Finance ("AQIF"), Intermediate Qualification in Islamic Finance ("IQIF") and Certified Qualification in Islamic ("CQIF"). There are 21 auditors in GIAD completed CQIF, 2 currently pursuing the same, 2 completed IQIF and another 2 completed AQIF.

Internal Shariah Audit Reports

Audit reports prepared by GIAD specifically highlight Shariah related matters where applicable. During the year, 190 audit assignments covering Islamic products and services were completed by GIAD.

Internal Shariah Risk Management Function

Under the EWRM framework, Shariah non-compliance (SNC) risk is identified as one of the material risks for CIMB Group, specifically in relation to its Islamic banking business. In this regard, CIMB Group has established a dedicated Shariah Risk Management (SRM) team to facilitate a systematic and consistent approach in managing SNC risk.

The Shariah Risk Management Policy (SRMP) has been developed to articulate the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by CIMB Group in managing SNC risk. The SRMP defines SNC risk as CIMB Group's possible failure to comply with Shariah requirements as determined by the relevant Shariah Committees and as prescribed in CIMB Group's internal policies and procedures. The SRMP provides examples of SNC events and illustrates the cause and impact of non-compliance with Shariah requirements. In addition, SRMP describes the controls that have been put in place by CIMB Group to mitigate SNC risk. These would enable the first line of defence to systematically identify, monitor and control SNC risks in their respective areas, thus minimising potential SNC events.

Internal Shariah Risk Management Reports

In facilitating the SNC reporting to the Management and the Board, Risk Appetite Statement (RAS) on SNC has been developed. RAS for SNC is monitored on monthly basis and it is incorporated in the RAS Dashboard for the CIMB Group.

In 2017, CIMB Group introduced new approach to identify and profile SNC risk. The checklist on Shariah contract has been developed to profile SNC risk inherent in Islamic banking products based on certain Shariah contract to supplement SNC risk identified based on department or division under Risk Control Self-Assessment (RCSA). To date, CIMB Group has completed checklist on Tawarruq, Mudharabah and Murabahah. All gaps discovered during the exercise have been resolved.

A newsletter called Shariah Risk Digest has also been introduced to constantly remind Risk Control Officers (RCOs) and Designated Compliance and Operational Risk Officers (DCOROs) on SNC risk. In 2017, ten issues were circulated that received good response from the recipients. The Digest would complement training programmes conducted by SRM CoE in enhancing awareness on Shariah Risk Management amongst staff. The focus for training in 2017, was on 23 Commercial Banking Centres (CBCs) nationwide as well as training programmes organised under Islamic & Sustainable Finance Programme Centre of Excellence (ISF PCOE) and Risk Programme Centre of Excellence (Risk PCOE). ISF PCOE was specifically designed for participants to improve ability to recommend Islamic Banking products that match customer's needs and to increase sales performance in Islamic Banking products, whilst, Risk PCOE was aimed to increase the risk competencies of staff across all job roles, equipping the three lines of defence with the necessary risk management skills and competencies in ensuring risk is appropriately managed across the value chain, in line with the risk appetite.

Internal Shariah Compliance Review Function

The Shariah review function is carried out by the Shariah Compliance Review Centre of Excellence ("SCR CoE") in line with the Bank Negara Malaysia ("BNM")'s Shariah Governance Framework for Islamic Financial Institutions ("SGF"). This SCR CoE's role is to regularly assess the activities and operations of CIMB Group to ensure that such activities and operations do not contravene with the Shariah requirements.

Internal Shariah Compliance Review Reports

SCR CoE, as a second-line of defence function, reports independently into the Group Shariah Committee, and reports functionally into the Chief Compliance Officer of CIMB Islamic, forming part of the CIMB Group Compliance Division. The SCR CoE is staffed by qualified Shariah officers in accordance with BNM's SGF.

The SCR CoE has established the CIMB Group Shariah Compliance Review Policy and Procedures Manual ("Shariah Review Manual"), which sets out the Shariah Compliance Review function, encompassing regular examination and evaluation of CIMB Group's level of compliance to the Shariah requirements, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences. In addition, the Shariah Review Manual also sets out the internal reporting process relating to Shariah non-compliance events, in line with BNM's requirements.

In ensuring that the activities and operations of CIMB Group are Shariah-compliant, SCR CoE conducts pre and post review of CIMB Group's activities and operations (including the end-to-end product development process) in accordance with the annual Shariah compliance review work plan approved by the Group Shariah Committee and the respective Boards of Directors of CIMB Group. In addition to that, trainings on the Shariah Review Manual, Shariah non-compliance reporting requirements, and all other relevant BNM's policy documents have been conducted to educate and raise awareness of CIMB Group's staff on the importance of complying with Shariah requirements.

Shariah Research Function

The Shariah Research Function is undertaken by the Shariah Advisory & Research Unit, which reports directly to the Group Shariah Committee and administratively to the Head of Shariah and Governance. The function basically assists and supports the Group Shariah Committee to conduct pre-approval review, perform in-depth comprehensive research and studies of Shariah issues in proposals submitted by various business and support units throughout CIMB Group for Group Shariah Committee's approval, providing an independent assessment of the same. This function ensures proper deliberation by the Group Shariah Committee. This also includes the provision of day-to-day advice based on the decisions and Shariah rulings of the Group Shariah Committee to those units throughout CIMB Group. This function also undertakes the administrative and secretarial matters relating to Group Shariah Committee. In carrying out its tasks, Shariah Advisory & Research Unit is guided by the CIMB Group Shariah Compliance Policy and General Procedures Manual and the BNM SGF.

Shariah Research Reports

The Shariah Advisory & Research Unit provides direct input to the Group Shariah Committee on issues related to new products, services, business deals, policies, procedures and marketing materials and reviews and conducts research where necessary to assist members of the Group Shariah Committee in making appropriate deliberations and decisions. Together with the Group Company Secretarial Department, the unit facilitates the issuance of Group Shariah Committee approvals where appropriate and disseminates such approvals to the relevant business units.

In addition, the unit attends meetings and briefings on Shariah matters with industry regulators and associations, raises Shariah compliance awareness within CIMB Group and maintains records of Shariah rulings and decisions of the Group Shariah Committee for internal research and advisory purposes.

Touch
nGO

CIMB 

plug n pay

CIMB Clicks

Beat
Banking

FORWARD OUR COMMUNITY

We commit ourselves to improving our communities and forging partnerships that promote well-being for everyone. Our growth is only meaningful when our communities grow with us.



04

CITIZENSHIP STATEMENT

154 Citizenship Statement

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CITIZENSHIP STATEMENT

The year under review also saw us reinforce our corporate citizenship commitment with a long-term approach to create shared values with our diverse stakeholders. We began our work on Environmental, Social and Governance (ESG), which covers CSR, sustainable finance and new impactful businesses. We also institutionalised the CIMB sustainability framework, taking our commitment a step further by raising awareness and educating our senior management on sustainable finance.

Citizenship at CIMB has been and will continue to be an integral part of our business philosophy of creating long-term value for our multiple stakeholders. In demonstrating our corporate citizenship, we have been able to build trust and credibility as a responsible business, with our stakeholders' interests at the heart of everything that we do as a bank.

In 2017, as we celebrated the 10th anniversary of CIMB Foundation, we took pride in our long-established responsible business practices, including sound governance, codes of conduct, employees and suppliers' welfare policies, stakeholder engagement principles and community development agenda. These aspects continue to help us manage our direct and indirect, as well as positive and negative impact on the society, economy and environment.

Moving forward, our aspiration is to adopt sustainable banking principles and, in the process, ensure greater access to finance, which in turn would mean equitable opportunities for growth; reduced inequalities; and prosperous communities. In other words, we will continue to help our internal and external stakeholders to fulfil their aspirations, secure their

future financial needs, increase trade activities, and gain access to capital for growth.

We constantly seek citizenship opportunities to scale and improve our operations. We attempt to cast our net wider every year, to reach out to the greater population with quality financial services in all our major markets (such as Malaysia, Indonesia, Singapore and Thailand). Our digitalisation efforts help us to not only achieve this objective, but to also continuously build our capabilities to mitigate fraud and increase digital trust for financial transactions and undertakings. The digital solutions also cater to the evolving needs of tech-savvy customers, improving the overall customer experience both in terms of access and services. On the product side, we also have a clear approach to addressing sustainable finance, which will progressively integrate relevant environment, social and governance (ESG) factors.

In short, we are more committed than ever to conduct business with responsibility. We will sustain our long-held relationships and the trust that we share with our internal and external stakeholders in fulfilling our corporate citizenship.

SCOPE OF REPORTING

This Citizenship Statement is an excerpt from our CIMB Citizenship Report 2017, which evidences our commitment to conducting business with responsibility. There were no significant changes from previous reporting periods in the list of material topics and topic boundaries that would require any restatement.

Boundary: The scope of this report is limited to various strategies, initiatives and programmes that have been implemented mainly in our biggest market, Malaysia. At the same time, we have included updates from our ASEAN offices for select topics, as we aspire to extend the scope and boundary to our other ASEAN entities in the coming years.

Comparability: We are in the process of streamlining our internal data tracking mechanisms and hence, we may not have provided comparable data for all the indicators. The information disclosed will be more holistic in 2018 and thereafter. The report also outlines our approach to engaging multiple stakeholders and seeking their participation to support ESG factors.

Guidelines: The Citizenship Report 2017 has been prepared as per the Bursa Malaysia Securities Berhad Main Market Listing Requirements and "In Accordance" with GRI Standards: Core Option. This is the first year for us to use GRI Standards as our reporting framework. Our transition from GRI G4 guidelines (applied in our Citizenship Report 2016) to GRI Standards will be progressive.

Period of Reporting: The scope for CIMB Citizenship Report 2017 and the GRI Index includes information for the period 1 January 2017 to 31 December 2017, unless specified otherwise. All quantitative and qualitative data for indicators are disclosed where possible to allow for comparison.

Overall, in determining the content of the report, we have ensured that we have adhered to the principles of stakeholder inclusiveness; sustainability context; materiality and completeness.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

As a responsible corporate citizen, we believe in creating opportunities to engage with our multiple stakeholders, mainly to understand their expectations, and invite their feedback for continuous improvement. We rely on both formal and informal platforms and channels to not only educate, but also interact and have dialogue with relevant stakeholders.

Basis for Stakeholder Selection: Our basis for selecting the most critical stakeholders is to consider three factors: stakeholders' influence on our business, interactions, reputation; the degree or level of our dependency on various stakeholders to further their interests as well as our business; stakeholders who share common business and community interests and aspirations or their representativeness. On pages 156-157, we have included details of our most critical stakeholders and the various platforms we use for regular engagement.

Stakeholder Inclusiveness: We did not conduct any special stakeholder meetings in 2017 for the purpose of our Citizenship Report. However, the data analysed for the year under review includes information from customers, employees, suppliers, and community development partners collected through various institutionalised platforms on a monthly, quarterly, and annual basis. We analysed the stakeholder feedback and information to identify 28 material topics of interest as indicated in the table on the next two pages. Based on our internal materiality assessment, we then identified several key issues to prioritise in 2017 - the ones that hold high significance for both internal and external stakeholders of CIMB.

Materiality: Our materiality process takes a long-term approach to aligning the interests of both internal and external stakeholders, by analysing factors that contribute to value creation. In 2018, we will go a step further to consider various sectoral approaches and partnership strategies, which will help sustain our efforts into the future.



POINT OF CONTACT

Our Sustainability agenda rests on our corporate conscience, which allows us to reflect on the impact of our decisions and our business activities on society and our stakeholders at large. This in itself instills a sense of responsibility in all of us at CIMB, driving our actions and behaviour. Our stakeholders therefore are assured of their best interests in dealing and partnering with CIMB, as we continuously deliberate on their issues to improve our solutions.

However, we continuously seek to improve the quality of our reporting and hence, we welcome all feedback, ideas, and questions on our full CIMB Citizenship Report 2017. Please contact us at:

↓
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Citizenship Statement

■ Economic ■ Environmental ■ Social



Stakeholder Group
Customers

Basis for Selection

- Dependency
- Influence

Banking distribution channels (Ongoing)	Call centres (Ongoing)	Feedback forms and surveys (Annual)
Social media (Ongoing)	Seminars & Conferences (Quarterly)	Complaints and feedback mechanism at branches (Ongoing)

28 MATERIAL TOPICS OF INTEREST

OUR RESPONSE & ACTION

- Access to financial solutions
- Safe and secure digital platforms
- Integrity
- Transparent communications
- Service excellence or customer experience (CX)

SUSTAINABILITY CONTEXT

Financial inclusion and knowledge being critical for customers to meet their personal and business ambitions, which in turn will catalyse sustainable economic development.

- Processed and approved a total of RM10.1 billion in loans for SMEs from the National Key Economic Areas (NKEA), which have been earmarked for rapid economic growth for Malaysia to achieve a high-income, developed-nation status by the year 2020.
- The number of digital banking customers increased by 22%, with more than 150 million digital transactions in 2017. Additionally, we had a 18.0% increase of digital customers active on CIMB Clicks online banking portal and a 34.8% increase in active customers using CIMB Clicks mobile application.
- Established the Country Data Governance Unit and built capacity to monitor data governance and data management activities across our regional offices including Malaysia, Indonesia, Singapore, Thailand, and Cambodia amongst others.
- To address customers service issues we conducted 53 lean six sigma and 25 customer journey mapping workshops. As the result 18 process reengineering projects and 425 quick fixes were implemented.



Stakeholder Group
Employees

Basis for Selection

- Dependency
- Influence

Townhalls	Department meetings (Ongoing)	Feedback surveys
Community events (Ongoing)	Intranet, Newsletter, Internal Communications	Complaints and feedback mechanism in offices (Ongoing)

- Equality
- Wealth
- Career growth
- Fair treatment
- Transparent conduct
- Learning
- Conducive and secure environment
- Remuneration and benefits

SUSTAINABILITY CONTEXT

Equitable opportunities for development and growth foster a productive and high performance work culture and environment, in addition to promoting socio-economic welfare.

- Achieved a 55.6% female workforce, with 41.8% women representation at senior management level. Also, 20% of Board positions are held by women, which is closer to our target of 30% by 2020.
- Delivered 934,511 hours of training to 16,378 employees in Malaysia, with a total investment of RM54.7 million.
- Expanded the ABC Informal Leaders' Network to 142 Business Sponsors and 2,304 Informal Leaders to drive culture transformation initiatives.
- Extended the popular staff-management engagement platform called 'Tuesday Chats' to Group Management Committee's one-downs (GMC -1), with a total of 683 sessions, and 92% response rate in Employee Engagement Survey (biennial survey, last conducted in 2016).



Stakeholder Group
Suppliers

Basis for Selection

- Dependency

Procurement process (Ongoing)	Community events (Ongoing)	Performance evaluation (Annual)
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- Objective and transparent procurement policies
- Fair compensation

SUSTAINABILITY CONTEXT

Professional, equal, and fair opportunities to suppliers help forge productive partnerships and help us deliver quality products and services as well as help promote industry and business.

- Achieved 100% CIMB-registered supplier awareness on anti-corruption and code of conduct through digital interventions and voluntary pledges as part of procurement process.
- Migrated 853 suppliers to Group Electronic Procurement System (GEPS), improving efficiencies, reducing turn around time and helping improve communication with suppliers.

Citizenship Statement

■ Economic ■ Environmental ■ Social



Stakeholder Group
Government and Regulators

Basis for Selection

- Representative
- Influence

 Meetings (Quarterly)	 Seminars (Annual)	 Other forms of communication (Ongoing)
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28 MATERIAL TOPICS OF INTEREST

- Industry growth
- Data and transfer of knowledge / expertise
- Compliance
- Harmonious and constructive relationship

SUSTAINABILITY CONTEXT

Compliance, regulations, government priorities are all critical to promote the collective agenda of good governance for inclusive development – at both policy and grassroots levels.

OUR RESPONSE & ACTION

- Achieved an average of 99.24% participation rate for our e-Learning Programmes, covering governance, risk, AML, and IFSA training.
- Launched an organisation-wide digital campaign on compliance risk culture, educating CIMB staff on values such as integrity.
- Contributed as a founding member of Bank Negara Malaysia’s Community of Practitioners (CoP) for the Value-Based Intermediation (VBI) initiative.
- Participated in an industry-wide survey on Sustainable Islamic Banking and Investment by RFI Foundation with the UN Environment Programme – Finance Initiative.
- Conducted Board-level deliberations on ESG risk frameworks, to develop our strategies and improve our ESG risk management.



Stakeholder Group
Community / NGOs / Civil Society

Basis for Selection

- Representative
- Influence

 Meetings (Ongoing)	 Community partnerships and investments, including donations (Ongoing)	 Other forms of communication (Ongoing)
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- Economic; Environmental; Social (EES) impacts
- Social inclusion
- Wealth, health, education
- Funding & donations

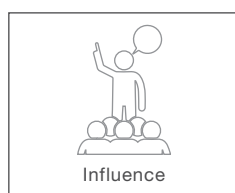
SUSTAINABILITY CONTEXT

It is critical for us as well as the nation to educate, nurture and build financially-abled communities, with equal access to education, healthcare, and socio-economic opportunities.

- Contributed RM10.5 million towards community development initiatives, covering causes related to social inclusion; entrepreneurship; gender empowerment; environmental stewardship; and financial literacy.
- Launched 378 projects, with 259 NGO and Civil Society partners across 14 states of Malaysia, with 183,929 community beneficiaries.
- Invested in developing local sports talent (abled and specially-abled), successfully producing national and international champions.
- Announced allocation of 1% of PBT towards our CSR initiatives, already in effect from 2017 PBT for 2018 initiatives.



Stakeholder Group
Multiple Stakeholders (Employees / Customers / Suppliers / Regulators / Community)



- Green citizenship
- Green education and awareness
- Environmental protection
- Renewable energy
- Sustainable finance

SUSTAINABILITY CONTEXT

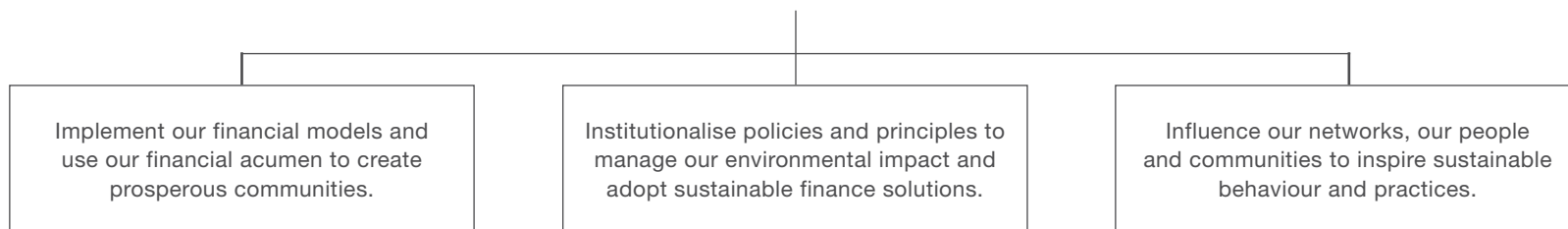
Environmental consciousness amongst our critical stakeholder groups will go a long way into promoting green behaviour, green practices, and green citizenship.

- Stipulated the Group Credit Risk Policy, which ensures that companies with high exposure to ESG risks are subject to higher credit approving authority and/or extra due diligence.
- Achieved approximately 40% reduction in paper consumption at Menara CIMB through Managed Print Services (MPS).
- Led issuance of Quantum Solar Park (Semenanjung) Sdn Bhd’s RM1 billion Green SRI Sukuk.
- Supported a rural electrification programme with Renewable Energy (solar), with an initial investment of RM157,500.
- Migrated 853 suppliers to the Group Electronic Procurement System or GEPS – a ‘paperless’ and ‘low-carbon’ solution.

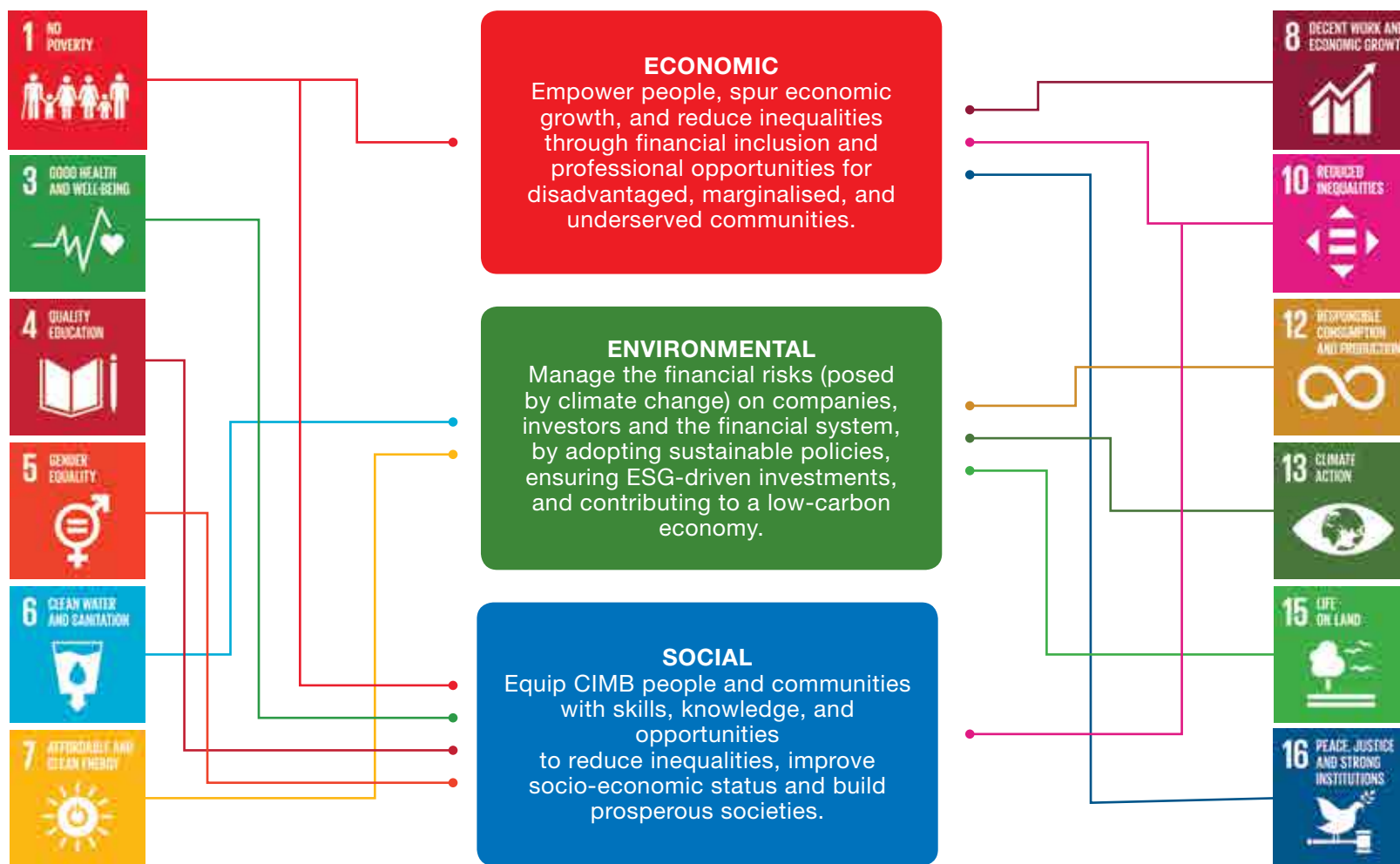
Citizenship Statement

THE CIMB SUSTAINABILITY FRAMEWORK

OUR CORPORATE CITIZENSHIP REINFORCES OUR COMMITMENT TO:



**BANKING FOR THE FUTURE
GUIDED BY THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)**



The United Nations’ Our Common Future, also known as the “Brundtland Report”, defines sustainability as, “...meeting the needs of the present without compromising the ability of future generations to meet their own.

We strongly believe that Sustainability can help future-proof our people and business by mitigating the risk of ‘short-term’ strategies and approaches. Therefore, our philosophy for business goes beyond profits. With a rich legacy of over four decades, CIMB Group continues to be a progressive financial institution, always looking forward to meet the present and future needs of the society, and the nation. Our core business of banking aspires to fulfil the promise of a better future – where financial inclusion empowers people and businesses, spurs economic growth, and reduces social inequalities. With sustainable banking practices, we operate to achieve growth that is meaningful for everyone who shares this vision.

Banking for the Future is our promise for a better tomorrow and it inspires us to optimise our capabilities, resources, and influence for creating positive economic, environmental and social impact.

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY FUNCTION @ CIMB GROUP

We have a sustainability-focused function which is spearheaded by the CEO of Group Islamic Banking, with oversight from the Group CEO's Office. The function primarily works to design and implement strategies that will lead to the intergration of ESG considerations into our long-term risk assesment and management strategies. The function operates in close coordination with various business units as well as the CIMB Sustainability Taskforce, which was mobilised in 2017 under the stewardship of CEO, Group Islamic Banking. The Taskforce and all personnel working on sustainability-focused initiatives directly report to the CEO of Group Islamic Banking who works in consultation with our Joint Board of Directors, and receive guidance from the Group CEO and the Chairman. The CEO of Group Islamic Banking is responsible to manage the implementation of the function, with special focus on areas of improvements, policy interventions, implementation effectiveness, as well as our current and future sustainability direction. The Group CEO is the final decision-making authority.

BOARD OF TRUSTEES

The Board of Trustees ensures that funds are properly administered and disbursed according to the Foundation's vision, objectives and areas of focus. Board meetings are held at least quarterly and more frequently, if needed.

THE ROLE OF CIMB FOUNDATION

In its 11th year of operations, the CIMB Foundation is established as a non-profit organisation limited by guarantee. Financial contributions to the Foundation are disbursed by CIMB Group for the sole purpose of implementing their corporate social responsibility initiatives and philanthropic activities.

The Board is responsible for our sustainability performance across the Group. A report is also made on a quarterly basis to the Board of Trustees on all matters relating to CIMB Foundation.

The CEO of CIMB Foundation leads a multifunctional team to provide the organisational support for the daily management of sustainability-related matters. We have an established framework for implementing our sustainability programmes across the Group through a network of issue owners within different functions and dedicated teams in each key market. Our regional markets align their strategy to the Group, but have the flexibility to focus on issues that are of local importance.

The Foundation is committed to the highest standards of governance, transparency and accountability. It has sound financial management systems and controls to ensure that all expenditure is fully accounted for and audited on an annual basis. The Foundation is given overall guidance by the Board of Trustees. Community and/or partner agencies are engaged by the Foundation in the identification and implementation of projects.

WORKING COMMITTEE

Projects submitted to the Foundation are first evaluated against a pre-determined set of criteria. The evaluation is done by a 'Working Committee', who will then recommend projects that satisfy the criteria to the Foundation's Chief Executive Officer or the Board for approval.

Citizenship Statement

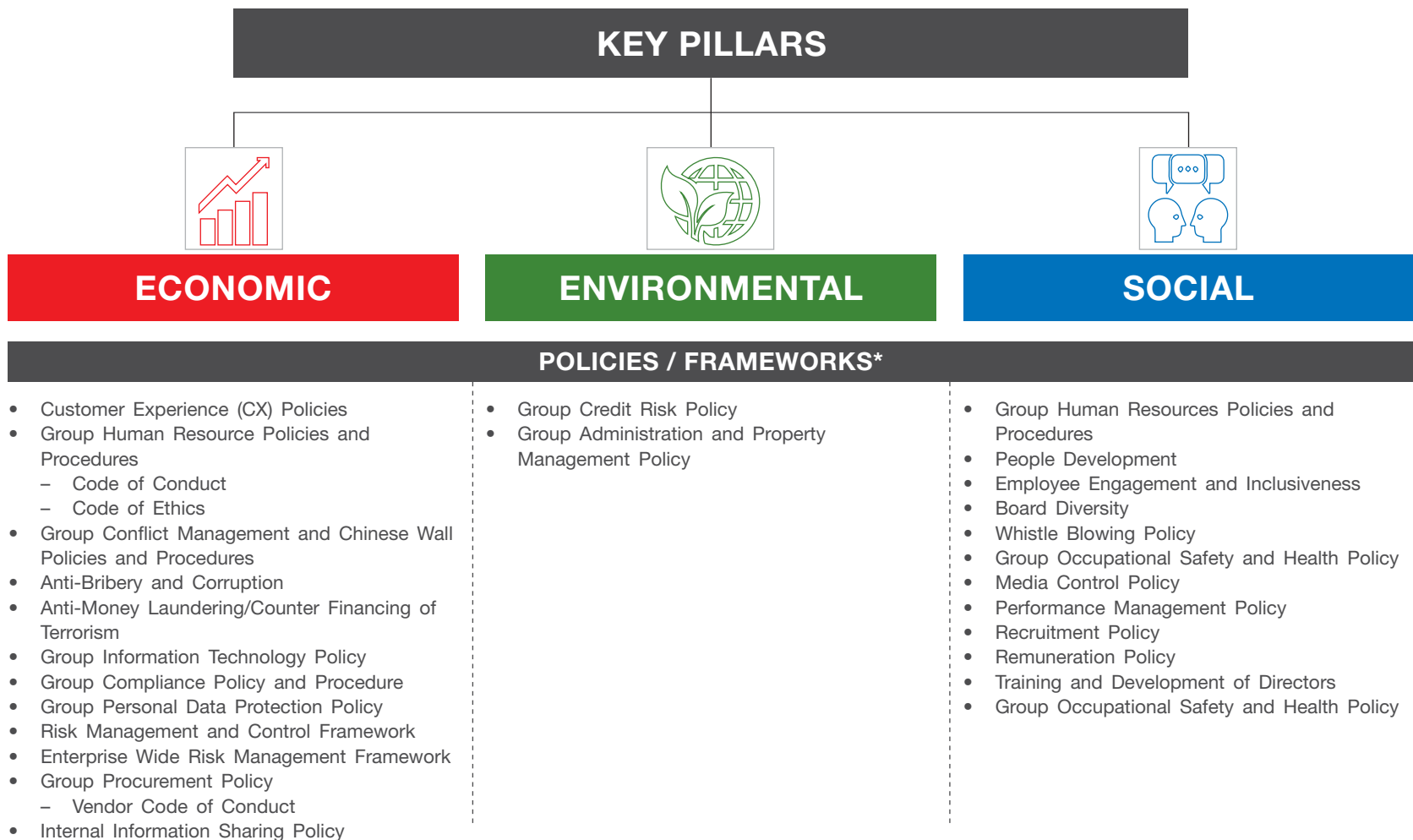
BEYOND COMPLIANCE

At CIMB Group, governance is one of the prerequisites for managing growth efficiently and effectively. Beyond compliance, we have institutionalised policies and frameworks to guide our business conduct and responsible behaviour. While compliance is a 'must', with principles of good governance, it has become a part of our culture, alongside our commitment to fulfilling our corporate citizenship agenda.

As the Group continues to improve upon its Regional Operating Model (ROM), the main focus in 2017 was the institutionalisation of regionalised processes to strengthen governance and ensure adherence to the ROM guidelines and rules of engagement, especially in the areas of senior level recruitment and performance management.

As a financial institution that operates in many jurisdictions across various entities, the Group is committed to ensure that all entities are appropriately governed, both in terms of the relevant aspects of governance, as well as the level of governance and monitoring required. A holistic Entity Governance Framework has been developed and adopted, to further refine and align the relationships between the various entities across the Group, including elements such as Senior Management Accountability, Policies and Procedures, Management Committees, Financial Booking Governance, Delegation of Authority, and Inter-Entity Service Level Agreements. This exercise demonstrates CIMB's commitment towards stakeholders and further enforces protection of shareholder value for stakeholders of CIMB and its entities.

The Board is responsible for reviewing and approving our policies and frameworks, and ensuring consistent, transparent and credible performance on various indicators of corporate citizenship.



*Some of the relevant policies are highlighted above. For more information, kindly refer to CIMB Annual Report 2017, page numbers 189-192

INTERNATIONAL INITIATIVES AND MEMBERSHIP IN ORGANISATIONS

For active engagement with various stakeholder groups and enhanced visibility amid communities and stakeholders alike, we actively participate in several membership groups and associations. Our contributions go beyond the applicable annual fee commitments, to include sharing industry insights; participating in roundtable discussions and sectoral studies; and demonstrating our leadership by sharing best practices.

For instance, CIMB Islamic Bank is a member of the RFI Foundation, which is a registered non-profit institution in the United Kingdom, dedicated to raising awareness on responsible finance through research-based industry perspectives and outreach to institutional investors, asset owners, policymakers and external stakeholders.

Our decision to commit to RFI membership was mainly influenced by its long-term objective of gaining wider global acceptance of Islamic Finance

as a form of Responsible Finance, which is also aligned with CIMB Islamic’s business objectives.

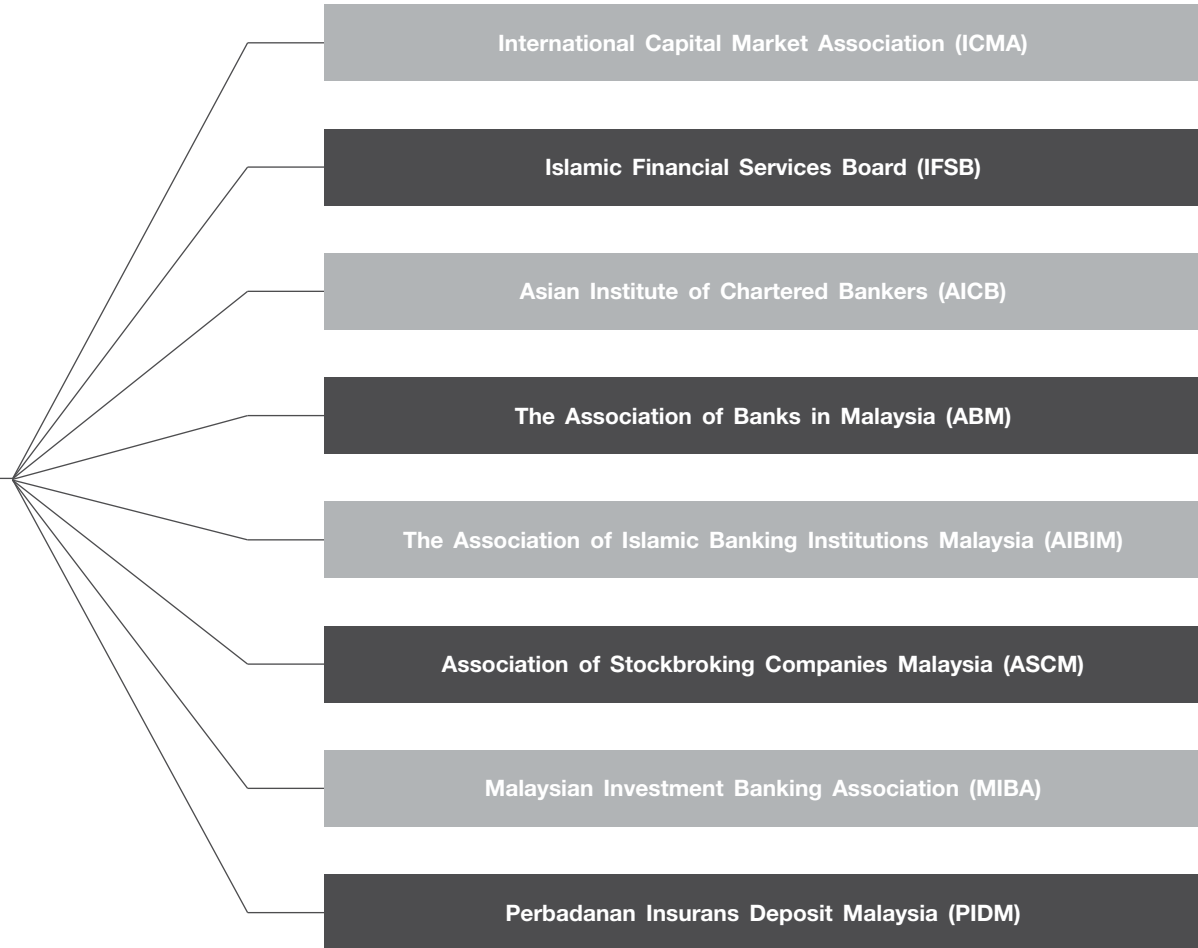
In 2017, we actively participated in the “RFI Survey on Sustainable Islamic Banking & Investment”, which was a joint research project of RFI Foundation and the UN Environment Programme – Finance Initiative. The programme is part of a wider capacity-building programme, focused on addressing environmental and social drivers of systemic risk among Islamic financial institutions.

In addition, we organised 50 stakeholder engagement sessions; attended five roundtables in countries such as Malaysia, Thailand, Indonesia and Hong Kong; and participated in an International Advisory Panel in Shanghai, China.

**MEMBERSHIPS WITH KEY APEX INSTITUTIONS IN 2017
(THIS IS NOT A COMPREHENSIVE LIST OF MEMBERSHIPS)**



Selection of Organisations



ECONOMIC (MARKETPLACE)

ECONOMIC

1 NO POVERTY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

<p>RM10.1 billion in loans approved for SMEs from the National Key Economic Areas (NKEAs)</p>	<p>150 million digital transactions</p>	<p>79% positive improvement in service-levels across all our markets</p>	<p>6 Customer Experience (CX) Awards</p>
<p>100% CIMB-registered supplier awareness on anti-corruption and code of conduct</p>	<p>99.2% average participation rate for our mandatory e-Learning Programme, covering governance, risk, AML, and IFSA training</p>	<p>15 Customer Journey Mapping Workshops 53 Lean Six Sigma Workshops</p>	<p>18 Business Process Reengineering Initiatives 425 Project Submissions from employees to improve customer experience</p>

Our economic impact is delivered by going beyond business-as-usual processes, to create value for our customers, suppliers, regulators and the government. For instance, one of our primary concerns and a priority area concerning our customers is to provide them a safe and secure digital environment, for them to access financial knowledge and information on our quality financial products. We have therefore institutionalised various data governance mechanisms for the monitoring and safeguarding of the personal information as well as the interests of our customers, while they enjoy interacting with our digital solutions without the fear of cyber threats. We have also launched Lean Six Sigma initiatives, with significant process and service improvements, promising a superior customer journey across all CIMB touchpoints. We will continue to devise innovative ways to address the concerns of customers, suppliers, regulators with uncompromising commitment to good governance, and with product, service, and technology solutions. The following section presents our value-added approaches to designing and promoting our quality financial products; enhancing access to finance; and providing a safe and secure environment.

CUSTOMERS FIRST; RESPONSIBILITY ALWAYS



Our customers are at the centre of all our immediate influence and impact. At CIMB, customers come first. We advocate the 3Es principle: be Easy to bank with; be Efficient in our dealings; go Extra mile for customers. We believe that the 3Es will help build trust, loyalty, and enhance our reputation as a credible and responsible bank – all towards providing customers with convenient access to our quality financial products and solutions to help meet their socio-economic needs and financial goals as well as to help grow their businesses.

- At the working level, we strive to create a lasting impression by constantly monitoring and improving customer experience (CX) across our multiple touchpoints. We start with a process called Customer Journey Mapping (CJM), which helps us to identify, resolve, and streamline customer pain points in processes, products and services. As an outcome of the 15 CJMs conducted in 2017, we successfully implemented a total of 18 Business Process Re-engineering (BPR) initiatives across the Group.
- We leveraged on our Regional Operating Model (ROM) to consistently deliver CX as a differentiator across geographies, by strengthening our relationships with technology-savvy and globally connected customers. We achieved consistency on the service-levels across our operating markets in 2017 and best practices were replicated to ensure we continuously raise the service bar. We have seen 79% positive improvement in service-levels.

STRIVING FOR FINANCIAL INCLUSION

One of the most critical objectives of our business is to improve access to finance as well as improve financial literacy rates in the markets where we operate. While we continue to educate our customers and employees on quality financial solutions through innovative digital platforms, we also organise financial literacy camps, workshops and programmes for the community at large. Our intent is to empower people to understand the basics of financial management and instill confidence in them to invest and improve their socio-economic and financial well-being in the long-term.

- To help people accumulate savings towards a more comfortable retirement, we provide private retirement schemes (PRS) through CIMB-Principal Asset Management (CIMB-Principal). PRS is a voluntary alternative which complements mandatory EPF contributions.

The CIMB-Principal PRS Plus and CIMB Islamic PRS Plus offer customers their choice of 5 conventional and 5 Islamic funds. We are one of Malaysia's largest providers of PRS, with a market share of approximately 23% of all members of PRS schemes, as well as 23% of all PRS industry assets under management (AUM). In 2017, we contributed 22% of new PRS member enrolment. Corporate employers can also positively impact the long-term economic well-being of employees by contributing to their PRS accounts, while also driving employee retention and enjoying tax relief on corporate contributions.

83% of the companies in our Corporate PRS are contributing via monthly payroll. In 2017, our PRS segment's AUM increased by 50% to RM518 million.

	Total AUM	No. of Members
PRS 2015	280 million	37,100
PRS 2016	345 million	53,407
PRS 2017	518 million	71,548

- During the year under review, we collaborated with Touch 'n Go, 'The #1 Micro-payment Wallet in Malaysia', to penetrate the Malaysian micro-payment services market via the introduction of CIMB 'Get Cash' micro financing to all existing Touch 'n Go customers, with a loan facility of up to RM100,000.
- In March 2017, Touch 'n Go launched the Customer Experience Centre (CEC), which has adopted the cashless self-service automated retail concept via its Self Service Kiosk (SSK), Café and Vending Machines. This is in addition to the offline support offered through our strategically located customer hub at Nu Sentral, with operating hours from 10 a.m. – 10 p.m., 7-days a week. Since its operation, we have seen traffic of more than 4,000 customers on a monthly basis.

- We introduced CIMB EVA (Enhanced Virtual Assistant) – the first AI-based virtual assistant launched in ASEAN. Designed with simplicity, CIMB EVA introduced easy navigation to banking details, transactions (Transfer Money, Pay Bills/Jom PAY and Top Up) as well as usage just by chatting or with quick access through keywords. The always-improving EVA has been built with a spend analysing capability where it intelligently categorises customers' spend behaviours, allowing customers to easily view and compare monthly spending patterns for their CIMB debit, credit and prepaid cards, helping them to better manage their spending and saving. Most recently, CIMB EVA also enhanced its Natural Language Processing (NLP) ability and is now better trained to interact in conversational English to cater to customers' needs and commands. To-date, CIMB EVA has recorded over 170,000 downloads with over 800,000 transactions since its launch in December 2016.

- SMEs are catalysing new growth for the economy. SMEs form the backbone of most ASEAN economies where we operate, and so we are committed to help address the issue of SME financing to support their growth. For instance, we have processed and approved a total of RM10.1 billion in loans for SMEs and RM1.8 billion in total facilities limit for customers from the National Key Economic Areas (NKEA), which have been earmarked for rapid economic growth for Malaysia to achieve a high-income, developed-nation status by the year 2020.

- We supported the Be\$mart Programme through CIMB Foundation, mainly to improve financial literacy amongst college- and university-aged youth across Malaysia, and to mitigate the trend of growing youth bankruptcy in the country. In 2017, 4,592 college and university students participated in the programme, with our monetary contribution of RM1.65 million. The students demonstrated an increase in financial knowledge by 128.32%.

- We also continued with 'Let's Save and Share campaign' (Ayo Menabung dan Berbagi – AMDB), which supported the Financial Services Authority's regulation. Our efforts through this initiative have been to inculcate a 'savings habit' amongst children and teenagers. In 2017, we covered 40 schools (14 primary schools, 14 junior high schools, and 12 senior high schools) in 10 major cities around Indonesia, to impart financial knowledge through various interactive and educational activities. The programme also provides a platform to raise funds for the disadvantaged, giving them access to a quality education. As at 31 December 2017, through AMDB, we educated 32,569 students from 223 schools (165 elementary schools, 46 junior high schools and 12 senior high schools) in 62 cities around Indonesia. Through the AMDB account, we raised IDR2.1 billion, which was disbursed to chosen foundations. Besides, under the programme, we contributed to Student Savings Accounts (Simpel and IB Simpel) growth, with 34,917 accounts (up by 59.48% compared to 2016) and total savings of IDR6,793 million (up by 27.08% compared to 2016).

FORGING PARTNERSHIPS OF TRUST

As a leading financial services provider with large-scale operations, we engage and partner with suppliers across ASEAN – mainly in the areas of IT, banking operations, marketing, professional services as well as facilities management.

We seek mutually beneficial relationships with suppliers based on trust, merit and fair competition. We work through our supply chain to promote responsible and inclusive procurement practices, applying high standards of integrity and good practice in managing related environmental and social impacts.

Competitive bidding opportunities to diverse suppliers avoids conflict of interest or any situation which could give rise to an appearance of conflict of interest. We also have in place due diligence to ensure suppliers satisfy relevant laws and regulatory requirements and are able to prove adherence to applicable CIMB policies.

- We continued to support the government's Bumiputera Vendor Development Programme, which enables Bumiputera suppliers to achieve sustainable competitive advantage based on meritocracy.
- As our procurement mission stands for more than short-term gains, we worked with our suppliers to go beyond legal compliance, to exceed minimum requirements and to strive for continuous improvement. We continued to find ways to motivate our suppliers to demonstrate responsible and ethical behaviour, while optimising opportunities for learning and growth with our partnership.
- In 2017, our Group Strategic Procurement division successfully launched a series of online procurement modules through Group Electronic Procurement System (GEPS), to improve the efficiency and effectiveness of the procurement process, with fair and transparent systems and procedures. During the year under review, we also deployed the GEPS across MIST. Besides connecting us to our suppliers, it helped increase the visibility of our spending and controls across the Group. During the year, we migrated 853 suppliers to GEPS.
- We continued to educate our customers and suppliers and raise their awareness on cyber scams. In 2017, we actively participated in industry and government forums to find collective ways to tackle the cyber threats. We also rolled out various initiatives through our online portal, CIMB Clicks to create awareness and educate our customers on internet safety, particularly with regard to phishing and fraud.

ENVIRONMENTAL IMPACT

ENVIRONMENT

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

<p>853 suppliers migrated to the Group Electronic Procurement System (GEPS) – a 'paperless' and 'low-carbon' solution</p>	<p>Group Credit Risk Policy stipulates that companies with high exposure to ESG risks are subject to higher credit approving authority and/or extra due diligence</p>	<p>RM157,500 initial investment for a rural electrification programme with renewable energy (solar)</p>
<p>40% reduction in paper consumption through Managed Print Services (MPS) at Menara CIMB</p>	<p>RM1 billion world's largest Green, Sustainable and Responsible Investment Sukuk Issuance- Quantum Solar Park (Semenanjung) Sdn Bhd</p>	

Our environmental impact is guided by our commitment to factor in climate related financial risks and the potential financial impact of such risks to our business as well as our stakeholders. We are currently in the process of assessing these risks and opportunities for scenario planning and mitigation measures. Meanwhile, the following section outlines some of the key initiatives undertaken to manage our operational impact as well as our pioneering sustainable financing efforts.

We are guided by our Group Credit Risk Policy, which stipulates that companies with high exposure to environmental or social risk are subject to higher credit approving authority and/or extra due diligence. In addition, our Energy Management Statement articulates our purpose and objectives of minimising our direct environmental impact from our operations.

DEMONSTRATING ENVIRONMENTAL STEWARDSHIP

Managing environmental impact across all our operations is part of our concerted efforts across the CIMB network. Our main environmental footprint consists of office materials and energy usage. We have the processes in place to make continuous improvements in energy efficiency, energy reduction and resource conservation. Our initiatives and processes for cost optimisation are documented under 'Project Kaiju'.

Going forward, our aspiration is to set more ambitious targets and mobilise our workforce to positively contribute to our environmental stewardship. We measure the success of our initiatives by the quantum of savings in terms of cost and resources, besides the direct and indirect environmental impact.



Our Purpose

To reduce energy consumption and eliminate waste without adversely affecting business operations.

To optimise the use of energy and adopt good energy management practices, to meet the energy efficiency practices established by the Malaysian Energy Commission.

Our Objectives

- Adhere to best energy management practices set by the Malaysian Energy Commission.
- Monitor energy usage regularly.
- Report monthly energy usage.
- Identify and implement ways to increase employee awareness.
- Ensure that new appliances, equipment and systems are energy-efficient and cost-effective.

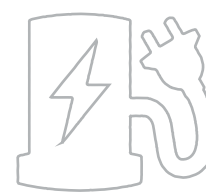
Some Of Our Energy Management Efforts Include

Reducing energy consumption in our Headquarter buildings.



01

Implementing energy efficient initiatives.



02



Installing a chilled water fan coil unit for energy optimisation in new areas and facilities subject to building conditions.



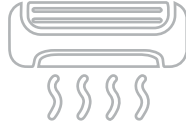
03



Replacing centralised air cool package units with split unit air conditioners based on building operational requirements and conditions.

04

In 2017, we noted a decrease in electricity consumption, mainly due to various measures put in place to use energy more efficiently. Some of the measures adopted across all our HQ buildings are as follows:

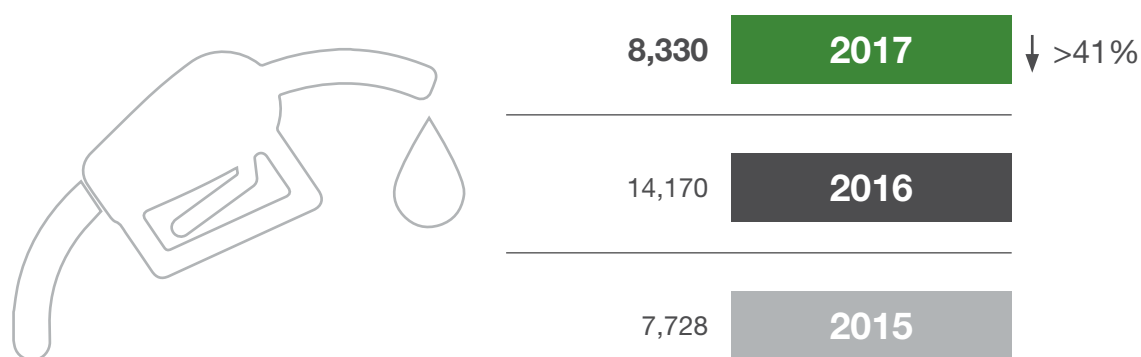
 <div style="background-color: black; color: white; padding: 5px; text-align: center; width: 40px; margin: 0 auto;">01</div>	 <div style="background-color: black; color: white; padding: 5px; text-align: center; width: 40px; margin: 0 auto;">02</div>	 <div style="background-color: black; color: white; padding: 5px; text-align: center; width: 40px; margin: 0 auto;">03</div>
Luminaries	Liquefied Petroleum Gas (LPG)	Air Conditioning
<ul style="list-style-type: none"> Using energy-saving LED lights for sky signs. Replacing halogen bulbs with LED ones in the lobby area. Replacing T8 and T5 fluorescent tubes with LED types for energy efficiency. Replacing fluorescent EXIT signs with LED ones. 	<ul style="list-style-type: none"> Installing leakage detectors. 	<ul style="list-style-type: none"> Revising chiller temperature set point for energy optimisation. Installing energy efficient chillers' operation. Installing automated Start/Stop air handling units (AHU). Rationalising chiller capacity requirements for daily operations. Reinstating air-conditioning efficiency performance.

Electricity Consumption (kWh)



Note:
 * Scope: Menara CIMB, Menara Bumiputra-Commerce (MBC), Menara Southern Bank (MSB), Menara UAB (MUAB), and Akademi CIMB Putra (ACP), based on actual consumption.

Diesel Consumption (Litre)



Note:
 * Scope: Menara CIMB, Menara Bumiputra-Commerce (MBC), Menara Southern Bank (MSB), Menara UAB (MUAB), and Akademi CIMB Putra (ACP), based on actual consumption by building generators.

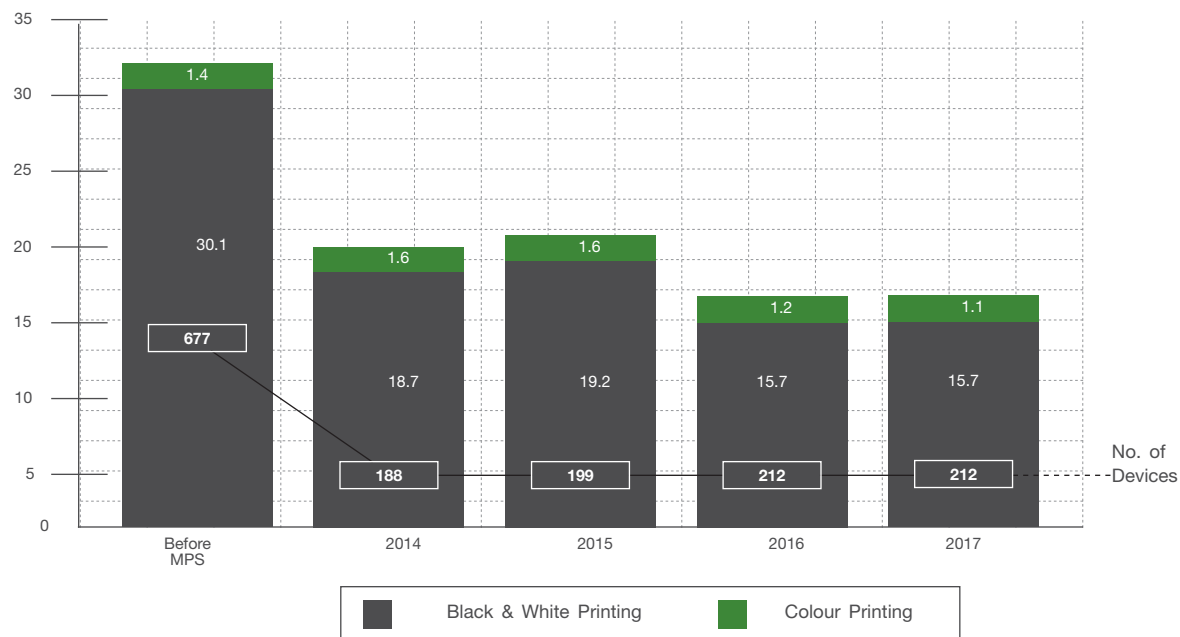
Citizenship Statement

Managing our Operational Impact on the Environment

At CIMB, we are continuously looking for ways to minimise and manage our environmental impact. For instance, we began the ‘managed print services’ (MPS), mainly to monitor and control organisation wide printing. MPS helps save money and boost productivity, besides ensuring document security.

In 2017, we continued our efforts to raise awareness through informational posters, interviews with employees printing high volumes, a ‘Think Before You Print’ built-in email notification, and even paperless meetings. As a result of these initiatives, as at December 2017, we reduced the overall print volume by approximately 40% compared to before MPS. Following this success, we are in the process of rolling-out MPS at regional level.

Print Volume (Million pages)*

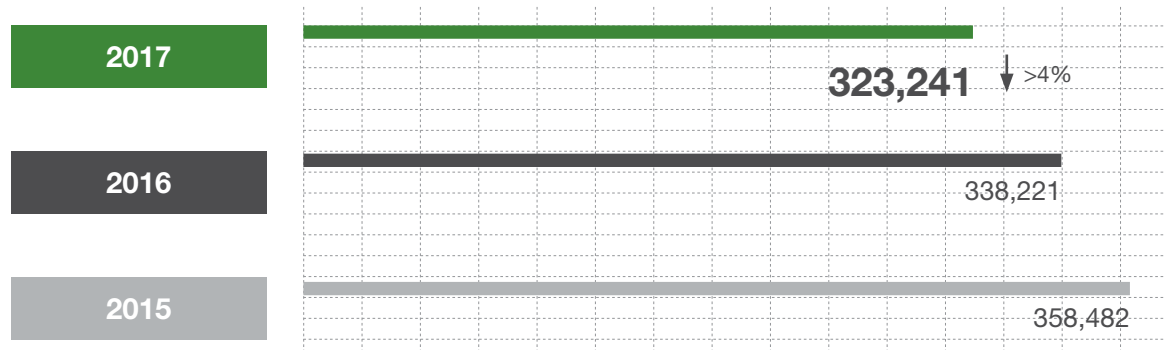


Note:

- * Menara CIMB only.
- Before MPS: Unmanaged print solutions at Bangunan CIMB.
- 2014: Moved to Menara CIMB and started to implement managed print solutions, optimising the number of devices and reducing the print volume.
- 2015 – 2017: Initiated the reduction of print volumes and removal of bad paper.

Water (m³)

As an organisation that employs around 38,000 employees, water is an important environmental issue to consider. Although not a material matter, we continue to report our water consumption data for the year.



Note:

* Scope: Menara CIMB, Menara Bumiputra-Commerce (MBC), Menara Southern Bank (MSB), Menara UAB (MUAB), and Akademi CIMB Putra (ACP), based on actual consumption.



- 01

Allocated a number of “Green-Car” and Pool Car parking lots at Menara CIMB, encouraging and supporting our employees who opt for electric/hybrid cars to reduce their carbon footprint.
- 02

Reduced the use of personal cars by opening a food court, convenience store, and adding vending machines at our head offices. With these amenities within walking distance, our employees are able to positively contribute to the reduction of carbon emissions.
- 03

Replaced paper towels with hand-dryers in all common toilets at Menara CIMB.
- 04

Encouraged virtual-meetings through the telepresence system, video and audio conference system. This not only saves paper, but also helps reduce our carbon footprint by reducing travelling for physical meetings.
- 05

Implemented e-Fax (rightfax) solutions at Menara CIMB. The feature allows our employees to send and receive the data they need without the need to print and transmit a paper fax.
- 06

We migrated 853 suppliers to GEPS – a ‘paperless’ and ‘low-carbon’ solution. With GEPS, suppliers can interact and transact with us through a seamless online platform, reducing paper printing and the need for them to travel to our office.

Green Financing

The Green Technology Financing Scheme (GTFS), established by the Malaysian Government, promotes investments in green technology. As one of the Participating Financial Institutions (PFIs), our role is to provide financing to companies that supply (producers) and utilise (users of) green technology. Investment in green technology refers to products, equipment, or systems which satisfy any of the following criteria:



The projects under GTFS provided an opportunity for us to develop and own a portfolio of emissions-to-energy projects across ASEAN.

Similarly, during the year, CIMB Thailand disbursed loans and working capital to the tune of THB450 million for financing renewable energy businesses to include biogas, biomass, solar and energy power plant.

WORLD'S LARGEST GREEN, SUSTAINABLE AND RESPONSIBLE INVESTMENT SUKUK ISSUANCE

In 2017, we led Quantum Solar Park (Semenanjung) Sdn Bhd's ("QSP Semenanjung") RM1.0 billion Green SRI Sukuk to partially fund three solar photovoltaic plants in Malaysia. The projects are expected to be instrumental in helping Malaysia achieve sustainable electricity supply and the reduction of carbon emissions in line with the National Renewable Energy Policy and National Green Technology Policy of Malaysia.

QSP Semenanjung's Green Bond Framework has received a Dark Green shading – which entail zero emission solutions and governance structures that integrate environmental concerns into all activities – from the Centre for International Climate Research (CICERO).



Citizenship Statement

FIRST SRI SUKUK ISSUANCE APPROVED UNDER THE SECURITIES COMMISSION MALAYSIA'S GUIDELINES ON ISSUANCE OF PRIVATE DEBT SECURITIES AND SUKUK TO RETAIL INVESTORS

CIMB had successfully arranged Khazanah's second issuance of RM100.0 million in nominal value Sukuk via Ihsan Sukuk Berhad ("Ihsan"), a special purpose vehicle. It was issued pursuant to Ihsan's Sukuk Programme, and consists of a RM95.0 million Non-Retail tranche as well as an RM5.0 million Exchange Traded Sukuk ("Retail Sukuk Ihsan") tranche.

The Retail Sukuk Ihsan was also the first ever to be offered via reward crowdfunding platforms, allowing participation from the Malaysian public who want to contribute to the programme from as low as RM10.

The social impact of this "Pay-for-Success" structure is measured using a set of predetermined Key Performance Indicators ("KPIs") which are assessed over a five-year observation timeframe. The KPIs are evaluated at Year 5 prior to the maturity of the Retail Sukuk Ihsan. If these KPIs are met, the Sukukholders will forgo 3.18% of the nominal value due under the Sukuk at maturity in return for tax vouchers in recognition of the positive social impact generated by the Trust Schools Programme. If these KPIs are not met, the Sukukholders will be entitled to the nominal value due under the Sukuk in full at maturity. The terms of Retail Sukuk Ihsan also allow Sukukholders to waive the principal sum invested at any time during the tenure of the Sukuk.

The proceeds from the issuance will be used to transform schools under Yayasan AMIR's ("YA") Trust Schools Programme identified in 2016. YA is a not-for-profit foundation initiated by Khazanah to improve accessibility to quality education in Malaysia's government schools through a Public-Private Partnership with the Ministry of Education.

SUPPORTING SUSTAINABLE INITIATIVES

01 SWEPA BAREFOOT SOLAR PROJECT

We supported SWEPA's mission to locate and identify rural villages in Sabah with energy constraints to provide sustainable solar power for its community. In 2017, we invested RM157,500 in the programme which aims to identify and train rural women to become solar engineers. As community champions, they install and take ownership for maintaining the solar power infrastructure for households in their villages. The initiative targets semi-literate or illiterate Grandmothers, who will remain in their communities and work for their welfare. The initiative has been extremely impactful both in terms of empowering women as agents of change, and using renewable energy solutions to connect off-grid and rural communities with power, improving their quality of life.

02 CONSERVATION BA'KELALAN AND LONG SEMADOH, SARAWAK AND ULU MUDA, KEDAH BY WORLD WIDE FUND FOR NATURE MALAYSIA (WWF)

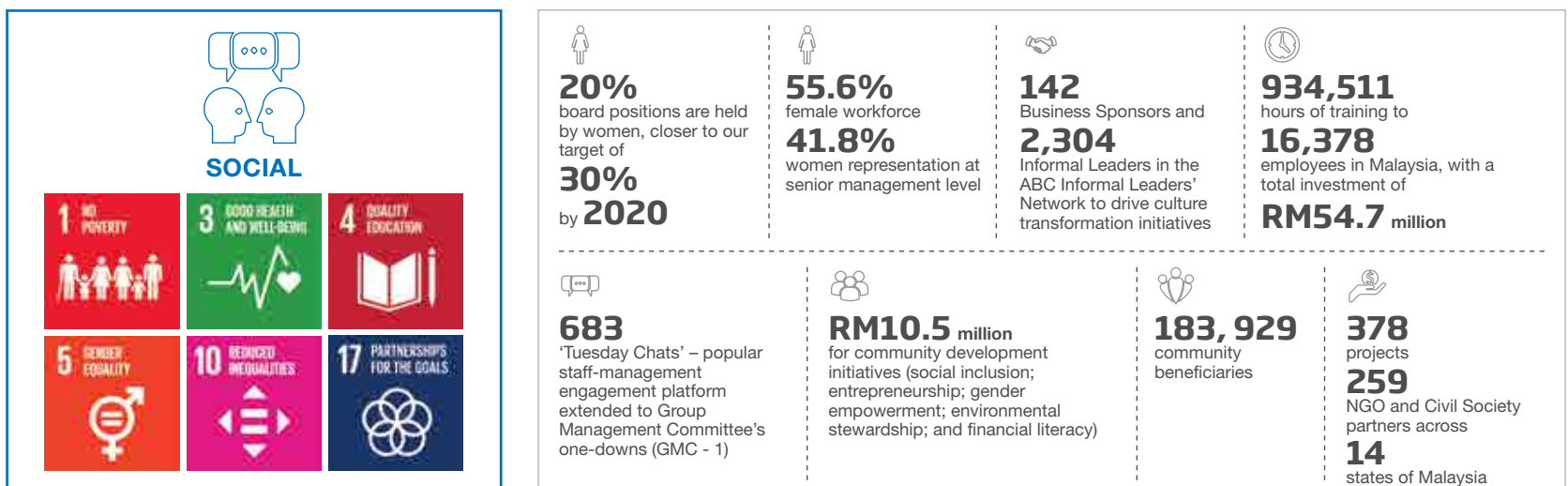
Both programmes focused on water as a natural capital that impacts the livelihood of more than 2 million people living in that area. Through CIMB Islamic, we pledged a three-year partnership, with an annual budget of RM500,000 towards food- and water-security initiatives. The three-year work plan involves assessing the biological diversity; developing the best mechanism to raise awareness on the importance of the area.

03 GREEN PRODUCTS FOR GREEN CUSTOMERS

Our EcoSave-i Savings Account is environmental friendly, with 'on-line' and 'paperless' features. To promote green behaviour, through this account, we pledge 0.2% of the total EcoSave portfolio balance for green environmental initiatives every quarter. As at 31 December 2017, a total of RM314,135 was disbursed to support several environmental initiatives through credible NGOs. For instance, the amount allocated to World Wide Fund for Nature Malaysia (WWF) was utilised to advocate for the establishment of a state or national park at Fraser's Hill, Pahang and to promote the consideration of declaring a protected area at Ulu Muda, Kedah.

SOCIAL IMPACT

(WORKPLACE & COMMUNITY)



Our social impact can be measured by our commitment to the welfare and well-being of our employees as well as the communities where we serve. Our 'people and community' approach is to empower them with skills that can prepare them for the future and the Fourth Industrial Revolution; gender-balanced and needs-based policies to cater to their demanding lifestyles; rewarding careers and benefits to help them meet their financial commitments; access to quality education and healthcare to reduce inequalities in society. We believe, CIMB in the community and at workplace is all about shared resources, benefits, achievements, and value. It is about empowering people and improving lives. The following section outlines some of the key policies, programmes, and areas of impact in both workplace and the community.

PROMOTING THE SPIRIT OF #teamCIMB

With around 38,000 employees across ASEAN +7 countries, we are driven by values such as diversity and inclusion for continuous growth. As a progressive leading bank in the region, our 'people' strategy is well-positioned to meet the emerging challenges of today's dynamic marketplace including rapid digitalisation.

PROMOTING DIVERSITY

Thriving on Diversity

We achieve diversity through merit-based hiring, a selection process that has proven to work for CIMB. In 2017, 55.6% of our total workforce comprised of women, with 41.8% women representation at senior management level. Also, 20% of the Board positions are held by women, which is closer to our target of 30% by 2020.

In keeping with our inclusive approach, we also continued to look for differently-abled talent and high-potential employees with special needs. To-date, we have hired 14 such employees in Malaysia alone.

We also encourage talent mobility across our key operating markets in the ASEAN and beyond, which helps to foster cross-cultural, and multi-ethnic teams that bring new perspectives and dimensions to enhance workplace productivity.

NURTURING PEOPLE

Introducing Enriching Policies

We strongly believe in creating a nurturing and caring workplace, which will only foster a sense of belonging and a happy, productive workforce. We are guided by this philosophy when reviewing and introducing our human resource policies; training and development needs; and the overall cultural transformation programmes and initiatives.

Our new employee policy, which took effect on 18 June 2017, complements CIMB's existing Staff Rejuvenation Programme, which allows staff to take up to nine months unpaid leave for personal reasons – including extended maternity/paternity leave – and maintain their current position or seniority at the bank. Our paternity leave policy also reinforces CIMB's commitment to continuously improve employee welfare through gender-balanced policies.

We also introduced innovative policies under the CIMB Workplace Wellness programme, which aims to help our employees manage their various personal priorities with Flexible Work Arrangements: **Flex4Parents** offers reduced workweek or flexible work options for parents with school-going children or those with ailing parents; one month's paid **Paternity Leave** for first-time fathers; **Zero-interest Housing Loan** for the first five years; and financial assistance for single parents with school-going children.

In keeping with our efforts to inspire and create a culture of responsibility, we introduced a new policy called **Flex4CSR**, which allows CIMB Group employees to opt for 30 consecutive calendar days of paid leave to support any of the CIMB Foundation's projects, with no impact to their existing employment tenure and benefits. All confirmed permanent employees, with minimum two years of service with CIMB are eligible to apply for Flex4CSR option.

Citizenship Statement

Feeding the Needy Programme

CIMB employees volunteered at a soup kitchen once a month from January – July 2017, with average 2.5 hours and 10 volunteers per programme. In 2017, we had 74 volunteers, with a total contribution of 185 hours.



Community Link Programmes

In 2017, a total of 60 programmes were implemented throughout Malaysia, with active participation of 2,259 volunteers, contributing a total of 9,290 hours.



Be\$mart Programme (Financial Literacy)

A total of 72 sessions were conducted throughout Malaysia, with 2,304 hours dedicated by 576 CIMB Volunteers.



- In Malaysia, we offered more than 1million in staff sponsorships and scholarships to support their financial needs in relation to higher education, family commitments and career aspirations.
- During the year, we dedicated a total of 1,777,270 training and development hours at CIMB Group, with total investment of RM107.9 million across the region. In Malaysia, RM54.7 million was invested in training 16,378 employees, who successfully completed approximately 934,511 training hours.
- CIMB encourages employees to opt for Private Retirement Scheme (PRS), which is voluntary alternative and complements mandatory Employee Provident Fund (EPF) contributions. CIMB contributes a total of 16% of salary for retirement benefit for all its full time employees. All staff who joined after 2014 have 4% of their excess EPF statutory contribution automatically invested into PRS schemes, whilst staff who joined before 2014, were similarly given an option to redirect their 4% EPF excess. There are currently over 9,000 staff PRS accounts.
- We organised a pre-retirement workshop for 30 employees from Malaysia. Experts from Agensi Kaunseling & Pengurusan Kredit (AKPK) shared insights on prudent financial management, emphasising on 4 Ws – Wealth Creation.
- To help them transition to a ‘Retirement Life’, we also nominate our deserving and loyal CIMB employees for retirement and long-service awards. In 2017, across all our business units in Malaysia, we awarded cash value of RM1,213,000 to 366 Long Service Award winners and 23 Retirement Award recipients.

- We expanded the ABC Informal Leaders’ Network to 142 Business Sponsors and 2,304 Informal Leaders, which helped to accelerate our culture transformation efforts, with increased employee engagement and relationship building activities across the region. Similarly, we extended our most popular staff-management engagement platform called ‘Tuesday Chats’ to Group Management Committee’s one-downs (GMC -1), a skip-level session that facilitates open engagement between staff and senior management to share their feedback and suggestions in an informal setting. The idea has been to ‘walk the talk’ and demonstrate new leadership in bridging management-employee relationships for productive and practical solutions at workplace and beyond. A total of 683 sessions were held as at 31 December 2017, and a 92% response rate in Employee Engagement Survey (biennial survey, last conducted in 2016) was achieved.
- We initiated efforts to engage with CIMB employees across various levels to better understand what compliance means to them on the job and what would make ‘compliance’ a habit and behaviour rather than a mandated KPI.
- As at 31 December 2017, 100% CIMB employees have received their KPI assessments for the 2017 assessment period, through the Group’s performance management framework, based on 70% of the balanced scorecard and 30% of the individual’s proficiency in required competencies.
- We conducted 12 Occupational Safety and Health (OSH) training programmes, with zero fatality rate in 2017.

COMMUNITY WELFARE & WELL-BEING

We fulfil our commitment to serve local communities through CIMB Foundation. In 2017, our initiatives under the Foundation's key programme, Community Link, focused on social inclusion (unity, culture and heritage, homes and shelters, sports for differently-abled); health; and education. A total of approximately 10.5 million was invested to achieve positive impact in the three areas. Below is the breakdown of our social investments in the region.

Contribution by Country (RM'000)					
2016			2017		
RM9,590	73.8%	Malaysia	RM10,462	76.3%	
RM2,835	21.8%	Indonesia	RM2,667	19.5%	
RM69	0.5%	Singapore	RM7	0.05%	
RM475	3.7%	Thailand	RM571	4.2%	
RM31	0.2%	Other	RM0	None	

Contribution by Entity (RM'000)					
2016			2017		
RM7,604	58.5%	CIMB Foundation	RM7,592	55.4%	
RM1,986	15.3%	Non-CIMB Foundation*	RM2,870	20.9%	
RM3,410	26.2%	Regional**	RM3,245	2.37%	

Note: * Contributions by entities in Malaysia that exclude CIMB Foundation. ** Includes all countries outside Malaysia.

Contribution by Programme (RM'000)					
2016			2017		
RM4,163	32%	Community Development (Social)	RM3,088	22.5%	
RM2,096	16.1%	Sports	RM1,702	12.4%	
RM3,625	27.9%	Education	RM4,601	33.6%	
RM3,116	24%	Natural Disaster & General Donations	RM4,316	31.5%	

	2016	2017	UP BY
Staff Volunteers	751	3,769	> 400%
Volunteer Hours	3,344	18,168	> 400%
Volunteer Hours Per Staff	4.2 hours	4.8 hours	> 14%

SOCIAL IMPACT

Community Contribution

RM10.5 million



Beneficiaries

183,929
Community Members



Coverage & Reach

14
states



Print Media Mileage

RM6.5 million



Projects Initiated

378



NGOs & Partners

259



Social Media Mileage

3,138

social media followers



REGIONAL NOTABLE DEALS

REGIONAL M&A DEALS



EKOVEST BERHAD

Disposal of 40% equity interest held in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd to Employees Provident Fund Board for a total cash consideration of RM1.13 billion



ACTIS

Acquisition of 44.4% equity stake in GHL Systems Bhd ("GHL") by Actis and mandatory unconditional take-over offer for all the remaining shares in GHL



A member of **UEM Group**

UEM EDGENTA BERHAD

Disposal of 61.2% equity interest in Opus International Consultants Limited



FELDA GLOBAL VENTURES HOLDINGS BERHAD

Disposal of 16% equity interest in AXA AFFIN General Insurance Berhad by Felda Marketing Services Sdn Bhd for RM224.4 million



KUMPULAN PERANGSANG SELANGOR BERHAD

Acquisition and mandatory take-over offer of Century Bond Bhd by Perangsang Packaging Sdn Bhd, a wholly-owned subsidiary of Kumpulan Perangsang Selangor Berhad for a total of RM208 million



CROESUS RETAIL TRUST

SGD900 million privatisation of Croesus Retail Trust by way of a trust scheme



COGENT HOLDINGS LIMITED

SGD488 million voluntary offer for Cogent Holdings Limited by COSCO SHIPPING International (Singapore) Co., Ltd.



KRUNG THAI ASSET MANAGEMENT PCL.

Disposal of 24 assets of TCIF (office), THIF (hotel), and TRIF (retail space) for THB80,000 million



TIME DOTCOM BERHAD

Acquisition of 38.75% equity interest in Symphony Communication Public Company Limited



BCPG PUBLIC COMPANY LIMITED

Acquisition of a 40% equity stake in PetroWind Energy Inc. by BCPG PCL. for USD26.5 million

REGIONAL EQUITY DEALS



ECO WORLD INTERNATIONAL BERHAD

RM2.6 billion (USD583 million) IPO of Eco World International Berhad on Main Market, Bursa Malaysia



THE BANK OF TOKYO-MITSUBISHI UFJ LTD.

The Bank of Tokyo-Mitsubishi UFJ Ltd.'s RM2.6 billion (USD610 million) CIMB Group Holdings clean-up Block Trade



MALAYSIAN RESOURCES CORPORATION BERHAD

Malaysian Resources Corporation Berhad's RM1.7 billion (USD409 million) Rights Issue with Free Warrants

KHAZANAH NASIONAL BERHAD

Khazanah Nasional Berhad's RM571 million (USD133 million) CIMB Group Holdings Block Trade

Khazanah Nasional Berhad's RM555 million (USD133 million) CIMB Group Holdings Block Trade



TPI POLENE POWER PUBLIC COMPANY LIMITED

THB17.50 billion (USD506 million) IPO of TPI Polene Power Public Company Limited on Stock Exchange of Thailand

Regional Notable Deals

REGIONAL EQUITY DEALS (CONT'D.)

**B.GRIMM POWER PUBLIC COMPANY LIMITED**

THB11.47 billion (USD337 million) IPO of B.Grimm Power Public Company Limited on Stock Exchange of Thailand

**EVERGREEN PRODUCTS GROUP LIMITED**

HKD304.4 million (USD39.3 million) IPO on the Main Board of the Hong Kong Stock Exchange

**PERSTA RESOURCES INC.**

HKD219.9 million (USD28.3 million) IPO on the Main Board of the Hong Kong Stock Exchange

**TK GROUP (HOLDINGS) LIMITED ("TK GROUP")**

Secondary Share Placement of HKD147.5 million (USD19.1 million) by Eastern Mix Company Limited, a major shareholder of TK Group (Ticker: 2283.HK)

REGIONAL DEBT DEALS

**CIMB BANK BERHAD**

RM20.0 billion Senior Medium Term Notes Programme

USD500 million Fixed Rate Notes due 2022 and USD600 million Floating Rate Notes due 2020

**PRASARANA MALAYSIA BERHAD**

RM10.0 billion Islamic Medium Term Notes Programme based on the Shariah principle of Murabahah (via a Tawarruq arrangement) irrevocably and unconditionally guaranteed by the Government of Malaysia

**DIGI TELECOMMUNICATIONS SDN BHD**

RM5.0 billion Sukuk Murabahah Programmes

**PRIMA CORPORATION MALAYSIA**

RM5.0 billion Islamic Medium Term Notes Programme based on the Shariah principle of Murabahah (via a Tawarruq arrangement) irrevocably and unconditionally guaranteed by the Government of Malaysia

SOUTHERN POWER GENERATION SDN BHD

RM3.665 billion Sukuk Wakalah

**CAHYA MATA SARAWAK BERHAD**

RM2.0 billion Islamic Medium Term Notes Programme

PUTRAJAYA BINA SDN BHD

RM1.58 billion Islamic Medium Term Notes Programme based on the Shariah principle of Wakalah Bi Al-Istithmar

**MALAYSIAN RESOURCES CORPORATION BERHAD**

RM1.3 billion Sukuk Murabahah Programme established via Rukun Juang Sdn Bhd

**QUANTUM SOLAR PARK (SEMENANJUNG) SDN BHD**

RM1.0 billion Green SRI Sukuk

**MAH SING GROUP BERHAD**

RM1.0 billion Perpetual Securities Programme



A member of **UEM Group**

UEM EDGENTA BERHAD

RM1.0 billion Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme (with a sub-limit of RM300 million for the Islamic Commercial Papers Programme)

**SPORTS TOTO MALAYSIA SDN BHD**

RM800 million Medium Term Notes Programme irrevocably and unconditionally guaranteed by Berjaya Sports Toto Berhad

Regional Notable Deals

REGIONAL DEBT DEALS (CONT'D.)

TanjungBin Energy

TANJUNG BIN ENERGY SDN BHD

RM800 million Unrated Perpetual Sukuk based on the Shariah principle of Wakalah Bi Al-Istithmar with an unconditional and irrevocable subordinated cash deficiency support from Malakoff Corporation Berhad



BEWG (M) SDN BHD

RM400 million Islamic Medium Term Notes based on the Shariah principle of Wakalah Bi Al-Istithmar

CIMB BANK

CIMB BANK BERHAD

USD500 million Syndicated Term Loan Facility



LEMBAGA PEMBIAYAAN EKSPOR INDONESIA

IDR5.221 trillion Senior Debt via 3rd Shelf Registration Programme Phase 4 of IDR24.0 trillion

IDR3.222 trillion Senior Debt via 3rd Shelf Registration Programme Phase 5 of IDR24.0 trillion



PT SARANA MULTI INFRASTRUKTUR (PERSERO)

IDR7.0 trillion Senior Debt via 1st Shelf Registration Programme Phase 2 of IDR30.0 trillion

CIMB NIAGA

PT BANK CIMB NIAGA TBK

IDR2.0 trillion Senior Debt via 2nd Shelf Registration Programme Phase 2 of IDR8.0 trillion

IDR2.0 trillion Senior Debt via 2nd Shelf Registration Programme Phase 3 of IDR8.0 trillion

IDR1.5 trillion NCD III issuance



PT INDOSAT TBK

IDR2.7 trillion Senior Debt via 2nd Shelf Registration Programme Phase 1 of IDR9.0 trillion

IDR300.0 billion Sukuk Ijarah via 2nd Shelf Registration Programme Phase 1 of IDR1.0 trillion

IDR2.72 trillion Senior Debt via 2nd Shelf Registration Programme Phase 2 of IDR9.0 trillion

IDR700.0 billion Sukuk Ijarah via 2nd Shelf Registration Programme Phase 2 of IDR1.0 trillion



PT BANK TABUNGAN NEGARA (PERSERO) TBK

IDR5.0 trillion Senior Debt via 3rd Shelf Registration Programme Phase 1 of IDR10.0 trillion



PT ASTRA SEDAYA FINANCE

IDR2.5 trillion Bond issuance via 3rd Shelf Registration Programme Phase 3 of IDR8.0 trillion

IDR1.8 trillion Bond issuance via 3rd Shelf Registration Programme Phase 4 of IDR8.0 trillion



PT FEDERAL INTERNATIONAL FINANCE

IDR3.5 trillion Senior Debt via 3rd Shelf Registration Programme Phase 1 of IDR15.0 trillion



PT ADIRA DINAMIKA MULTI FINANCE TBK

IDR2.014 trillion Senior Debt via 3rd Shelf Registration Programme Phase 5 of IDR8.0 trillion

IDR386.0 billion Sukuk Mudharabah via 2nd Shelf Registration Programme Phase 3 of IDR1.0 trillion

IDR769.0 billion Senior Debt via 3rd Shelf Registration Programme Phase 6 of IDR8.0 trillion



PT XL AXIATA TBK

IDR2.18 trillion Sukuk Ijarah via 1st Shelf Registration Programme Phase 2 of IDR5.0 trillion



PT BANK PEMBANGUNAN DAERAH JAWA BARAT DAN BANTEN TBK

IDR1.5 trillion Senior Debt via 1st Shelf Registration Programme Phase 1 of IDR3.5 trillion

IDR1.0 trillion Subordinated Bond via 1st Shelf Registration Programme Phase 1 of IDR1.0 trillion



PT PLAZA INDONESIA REALTY TBK

Senior Secured Term Loan Facility of up to USD130 million and IDR600 billion

REGIONAL DEBT DEALS (CONT'D.)

HOUSING & DEVELOPMENT BOARD

SGD600 million Senior Unsecured Fixed Rate
Notes due 2022

**FRASERS HOSPITALITY TRUST**

SGD120 million Senior Unsecured Fixed Rate
Notes due 2022

**LIPPO MALLS INDONESIA RETAIL TRUST**

SGD120 million Perpetual Non-callable 5.5 year
Capital Securities

GOVERNMENT SAVINGS BANK

THB36.0 billion Senior Secured Debentures

THB14.0 billion Senior Secured Debentures

GOVERNMENT HOUSING BANK

THB22.3 billion Senior Unsecured Bonds

**TOYOTA LEASING THAILAND CO LTD**

THB9.5 billion Senior Secured Debentures

THB3.0 billion Senior Secured Debentures

**AMATA B.GRIMM POWER SPV 1 LTD**

THB11.5 billion Senior Secured Debentures

BANGKOK MASS TRANSIT AUTHORITY

THB2.057 billion Senior Secured Debentures

THB8.806 billion Senior Secured Debentures

EXPRESSWAY AUTHORITY OF THAILAND

THB5.7 billion Senior Secured Debentures

**KRUNGTHAI CARD PCL**

THB2.5 billion Senior Unsecured Debentures

THB3.0 billion Senior Unsecured Debentures

**SRISAWAD POWER 1979 PCL**

THB4.0 billion Senior Unsecured Debentures

**TPI POLENE PUBLIC COMPANY LIMITED**

THB4.0 billion Senior Unsecured Debentures

**SC ASSET CORPORATION PCL**

THB2.9 billion Senior Unsecured Debentures



สยามแก๊ส

SIAMGAS & PETROCHEMICALS PCL

THB2.0 billion Senior Unsecured Debentures

**GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA**

USD1.0 billion Trust Certificates due 2027 issued
via Hong Kong Sukuk 2017 Limited

NOTABLE ACHIEVEMENTS

ALPHA SOUTHEAST ASIA BEST DEAL AND SOLUTIONS AWARDS 2017

- Best Islamic REIT Deal of the Year in Southeast Asia 2017
- Best Bond House of the Year in Southeast Asia 2017
- Best Sukuk Deal of the Year in Southeast Asia
- Most Innovative Sukuk Deal of the Year in Southeast Asia 2017
- Best Sustainable Finance Deal of the Year in Southeast Asia
- Most Innovative Islamic Finance Deal of the Year in Southeast Asia
- Best Wakalah Deal of the Year in Southeast Asia
- Best Islamic Finance Deal of the Year in Southeast Asia 2017
- Most Innovative Wakalah Deal of the Year in Southeast Asia 2017
- Best Ijarah Deal of the Year in Southeast Asia 2017
- Best Loan Deal of the Year in Southeast Asia 2017
- Best IPO Deal of the Year in Southeast Asia 2017

ALPHA SOUTHEAST ASIA BEST FINANCIAL INSTITUTION AWARDS 2017

- Best Investment Bank and M&A House, Malaysia
- Best Islamic Finance Bank, Malaysia
- Best Bond House, Malaysia
- Best Institutional Broker, Malaysia
- Best Retail Broker, Indonesia
- Best Retail Broker, Singapore

ARC AWARDS 2017

- Non-Traditional Annual Report – Banks: Regional – Silver
- Specialised AR: Citizenship Report – Silver
- Interior Design – Banks: Regional – Bronze

ASIA RISK AWARDS 2017

- House of the Year, Malaysia
- House of the Year, Indonesia

ASIAMONEY AWARDS 2017

- Best Bank in Indonesia, Asiamoney Corporate Client Choice Awards
- Best Bank in Malaysia, Asiamoney Corporate Client Choice Awards
- Best Digital Bank, Malaysia, Asiamoney Banking Awards

ASIAN INVESTOR ASSET MANAGEMENT AWARDS 2017

- Fund House of the Year, Malaysia

BURSA EXCELLENCE AWARDS 2016 (PRESENTED IN MAY 2017)

- Best Retail Derivatives – Champion
- Best Islamic Retail Equities – Champion
- Best Online Retail Equities – Champion
- Best Overall Equities – 1st Runner-up
- Best Overall Islamic Equities – 1st Runner-up
- Best Retail Equities for an Investment Bank – 1st Runner-up
- Best Overall Derivatives – 2nd Runner-up
- Best Institutional Derivatives – 2nd Runner-up
- Best Institutional Equities for an Investment Bank – 2nd Runner-up

CUSTOMER EXPERIENCE MANAGEMENT ASIA EXCELLENCE AWARDS 2017

- Best Digital Experience, Gold – CIMB
- Best Contact Centre, Honourable Mention – CIMB Malaysia
- Best Employee Engagement, Honourable Mention – CIMB Thai
- Best Customer Experience, Honourable Mention – CIMB Malaysia
- Best CX Personality, CX Rockstar – Dr. Piyawat George Jirapongsuwan, CIMB Thai

FINANCEASIA COUNTRY AWARDS 2017

- Best Bank, Malaysia
- Best Investment Bank, Malaysia
- Best DCM House, Malaysia

GLOBAL FINANCE BEST TRADE FINANCE PROVIDERS AWARDS 2017

- Best Trade Finance Provider in Indonesia

IFN AWARDS 2017

- Project & Infrastructure Finance Deal of the Year
- Perpetual Deal of the Year
- IPO Deal of the Year
- Indonesia Deal of the Year
- Best Islamic Bank in Malaysia
- Best Islamic Bank in Indonesia

MALAYSIAN E-PAYMENTS EXCELLENCE AWARDS 2017

- Best JomPAY Bank
- Best Customer Experience for JomPAY
- JomPAY Innovative Award
- Best IBG Bank
- FPX Innovative Award

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2017

- Overall Excellence Award for Most Outstanding Annual Report of the Year – Platinum
- Industry Excellence Award – Finance
- Best Designed Annual Report – Silver
- Inclusiveness and Diversity Reporting Award – Platinum

THE ASIAN BANKER

- Best Retail Bank in Malaysia

THE ASIAN BANKER TECHNOLOGY INNOVATION AWARDS PROGRAM 2017

- Best Self Service Project

THE ASIAN LAWYER AND LEGAL WEEK EMERGING MARKETS AWARD 2017

- In-house Counsel of Distinction: Lee Chin Tok

THE ASSET TRIPLE A ASIA INFRASTRUCTURE AWARDS 2017

- Project Finance Deal of the Year
- Transport Deal of the Year, Malaysia
- Power Deal of the Year, Malaysia
- Telecom Deal of the Year, Malaysia

THE ASSET TRIPLE A COUNTRY AWARDS 2017

- Best Block Trade, Malaysia
- Best Corporate and Institutional Bank – Domestic, Malaysia
- Best Equity Adviser, Malaysia
- Best Bond Adviser – Domestic, Malaysia
- Best M&A Adviser, Malaysia
- Best IPO, Thailand
- Best Brokerage, Indonesia

Notable Achievements

THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2017

- Asset Management House of the Year – CIMB Principal Islamic Asset Management
- Best Deal, Saudi Arabia
- Best Investment Bank, Asia-Pacific
- Islamic Deal of the Year
- Sukuk House of the Year, Asia Pacific
- Best Investment Bank, Malaysia
- Best Sovereign Sukuk
- Best Sovereign Sukuk – Highly commended
- Best Sukuk
- Best Exchangeable Sukuk
- Best Quasi-Government Sukuk
- Best Government-Guaranteed Sukuk
- Best Supranational Sukuk
- Best Corporate Sukuk
- Best Local Currency Sukuk
- Best Securitisation Sukuk – Highly Commended
- Best Project Finance Deal
- Best Debut Sukuk
- Best Syndicated Loan
- Best Acquisition Financing
- Best Deal, Malaysia

THE ASSET TRIPLE A PRIVATE BANKING, WEALTH MANAGEMENT AND INVESTMENT AWARDS 2017

- Best Derivatives House of the Year, Malaysia
- Best Derivatives House of the Year, Indonesia (CIMB NIAGA)
- Best Structured Products House, Indonesia (CIMB NIAGA)
- Best Structured Products House, Malaysia
- Best Structured Products House, Thailand
- Best Credit Derivatives House, Malaysia
- Best Credit Derivatives House, Thailand
- Best Structured Investment Products Awards, Commodities
- Best Structured Investment Products Awards, Credit
- Best Structured Investment Products Awards, Equity

THE ASSET TRIPLE A TREASURY, TRADE, SUPPLY CHAIN AND RISK MANAGEMENT AWARDS 2017

- Best in Treasury and Working Capital, Malaysia – Supply Chain Solutions
- Best in Treasury and Working Capital, Malaysia – SMEs
- Best in Treasury and Working Capital, Indonesia – Supply Chain Solutions
- Best Service Provider, Indonesia – Transaction Bank
- Best Service Provider, Indonesia – Cash Management
- Best Service Provider, Indonesia – e-Solutions Partner Bank

ASIAMONEY BROKERS POLL 2017

- Best Local Brokerage, Malaysia – Rank #2
- Best for Overall Country Research, Malaysia – Rank #2
- Best Overall Sales Services, Malaysia – Rank #2
- Best Execution, Malaysia – Rank #1
- Best in Sales Trading, Malaysia – Rank #1
- Most Improved Brokerage (over the last 12 months), Malaysia – Rank #2
- Best for Events and/or Conferences, Malaysia – Rank #2
- Best for Roadshows and Company Visits, Malaysia – Rank #1
- Most Independent Research Brokerage, Malaysia – Rank #3
- Best Team for Strategy, Malaysia – Rank #1
- Best Team for Small Cap, Malaysia – Rank #1
- Best Team for Automobiles & Components, Malaysia – Rank #2
- Best Team for Banks, Malaysia – Rank #1
- Best Team for Casinos & Gaming, Malaysia – Rank #3
- Best Team for Consumer Discretionary, Malaysia – Rank #1
- Best Team for Consumer Staples, Malaysia – Rank #1
- Best Team for Industrials, Malaysia – Rank #1
- Best Team for Diversified Financials, Malaysia – Rank #2
- Best Team for Energy, Malaysia – Rank #1
- Best Team for Healthcare, Malaysia – Rank #1
- Best Team for Insurance, Malaysia – Rank #2
- Best Team for Materials, Malaysia – Rank #2
- Best Team for Real Estate, Malaysia – Rank #2
- Best Team for Semiconductors & Semiconductor Equipment, Malaysia – Rank #3
- Best Team for Software & Internet Services, Malaysia – Rank #1
- Best Team for Technology Hardware & Equipment, Malaysia – Rank #2
- Best Team for Telecommunication Services, Malaysia – Rank #1
- Best Team for Transportation, Malaysia – Rank #1
- Best Team for Utilities, Malaysia – Rank #2
- Best Local Brokerage, Indonesia – Rank #3
- Best Execution, Indonesia – Rank #3
- Best in Sales Trading, Indonesia – Rank #3
- Best Team for Strategy, Indonesia – Rank #2
- Best Team for Automobiles & Components, Indonesia – Rank #2
- Best Team for Energy, Indonesia – Rank #2
- Best Team for Telecommunication Services, Indonesia – Rank #2
- Best Local Brokerage, Thailand – Rank #2
- Best for Overall Country Research, Thailand – Rank #2
- Best Overall Sales Services, Thailand – Rank #2
- Best Execution, Thailand – Rank #3

- Best in Sales Trading, Thailand – Rank #2
- Most Improved Brokerage (over the last 12 months), Thailand – Rank #1
- Best for Events and/or Conferences, Thailand – Rank #3
- Best for Roadshows and Company Visits, Thailand – Rank #2
- Best Team for Strategy, Thailand – Rank #2
- Best Team for Automobiles & Components, Thailand – Rank #2
- Best Team for Banks, Thailand – Rank #1
- Best Team for Consumer Discretionary, Thailand – Rank #2
- Best Team for Consumer Staples, Thailand – Rank #2
- Best Team for Industrials, Thailand – Rank #2
- Best Team for Diversified Financials, Thailand – Rank #1
- Best Team for Energy, Thailand – Rank #2
- Best Team for Healthcare, Thailand – Rank #1
- Best Team for Insurance, Thailand – Rank #3
- Best Team for Materials, Thailand – Rank #2
- Best Team for Real Estate, Thailand – Rank #1
- Best Team for Semiconductors & Semiconductor Equipment, Thailand – Rank #1
- Best Team for Software & Internet Services, Thailand – Rank #1
- Best Team for Technology Hardware & Equipment, Thailand – Rank #2
- Best Team for Telecommunication Services, Thailand – Rank #1
- Best Team for Transportation, Thailand – Rank #2
- Best Team for Utilities, Thailand – Rank #1

ACCA MALAYSIA SUSTAINABILITY REPORTING AWARDS (MASRA) 2017

- Best Workplace Practices

HR EXCELLENCE AWARDS 2017

- Graduate Recruitment & Development – Gold
- Leadership Development – Bronze
- CSR Strategy – Gold
- Learning & Development – Gold
- Employee Work-life Balance – Gold
- Workplace Culture – Silver

LIFE AT WORK AWARDS 2017

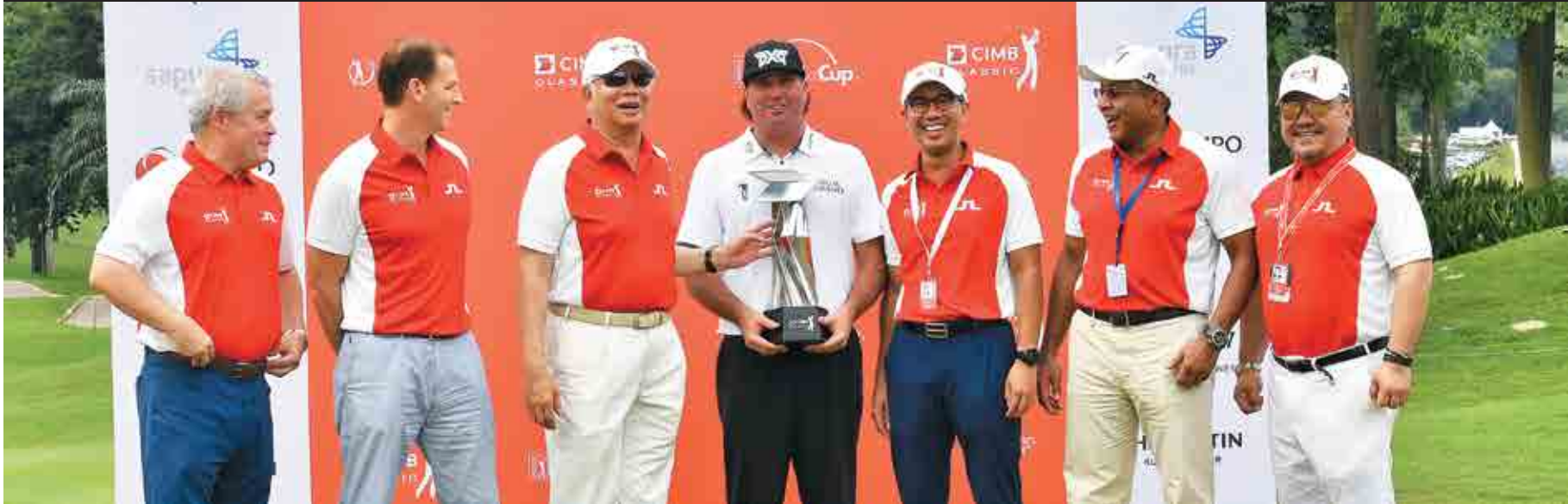
- Best Malaysian Organisation

CORPORATE EVENT HIGHLIGHTS

The CIMB Classic, 11 – 15 October 2017 @ Tournament Players Club Kuala Lumpur, Malaysia

The 8th edition of The CIMB Classic featured a 78 – player elite field, 60 from the PGA TOUR, 10 from the Asian Tour, eight sponsors' exemptions and 2 Malaysians. Pat Perez from the U.S. dethroned the two-time defending champion, Justin Thomas and brought back the trophy of CIMB Classic 2017. Other golf heavyweights included Charl Schwartzel, Davis Love III, Ernie Els, Jason Dufner, Keegan Bradley, Lucas Glover, Louis Oosthuizen Padraig Harrington and Stewart Cink.

As one of the most prestigious and biggest sporting events in the region, CIMB Classic continues to attract world class professional golfers garnering millions of Ringgit in regional media exposure, positioning Malaysia as a world golfing tourism destination. CIMB Classic 2018 will boast of an even bigger prize purse for leading golfers.





Corporate Event Highlights

The Color Run Malaysia, 13 August 2017 @ Padang Merbok, Kuala Lumpur, Malaysia

The Color Run, also known as the Happiest 5KM on the planet, celebrates happiness and individuality. CIMB hosted The Color Run 2017 in three major cities – Kuala Lumpur (KL), Singapore, and Jakarta. Color Run KL witnessed 13,000 color runners. Color Run Jakarta saw more than 12,000 color runners while Singapore saw more than 9,000 color runners enjoying the larger than life party.

“Color Runners” were doused from head to toe in different colors at each kilometer. After the Color Runners completed the race, the fun continued with an unforgettable Finish Festival, with music, dancing and massive color throws. Local celebrities, such as Elizabeth Tan, Jenn Chia, and Linora Low were also spotted joining in The Color Run KL festivities.





Corporate Event Highlights



Mandarin Oriental KL: Khazanah Megatrends Forum 2017



Padang Merbok: Kuala Lumpur Rat Race 2017



Menara Bumiputra Commerce, Kuala Lumpur: Partnership of CIMB Bank and Berjaya Sompot



Le Meridien Putrajaya: Alpha SEA 11th Annual Deal and Solution Awards 2017



Seri Menanti, Padang Astaka, Seri Menanti Kuala Pilah, Negeri Sembilan: CIMB Cycle 2017



Putrajaya: PR1MA – Sukuk Launch



Hilton Kuala Lumpur: NACRA 2017 Awards Presentation



Shangri-La Hotel Kuala Lumpur: Invest Malaysia 2017

Corporate Event Highlights



the Curve, Mutiara Damansara: CIMB Foundation's 10th Anniversary Celebration



Malaysia Digital Economy Corporation (MDEC): MoU Signing Ceremony with Alipay



The St. Regis, Kuala Lumpur: Biz 123 Launch



Hotel Istana Kuala Lumpur: 14th Kuala Lumpur Islamic Finance Forum



Ritz Carlton Pacific Place, Jakarta: New Go Mobile Launch



The St. Regis, Kuala Lumpur: CIMB Group Raya Open House for Clients

MEDIA HIGHLIGHTS

The Edge Financial Daily, 2 May 2017



New Straits Times, 25 March 2017



CASHLESS PAYMENT
(From left) CIMB Group chief executive Tengku Datuk Seri Zafrul Tengku Abdul Aziz, chairman Datuk Seri Nazir Razak, Prime Minister Datuk Seri Najib Razak, Alibaba Group executive chairman Jack Ma, Ant Financial Services Group chairman Lucy Peng and senior vice-president Douglas Feagin at the exchange of a memorandum of understanding between CIMB Bank and Ant Financial Group on Thursday.

The Star, 29 August 2017



The Edge Financial Daily, 7 August 2017



New Straits Times, 14 June 2017



Bangkok Post, 9 May 2017



The Star, 6 March 2017



Malay Mail, 24 May 2017



The Edge Financial Daily, 29 August 2017



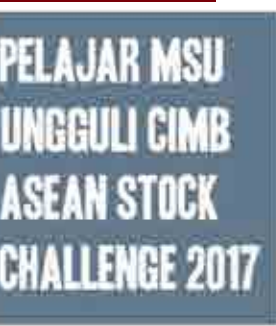
The Edge Financial Daily, 28 September 2017



New Sabah Times (KK), 16 October 2017



Harian Metro, 18 December 2017



Berita Harian, 5 January 2018



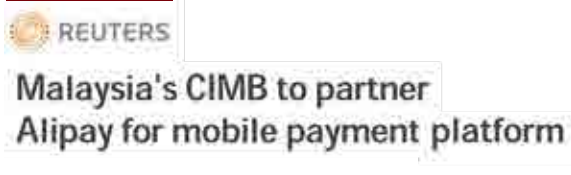
Nanyang Siang Pau, 20 December 2017



China Press, 16 October 2017



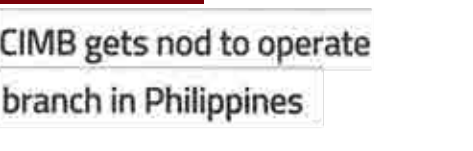
Reuters, 24 July 2017



The Star, 3 April 2017



The Star, 17 November 2017



Utusan Malaysia, 30 August 2017



The Edge Financial Daily, 20 November 2017



The Star, 13 November 2017

1% of CIMB pre-tax profit goes to CSR initiatives

Sin Chew Daily, 12 November 2017



CIMB FOUNDATION 10th

... (caption) ...

Berita Harian, 25 November 2017

CIMB perintis terima kelulusan sandbox

The Edge Financial Daily, 5 June 2017

CIMB scores 21 wins at Islamic finance awards

Marketeer, 8 December 2017

Tiger M. Sultanan

Inisiatif Berujung Positif



... (caption) ...

The Edge Financial Daily, 7 July 2017

CIMB-Principal eyes RM300m AUM from new multi-asset fund

BY SULHI AZMAN

KUALA LUMPUR: CIMB-Principal Asset Management Bhd is confident that its newly launched CIMB-Principal China Multi Asset Income Fund will clock in assets under management (AUM) of RM300 million by end-2017.

The Star, 20 March 2017

CIMB bags 'Best Retail Bank in Malaysia' award

Borneo Post (KK), 9 August 2017

CIMB's new Biz123 provides simple 'one-stop' banking and solutions platform for businesses

Nanyang Siang Pau, 8 November 2017

联昌国际委首席经济学家

(吉隆坡7日讯) 联昌国际 (CIMB) 委任首席经济学家。... (caption) ...



康纳说

The Edge Financial Daily, 25 September 2017

CIMB-Principal launches CIMB Islamic Global Equity Fund

The Edge Malaysia, 21 August 2017

Embracing diversity, our source of strength

... (caption) ...

The Star, 10 June 2017



1 Strategic partnership: CIMB Group group chief executive Tengku Datuk Seri Zahid Aziz (right) shaking hands with China Galaxy Securities deputy chairman, executive director and president, Guo Jingguo at the signing ceremony agreement signing ceremony of CIMB Securities International Ltd to formalise their strategic partnership in Beijing 100101, Tuesday.

The Edge Financial Daily, 8 June 2017

CIMB, China Galaxy Securities formalise partnership

... (caption) ...

The Edge Financial Daily, 8 November 2017

CIMB appoints new group chief economist

The Edge Financial Daily, 17 August 2017



CIMB supports 33 athletes in KL2017, Asean Para Games

The Star, 31 October 2017

CIMB perks spur staff to aid society



Volunteers get paid leave to help causes

The Star, 29 November 2017

CIMB Group net profit increases 11% to RM1.1bil

New Straits Times, 29 November 2017

PROFIT SURGES



... (caption) ...

The Star, 7 August 2017

Capital market momentum to continue in second half

CIMB Investment Bank says couple of mega-IPOs on the cards



Matchon, 26 September 2017

Malaysia's Finance Minister II and Kuala Lumpur Business Club Strengthen Business Ties with Thailand



Harian Metro, 19 June 2017

CIMB perkenal cuti paterniti berbayar

... (caption) ...



Berita Minggu, 30 April 2017

Sedia RM1 billion pinjaman rumah tanpa faedah

'CORPORATE-WITH-A-HEART'

CIMB GIVES RM1B TO HELP STAFF BUY HOMES

We want to make sure our staff have roofs over their heads, says CEO

New Sunday Times, 30 April 2017

CIMB tops Bloomberg's ringgit bonds table

KUALA LUMPUR: CIMB Investment Bank Bhd (CIMB) has maintained its long-standing top positions for Malaysian bond, equities and ringgit index arranger, as well as for Asian local currency bonds for the first half of 2017 (1H17).

CIMB was also in the top two positions for the Global Sukuk league table for the same period.

SHAREHOLDERS' STATISTICS

As at 28 February 2018

Authorised Share Capital	: RM10,000,000,000
Issued and Paid-up Share Capital	: RM9,225,542,534 comprising 9,225,542,534 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS (AS PER THE RECORD OF DEPOSITORS)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares*2
Less than 100	2,519	4.66	91,219	—*1
100 – 1,000	21,901	40.49	8,494,644	0.09
1,001 – 10,000	22,017	40.70	79,625,861	0.86
10,001 – 100,000	6,018	11.13	158,545,307	1.72
100,001 – 443,418,962	1,634	3.02	4,747,180,040	51.46
443,418,963 and above	3	0.01	4,231,605,463	45.87
Total	54,092	100.00	9,225,542,534	100.00

Notes:

*1 Less than 0.01%.

*2 Excludes 4,908 shares retained as treasury shares as at 28 February 2018.

ANALYSIS OF EQUITY STRUCTURE (AS PER THE RECORD OF DEPOSITORS)

Category of Shareholders	No. of Holders			No. of Shares			%		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumiputra	Non-Bumiputra		Bumiputra	Non-Bumiputra		Bumi-putra	Non-Bumi-putra	
1) Individual	8,831	34,730	755	18,829,401	233,683,936	10,287,369	0.20	2.53	0.11
2) Body Corporate									
A) Banks/Finance Companies	90	8	3	1,669,542,301	297,460	518,100	18.10	0.00	0.01
B) Investments Trusts/ Foundation/ Charities	2	7	0	28,021	424,190	0	0.00	0.00	0.00
C) Other Types of Companies	55	423	3	2,520,701,227	40,812,095	20,344,633	27.32	0.44	0.22
3) Government Agencies/Institutions	8	0	0	27,429,395	0	0	0.30	0.00	0.00
4) Nominees	4,282	3,165	1,710	211,466,100	1,883,132,236	2,588,046,070	2.29	20.41	28.05
5) Others	0	0	0	0	0	0	0.00	0.00	0.00
Total	13,268	38,333	2,491	4,447,996,445	2,158,349,917	2,619,196,172	48.21	23.40	28.39
Grand Total	54,092			9,225,542,534			100.0		

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	No. of Shares Held			
	Direct Interest	%*1	Deemed Interest	%*1
Dato' Sri Nazir Razak	43,625,712	0.47	—	—
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	766,632	0.01	—	—
Dato' Lee Kok Kwan	1,213,630	0.01	84,930	—*2
Teoh Su Yin	—	—	119,332*3	—*2

Notes:

*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2018.

*2 Less than 0.01%.

*3 These shares are held by her spouse.

Shareholders' Statistics

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDINGS)

Name of Substantial Shareholders	No. of Shares Held			
	Direct	%*1	Indirect	%*1
Khazanah Nasional Berhad	2,516,048,459	27.27	-	-
Employees Provident Fund	1,149,139,905*2	12.46	-	-
Kumpulan Wang Persaraan (Diperbadankan)	566,417,099	6.14	-	-

Notes:

*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2018.

*2 Includes shares held through nominees.

30 LARGEST SHAREHOLDERS (AS PER REGISTER OF MEMBERS AND RECORDS OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	% of Issued Capital*1
1. Khazanah Nasional Berhad	2,516,048,459	27.27
2. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,149,139,905	12.46
3. Kumpulan Wang Persaraan (DiPerbadankan)	566,417,099	6.14
4. AmanahRaya Trustees Berhad Amanah Saham Bumiputera	444,633,294	4.82
5. AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	180,724,014	1.96
6. Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT 0D67)	150,032,969	1.63
7. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	122,977,010	1.33
8. Citigroup Nominees (Asing) Sdn Bhd CBHK for Fubon Life Insurance Co., Ltd (CTL)	118,189,200	1.28
9. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund	110,048,838	1.19
10. Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	106,669,025	1.16
11. AmanahRaya Trustees Berhad Amanah Saham Malaysia	106,594,372	1.16
12. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	91,634,331	0.99
13. HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	85,400,375	0.93
14. HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for the Prudential Assurance Company Limited (OBA ESI)	65,812,229	0.71
15. AmanahRaya Trustees Berhad AS 1 Malaysia	57,861,471	0.63
16. AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	56,912,600	0.62
17. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd	56,769,563	0.62
18. HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Saudi Arabian Monetary Authority	55,725,522	0.60
19. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	54,983,352	0.60
20. HSBC Nominees (Asing) Sdn Bhd Exempt AN For Morgan Stanley & Co. LLC (Client)	38,799,167	0.42

STAKEHOLDER INFORMATION

Shareholders' Statistics

Name of Shareholders		No. of Shares Held	% of Issued Capital*1
21.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for Eastspring Investments – Asian Equity Fund	38,017,546	0.41
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	36,150,137	0.39
23.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	34,462,218	0.37
24.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	34,125,510	0.37
25.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 14)	33,780,377	0.37
26.	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (SG BR-TST-Asing)	33,491,484	0.36
27.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank New York (Norges Bank 9)	32,421,318	0.35
28.	Pertubuhan Keselamatan Sosial	30,848,900	0.33
29.	Lembaga Tabung Angkatan Tentera	26,080,400	0.28
30.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	25,125,782	0.27
Total		6,459,876,467	70.02

Note:

*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2018.

INTERNAL POLICIES, PROCEDURES AND GUIDELINES

Policies are formulated to govern standard day-to-day operations and to manage the expected risks of CIMB Group. As such, the Group's policies are developed from the baseline of current regulatory requirements and industry best practices to govern the business and operations of the Group.

The policies of our business units have been documented, endorsed by the Group Risk Committee (GRC) or its sub-committee(s) and approved by our Board or Board Risk Committee for implementation across our Group, where relevant. Operational procedures are approved by Group Policy & Procedure and Outsourcing Committee (GPOC) for implementation. Approved policies and procedures are timely disseminated to affected stakeholders. Reviews and updates are performed regularly on approved policies, procedures and guidelines. This is done with the intent to ensure continuous improvements in operational efficiency while taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services.

Listed below are some of the Group's key policies and procedures:

No.	Title	Description
1.	Group Administration & Property Management Policies & Procedures Manual	This document relates to the administrative operations of the Group and covers the operational policies governing procurement, property, maintenance services, security services, logistics, telecommunications, insurance and occupational safety and health administration.
2.	Group Accounting Policies & Accounting Guidelines Manual	This document defines the accounting concepts and policies that are consistent with Malaysia Financial Reporting Standards and Generally Accepted Accounting Practices.
3.	Group Outsourcing Policies & Procedures	This document sets out the framework for all outsourcing of banking operations of the Group in Malaysia in accordance to regulatory requirements.
4.	Group Business Continuity Management Policies & Procedures	This document provides the framework and guidance in responding to a disruption, crisis and/or disaster and to resume critical business functions.
5.	Group Communications Policy	This document sets out the framework for the dissemination of information by the Group to its shareholders, media and other stakeholders. Information given by the Group to the general public shall always be timely, accurate, relevant and reliable so as to enable a properly informed view of how the Group is governed, its financial and operational performances, future prospects and key corporate developments.
6.	Group Crisis Communications Guidelines	Crises affect organisations in varying degrees and frequency. The challenge for the affected organisation is to manage these crises well in order to get back to the business of running the organisation as quickly as possible. CIMB Group has a Crisis Communications Guide to aid effective response and communication with affected stakeholders in a timely and consistent manner. It defines crisis, crisis classification, escalation procedures, and the establishment of a crisis communication management team and centre.
7.	Group Data Management Policies & Procedures Manual	These policies and procedures enable a structured approach to the management of data and dissemination of information throughout CIMB Group. The manual spells out the data governance and management information system frameworks.
8.	Group Anti-Money Laundering/ Counter Financing of Terrorism Policies & Procedures Manual	CIMB Group places importance on, and is committed to establishing an effective internal control system for AML/CFT in compliance with all related laws, regulations, guidelines and industry best practices. The Group AML/CFT policies encompasses all reporting institutions of CIMB Group, to ensure consistency in managing the AML/CFT compliance. The manual governs the appointment of anti-money laundering compliance officers, the monitoring and reporting of suspicious transactions, sanction management, record retention, employee training, risk and status reporting to Board and Senior Management and an independent audit of the internal AML/CFT measures.
9.	Employee's terms of employment and policies	These documents set out the terms of employment for CIMB employees. These include recruitment terms such as emolument, retirement, working days and hours, office wear, conduct and discipline. The handbook sets out employment benefits including allowances and claims, medical benefits, benefits-in-kind, leave, and employee loans.
10.	Risk Management of Travel Policy	These documents address flight travel for staff in order to minimise the potential risks to CIMB Group in terms of continuity of leadership and operations. The policies cover senior management, staff at department levels and staff in general.
11.	Policy & Procedure on Fit and Proper Criteria For Key Responsible Persons	This document sets out the procedures on Fit and Proper assessment for key responsible persons who are accountable or responsible for the management and oversight of the entities in the Group regulated by Financial Services Act 2013, Islamic Financial Services Act 2013 and Insurance Act 1996. These comprise Directors, members of the Shariah Committee, Chief Executive Officers/Executive Directors, any person performing a senior management function who has the primary or significant responsibility for the management and performance of significant business activities; and any person who has primary or significant responsibility of key control functions.
12.	Staff Rejuvenation Programme	These documents set out the rules and guidelines to allow staff to take a break from work without any loss in service or disadvantage in career progression.

Internal Policies, Procedures and Guidelines

No.	Title	Description
13.	HR Policy on Staff Volunteerism	These documents set out the rules and guidelines to encourage staff to volunteer for CSR activities funded by CIMB Foundation. The policies provide recognition of time spent by staff on CSR activities. This is part of CIMB Group's effort to enhance community projects by contributing expertise, energy, enthusiasm and efforts of staff. Seven days of volunteering entitles staff to one day of annual leave in the following year.
14.	Staff Welfare Fund	The Staff Welfare Fund is established to provide financial assistance to our staff and their family members to cope with high medical expenses, as a result of being involved in an accident or due to serious illness. The fund is also used to assist in loss/damage of property due to natural disasters e.g. fire/flood.
15.	Sexual Harrassment Policy & Guidelines	These documents set out the policies and guidelines to maintain a working environment which is free of sexual coercion and annoyance. CIMB Group is committed to ensure that all employees are protected from harassment of any kind and in particular from sexual harassment. The policy covers all CIMB Group employees including contract and temporary employees.
16.	Whistle Blowing Policy	These documents are in place to ensure CIMB Group has a disciplined and professional workforce. Under this policy, employees are required to promptly report incident of wrongdoings, malpractices or irregularities at their workplace to the Management for immediate rectification and action and the Management is committed to ensure strict confidentiality and will not only protect the identity of the complainants and will also protect the complainant from any harassment and victimisation at work due to the disclosure.
17.	Group Anti Bribery and Corruption Policy	This document sets out policy matters relating to the prevention of bribery and corruption, and sets out the responsibilities of Group employees and associated persons working for and on behalf of the Group, in observing and upholding the Group's position on anti-bribery and corruption.
18.	Global Employee Mobility Policy	This document sets out the terms, benefits and guidelines for CIMB employees deployed on regional secondments. This is part of CIMB Group's effort to encourage movement of talent across borders for business and/or talent development purposes.
19.	Group Conflict Management & Chinese Wall Policy & Procedures	This document consolidated the Group Chinese Walls Policy and Procedures and the Group Conflict Management Policy and Procedures. The revised policy is to prescribe standards, outline the requirements and provide guidance to ensure processes and controls are in place in order to identify and manage any conflict or when potential conflict of interest situation arises. The Personal Account Dealing (PAD) sections that were previously provided by the Group Conflict Management Policy and Procedures remain valid until the new standalone PAD Policy and Procedures is approved.
20.	Group Shariah Compliance Policy & General Procedures Manual	This document defines and explains the overall framework applicable to the Islamic businesses of CIMB Group so that they can be conducted in the most effective manner and in line with the Shariah and the regulations of Bank Negara Malaysia (BNM), Securities Commission (SC), the rulings of both Shariah Advisory Councils of BNM and SC (SAC) and the rulings of Group Shariah Committee. Wherever appropriate, reference will also be made to the Shariah rulings issued by the Shariah authorities in other jurisdictions such as Dewan Shariah Nasional, Majelis Ulama Indonesia (DSN-MUI), the Shariah Committee at Authoriti Monetari Brunei Darussalam etc. based on the jurisdictional and locality requirements applicable to regional Islamic businesses of CIMB Group.
21.	Treasury & Markets Policies & Procedures Manual	This document defines the policies and procedures on activities carried out by Treasury & Markets department in relation to the Group's markets, sales and trading businesses in interest rates, credit, foreign exchange, commodities, equities and their derivatives, debt capital markets, fixed income investments, and treasury and funding operations for the Group.
22.	Group Fraud Management Policies & Procedures	This document provides a guide on the escalation of any incidence of fraud that is suspected/committed within or against CIMB Group, including its subsidiaries.
23.	Group Information Technology Policy	This document governs all aspects of information technology within the Group and provides Management with direction and support in accordance with relevant laws, regulations and business requirements. It is designed to increase adherence to regulatory and internal requirements and ensures consistency in the Group's standards of operations and practices whilst at the same time facilitating sharing of information across the Group and improved controls across the Group when managing information technology. These are global best practices and in accordance with global standards such as COBIT, ITIL, CMMi, ISO etc. This document has been standardised across the Region to facilitate a Regional Operating Model.
24.	Group IT Risk Management Framework	This Framework provides a consistent and unified approach for developing and improving information risk management within the Group's business operations. It comprises of a systematic method to identify, analyse, evaluate, treat, monitor and communicate information risks associated with any activity, function or process, thereby enabling the Group to minimise its losses.

Internal Policies, Procedures and Guidelines

No.	Title	Description
25.	Group Compliance Policy & Procedures	This document is to establish a compliance programme framework to ensure compliance with relevant laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its regulated and licenced activities that govern the overall working of the business and support units within CIMB Group.
26.	Group Competition Law Manual	The Malaysian Competition Act came into force in 2012 and has changed the business landscape in Malaysia and affected the way all Malaysian businesses operate. The Competition Law Manual provides an overview of the Competition Act and guides all business units within the Malaysian banking entities of CIMB Group to familiarise and understand the competition laws of Malaysia. It is a general guide on anti-competitive conduct, anti-competitive agreements and compliance reporting of any violations or breach of the Malaysian Competition Act.
27.	CIMB Group Liquidity Risk Management Policy	This is the primary reference document on matters relating to the key principles for the liquidity risk management framework of banking entities within CIMB Group. The policy sets out key approaches and critical areas for an integrated liquidity risk management process including liquidity risk strategies, management oversight, roles and responsibilities of various divisions/departments, risk controls and monitoring procedures to ensure that the Group has sufficient liquidity to meet its obligations as they fall due. Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions.
28.	Group Reputation Risk Policy	The policy sets out the Group's approach to identifying and managing its reputation risks within board set appetite. The policy leverages off existing Operational Risk Management tools and provides additional oversight and monitoring through a Group Reputation Risk Committee.
29.	Credit Policy Guide and Islamic Financing Policy Guide	These documents set out the broad Credit and Financing Policies, applicable to the CIMB Group Conventional and Islamic Banking businesses, with the purpose to establish the discipline for orderly extension of credit and financing activities.
30.	Group Personal Data Protection Policy Manual	This document outlines the requirements of the Personal Data Protection Act 2010 (PDPA) and is intended to assist CIMB Group in meeting its statutory responsibilities as detailed in the PDPA. It serves as a general guide to the PDPA and CIMB Group's related processes and obligations to ensure that all staff within the relevant entities/divisions of the Group in Malaysia is familiar with, understand and comply with the personal data protection laws of Malaysia.
31.	CIMB Group Shariah Compliance Review Policies and Procedures Manual	This document defines and explains the overall Shariah compliance review framework applicable to the Islamic banking and finance businesses of CIMB Group to ensure Shariah compliance and handle Shariah non-compliance events.
32.	CIMB Group Enterprise-Wide Risk Management (EWRM) Framework	This describes the policies, guidelines and methodologies for managing risk across the Group. It provides guidance to the risk management teams towards achieving a common platform and consistent approach to risk management across the Group; provides an overview of each identified risk to promote clear and accountable risk management processes; and facilitates readiness and compliance to Bank Negara Malaysia and other regulatory requirements.
33.	Group Market Risk Policy	This policy prescribes a consistent Group-wide framework to manage market risk across all CIMB entities. It serves as a primary reference document for the Group in establishing a sound operating environment for market risk activities that is consistent with the governance and control standards of the Group Risk Appetite Statement.
34.	Group Operational Risk Management Policy	This policy sets out the Group's approach to managing operational risk. The policy sets out the tools used by the first line of defence to identify, assess, manage and report their operational risks within Board set risk appetite levels.
35.	Group Interest Rate Risk in the Banking Book Policy	This is the Group's primary reference document on the key principles for the interest rate risk management for the non-traded books. This policy also sets out the approving authority of risk policies, Board and management oversight, roles and responsibilities of divisions/departments, risk measurement methodologies, risk controls, monitoring and reporting procedures to ensure that the interest rate risk arising from the Group operations is properly identified, measured, monitored and managed over a range of potential changing interest rate environments including stress conditions.
36.	CIMB Group Shariah Risk Management Policy	This articulates the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by the Group in managing Shariah Non-Compliance risk.
37.	Group Credit Risk Policy	This Policy sets out the credit risk guiding principles for application across the Group to ensure consistency in its credit risk management activities.

Internal Policies, Procedures and Guidelines

No.	Title	Description
38.	Group New Product Approval Policy	This Policy sets out a consistent framework to risk manage the launch of new products. New products will be subjected to a robust internal approval process that requires objective review and appropriate senior management sign off before they are offered to customers or investors.
39.	Group Retail Credit Policy	This Policy is an overarching group policy which governs the credit aspects of Retail lending business. It applies to major retail lending products such as Property Financing, Vehicle Financing, Credit Cards and other revolving credit facilities, secured and unsecured term financing, for CIMB retail banking in all the countries where CIMB is present.
40.	Internal Capital Adequacy Assessment Process (ICAAP) Policy	This Policy describes the policies aspects of ICAAP for all entities within CIMB Group. It ensures adequate policies are in place for efficient and proper conduct of ICAAP across various divisions within the Group. The Policy also sets out the key ICAAP requirements which include assessing the risk profile of the bank, assessing capital adequacy, monitoring compliance with regulatory requirement on capital adequacy, reporting to management and regulator on ICAAP and ICAAP governance and independent review.
41.	Group Internal Information Sharing Policy & Procedures	This is to establish a proper framework on sharing permissible information within the CIMB Group in different jurisdiction. The document outlines the requirements and provides guidance to ensure processes and controls are in place in relation to information sharing, documentation and/or agreement prior to sharing of confidential information.
42.	Group Delegation Authority Policy	This document sets out the nature and extent of the authority formally delegated from the CIMB Group Holdings Berhad's Board of Directors. The contents cover both financial approval and document execution. This policy does not apply to delegated credit and human resource authorities which are covered separately by the respective Divisions' policies.
43.	Group Internal Audit Policy and Procedures	Set out the policies, strategies and detailed procedures of GIAD in order to deliver an efficient and effective internal audit service (including investigation) in congruence with the goals of the CIMB Group of Companies.
44.	Group Entity Governance Policy	<p>This document is developed to put in place the minimum governance requirements for entities across the Group in terms of:</p> <ul style="list-style-type: none"> • Directors' and Responsible Officers' requirements, roles and responsibilities • Management accountability • Committee structure and oversight • Adherence to Group Policies and Procedures • Inter-entity Service Level Agreements • Adherence to the Group Financial Booking Governance • Financial Delegation of Authority <p>The Policy sets out how subsidiaries, joint-venture entities, associates and the like are governed by its parent and the apex entity, through (i) how the entities communicate with each other and (ii) the implementation of controls that are dependent on the entities' categorisation.</p>
45.	CIMB Group Complaints Handling Policy and Procedures	These documents set out the standard framework and mechanism when dealing with customers' complaints regionally in accordance with regulatory and CIMB Group standards. This is to ensure prompt and constructive responses are given to Customer which in turn will build customer loyalty and confidence towards CIMB Group.
46.	Customer Exit Handling Policy & Procedures	These documents provides a common customer exit handling standards which are to be adhered to by all relevant business units and/or departments within CIMB Group entities, in order to effectively safeguard the reputation of the franchise and to mitigate associated negative impacts.
47.	Treating Customers Fairly Policy & Procedure	<p>This document is established in line with BNM's Market Conduct and Consumer Empowerment standards. It aims to inculcate the Treating Customers Fairly principles into the corporate culture of CIMB Group.</p> <p>It states the guidelines to be applied in managing and working towards fair treatment of customers and sets out the principles to ensure CIMB Group of employees comply with internal Treating Customers Fairly requirements.</p>
48.	CIMB Group Disclosure of Customer Information to Law Enforcement Agency P&P	This manual describes the broad principles on disclosure of customer documents or information to law enforcement agency(ies) with the purpose to facilitate the investigation or prosecution by law enforcement agency(ies). It is established to provide a clear guidance on the circumstances that a disclosure of customer documents or information is permitted and the method of such disclosure is to be released to the Law Enforcement Agency. This is to ensure compliance with the guidelines issued by BNM on disclosure of customer information.

TOP 10 PROPERTIES OF CIMB GROUP

Location	Description/Existing Use	Tenure/ Date of Expiry	Remaining Lease (years)	Age of Property (years)	Net Book Value* (MYR)	Year of Acquisition	Date of Revaluation
MENARA CIMB 1 Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia	40 storey office building with 6 storey of basement car park. Building majority occupied by CIMB Group of companies with partial lower zone leased out to 3rd party.	Freehold	n/a	3	703,000,000.00	2015	Nov-17
CIMBTHAI Langsuan Building 44 Langsuan Road, Lumpini Patumwan, Bangkok 10330	25 storey office building with 1 basement level. Premises occupied by CIMB Thai Bank (Head Office Branch), CIMB Thai Bank's division offices and subsidiary company offices.	Freehold	n/a	18	262,102,334.93	1999	Sep-16
Menara Sentraya Lt. 28, 29, 30, 31, 32 Jl. Iskandarsyah No. 2 Melawai Blok M Jakarta Selatan	41 storey office building, CIMB Niaga owned 5 storey.	Freehold	n/a	2	120,130,812.11	2015	Jan-16
Wisma CIMB Niaga Jl Gatot Subroto No. 2 Bandung	11 storey office building, used as CIMB Niaga Head Office and some floors are rented to 3rd party.	Leasehold expiring on 6 December 2023	6	16	72,994,250.37	2001	Jan-16
Jl Gajah Mada 18 Jakarta Pusat	3 storey office building, used as CIMB Niaga Head Office and Branch.	Leasehold expiring on 17 January 2036	19	27	51,334,272.50	1990	Jan-16
CIMB Niaga Lippo Cikarang Jl. MH Thamrin Lippo Cikarang	8 storey office building, used as CIMB Niaga Head Office and some floors are rented to 3rd party.	Leasehold expiring on 5 May 2023	6	24	48,749,242.81	1993	Jan-16
Synergy Building Jl. Sutera Barat Kav 17 Alam Sutera, Serpong Tangerang, Banten	20 storey office building, CIMB Niaga owned 7 Floors (GF, UG, 1st, 2nd, 3rd, 5th, 6th), used as CIMB Niaga Branch and Head Office business support.	Freehold	n/a	5	38,849,388.13	2012	Jan-16
CIMB Niaga Kebon Sirih Jl. Kebon Sirih 33 Jakarta Pusat	CIMB Niaga Branch premises.	Leasehold expiring on 22 August 2031	14	19	32,254,810.57	1998	Jan-16
Berita Satu Plaza Jl Gatot Subroto Kav 35-36 Jakarta Selatan	3 Floors (GF, 1st, 3rd), used as CIMB Niaga Branch and Head Office business support.	Leasedhold expiring on 31 March 2024	7	15	28,525,144.31	2002	Jan-16
Jl Ir H Juanda No. 165, Lebak, Bandung	CIMB Niaga Branch premises.	Leasehold expiring on 14 July 2041	24	6	27,934,620.04	2011	Jan-16

CORPORATE INFORMATION

as at 28 February 2018

BOARD OF DIRECTORS

Dato' Sri Nazir Razak
Chairperson/
Non-Independent Director

Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Group Chief Executive Officer/
Executive Director

Datuk Mohd Nasir Ahmad
Senior Independent Director

Glenn Muhammad Surya Yusuf
Independent Director

Watanan Petersik
Independent Director

Robert Neil Coombe
Independent Director

Teoh Su Yin
Independent Director

Dato' Lee Kok Kwan
Non-Independent Director

Dato' Mohamed Ross Mohd Din
Independent Director

Ahmad Zulqarnain Che On
Non-Independent Director
(Appointed on 3 November 2017)

Hiroaki Demizu
Non-Independent Director
(Resigned on 16 October 2017)

Datuk Joseph Dominic Silva
Non-Independent Director
(Resigned on 3 November 2017)

AUDIT COMMITTEE

Datuk Mohd Nasir Ahmad
Chairperson/
Senior Independent Director

Glenn Muhammad Surya Yusuf
Independent Director

Dato' Mohamed Ross Mohd Din
Independent Director

Ahmad Zulqarnain Che On
Non-Independent Director
(Appointed on 3 November 2017)

Hiroaki Demizu
Non-Independent Director
(Resigned on 16 October 2017)

Datuk Joseph Dominic Silva
Non-Independent Director
(Resigned on 3 November 2017)

GROUP COMPENSATION REVIEW COMMITTEE

Dato' Sri Nazir Razak
Chairperson/
Non-Independent Director

Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Group Chief Executive Officer/Executive Director

Dato' Zainal Abidin Putih
Non-Independent Director
Chairman, CIMB Bank Berhad

Dato' Robert Cheim Dau Meng
Non-Independent Director
Chairman, CIMB Investment Bank Berhad

Dato' Mohamed Ross Mohd Din
Independent Director
Chairman, CIMB Islamic Bank Berhad

BOARD RISK COMMITTEE

Glenn Muhammad Surya Yusuf
Chairperson/
Independent Director

Datuk Mohd Nasir Ahmad
Senior Independent Director

Dato' Sri Nazir Razak
Non-Independent Director

Watanan Petersik
Independent Director

Robert Neil Coombe
Independent Director

Teoh Su Yin
Independent Director

Dato' Lee Kok Kwan
Non-Independent Director

Dato' Mohamed Ross Mohd Din
Independent Director

GROUP NOMINATION AND REMUNERATION COMMITTEE

Teoh Su Yin
Chairperson/
Independent Director

Glenn Muhammad Surya Yusuf
Independent Director

Watanan Petersik
Independent Director

Dato' Mohamed Ross Mohd Din
Independent Director

Datuk Mohd Nasir Ahmad
Senior Independent Director
(Appointed on 1 August 2017)

Ahmad Zulqarnain Che On
Non-Independent Director
(Appointed on 3 November 2017)

Datuk Joseph Dominic Silva
Non-Independent Director
(Resigned on 3 November 2017)

GROUP BOARD OVERSIGHT COMMITTEE

Dato' Sri Nazir Razak
Chairperson/
Non-Independent Director

Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Group Chief Executive Officer/
Executive Director

Teoh Su Yin
Independent Director

Dato' Lee Kok Kwan
Non-Independent Director

GROUP COMPANY SECRETARY

Datin Rossaya Mohd Nashir
LS 0007591

REGISTERED OFFICE

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel: 603-2261 0085
Fax: 603-2261 0099
Website: www.cimb.com
Investor Relations: ir@cimb.com
Senior Independent Director: cimbSID@cimb.com
Social media:
www.facebook.com/CIMBMalaysia
www.twitter.com/CIMB_Assists
www.instagram.com/cimbmalaysia/
www.linkedin.com/company/cimb

REGISTRAR

Symphony Share Registrars Sdn. Bhd.

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: 603-7841 8000
Fax: 603-7849 0777

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
PO Box 10192
50706 Kuala Lumpur

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia
Securities Berhad since 3 November 1987

GROUP MANAGEMENT COMMITTEE

Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Group Chief Executive Officer/
Executive Director
Chief Executive Officer, CIMB Bank Berhad

Dato' Kong Sooi Lin
Chief Executive Officer/Executive Director,
CIMB Investment Bank Berhad
Group Head, Investment Banking

Rafe Haneef
Chief Executive Officer/Executive Director,
CIMB Islamic Bank Berhad
Chief Executive Officer, Group Islamic Banking

Tigor M. Siahaan
Country Head, Indonesia
President Director & Chief Executive Officer,
PT Bank CIMB Niaga Tbk

Kittiphun Anutarasoti
Country Head, Thailand
President & Chief Executive Officer,
CIMB Thai Bank PCL

Mak Lye Mun
Country Head, Singapore
Chief Executive Officer, CIMB Bank, Singapore
Chief Executive Officer, Group Wholesale Banking

Shahnaz Jammal
Group Chief Financial Officer

Samir Gupta
Chief Executive Officer,
Group Consumer Banking

Effendy Shahul Hamid
Chief Executive Officer,
Group Asset Management & Investments
Chief Executive Officer, Commercial Banking
(Effective 1 November 2017)

Hendra Lembong
Chief Executive Officer,
Group Transaction Banking

David Richard Thomas
Group Chief Risk Officer

Dato' Hamidah Naziadin
Group Chief People Officer
Chief Executive Officer, CIMB Foundation

Mohamed Adam Wee Abdullah
Group Chief Marketing Officer
Group Chief Customer Experience Officer

Ramesh Narayanaswamy
Group Chief Technology & Operations Officer
(Effective 28 June 2017)

Renzo Christopher Viegas (Invitee)
Adviser, Group CEO's Office

Thomas Meow Yoke Nean (Invitee)
Adviser, Group CEO's Office

Lim Tiang Siew (Invitee)
Group Chief Internal Auditor

Kwan Keen Yew (Invitee)
Group Chief Compliance Officer

Chu Kok Wei (Invitee)
Group Head, Treasury and Markets

Gurdip Singh Sidhu (Invitee)
Group Chief Strategy Officer

Lee Chin Tok (Invitee)
Group General Counsel

Yong Jiunn Run
Chief Executive Officer, Commercial Banking
(Relinquished role on 1 November 2017)

GROUP SHARIAH COMMITTEE

Sheikh Professor Dr Mohammad Hashim Kamali

Sheikh Dr Nedham Yaqoobi

Sheikh Dr Haji Mohd Nai'm Haji Mokhtar

Sheikh Associate Professor Dr Shafai Musa

Sheikh Dr Yousef Abdullah Al Shubaily

Sheikh Associate Professor Dr Mohamed Azam Mohamed Adil
Chairperson
(Contract of appointment ended on 31 October 2017)

GROUP CORPORATE DIRECTORY 2018

CIMB GROUP HOLDINGS BERHAD
CIMB INVESTMENT BANK BERHAD
CIMB FUTURES SDN. BHD.

Level 13, Menara CIMB
 Jalan Stesen Sentral 2
 Kuala Lumpur Sentral
 50470 Kuala Lumpur
 Malaysia
 Tel : 603 2261 8888
 Fax : 603 2261 8899
 Website : www.cimb.com

CIMB BANK BERHAD
CIMB ISLAMIC BANK BERHAD

Menara Bumiputra-Commerce
 11, Jalan Raja Laut
 50350 Kuala Lumpur
 Malaysia
 Tel : 603 2619 1188
 Fax : 603 2619 2288
 Website : www.cimb.com

TOUCH 'N GO SDN. BHD.

Tower 6, Avenue 5
 Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Malaysia
 Tel : 603 2714 8000
 Fax : 603 2714 8001
 Website : www.touchngo.com.my

PT BANK CIMB NIAGA TBK

Graha CIMB Niaga
 16th Floor, Jl. Jend. Sudirman Kav. 58
 Jakarta 12190
 Indonesia
 Tel : 6221 250 5252
 Fax : 6221 252 6749
 Website : www.cimbniaga.com

CIMB THAI BANK PUBLIC COMPANY LIMITED

44, Langsuan Road
 Lumpini, Pathumwan
 Bangkok 10330
 Thailand
 Tel : 662 638 8000/662 626 7000
 Fax : 662 657 3333
 Website : www.cimbthai.com

CIMB BANK BERHAD
SINGAPORE BRANCH

#09-01, Singapore Land Tower
 50, Raffles Place 048623
 Singapore
 Tel : 65 6337 5115
 Fax : 65 6337 5335
 Website : www.cimb.com

CIMB BANK BERHAD
LONDON BRANCH

Ground Floor
 27, Knightsbridge
 London SW1X 7LY
 United Kingdom
 Tel : 44 0 20 7201 3150
 Fax : 44 0 20 7201 3151
 Website : www.cimb.com

CIMB BANK BERHAD
SHANGHAI BRANCH

Unit 1805-1807, AZIA Center
 1233, Lujiazui Ring Road
 Pudong New District
 Shanghai 200120
 China
 Tel : 86 21 2026 1888
 Fax : 86 21 2026 1988
 Website : www.cimb.com

CIMB BANK BERHAD
HONG KONG BRANCH

25th Floor, Gloucester Tower
 The Landmark
 15 Queen's Road, Central
 Hong Kong
 Tel : 852 2586 7288
 Fax : 852 2556 3863
 Website : www.cimb.com

CIMB THAI BANK PCL
VIENTIANE BRANCH

010, Lanexang Avenue
 Unit 2, Ban Hatsadi
 Chanthabury District
 Vientiane, Lao PDR
 Tel : 856 21 255 355
 Fax : 856 21 255 356
 Website : www.cimbthai.com

CIMB BANK (L) LIMITED
CIMB BANK BERHAD
LABUAN OFFSHORE BRANCH

Level 14(A), Main Office Tower
 Financial Park Labuan
 Jalan Merdeka
 87000 W P Labuan
 Malaysia
 Tel : 6087 410 302/305
 Fax : 6087 410 313
 Website : www.cimb.com

CIMB BANK PLC

20AB, Corner Preah Norodom
 Boulevard & Street 118
 Sangkat Phsar Chas
 Phnom Penh 12203
 Kingdom of Cambodia
 Tel : 855 23 988 388
 Fax : 855 23 988 099
 Website : www.cimbbank.com.kh

CIMB INVESTMENT BANK BERHAD
BRUNEI BRANCH

14th Floor, PGGMB Building
 Jalan Kianggeh
 Bandar Seri Begawan BS8111
 Brunei Darussalam
 Tel : 673 224 1888
 Fax : 673 224 0999
 Website : www.cimb.com

CGS-CIMB SECURITIES INTERNATIONAL PTE. LTD.
CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.

#16-02, Singapore Land Tower
 50, Raffles Place 048623
 Singapore
 Tel : 65 6225 1228
 Fax : 65 6225 1522
 Website : www.cimb.com

CGS-CIMB SECURITIES (HONG KONG) LIMITED

25th Floor, Gloucester Tower
 The Landmark
 15 Queen's Road, Central
 Hong Kong
 Tel : 852 2868 0380
 Fax : 852 2537 1928
 Website : www.cimb.com

CGS-CIMB SECURITIES (UK) LTD.

27, Knightsbridge
 London SW1X 7LY
 United Kingdom
 Tel : 44 20 7201 2199
 Fax : 44 20 7201 2191
 Website : www.cimb.com

PT CGS-CIMB SEKURITAS INDONESIA

The Indonesia Stock Exchange Building
 Tower II, 20th Floor
 Jl. Jend. Sudirman Kav. 52-53
 Jakarta 12190
 Indonesia
 Tel : 62 21 515 1330
 Fax : 62 21 515 1335
 Website : www.itradecimb.co.id

CGS-CIMB SECURITIES (THAILAND) CO., LTD.

130-132
 Sindhorn Tower 2, 2nd & 3rd Floor
 and Sindhorn Tower 3, 12th Floor
 Wireless Road
 Lumpini, Pathumwan
 Bangkok 10330
 Thailand
 Tel : 66 2841 9000
 Fax : 66 2841 9090
 Website : www.cimbsecurities.com

CGS-CIMB SECURITIES (USA), INC.

11th Floor
 540, Madison Avenue
 New York, NY 10022
 United States of America
 Tel : 1212 616 8600
 Fax : 1212 616 8639
 Website : www.us.cimb.com

CGS-CIMB SECURITIES (HONG KONG) LIMITED**KOREA BRANCH**

15th Floor, S-Tower Building
82 Saemunan-ro
Jongno-gu, Seoul 110-700
South Korea
Tel : 822 6730 6000
Fax : 822 6730 6182
Website : www.cimb.com

CGS-CIMB SECURITIES (INDIA) PRIVATE LIMITED**CIMB CORPORATE FINANCE (INDIA) PRIVATE LIMITED**

B1203, The Capital
Bandra Kurla Complex
Mumbai 400051
India
Tel : 91 22 6602 5100
Fax : 91 22 6602 5105
Website : www.cimb.com

CIMB HOWDEN INSURANCE BROKERS SDN. BHD.

Level 15, Menara Bumiputra-Commerce
11, Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Tel : 603 2619 1188
Fax : 603 2692 3396
Website : www.cimb.com

CIMB TRUST LIMITED

Level 14(A), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 W P Labuan
Malaysia
Tel : 6087 414 252
Fax : 6087 411 855
Website : www.cimb.com

**CIMB ISLAMIC TRUSTEE BERHAD
CIMB COMMERCE TRUSTEES BERHAD**

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : 603 2261 8888
Fax : 603 2261 8899
Website : www.cimb.com

**CIMB-MAPLETREE MANAGEMENT SDN. BHD.
CMREF 1 SDN. BHD.**

10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 8888
Fax : 603 2084 8899
Website : www.cimb.com

CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD**CIMB-PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN. BHD.**

10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 8888
Fax : 603 2084 8899
Website : www.cimb-principal.com.my

CIMB-PRINCIPAL ASSET MANAGEMENT COMPANY LIMITED

44, CIMB Thai Building
16th Floor, Langsuan Road
Lumpini, Pathumwan
Bangkok 10330
Thailand
Tel : 662 686 9595
Fax : 662 686 9500
Website : www.cimb-principal.co.th

PT CIMB-PRINCIPAL ASSET MANAGEMENT

Wisma GKBI, Suite 2201A
22nd Floor, Jl. Jend. Sudirman
No. 28, Jakarta Pusat 10210
Indonesia
Tel : 6221 5790 1581
Fax : 6221 5790 1582
Website : www.cimb-principal.co.id

CIMB-PRINCIPAL ASSET MANAGEMENT (S) PTE. LTD

50, Raffles Place
#22-03A, Singapore Land Tower
048623 Singapore
Tel : 65 6210 8488
Fax : 65 6210 8489
Website : www.cimb-principal.com.sg

CAPITAL ADVISORS PARTNERS ASIA SDN. BHD.

2B-6-3, Level 6
Block 2B, Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : 603 2035 6868
Fax : 603 2035 6878
Website : www.capasia.com

**iCIMB (MALAYSIA) SDN. BHD.
iCIMB (MSC) SDN. BHD.**

19th Floor, Tower 5
Avenue 7, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603 2180 7198
Fax : 603 2180 7100
Website : www.cimb.com

CIMB FOUNDATION

Level 17, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : 603 2261 8888
Fax : 603 2261 8889
Website : www.cimbfoundation.com

CIMB BANK BERHAD**YANGON REPRESENTATIVE OFFICE**

1008, Level 10
Sakura Tower, Kyauktada Township
Yangon, Myanmar
Tel : 951 255 430
Fax : 951 255 430
Website : www.cimb.com

CIMB BANK BERHAD**MUMBAI REPRESENTATIVE OFFICE**

Plot No.C-59
G - Block, Platina, Office No.603A
6th Floor, Bandra Kurla Complex
Bandra (East)
Mumbai 400051
Tel : 91 22 6671 1570/91 80 9700 1570
Website : www.cimb.com

CIMB INVESTMENT BANK (PRIVATE) LIMITED

Level 33, West Tower
World Trade Centre
Echelon Square
Colombo 01, Sri Lanka
Tel : 94 11 234 8888
Fax : 94 11 244 1801
Website : www.cimb.com

CIMB BANK (VIETNAM) LIMITED

Level 2, CornerStone Building
16 Phan Chu Trinh
Hoan Kiem District
Hanoi, Vietnam
Tel : 84 4 3266 3388
Fax : 84 4 3266 3389
Website : www.cimbbank.com.vn

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 61st Annual General Meeting of CIMB Group Holdings Berhad (“CIMB” or “the Company”) will be held at the Grand Ballroom, Level 3A, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia, on Thursday, 26 April 2018 at 9.00 a.m. to transact the following businesses, with or without modifications:

AS ORDINARY BUSINESS		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.	
2.	To re-elect the following Directors who retire pursuant to Article 76 of the Company’s Articles of Association: 2.1 Dato’ Sri Nazir Razak 2.2 Glenn Muhammad Surya Yusuf 2.3 Watanan Petersik	Ordinary Resolution 1 Ordinary Resolution 2 Ordinary Resolution 3
3.	To re-elect Ahmad Zulqarnain Che On who retires pursuant to Article 83 of the Company’s Articles of Association.	Ordinary Resolution 4
4.	To approve the payment of Non-Executive Directors’ Remuneration with effect from the 61st Annual General Meeting until the next Annual General Meeting of the Company.	Ordinary Resolution 5
5.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6
AS SPECIAL BUSINESS		
To consider and if thought fit, to pass the following Ordinary Resolutions:		
1.	Proposed Renewal of the Authority for Directors to Allot and Issue Shares “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.”	Ordinary Resolution 7
2.	Proposed Renewal of the Authority for Directors to Allot and Issue New Ordinary Shares in the Company (CIMB Shares) in Relation to the Dividend Reinvestment Scheme that provides the Shareholders of the Company with the Option to Elect to Reinvest Their Cash Dividend Entitlements in New Ordinary Shares in the Company (DRS) “THAT pursuant to the DRS approved at the Extraordinary General Meeting held on 25 February 2013 and renewed at the Annual General Meeting held on 28 April 2017, 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.”	Ordinary Resolution 8

Notice of Annual General Meeting

AS SPECIAL BUSINESS		
3.	<p>Proposed Renewal of the Authority to Purchase Own Shares</p> <p>“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 RM657 million based on the Audited Financial Statements for the financial year ended 31 December 2017 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/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:</p> <ul style="list-style-type: none"> i. the conclusion of the next Annual General Meeting of the Company in 2019 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; <p>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.”</p>	Ordinary Resolution 9
To consider and if thought fit, to pass the following Special Resolution:		
4.	<p>Proposed Adoption of the New Constitution of the Company</p> <p>“THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 27 March 2018 accompanying the Company’s Annual Report 2017 for the financial year ended 31 December 2017 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing”</p>	Special Resolution 10
5.	To transact any other business of which due notice shall have been duly given in accordance with the Companies Act, 2016.	

BY ORDER OF THE BOARD

Datin Rossaya Mohd Nashir
 LS 0007591
 Group Company Secretary

Kuala Lumpur
 27 March 2018

Notice of Annual General Meeting

NOTES:

Proxy

- Section 334 of the Companies Act, 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may, but need not, be a Member of the Company. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. A member shall be entitled to appoint only one (1) proxy unless he/she has more than 1,000 shares in which case he/she may appoint up to five (5) proxies provided each proxy appointed shall represent at least 1,000 shares.
- This instrument duly completed must be deposited at the Registrar's office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time appointed for holding the meeting which is no later than 9.00 a.m. (Wednesday), 25 April 2018.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.

Members Entitled to Attend

- For the purpose of determining a member who shall be entitled to attend the 61st Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 54(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 20 April 2018. Only a depositor whose name appears on the Record of Depositors as at 20 April 2018 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

Audited Financial Statements for the financial year ended 31 December 2017

- This Agenda item is meant for discussion only pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016 and will not be put forward for voting.

Re-election of Directors

- Article 76 of the Company's Articles of Association provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company and be eligible for re-election. Three out of ten Directors are to retire in accordance with Article 76 of the Company's Articles of Association. The Shareholders' approval is sought under Ordinary Resolutions 1, 2 and 3.

Article 83 of the Company's Articles of Association provides that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board of Directors. The Shareholders' approval is sought under Ordinary Resolution 4.

Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for re-election.

The suitability of a Director as a Board member is in accordance with the BNM Guidelines on Corporate Governance and the Group's Fit and Proper Policies and Procedures for Key Responsible Persons. The Group Nomination and Remuneration Committee

(GNRC) considered the following criteria in determining the eligibility of the Directors to stand for re-election at the 61st Annual General Meeting:

- The Director's competency in specialised areas of practise and level of contribution to the Board through their knowledge, skills and expertise;
- The level of independence demonstrated by the Directors, and his ability to act in the best interest of the Company;
- Probity, personal integrity and reputation, where the Directors must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness; and
- Financial integrity, where the Directors must manage his debts or financial affairs prudently.

The Board has also conducted an assessment on the independence of the Independent Directors seeking re-election at this Annual General Meeting based on the criteria set by the Company and guided by the definition of "Independent Director" as prescribed by the Main Market Listing Requirements of Bursa Securities and BNM Guidelines on Corporate Governance. The Board has assessed their time and commitment to effectively discharge their respective roles as Directors of the Company. The retiring Directors had abstained from deliberation and decision on their own eligibility to stand for re-election at the

relevant GNRC and Board meetings, where applicable. The Board is satisfied that the Directors seeking re-election have maintained their independence in the financial year ended 31 December 2017.

Section 54(2)(a) of the Financial Services Act 2013 (FSA) provides that the appointment, re-appointment, election or re-election as Chairperson, Director or Chief Executive Officer of the Company is subject to approval by Bank Negara Malaysia (BNM). In this respect, BNM's approval for the tenures of the Directors seeking re-election is still effective under Ordinary Resolutions 1, 2, 3 and 4.

The profiles of Directors seeking re-election and re-appointment are set out in the Profile of Directors' section of the CIMB 2017 Annual Report.

Non-Executive Directors' Remuneration

- At the 60th Annual General Meeting held on 28 April 2017, CIMB obtained Shareholders' approval on the new remuneration framework of Non-Executive Directors for the financial year ended 31 December 2017 up to the Annual General Meeting in 2018.

Pursuant to Section 230(1)(b) of the Companies Act 2016, Shareholders' approval is also required for the Non-Executive Directors' remuneration and benefits received from subsidiaries.

The proposed payment of remuneration under **Ordinary Resolution 5** comprises fees, allowances and benefits payable to the Chairperson and members of the Board and Board Committees in 2018 up to the Annual General Meeting in 2019, including remuneration payable by subsidiaries, with or without modifications, as follows:

CIMB		Retainer Fees (RM)	Chairperson's Allowance (RM)	Meeting Allowance (RM)	Benefits
Board	Chairperson	170,000	510,000	5,000	Club membership fees, driver, leave passage & other claimable benefits*
	Member	170,000	N/A	5,000	Claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors*
Committees	Chairperson	N/A	100,000	5,000	N/A
	Member	N/A	N/A	5,000	N/A

Note: * There has been no change to the benefits payable to the Non-Executive Directors

Name	Position Held	Fee Type	Amount
Dato' Sri Nazir Razak	CIMB Bank Berhad		
	• Deputy Chairperson	Board Retainer Fee – per annum	MYR150,000
		Deputy Chairperson's allowance – per annum	MYR90,000
		Meeting allowance – per meeting	MYR5,000
	PT Bank CIMB Niaga Tbk		
	• President Commissioner	Board Retainer Fee – monthly	IDR75,000,000
Meeting allowance – per meeting		IDR30,000,000	
Datuk Mohd Nasir Ahmad	CIMB Bank Berhad		
	• Director	Board Retainer Fee – per annum	MYR150,000
		Audit Committee Chairperson's allowance – per annum	MYR90,000
		Meeting allowance – per meeting	MYR5,000
• Board Risk Committee member			

Notice of Annual General Meeting

Name	Position Held	Fee Type	Amount
Dato' Lee Kok Kwan	CIMB Bank Berhad		
	• Director	Board Retainer Fee – per annum	MYR150,000
	• Board Risk Committee member	Meeting allowance – per meeting	MYR5,000
	CIMB Bank Thai PCL		
	• Director	Board Retainer Fee – per month	THB24,000
	• Board Risk Committee Chairperson	Board Meeting Allowance – per meeting	THB20,000
		Committee Chairperson's Monthly Fee	THB28,600
		Committee Chairperson's Meeting Allowance – per meeting	THB23,400
	CIMB Bank (L) Ltd.		
	• Chairman	Board Retainer Fee – per annum	MYR12,000
	Chairperson's allowance – per annum	MYR48,000	
	Meeting – per meeting	MYR1,000	
Dato' Mohamed Ross Mohd Din	CIMB Islamic Bank Berhad		
	• Chairperson	Board Retainer Fee – per annum	MYR140,000
	• Board Risk Committee Member	Meeting allowance – per meeting	MYR5,000
	• Board Investment Committee Member		
Watanan Petersik	CIMB Bank Thai PCL		
	• Director	Board Retainer Fee – per month	THB24,000
	• Nomination, Remuneration and Corporate Governance Committee Chairperson	Board Meeting Allowance – per meeting	THB20,000
		Committee Chairperson's Monthly Fee	THB28,600
		Committee Chairperson's Meeting Allowance – per meeting	THB23,400
Glenn Muhammad Surya Yusuf	PT Bank CIMB Niaga, Tbk		
	• Vice President Commissioner	Board Retainer Fee – monthly	IDR60,000,000
	• Risk Monitoring Committee member	Meeting Allowance – per meeting	IDR30,000,000
		Car Allowance – monthly	IDR11,250,000

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM988,137.

Please refer to pages 136 to 137 of the Notes to the Financial Statements for the amount of Directors' Remuneration at the Group and the Company for the Financial Year Ended 2017 comprising fees and benefits of RM16.88 million and RM3.53 million, respectively. The remuneration of each Director is set out in the Corporate Governance Overview on pages 120 to 123 of the Company's Annual Report 2017.

Appointment of Auditors

9. The Audit Committee (AC), at its meeting held on 13 December 2017 completed its annual assessment on the external auditors in accordance with CIMB's Guidelines for the Appointment/Re-appointment of External Auditors. In its assessment, the AC considered several factors before recommending the re-appointment of the external auditors, as follows:
- Level of knowledge, capabilities, experience and quality of previous work;
 - Level of engagement with the AC;
 - Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
 - Adequacy in audit coverage, effectiveness in planning and conduct of audit;
 - Ability to perform audit work within agreed timeframe;
 - Non-audit services rendered by the external auditor did not impede independence; and
 - The external auditor demonstrated unbiased stance when interpreting standards/policies adopted by the Company.

Being satisfied with Messrs. PricewaterhouseCoopers' (PwC) performance in 2017, their technical competency and audit independence as well as fulfillment of criteria as set out in CIMB's Guidelines for the Appointment/Re-appointment of External Auditors, the AC recommended the appointment of PwC as external auditors for the Financial Year ending 31 December 2018. The Board, at its meeting held on 29 January 2018, approved the AC's recommendation for the re-appointment of PwC as external auditors of the Company for the Financial Year ending 31 December 2018. The Shareholders' Resolution is sought under Ordinary Resolution 6.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Authority for Directors to Allot and Issue Shares

10. Resolution 7 is 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 will 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 Annual General Meeting of the Company.

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

The Company has issued 357,163,266 new shares pursuant to Section 76 of the Companies Act, 2016 under the general mandate sought at the 60th Annual General Meeting held on 28 April 2017, which will lapse upon the conclusion of the forthcoming 61st Annual General Meeting to be held on 26 April 2018.

Authority for Directors to Allot and Issue New Ordinary Shares in Respect of the DRS

11. The proposed Resolution 8 will give authority to the Directors to allot and issue new ordinary shares in the Company in respect of the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at the subsequent Annual General Meeting.

Authority to Purchase Own Shares

12. Resolution 9, if passed, will authorise the Directors to purchase CIMB shares through Bursa Securities up to 10% of the issued and paid-up share capital of the Company. Details of the Proposed Shares Buy-Back are contained in the Statement Accompanying Notice of Annual General Meeting despatched to the Shareholders together with the CIMB 2017 Annual Report.

Adoption of the New Constitution of the Company

13. The proposed Resolution 10, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act, 2016 and will enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 27 March 2018 accompanying CIMB 2017 Annual Report.

Abstention from Voting

14. Any Director referred to in Resolutions 1, 2, 3 and 4, who is a Shareholder of the Company will abstain from voting on the resolutions in respect of his re-election at the 61st Annual General Meeting.
15. All Directors who are Shareholders of the Company will abstain from voting on Resolutions 5 concerning Directors' remuneration at the 61st Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

A. PROPOSED RE-ELECTION OF DIRECTORS PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The profile of the Directors who are standing for re-election (as per Ordinary Resolutions 1 to 4 as stated in the Notice of Annual General Meeting) at the 61st Annual General Meeting of CIMB Group Holdings Berhad which will be held at the Grand Ballroom, Level 3A, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Thursday, 26 April 2018 at 9.00 a.m. are as follows:

1. Dato' Sri Nazir Razak

Chairperson/Non-Independent Director

Nationality/Age/Gender : Malaysian/51/Male

Academic/Professional Qualifications : 1. Master of Philosophy (MPhil), University of Cambridge, United Kingdom
2. Bachelor of Science (Hons) in Economics and Politics, University of Bristol, United Kingdom

Working Experience/Occupation : Dato' Sri Nazir Razak joined the corporate advisory department of Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) in 1989 and managed various fund raising, privatisation, listing and corporate restructuring exercises. In 1993, he transferred to the Bank's stockbroking arm, where he rose to the position of Executive Director. He moved back to CIMB Investment Bank Berhad as Deputy Chief Executive on 1 June 1996 and became CIMB Group Chief Executive on 1 June 1999. He assumed the position of Group Chief Executive of an enlarged CIMB Group on 7 November 2006 pursuant to a merger with Bumiputra-Commerce Bank Berhad.

During his tenure as Group Chief Executive, Dato' Sri Nazir was recognised as Malaysia's top executive/CEO on several occasions. He was the youngest recipient of Finance Asia's 'Lifetime Achievement Award' in 2009 and was awarded Euromoney's 'Outstanding Achievement Award' in 2012 in recognition of his contribution to the Asian financial markets. In 2015, he was the recipient of Asia House's 'Asian Business Leaders Award'.

Dato' Sri Nazir sits on the boards of various CIMB Group subsidiaries and Khazanah Nasional Berhad. He is also Chairman of the World Economic Forum's ASEAN Regional Strategy Group, and a Member of the International Advisory Board of the University of Oxford's Blavatnik School of Government. He is a Trustee of CIMB Foundation and Asia Business Council.

Other Public Company Directorships : 1. President Commissioner of P.T. Bank CIMB Niaga Tbk
2. Director of Khazanah Nasional Berhad
3. Deputy Chairperson/Non-Independent Director of CIMB Bank Berhad

He does not have any conflict of interest or any family relationship with any other directors and/or major shareholders of the Company, except being a Director of Khazanah Nasional Berhad and the brother of Dato' Sri Mohd Najib Tun Abdul Razak, the Chairman of Khazanah Nasional Berhad.

2. Glenn Muhammad Surya Yusuf

Independent Director

Nationality/Age/Gender : Indonesian/62/Male

Academic/Professional Qualifications : 1. Master in Business Management, Asian Institute of Management, Manila, Philippines
2. Bachelor of Arts in Economics, University of Philippines, Philippines

Working Experience/Occupation : Glenn Muhammad Surya Yusuf has served on CIMB's International Advisory Panel since 2006 and was Deputy Chairman of the Bank Niaga – Bank Lippo Integration Steering Committee in 2008. He has been a Commissioner of PT Bank CIMB Niaga Tbk since April 2010 and assumed his current position as Vice President Commissioner in June 2012.

Glenn is a prominent figure in the Indonesian corporate scene, having over 30 years of experience in the corporate and financial sectors, including a tenure at the then PT Bank Niaga Tbk (1985-1994) where he rose to the position of Finance Director.

In government service, Glenn was the Head of the Minister of Finance Assistance Team for Financial Sector Restructuring, Department of Finance, Republic of Indonesia from October 2001 to October 2002. He served as the third Chairman of the Indonesian Bank Restructuring Agency (IBRA) from 1998 to 2000 and Director General of Financial Institutions, Department of Finance from April to June 1998.

He has served as President Director/CEO PT PP London Sumatera Indonesia, Tbk from June 2003 to May 2007, President Director/CEO PT Danareksa (Persero) from 1995 to 2001, Director at PT Bahana Pembinaan Usaha Indonesia from 1994 to 1995 and Finance Director at PT Bank Niaga, Tbk from 1991 to 1994.

He was the Head of Investment Banking of PT Bank Niaga from 1989 to 1991, General Manager Los Angeles Agency of PT Bank Niaga Tbk from 1985 to 1989 and Manager of Citicorp Capital Market Group in Indonesia from 1983 to 1985.

He was Senior Partner of PT Nusantara Capital from June 2007 to 2010 and assumed the position of President Commissioner at PT Polyprima Karyareksa from June 2004 to 2010.

Other Public Company Directorships : Vice President Commissioner of P.T. Bank CIMB Niaga Tbk

He does not have any family relationship with any other directors and/or major shareholders of the Company.

Statement Accompanying Notice of Annual General Meeting

3. Watanan Petersik

Independent Director

Nationality/Age/Gender : Thai/57/Female

Academic/Professional Qualifications : Bachelor of Arts, Bryn Mawr College, USA

Working Experience/Occupation : Watanan Petersik joined the Board of CIMB Thai Bank PCL which was previously known as Bank Thai Public Company Limited in 2007 as a nominee of TPG Capital. She is currently the Chairperson of the Nomination, Remuneration and Corporate Governance Committee of CIMB Thai Bank PCL. She also holds directorships in various other private companies.

Watanan has been in the financial services industry for over 30 years with her last full-time position at Goldman Sachs.

Other Public Company Directorships : 1. Independent Director of CIMB Thai Bank PCL
2. Independent Director of PTT Global Chemical PCL

She does not have any family relationship with any other directors and/or major shareholders of the Company.

4. Ahmad Zulqarnain Che On

Non-Independent Director

Nationality/Age/Gender : Malaysian/45/Male

Academic/Professional Qualifications : Bachelor of Arts in Economics, Harvard and Radcliffe College, Harvard University, USA

Working Experience/Occupation : Ahmad Zulqarnain Che On is Deputy Managing Director of Khazanah Nasional Berhad. He joined Khazanah Nasional Berhad in May 2014 as an Executive Director, Investments and subsequently appointed as Head, Strategic Business Unit of Khazanah.

Prior to Khazanah, he was appointed as the first Managing Director/Chief Executive Officer of Danajamin Nasional Berhad in 2009. He has over 22 years' experience in both banking and corporates, including tenures with UBS Warburg, Pengurusan Danaharta Berhad, CIMB Group and Symphony Group.

Other Public Company Directorships : Nil

He does not have any conflict of interest or any family relationship with any other directors and/or major shareholders of the Company, except by virtue of being a representative of Khazanah Nasional Berhad.

The details of any interest in the securities of the Company (if any) held by the said Directors are stated on pages 15 to 16 of the Director's Report in the Financial Statements Report 2017.

B. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ISSUE SHARES PURSUANT TO PARAGRPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The details of the proposed renewal of the authority for Directors to issue shares by the Company under Section 76 of the Companies Act, 2016, are stated in the Explanatory Notes of the Notice of Annual General Meeting as set out on page 201 of this Annual Report.

C. PROPOSED SHARES BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Introduction

1.1 Renewal of Authority for CIMB to Purchase its Own Shares (Proposed Shares Buy-Back)

At the last Annual General Meeting of the Company held on 28 April 2017, the Company had obtained the Shareholders' approval to purchase its own shares 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 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 RM657 million based on the Audited Financial Statements of the Company for the financial year ended 31 December 2017.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing shares buy-back by listed companies, will lapse at the conclusion of the forthcoming 61st Annual General Meeting to be held on 26 April 2018, unless renewed by an ordinary resolution.

On 28 February 2018, the Company announced its intention to seek shareholders' approval at the forthcoming 61st Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

Statement Accompanying Notice of Annual General Meeting

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 61st Annual General Meeting. The Notice of Annual General Meeting together with the Proxy Form is set out in this Annual Report.

2. Details of The Proposed Shares Buy-Back

The Board proposes to seek Shareholders' approval for a renewal of the authority to purchase and/or hold its own shares in aggregate of up to 10% of the issued and paid-up share capital of the Company at any point of time through Bursa Securities. Based on the issued and paid-up share capital of the Company as at 28 February 2018 of RM9,225,542,534 comprising 9,225,542,534 ordinary shares in the Company (CIMB Shares), a total of 922,554,253 CIMB Shares may be purchased by the Company pursuant to the Proposed Shares Buy-Back. The maximum number of shares that can be bought back under this authority will take into account the number of shares previously bought back and retained as treasury shares, if any.

Such authority, if approved, would be effective immediately upon passing of the ordinary resolution for the Proposed Shares Buy-Back until:

- (i) the conclusion of the next Annual General Meeting of CIMB in 2019 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 Bursa Securities and/or any other relevant authorities.

The Board proposed to allocate an amount of up to retained earnings of the Company for the purchase of its own shares subject to Section 127 of the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase (Prevailing Laws). The actual number of CIMB Shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained earnings and financial resources available to the Company. The audited retained earnings of the Company as at 31 December 2017 was RM657 million.

CIMB may only purchase its own shares at a price which is not more than 15% above the weighted average market price for the past 5 market days immediately preceding the date of the purchase(s). The Company may only re-sell the purchased shares held as treasury shares at a price which is (a) not less than the weighted average market price of CIMB Shares for the 5 market days immediately preceding the date of re-sale or (b) at a discounted price of not more than 5% to the weighted average market price of CIMB Shares for the 5 market days immediately prior to the re-sale, provided that the re-sale takes place not earlier than 30 days from the date of purchase and the re-sale price is not less than the cost of purchase of the CIMB Shares being re-sold. The Company shall, upon each purchase or re-sale of shares bought back, make the necessary announcements through Bursa Securities.

The Proposed Shares Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period using internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined at a later date, depending on the availability of internally generated funds, actual number of CIMB Shares to be purchased, the anticipated future cash flows of the Group and other cost factors.

The CIMB Shares purchased and held as treasury shares may be distributed as share dividends, re-sold on Bursa Securities in accordance with the relevant rules of Bursa Securities, cancelled or continue to be retained as treasury shares. The decision whether to retain the purchased shares as treasury shares, to cancel the shares purchased, distribute the treasury shares as share dividends and/or re-sell the treasury shares on Bursa Securities will be made by the Board at the appropriate time.

The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits of the Company. The treatment of the purchased shares held as treasury shares, this being to distribute as share dividends or to re-sell on Bursa Securities or both will in turn, depend on the availability of, amongst others, retained profits of the Company.

While the purchased shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision of Section 127 of the Companies Act, 2016, the provisions of any law or requirements of the Articles of Association of the Company or the Main Market Listing Requirements of Bursa Securities governing substantial shareholding, takeovers, notices, the requisitioning of meetings, quorum for a meeting and the result of a vote on a resolution at a meeting.

The Proposed Shares Buy-Back will be carried out in accordance with the Prevailing Laws at the time of the purchase including compliance with the public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.

Statement Accompanying Notice of Annual General Meeting

The public shareholding spread of the Company before and after the Proposed Shares Buy-Back is as follows:

	Before the Proposed Shares Buy-Back	After the Proposed Shares Buy-Back
Public shareholding spread	51.68 ^{*1}	57.42 ^{*2}

Notes:

*1 As at 28 February 2018

*2 Based on the assumption that:

- (i) the Proposed Shares Buy-Back involves the aggregate purchase of 9,225,542,534 CIMB Shares (being 10% of issued and paid-up capital of the Company as at 28 February 2018) which are to be retained as treasury shares; and
- (ii) the number of CIMB Shares held by the Directors of CIMB, the substantial shareholders of CIMB and person connected to them remain unchanged.

3. Rationale for The Proposed Shares Buy-Back

The Proposed Shares Buy-Back will enable CIMB to utilise its surplus financial resources to buy-back CIMB Shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the Shareholders of the Company.

The purchased shares can be held as treasury shares and re-sold on Bursa Securities to realise potential gain without affecting the total issued and paid-up share capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the Shareholders of the Company.

4. Evaluation of The Proposed Shares Buy-Back**4.1 Advantages**

The potential advantages of the Proposed Shares Buy-Back are as follows:

- (i) Allow the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) Allow the Company more flexibility in fine-tuning its capital structure;
- (iii) The resultant reduction of share capital base is expected to improve the Earnings Per Share and may strengthen the net tangible assets of the remaining shares as well as the probability of declaring a higher quantum of dividend in the future;
- (iv) To stabilise a downward trend of the market price of the Company's shares;
- (v) Treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board of Directors is confident of CIMB's future prospects and performance in the long term; and
- (vi) If the treasury shares are distributed as dividend by the Company, it may then serve to reward the Shareholders of the Company.

4.2 Disadvantages

The potential disadvantages of the Proposed Shares Buy-Back are as follows:

- (i) The purchases can only be made out of distributable reserves resulting in a reduction of the amount available for distribution as dividends and bonus issues to Shareholders; and
- (ii) The purchases of existing shares involve cash outflow from the Company which may otherwise be retained and used for the businesses of the Company.

Nevertheless, the Board of Directors will be mindful of the interests of the Company and its Shareholders in exercising the authority to purchase its own shares.

5. Effects of The Proposed Shares Buy-Back

Assuming that the Company buys back up to 922,554,253 CIMB Shares representing 10% of its issued and paid-up share capital as at 28 February 2018 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Shares Buy-Back on the share capital, net tangible assets, working capital, earnings and substantial Shareholders' and Directors' shareholdings are as set out below:

5.1 Share Capital

In the event that all CIMB Shares purchased are cancelled, the Proposed Shares Buy-Back will result in the issued and paid-up share capital of CIMB as at 28 February 2018 to be reduced from RM9,225,542,534 comprising 9,225,542,534 CIMB Shares to RM8,302,988,281 comprising 8,302,988,281 CIMB Shares. However, it is not expected to have any effect on the issued and paid-up share capital if all CIMB Shares purchased are to be retained as treasury shares.

Statement Accompanying Notice of Annual General Meeting

The effects of the Proposed Shares Buy-Back on the issued and paid up share capital of CIMB are illustrated below:

	As Per Audited Financial Statement as at 31 December 2016	As at 28 February 2017	After Share Purchase and Cancellation
Issued and paid-up share capital (RM)	9,225,542,534	9,225,542,534	8,302,988,281*1

Note:

*1 Assuming up to 10% of the issued and paid-up share capital of CIMB or 922,552,253 CIMB Shares are purchased and cancelled.

5.2 Net Asset and Working Capital

The effects of the Proposed Shares Buy-Back on the net assets per share of CIMB are dependent on the purchase prices of CIMB Shares and the effective funding cost or loss in interest income to CIMB.

If all CIMB Shares purchased are to be cancelled or retained as treasury shares, the Proposed Shares Buy-Back will reduce the net assets per share when the purchase price exceeds the net assets per share at the relevant point in time. On the contrary, the net assets per share will be increased when the purchase price is less than the net assets per share at the relevant point in time.

The Proposed Shares Buy-Back will reduce the working capital of CIMB, the quantum of which will depend on the amount of financial resources to be utilised for the purchase of CIMB Shares.

5.3 Earnings Per Share

The effects of the Proposed Shares Buy-Back on the Earnings Per Share of CIMB are dependent on the purchase prices of CIMB Shares and the effective funding cost or loss in interest income to CIMB.

5.4 Substantial Shareholders' and Directors' Shareholdings

The effects of the Proposed Shares Buy-Back on the Substantial Shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 28 February 2018 are as follow:

Substantial Shareholders	No. of CIMB Shares Held							
	Before the Proposed Shares Buy-Back*1				After the Proposed Shares Buy-Back*2			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Khazanah Nasional Berhad	2,516,048,459	27.27	–	–	2,516,048,459	30.30	–	–
Employees Provident Fund Board	1,149,139,905*3	12.46	–	–	1,149,139,905	13.84	–	–
Kumpulan Wang Persaraan (Diperbadankan)	566,417,099	6.14	–	–	566,417,099	6.82	–	–

Notes:

*1 Adjusted for the number of treasury shares held as at 28 February 2018.

*2 Assuming that 10% of the issued and paid-up capital is purchased and retained as treasury shares.

*3 Includes shares held through nominees.

Directors	Before the Proposed Shares Buy-Back*1		After the Proposed Shares Buy-Back*2	
	No. of CIMB Shares Held	%	No. of CIMB Shares Held	%
Dato' Sri Nazir Razak	43,625,712	0.47	43,625,712	0.47
Teoh Su Yin*5	119,332*5	–*3	119,332*5	–*3
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	766,632	–*3	766,632	–*3
Dato' Lee Kok Kwan*4	1,298,560*4	–*3	1,298,560*4	–*3

Notes:

*1 Adjusted for the number of treasury shares held as at 28 February 2017.

*2 Assuming 10% of the issued and paid-up capital is purchased and retained as treasury shares.

*3 Less than 0.1%.

*4 Includes the shareholdings of his spouse.

*5 Shares held by her spouse.

Save as disclosed above, none of the Directors, substantial Shareholders, and persons connected to the Directors and/or substantial Shareholders held any CIMB Shares.

Statement Accompanying Notice of Annual General Meeting

6. Approval Required

The Proposed Shares Buy-Back is conditional upon the approval of the Shareholders of CIMB at the forthcoming 61st Annual General Meeting.

7. Share Prices

The monthly highest and lowest prices per share of CIMB Shares traded on Bursa Securities for the last twelve (12) months from March 2017 to February 2018 are as follows:

	High (RM)	Low (RM)
2017		
March	5.65	5.09
April	5.75	5.38
May	6.40	5.74
June	6.76	6.50
July	6.64	6.28
August	7.08	6.51
September	7.08	6.27
October	6.42	6.05
November	6.25	5.92
December	6.55	5.95

	High (RM)	Low (RM)
2018		
January	7.25	6.50
February	7.29	6.86

Note: Based on the actual share price

8. Purchases, Resale and Cancellation of Treasury Shares Made During the Financial Year Ended 31 December 2017

During the financial year ended 31 December 2017, the Company did not buy back any of its issued share capital from the open market.

9. Directors' and Substantial Shareholders' Interests

None of the Directors, substantial Shareholders and/or persons connected to the Directors or substantial Shareholders of the Company have any interest, direct or indirect in the Proposed Shares Buy-Back or the re-sale of treasury Shares.

10. Malaysian Code on Take-Overs and Mergers 2010 (Code)

The Proposed Shares Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial Shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 9 of the Code.

11. Statement by Bursa Securities

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

12. Directors' Recommendation

After having considered all aspects of the Proposed Shares Buy-Back, your Board is of the opinion that the Proposed Shares Buy-Back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Shares Buy-Back to be tabled at the forthcoming 61st Annual General Meeting.

ADMINISTRATIVE DETAILS FOR THE 61ST ANNUAL GENERAL MEETING (AGM)

Day & Date: Thursday, 26 April 2018

Time: 9.00 a.m.

Venue: Grand Ballroom, Level 3A, Connexion @ Nexus,
No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia

PARKING

Kindly park your vehicle at Connexion @ Nexus car park where parking charges will be paid by CIMB. Please validate/exchange the parking card at the booth situated in the Ballroom foyer.

REGISTRATION

- Registration will start at 6.30 a.m. at Nexus 1, Level 3. There will be signages to direct you to the registration area.
- During registration, please produce your original Identity Card (IC) for verification. Please make sure your I/C is returned to you thereafter.
- Upon verification, you will be given an identification wristband and you will only be allowed to enter the meeting hall if you are wearing the identification wristband. There will be no replacement of the wristband in the event you lose or misplace it.
- If you are attending the AGM as shareholder as well as proxy, you will be registered only once and will be given only one identification wristband which will indicate "Shareholders & Proxy" to enter the meeting hall.
- Please note that you are not allowed to register on behalf of another shareholder/proxy, even with the production of the original I/C of that other shareholder/proxy.
- After registering, please proceed to the Spectrum Room to redeem your meal coupon. Light refreshments (Coffee/Tea) will also be available from 6.30 a.m. to 11.30 a.m.
- The registration counters will only handle verification of shareholdings and registration. You may proceed to the Help Desk for any other clarification or enquiry. Please refer to the signages.

CORPORATE REPRESENTATIVES

Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the AGM or to the registration staff on the AGM day for the Company's records.

HELP DESK

Please proceed to the Help Desk located within the registration area if you need any assistance.

MEAL

- Each present shareholder/proxy will be given one (1) coupon only upon registration, to be exchanged for a packaged meal. This is irrespective of the number of shareholders he/she represents (e.g. in the event a proxy represents two (2) or more shareholders, he/she shall be entitled to one (1) packaged meal only).
- There will be no replacement of coupons in the event that you lose/misplace it.
- If the proxy/proxies has/have obtained the packaged meal earlier, that shareholder registering subsequently on the same account will not be given any coupon for redemption.
- There will be limited number of tables and chairs located at the garden area should you wish to have your meal there.

SEATING ARRANGEMENT FOR THE AGM

- Free seating. All shareholders/proxies will be allowed to enter the Grand Ballroom from 8.30 a.m. onwards.
- All shareholders/proxies are encouraged to be seated at least ten (10) minutes before the commencement of the AGM.

MOBILE DEVICES

Please ensure that all mobile devices i.e. phones/ other sound emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings. Any recording of the AGM proceedings, either vocal or audiovisual, is strictly prohibited.

NO SMOKING POLICY

A no smoking policy is maintained inside the Connexion @ Nexus building. Your co-operation is much appreciated.

WI-FI

Free Wi-Fi is available at Connexion @ Nexus for the convenience of shareholders/proxies.

FIRST AID

Please refer to the Help Desk/First Aiders should any assistance be required.

PERSONAL BELONGINGS

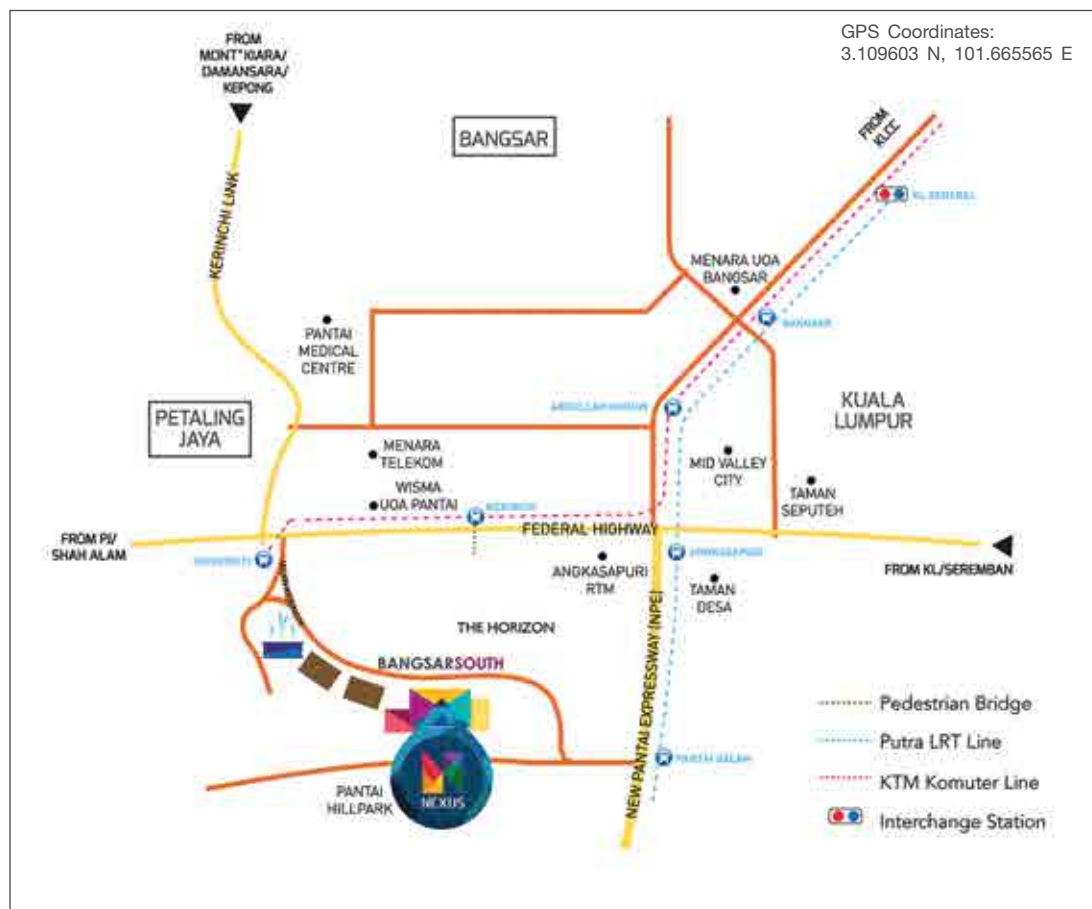
Please take care of your personal belongings. CIMB will not be held responsible for any missing item.

VOTING PROCEDURE

- The voting at the AGM will be conducted via e-polling. Symphony Share Registrars Sdn. Bhd. has been appointed as Poll Administrator to conduct the polling process. An Independent Scrutineers will verify the results of the poll.
- Please follow the instructions given during the AGM for the e-polling process.

Administrative Details for the 61st Annual General Meeting (AGM)

LOCATION MAP TO CONNEXION @ NEXUS



ANNUAL REPORT 2017

Shareholders have the right to request for hard copies of the Annual Report 2017 by submitting the Request Form attached in the Abridged version of the Annual Report 2017.

The Annual Report 2017 is also available on our website at www.cimb.com and also at www.bursamalaysia.com under Company Announcements of CIMB Group Holdings Berhad.

PROXY FORM

The duly completed proxy form must be deposited at the Registrar’s office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than twenty-four (24 hours) before the time appointed for holding the meeting which is no later than 9.00 a.m. (Wednesday), 25 April 2018.

ENQUIRY

If you have general administrative queries on the AGM, please contact the following during office hours:-

Symphony Share Registrars:

Mohamed Sophiee Ahmad Nawawi

Telephone:
General +603-7841 8000/7849 0777

Fax:
General +603-7841 8151/8152

Email:
ask_us@symphony.com.my

Website:
Submit your enquiry via
<http://www.symphony.com.my/contact-us/>




CIMB

Datin Rossaya Mohd Nashir

Group Company Secretary

Azrina Mohd Azmi
Farah Atikah Hasnan

Telephone: +603-2261 0085
Fax: +603-2261 0099
Email: cimbaggm@cimb.com

 by Train	 by Bus	 by Car
<p>Take the Light Rail Transit (LRT) to Kerinchi LRT Station/ Universiti LRT station. Nexus is within 15 – 20 minutes walking distance from both the train stations.</p> <p>From Kerinchi LRT station, walk along the covered pedestrian bridge and central park (or covered walkway at B1) at Bangsar South towards Nexus. There is also a covered pedestrian bridge to cross Jalan Kerinchi to Nexus.</p> <p>Alternatively, shareholders can utilise the complimentary shuttle service provided by Connexion @ Nexus from Universiti LRT station or The Horizon Phase 2 pick-up point (if you are coming from Kerinchi LRT station).</p>	<p>Take the RapidKL bus T631 from Mid Valley Megamall to Universiti LRT Station or The Village, Bangsar South.</p> <p>Then, hop on Connexion Nexus’ complimentary shuttle service where you will be dropped off at the doorstep of Nexus and The Vertical.</p> <p>It is available on weekdays from 8.00 a.m. to 8.00 p.m. (Mondays – Fridays).</p> <p>Visit http://www.connexioncec.com/location/ for more information on the shuttle service.</p>	<p>Strategically located between Kuala Lumpur, Petaling Jaya, and Bangsar, Connexion Conference & Event Centre is accessible via Federal Highway, New Pantai Expressway (NPE), SPRINT Highway, and Damansara-Puchong Expressway (LDP).</p>

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PROXY FORM



CIMB Group Holdings Berhad (50841-W)
(Incorporated in Malaysia)

CDS Account No. _____

I/We _____ (name of shareholder as per NRIC/ID, in capital letters)

NRIC No./ID No./Company No. _____ (new) _____ (old)

of _____

_____ (full address)

being a member of CIMB Group Holdings Berhad ("CIMB" or "the Company"), hereby appoint _____

_____ (name of proxy as per NRIC/ID, in capital letters)

NRIC No./ID No. _____ (new) _____ (old)

or failing whom, _____ (name of proxy as per NRIC/ID, in capital letters)

NRIC No./ID No. _____ (new) _____ (old)

or failing whom, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 61st Annual General Meeting (AGM) of the Company to be held at the Grand Ballroom, Level 3A, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Thursday, 26 April 2018 at 9.00 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

RESOLUTIONS		FOR*	AGAINST*
1. Receipt of Audited Financial Statements and Reports			
2. Re-election of Directors pursuant to Article 76 of the Company's Articles of Association: 2.1 Dato' Sri Nazir Razak 2.2 Glenn Muhammad Surya Yusuf 2.3 Watanan Petersik	Resolution 1 Resolution 2 Resolution 3		
3. Re-election of Directors pursuant to Article 83 of the Company's Articles of Association: 3.1 Ahmad Zulqarnain Che On	Resolution 4		
4. Approval of Payment of Non-Executive Directors' Remuneration with effect from the 61st AGM until the next AGM of the Company	Resolution 5		
5. Re-appointment of Auditors	Resolution 6		
6. Proposed Renewal of the Authority for Directors to Allot and Issue Shares	Resolution 7		
7. Proposed Renewal of the Authority for Directors to Allot and Issue Shares in relation to the Dividend Reinvestment Scheme	Resolution 8		
8. Proposed Renewal of the Authority to Purchase Own Shares	Resolution 9		
9. Proposed Adoption of the New Constitution of the Company	Resolution 10		

As Witness my hand this _____ day of _____

No. of Shares

Held:

Signature of Member(s)

* Please indicate with an "X" how you wish your vote to be cast. (Unless otherwise instructed, the proxy may vote as he thinks fit)

Notes:

- Section 334 of the Companies Act, 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may, but need not, be a Member of the Company. A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. A member shall be entitled to appoint only one (1) proxy unless he/she has more than 1,000 shares in which case he/she may appoint up to five (5) proxies provided each proxy appointed shall represent at least 1,000 shares.
- This instrument duly completed must be deposited at the Registrar's office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time appointed for holding the meeting which is not later than 9.00 a.m. (Wednesday, 25 April 2018).
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
- For the purpose of determining a member who shall be entitled to attend the 61st Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 54(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 20 April 2018. Only a depositor whose name appears on the Record of Depositors as at 20 April 2018 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

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AFFIX STAMP

The Share Registrars
SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

fold here

www.cimb.com

CIMB Group Holdings Berhad (50841-W)

Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia