

# ASEAN CATALYST



ANNUAL REPORT 2018



## RECORD PROFITS

Grew stronger in terms of performance, value propositions and competitiveness.

PG 29



## FIRMER FOOTING

Well-positioned to embark on our next mid-term growth strategy plan.

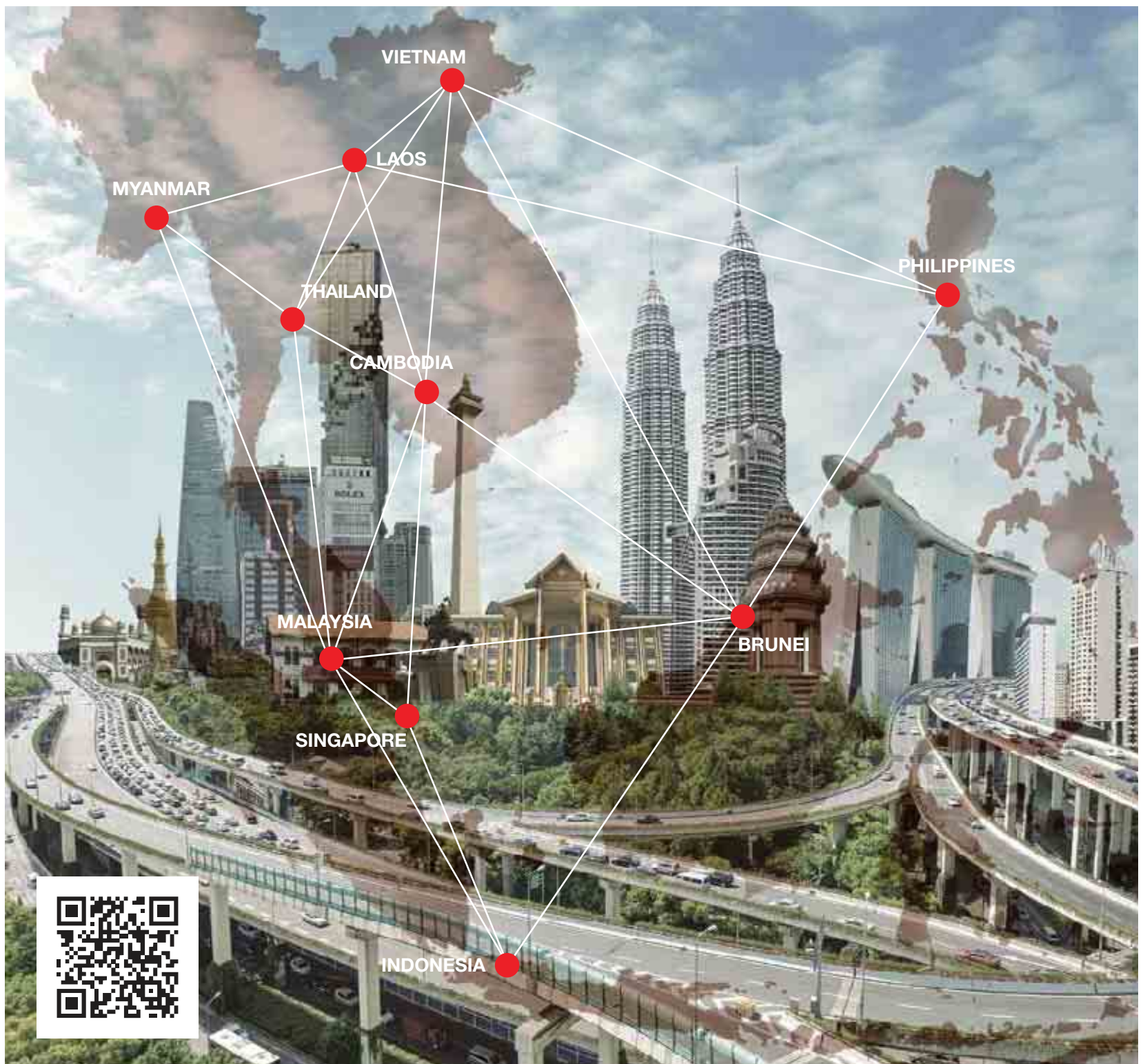
PG 11




## DIGITAL TRANSFORMATION

Wider spectrum of solutions to improve employee and customer experience.

PG 45





**The cover depicts our operating footprint across ASEAN and reinforces our commitment to connect our customers, our people and partners to seamless financial solutions, new markets, and opportunities for growth.**

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

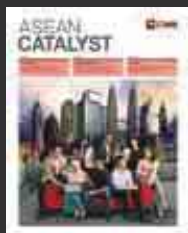
**[www.cimb.com](http://www.cimb.com)**



# 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 areas of our business operations and performance.



AR/15



AR/16



AR/17



AR/18

### 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.



FS/15



FS/16



FS/17



FS/18

### 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.



CR/15



CR/16



CR/17



SR/18

### SUSTAINABILITY REPORT

Our Sustainability 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**

**“As a leading financial services provider, with presence in all the 10 ASEAN markets, one of the key determinants of our continuing success is our accountability and commitment towards our multiple stakeholders. At CIMB Group, our emphasis is on forging partnerships of trust and strengthening our relationships by creating and delivering value. Our Annual Report is a credible medium to not just disseminate information critical to our business and growth, but to communicate with our stakeholders with integrity and transparency. It is our sincere effort to present the growth story of CIMB Group and its people.”**

**REPORTING SCOPE AND BOUNDARIES**

This Annual Report covers our financial and non-financial performance during the period 1 January 2018 to 31 December 2018.

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 2018 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**

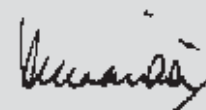
All our Annual Reports present a balanced and accessible assessment of our strategy, performance, governance and prospects.

The various issues and developments included in the 2018 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 2018.

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



**Datuk Mohd Nasir Ahmad**  
Chairman



**Tengku Zafrul Aziz**  
Group Chief Executive Officer/  
Executive Director

# 2018 contents

ANNUAL REPORT

## ANNUAL GENERAL MEETING



ANNUAL  
GENERAL  
MEETING



**62<sup>nd</sup>** Annual General Meeting of  
CIMB Group Holdings Berhad



WHERE



Grand Ballroom  
First Floor  
Sime Darby Convention Centre  
1A Jalan Bukit Kiara 1  
60000 Kuala Lumpur  
Malaysia



WHEN



Monday,  
**22 April** 2019



TIME



10.00 a.m.



WEBSITE



View our Annual Report, Accounts and other information  
about CIMB Group Holdings Berhad at  
**W W W . c i m b . c o m**

- 2 About Our Report
- 6 Message from the Chairman

## OVERVIEW OF CIMB GROUP

- 14 CIMB Overview
- 15 CIMB Profile & Presence
- 16 Key Highlights of 2018
  - 16 Business Highlights
  - 17 Financial Highlights
- 18 Corporate Milestones and Our Rich Heritage
- 20 A Fond Farewell

## MANAGEMENT DISCUSSION AND ANALYSIS

### STRATEGIC REVIEW

- 26 Group Chief Executive Officer's Overview
- 36 Economic and Banking Review & Outlook
- 38 Our T18 Journey
- 42 The Group's Strategy – Forward23
- 45 CIMB Fintech
- 46 Material Matters Impacting Our Strategy
- 47 Key Risks and Mitigation

### PERFORMANCE REVIEW

- 50 Group Financial Review by Group Chief Financial Officer
- 54 Five-Year Group Financial Summary
- 55 Five-Year Group Financial Highlights
- 56 Simplified Group Statements of Financial Position
- 57 Quarterly Financial Performance
- 58 Key Interest Bearing Assets and Liabilities
- 59 Value Added Statement
- 60 Capital Management
- 61 Credit Ratings
- 63 Balance Sheet Management
- 64 Investor Relations
- 69 Financial Calendar

## BUSINESS REVIEW

- 72 Group Consumer Banking
- 74 Group Commercial Banking
- 76 Group Wholesale Banking
- 78 Group Transaction Banking
- 80 Group Asset Management & Investments
- 82 Group Islamic Banking

## STRUCTURE & LEADERSHIP

- 86 Board of Directors
- 88 Board of Directors' Profiles
- 92 Group Company Secretary's Profile
- 93 Corporate Structure
- 94 Boards of Major Subsidiaries
- 96 Group Shariah Committee
- 97 Group Shariah Committee Profiles
- 98 Group Executive Committee
- 100 Group Executive Committee Profiles
- 103 International Advisory Panel (IAP)
- 104 Human Capital Growth
- 108 CIMB Group Organisation Structure

## CORPORATE GOVERNANCE

- 110 Chairman's Statement on Corporate Governance
- 111 Corporate Governance Overview Statement
- 126 Additional Disclosures
- 127 Statement on Risk Management and Internal Control
- 135 Risk Management
- 142 Audit Committee Report
- 146 Shariah Committee Report

## SUSTAINABILITY STATEMENT

- 152 Sustainability Statement

## HIGHLIGHTS AND ACHIEVEMENTS

- 174 Regional Notable Deals
- 178 Notable Achievements
- 179 Corporate Event Highlights
- 182 Media Highlights

## STAKEHOLDER INFORMATION

- 184 Shareholders' Statistics
- 187 Internal Policies, Procedures and Guidelines
- 191 Top 10 Properties of CIMB Group
- 192 Corporate Information
- 194 Group Corporate Directory 2018

## AGM INFORMATION


- 196 Notice of Annual General Meeting
- 200 Statement Accompanying Notice of Annual General Meeting
- 205 Administrative Details for the 62nd Annual General Meeting (AGM)

- [Proxy Form](#)

# Message from the Chairman

**“2018 marked a decade into the collapse of the Lehman Brothers and the Global Financial Crisis. The banking sector continued to demonstrate resilience, with emphasis on foundational aspects such as transparency, risk governance, trust and integrity. With digitalisation, the emergence of Industry 4.0, and sustainability, the traditional role as well as the business model of banks seemed to require a paradigm shift – from serving short and mid-term business and stakeholder interests to generating long-term economic, environmental and social equity or value. During the year, CIMB successfully completed the last mid-term T18 strategy, leaving the Group stronger and well-equipped to future-proof its people and business.”**





**Datuk Mohd Nasir Ahmad**  
Chairman



## Dear Stakeholders,

It is an honour and a privilege to deliver my first statement as Chairman of CIMB. I am fortunate to have inherited an engine of growth, which has already built a strong foundation to emerge as a leading ASEAN bank. The year 2018 was the grand finale year for the last mid-term “Target 2018 (T18)” project, which was introduced in 2015. While I am the bearer of the good news, I take pride in the former leadership as well as the Group’s efforts in delivering positive results. Even more exciting is the fact that right in my first year in 2019, I am part of a new direction, the new mid-term strategic roadmap Forward23 which will accelerate growth and future-proof the organisation towards becoming “A Better CIMB”, supported by #teamCIMB. Before I share the key highlights from 2018 and what’s coming in 2019, allow me to briefly share about our operating landscape.

## Message from the Chairman

The operating environment for banking is becoming increasingly more complex due to the interplay between global socio-political changes, demand shifts, regulation, governance, human capital, technology, and our stakeholders' expectations as well as their trust in financial and monetary systems.

2018 saw intensified dialogue on preservation of trade and economic links after Brexit. The ASEAN integration under Singapore's chairmanship demonstrated preparedness to meet the emerging challenges and potential for new growth. In Malaysia, the new government launched 'Industry4WRD', a progressive policy focusing on SMEs in the manufacturing sector, equipping them skills, resources, and the right orientation to business and growth as IR4.0 takes shape. Similarly, the Indonesian government also launched a roadmap called, 'Making Indonesia 4.0' – a transformational journey that is expected to create new jobs, boost exports and help the country emerge as one of the biggest global economies by 2030. China's Belt-and-Road Initiative (BRI), which aims to catalyse infrastructure development in more than 78 countries, was part of bilateral talks throughout the year, especially on BRI's potential to facilitate cross-border trade, movement of capital, talent mobility, economic connectivity and value for local and international players.

These global and regional developments have had an impact on the overall socio-economic, political and financial landscape. In the Banking sector, the implementation of Basel IV and MiFID II provided an opportunity for banks to re-examine their risk appetite, improve governance and controls, enhance capital, improve liquidity and restructure financial models.

Meanwhile, digitalisation and rapid technological advancements contributed to the emergence of fintechs, which are deploying frontier solutions such as Blockchain as an alternative platform to enable financial



➤ (Second from the right) Datuk Mohd Nasir Ahmad with the outgoing Chairman, Dato' Sri Nazir Razak and Group CEO, Tengku Dato' Sri Zafrul Aziz at the Group Consumer Banking Gala Dinner.



➤ CIMB Leaders sharing light moments at the Farewell Dinner of Dato' Sri Nazir Razak.



➤ First day in CIMB Office as Chairman.

transactions through automation, disintermediation, real-time visibility, and security. During the year, we saw launches of many business applications in the industry, with data-enabled artificial intelligence (AI) and machine learning, creating a whole new customer experience. The future of banking, with technology, will be without boundaries. AI, Internet of Things (IoT), and Cloud will help financial institutions to manage their data better in a secure, fair, and meaningful manner. Technology will also help banks reconcile fraudulent transactions or protect them from financial crimes and help them manage the inherent risks of the business more efficiently and effectively.

According to Boston Consulting Group (BCG), through bionic transformation, where banks fuse digital functionality and human interactions, retail banks can generate a 30% increase in net profit by 2020. The solutions that follow will help banks reshape distribution network, personalise value and redesign customer journeys whilst reducing network and operating costs. These, in the long-run, could mean new market dynamics and competitive advantages for the banking sector.

CIMB, despite all the extraneous factors, remained true to its T18 strategies and delivered positive performance with focus and resilience.

2018 THE GRAND FINALÉ YEAR

The unprecedented change in government, even with a hint of optimism, came with many uncertainties around the impending policy corrections, new regulations and sector-specific reforms. At organisational level, we saw a similar change in our top leadership as well as our disposition towards post-T18 growth plan. The year 2018 was the grand finale year for implementation of our mid-term strategic roadmap, dubbed as T18. We started our journey in 2015, with focus on four key pillars: strategic initiatives, structure and governance, differentiation and optimisation, and footprint and expansion. The underlying force for consistent and commendable progress year-on-year has been our Regional Operating Model (ROM), which also created opportunities to diversify our risk, forge cross-border partnerships, and tap regional opportunities or synergies for growth.

The T18 goals and targets were hinged on 5 key levers – business acceleration, cost and productivity, resiliency and future proofing, structure and governance, and culture. Overall, we delivered excellent performance in capital and RWA optimisation, with RM50.3 billion in cumulative RWA savings as at September 2018. In addition, we also delivered excellence in streamlining our equities business, improving branch productivity in our two biggest markets (Malaysia and Indonesia) and implementation of Islamic 2.0.

The ASEAN footprint expansion was one of our main goals for T18 and we achieved this with the commencement of our CIMB Philippines digital retail banking business in early December 2018. This represents the tenth and last geographical milestone in CIMB’s ASEAN presence. We ended the year on a high note, with 61% income contribution from consumer and commercial, and ROE at 11.4%. During the T18 period, CIMB also:

- Achieved transformational growth and operational improvements;
- Outperformed most regional peers over 5 years;
- Maintained cost discipline and improved asset quality; and
- Sustained focus on prudent asset growth, cost and asset quality management.

For the benefit of our stakeholders, I would like to share some highlights from the T18 period:



Customer Experience:

At CIMB Group, we leverage our ROM to consistently deliver CX, which is a key material topic as well as our differentiator across geographies. Our continuing efforts are towards improving CX by strengthening our relationships with technology-savvy and globally connected customers. In 2018, the strategic roll-out of bank-wide CX metric, i.e. Net Promoter Score or NPS garnered the Top 3 Retail Bank position in Malaysia and Top 5 Retail Bank position in Indonesia.

In addition, we also focussed our efforts to implement Customer Journey Mapping (CJM), to address the most critical issues and meet the rising expectations of customers. During the year, we implemented 32 CJMs, with an internal cost saving/financial benefit of RM50.3 million. In addition, we achieved 83% of the highly important 16 SLA indicators such as branch-wait time, call-handling time, complaint-resolution time & quality, and the overall time-to-market core products.

As a universal ASEAN bank, we endeavour to provide reliable, convenient and greater access to finance by expanding our footprint, increasing our distribution channels, as well as through innovative digital platforms. During the year, we registered 55.3% increase of digital customers active on CIMB Clicks online banking portal.



At the Group Annual Management Summit in November 2018





➤ Witnessing the launch of CIMB Bank Philippines in January 2019: The first all-digital and mobile bank in the country.



➤ Attending the launch of our digital lounge and OCTO banking app in CIMB Ho Chi Minh City, Vietnam in December 2018.



**Technology:**

In today's rapidly digitalised business landscape, CIMB Group deploys technological solutions and advanced digital enablers such as AI and analytics. During the year, we embarked on 'Project Optimise' to help on-the-move and digitally-savvy customers leverage our alternative channels such as CIMB Clicks for anytime, anywhere convenient access. In Vietnam, CIMB Fintech delivered a Digital Attacker Model, with the newly launched digital banking platform on 17 October 2018 and by end of the year, we secured more than 1,300 new customers. In addition, with the launch of CIMB 1-Minute Auto and Home Financing InstaApproval™ on 31 May 2018, CIMB became the first and only bank to introduce an instant decisioning proposition in Malaysia.

In 2018, we also launched two key initiatives to tap the potential of digital technology and future-proof our organisation as well as the workforce against the 4th Industrial Revolution in the banking sector. We have earmarked RM111 million for the next 3-5 years for upskilling our people and upgrading HR development tools, equipping new digital skill-sets to support the business.

We will continue to be a first-to-adopt, and a first-to-innovate bank in accelerating technology adoption to improve our products and services as well as the overall customer experience.



**People & Culture:**

At the core of all business and performance lies the unswerving commitment of our valuable human resources. At CIMB, we see people as enablers of solutions, as change agents and as partners in growth. We therefore believe in instilling a culture of performance and responsibility towards meeting organisational goals. During the year, we invested RM443,124 ABC Culture Transformation Initiatives region-wide. 'A Better CIMB' culture network is led by, as of December 2018, 144 Business Sponsors (Heads of Department/Division) and 2,337 Informal Leaders (Employees), who exhibit exemplary behaviour that reflect our culture, referred to as the '3 Critical Behaviours' – Go the extra mile to delight customers; Respect each other, engage openly and work together; and Recognise each other's effort and always back each other up.

We also invested time and resources to ensure that our workplace is conducive to performance and inclusive to meet the needs of all employees at different stages of their careers and lives. Workplace Wellness@CIMB is a comprehensive programme that provides flexibility and supportive work environment for our employees to better manage their work-life effectively. I take pride in sharing that we received an acclaimed industry recognition and a Gold win in three key categories – Work-Life Balance; Employee Engagement; and Workplace Culture at the HR Excellence Awards 2018.

CIMB has also been listed in the Top 100 of the Thomson Reuters' Diversity and Inclusion (D & I) Index 2018 amongst leading global companies. In keeping with one of our core values "Thriving on Diversity" and our strategic workforce planning efforts help foster inclusivity and diversity for growth, as at 31 December 2018, 26.3% of the key management positions and 32% of the Board positions were held by women. For the same period, 56.4% of our total workforce comprised of women, with 44.1% of them in key decision-making/managerial roles.



**Sustainability:**

As a leading universal bank and corporate citizen in ASEAN, we aim to integrate environmental, economic, and social (EES) considerations into our risk assessment and demonstrate sustainability leadership by investing resources and influencing our networks to ensure our business activities have a net positive impact on our existing and future stakeholders over the long term.

In 2018, we have integrated Sustainability as one of the strategic pivots into our Forward23 business roadmap. Our aspiration over the next 5 years is to become a visible ‘shaper’ of sustainability practices in the ASEAN community for strategic differentiation and future-proofing of the Group. While Malaysia and Indonesia will lead the way, the rest of our ASEAN champions will continue to contribute to the Group’s overall financial and non-financial performance.

Our commitment in championing sustainability in the region is reinforced by our support to the UNEP FI in framing the Principles for Responsible Banking and our contributions to promote Bank Negara Malaysia’s Value-based Intermediation or VBI principles as a global leader in Islamic Finance.

In 2018, we appointed Independent Director Robert Coombe, who comes with his formidable track record in financial and social sectors, as the Sustainability Sponsor on the Group Board of Directors. His role is to provide guidance to the Board as well as the Management to continuously evolve and strengthen our sustainability strategies and implementation. We also made several amendments and inclusions to the Terms of Reference of the Board and Various Committees, mainly for strengthening Sustainability Operating Model.



**Governance:**

At CIMB, we rely on various feedback loops and governance mechanisms for the Board to continuously review and respond to the emerging challenges, as well as tap new opportunities for growth.

During the year, the Group made significant investments to enhance and reinforce the role of Audit, Risk & Compliance. CIMB also completed the roll-out of the Group Entity Governance Policy to entities across the Group. The main aim of the Policy is to protect shareholder and stakeholder value for all CIMB entities/investments, by strengthening the discipline, governance and processes of each entity in the Group and driving effectiveness of management committees.

In 2018, we reviewed and enhanced the skill sets of our Board members as well as the Senior Management to map their competencies in critical areas, including sustainability, which is one of the key strategic pivots of our next mid-term strategy Forward23.

Overall, I am positive that our commitment to the principles of good governance will continue to position CIMB as an institution of trust amongst our stakeholders.

**WAY FORWARD**

The recalibrated structure from T18 placed us on a stronger footing for the next mid-term strategy, Forward23, which is a two-pronged approach to Accelerating Growth and Future Proofing. It will be about growth and growing our business differently. Our efforts will be towards gaining new competitive advantages in commercial and SME banking, besides improving our position in wholesale and leading in consumer banking.

In all our key markets, we will take a differentiated approach, depending on the maturity of our business in the respective countries as well as the specific needs of each market. For instance, we will capture more than 80% of incremental value from Malaysia and Indonesia over the next 5 years. In markets such as Singapore and Cambodia, which have been growing at ~30% CAGR during the period 2016-2018, we will maintain our current momentum. In Thailand, we will look at high-potential segments such as auto-loan, whereas markets such as Philippines and Vietnam will serve as our future growth pipelines.

**FINAL REMARKS AND RECOGNITIONS**

On behalf of the Board, I take this opportunity to express our greatest appreciation and gratitude to my predecessor Dato’ Sri Mohamed Nazir Tun Abdul Razak. Nazir has earned enormous respect from everyone who worked for him and with him. I am sure shareholders will also acknowledge him as someone who served CIMB with great distinction.

I also place on record our appreciation to Glenn Muhammad Surya Yusuf and Watanan Petersik who have retired as Directors of CIMB Group. Glenn and Watanan will however remain on the Boards of CIMB Niaga and CIMB Thai, respectively.

I would also like to welcome our newly appointed Director, Afzal Abdul Rahim, who was appointed to the Board of Directors of CIMB Group Holdings Berhad on 31 January 2019. He brings with him an extensive experience in IT and technology, and has made significant contributions as a CIMB Bank Board member over the past two years, especially in helping the Bank build its digital platform.

To all my fellow directors on the various boards within the Group, thank you for your support, commitment and cooperation. Last but not the least, on behalf of the Board, I wish to thank the CIMB Management led by Tengku Dato’ Sri Zafrul Aziz, Group CEO and his team for the benefit of their leadership and strategic direction throughout the year. I also thank #teamCIMB, as well as our multiple stakeholders including our business partners, customers, suppliers and regulators for their confidence in us and our commitment to continuously deliver value. I trust 2019, which will be a defining year for the success of Forward23, will see many more milestones and successes for CIMB and its people.

**Datuk Mohd Nasir Ahmad**  
Chairman





## OVERVIEW OF CIMB GROUP

- 14 CIMB Overview
- 15 CIMB Profile & Presence
- 16 Key Highlights of 2018
  - 16 Business Highlights
  - 17 Financial Highlights
- 18 Corporate Milestones and Our Rich Heritage
- 20 A Fond Farewell

**FORWARD**  **BANKING**

# CIMB OVERVIEW

## Our Purpose Statement

### Advancing Customers and Society

We place our customers at the heart of everything we do.

The 4th Industrial Revolution is upon us and as we strive to be the disruptor and not the disrupted, we will not limit ourselves to the boundaries of banking as we know it today.

We advocate sustainable practices, both for ourselves as an organisation and our customers as we progress forward.

### 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 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

**RM534.1** billion



#### MARKET CAPITALISATION

**RM54.6** billion



#### NET PROFIT

**RM5.6** billion



### CIMB SHARE INFORMATION

#### Company Name



**CIMB GROUP HOLDINGS BERHAD**

#### Stock Name



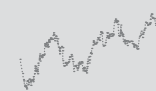
**CIMB**

#### Stock Code



**1023**  
(Bursa Malaysia)

#### Ticker Code



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

#### Financial Year End



**31 DECEMBER**

#### Share Registrar

**BOARDROOM SHARE REGISTRARS SDN. BHD. (378993-D)**  
(formerly known as Symphony Share Registrars Sdn Bhd)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

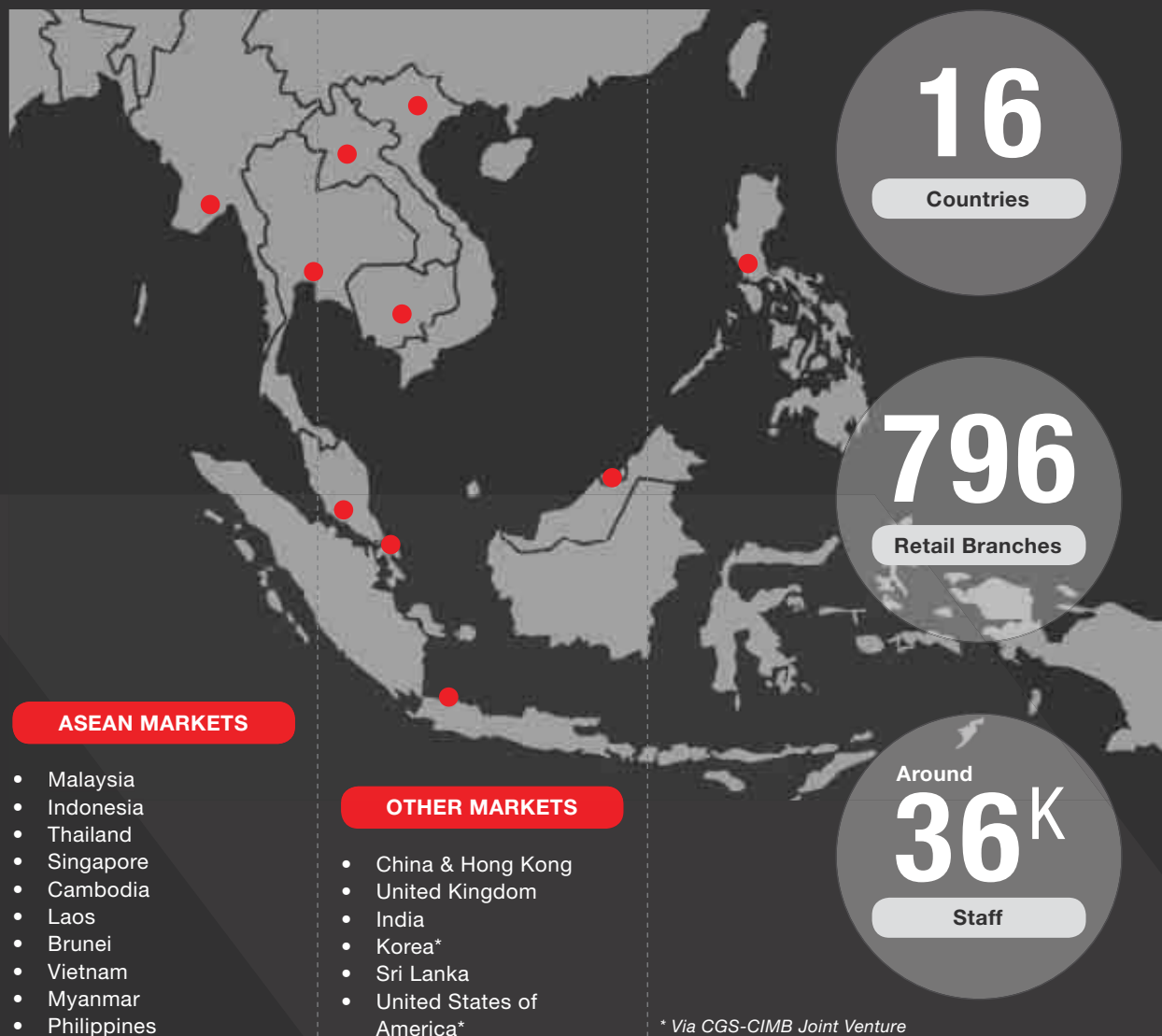


# CIMB PROFILE & PRESENCE

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 2018, had around 36,000 staff and around 14 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM54.6 billion as at 31 December 2018. Total assets at the end of 2018 were RM534.1 billion, with total shareholders' funds of RM51.4 billion and total Islamic assets of RM121.1 billion. At the end of 2018, the substantial shareholders were Khazanah Nasional Berhad with 26.80%, Employees Provident Fund with 14.16% and Kumpulan Wang Persaraan (Diperbadankan) with 6.84%.



CIMB BANK	CIMB NIAGA	CIMB INVESTMENT BANK	CIMB THAI BANK	CIMB ISLAMIC	CIMB BANK PLC	CIMB VIETNAM
CIMB Bank is the Group's commercial bank in Malaysia with 259 branches across the country. It has subsidiaries in Thailand, Cambodia and Vietnam, as well as branches in Singapore, Philippines, London, Hong Kong, Shanghai and Laos and representative offices in Yangon and Mumbai.	CIMB Niaga is the Group's banking franchise in Indonesia with 430 branches across the archipelago. It has been listed on the Indonesia Stock Exchange since 1989 and is the sixth largest bank in Indonesia by assets at the end of 2018.	CIMB is the Group's investment banking franchise which operates in 16 countries across Asia Pacific. CGS-CIMB Securities, a joint-venture with China Galaxy International, is the stockbroking arm for the Group providing institutional and retail equity broking services and equities research.	CIMB Thai is the Group's banking franchise in Thailand. It has been listed on the Stock Exchange of Thailand and is the 8th largest commercial bank in Thailand by assets, with 85 branches nationwide and 1 overseas branch in Vientiane, Laos.	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 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 (Vietnam) Limited is the Group's banking franchise in Vietnam. Headquartered in Hanoi and with a branch in Ho Chin Minh City, it offers a wide range of banking products and services for individuals, businesses and corporates.

# KEY HIGHLIGHTS OF 2018

## T18 Strategy

Completed our ASEAN presence and grew stronger in our position, in terms of our performance, value propositions and competitiveness. In the grand finalé year of the 4-year T18 mid-term plan, we saw notable improvements in cost, capital, customer experience, footprint expansion, digital and culture.

Refer to Group CEO's Overview page 28.

## Innovation and Digitalisation

Continued our efforts in key focus areas, including blockchain; data and artificial intelligence; customer journey; natural language processing and deep learning experiments; chat bot; and UIUX (User Interface and User Experience) research etc. In 2018, we piloted an AI-powered, HR ChatBot service, which will help us explore the wider spectrum of solutions to improve employees' and customers' experience.

Refer to CIMB Fintech page 45.

## Sustainability Leadership

Institutionalised the Sustainability Operating Model and strategised a 5-year Sustainability Roadmap. In 2018, in addition to introducing the Group Sustainability and Sustainable Financing Policies, we became the first and only ASEAN banking group to commit to United National Environment Programme Finance Initiative Principles for Responsible Banking.

Refer to Sustainability Statement page 152.

# Business Highlights

## People Development

Focussed efforts to regionalise HR practices, drive structural changes, improve workforce motivation, and create enabling platforms, programmes and processes. In keeping with T18 objectives, we reported high-impact in three key areas, namely workforce productivity, organisational culture, and performance management.

Refer to Human Capital Growth page 104.

## Customer Experience

Established CX as a key differentiator, we saw completion of 42 Lean Six Sigma projects that have collectively enhanced 35 key customer journeys across different markets, with RM68.4 million in cost saving and revenue uplift since 2016. We also won 8 customer experience awards for our commitment and continuous excellence.

Refer to Group CEO's Overview page 28.

## Strategic Partnerships

Devised the next mid-term strategy Forward23, which will reshape the way we organise ourselves and how we do business. Our differentiated market postures and the five strategic pivots – Customer Centricity, Technology & Data, Our People, Ventures & Partnerships, and Sustainability – will propel us towards the desired changes and growth.

Refer to The Group's Strategy page 44.

# Financial Highlights

## Operating Income

RM **17** billion



## Total Assets

RM **534** billion



## Gross Loans

RM **346** billion



## Net Profit

RM **5.6** billion



## ROE

**11.4%**



## Deposits From Customers<sup>^</sup>

RM **380** billion



## Total Capital Ratio (CIMB BANK)

**18.4%**



## Gross Dividend Per Share

**25** sen



<sup>^</sup> Include investment accounts of customers and structured investments classified as financial liabilities designated at fair value through profit or loss and other liabilities

# CORPORATE MILESTONES AND OUR RICH HERITAGE

**1974**

Pertanian Baring Sanwa Multinational Bank (PBSM) established in Kuala Lumpur and launched by Prime Minister Tun Abdul Razak Hussein.



**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.

**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.



**2003**

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



**1987**

Bank of Commerce successfully lists on Bursa Malaysia.



**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.

**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.



## 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.



## 2018

CIMB received approvals from the Bangko Sentral Ng Pilipinas (BSP) to establish and operate its banking business in the Philippines. With these approvals, CIMB Bank Philippines Inc, launched its digital retail banking business in December 2018 establishing CIMB's presence in all 10 ASEAN countries.

## 2010

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

## 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.

## 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.



## 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.

## 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.

## 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.





# A Fond Farewell...

The legacy of Dato' Sri Nazir will continue to be reaffirmed in all of CIMB's future achievements and successes.

Dato' Sri has been a visionary leader, a pillar of strength, a great mentor and a true friend to many CIMBians. His commitment during his 29-year service was not only unwavering, but also inspiring to many, both within and outside CIMB. Under his strong leadership as Group CEO, CIMB developed from a home-grown Malaysian brand into a leading ASEAN universal bank within less than a decade. As Group Chairman, his strong support on the execution of T18 has strengthened the Group's foundations, setting it firmly on its next journey of transformational growth under Forward23. That CIMB is a financially and organisationally robust banking group today, with presence in all 10 ASEAN countries, is a testament to Dato' Sri's vision to entrench the Group within the ASEAN banking space. Many members of the Board, Senior Management, and #teamCIMB continue to remain inspired by his business acumen, professionalism and dedication in shaping CIMB into what it is today: a firm that is focussed on creating sustainable value for all our stakeholders.









## MANAGEMENT DISCUSSION AND ANALYSIS

### STRATEGIC REVIEW

- 26 Group Chief Executive Officer's Overview
- 36 Economic and Banking Review & Outlook
- 38 Our T18 Journey
- 42 The Group's Strategy – Forward23
- 45 CIMB Fintech
- 46 Material Matters Impacting Our Strategy
- 47 Key Risks and Mitigation

### PERFORMANCE REVIEW

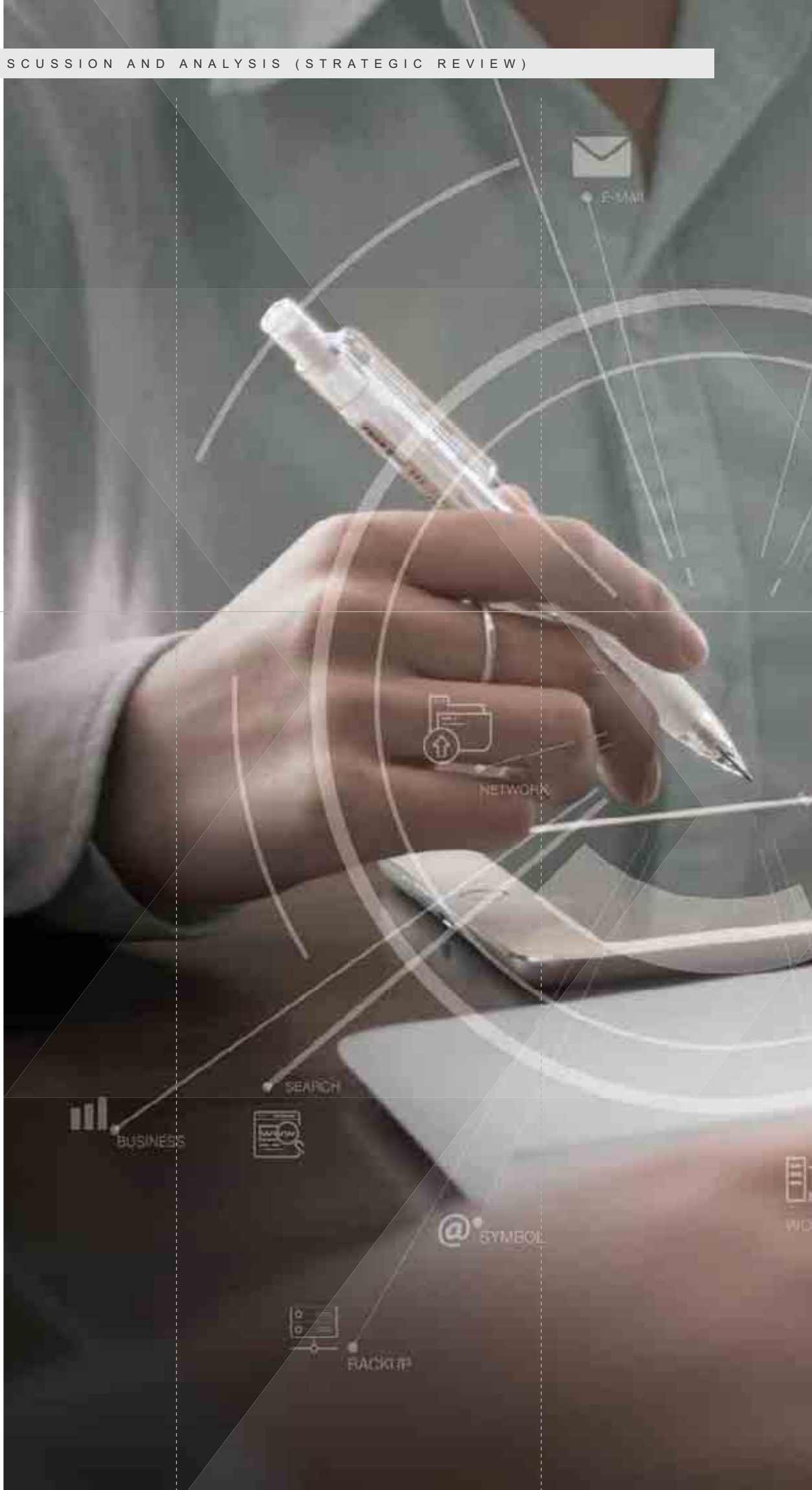
- 50 Group Financial Review by Group Chief Financial Officer
- 54 Five-Year Group Financial Summary
- 55 Five-Year Group Financial Highlights
- 56 Simplified Group Statements of Financial Position
- 57 Quarterly Financial Performance
- 58 Key Interest Bearing Assets and Liabilities
- 59 Value Added Statement
- 60 Capital Management
- 61 Credit Ratings
- 63 Balance Sheet Management
- 64 Investor Relations
- 67 Financial Calendar

### BUSINESS REVIEW

- 72 Group Consumer Banking
- 74 Group Commercial Banking
- 76 Group Wholesale Banking
- 78 Group Transaction Banking
- 80 Group Asset Management & Investments
- 82 Group Islamic Banking

**FORWARD  TOGETHER**

- 26 Group Chief Executive Officer's Overview
- 36 Economic and Banking Review & Outlook
- 38 Our T18 Journey
- 42 The Group's Strategy – Forward23
- 45 CIMB Fintech
- 46 Material Matters Impacting Our Strategy
- 47 Key Risks and Mitigation



MANAGEMENT  
DISCUSSION AND  
ANALYSIS

# Strategic Review



## THE YEAR IN REVIEW

In 2017, the global economy experienced its strongest growth since the beginning of the decade. In stark contrast, 2018 saw much of those gains lost as markets adjusted to the uncertainties brought about by business disruptions and geopolitical tensions.

As the two largest economies of the world engage in a trade war, other economies become caught in the crossfire of tariffs and counter-tariffs, disrupting global supply chains and growth. ASEAN member countries were not spared; to defend the Rupiah, Bank Indonesia raised interest rates six times in 2018. At various ASEAN-level fora, the main concerns revolved around further negative impact on ASEAN's trade and role in the global supply chains should there be a prolonged impasse between the two trading superpowers.

# Group CEO's Overview



## Dear Shareholders,

What a rollercoaster year 2018 was! Just as the Group entered the final stretch of our T18 transformation, global macroeconomic conditions threatened to throw us off-track. Indeed, the escalation of trade tensions between US and China, two of ASEAN's biggest trade partners in addition to the market's reaction to the 14th Malaysian General Elections, had a direct impact on the Group. Even though we faced strong headwinds, we persevered and met all of our T18 targets, including completing our presence in all 10 ASEAN countries. Today, we are also on a much firmer footing in terms of cost base and capital. This would not have been possible without the full support of all our stakeholders – the Chairman and the Board, our regulators, my colleagues at #teamCIMB, our customers and you, our shareholders. I would also like to take this opportunity to give special thanks to Dato' Sri Nazir Razak, our former Group Chairman who after 29 years of service, stepped down on 19 October 2018.

Having completed T18, we now look towards delivering our next mid-term growth strategy, called "Forward23". Forward23 will be based on five strategic pivots – Customer Centricity, Sustainability, Ventures & Partnerships, Technology & Data, and our People – to help realise our new purpose statement: Advancing Customers and Society.

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

A historic election saw the defeat of a 61-year ruling coalition in Malaysia, and the country's fourth Prime Minister, Tun Mahathir Mohamad, was re-elected as the seventh. Capital markets ground to a halt as investors adopted a wait-and-see approach and a few major infrastructure projects – like the Kuala Lumpur-Singapore High Speed Railway and the East Coast Rail Link – were deprioritised.

Fortunately, growth in most of our other key operating countries held up. Thailand was the top performer among ASEAN countries whilst Indonesia maintained a relatively flat GDP growth for 2018. Singapore had a slightly lower than expected economic growth mainly due to the on-going trade war.

Those challenges made for a tough year for the Group, mainly due to a dip in Malaysia's capital markets and the impact of Indonesia's FX. Nonetheless, we were able to register a record PBT of RM7.2 billion mainly from streamlining assets as well as controlled costs and provisions. Meanwhile, Return on Equity (ROE) came in at 11.4%, up 180 bps from the year before. Our cost management efforts continued to pay off with our cost-to-income ratio (CIR) improving to 49.8% from a high of 59.1% in 2014. On capital, our CET1 strengthened from 10.1% to 12.6% as at the end of 2018 from the continuous efforts to optimise and streamline assets.

## Group CEO's Overview

Our T18 strategy to recalibrate and strengthen our foundations came to a close in 2018, where we met all the targets set out, in line with our 2018 theme of "Exceed T18". Almost all our T18 strategic programmes comprising over 600 projects Group-wide were completed and some relevant initiatives have been subsumed into BAU processes. Areas where we have seen notable improvements include cost, capital, customer experience, footprint expansion, digital and culture.

As part of the Group's push to make Customer Experience (CX) a key differentiating factor for CIMB, 2018 saw the completion of numerous Lean Six Sigma projects that have collectively enhanced 35

key customer journeys across different markets as well as capturing RM68.4 million in cost saving and revenue uplift since 2016.

On footprint expansion, the Group launched our digital retail banking business in Philippines in early December 2018. It represents the tenth country and final geographical milestone in the Group's ASEAN footprint. Meanwhile, in the same month we also opened a new branch in Ho Chi Minh City, two years after CIMB Vietnam was first established in Hanoi. This coincided with the launch of the Ho Chi Minh City's Digital Lounge as well as the OCTO mobile banking app in Vietnam.



December 2018 marked our first foray into the Philippines with a fully digital bank proposition, launched by our Chairman, Datuk Mohd Nasir.



Kicking off the CIMB 3D Academy premised on data, digital and disruption.

With the rapidly accelerating pace of innovation in the Fourth Industrial Revolution (4IR), CIMB and our partners must leverage on each other's strengths to remain competitive. In 2018, several of these collaborations came to fruition; we enabled cross border Speedsend payments on Ripple's blockchain network, launched a Touch 'n Go eWallet app in a joint venture with Ant Financial, as well as completed our CIMB Securities collaboration – with China Galaxy, a deal more than two years in the making. Strategic partnerships such as these are instrumental for

us to drive growth, extend our franchise and explore other opportunities outside of traditional banking.

On a similar note, we are cognisant of the need for a workforce with the right skill set to succeed in the 4IR era. To develop talent that will help propel the Group's next growth phase, we have allocated RM75 million to the CIMB 3D Academy over three years, focusing on digital knowledge and aiming to have at least 15% of our workforce to be digitally skilled by 2023.

2018 also saw an increased focus on our sustainability agenda, parallel with evolving expectations for CIMB to grow our business responsibly and ethically. This began with the formation of a new Group Sustainability unit, followed by CIMB becoming the first ASEAN bank to be an official member of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking. Concurrently, the Group remains committed to our pledge of investing 1% of our profit before tax (PBT) towards corporate responsibility (CR) initiatives.

As T18 closed, one of our immediate concerns was to devise the Group's next mid-term strategy. After a series of engagements with #teamCIMB for input, we formulated our blueprint called "Forward23", of which we will discuss more at a later section.

FINANCIAL PERFORMANCE

GROUP PERFORMANCE

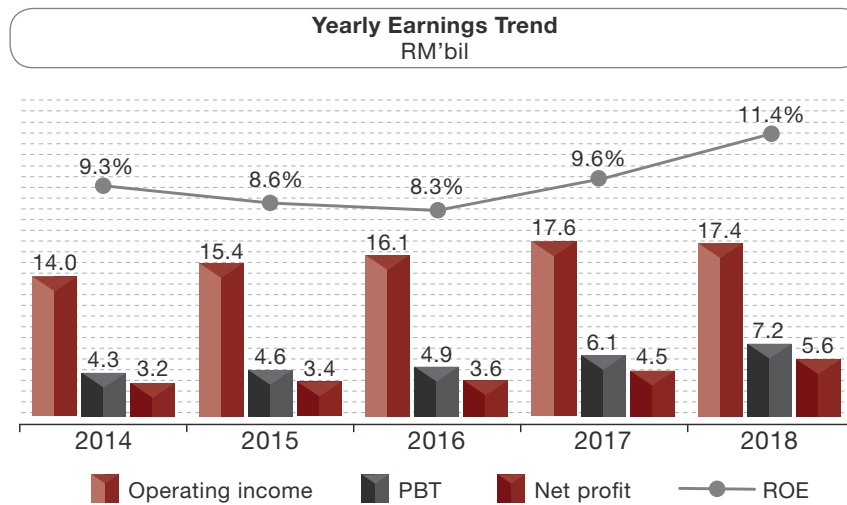
The Group reported an operating income of RM17.4 billion representing a 1.4% decline YoY mainly from weaker markets, partially mitigated by a RM928 million gain from the sale of our interest in CIMB-Principal Asset Management (CPAM) and CIMB-Principal Islamic Asset Management Sdn Bhd (CPIAM). Operating expenses decreased by 5.2% (excluding FX -1.4%) mainly from the continuous cost management discipline and the deconsolidation of CIMB Securities International, contributing to an improved CIR of 49.8% from a high of 59.1% in 2014. Despite difficult market conditions, PBT registered a 17.9% growth on the back of asset streamlining, cost management and lower provisions in Indonesia, Thailand and Singapore. We achieved a record net profit of RM5.6 billion – a growth of 24.8% YoY – resulting in an ROE of 11.4% (cf. 9.6% in 2017) and CET1 of 12.6% (cf. 12.2% in 2017). The group also reported net earnings per share (EPS) of 59.7 sen (cf. 49.6 sen in 2017).

The Group's balance sheet strengthened as gross loans increased by a commendable 7.0% YoY (excluding bad bank), with growth mainly coming from the Malaysian business. Deposits, on the other hand, grew by 6.3% YoY. With a larger deposit base, loans to deposit (LD) ratio increased slightly from 90.8% in 2017 to 91.2%.



Sharing a light moment at the launch of our bancassurance partnership with Sampo Holdings (Asia) Pte Ltd.

Below is a snapshot of the yearly financial performance for the years ended 2014 to 2018:

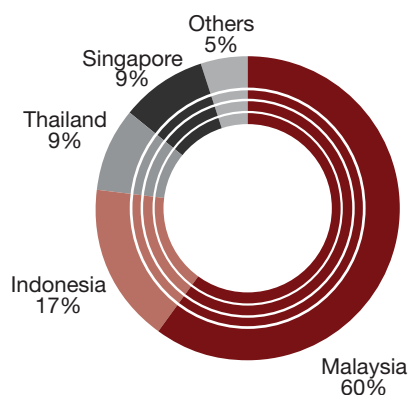


Notes:

FY15: Excluding IB restructuring cost (RM202 million); Excluding MY MSS cost (RM316 million) and tax on MY MSS (RM79 million); Excluding ID MSS cost (RM166 million) and tax and MI on ID MSS (RM44 million).

FY14: Excluding gains from sale of Karawaci building (RM66 million), gains from sale of Insurance Brokers (RM61 million), IB goodwill impairment (RM128 million) and DTA reversal (RM51 million).

Loans by Country



Loan Growth by Country

	Loan Growth by Country YoY <sup>+-</sup>
MY	+10.5%
TH <sup>^</sup>	+7.8%
ID <sup>^</sup>	+1.8%
SG <sup>^</sup>	+5.3%
Others <sup>*</sup>	-2.6%
Group <sup>~</sup>	+7.4%

Notes:

+ Gross loans exclude bad bank  
 ~ Excluding FX fluctuations  
 ^ In local currency  
 \* Including Labuan, London, Cambodia, Vietnam, Hong Kong & Shanghai

Group CEO's Overview

SEGMENTAL PERFORMANCE

On a segmental basis, Consumer banking remained our best performer, maintaining its positive momentum with PBT growing 15.2% YoY. It is still the largest contributor to the Group's PBT at 47.1% (excluding the RM928 million gain from the sale of CPAM and CPIAM), up from 42.0% in 2017. In the Consumer space, Indonesia showed the best improvement, growing 191.0% YoY, mainly due to lower provisions. Our regional bancassurance partnership with Sampo has also gained significant traction with total gross written premiums in the region exceeding over 100% growth YoY.

Commercial banking grew significantly on the back of lower provisions and cost, with PBT improving 180.1% YoY from 2017. Notably, Commercial banking Singapore returned to profitability, registering a 215.0% improvement YoY. These results show signs that the Group's recalibration of Commercial banking continues to gain traction.

Wholesale banking reported a decline in PBT of 31.7% due to weak market conditions and high provisions, which increased 28.7% YoY. Wholesale loans posted a healthy growth of 8.3% in 2018.

Transaction Banking revenue grew by 6% YoY on the back of commendable growth in the cash management business (7% YoY). The trade finance and securities services pillars on the other hand grew YoY by 2% and 6% respectively. We also registered

double-digit growth of 31% YoY in the number of active e-banking clients, validating the trend towards digital channels. Additionally, we launched the CIMB Debit MasterCard which empowers business customers to withdraw cash at any ATM across ASEAN and MasterCard ATMs worldwide instead of queuing at branches.

Our Group Asset Management and Investments (GAMI) segment recorded respectable growth throughout the year, owing to a strong 5.8% YoY growth in public markets asset under management (AUM). Private markets businesses benefitted from fair value gain and some recoveries from legacy investments. However, overall GAMI registered a weaker PBT of RM110.3 million due to the deconsolidation of CPAM and CPIAM.

Group Islamic Banking continues to perform well, growing 8.6% YoY and registering a record PBT of RM1.3 billion, mostly driven by its Consumer and Commercial segments that grew YoY by 30.3% and 78.0% respectively. CIMB Islamic remains the second largest Islamic bank in Malaysia by total assets, deposits and financing. Meanwhile, CIMB Islamic's market share in global sukuk of 10.2% placed it firmly at the number 1 position in the world.

COUNTRY PERFORMANCE

Excluding the RM928 million gain from the sale of CPAM and CPIAM, our Malaysia operations recorded a PBT decline of 7.5% in 2018, partly due to our Malaysian Wholesale banking business declining by 22.2% YoY in the wake of adverse market conditions post GE14 as well as the US-China trade war. Inclusive of the gain from the partial sale of CPAM and CPIAM, Malaysia PBT increased 12.8% YoY. Nevertheless, CIMB Malaysia's contribution to Group PBT remained strong at 64% on a BAU basis, driven by 10.5% YoY loan growth and 6.9% YoY deposit growth.

Indonesia's PBT declined by 1.6% YoY, mainly due to adverse foreign exchange movements – in IDR terms, PBT improved 11.4% YoY. Overall, Indonesia showed steady performance from lower provisions (-33.6% YoY), despite sluggish loans growth (+1.8% YoY excluding bad bank) and lower net interest margins (NIM) (-48bps YoY).

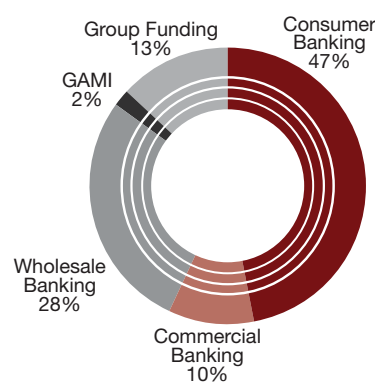
Thailand on the other hand performed extremely well in 2018,

recording a PBT growth of 116.8% YoY on the back of lower provisions (-63.3% YoY). 2018 was also the third consecutive year of profits for the Consumer segment. Meanwhile, Commercial is on track to profitability as PBT improved 79.4% YoY. Overall, Thailand's contribution to Group PBT increased to 6% from 3% the year prior.

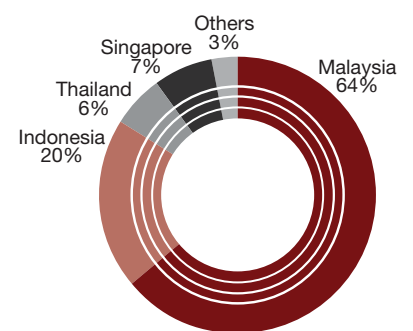
Singapore's PBT grew a robust 23.7% YoY, mainly from the deconsolidation of CSI and lower provisions (-44.1% YoY). Cost management efforts continued to pay off as CIR fell to 56.2% (cf. 60.0% in 2017).

Special mention goes out to our Cambodian operations, which exceeded expectations in 2018. Boasting an impressive 39.5% PBT growth YoY in 2018 thanks to improved gross loans (+36.7% YoY) and customer deposits (+28.0% YoY). We even took home the Best International Bank in Cambodia at the Asiamoney Best Bank Awards 2018. Congratulations to the CIMB Cambodia team!

PBT by Segment\*



PBT by Country\*



\* Excluding the RM928 million gain from the sale of CPAM and CPIAM.



Keynote address by the Prime Minister of Malaysia, Tun Dr Mahathir Mohamad at the first post-elections investor conference, "Malaysia – A New Dawn" jointly hosted by CIMB.



All in, we met all our FY18 financial targets, as seen in this table below:

	FY18 Results	FY18 Target	
ROE	11.4%	10.5%	✓
Dividend Payout Ratio	42.4%*	40 – 60%	✓
Total Loan Growth**	7.0% (7.4%***)	6.0%	✓
Loan Loss Charge	0.41%	0.55% – 0.60%	✓
CET1	12.6%	12.0%	✓
Cost-to-income	49.8%	50.0%	✓

\* Excluding the gain on the sale of CPAM & CPIAM, the dividend payout ratio is 50.8%  
 \*\* Excluding bad bank  
 \*\*\* Excluding FX fluctuations



➤ At the CIMB Niaga Shareholders Extraordinary General Meeting where my appointment as President Commissioner was approved by the shareholders.

### T18 SCORECARD

The Group kicked off T18 with 5 key targets to be achieved by the end of 2018. Thanks to the concerted efforts of #teamCIMB, we met all of our T18 targets. In addition, between 2014 and 2018 we succeeded in significantly reducing the gap between CIMB and many of our regional peers by outperforming them in many of the financial indicators. I am especially proud of our efforts in the areas of Cost and Capital.

From a CIR perspective, our cost growth was managed well. Expenses grew 1.1% CAGR over 5 years and we have consistently reported a positive JAW (Income growth surpassing expenses

growth). Major cost initiatives from 2015 – 2018 included MSS, the streamlining of our IB and equities businesses, setting up and implementing strict procurement processes and also improvements in efficiency and smarter overall spending. We need to keep up the momentum and discipline in containing cost.

Our capital has been strengthening over the years due to various initiatives from reviewing RWA allocation and monitoring RAROC to deploying our assets better. We are in a much better footing in terms of capital than we have ever been.

T18 results vs. targets, where we have exceeded all targets set:

	FY14 Results	FY18 Results	T18 Target	
Cost-to-income	59.1%	49.8%	50.0%	✓
CET1	10.1%	12.6%	12.0%	✓
ROE	9.3%	11.4%	10.5%	✓
Income Contribution from Consumer & Commercial	54%	61%	60%	✓
Presence in Number of ASEAN Countries	8 countries	10 countries	10 countries	✓



➤ #teamCIMB enjoying themselves at the T18 Carnival.

## Group CEO's Overview

### RISK AND COMPLIANCE

As always, effective risk management is a key priority. We continue to strengthen our Enterprise-Wide Risk Management (EWRM) framework as well as maintain our three lines of defence model, i.e. business units are the first line of defence, followed by control functions such as Group Risk and Group Finance, and finally Group Internal Audit Division (GIAD) as the third line of defence. A challenging operating environment throughout 2018 also required the Group to continually assess our portfolio tools and internal stress tests in the areas of credit risk, operational risk and liquidity risk.

Multiple initiatives were made to strengthen existing infrastructure and internal controls. Building on the success of our compliance 'icon' ZAC ('Zealous About Compliance') from 2017, we continued to use the ZAC icon in compliance reminders that appear through pop-ups in our online HR system and email reminders. We also established an AML ('Anti-Money Laundering') remediation programme to invest, remediate and strengthen the AML/CFT ('Countering Financing of Terrorism') control environment. This entailed investments in people, processes and technology to ultimately improve financial crime risk prevention and enhance AML awareness and culture across all levels.

### CREATING VALUE BY EMBRACING SUSTAINABILITY

2018 also saw an increased focus on our sustainability agenda, parallel with evolving expectations for CIMB to grow our business responsibly. The formation of a Group Sustainability unit to drive our Group Sustainability Roadmap – which includes frameworks and policies surrounding financing, procurement as well as exclusions on critical sectors – reflect our commitment to focus on Sustainability as one of our Forward23 strategic pivots to shape a more sustainable future based on Environmental, Economic and Social (EES) principles. On that note, we achieved a significant

milestone as CIMB became one of the 28 banks in the world that formed the Core Group on drafting the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

The Group's success has always been driven by the prosperity of the communities and economies in which we operate. Hence, in giving back, we extended over RM42.2 million to various communities, education and sports related causes both through CIMB Foundation and wider Group initiatives in 2018, in line with our



➤ Hari Raya shopping with charity homes, a collaboration between CIMB Foundation and Tesco Malaysia.



➤ At the starting line for CIMB Cycle 2018 in the Sepang Circuit.

pledge of investing 1% of our PBT towards CR initiatives.

In 2018, 18 CIMB ASEAN Scholars were chosen to pursue undergraduate studies at some of the best universities worldwide. Separately, our Be\$MART financial literacy programme entered its second year and was well received by 5,557 participants from 43 institutions throughout Malaysia. Another notable annual event is our Young ASEAN Leaders programme, which saw 50 ASEAN student delegates coming together on the theme of "Resilience and Innovation towards a Green, Prosperous Lifestyle: Smart City".

In sports, we announced the Junior Gymnastics Development Programme, a new partnership with the Malaysian Gymnastics Federation with the aim of

producing gymnasts to compete at the Commonwealth and Olympic stages. We are also proud to have seen players from our Junior Squash Development Programme succeed in taking home four titles at the British Junior Open 2018, as well as winning a team title and an individual silver medal at the 2018 Asian games. The Group also maintained its support for our junior development programmes in cycling and football. Related to this, national cyclist Azizulhasni Awang, who is sponsored by the Group, made Malaysia proud by picking up three medals at the Asian Games, 2 medals at the Asian Cycling Championships, a bronze medal in the UCI Track Cycling World Cup in Berlin and a silver medal in the keirin race at the UCI Track World Cup in London.

Meanwhile, we entered into the second year of CIMB Cycle, with over 3,000 riders joining from 26 countries. 2018 also marked the final year of the CIMB Classic tournament. After 9 years of bringing world class golf to Malaysia, we made the difficult decision to bid farewell to the PGA-sanctioned tournament. In conjunction with ASEAN Day, CIMB Thai held their inaugural triathlon in Pattaya which was well received, while CIMB Niaga organised the extremely popular Color Run with approximately 13,000 participants last year.



➤ Participating at the launch of the UNEP FI Principles for Responsible Banking for global public consultation, as a founding member of the UNEP FI.

**ENHANCING SHAREHOLDER VALUE**

Macro and domestic economic concerns brought about a 5.9% decline in the FBMKLCI Index during the year. Meanwhile, our share price suffered a larger decline, at 9.3% YoY compared to the closing price of RM6.30 as at end-2017, as investors grappled with the reality of a totally new Malaysian administration post-GE14. The Group's foreign shareholding fell to 25.9% as at end-2018 compared to 27.5% previously, in line with the withdrawal of foreign funds from emerging markets throughout the year.

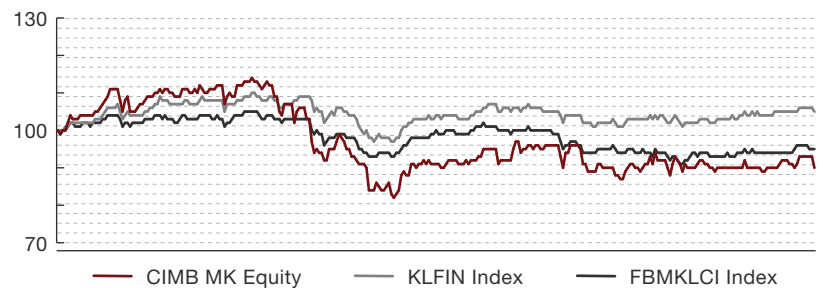
We declared a total of 25 sen per share of dividend for the year, while the dividend payout of RM2.37 billion is equivalent to 50.8% of the FY18 net profit excluding the gain from the sale of CPAM and CPIAM. The second interim net dividend payment of 12 sen per share will be made to shareholders via cash or our Dividend Reinvestment Scheme (DRS).

Nevertheless, the Group's track record in financial management and customer experience, in addition to banking capabilities were recognised throughout 2018. We continued to win many notable awards, including:

- 1 Best Brokerage in Indonesia and Malaysia by **The Asset Triple A Country Awards 2018**
- 2 Best Private Bank in Malaysia 2018 by **2018 Global Private Banking Awards**
- 3 Best Islamic Finance House in Asia by **FinanceAsia Achievement Awards 2018**
- 4 Most Innovative Investment Bank for Islamic Finance by **The Banker Investment Banking Awards 2018**
- 5 Overall Winner – CIPS Procurement and Supply Team of the Year by **CIPS Supply Management Awards 2018 Asia**
- 6 Best Bank for SMEs – Malaysia by **Asiamoney Best Bank Awards 2018**
- 7 Best Marketer in Customer Experience Marketing by **Malaysia CMO Awards 2018**
- 8 Best International Bank – Cambodia by **Asiamoney Best Bank Awards 2018**



▶ Launching our Regional CIMB Preferred Banking Proposition.



	1 January 2018 to 31 December 2018	1 January 2018 to 28 February 2019
CIMB Share Price	-9.3%	-7.1%
Against FBMKLCI	-3.4%	-2.1%
Against KLFIN	-11.9%	-12.6%

**MOVING FORWARD**

**OUTLOOK**

In ASEAN, elections will take prominence in the first half of 2019. Thailand will be having its general election on 24 March after four years under military rule, Indonesia will be choosing its President on 17 April and Filipinos will vote for a new House and Senate on 13 May. Nevertheless, macroeconomic policies in these countries are not expected to shift post-elections except as a reaction to global developments.

On the other hand, political developments in the US and UK continue to cast uncertainty on the global economic outlook. The year 2019 began with a US government shutdown as the Trump administration fought to secure funding for a border wall with Mexico. With the threat of further shutdowns and no resolution in sight, weakened consumer confidence – approximately 3% of the US labour force consist of federal government employees and contractors – increases the risk of a recession. Similarly, there is much uncertainty surrounding UK's Brexit plan and its access to EU markets post-Brexit. There is a possibility that the UK may seek an extension

of the 29 March deadline; with the EU elections happening in May, an extension could mean protracted negotiations between the May administration and a new European Parliament.

These events set the stage for a rather bleak 2019. According to the World Bank, global growth is projected to weaken over the next two years, with the East Asia and Pacific region expected to decline from 6.3% in 2018 to 6.0% in 2019. Under the spectre of escalating trade tensions between the US and China, industrial and trade activity will decelerate globally, negatively impacting investor sentiment and equity prices.

Emerging markets and developing economies such as Malaysia, Indonesia, Thailand and Cambodia will be adversely affected due to a decrease in demand from two of the largest economies in the world. Singapore, ASEAN's trading hub, will suffer from the global decline in trade activity as well. The ensuing exchange rate fluctuations will have an impact on countries with high foreign-currency-denominated debt.

## Group CEO's Overview



➤ An investor meeting, hosted by CIMB between the Malaysian Minister of Finance Lim Guan Eng (centre) and Malaysian fund managers.

Although markets may look dire, there is some optimism for the banking industry as a whole. As banking continues to be disrupted by digital technology, banks have to continuously innovate and transform in order to create stakeholder value as well as shareholder returns. In line with this, we expect digital investments to underpin our operating expenses for the next 2 years, which may mean a flat ROE within this period.

### FORWARD23

Throughout our T18 transformation journey, we have strengthened our foundations across different dimensions, namely the 5Cs – Customer, Capital, Cost, Culture and Compliance. While T18 was an exercise in recalibrating our core and strengthening our foundations, our next mid-term strategy's main objective is to propel the Group towards transformative growth.

After conducting multiple rounds of engagement known as the 'Beyond 2018 Conversations' with #teamCIMB from various departments, levels and geographies, we formulated a blueprint for 2019 – 2023, called

"Forward23". Forward23 will be centred on our 5 strategic pivots, i.e. Customer Centricity, Sustainability, Ventures & Partnerships, Technology & Data, and our People.

From a geographical standpoint, ASEAN will continue to be our primary focus, with emphasis on Malaysia and Indonesia as our largest markets, where we will look to grow market share across our Consumer and SME businesses. In particular, we aspire to close the gap between CIMB Niaga and the bigger banks in Indonesia. We will also seek opportunities to grow digitally in Vietnam and the



➤ One of the many 'Beyond 2018 Conversations' conducted with #teamCIMB from all across the Group.

Philippines where banking revenues are projected to grow by over 10% CAGR in the next 5 years. These two geographies – our newest additions to our footprint – along with Cambodia will be ready to be accelerated at a later stage beyond 2023. We will stay the course on elevating and improving efficiency in both Thailand and Singapore. I am very excited to be working with #teamCIMB to further refine our Forward23 plans in the coming year, to ensure that we build upon the momentum created by the T18 transformation as well as create and deliver sustainable value for all our stakeholders.

These are aspirations for 2023 under Forward 23:

FINANCIAL		NON-FINANCIAL	
Key metrics	2023	Key metrics	2023
Cost-to-income	45%	Net Promoter Score (NPS) <sup>1</sup> Customer	TOP 15%
CET1	13%	Ranking in Benchmark Indices <sup>2</sup> Sustainability	TOP 3
ROE	12% – 13%	% of 3D talent People	15%

**Notes:**

<sup>1</sup> Amongst comparable banks in Malaysia, Indonesia, Thailand and Singapore  
<sup>2</sup> Top 3 ASEAN Banking Group and 75th percentile globally in ESG rankings

As for 2019, our financial targets are as follows:

ROE	9.0% – 9.5%
Dividend Payout Ratio	40% – 60%
Total Loan Growth*	6.0%
Loan Loss Charge	0.4% – 0.5%
CET1	>12%
Cost-to-income	Flat

### OUR PURPOSE STATEMENT MOVING FORWARD

While we retain our aspiration to be the ASEAN bank of choice, Forward23 has also given us an opportunity to rethink the way we impact the communities in which we operate. This has given rise to CIMB Group's refreshed purpose statement, which is "Advancing Customers and Society". It is a pledge to place our customers at the heart of everything we do, constantly innovating without limiting ourselves to the boundaries of banking as we know it today, while at the same time advocating sustainable practices as we progress forward. As we execute our Forward23 strategy, we will always stand guided by this purpose statement.

**Having met all our “T18” targets, we are on a much firmer footing in terms of cost base and capital. We now look towards delivering our next mid-term growth strategy “Forward23”.**

#### ACKNOWLEDGEMENTS

As we close off 2018 and conclude our T18 transformation, I would like to sincerely thank everyone in #teamCIMB for the dedication and hard work to strengthen CIMB's foundation, enabling us to take the organisation “Forward” amidst a fast evolving external environment. To prepare ourselves to deliver Forward23, we have made substantial changes to our organisation structure and with it, new appointments as well.

At the Board level, 2018 saw the appointment of Datuk Mohd Nasir Ahmad as the Chairman and Independent Director for CIMB Group. Not forgetting too is Afzal Abdul Rahim, who relinquished his position on the Board of CIMB Bank to join the Board of CIMB Group as an Independent Director. I am confident that all our new appointees have the capability, business acumen and experience to propel the Group's growth. Allow me to express my appreciations to Board members who stepped down – Glenn Muhammad Surya Yusuf and Watanan Petersik for their many years of service on the Board of CIMB Group. We cannot thank them enough for all the guidance and invaluable advice.

In terms of changes in leadership and management, we welcomed the appointments of Victor Lee Meng Teck as CEO of Group Commercial Banking and Transaction Banking, Omar Siddiq as Group Chief Operating Officer and Amran Mohamad as Group Chief Internal Auditor. Internally, we have appointed Effendy Shahul Hamid as CEO of Group Ventures and Partnerships, Shahnaz Jammal as CEO of Group Wholesale Banking, Paul Wong Chee Kin as Group Chief Operations Officer, Khairul Rifaie as Group Chief Financial Officer and Jefferi M. Hashim as CEO of CIMB Investment Bank. Separately, we have renamed Group Strategy to Group Strategy and Design, which is still headed by Gurdip Singh Sidhu.

I would like to thank Dato' Kong Sooi Lin, Lim Tiang Siew, Ramesh Narayanaswamy and Olivier Crespin for their contributions as CEO of CIMB Investment Bank Berhad, Group Chief Internal Auditor, Group Chief Technology Officer and Chief Fintech Officer respectively. My gratitude also goes out to Effendy Shahul Hamid as CEO of Group Commercial Banking, Hendra Lembong as CEO of Group Transaction Banking and Chief Fintech Officer, Shahnaz Jammal as Group Chief Financial Officer and Mak Lye Mun as CEO, Group Wholesale Banking for their contributions in their previous roles.

Last but not least, thank you once again to Dato' Sri Nazir Razak, former CIMB Group Chairman for your many years of service in building CIMB from a niche investment bank into a universal ASEAN bank and multinational that it is today.

The past year was fraught with many challenges and I am grateful for the guidance and support shown by our Chairman and members of the Board. On behalf of Group management, we thank you. Similarly, our deepest gratitude to our International Advisory Panel, who have been

nothing but generous with their wisdom and insights as we navigated a turbulent 2018. I would like to take this opportunity to also thank all our stakeholders – shareholders, clients, regulators and the communities in which we operate – for placing your trust in CIMB and its leadership.

Most importantly, thank you #teamCIMB – especially the members of the Group Management Committee – for your support and commitment in delivering our T18 promises. It has been my pleasure to see everyone taking on the Group's challenges

with utmost enthusiasm and dedication. As we charge forward into 2019, we must all come together with the spirit of 'one #teamCIMB' and challenge ourselves to bring our Forward23 strategy to bear and ultimately realise our purpose of 'Advancing Customers and Society'.



**Tengku Zafrul Aziz**  
Group Chief Executive Officer



➤ Our former Group Chairman, Dato' Sri Nazir Razak, who has been with CIMB for 29 years at his farewell dinner in Kuala Lumpur.



➤ With #teamCIMB at the 2018 Annual Management Summit.

# ECONOMIC AND BANKING REVIEW & OUTLOOK

## ECONOMY

### THE YEAR IN REVIEW

Volatility was the watchword of 2018, in both economic trends and in asset markets. While global growth came in at 3.9% YoY, a slight acceleration from 2017, the pattern across countries was more divergent. (Figure 1). US economic growth rose strongly on the back of fiscal stimulus and private investment. The Federal Reserve boosted policy rates 100 basis points in pursuit of neutral monetary policy as unemployment reached a near 50-year low and inflation moved to the Fed's target. The rise in US growth came despite more aggressive, protectionist trade policies by the Trump Administration that added to market uncertainty and helped to decelerate global trade (Figure 2), particularly in manufactured goods.

Across the G-4, while the US Fed tightened monetary policy, Japan continued with its ultra-easy monetary stance as its two percent inflation target remained elusive. Lacklustre wage gains have left core inflation languishing near 1% despite very low unemployment and negative real interest rates.

In Europe, the European Central Bank (ECB) ended its bond purchase programme but coupled the action with statements noting that interest rate adjustments were unlikely to commence until the second half of 2019. Markets were affected by an election outcome in Italy that brought a leftist/rightist coalition to power with promises of fiscal expansion at odds with Italy's earlier commitments to the European Commission.

Brexit remained unresolved, with the UK parliament soundly rejecting the exit deal negotiated with the EU by Prime Minister May. More prolonged uncertainty in 2019 is probable due to a likely extension of the March 29 deadline in an effort to avoid a no-deal exit.

By mid-year, China, too, was easing policy, both fiscal and monetary, as financial markets weakened due to fears of the consequences of US-China trade frictions and due to the drag created by more aggressive efforts to lessen aggregate leverage in China's financial system.

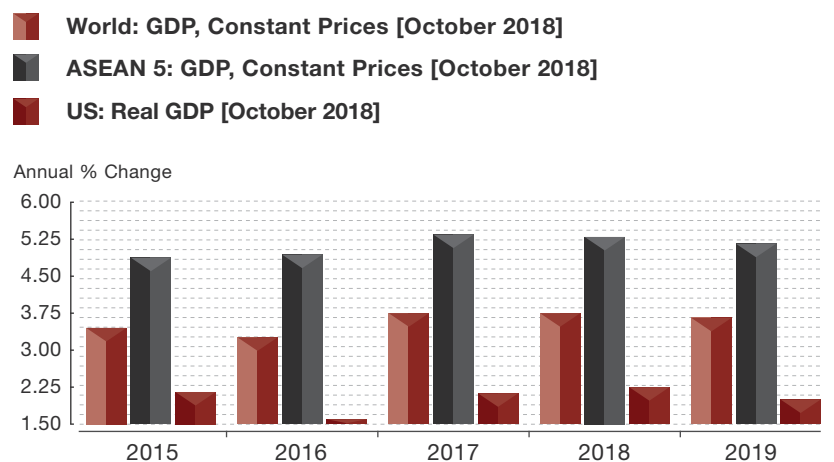
Across emerging markets (EM), the combination of higher US interest hikes, macroeconomic mismanagement in Turkey, Brazil, Argentina and the Philippines as well as fears about diminishing trade flows generated large capital outflows that weakened EM currencies, bonds and equity. Current account deficit countries like Indonesia were especially hard hit given their reliance of foreign capital even when shifts in trade or domestic macro policies were themselves not large or destabilising. Indonesian and Filipino policy makers responded with a sharp tightening of monetary policy and, in the Indonesian case, pledges to tighten fiscal policy and rein in the current account deficit.

Strong current account surpluses were protection for Singapore, Thailand and Malaysia which saw less currency depreciation and less interest rate adjustment than their ASEAN neighbours. Malaysia, though, saw its asset markets affected by the unexpected May victory of the opposition, ending 61 uninterrupted years of rule by the United Malay National Organisation – led coalition government. The political shift raised uncertainty as the new government revealed higher government financial liabilities, leading to a higher country risk premium. Coupled with the large proportion of government-linked companies in the Malaysian stock market, equity prices suffered.

A commitment to a continued path of fiscal adjustment, integrity and transparency in the 2019 budget helped stabilise expectations, even as the path of fiscal adjustment was stretched out.

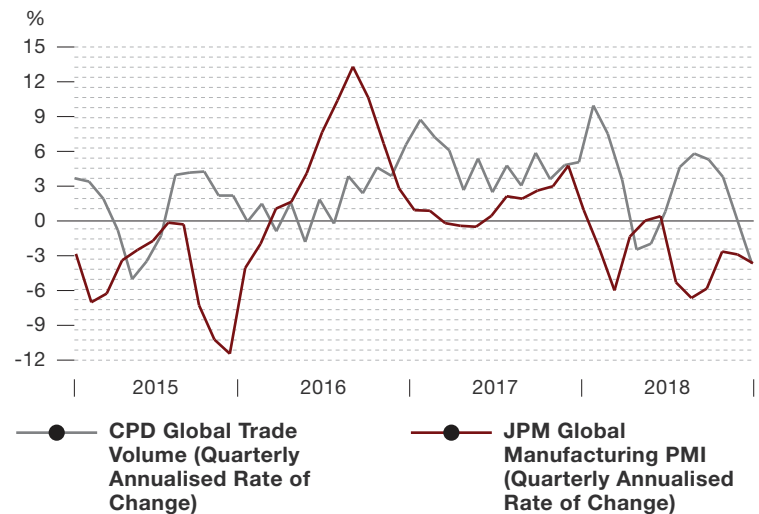
By the end of 2018, global asset volatility was particularly in focus. US stock market valuations fell back with less confidence in the prospects for the key tech and energy stocks that had been the backbone of the rise earlier in the year. To this were added concerns that Fed's persistent rate hikes, well above the one to two hikes for 2018 that the market had earlier expected, would prove too aggressive. Oil prices, which had risen through much of the year as excess supply shrank, fell back sharply. The Fed's December rate hike hurt markets, even as the statement shifted to "data-dependent" future hikes and policy maker expectations for hikes in 2019 shifted down. The inversion of the US bond curve between two-year and ten-year yields, often a harbinger of US recession, weighed on the US dollar and helped spark a more sanguine outlook for EM as the year closed.

Figure 1: Global GDP Growth



Source: CIMB: International/Monetary Fund/Haver Analytics

Figure 2: Manufacturing and Trade Momentum Waning



Source: CIMB: JPM/IHSM, CPB/Haver

## BANKING INDUSTRY

## PROSPECTS

This year has opened with a rebound in asset markets after the sell-offs in equities and downward revisions to growth expectations that ended 2018. In the US, the Fed has shifted to “patient” monetary policy implicitly acknowledging that its next move could be a cut—an outcome the market now expects. Meanwhile, the likelihood of worsening US-China relations seems to have eased with more conciliatory trade talks between the two countries and evidence that the Trump administration is more willing to reach an agreement that forestalls more tariffs and sanctions.

On the other side of the Pacific, China is intensifying its fiscal and monetary policy easing, while the sequential performance of industrial production shows a rebound.

Lower US bond yields, a more patient Fed and less concern over trade tensions have increased capital flows in EM and into ASEAN, supporting local currencies, bolstering local equity markets and boosting bond prices.

That said, global and ASEAN growth is likely to be slightly lower in 2019 than it was in 2018 (Figure 1). Inflation is likely to be within central bank targets, creating no need for tightening on the grounds of domestic demand. The market’s expectation of a US rate cut over the next twelve months is likely too pessimistic in our opinion. One hike in the late summer or early fall seems more likely. Adjustment to that should create a period of modest US dollar appreciation and EM capital outflow against the backdrop of the recent more sanguine environment.

China’s policy of expansion, while currently welcomed by markets, creates its own risks given that the country’s current account surplus has all but disappeared, falling some two and a half percentage points of GDP in recent years. If, as seems likely, China moves to keep its growth above potential, the current account could worsen, forcing down reserves or weakening the yuan while raising concerns over domestic leverage. That risk is likely not well factored in to market expectations at present.

In ASEAN, elections will take prominence in the first half of this year in Thailand (24 March, Prime Minister and Parliament) and Indonesia (17 April, President & Parliament) and the Philippines (13 May, House and Senate). In Thailand, a coalition led by the military-backed party is likely implying modestly more populist macroeconomic policies. A crucial issue will be how effective a new government can be in fostering greater domestic investment.

In Indonesia, the political debate seems focused more on personalities than on economic policies. While nationalist rhetoric tends to rise during elections, the broad lines of fiscal, monetary and exchange rate policy are unlikely to be materially affected by the election.

Philippine politics is also heavily personalised. With President Duterte not on the ballot, shifts on macro policies will likely move with global and domestic macro developments rather than with changes in policy objectives. On that front, bringing down inflation and bolstering investment without compromising the current account will likely remain a focus.

## YEAR IN REVIEW

A decade on from the financial crisis, the global banking system is more resilient than it has been. The industry as a whole is experiencing safer, albeit muted growth due to increasing risk cost and margin pressures. Globally, banking ROEs ranged between 8-9%.

For the US, while aggressive policy interventions and regulations have aided quicker recovery of banks, we have seen the European banks shrinking their businesses on the back of structural deficiencies and a low-interest, low-margin environment. In Asia, Chinese banks continued to report moderate to positive performance, while evaluating their options against the trade barriers/sanctions imposed by the US, which in the long-run might affect their growth prospects. Japanese banks continue to struggle as the economy experiences slow domestic growth and low/negative interest rates. ASEAN as a region remains attractive, with banking revenues in Indonesia, Vietnam and the Philippines projected to grow at over 10% CAGR over the next 5 years. However, ASEAN integration remains a development hurdle for the region’s financial markets.

On the home ground in Malaysia, the 14th General Elections and the ensuing change in government had a temporary hit on the markets. Overall, we saw a resilient market, responding well to the political and the impending socio-economic and policy changes. The financial system maintained its liquidity and stability, owing to strong capital position as well as provisioning buffers of the banks.

## PROSPECTS

Banks are expected to face some market volatility in 2019. In ASEAN, banks are well-positioned to face external headwinds, having built up their capital levels over the previous years.

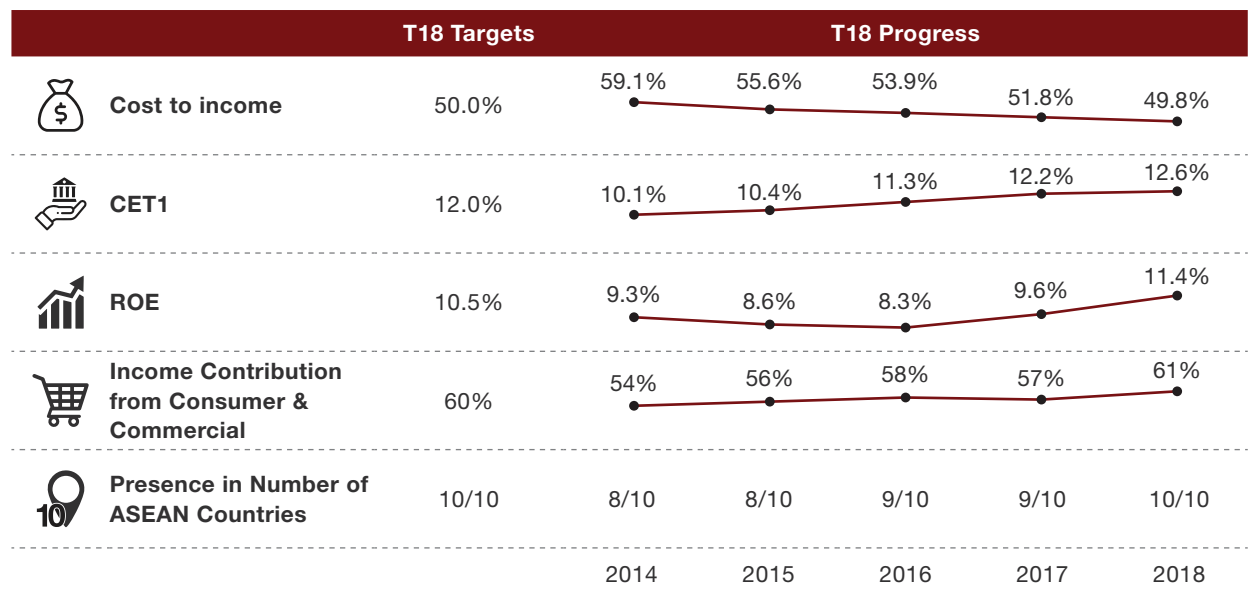
As banks embark on their transformation journeys, strengthen their digital capabilities and most importantly, innovate to deliver better solutions to customers, they will likely face new forms of competition and competitors.

Having said that, over the next 2-3 years, we see banks maintaining or expanding their role in financial intermediation by owning customer relationships and creating value beyond financial returns. Banks will increasingly recognise the importance of ‘value-based intermediation in action’ for creating long-term equity for all stakeholders. This will be a new-wave of positive change for the industry. Furthermore, rising expectation for responsible banking practices will lead banks to re-evaluate various risks in the context of both financial and non-financial performance.

Amid the challenges, we see an optimism for the industry as a whole, as banks are primed for transformation, especially with increased access to technologies. The reasonably attractive demographics across ASEAN, coupled with the growing access to smartphones and the internet will likely see banks further broaden their digital offerings.

# OUR T18 JOURNEY

T18, or 'Target 2018', was kicked off in 2015 and served as a mid-term strategy to recalibrate CIMB's business, strengthen its foundations and drive greater productivity. T18 was launched to address the intensifying competitive landscape, with rapid changes in customers' perception towards banking and to better prepare us for future challenges. CIMB's T18 strategy was organised into 18 strategic programmes with core focus on 5 key targets to be achieved by 2018.



To date, #teamCIMB has achieved positive results against our targets, with steady progress throughout the T18 period. Boosted by the partial sale of our asset management arm, CPAM and CPIAM, we succeeded in exceeding our CIR and ROE targets. Our financial resiliency improved steadily, with CET1 ratio also exceeding target by 60bps, at 12.6%. In line with our goal of broadening our income base, income contribution from Consumer and Commercial businesses exceeded our initial target of 60% of overall Group income contribution. With the launch of CIMB Philippines, we completed our 5th target of having presence in all 10 ASEAN countries.

The programmes under T18 were developed based on 5 key levers, designed to build a strong foundation for the Group to strategically position itself to take advantage of the opportunities in today's dynamic economy.

## 1. COST AND PRODUCTIVITY

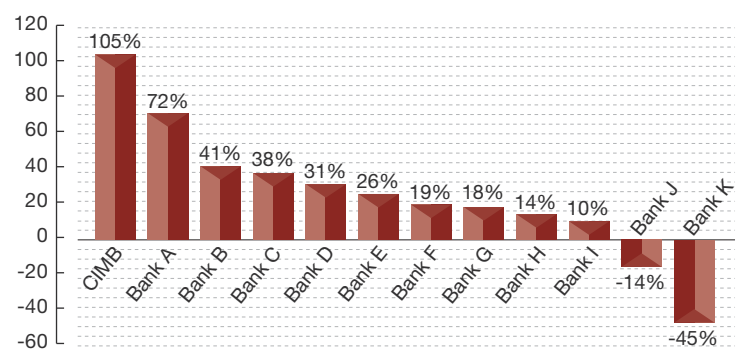
CIMB Group's Cost-to-Income ratio stood at 59.1% in 2014, and to improve this, cost and productivity became a primary focus under T18. The cost and productivity programme, dubbed 'Project Kaiju', gained traction amongst all employees, with most senior employees carrying significant productivity KPIs, ensuring everyone was held accountable in driving productivity improvements. In totality, Project Kaiju drove cost savings and cost avoidance of RM2.1 billion over the T18 period, with PBT per headcount growing by 105%.

A major initiative under Project Kaiju was the rolling out of a regional centralised procurement system, completed in 2017. The Group Electronic Procurement

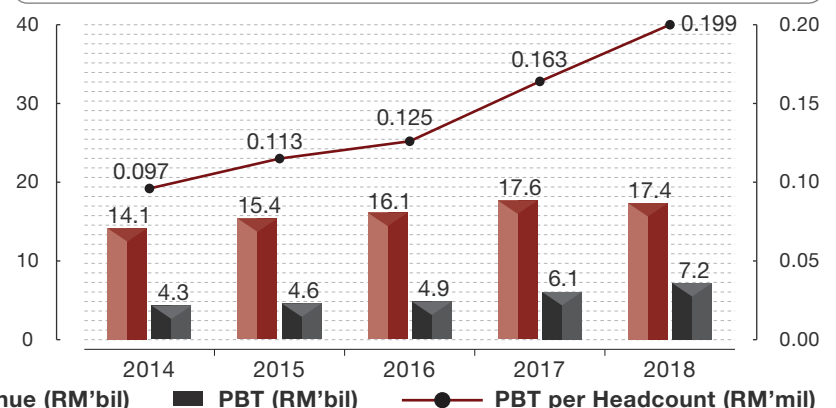
System (GEPS) has allowed CIMB to exert better spend control, streamline procurement processes regionally, and improve spend transparency. Various other productivity initiatives were undertaken, including process reengineering and simplification, conversion to e-statements, IT contract renegotiations and office space restacking, among others.

Through these efforts, and a more cost-conscious mindset, CIMB has managed to reduce CIR by 9.3%, registering the largest improvement in our peer group.

PBT per Headcount



Productivity Improvement per Headcount (2014-2018)





2. CAPITAL RESILIENCY

Strengthening our capital position has been a key focus, with initiatives centred around optimising our use of capital by improving data quality, business processes, and measurement systems to deliver capital efficiency. These included institutionalising Account Planning processes to focus on the right clients, and optimising capital and profitability via RWA modelling. Through the concerted efforts of all business units and all key countries, our financial resiliency has strengthened significantly, through both organic CET1 capital growth and better risk management practices. From 10.1% in 2014 to 12.6% in 2018, our CET1 growth surpassed most of our peers within the industry.

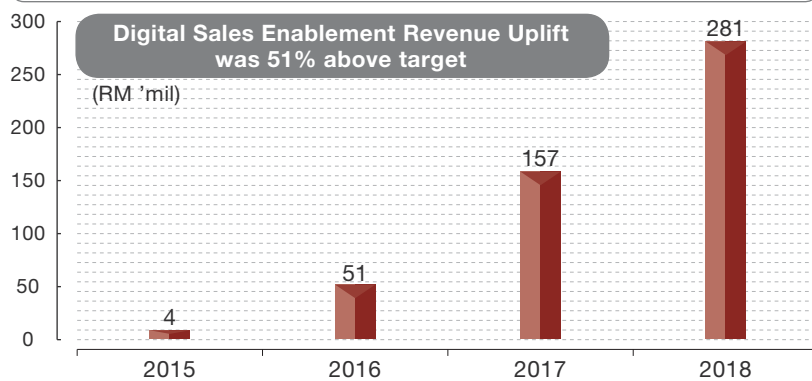
3. BUSINESS ACCELERATION

Recognising the high growth potential and untapped synergies in a number of businesses, CIMB identified six main businesses to accelerate via T18: Consumer Banking, Digital Banking, Transaction Banking, Commercial Banking, Private Banking, and Islamic Banking. These businesses went through a holistic transformation under T18, with an overall review of products, customer segments, technology and operations, talent, as well as customer experience.

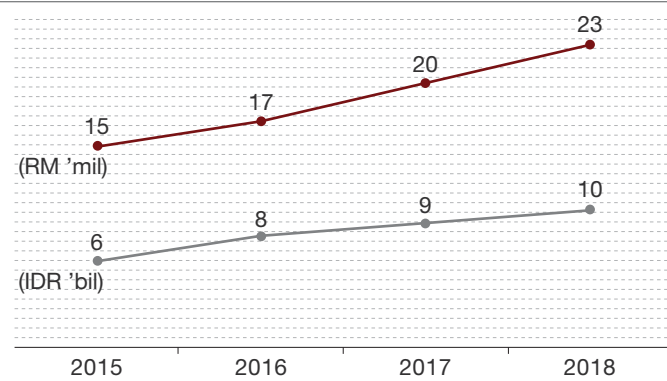
Our Consumer Banking segment outperformed regionally, with PBT standing at RM3.0 billion, and a 4 year compounding annual growth rate (CAGR) of 19.3%. A significant contributor to this was our Thailand Retail Banking business, which saw a turnaround from loss to profit in 2016, ahead of planned milestones. The programme sought to establish a winning strategic position for the Thailand Retail business, with a revamped wealth advisory platform for our affluent clients, and enhanced digital platforms for customer engagement and acquisition.

On the Digital Banking front, Digital Sales Enablement (DSE) was a main focus, where big data and predictive analytics were used to target sales efforts. Our cumulative DSE Revenue uplift exceeded our initial T18 target by 51%, growing from RM4 million in 2014 to RM493 million in 2018. Another major contributor to the cost and productivity lever was our Branch Productivity Programme, which resulted in revenue per branch in Indonesia and Malaysia registering a 4 year CAGR of 18.6% and 15.3%, respectively as a result of increase in sales headcount, and a more focused approach on deposits, among others.

Digital Sales Enablement Revenue Uplift (2015-2018)



Revenue/Branch



CIMB's Islamic Banking business saw multiple T18 achievements, with PBT exceeding RM1 billion, 15.3% above original targets, and a 20.9% CAGR over 3 years. Islamic Banking Gross Financing exceeded RM90 billion registering a CAGR of 23.7% over 3 years.

Over the T18 period, both Commercial and Transaction Banking launched a number products, providing our clients with better platforms and solutions, and empowering them to further advance their business growth and experience with us. These include Biz123, a holistic one-stop platform

solution for businesses; Trade Club and Halal Corridor, opening up trade flows between ASEAN countries with China and beyond; and a collaboration with Ant Financial, rolling out combined point of sales terminals which accept Alipay and Touch 'n Go eWallet. On the Private Banking front, loans grew to RM7.51 billion in 2018, with new lead acquisition exceeding targets by over 200%. Overall, our Private Banking business observed a commendable PBT growth of 35.1% CAGR over a 3-year period.

## Our T18 Journey

### 4. NETWORK OPTIMISATION AND EXPANSION

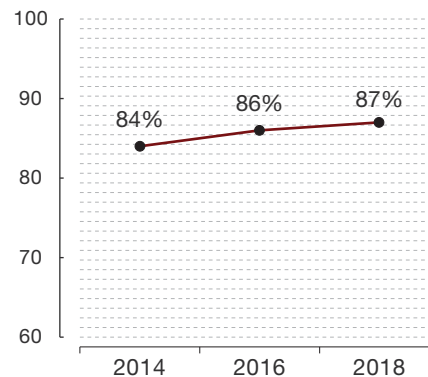
From 2015 to 2018, we also critically reviewed and strategically optimised our business portfolio. We exited unprofitable businesses such as Mikrolaju in Indonesia and the credit card business in Thailand, scaled down our operations in North Asia, and closed our offices in Australia, Bahrain, and Taiwan. In 2017, CIMB entered into a partnership with China Galaxy International, in relation to our stockbroking business. This joint venture will benefit from CIMB's established network and footprint in Southeast Asia and China Galaxy International's technological know-how, wide client base, as well as deep presence in, and access to, the Chinese market.

To further improve our network efficiency and effectiveness, CIMB entered into strategic partnerships with Sampo and Sunlife for Bancassurance products, and Ripple for cross-border payments using Blockchain technology.

CIMB's target of completing our footprint in all 10 ASEAN countries was achieved in 2018, with the introduction of the first all-digital mobile-first bank in the Philippines. As part of the T18 agenda, CIMB also launched 2 branches in Vietnam, which includes the opening of a digital lounge in Ho Chi Minh City in 2018, following the establishment of CIMB Vietnam's Hanoi headquarters in 2016. With a strong regional footprint and brand recognition in ASEAN, CIMB is now poised to become a leading ASEAN financial institution.

To future-proof ourselves against changing customer and business needs in a dynamic digital age, a Fintech hub was set up to innovate and test out new ideas, and to create non-traditional partnerships for CIMB. Through the hub, the team has explored new agile and digital ways of working, as well as Artificial Intelligence, blockchain, cybersecurity, data, and ecosystems. This has resulted in partnerships with companies such as Ripple for cross-border payments using Blockchain, and Ant Financial to increase our e-payment touchpoints, among others.

Sustainable Engagement Index



Several other initiatives were put in place to ensure we made strategic investments into our greatest assets, our people. In this regard, upgrading our talent was a top priority throughout T18. KPI cascading mechanisms were aligned within departments and to Group goals, our performance management system was enhanced, and capability building initiatives were embedded in almost all of our T18 programmes.

Significant efforts were taken to equip and involve all of #teamCIMB to deliver T18. These included workshops to help senior leaders understand how to inculcate the 'customer experience' element in everything that we do, T18 roadshows for all branches across Malaysia, a T18 card game tournament, a T18 Carnival, and tokens of appreciation to recognise T18 team members.

In 2015, we embarked on a group-wide reorganisation and established a Regional Operating Model to improve governance, and to better reap ASEAN synergies. During the T18 period, we had also strategically recalibrated the organisation structure and senior management team to optimise internal synergies, sharpen our client interfaces, attain greater cost efficiencies, and build out specific capabilities.

Through T18, CIMB also strengthened overall governance, with an overall review of policies and procedures, committees and delegation of authority, and significant investments in building out Compliance capabilities and awareness. This included efforts to strengthen the compliance culture within CIMB, via a regional compliance awareness campaign with CIMB's own compliance mascot, named ZAC (Zealous About Compliance).

### 5. STRENGTHENING THE CORE AND FOUNDATIONS OF THE GROUP

Getting our organisation's culture right was arguably the most important component of our T18 transformation, and a holistic plan was put in place to drive cultural change for #teamCIMB. Via 'A Better CIMB' (ABC), employees now have a strong understanding of what it means to live and breathe the Group's 3 critical behaviours. After successfully inculcating ABC behaviours across the workforce via a network of culture influencers, ABC behaviour has now become a #teamCIMB norm.

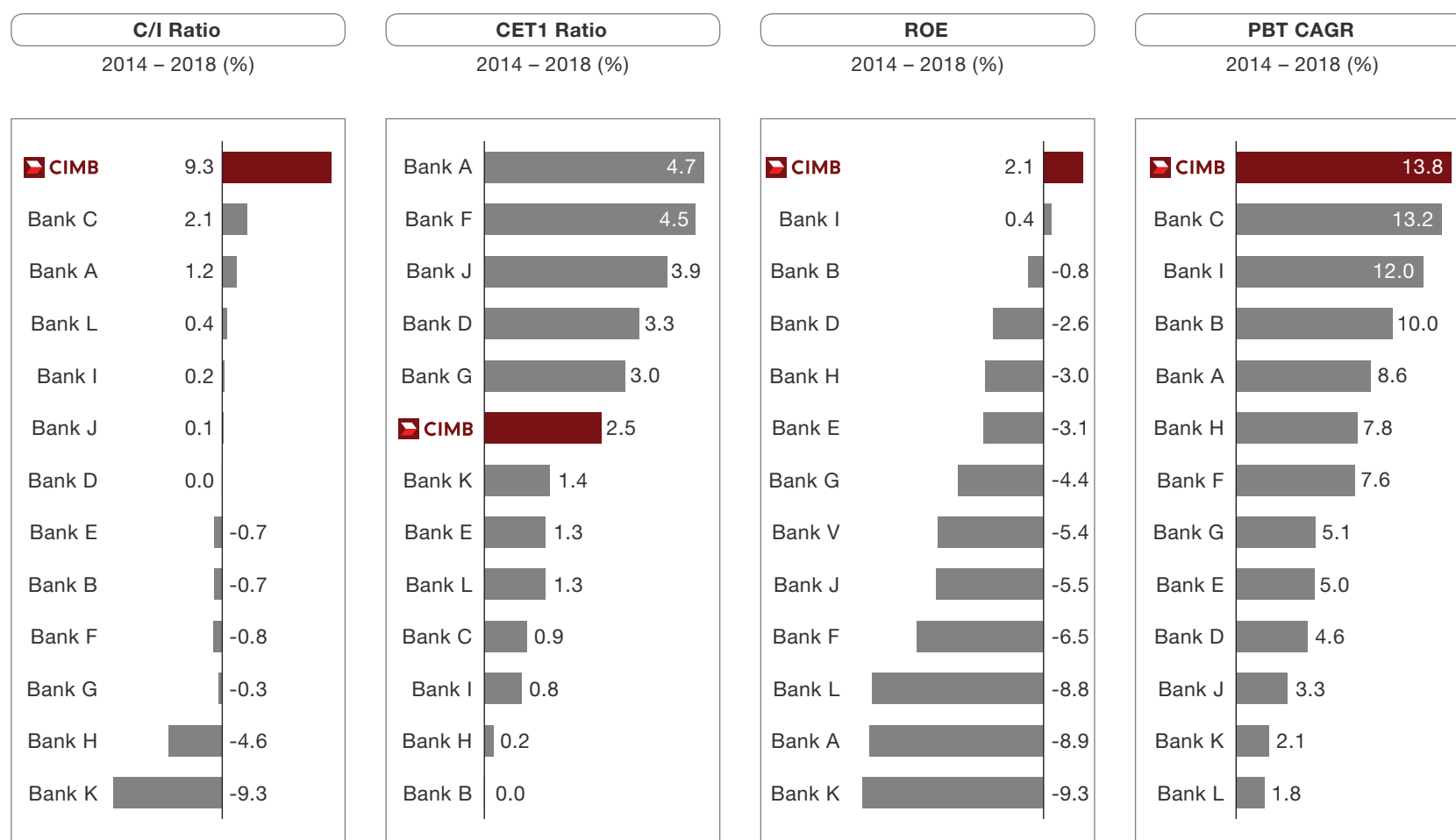
Based on Employee Engagement surveys conducted by a third party, the level of employee engagement in CIMB has increased from 84% in 2014 to 87% in 2018, demonstrating the participation and support of all employees for the transformational changes taking place under T18.



**COMMENDABLE IMPROVEMENTS OVER THE T18 PERIOD**

After 4 years of hard work and dedication, #teamCIMB has managed to complete more than 600 projects across 18 programmes, achieving more than 5,000 milestones in the process.

Throughout the journey, CIMB has seen many positive changes, and with the inclusion of some strategic transactions, we have managed to exceed all of our T18 targets. With these commendable achievements, CIMB has also outgrown or improved significantly against our regional peers, and has built a solid foundation. With this, CIMB is now in a strong position to move forward with our next strategic plan and future priorities, which will be centred around reinventing ourselves to focus on CIMB’s customers via digital channels and analytics, turbo-charging our growth in selected business and countries, and exploring new opportunities beyond banking.



**Notes:**  
 Source: Bloomberg data.  
 CET1 Ratio data for Mandiri, BCA and BRI derive from public available investor relations presentations  
 C/I Ratio, CET1 Ratio and ROE Improvement are absolute value differences between 2014 and 2018 results  
 PBT, C/I Ratio, CET1 Ratio and ROE Improvement for CIMB includes the CPAM gain of RM928 million  
 2018 achievement results for regional peers are based on FY18 results

# THE GROUP'S STRATEGY – FORWARD23

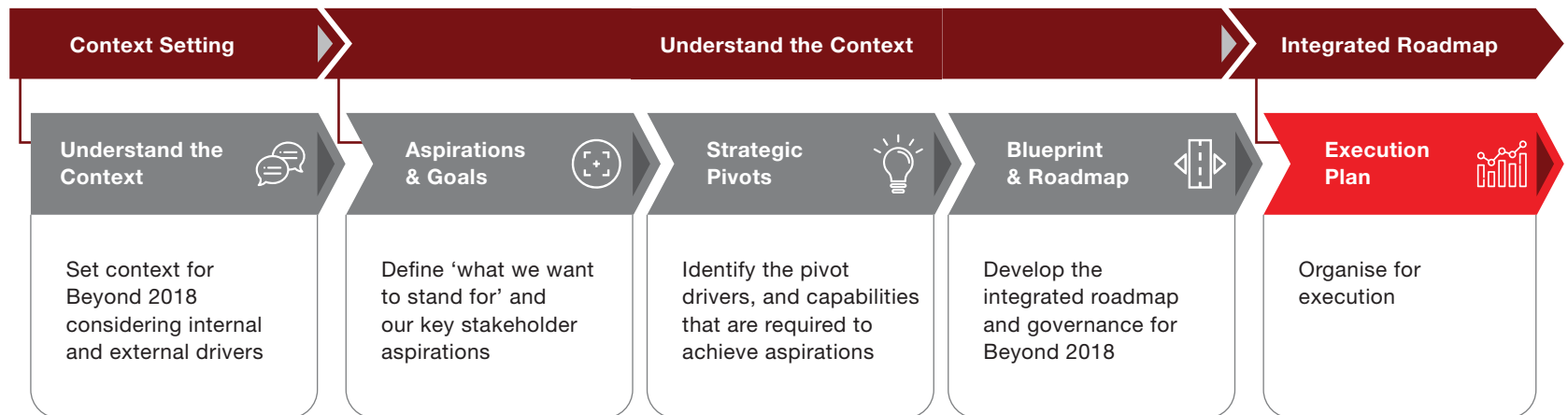
In our recently concluded T18 (2015-2018) strategic programme, the focus was on recalibrating our core. Having in place a stronger foundation, we are confident on our plans for embracing further growth in the new digital economy.

## DEVELOPMENT OF OUR NEXT MID-TERM STRATEGY

The focus of 2018 was two-prong;

- Accelerating efforts to deliver the Group's T18 targets; and
- Formulating the Group's next mid-term strategy

The development of the roadmap was guided by three principles; experimental and iterative, agile, and to be inclusive and multi-stakeholder.



In determining our future priorities, we took into consideration external factors shaping future trends, our internal starting position and stakeholder feedback.



**INTRODUCING FORWARD23**

Our new vision statement is Advancing Customers and Society. In line with that, Forward23 sets out a two prong focus of accelerating growth as well as future proofing the Group.



**Accelerating Growth**

We have significantly invested in building our ASEAN network and presence and are now well poised to accelerate and pursue growth across our markets.



**Future Proofing**

We will be enhancing existing capabilities and building new capabilities as a future competitive advantage.

**OUR OPERATING ENVIRONMENT**

Banking is now settling into a new normal as revenue pools and profitability experience slower rates of growth. Meanwhile, the 4th Industrial Revolution threatens to reshape business models across many industries including financial services. Consumer and technology changes are converging towards a world where barriers between industries are blurring. In order to evolve and adapt, banking must become increasingly experience centric.

We recognise that we will have to rethink the way we organise ourselves, how we work, and how we do business. We will invest in new capabilities as well as embark on various initiatives in order to evolve and thrive in the new world.

**OUR GEOGRAPHIC POSTURE**

We assessed our ASEAN posture through various lenses of geographic attractiveness, scale benefits and interconnectedness. In our future plans for growth, ASEAN will continue to remain an integral part of the Group's focus.

Our footprint has some of the highest growth prospects in banking; offering scale benefits and interconnectivity. This will enable us to benefit from macro tailwinds as banking revenues in some of these markets such as Indonesia, Vietnam, and the Philippines are projected to grow over 10% CAGR over the next 5 years.

**DIFFERENTIATED MARKET POSTURES TO DRIVE GROWTH**

In our future plans for growth, ASEAN will continue to remain an integral part of the Group's focus. We have significantly invested in building our ASEAN network and presence; culminating in the Group's a mobile-first proposition in the Philippines at the end of 2018.

The Group will be undertaking differentiated approaches to drive growth across our markets, as starting points and market dynamics vary. The following are unique market postures for growth across our footprint.

**Scale & Accelerate**

Malaysia & Indonesia

**Accelerate and Scale**

We recognise the potential in Indonesia as well as the opportunity to capture greater market share in Malaysia. As two of our largest sources of value, Malaysia and Indonesia will remain the anchor for value creation over the next 5 years. For our home market, Malaysia, we will build upon the positive growth momentum to further drive market share capture, whereas in Indonesia, we will be reigniting growth engines after working on stabilising the business during T18.

**Reposition & Grow**

Thailand, Singapore & Cambodia

**Reposition and Grow**

Thailand, Singapore and Cambodia are our mid-sized operations with differing local dynamics. In these markets, we are looking to grow in specific areas where we have a comparative advantage with a focus to make them more material and consistent contributors to Group profits.

**Incubate & Invest**

Vietnam, Philippines & New Ventures

**Incubate and Invest... beyond banking**

Vietnam and the Philippines are the newest additions to our CIMB franchise. We entered these markets with a challenger mindset, launching a mobile-first digital led proposition in Philippines at the end of 2018. The Group's focus moving forward will be to continuously build scale anchored on digital and a partnership focus.

The Group will also be exploring new strategic plays and seeding strategic investments in high growth spaces and adjacent industries to catalyse new streams of revenue for the Group, beyond banking.

## The Group's Strategy – Forward23

### STRATEGIC PIVOTS

We recognize that we will have to rethink the way we organize ourselves and how we do business. In addition to our differentiated market postures to drive growth, we will be undertaking transformative shifts - strategic pivots, in order to achieve the desired changes and growth. We have clustered the efforts and initiatives into the following 5 strategic pivots.



**Customer Centricity** – The Group's focus on Customer Centricity will be anchored by our efforts of Transforming Customer Journeys. We expect positive benefits in the areas of cost reduction, revenue pick up, and improvement in NPS.

**Technology & Data** – This underpinned many of the Group's digitisation efforts in the past and will continue to feature prominently. The Group will be undergoing a holistic multi-year Technology Transformation through initiatives and investments to drive greater resiliency, speed and differentiated digital solutions. We will also drive efforts to better use data analytics in areas such as sales and marketing, product development and risk management.

**Our People** – The Group's greatest asset, our People are central to delivering and supporting the transformation efforts. Investments will continue, especially to equip them with the right skills, leadership competencies, agile ways of working, and a new mind-set to operate in the new world.

**Ventures & Partnerships** – The Group will also drive new focus on value creation from platform based channels and as a result, create new distribution channels and access to a broader base of data and customer pools.

**Sustainability** – Evolving stakeholder expectations has been a driving force behind the Group's sustainability agenda. While the Group drives a profitable business, we also aim to be a visible shaper of Sustainability practices in the ASEAN community. Efforts are currently underway through bilateral discussion with Banks and Banking Associations as part of CIMB's role as a founding member of UNEP FI's Principles of Responsible Banking. This focuses on educating and raising awareness levels for sustainable financing and responsible banking practices. Internally, we have also initiated efforts to align our CSR strategy with topics that are material to our business as well as stakeholders.

### OUTCOMES

We seek to continue to improve our financial performance by further strengthening our return on equity (ROE) and cost in income ratio (CIR). In addition, we have set targets around our Net Promoter Score (NPS), Sustainability Ranking as well as skill mix to create a robust and balanced set of targets to steer the Group forward.



# CIMB FINTECH

CIMB Fintech, since its launch in 2017, has successfully initiated several pilot projects to serve the Group's Digital Strategy and Roadmap. We have also originated and promoted several potential technology and product trends to complement CIMB's current and future businesses. Our near-term and long-term objective is to pioneer innovative solutions and create value for our formidable network of customers and stakeholders in Malaysia and the region.

## HIGHLIGHTS 2018

### BLOCKCHAIN

CIMB is the first Malaysian bank to join the Ripple xCurrent Network, which is a global blockchain network solution, empowering banks to enable real-time payments for customers. Through product interoperability, the Network will help resolve customers' issues in relation to their payments, while CIMB delivers on its promise of safe and secure banking, anytime, anywhere.

### CHATBOT

For the very first time, CIMB launched an AI-powered, HR ChatBot service, to create a unique employee experience. The pilot initiative will help us explore the wider spectrum of solutions and go beyond Bots to adopt digital voice interactions and other forms of engagement, improving employees' and customers' experience. In the next 3-5 years, we believe ChatBots will increasingly help local banks to manage their customer service interactions more efficiently and effectively, resulting into significant cost reductions.

### DATA AND ARTIFICIAL INTELLIGENCE (AI)

At CIMB, we recognise the immense opportunities that we can realise by applying automated machine learning and predictive analysis to our valuable data across markets. We can understand customer behaviour and trends, to potentially reduce non-performing loans, systems downtime, operational risks, and improve anomaly detection, including frauds, money laundering, etc. AI can also help increase data modeling accuracy and credit scoring for more eligible customers base.

In 2018, we have completed advanced credit analysis for meaningful insights to drive our loan decisions. In addition, we also conducted extensive user interface and user experience (UIUX) research, to better understand the pain points of SMEs in particular, and to address them through our customised financial solutions.

During the year, we also tested a 'Personal Financial Management Application' with potential users and target participants of our flagship financial literacy programme called Be\$mart in collaboration with CIMB Foundation.

## WHO WE ARE & WHAT WE DO

CIMB Fintech was launched to drive innovation and chart the Group's long term digital roadmap. The Innovation Lab is our test-and-build platform for new ideas. It swiftly incubates new concepts, builds prototypes, runs pilots and ultimately innovates for new solutions. Successful pilots are then scaled by either spinning back into the businesses or spinning out into new ventures. Ultimately, CIMB Fintech is poised to future-proof the organisation.

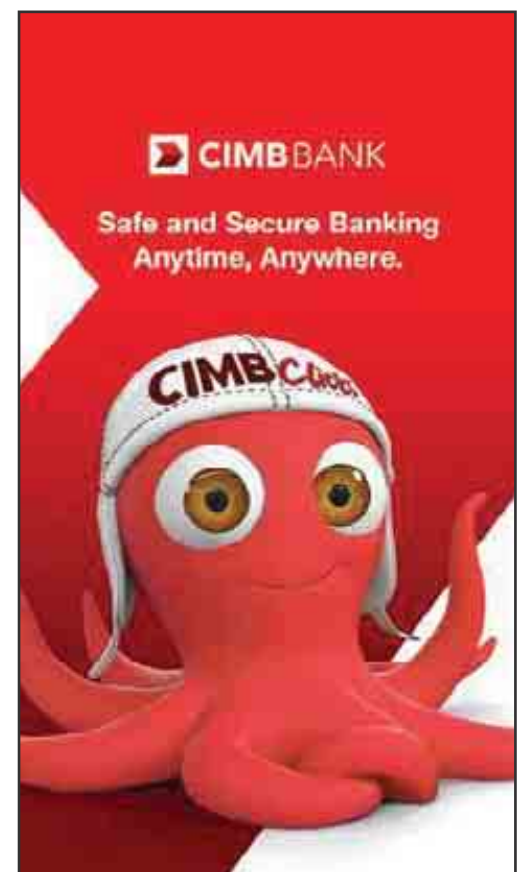
During the year under review, we continued our efforts in key focus areas, to include blockchain, data and artificial intelligence, customer journey, natural language processing and deep learning experiments, chatbot and UI/UX (user interface and user experience).

## THE CIMB DIGITAL BANKING EXPERIENCE

In keeping with our long-term commitment to growing our presence and strengthening our position in key ASEAN markets, we continue to deliver our safe and secure digital banking solutions to highly technology-savvy customers in the region.

In Vietnam, we launched the Digital Lounge and OCTO mobile banking app in September 2018. OCTO, with its multiple features, helps customers manage their finances conveniently, securely and in real time 24/7. The app promises a delightful and seamless customer experience, especially for the young and mobile-centric subscribers.

In the Philippines, we have launched the country's first all-digital mobile-first bank, offering 24/7 safe and secure banking on smartphones. The OCTO mobile banking platform offers a range of attractive features, to include bank account opening in just 10 minutes; the best-in-market interest rates for savings accounts; zero transaction fees; zero initial deposit or maintaining balance requirements; and convenient deposit and withdrawal options at over 8,000 partner locations and more than 20,000 ATMs nationwide for free.



## MOVING FORWARD

As part of the larger Ventures and Partnership Group moving forward, CIMB Fintech will drive thought leadership in the rapidly evolving digital universe. Along with this, CIMB Fintech will be the catalyst from within to create parallel business models and solutions to compete with encroaching non-industry players. We will be focused in driving new "beyond banking" business models together with our partners to create a truly digital ecosystem play for the future.

# MATERIAL MATTERS IMPACTING OUR STRATEGY

## Material matters

## How do we realise our strategy?

## More Information

### WHY ARE THESE IMPORTANT?

#### GEOPOLITICAL AND ECONOMIC DEVELOPMENTS

The Group is committed to deepening our business in the ASEAN region while managing risks from wider global geopolitical and economic developments.

#### TECHNOLOGY

The Group acknowledges the rapid advancements in technology, and the transforming digital landscape as Industry 4.0 is fast taking shape, which will change the dynamics of our business – from product innovation to customer experience, operational efficiencies to performance improvements. Understanding, preparing and mitigating the risks associated with digitalisation is a priority to remain competitive and protect the interests of our stakeholders.

#### CUSTOMER EXPERIENCE

Customers are a key stakeholder to the Group. Better service requires an in-depth understanding of their evolving expectations, factors influencing their decisions and desires.

#### PEOPLE

People remain a key asset to realising the Group's vision. Robust talent development, meaningful engagement and future-proofing remain key areas of focus for the Group.

#### REGULATION

As a responsible corporation, the Group works closely with all regulators in the region to ensure compliance and effective application of regulations.

#### EES FACTORS

The Group has committed to balance growth with responsibility and demonstrate sustainability leadership by investing resources and influencing our networks to ensure that our business activities have a net positive impact on our existing and future stakeholders over the long term.

- Work closely with regulators and stakeholders to protect the interests of shareholders, clients and depositors.
- Create new revenue streams from ecosystems and strategic partnerships locally and regionally.

- Invest resources to elevate our customer experience via digital channels and analytics.
- To increase productivity via tech modernisation and automation efforts.
- Build as well as source key digital talent and increase overall agility and independence in delivery of key technologies.
- Strengthen data analytics and capabilities to be a data-first organisation.
- Apply comprehensive data governance, including data origination, access, use, security and privacy.

- Transform customer journeys through rapid digitalisation.
- Adopt new agile ways of working and embrace 'Treating Customers Fairly' principle.
- Enhance compliance and risk.
- Apply methodologies and tech investments that create better experiences for customers.

- Invest in upskilling and reskilling to future-proof our people.
- Develop wellness programmes that support CIMBians in managing their various personal priorities.
- Encourage a culture of responsibility and cooperation through "A Better CIMB" initiative to drive performance.

- Enhance policies, procedures and risk practices in line with regulatory standards.
- Closely monitor industry and regulatory developments worldwide.

- Manage the risks and potential negative impacts arising from the advisory or financing work, on the environment, to society and to the economy in general.
- Provide financing solutions to facilitate sustainable development, and aid sustainable business in contributing to positive EES impacts.



**Page 37**  
on *Economic and Business Review & Outlook*



**Page 34**  
on *Group CEO's Overview*

**Page 45**  
on *CIMB Fintech*



**Page 28**  
on *Group CEO's Overview*

**Page 44**  
on *The Group's Strategy*



**Page 28**  
on *Group CEO's Overview*

**Page 106**  
on *Human Capital Growth*



**Page 47**  
on *Key Risks and Mitigation*



**Page 152**  
on *Sustainability Statement*



# KEY RISKS AND MITIGATION

Type of Risk	Mitigation Actions
<b>CREDIT RISK</b>	<ul style="list-style-type: none"> <li>The Group has a robust credit risk policy framework, embedded with prudent lending guidelines to minimise credit default and losses.</li> <li>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.</li> <li>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.</li> <li>An independent post-credit review process conducted regularly by the Group assesses the quality of loans approved.</li> <li>The Board Risk and Compliance Committee (BRCC) and Group Risk and Compliance Committee (GRCC) periodically set the strategic intent using Risk Posture and Risk Appetite.</li> <li>Exposures are actively monitored, reviewed regularly and reported to GRCC and BRCC. Deteriorating portfolios are identified, analysed and discussed with the relevant business units for appropriate remedial actions, if required.</li> <li>Data and analytics are leveraged to assess portfolios, as well as to timely identify problem areas and decide on corrective actions.</li> </ul>
<b>MARKET RISK</b>	<ul style="list-style-type: none"> <li>The Group maintains a robust and effective market risk policy framework and actively measures, monitors and manages market risk within the approved Risk Appetite.</li> <li>The Group Market Risk Committee is supported by several working groups to provide better oversight on various areas of risk and governance.</li> <li>The Group also provides constructive challenge to the line of defence in managing the market risk of the Group and adopts the best practices for market risk management in the region.</li> </ul>
<b>OPERATIONAL RISK</b>	<ul style="list-style-type: none"> <li>The Group actively manages operational risk within the established risk appetite.</li> <li>Operational risk management is embedded as an important element in the assessment of risks within the Group's products, services, processes and systems.</li> <li>IT risk (including cyber security) remains a top global operational risk. The Group continues to institutionalise capabilities to mitigate such threats while building resilience.</li> <li>Multiple initiatives are underway to strengthen existing infrastructure on system capabilities, data management and internal controls.</li> <li>The Group continues to manage reputational risk robustly by identifying the sources of the risk and monitoring these via key risk metrics within the defined risk appetite.</li> </ul>
<b>FUNDING &amp; LIQUIDITY RISK</b>	<ul style="list-style-type: none"> <li>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.</li> <li>The Group actively measures, monitors and manages its liquidity positions to comply with the regulatory Basel III Liquidity Coverage Ratio (LCR) requirements.</li> <li>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.</li> </ul>
<b>COUNTRY RISK</b>	<ul style="list-style-type: none"> <li>Country limits are set to capture and manage country risks arising from credit exposure to obligors.</li> <li>Country limits are approved by Group Credit Committee upon consideration of the relevant risks and business requirements.</li> </ul>
<b>SHARIAH NON-COMPLIANCE (SNC) RISK</b>	<ul style="list-style-type: none"> <li>The Group has established Board Shariah Committee (BSC) and four Shariah functions namely, Shariah and Governance, Shariah Risk Management, Shariah Review CoE and Shariah Audit as required under BNM Shariah Governance Framework. This governance is to monitor Shariah compliance in the Islamic banking business.</li> <li>Shariah-related policies and procedures have been developed among others, requiring approval from BSC for all Islamic banking business and operations.</li> <li>Risk management tools have been enhanced, facilitating how Business Units (BU)/Business Enablers (BE) identify and manage inherent SNC risk in their areas.</li> </ul>
<b>REPUTATION RISK</b>	<ul style="list-style-type: none"> <li>The Group manages reputation risk by identifying sources of reputation risk, monitoring and managing these within the defined risk appetite. The reputation risk appetite is defined and set by the Board in the form of a statement.</li> <li>Individual Business Units, Functions and Subsidiaries are responsible to produce risk assessments and subsequently report reputation risk reports via the Operational Risk Management tools.</li> <li>Responsibility for providing oversight over the management of reputation risk lies with the Group Operational Risk Committee (GORC).</li> <li>Where risk assessments lead management to believe that the reputation risk is outside the risk appetite, relevant actions are to be taken to reduce, avoid or accept the risk. The process of documenting the specific risk and mitigating actions are documented via the Group Control Issue Management process.</li> <li>Where thematic risks are identified and reported to the GORC, the committee and its members may request management to take additional mitigating actions to manage the risk in order not to breach the risk appetite.</li> <li>Key reputation risk indicators are monitored and reported regularly to GORC to identify changes in the respective risk profiles within the Group that may impact stakeholder expectations.</li> </ul>



- 50 Group Financial Review by Group Chief Financial Officer
- 54 Five-Year Group Financial Summary
- 55 Five-Year Group Financial Highlights
- 56 Simplified Group Statements of Financial Position
- 57 Quarterly Financial Performance
- 58 Key Interest Bearing Assets and Liabilities
- 59 Value Added Statement
- 60 Capital Management
- 61 Credit Ratings
- 63 Balance Sheet Management
- 64 Investor Relations



MANAGEMENT  
DISCUSSION AND  
ANALYSIS

# Performance Review



**Khairul Rifaie**  
Group Chief Financial Officer

# Group Financial Review by Group CFO

≡ 2018 was another good year for the Group as we registered a RM5.58 billion net profit, translating to net earnings per share (EPS) of 59.7 sen and ROE of 11.4%. The record performance is a fitting conclusion to the Group's T18 programme, reflecting the results of the various recalibration exercises carried out across the region over the past few years. We have strengthened the Group's capital position, instilled strong cost discipline and enhanced our asset quality. This strong foundation puts the Group in a firmer position for our next phase of sustainable growth under our new Forward23 programme.

# THE YEAR IN REVIEW

The game-changing political developments in Malaysia provided significant challenges to the domestic capital markets and business environment. Sustained geopolitical and economic tensions kept markets, interest rates and commodity prices volatile throughout 2018. The Group maintained a conservative and pragmatic stance in 2018 focusing on prudent asset growth, strong risk management and keeping costs under control. Coupled with shareholding alignments at CPAM, CPIAM and CSI, we successfully achieved our T18 targets with an ROE of 11.4%, cost income ratio (CIR) of 49.8% and ended the year with a Common Equity Tier 1 (CET1) ratio of 12.6%.

Our 2018 financial performance was strong as we recorded a 24.8% YoY growth in net profit to RM5.58 billion compared to RM4.48 billion in 2017, on the back of lower operating expenses and loan loss provisions. This was equivalent to an earnings per share (EPS) of 59.7 sen. With the Group's strong capital ratios and profitability, we maintained a high dividend pay-out of 50.8% (excluding the one-off gain from the shareholding realignment at CPAM and CPIAM).

**The improved performance was attributed to a combination of prudent and targeted growth strategies across the region, tighter costs controls, enhanced credit risk measures, better asset quality management and strategic reorganisation, driving stronger bottom-line result despite weaker than expected capital market-related revenues:**

The Group's 2018 revenues were 1.4% lower at RM17.4 billion compared to RM17.6 billion in 2017.

Net interest income (NII) was 2.5% lower YoY at RM11.9 billion due to a combination of weaker Net Interest Margins (NIM) in Indonesia following aggressive interest rate hikes, some year-end deposit cost pressures in Malaysia and foreign exchange rate translation effects. Group NIMs were 13bps lower YoY at 2.50%.

Non-interest income (NOII) grew by 1.1% to RM5.5 billion largely attributed to the gain from disposal of interest in CPAM and CPIAM amounting to RM928 million. Core capital markets-related fees were softer in 2018 due to lower capital market activities post-GE14 as well as global market uncertainties. Consumer bancassurance and wealth management, Private Banking and Transaction Banking fees continued to grow well.

Operating expenses declined by 5.2% YoY to RM8.7 billion in 2018 (from RM9.1 billion in 2017) reflecting the Group's efforts in containing costs and increased focus on improving operational efficiencies across all jurisdictions and business lines. The Group's cost-to-income ratio (CIR) improved to 49.8% versus 51.8% in 2017.

Asset quality continued to improve in 2018 as the Group's total loan loss provisions declined by 35.8% YoY to RM1.43 billion in FY18 compared to RM2.23 billion previously, translating to a loan loss charge (LLC) of 0.41%. Provisions were lower in Consumer and Commercial Banking, most notably in Thailand and Malaysia. The Group's gross impaired loans ratio improved to 2.9% for the year.

Total gross loans grew 7.0% YoY, underpinned by Malaysia at 10.5% YoY, with Thailand, Singapore and Indonesia coming in at 7.8%, 5.3% and 1.8%, respectively. Consumer Banking loans expanded 7.4% during the year while Wholesale loans were 8.3% higher.

The Group deposits were 6.3% higher YoY driven by Consumer and Wholesale Banking deposits which grew 10.7% and 6.4%, respectively. Commercial Banking deposits were 9.8% lower YoY following the business recalibration in Thailand. The Group's CASA ratio stood at 32.7% as at end-2018. Liquidity remained strong with the loan to deposit ratio at 91.2% whilst the Liquidity Coverage Ratio stood comfortably above 100% for all banking entities.

Capital adequacy remains robust as we ended 2018 with a CET1 ratio of 12.6% compared to 12.2% as at end-2017.

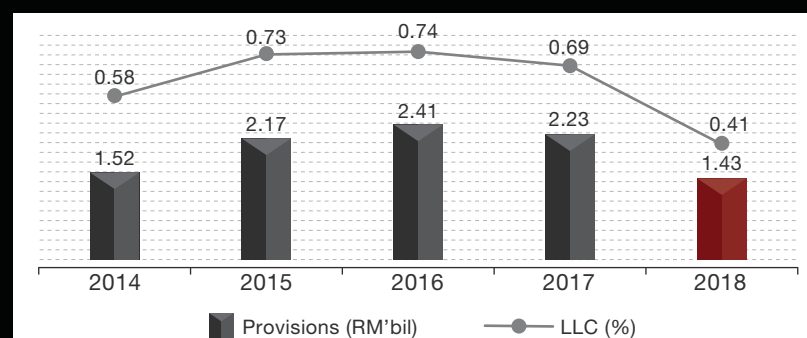
## GROWTH DRIVERS

The Group's stronger bottom-line performance in 2018 was driven by robust loan growth, well contained operating expenses, lower loan loss provisions and the one-off gain from the shareholding realignment at CPAM and CPIAM.

- The Group took a measured approach to loan growth, ensuring that risk-adjusted returns were strictly adhered to in all credit decisions. Malaysia Consumer loans rose 8.3% YoY in line with data mining and Digital Sales Enablement (DSE) efforts. The Islamic-first initiative in Malaysia played a material role in this growth, with Islamic financing growing 22.8% YoY in 2018. Corporate loans expanded in Malaysia, Thailand and Singapore. The Group focussed on higher quality, albeit with lower-NIM loans in Indonesia and completed the recalibration of the Commercial Banking book in Thailand.
- One of the highlights for 2018 was the strong control of operating expenses as we maintained strict cost discipline across all businesses and geographies. We derived significant cost savings from digitisation, improving operational productivity, streamlining procurement processes and lowering marketing expenses. The deconsolidation of CSI in 2018 had a material impact on the Group's operating costs.

- The enhanced risk management practices put in place four years ago continued to yield results as loan loss provisions fell by 35.8% YoY to a 5-year low of RM1.4 billion or a LLC of 0.41%. Close asset quality monitoring supported by robust policies and guidelines ensure early detection of problematic accounts and potential impairments.
- The Group disposed of a 20% interest in CPAM and 10% interest in CPIAM during the year, recognising a one-off non-operation gain of RM928 million. The gain was recognised as an NOII revenue under Group Funding and contributed to the stronger top-line and 24.8% growth in net profit.

Asset Quality



## Group Financial Review by Group CFO

### 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 recorded a strong performance with PBT increasing by 15.2% YoY to RM2.96 billion in 2018 from RM2.57 billion in 2017. This was mainly driven by growth in NII as loans increased by 7.4% and NOII from the wealth management and bancassurance businesses. Asset quality remained sound with provisions reducing by 39.2% YoY while overheads remained under control increasing just 3.2% YoY.
- Commercial Banking posted an increase in PBT of 180.1% as a result of the concerted efforts in recalibrating the business. Operating expenses reduced by 2.1% with provisions reducing by a significant 67.2% as the business tightened its controls infrastructure as well as its risk and asset quality management.
- The Wholesale Banking business was affected across all segments by the adverse market conditions, with its PBT down by 31.7% YoY to RM1.75 billion. On a positive note, corporate loans increased by 8.3% YoY and the deconsolidation of CSI brought about a 17.0% decline in operating expenses.
- GAMI's PBT was 16.7% lower at RM110 million due to the deconsolidation of CPAM and CPIAM as a result of the shareholding realignment. The public markets business continued to expand with CPAM's assets under management growing 5.8% YoY to RM78.3 billion. The TnG Digital JV, which was set up in early 2018, is in its early stages of executing its strategies while the other private markets businesses saw fair value gains and recoveries.

(RM 'mil)	FY18	FY17	YoY
Consumer Banking	8,062	7,901	2.0%
Commercial Banking	2,052	2,183	(6.0%)
Corporate Banking	3,124	3,117	0.2%
Treasury & Markets	1,256	1,659	(24.3%)
Investment Banking	456	1,182	(61.4%)
GAMI	338	521	(35.1%)
Group Funding	2,094	1,063	97.0%
<b>Total income</b>	<b>17,382</b>	<b>17,626</b>	<b>(1.4%)</b>

### OVERVIEW OF COUNTRY PERFORMANCE

ASEAN remains the Group's key focus and significant effort has been made to diversify the earnings not just by business lines but also by geography. Indonesia and Thailand recalibrated during the year, establishing a firmer footing and bringing about stronger performances in asset quality.

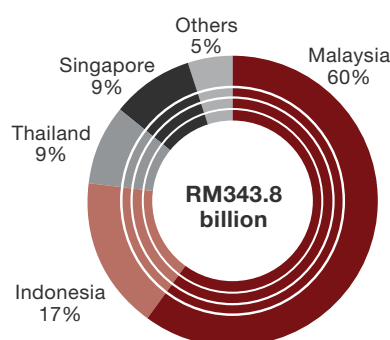
The following section provides an overview of the Group's performance by country:

- Malaysia's PBT expanded 12.8% YoY to RM5.16 billion largely due to the RM928 million gain from the shareholding realignment at CPAM and CPIAM. Consumer and Commercial Banking were the main growth drivers with top-line expansion and lower expenses and provisions, while Wholesale bore the brunt of weak capital markets during the year despite a brief respite in the third quarter. Gross loans grew strongly at 10.5% in 2018, above the industry growth of 6.2%, driven by Consumer and Corporate Banking.
- PBT from Indonesia was 1.6% lower YoY at RM1.35 billion, as revenues were impacted by six interest rate hikes totalling 175bps during the

year, resulting in CIMB Niaga's NIMs compressing by 48bps YoY to 5.12% (5.60% in 2017). Strong risk management continued to produce positive results with provisions falling 25.7% YoY. Loan growth was modest at 1.8% as CIMB Niaga continues to realign its book towards higher quality loans.

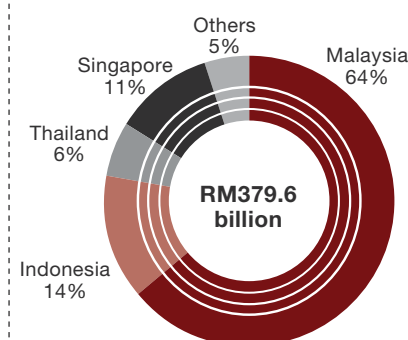
- Thailand operations remained profitable for the third consecutive year with its PBT growing 116.8% YoY in FY18. The significant improvement is mainly due to lower provisions and is a result of the business recalibration over the past few years. CIMB Thai loans grew 7.8% YoY mainly from Consumer (+13.0% YoY) and Corporate Banking (+19.0%), with Commercial loans declining 25.3% as the business completed its realignment process.
- PBT from Singapore increased 23.7% YoY to RM438 million. The deconsolidation of CSI contributed to the uplift in PBT. Loans grew 5.3% while deposits grew 6.5% in 2018.

Loans by Country as at 31 December 2018<sup>#</sup>



Loans Growth <sup>+</sup>	YoY
Malaysia	10.5%
Indonesia <sup>^</sup>	1.8%
Thailand <sup>^</sup>	7.8%
Singapore <sup>^</sup>	5.3%
Others <sup>**</sup>	(2.6%)
<b>Group<sup>-</sup></b>	<b>7.4%</b>

Deposits by Country as at 31 December 2018



Deposits Growth	YoY
Malaysia	6.9%
Indonesia <sup>^</sup>	0.8%
Thailand <sup>^</sup>	4.3%
Singapore <sup>^</sup>	6.5%
Others <sup>**</sup>	37.6%
<b>Group<sup>-</sup></b>	<b>6.8%</b>

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

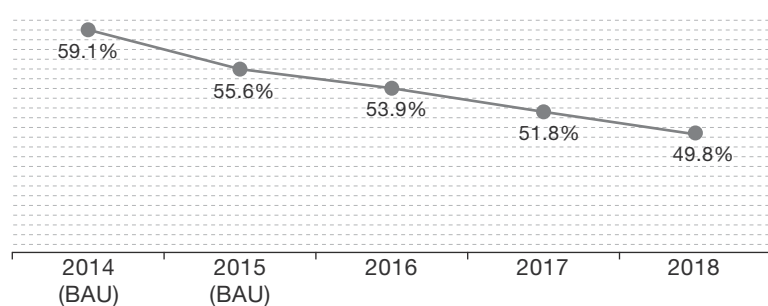
### COST-MITIGATING MEASURES

Operating costs was one of the main highlight in 2018 as expenses reduced by 5.2% YoY to RM8.66 billion bringing it back to 2016 levels. Coupled with improved revenues, our CIR reduced to 49.8% for the year.

- The Group's 4-year cost mitigation initiative achieved its objective of reducing annual operating costs through improving efficiency and productivity by promoting greater financial discipline across all business lines and geography. This has led to a 5-year operating expense CAGR of only 1.1% compared to the 5-year revenue CAGR of 4.1%.
- During the year, a lot of progress has been made with the streamlining of the equities business and the cost savings from improved turnaround times and enhancing our digital initiatives, namely the launch of the 1-Minute Auto Loans and Home Financing InstaApproval.
- Internally, the "Kaiju" programme was set up as part of the T18 programme to create greater awareness within the firm on cost control and to ingrain a deeper culture of cost discipline. Numerous small and large scale initiatives and projects were launched which had a positive result in lowering costs in 2018.

- Management continued to carry out effective manpower management via strategic workforce planning initiatives. Staff headcount reduced by 3.8% to around 36,000 in 2018, through natural attrition and operational streamlining.
- The annual expenditure plans under Forward23 is focussed on digital and IT related projects. We foresee the Group's CIR plateauing in 2019-2020 due to these investments and expect significant improvements thereafter as these investments drive stronger revenue generation. With this in mind, the Group remains focussed on sustaining its underlying operational cost mitigation efforts, while enhancing productivity and efficiency.

#### Cost-to-Income Ratio



(RM 'mil)	FY18	FY17	YoY
Personnel	4,927	5,254	(6.2%)
Establishment	1,947	2,130	(8.6%)
Marketing	351	302	16.2%
Admin & General	1,431	1,447	(1.1%)
<b>Total</b>	<b>8,656</b>	<b>9,133</b>	<b>(5.2%)</b>

#### FINANCIAL POSITION

- The Liquidity Coverage Ratio and Net Stable Funding Ratios continued to stay comfortably above targeted levels with yield improvement on high quality liquid assets.
- The Group's capital adequacy remained strong with CET1 ratio rising to 12.6% as at end-December 2018, a 40bps increase despite the adoption of MFRS9 at the start of the year.
- The Group aims to remain focussed 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 efficient deployment of capital based on RAROC, and (v) continuing with RWA-optimisation exercises.
- With Forward23 plans in place, the Group will strive to expand its capital base to achieve its targets and continue deploying efficiently across the Group. We expect the numerous projects to deliver the desired returns from both capital and profitability perspectives.

#### RETURNS TO SHAREHOLDERS

With the strong performance in 2018, the Board approved and declared total dividends amounting to RM2.37 billion or 25.00 sen per share to be distributed to shareholders for FY18. The first interim dividend of 13.00 sen per share was paid out in October 2018, with a DRS take up rate of 86.3% while the remainder was paid out by cash. The proposed second interim single-tier dividend of 12.00 sen per share is to be paid out by May 2019 with the option of either cash or via a DRS. The dividends translated to a payout ratio of 50.8%, excluding the one-off gains from the sale of CPAM and CPIAM.

#### NON-FINANCIAL MEASURES OF PERFORMANCE

Non-financial measures remain relevant components in evaluating the success of our initiatives towards achieving our strategic goals. Some of these key measures include:

##### A) SUSTAINABILITY

Sustainability is a focus area for the Group to ensure that economic, environmental and social (EES) considerations are integrated into the Group's risk assessment and management strategies by 2020. During the year, the Group took the lead amongst ASEAN banks to be an official member of the United Nations' Environmental Program Finance Initiative Principles for Responsible Banking (UNEP FI). As part of the Forward23 plans, the Group will continue to focus on being the leader for sustainability in the industry and region.

##### B) CUSTOMER EXPERIENCE (CX)

CX is one of the Group's core culture pillars and various initiatives have been put in place to meet our internal and external CX objectives. The focus is to improve CX at all touch points and elevate customer satisfaction. The Group's CX policy outlines a clear set of standards which aims to design and deliver a differentiated customer experience. The policy also provides guidelines on mitigating potential risks, managing negative impacts and meeting regulatory requirements.

##### C) COMPLIANCE

Compliance remained a key priority for the Group. We have further improved the overall governance and framework through the holistic review of policies, procedures and committees and strengthened the compliance capabilities. With the improved structure and internal governance, we remained focussed on strengthening the compliance culture through regional awareness campaigns and training.

##### D) CULTURE AND EMPLOYEE ENGAGEMENT

The Group maintained high levels of employee engagement which has resulted in higher staff productivity and a more conducive workplace. The Group has continuously made strategic investments for staff programs, enhanced performance management systems and carried out various engagements, surveys and workshops for staff of all levels across the region.

#### GOING FORWARD

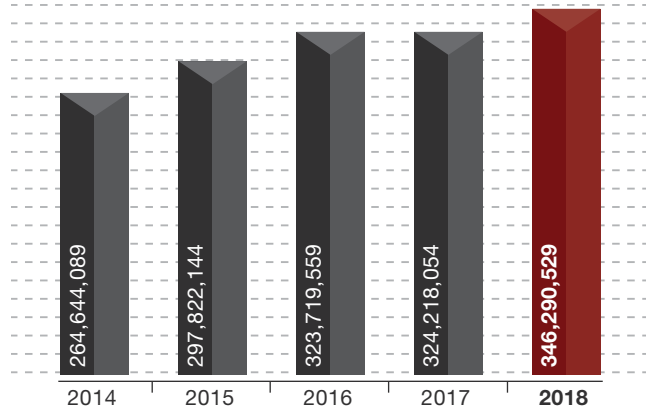
We have launched the Forward23 strategic plan to further strengthen the Group's competitive position and deliver sustainable value to all stakeholders in the mid to longer term. We expect Malaysia and Indonesia to be the main driver of growth and in order to achieve our Forward23 targets, we will be investing in technology, particularly in the next two years. Our financial aspirations under the Forward23 programme are an ROE of 12-13%, CET1 ratio of 13% and CIR of 45%.

Going into 2019, we remain cautious of the sustained external headwinds and decelerating global economic growth, which may pose challenges to our top-line growth. Therefore, we will continue to focus on prudent and targeted asset growth, strong asset quality and strict cost controls.

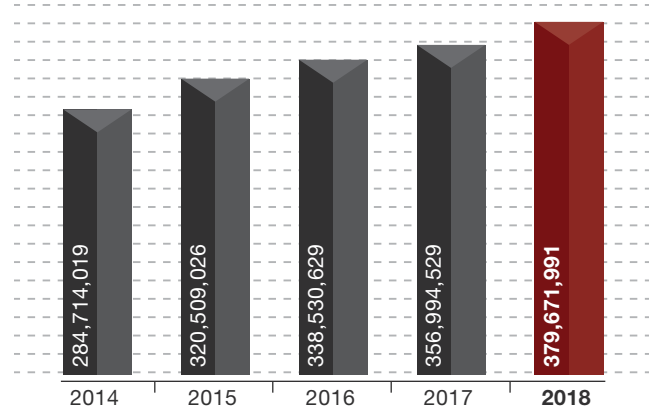
With this, the targets for 2019 are an ROE of between 9.0-9.5%, CET1 ratio of at least 12%, CIR of 52.6% and LLC of between 0.4-0.5%. We are projecting a 6% loan growth for 2019, as we aim to continue to gain market share in Malaysia, supported by stronger growth in Indonesia, Thailand and Singapore.

# FIVE-YEAR GROUP FINANCIAL SUMMARY

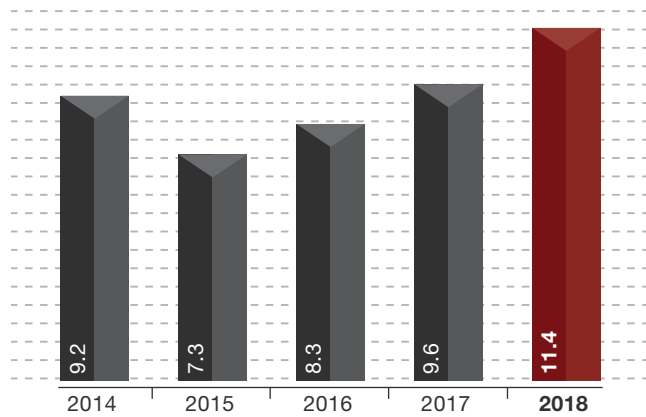
Gross Loans (RM'000)



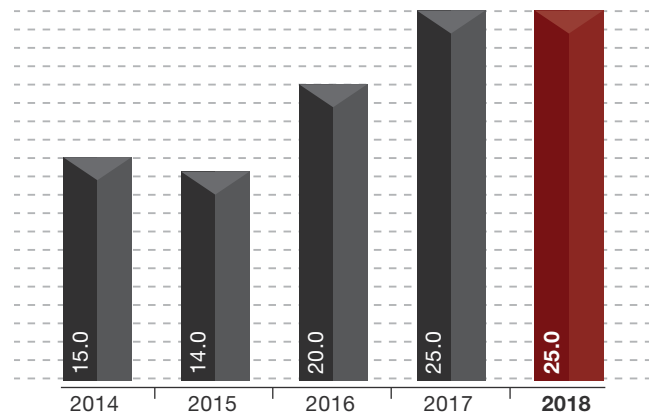
Deposits from Customers<sup>^</sup> (RM'000)



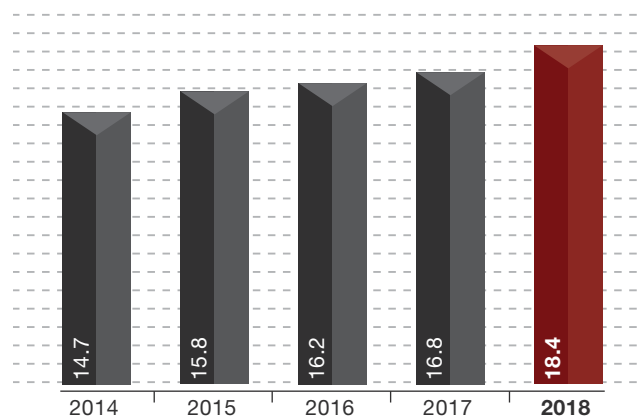
ROE (%)



Gross Dividend Per Share (Sen)



Total Capital Ratio (CIMB Bank) (%)



<sup>^</sup> Include investment accounts of customers and structured investments classified as financial liabilities designated at fair value through profit or loss and other liabilities



# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

## FINANCIAL YEAR ENDED 31 DECEMBER

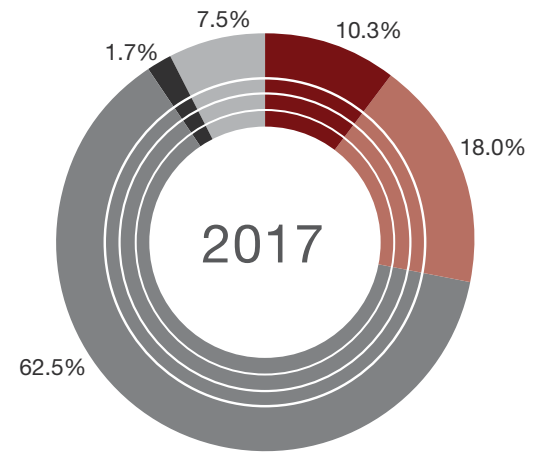
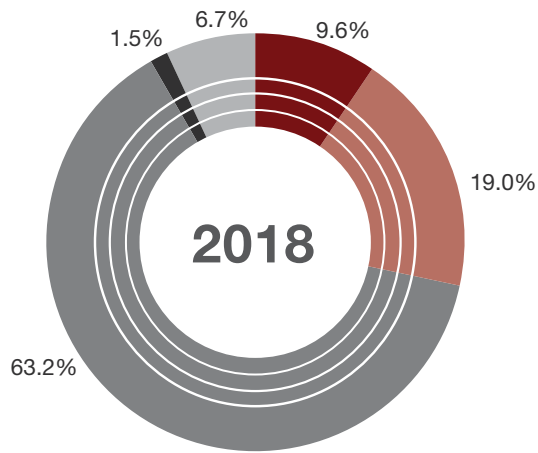
Key Highlights	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
<b>Consolidated Statement of Income</b>					
Operating income	17,381,968	17,626,496	16,065,255	15,395,790	14,145,924
Overheads	8,655,821	9,133,575	8,651,690	9,248,978	8,291,963
Profit before expected credit losses/allowances	8,726,147	8,492,921	7,413,565	6,146,812	5,853,961
Expected credit losses/allowance for impairment losses on loans, advances and financing	1,432,661	2,230,907	2,408,883	2,168,624	1,522,068
Profit before taxation and zakat	7,200,667	6,109,985	4,884,144	3,913,993	4,276,423
Net profit for the financial year	5,583,510	4,475,175	3,564,190	2,849,509	3,106,808
<b>Consolidated Statement of Financial Position</b>					
Gross loans, advances and financing	346,290,529	324,218,054	323,719,559	297,822,144	264,644,089
Total assets	534,089,043	506,499,532	485,766,887	461,577,143	414,156,356
Deposits from customers <sup>^</sup>	379,671,991	356,994,529	338,530,629	320,509,026	284,714,019
Total liabilities	481,501,072	456,693,097	438,687,729	419,344,515	375,765,233
Shareholders' funds	51,374,295	48,245,479	45,308,175	41,050,778	37,360,436
Commitments and contingencies	1,129,138,654	875,879,316	888,167,213	883,583,439	702,740,799
<b>Financial Ratios (%)</b>					
Common equity tier 1 ratio (CIMB Bank)	12.2	11.9	11.5	11.5	11.2
Tier 1 ratio (CIMB Bank)	13.7	13.3	13.1	12.7	12.6
Total capital ratio (CIMB Bank)	18.4	16.8	16.2	15.8	14.7
Return on average equity	11.4	9.6	8.3	7.3	9.2
Return on average total assets	1.07	0.90	0.75	0.65	0.79
Net interest margin	2.50	2.63	2.63	2.66	2.80
Cost to income ratio	49.8	51.8	53.9	60.1	58.6
Gross impaired loans to gross loans	2.9	3.4	3.3	3.0	3.1
Allowance coverage ratio	91.0	70.5	79.8	84.7	82.7
Loan loss charge	0.41	0.69	0.74	0.73	0.58
Loan deposit ratio	91.2	90.8	95.6	92.9	93.0
Net tangible assets per share (RM)	4.39	4.14	3.92	3.63	3.28
Book value per share (RM)	5.37	5.23	5.11	4.81	4.44
CASA ratio	32.7	35.0	35.7	34.1	34.7
<b>Other Information</b>					
Earnings per share (sen) – basic	59.7	49.6	41.0	33.6	37.5
Gross dividend per share (sen)	25.0	25.0	20.0	14.0	15.0
Dividend payout ratio (%)	42	51	49	42	40
Number of shares in issue ('000)	9,564,455	9,225,547	8,868,384	8,527,272	8,423,751
Weighted average number of shares in issue ('000)	9,356,695	9,016,943	8,689,362	8,475,522	8,288,256
<b>Non Financial Highlights</b>					
Share price at year-end (RM)	5.71	6.54	4.51	4.54	5.56
Number of employees <sup>~</sup>	36,104	37,597	38,952	40,545	41,669

<sup>^</sup> Include investment accounts of customers and structured investments classified as financial liabilities designated at fair value through profit or loss and other liabilities

<sup>~</sup> Excludes headcount borne by third parties

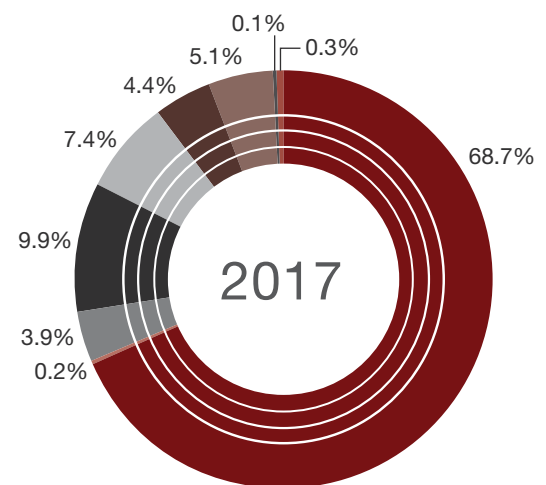
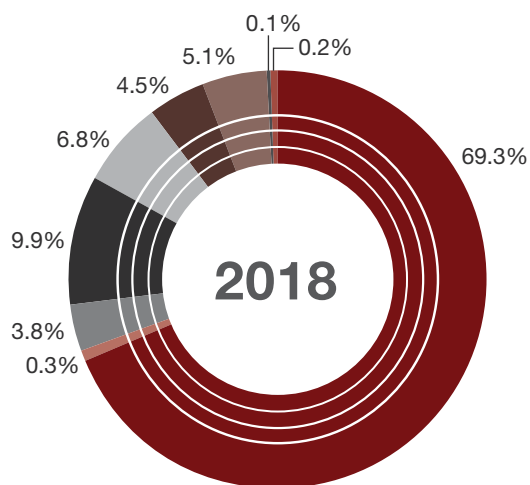
# SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

## ASSETS



■ Cash and short-term funds, reverse repurchase agreements and deposits and placements with banks and other financial institutions  
■ 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  
■ Ordinary share capital  
■ Reserves  
■ Perpetual preference shares  
■ Non-controlling interests

# QUARTERLY FINANCIAL PERFORMANCE

2018

RM'000	Q1	Q2	Q3	Q4
Operating revenue	4,303,311	4,863,578	4,140,536	4,074,543
Net interest income	2,419,783	2,367,316	2,413,467	2,433,874
Net non-interest income and income from Islamic banking operation	1,883,528	2,496,262	1,727,069	1,640,669
Overheads	(2,141,121)	(2,087,316)	(2,158,346)	(2,269,038)
Profit before taxation and zakat	1,742,893	2,459,160	1,486,401	1,512,213
Net profit attributable to owners of the Parent	1,305,874	1,980,783	1,179,718	1,117,135
Earnings per share (sen)	14.15	21.29	12.56	11.67
Dividend per share (sen)	–	13.00	–	12.00

2017

RM'000	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 owners of the Parent	1,180,258	1,102,464	1,132,224	1,060,229
Earnings per share (sen)	13.31	12.25	12.50	11.57
Dividend per share (sen)	–	13.00	–	12.00

# KEY INTEREST BEARING ASSETS AND LIABILITIES

## FINANCIAL YEAR ENDED 31 DECEMBER 2018

	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
<b>Interest earning assets:</b>			
Cash and short-term funds & deposits and placements with banks and other financial institutions	39,903	2.52	1,214
Financial assets at fair value through profit or loss	29,511	2.90	789
Debt instruments at fair value through other comprehensive income	32,276	4.28	1,327
Debt instruments at amortised cost	39,269	3.92	1,542
Loans, advances and financing	337,148	5.89	19,069
<b>Interest bearing liabilities:</b>			
Total deposits*	405,131	2.51	10,100
Bonds, Sukuk, debentures and other borrowings	23,022	4.04	908
Subordinated obligations	13,482	5.61	744

## FINANCIAL YEAR ENDED 31 DECEMBER 2017

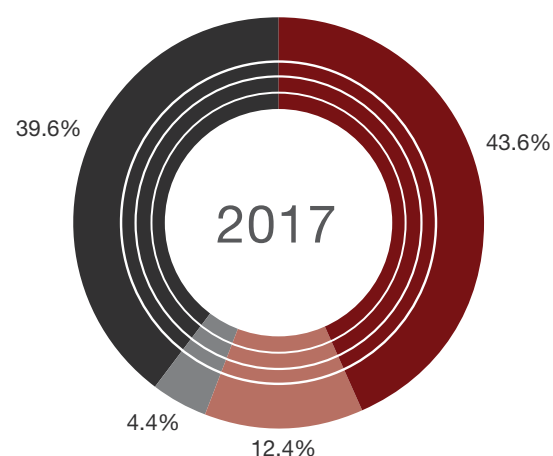
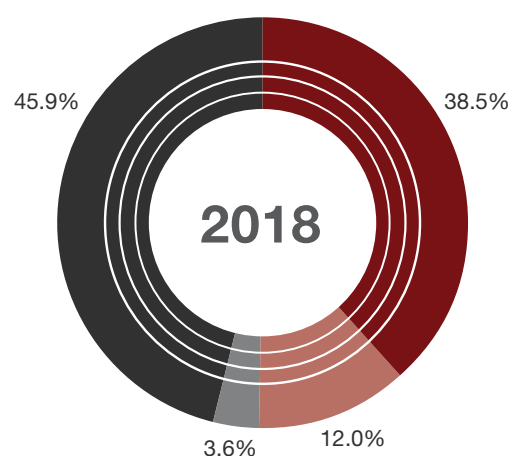
	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
<b>Interest earning assets:</b>			
Cash and short-term funds & deposits and placements with banks and other financial institutions	45,723	2.28	1,148
Financial assets held for trading	21,657	2.56	665
Financial investments 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
<b>Interest bearing liabilities:</b>			
Total deposits*	380,233	2.42	9,337
Bonds, Sukuk, debentures and other borrowings	24,953	3.24	770
Subordinated obligations	12,533	5.54	744

\* 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 through profit or loss and structured deposits.

# VALUE ADDED STATEMENT

	2018 RM'000	2017 RM'000
<b>Value added</b>		
Net interest income	9,634,440	10,459,097
Income from Islamic banking operations	2,610,161	2,131,813
Net non-interest income	5,137,367	5,035,586
Overheads excluding personnel costs, depreciation and amortisation	(3,065,699)	(3,170,376)
Expected credit losses/allowance for impairment losses on loans, advances and financing	(1,432,661)	(2,230,907)
Expected credit losses/allowance written back for commitments and contingencies	7,427	10,364
Other expected credit losses/allowance for other impairment losses	(134,500)	(175,167)
Share of results of joint ventures	30,678	12,895
Share of results of associates	3,576	(121)
<b>Value added available for distribution</b>	<b>12,790,789</b>	<b>12,073,184</b>

<b>Distribution of Value Added</b>		
<b>To employees:</b>		
Personnel costs	4,926,747	5,254,514
<b>To the Government:</b>		
Taxation and zakat	1,537,314	1,502,019
<b>To providers of capital:</b>		
Cash dividends paid to shareholders	376,094	402,338
Non-controlling interests	79,843	132,791
<b>To reinvest to the Group:</b>		
Dividend reinvestment plan	1,948,524	1,838,642
Depreciation and amortisation	663,375	708,685
Retained earnings	3,258,892	2,234,195
<b>Value added available for distribution</b>	<b>12,790,789</b>	<b>12,073,184</b>



**To Employees:**  
Personnel costs

**To the Government:**  
Taxation and zakat

**To providers of capital:**  
Cash dividends paid to shareholders  
Non-controlling interests

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

# CAPITAL MANAGEMENT

## OVERVIEW

Capital management at CIMB Group remains focussed 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 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 for shareholders through sustainable return on equity and stable dividend payout; and (c) 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 Group stakeholders, 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 2018	Minimum Regulatory Ratio	As at 31 December 2018	Minimum Regulatory Ratio	As at 31 December 2018	Minimum Regulatory Ratio
CIMB Bank	12.23%	4.50%	13.66%	6.00%	18.35%	8.00%
CIMB Islamic	13.50%	4.50%	14.03%	6.00%	16.19%	8.00%
CIMB Investment Bank Group	30.25%	4.50%	30.25%	6.00%	30.25%	8.00%
CIMB Niaga	17.97%	4.50%	17.97%	6.00%	19.20%	8.00%
CIMB Thai	13.32%	4.50%	13.32%	6.00%	18.69%	8.50%

## KEY INITIATIVES

Our goal is to continuously build capital towards the full implementation of Basel III requirements, whilst optimising its use fully. Various tools are employed to achieve this, including:

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

Key capital management initiatives that were undertaken during 2018 include:

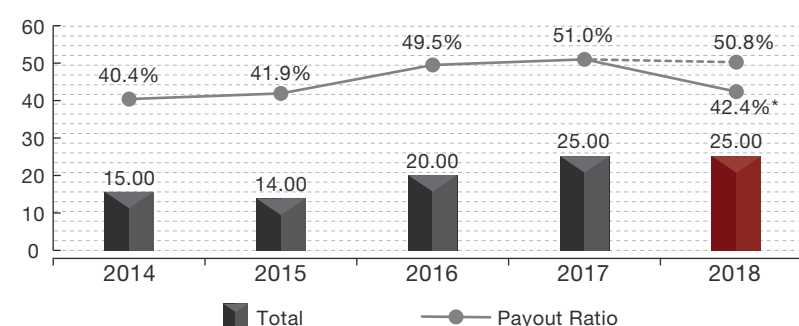
(1) The DRS was continued with a reinvestment rate averaging 83.7% in the year, reflecting investor confidence in the Group and generating an additional RM1.9 billion of capital.

(2) CIMB Group issued RM0.7 billion Basel III T2 Subordinated Debt on 29 March 2018, RM1.2 billion Basel III T2 Subordinated Debt on 13 September 2018 and RM1.0 billion Basel III AT1 Capital Securities on 23 October 2018.

(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 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 encouraging, with an average rate of 81.3% since inception.



\*excluding the gain on sale of CPAM & CPIAM, the dividend payout ratio is 50.8%.

## DIVIDEND POLICY

For the financial year ended 31 December 2018, the first interim single tier dividend of 13.00 sen per ordinary share, on 9,365,794,381 ordinary shares amounted to RM1,217,553,269 was approved by the Board of Directors on 27 July 2018 and Bank Negara Malaysia on 29 August 2018. 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 RM166,641,187 was paid on 24 October 2018.

A second interim single tier dividend of 12.00 sen per ordinary share, on 9,564,454,510 ordinary shares amounting to RM1,147,734,541 in

respect of the financial year ended 2018 was approved by the Board of Directors on 31 January 2019 and Bank Negara Malaysia on 25 February 2019. The second interim single tier dividend will be payable by May 2019 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.

# CREDIT RATINGS

## CIMB BANK BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	December 2018	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Bank Deposits Rating</li> <li>2. Short-term Foreign Currency Bank Deposits Rating</li> <li>3. Long-term Domestic Currency Bank Deposits Rating</li> <li>4. Short-term Domestic Currency Bank Deposits Rating</li> <li>5. Senior Unsecured Notes</li> <li>6. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme</li> <li>7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/Subordinated)</li> </ol>	A3 P-2 A3 P-2 A3 (P)A3 (P)A3/(P)Ba1	Stable
Standard & Poor's Ratings Services (S&P)	December 2018	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Rating</li> <li>2. Short-term Foreign Currency Rating</li> <li>3. Long-term Local Currency Rating</li> <li>4. Short-term Local Currency Rating</li> </ol>	A- A-2 A- A-2	Stable
RAM Rating Services Berhad (RAM)	December 2018	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme               <ol style="list-style-type: none"> <li>a. Issuances prior to 1 January 2016 with non-viability events linked to CIMB Bank Berhad</li> <li>b. 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</li> </ol> </li> <li>4. RM10.0 billion Additional Tier-1 Capital Securities Programme</li> <li>5. RM20.0 billion Medium Term Notes Programme</li> </ol>	AAA P1 AA <sub>1</sub> AA <sub>2</sub> A <sub>1</sub> AAA	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2018	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM5.0 billion Subordinated Debt and Junior Sukuk Programmes</li> <li>4. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme</li> </ol>	AAA MARC-1 AA+/AA+ <sub>IS</sub> AA+	Stable

## CIMB GROUP HOLDINGS BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	December 2018	<ol style="list-style-type: none"> <li>1. Long-term Issuer Rating</li> <li>2. Short-term Issuer Rating</li> </ol>	Baa1 P-2	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2018	<ol style="list-style-type: none"> <li>1. Long-term Corporate Credit Rating</li> <li>2. Short-term Corporate Credit Rating</li> <li>3. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme</li> </ol>	AA+ MARC-1 AA	Stable
RAM Rating Services Berhad (RAM)	December 2018	<ol style="list-style-type: none"> <li>1. Corporate Credit Rating</li> <li>2. Corporate Credit Rating</li> <li>3. RM6.0 billion Conventional and Islamic Medium-term Notes Programme</li> <li>4. RM3.0 billion Subordinated Notes Programme</li> <li>5. RM6.0 billion Conventional Commercial Paper Programme</li> <li>6. RM10.0 billion Additional Tier-1 Capital Securities Programme</li> </ol>	AA <sub>1</sub> P1 AA <sub>1</sub> AA <sub>3</sub> P1 A <sub>1</sub>	Stable

## CIMB INVESTMENT BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Standard & Poor's Ratings Services (S&P)	December 2018	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Rating</li> <li>2. Short-term Foreign Currency Rating</li> <li>3. Long-term Local Currency Rating</li> <li>4. Short-term Local Currency Rating</li> </ol>	A- A-2 A- A-2	Stable
RAM Rating Services Berhad (RAM)	December 2018	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> </ol>	AAA P1	Stable
Moody's Investors Service (Moody's)	January 2018	<ol style="list-style-type: none"> <li>1. Long-term Issuer Rating</li> <li>2. Short-term Issuer Rating</li> </ol>	A3 P-2	Stable

## Credit Ratings

## CIMB ISLAMIC BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	December 2018	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 2018	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 bil Sukuk Wakalah Programme	AAA P1 AAA	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2018	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2.0 bil Tier 2 Junior Sukuk Programme 4. RM5.0 bil Tier 2 Junior Sukuk Programme 5. RM10.0 bil senior Sukuk Wakalah Programme	AAA MARC-1 AA <sub>+</sub> <sub>IS</sub> AA <sub>+</sub> <sub>IS</sub> AAA <sub>IS</sub>	Stable

## CIMB THAI

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	December 2018	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)	August 2018	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2.0 billion Tier 2 Subordinated Debt Programme	AA <sub>2</sub> P1 AA <sub>3</sub>	Stable
Fitch Ratings	December 2018	1. Long-term National Rating 2. Short-term National Rating 3. Long-term Rating on Subordinated Lower Tier 2 4. Short-term Rating for Short-term Debt	AA-(tha) F1+(tha) AA-(tha) F1+(tha)	Stable

## CIMB NIAGA

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Fitch Ratings	October 2018	1. Long-term Issuer Default Rating 2. Short-term Issuer Default Rating 3. Long-term National Rating 4. Short-term National Rating 5. IDR1.4 trillion Shelf Registration Bond 6. IDR1.6 trillion Subordinated Debt 7. IDR1.38 trillion Subordinated Debt	BBB- F3 AA+(idn) F1+(idn) AA+(idn) AA-(idn) AA-(idn)	Stable
Moody's Investors Service (Moody's)	December 2018	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



# BALANCE SHEET MANAGEMENT

The core functions of Balance Sheet Management team include generating balance sheet strategies and providing guidance to business units on sustainable value creation for the Group by optimising structural funding and liquidity profile of the Group's banking book. The team also maintains a robust and responsive Funds Transfer Pricing (FTP) framework, which is governed by the Group Asset Liability Committee (GALCO). The FTP mechanism is reviewed and calibrated based on best market practices and various regulatory principles while accommodating for balance sheet strategies as approved by the management and the Board of Directors.

The FTP framework promotes an efficient 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. In ensuring sustainable balance sheet funding, a liquidity premium is charged to the user of funds based on the tenure of the transactions; and a liquidity credit is paid to the provider of funds that generate

long-term stable funding. Presently, we are focusing on attracting stable retail deposits to provide sustainable funding required for the extension long-term retail and SME credits that are beneficial to the economic livelihood of the society.

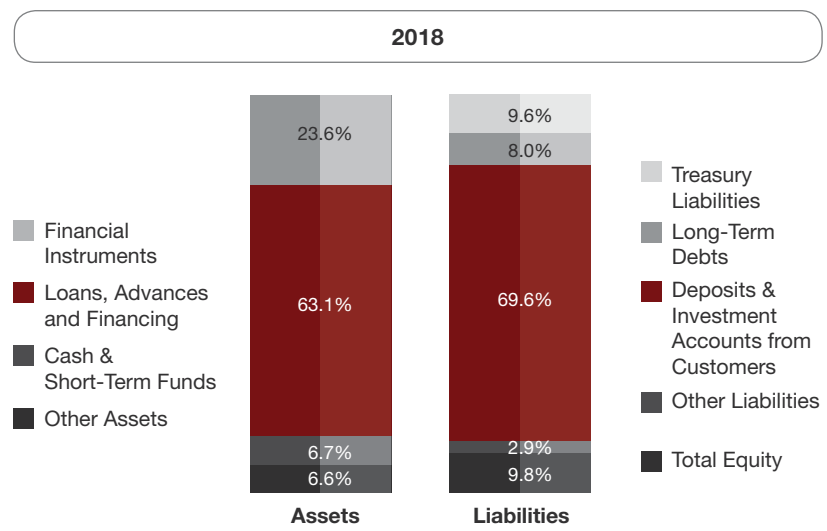
The Group maintains a robust liquidity profile to comply with internal measures that adhere to the best market practices as guided by the Basel Standards. The Group also observes Basel III Liquidity Framework, namely the Liquidity Coverage Ratio (LCR), with a primary focus on ensuring a sufficient buffer of liquid assets to survive a significant stress scenario lasting 30 calendar days.

Balance Sheet Management team is responsible in implementing the Base Rate (BR) Framework in Malaysia. BR is computed in accordance with the methodology approved under the Reference Rate Framework of Bank Negara Malaysia (BNM). The team monitors the effective base rate and notifies the trigger event to GALCO on the change of BR, facilitating management decision-making. The deployment of BR enables the Group to support efficient financial intermediation and monetary policy transmission while at the same time remaining competitive through transparent asset pricing.

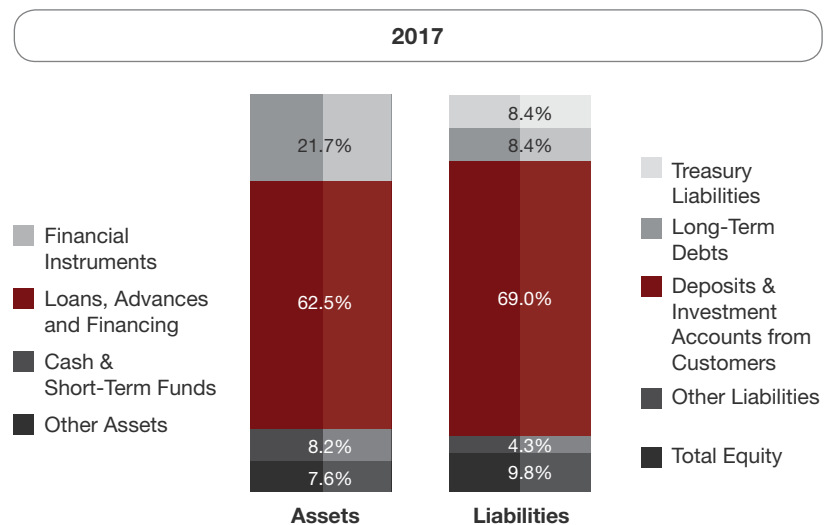
## LCR

The Group has maintained a healthy level of liquid assets which is reflected from Liquidity Coverage Ratio of 164% as at 31 December 2018 which is well above the minimum requirement of 90% for 2018. The bank also observes its level of liquidity using indicators such as loans-to-funding (LTF) which includes debt issuances in addition to deposits while loan-to-fund-and-equity (LTFE) expands on with the inclusion of equity. The measure for LTF and LTFE for the Group as at 31 December 2018 is

81% and 72% respectively. Given the introduction of new liquidity measures such as LCR in the recent years and upcoming implementation of Net Stable Funding Ratio (NSFR), the Group has been focusing on the growth of high quality liquid assets as well as sticky deposits in ensuring a sustainable liquidity buffer not only to survive a significant stress scenario lasting 30 calendar days but also a longer time horizon.



The loans, advances and financing of the Group's assets is funded from a funding mix comprising of customer deposits and investment accounts alongside stable long-term borrowings such as senior funding, subordinated obligations, as well as asset securitisation. Our core source of funding, deposits and investment accounts from customers have shown a steady and resilient growth of 6% in 2018 and continues to increase their compositions in the overall source of funding. Loans, advances and financing has grown by 7% in 2018 leading to a sustainable increase of net interest income for the Group.



# INVESTOR RELATIONS

2018 was one of those watershed years where the Investor Relations efforts had to be on point. Malaysia experienced an unprecedented political upheaval which shook the domestic capital market, created short-term uncertainties across all aspects of the economy including currency volatility and unpredictable policies. The US-China trade war raised global market volatility and caused widespread uncertainty, which was not aided by the US government shutdown in end-2018 and volatile commodity prices including crude oil. Investor interest and attention in the company waned within this scenario and it was not surprising that the stock came off its 2017 highs over the year. For CIMB Group's Investor Relations, 2018 was a year for defence rather than offence.

We remain steadfast in our principles of maintaining high standards of disclosure and transparency with the belief that investors value consistency and honesty through both the good as well as the more challenging times. With the over-arching backdrop of domestic and global political gyrations, the Group also witnessed the retirement of our Chairman and ex-Group CEO Dato' Sri Nazir Razak. Whilst creating some short-term uncertainty, these developments did not detract management from maintaining the momentum of its T18 initiatives with the completion of the disposals of a 50% interest in the regional cash equities business as well as the shareholding realignment of the asset management business. The acquisition of Jupiter Securities was another step towards completing the Malaysia equities business realignment by 2019. We also saw the launch of the Fast Forward initiative in CIMB Thai to reinvigorate the growth trajectory, launched the CIMB Bank Philippines branch and the digital banking proposition in both Vietnam and the Philippines. All in, it was another action packed year, which the Investor Relations team had to carefully articulate to the market.

Whilst the Group posted another year of record earnings in 2018, operating revenues were impacted by the sharp shortfall in capital market revenues in Malaysia, while the hawkish interest rate stance by the US Federal Reserve led to similar aggressive hikes by the Indonesian central bank, which brought about a sharper than expected NIM compression at CIMB Niaga. Coupled with swirling rumours and uncertainties surrounding currency and oil price fluctuations, the Investor Relations team had our hands full through the year.

Communication lines with domestic and foreign investors were kept firmly open. The Group's Investor Relations sought to provide institutional access to the Group's senior management wherever possible either via direct one-on-one meetings, teleconferences or via roadshows and investor conferences. The Group CEO Tengku Dato' Sri Zafrul Aziz and Group CFO Shahnaz Jammal (now CEO of Group Wholesale Banking) led the investor relation activities with support from the Investor Relations team and selected members of senior management where necessary. These include Khairul Rifaie (Deputy CFO, now Group CFO), Tigor M. Siahaan (CEO of CIMB Niaga) and David Richard Thomas (Group Chief Risk Officer).

## Significant Events

Date	Event
18 January 2018	Completion of disposal of 50% interest in CIMB Securities International
25 May 2018	Completion of divestment of 20% equity stake in CPAM and 10% equity stake in CPIAM
24 September 2018	Announcement of Dato' Sri Nazir Razak's intention to retire as Group Chairman
28 September 2018	Completion of Jupiter Securities acquisition
19 October 2018	Dato' Sri Nazir Razak retires as Group Chairman
20 October 2018	Appointment of Datuk Mohd Nasir Ahmad as Group Chairman
19 November 2018	Announcement of Management Reorganisation
3 December 2018	Launch of CIMB Bank Philippines
18 December 2018	Formalisation of 50:50 JV with China Galaxy Securities

## ANALYST BRIEFINGS

The quarterly announcements of the Group's financial performance are accompanied by investor briefings and press conferences. To accommodate regional analysts and fund managers, concurrent conference call facilities are provided to ensure full access to all necessary stakeholders. The Group CEO presents the quarterly or annual performance before opening up each session to queries. Interested participants have the opportunity to pose any relevant questions to senior members of management present. It is the Investor Relations team's responsibility to ensure that financial statements and press releases are uploaded to Bursa Malaysia. The documents and presentations are subsequently emailed to all pertinent parties and uploaded onto the Investor Relations segment within the Group's website.

## Announcement of Financial Results

Date	Event	Type of Meeting
30 May 2018	CIMB Group 1Q18 Results	Conference Call
29 August 2018	CIMB Group 2Q18 Results	Analyst Briefing and Conference Call
29 November 2018	CIMB Group 3Q18 Results	Conference Call
28 February 2019	CIMB Group 4Q18 Results	Conference Call

## AGM/EGM

CIMB Group held its 61st Annual General Meeting (AGM) on 26 April 2018. The Group CEO took center stage to present the 2017 financial performance and achievements. In addition, he put forth the strategic initiatives and outlook for 2018. The engaging shareholders present took the opportunity to make their voices heard via questions, expression of opinions, comments and feedback to the Board of Directors and senior management. Responses were provided, in particular to questions posed by major shareholders and the Minority Shareholders Watchdog Group (MSWG). Queries which required investigations or further details were taken note of and followed up post-AGM. Issues raised include interest rate outlooks for the various operating countries, strategies post-T18, loans growth and remuneration structures.



The Board of Directors addressing shareholders at the 61st AGM.

## INVESTOR MEETINGS

The Group conducted a total of 102 investor meetings with in 2018, compared to 118 in 2017. Similarly, the number of buy- and sell-side analysts and fund managers met were also lower at 399 versus 443 in the previous year. The lower number was a consequence of the months of uncertainty post-GE14 which resulted in a sharp decline in investor interest in the Malaysian equity and capital markets. As a consequence, visitations from foreign investors reduced substantially during the mid-year period. Senior management made a conscious decision to reach out to foreign investors in the later part of 2018 to give sufficient guidance to investors who may not be as well versed with on-ground developments.

Despite the challenging environment, we sustained high standards of transparency and disclosure on all issues faced by the Group. Matters on operational direction, segmental and financial performance, strategic plans and T18 updates, as well as situational developments were addressed in detail, where possible. Apart from the individual investor meetings, the Group conducts eight large group meetings each year – four quarterly financial announcement briefings and conference calls, and four quarterly pre-closed period meetings with the domestic sell- and buy-side. The economic developments in Indonesia had also resulted in a lower number of investor meetings at CIMB Niaga.

## No. of Meetings/No. of FMs and Analysts

	2017		2018	
	Meetings	FM/ Analysts	Meetings	FM/ Analysts
<b>CIMB Group</b>				
In-house meetings	48	254	37	233
Conferences	29	108	22	106
Non deal roadshows	22	54	29	43
Teleconferences	19	30	14	17
<b>Total</b>	<b>118</b>	<b>446</b>	<b>102</b>	<b>399</b>
<b>CIMB Niaga</b>				
In-house meetings	19	66	16	52
<b>Total</b>	<b>19</b>	<b>66</b>	<b>16</b>	<b>52</b>

## Investor Relations

### CONFERENCES AND ROADSHOWS

The Group started 2018 with the traditional start-of-year conferences and roadshows to set the tone for the year. However, the significantly quiet pre- and post-GE14 period meant that investor interest and appetite were materially dampened during the middle of 2018. Given this backdrop, the Group CEO and CFO made a conscious decision to engage foreign investors directly between September and October

via a series of non-deal roadshows to Singapore, Zurich, the Netherlands and London, and participated in the CLSA Investors Forum in Hong Kong. This allowed management to provide an on-the-ground update on the political and economic situation in Malaysia, in addition to providing clarity to investors on the latest developments and issues faced by the Group during the period of uncertainty. Stakeholders

expressed their appreciation for management's efforts in making time to meet them on their home ground to explain the developing situation. In the 46 overseas meetings conducted over the year, we met a total of 101 existing and potential shareholders. Our share register analysis ensured that pertinent stakeholders are targeted to maximise senior management time utility.

#### Conferences and Roadshows

Date	Event	Location	Organiser
4-5 January 2018	CIMB 10th Annual Malaysia Corporate Day	Kuala Lumpur	CIMB
23 January 2018	Invest Malaysia Kuala Lumpur 2018	Kuala Lumpur	Bursa Malaysia and Maybank
15-16 March 2018	Non-Deal Roadshow	London	Credit Suisse
19-20 March 2018	Credit Suisse Asian Investment Conference	Hong Kong	Credit Suisse
3-4 September 2018	Non-Deal Roadshow	Singapore	Nomura
12-13 September 2018	25th CLSA Investors' Forum	Hong Kong	CLSA
17 October 2018	Non-Deal Roadshow	Zurich	UBS
17 October 2018	Non-Deal Roadshow	Netherlands	UBS
18-19 October 2018	Non-Deal Roadshow	London	UBS

### CREDIT RATING

The Group engages domestic, regional and global credit rating agencies to provide credit ratings for the various banking subsidiaries across the region. This is done on both a solicited and unsolicited basis to ensure appropriate credit rating review coverage with agencies utilised by counterparty financial institutions, existing and potential business partners and various external stakeholders. The Group maintains a continuous engagement with rating agencies including via periodic management updates to ensure that they are provided with the latest strategic updates and accurate explanations for financial and operational data. In addition, the solid working relationship allows the Group to remain updated on latest developments and views on global financial markets and economies. The rating agencies that the Group actively engages with are: Moody's Investors Services, Standard and Poor's (S&P), RAM Ratings, Malaysian Rating Corporation (MARC) and Fitch Ratings.

### SHARE PRICE PERFORMANCE AND FOREIGN SHAREHOLDING

After a strong performance in 2017 and with the challenging capital market conditions in 2018, the Group's share price depreciated by 9.3% over the past year – closing at RM5.71 as the last trading day of 2018 compared to the adjusted end-2017 price of RM6.30. The stock underperformed the FBMKLCI by 3.4% as the benchmark index declined by 5.9% through the year. The weaker performance was largely attributed to macro and market-related developments which curbed sentiment on the stock particularly after GE14, amidst various speculations surrounding the Group and GLCs in general.

The Group performed admirably from a financial perspective as the significantly softer capital markets

in Malaysia and weaker NII in Indonesia, brought about by multiple interest rate hikes through the year, were partially offset by gains from divestments of CPAM, CPIAM and CSI. Coupled with a stronger CET1 ratio, strong cost controls and lower loan loss provisions, the Group was able to achieve all its T18 targets.

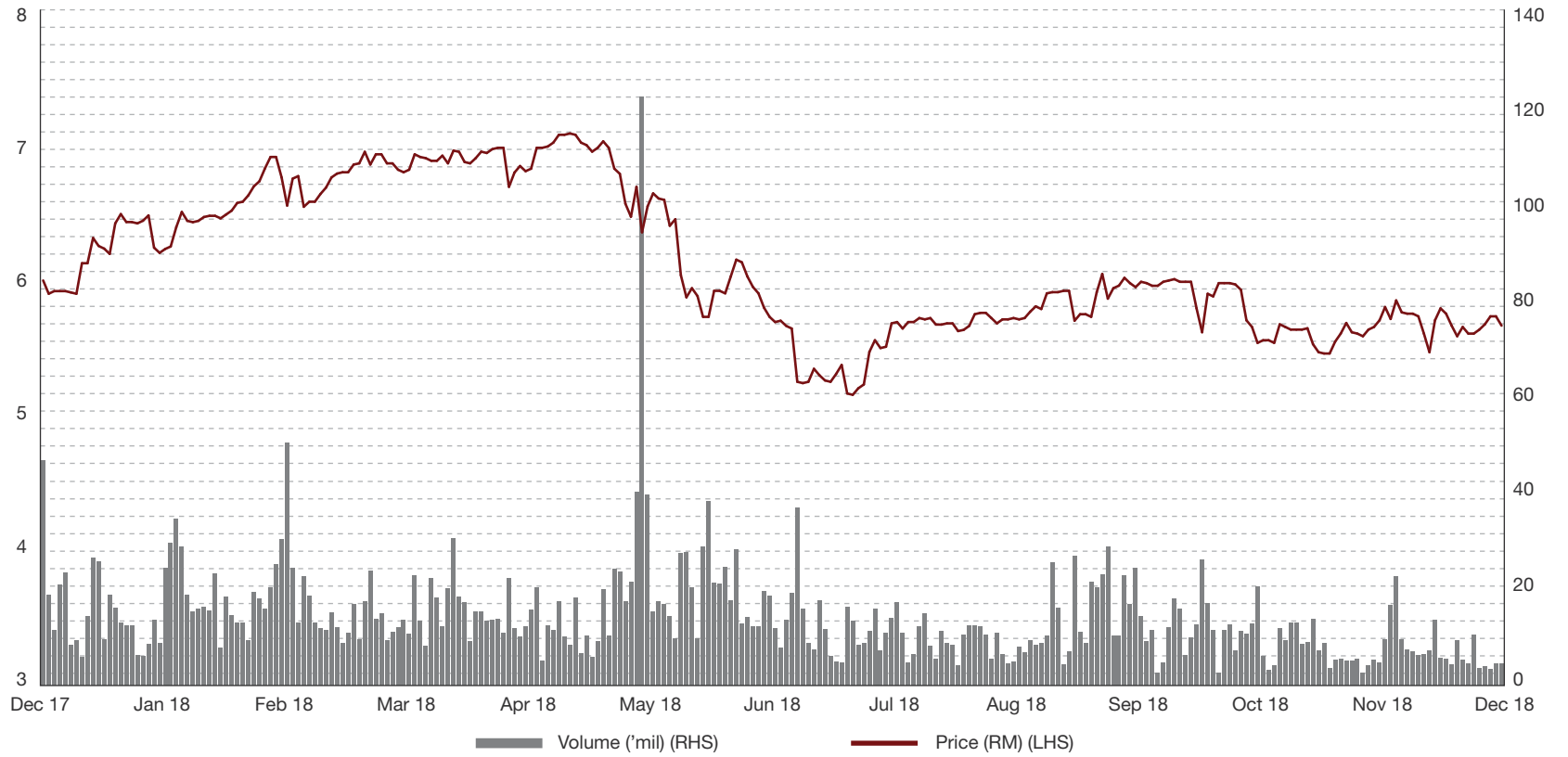
In light of the heightened uncertainties in 2018, the Group's foreign shareholding ended the year at 25.9% compared to 27.5% as at end-2017. The change in sentiment over the year is illustrated starkly with the foreign shareholding hitting a high of 29.6% in March 2018 before declining to a low of 25.6% in August 2018.

### RESEARCH COVERAGE

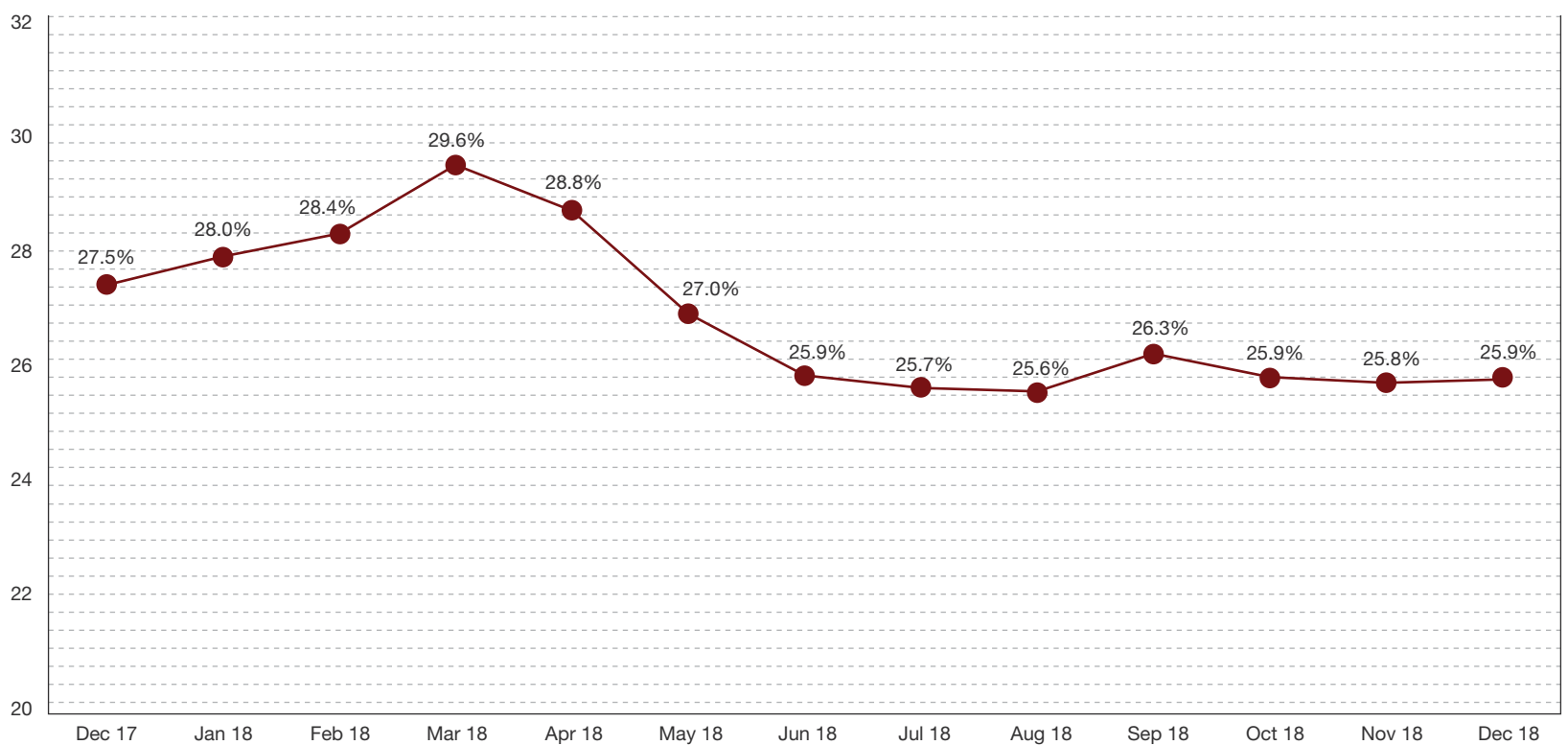
As the fifth largest company by market capitalisation on Bursa Malaysia as at end-2018 and a core component of the FBMKLCI Index, CIMB Group attracts its fair share of coverage by the investment community. As of end December 2018, a total of 24 analysts and research houses have core coverage on the stock. Given its position as the second largest financial institution in Malaysia and fifth largest in ASEAN by assets, CIMB Group is closely tracked by domestic, regional and global sell-side research analysts and buy-side investors.

NO	RESEARCH HOUSE
1	Affin Hwang Investment Bank
2	AllianceDBS Research
3	AmInvestment 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



Investor Relations

Long Term Value Creation

Shareholders' Returns (6 June 2005\* – 31 December 2018)



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

Foreign Shareholding (December 2007 – December 2018)



# FINANCIAL CALENDAR

**28 FEBRUARY 2018**

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2017

**16 MARCH 2018**

Notice of book closure for single tier second interim dividend of 12.00 sen per share for the financial year ended 31 December 2017

**26 MARCH 2018**

Notice of 61st Annual General Meeting

**26 MARCH 2018**

Issuance of Annual Report for the financial year ended 31 December 2017

**30 MARCH 2018**

Date of entitlement for the single tier second interim dividend of 12.00 sen per share for the financial year ended 31 December 2017

**4 APRIL 2018**

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

**26 APRIL 2018**

61st Annual General Meeting

**30 APRIL 2018**

Payment of the single tier interim dividend of 12.00 sen per share for the financial year ended 31 December 2017

**30 APRIL 2018**

Additional listing of 140,251,847 new ordinary shares, via the Dividend Reinvestment Scheme

**30 MAY 2018**

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2018

**29 AUGUST 2018**

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2018

**7 SEPTEMBER 2018**

Notice of book closure for the single tier first interim dividend of 13.00 sen per share for the financial year ending 31 December 2018

**26 SEPTEMBER 2018**

Date of entitlement for the single tier interim dividend of 13.00 sen per share for the financial year ending 31 December 2018

**28 SEPTEMBER 2018**

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

**24 OCTOBER 2018**

Payment of the single tier interim dividend of 13.00 sen per share for the financial year ending 31 December 2018

**24 OCTOBER 2018**

Additional listing of 198,660,129 new ordinary shares via the dividend reinvestment scheme

**29 NOVEMBER 2018**

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2018

**28 FEBRUARY 2019**

Announcement of the unaudited consolidated financial results for the fourth quarter ended 31 December 2018

## 2019 TENTATIVE DATES

**29 MAY 2019**

1Q19 Financial Results

**28 AUGUST 2019**

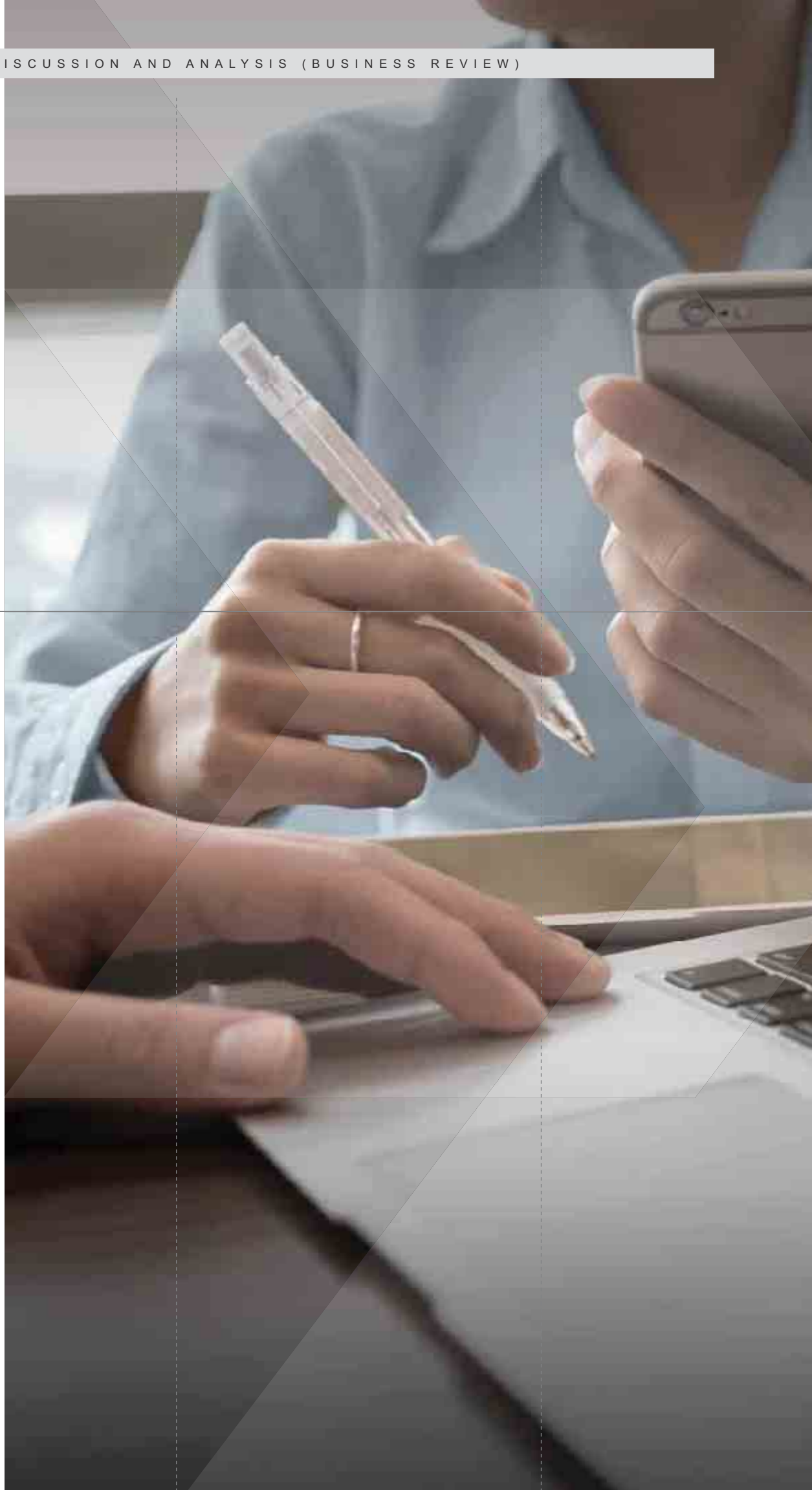
2Q19 Financial Results

**27 NOVEMBER 2019**

3Q19 Financial Results

**FEBRUARY 2020**

4Q19 Financial Results



- 72 Group Consumer Banking
- 74 Group Commercial Banking
- 76 Group Wholesale Banking
- 78 Group Transaction Banking
- 80 Group Asset Management & Investments
- 82 Group Islamic Banking





**MANAGEMENT  
DISCUSSION AND  
ANALYSIS**

# Business Review

# GROUP CONSUMER BANKING



by Samir Gupta

**“In 2018, we continued to drive our key focus areas, achieved stronger profits and invested for the future. We kept our momentum in accelerating digital banking, analytics, innovation, process reengineering for optimised productivity and enhanced customer experience. Overall, we have made commendable contributions to the Group’s overall T18 objectives and will continue to innovate and drive key initiatives to bring the franchise to greater heights.”**

## 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. 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 allows financial transactions to be performed beyond normal banking hours. Products & services are also accessible over-the-counter at 792 our branches regionally & 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 2018

We achieved good performance in challenging market conditions underpinned by intense competition and margin erosion, driven mainly by strong performances across the region. Our key growth drivers in 2018 included mortgages, auto loans, bancassurance, and deposits among others. In Malaysia, our largest market, we continue to take market share and outperform industry growth for mortgages, auto loans and CASA.

Embracing the advent of the Fourth Industrial Revolution, we have laid the foundation towards being a “data first” organisation. We continue to build and expand our digital capabilities while leveraging on advanced analytics

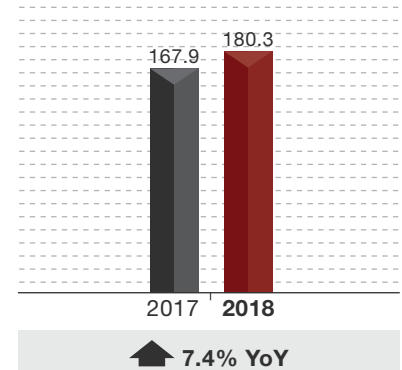
for targeted acquisition; identify new revenue initiatives and cost saving opportunities; hasten turn-around-time (TAT); improve customer experience (CX), and improve sales productivity through digital sales enablement.

Our performance in 2018 can also be linked to data driven risk management; improved credit decisioning and risk-based pricing strategies. This has resulted in significant improvement in loss rates and lower loan loss provisions. We managed to contain costs through prudent cost management and various cost savings initiatives while continuing to invest for the future.

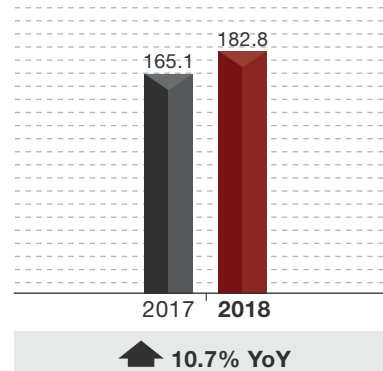
## FINANCIAL PERFORMANCE

While the competition remained intense, balance sheet growth remains resilient with loans growing at +7.4% YOY driven by Malaysia and Thailand. Deposits showed commendable growth at +10.7% driven by strong FD growth across the region. In 2018, Group Consumer Banking continued to register strong profit growth i.e., +17.0% growth in PBT attributed to prudent expense management and lower loan loss provisions from having a robust credit risk infrastructure, better collection & recovery activities. This has led to a 39.2% decrease in regional loan loss provisions and improved loss rates from 0.57% to 0.33%. Regional non-performing loans ratio has also improved from 1.46% to 1.30%.

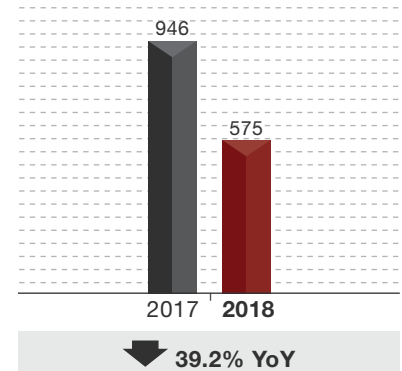
### Loans (RM billion)



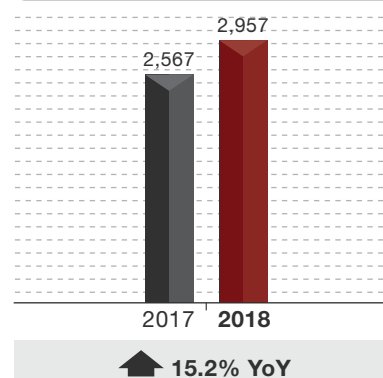
### Deposits (RM billion)



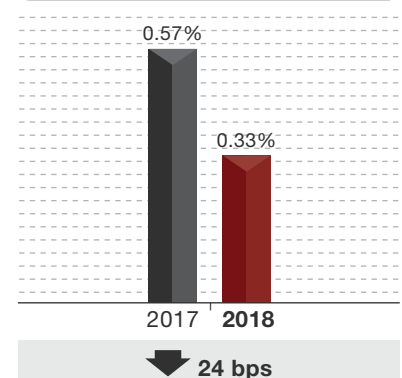
### Loan Loss Provisions (RM million)



### Profit Before Tax (RM million)



### Loss Rates (%)





**AWARDS & RECOGNITION**

**AWARDS**

<p><b>Best Retail Bank in Malaysia, The International Excellence in Retail FS Awards 2018</b></p>	<p><b>Best Productivity, Efficiency and Automation Initiative, Application or Programme</b> – Project Deflect, Robotics Process Automation &amp; Contact Centre</p>	<p><b>Digital Transformer of the Year – CIMB Eva</b></p>	<p><b>Best Customer Experience (Branch) – Project Deflect</b></p>
---------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------	-------------------------------------------------------------------

**AWARDING BODIES**

The Asian Banker	The Asian Banker	IDC DX	The Digital Banker
------------------	------------------	--------	--------------------

**THE FINALÉ YEAR FOR T18 – OUR IMPACT**



Capital efficiency is a key focus as we grow the Consumer balance sheet. We have realised significant capital savings by lowering risk weighted assets through recalibration and augmentation of credit risk models for key portfolios. Complemented by data driven acquisition and risk based pricing strategy, we have 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 our customers more effectively while identifying their needs based on their transactions, spending and saving patterns, etc. We deployed advanced analytics and propensity modelling for better targeting, customer acquisition & cross-selling. As a result, our Digital Sales Enablement (DSE) has contributed just over RM490 million in revenue uplifts since its inception regionally.

**CHALLENGES/RISKS**

Challenges/Risks	Mitigation Strategies	Results
<p><b>Regulatory Compliance:</b> Higher and stricter standards of compliance coupled with the introduction of new regulations i.e. Net Stable Funding Ratio (NSFR) &amp; IFRS 9</p>	<ul style="list-style-type: none"> <li>Zero-tolerance culture for non-compliance across all levels of employees and vendors with continuous engagements between Bank's senior management, regulators and senior management of vendors.</li> <li>Identified alternative sources of funding.</li> <li>Developed the right mix of products based on the risk appetite of different consumer segments.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced operational lapses.</li> <li>Enhanced risk profile and returns on risk adjusted capital.</li> <li>Improved our funding position.</li> </ul>
<p><b>Rapid Technology Change and Disruption:</b> Puts pressure to re-skill and allocate more resources in keeping with the pace of change.</p>	<ul style="list-style-type: none"> <li>Enhanced budgets to enable technology change, system resiliency, hiring, compliance and Fintech – all for business growth.</li> <li>Introduced and promoted value-added digital banking services and applied big data solutions for intelligence, segmenting, targeting and acquisition.</li> <li>Deployed digital sales enablement and decision management, which aided sales channels for lead generation, propensity modelling, customer segmenting and targeting, risk assessment and product pricing.</li> </ul>	<ul style="list-style-type: none"> <li>Improved CX.</li> <li>Increased sales and better sales fulfillment rates through data driven acquisition.</li> </ul>

**HIGHLIGHTS 2018**

Key Initiatives	Results
<p><b>FOOTPRINT EXPANSION</b></p> <ul style="list-style-type: none"> <li>Expanded Consumer Banking presence to Vietnam &amp; Philippines.</li> </ul>	<ul style="list-style-type: none"> <li>Completed presence in all ASEAN countries.</li> <li>Launched 2 branches in Vietnam &amp; 1 branch in Philippines.</li> </ul>
<p><b>DIGITAL SALES ENABLEMENT (DSE)</b></p> <ul style="list-style-type: none"> <li>Rolled out new digital acquisition capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved over RM490m in revenue enhancement regionally for 2018 since inception &amp; outperformed targets by 51%.</li> <li>Availed instant decisioning for mortgage, credit card and personal financing application</li> <li>Piloted DigitalLounge@Campus in Indonesia with 5 mins account opening TAT and IDR31 billion deposits gathered in 6 months.</li> </ul>
<p><b>INNOVATION</b></p> <ul style="list-style-type: none"> <li>Introduced 1-minute InstaApproval for home financing and auto financing in Malaysia.</li> <li>Launched CIMB F.I.R.S.T (Finance, Insure, Returns, Save, Transact) a platform offering personalised solutions to facilitate financial planning.</li> <li>Piloted speech robotics in Indonesia call centre for sales instalment conversion.</li> <li>Launched eFD in Singapore with fully digital and straight through process.</li> </ul>	<ul style="list-style-type: none"> <li>One minute approval for mortgage and auto loans upon full submission of information and documents.</li> <li>15% increase in customer product take up.</li> <li>Reduced handling time by 30%.</li> <li>SGD2.1 billion in FDs gathered with over 70% of deposit accounts acquired online.</li> </ul>
<p><b>REGIONAL PRODUCTIVITY &amp; COST</b></p> <ul style="list-style-type: none"> <li>Improved and augmented processes through functional streamlining, automation, transaction offloading and analytics.</li> <li>Optimised branch networks and SST (Self-Service Terminals) footprint while realising cost reduction, especially in Malaysia and Indonesia.</li> </ul>	<ul style="list-style-type: none"> <li>Regional digital financial transactions grew 41.1% YoY.</li> <li>Improved CASA &amp; revenue per branch in Malaysia and Indonesia.</li> </ul>

**OUTLOOK AND PROSPECTS**

In the year ahead, we remain cautiously optimistic as the industry will continue to see margin pressure and intense competition. Due to disruptive technologies and innovations at play, consumer expectations will be higher on customisation, simplicity, speed, safety and control. There is a growing need to continuously differentiate ourselves considering ever increasing competition from non-banking financial institutions.

Customer experience will be our single focal point in shaping the future. This will be achieved through transforming customer journeys supported by monetisation of data, advance analytics, intelligent acquisition, digital delivery emphasis, product innovation with design based thinking, and strategic partnerships. Customer engagements will also be transformed as we transition from being a segment based organisation towards a segment-of-one where every individual is a segment. Prudent expense management will continue to be a focus area as we continue to invest for the future.

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

# GROUP COMMERCIAL BANKING



by Victor Lee Meng Teck

**“2018 was a year of recalibration, when we re-examined various parts of our franchise to improve operational efficiencies and achieve optimal performance. Our emphasis was on ensuring robust infrastructure, especially in asset quality management as well as the right enabling mechanisms to support our business growth into the future. We ended the year with positive performance and look forward to tap new growth potential in 2019 and beyond.”**

## 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, as well 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 branch network.

## OUR GROWTH DRIVERS IN 2018

Loans growth, propelled by the two largest markets, namely Malaysia and Indonesia, were the primary drivers for Group Commercial Banking in 2018. We doubled down on asset quality management, specifically in Thailand, Singapore, as well as Indonesia, resulting in a significant reduction in loan loss provisions and enhancing PBT for the year. FX income continued to be a key contributor to the Group's non-interest income.

Our Malaysian SME business witnessed a commendable 20% loan growth in 2018. We disbursed over 4000 new financing within the year. We also grew our unsecured lending loans by 36%, reaching out to a wider base, and assisting SMEs in growing their businesses through working capital and growth financing. CIMB today has over 40% of SME businesses banking with us.

The partnership with Credit Guarantee Corporation (CGC) in Malaysia has been key in supporting the SME agenda for the bank. As a testament to this strong partnership, CIMB bagged the Top Financial Institution Partner award by CGC last year.

We also continued to drive our supplier and distributor financing for the FMCG industry. This enabled us to provide a superior financing scheme for

both suppliers and distributors of Principals who may have signed-up with CIMB for this package.

On the product-side, we remained committed to continuously listen to our customers' needs. In this aspect, we have improved our credit offering to support the business growth with the introduction of various enhancements to our credit facilities and features. We have also made enhancements to our online banking solution, BizChannel, which now offers auto reminders to users to complete pending transactions and extension of transaction expiry period, among others. In Indonesia, we rolled out BizLite, a lighter version of BizChannel, targeted towards smaller SMEs or businesses with simple online banking needs. Bizlite is a solution already well-received by the SME segment in Malaysia. Our ultimate objective is to not just improve customer experience, but to also deliver innovative solutions to meet customers' evolving needs.

Our performance during the year can also be attributed to various factors. For instance, structured trade finance business in Singapore witnessed encouraging growth, capitalising on the China trade flows to the region. In Malaysia, despite the uncertainties around GE14, we maintained positive growth, with no significant impact to the core business.

The programme lending business in Indonesia continued its strong growth story, with encouraging customer response to packages such as, SME Ekstra and SME Optima. The Berjaya Sampo bancassurance partnership, which was established in 2017, garnered positive response from our target customers in Malaysia, Singapore and Indonesia. While Thailand was in its final recalibration year, there were positive developments from our refocus/emphasis on the right target segments, and re-engineering of our end-to-end credit infrastructure.

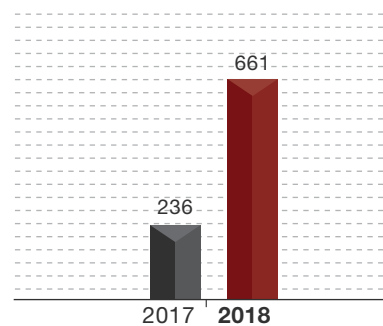
## FINANCIAL PERFORMANCE

2018 was a year of recalibration, with a strong resolve to improve end-to-end asset quality. The Group Commercial Banking delivered strong results, with provisions for 2018 reducing by more than half. This reduction came primarily from Singapore, Thailand and Indonesia.

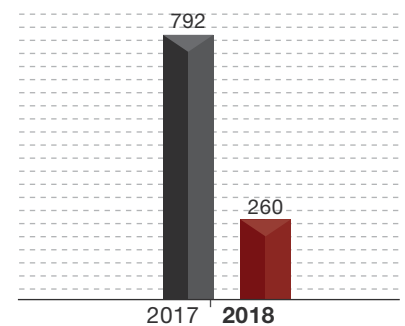
Whilst the operating income remained steady due to our cautious growth strategy, the savings in provisions resulted in PBT growth of 180% compared to the previous year.

- Loans grew at 2% YoY, reinforcing our strategy for controlled growth amidst the recalibration efforts.
- Overall deposits, although dipped, came mostly from our key markets, namely Malaysia, Indonesia and Singapore.

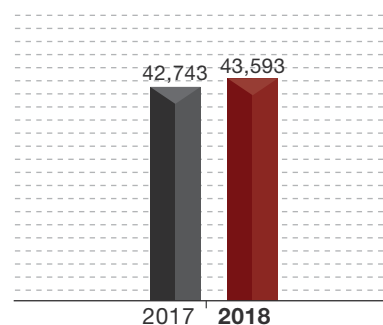
### Profit Before Tax (RM million)



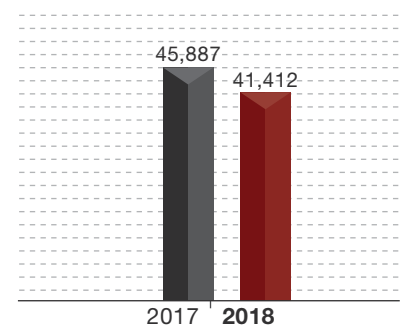
### Provisions (RM million)



### Loans (RM million)



### Deposits (RM million)





**AWARDS & RECOGNITION**

**AWARDS**

**Best Bank for SMEs**

**Top FI Partner 2017  
[Overall Category]**

**AWARDING BODIES**

Asiamoney Best Bank Awards 2018, Malaysia, Euromoney

Credit Guarantee Cooperation (CGC) Malaysia

**THE FINALÉ YEAR FOR T18 – OUR IMPACT**



The Commercial and Consumer Banking together contributed 61% to the Group's total income, achieving the set target for T18. Commercial Banking also contributed positively to lowering the Cost-to-Income Ratio (CIR) for the Group, mainly due to our effective and cost-conscious measures.

Commercial Banking, as a standalone pillar for T18, fared well with its internal T18 targets. The business was able to sustain positive and consistent growth in income over a 3-year period; lower CIR; and improved current account over total deposits ratio. However, the trade loans growth was outpaced by non-trade loans, lowering the trade loans composition over total loans.

**CHALLENGES/RISKS**

Challenges/Risks	Mitigation Strategies	Results
<b>GE14 in Malaysia:</b> Dampened business environment, as most businesses adopted a wait-and-see approach.	<ul style="list-style-type: none"> <li>Managed exposure on politically linked businesses.</li> <li>Stepped up campaigns to drive deposits to counter slow asset growth.</li> </ul>	Achieved positive business growth for the year.
<b>Currency Fluctuations:</b> Continuous weakening in Indonesia Rupiah (IDR), coupled with net interest margin (NIM) compression in Indonesia, further affected both lending & funding margins.	<ul style="list-style-type: none"> <li>Leveraged non-interest income (NOII) to compensate for margin depression.</li> </ul>	Improved FX as well as Bancassurance business performance in 2018.
Significant increase in the number of new businesses in the last 5 years, and a large proportion of these businesses do not have financing access.	<ul style="list-style-type: none"> <li>Embark on initiatives to conduct financial literacy and awareness programs for SMEs.</li> </ul>	Positioning CIMB as a more inclusive bank, with the aim of offering a more holistic solution to serve a broader SME base ranging from start-ups to mature businesses.

**HIGHLIGHTS 2018**

Key Initiatives	Results
<b>ASSET QUALITY FRAMEWORK</b> Implemented strong end-to-end asset quality infrastructure in the region. This included preventative measures such as target market and segment realignment, exposure limits and pre-screening, etc.	<ul style="list-style-type: none"> <li>67% reduction in Loan Loss Provision for 2018.</li> <li>Largest contributor to 2018 PBT uplift.</li> </ul>
<b>SME GROWTH IN MY</b> Achieved 20% loans growth for the SME segment. Grew the unsecured lending loans by 36%.	<ul style="list-style-type: none"> <li>SME loans business grew faster than the market. Plans put in place to further accelerate growth in 2019.</li> </ul>
<b>PROGRAMME LENDING IN INDONESIA</b> Continued momentum on asset growth in Indonesia through campaigns such as SME Ekstra and SME Optima. Campaigns were well designed, targeting quality customers with strong credit track records.	<ul style="list-style-type: none"> <li>As at December 2018, about one third of all Indonesia' SME customers (with 29% of outstanding loans) were onboarded through the programme.</li> </ul>
<b>STRUCTURED TRADE FINANCE IN SINGAPORE</b> Grew the structured trade finance business in Singapore, capitalising on the China trade flows to the region.	<ul style="list-style-type: none"> <li>Effectively captured market share despite stiff competition.</li> </ul>

**OUTLOOK AND PROSPECTS**

Following the recalibration in 2018, we will be shifting gears in 2019 to accelerate our growth agenda. Over the next few years, we see the digital economy spurring a new breed of digital-savvy SMEs. To gain competitiveness and to better serve the needs of this segment, we are committed to evolve and gain a better understanding of the fast transforming digital businesses.

As we embark on our Forward23 strategic roadmap, digital SMEs and digitalisation of business will be the two key themes and areas of focus in 2019. This includes an end-to-end digital lending proposition, targeting tech-savvy SMEs. Applications from customers can be accepted online, with full straight-through processing capability, allowing quick approvals and disbursement.

CIMB will continue to enhance solutions to help our SME customers to grow. This includes more targeted solutions for specific SME needs, ranging from financing to cash management solutions, as well as greater online and digital banking capabilities. We will look to avail a sizeable amount of funding towards unsecured lending, continuing from the strong momentum garnered in 2018. CIMB will also work towards improving the general financial literacy for this segment. To this end, we intend to carry out a few sessions on awareness, education and risk management for SMEs in 2019.

In addition to existing products and services, there will be strong emphasis on digitising the customer journeys by way of automation and use of robotics. This approach of optimising the cost to serve or to elevate our service levels through cost effective measures will remain a priority, improving the top-of-the-mind recall for CIMB's customer experience and solutions.

# GROUP WHOLESALE BANKING



by Shahnaz Jammal

**“We have recorded healthy growth for our businesses in Corporate Banking, Private Banking and Financial Institution segments. Our dual strategy has been to manage our operating costs by improving efficiencies and leveraging on our regional operating model. During the year, CGS-CIMB, our joint-venture with China Galaxy Securities have also commenced operations, further enhancing our Equities business’ geographical footprint.”**

## 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 markets 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 through CGS-CIMB, our joint-venture with China Galaxy Securities, where we produce research analysis covering equities and economics, in addition to our award-winning i-Trade, an online trading platform that provides access to eight exchanges 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 2018

The year 2018 presented a challenging operating landscape compared to previous years. The change in government as well as the market sentiment post Malaysia’s General Election (GE-14), pressure from international trade wars, and weakening of some major ASEAN currencies (Ringgit and Rupiah) have impacted our overall business performance.

Notwithstanding the tough business environment, our services to Corporate Banking, Private Banking and Financial Institution customers have shown healthy growth across the markets.

In Malaysia, our corporate loans grew by a robust 19% in 2018. We have also successfully increased the share of Islamic financing for corporates from 38% to 47% in 2018 in Malaysia and from 9% to 16% in 2018 in Indonesia. Additionally, we have seen significant improvement in the NPL ratio for our corporate customers in Indonesia from 2.5% to 1.3% in 2018.

We have moved up to #1 ranking for Global Islamic Sukuk in the Bloomberg Bond League Table (2017: #2). In addition, we have maintained our #1 ranking in the Bloomberg Bond League Table for Malaysia and ASEAN.

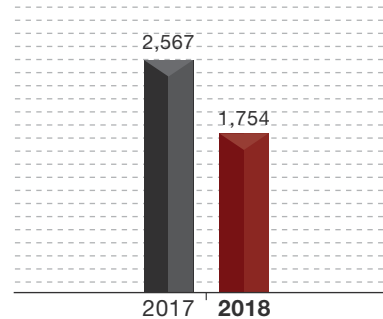
During the year, we have initiated optimisation programmes for our core Treasury system. We have also increased our spend on IT, mainly to strengthen our infrastructure and improve user experience, deliver better efficiencies, and exercise controls for optimum results.

From the Fintech front, we were successful in launching our first blockchain financing business in Singapore. Outside of ASEAN, various opportunities have yielded good flow of income particularly in Hong Kong.

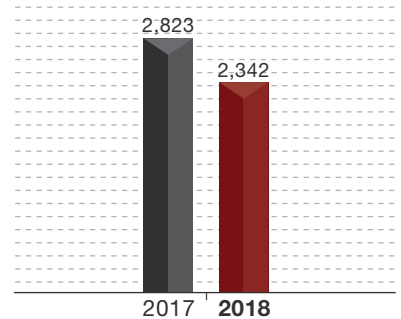
## FINANCIAL PERFORMANCE

Overall, the Group Wholesale Banking Division reported a lower YoY financial performance. The revenue was 19% lower partially due to the deconsolidation of the Equities business (excluding Malaysia). Corporate Banking and Treasury & Markets continued to be the main revenue contributors at 65% and 26% respectively. Despite the lower YoY revenue, operating expenses decreased by 17% YoY in 2018 as compared to previous year attributed to better cost management.

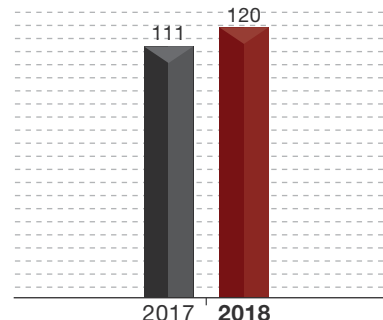
### Profit Before Tax (RM million)



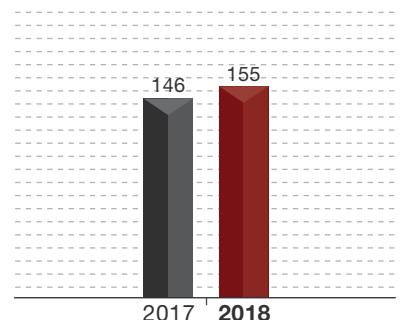
### Operating Expenses (RM million)

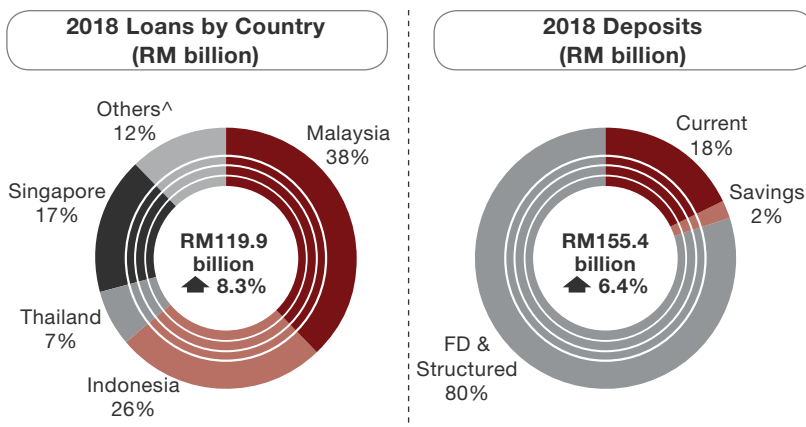


### Loans (RM billion)



### Deposits (RM billion)





**AWARDS & RECOGNITION**

**AWARDS**

**Best Investment Bank**

**Best Bond House in Southeast Asia**

**Best Equity House - Malaysia**

**AWARDING BODIES**

Islamic Banking & Finance Awards SEA 2018

Alpha Southeast Asia Best Deal and Solution Awards 2018

Alpha Southeast Asia Best Deal and Solution Awards 2018

**THE FINALÉ YEAR FOR T18 – OUR IMPACT**



Our cross border and cross selling strategies have yielded positive results during the year. We saw an increase in our wallet share mainly due to the strong collaboration between regional teams as well as improved coverage of core and strategic clients. We were 27% above our cross border and cross selling targets in 2018.

Better capital efficiency through the capital optimisation initiative has yielded material capital savings during the year which contributes to the improved CET1 ratio of the bank.

**HIGHLIGHTS 2018**

Key Initiatives	Results
<p><b>COST MANAGEMENT</b></p> <p>Continued to drive cost-saving initiatives through process improvement: a cost conscious culture and mindset leveraging on the regional operating model, in addition to the deconsolidation of the Equities business (excluding Malaysia).</p>	<p>Decrease in operating expenses by 17% YoY.</p>

Key Initiatives	Results
<p><b>PROCESSES, RISKS AND COMPLIANCE</b></p> <p>Standardised key business processes and more automated work flow have improved efficiency and risk management.</p>	<p>Improvement in the NPL ratio of our corporate customers in Indonesia from 2.5% to 1.3% in 2018.</p>
<p><b>FINANCIAL INSTITUTION GROUP</b></p> <p>Accelerated growth in the Financial Institution segments across the Group.</p>	<p>Doubled in revenue and PBT.</p>

**CHALLENGES/RISKS**

Challenges/Risks	Mitigation Strategies	Results
<p><b>TRADE WARS:</b></p> <p>Increased US tariffs on Chinese imports resulted in a global growth slump and a decrease in world trade.</p>	<p>While our top line was impacted by these external extraneous factors, we contained operating costs to reduce the impacts on our bottom line.</p>	<p>Contained operating costs and grew our corporate loans and Financial Institutions' services.</p>
<p><b>MALAYSIA'S GENERAL ELECTION (GE):</b></p> <p>Slowdown in capital markets and M&amp;A activities due to policy changes/uncertainties post GE.</p>	<p>Engaged with the new government and our clients to gain insights and better understanding of the new government's policy direction and sectoral priorities.</p>	<p>Achieved corporate loans growth that is above industry average in Malaysia, mitigating the lower revenue from investment banking activities.</p>

**OUTLOOK AND PROSPECTS**

We expect the uncertainties affecting the economy to continue into 2019. However, our overall outlook is more positive and we see the current situation gradually improving, with investment banking activities in Malaysia gaining momentum in the current year. For Group Wholesale Banking Division, the growth areas will be the Financial Institution and Private Banking segments, and we also expect to see recovery in the Treasury & Markets business.

We will continue to invest in IT infrastructure and data analytics to improve performance, both financially and operationally. Key business process improvements will be implemented to streamline processes across business units and geographical locations to increase efficiency and minimise operational lapses or non-compliance.

Notwithstanding the current global economic environment, we will continue to leverage on our regional presence to intermediate the intra-ASEAN and China-ASEAN flows. Cross border and cross selling opportunities are expected to intensify as more corporates look out for geographical expansion and business diversification. We will also be looking to explore and introduce selected trade products or services in targeted segments in line with the identified trade flows.

In summary, 2019 will be an exciting year where economic uncertainties meet with fast moving technological advancement. Within the overall business landscape – where we will continue to see the rise of Fintech companies, increasing cybercrime, customers becoming more sophisticated and demanding – our strategy will be tailored to tap new emerging opportunities that arise in the midst of these market developments.

# GROUP TRANSACTION BANKING



by Victor Lee Meng Teck

**“Transaction Banking business reported a commendable growth of 6% in revenue in 2018 despite the uncertainties in the global environment. We maintained our momentum from previous year in core markets of Malaysia, Indonesia and Singapore while facing challenges in Thailand market. We continued to strengthen customer loyalty and grew wallet shares across markets where we operate through our product capabilities and relationship-based approach.”**

## WHO WE ARE AND WHAT WE DO

We offer a wide range of conventional and Shariah-compliant transaction related services covering cash management, trade finance, supply-chain financing solutions, online banking and securities services to small and medium enterprises, large multi-national corporation, government agencies, non-bank financial and financial institution across the region.

We design comprehensive end-to-end cash management solutions specifically tailored to help clients manage payments, accelerate collections and maximise their liquidity positions. In addition, we also offer online banking to facilitate clients’ business needs through our 24/7 internet banking service with comprehensive features of payment, collections, account statement and much more. Our trade finance solutions range from traditional trade finance products to tailor-made trade financing and supply-chain financing, catering to our clients’ diverse business needs in domestic and international trade. We also offer end-to-end securities services solution via fund accounting services, custody services, corporate trust and loan agency services.

## OUR GROWTH DRIVERS IN 2018

We recorded positive revenue growth in 2018 despite challenging market environment, especially in our trade finance business. Our revenues in 2018 were well diversified, with Net Interest Income (NII) growth at 6% across Malaysia, Indonesia, Singapore, Thailand and Cambodia (MISTC), mainly driven by current account and loan growth. Likewise, the Non-Interest Income (NOII) grew at 7% YoY, mainly contributed by cash management and securities services business.

Our e-banking users continued to expand and engage digitally. During the year, we registered a double-digit growth of 31% YoY in number of active e-banking clients.

Our Trade Finance business has an elevated role in managing the regional business, starting with re-establishment of regional teams, full suite of trade finance product commercialisation in Vietnam (new regional market) and Thailand’s product capability alignment. In 2018, we activated our business diversification plan by being the first-ever banking institution in ASEAN to create a global Halal ecosystem, through partnerships with local and cross-border entities.



## AWARDS & RECOGNITION

### AWARDS

- Best Service Providers – Cash Management, Malaysia
- Best Cash Management Solution – Education Solutions, Malaysia
- Best in Treasury and Working Capital – SME, Malaysia
- Best Cash Management Solution for NBF Industry, Indonesia
- Best Cash Management Solution for Oil/Gas Industry, Indonesia
- Best e-Solution Partner, Indonesia

Best JomPay Bank

Best Deal of the Year for Bonds & Sukuk, Indonesia (PT Bank CIMB Niaga has the role as Trustee, representing the Bond holderes & sukuk holders)

### AWARDING BODIES

Triple A Asset Asian Awards

MEAA (Malaysian e-Payments Excellence Award)

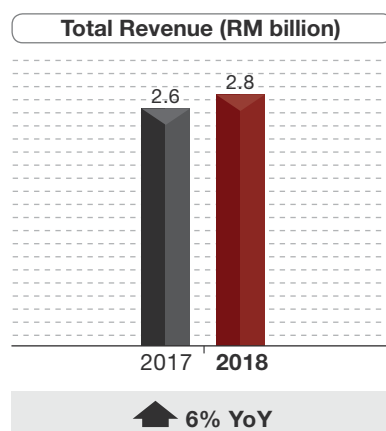
Islamic Finance News Awards



**FINANCIAL PERFORMANCE**

In 2018, Transaction Banking division continued to register a growth of 6% in revenue YoY, with Transaction Banking Malaysia and Indonesia being the main contributors to the total revenue.

Both Singapore and Cambodia were the two best performing countries in the region, with a record of double digit revenue growth YoY.



**THE FINALÉ YEAR FOR T18 – OUR IMPACT**



One of our T18 significant success came from Credit Interest Aggregator (CIA). CIA has contributed to higher revenue exceeding the target of SGD600,000 by bringing in more balances. This helped the bank from both financial perspective (by improving the P&L) and balance sheet perspective (by growing the liabilities). And our clients enjoyed attractive yields by nationally aggregating their deposit balances.



Transaction Banking Programme Centre of Excellence (or TB PCOE) is one of the 8 PCOEs under CIMB “University”. We have institutionalised a comprehensive development framework, which includes relevant training curriculum for each of our target groups. Besides face-to-face training, we also adopted online/e-learning approach for speed and cost-effective delivery. During the year, we exceeded the T18 target and successfully delivered training for 2,754 staff across MIST.

**HIGHLIGHTS 2018**

Key Initiatives	Results
<p><b>CIMB BUSINESS DEBIT MASTERCARD</b></p> <ul style="list-style-type: none"> <li>Introduced all-new CIMB Business Debit Card, empowering business customers to withdraw conveniently to meet their business needs at any of the ATMs in Malaysia and across ASEAN instead of queuing at branch counters. CIMB Business Debit Card is also ideal for cashless transactions, thereby reducing the need to handle cash or issue cheques</li> </ul>	<ul style="list-style-type: none"> <li>Issued a total of 16,153 cards</li> <li>Increased ATM cash withdrawals to 90% vs only 10% over-the-counter transactions</li> </ul>
<p><b>TOUCH ‘N GO MERCHANT ACQUIRING</b></p> <ul style="list-style-type: none"> <li>Became the first and only acquiring bank to enable TNG e-wallet. The Touch ‘n Go app is an all-in-one e-wallet service that covers all existing and future Touch ‘n Go products and services, including public transport, toll, retail and parking</li> </ul>	<ul style="list-style-type: none"> <li>Mandated 1,372 stores from 149 merchants for the Dynamic QR merchant acquisition</li> </ul>
<p><b>TRADE FINANCE PRODUCT CAPABILITY</b></p> <ul style="list-style-type: none"> <li>Introduced Islamic trade finance products in Indonesia</li> <li>Commercialised full suite of trade finance products in our new market, Vietnam</li> </ul>	<ul style="list-style-type: none"> <li>Registered YoY growth in Islamic trade finance transactions</li> <li>Led the first Standby Letter of Credit (SBLC) issuance by CIMB Vietnam for USD9.4 million supported by CIMB Malaysia Counter Guarantee</li> </ul>

**CHALLENGES/RISKS**

Challenges/Risks	Mitigation Strategies	Results
<p><b>System Stability and Resiliency:</b> Puts pressure on overall customer experience</p>	<ul style="list-style-type: none"> <li>Improved system stability and resiliency through technology refresh</li> </ul>	<ul style="list-style-type: none"> <li>Severity issues of BizChannel dropped y-o-y</li> <li>High availability of BizChannel i.e. no system downtime</li> </ul>

**OUTLOOK AND PROSPECTS**

In the year ahead, we are committed to drive greater digital adoption amongst our customers. This approach will allow us to tap new opportunities for revenue and growth, while managing our costs to serve. We will focus in four key areas: (1) Digital Ecosystem & Partnerships; (2) Sectorial Focus; (3) Regional Trade Flows; and (4) Powering Transaction Banking.

Our initiatives on empowering Transaction Banking via transformation of our internet banking system, covering our 3 core businesses and payment innovation, will help to improve customer experience and strengthen customer loyalty.

As we progress in 2019, we will continue to expand our customer penetration and wallet share across ASEAN towards focusing on regional trade flows via strategic initiatives such as the Halal Corridor trade flows, Trade Club alliance and Trade settlement bank for DagangNet platform.

# GROUP ASSET MANAGEMENT & INVESTMENTS



by Effendy Shahul Hamid

**“We have successfully met all T18 targets and ended the financial year with positive performance. CPAM continued to grow stronger, with record AUM levels, innovative product offerings and aggressive digital plans. The private markets practice realised highly profitable divestments as it continued to optimise our equity investments. On the back of these achievements, GAMI is well positioned to realise its future potential as part of our new Group Ventures & Partnerships (GVP) pillar, which came into effect in January 2019.”**

## 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 (CPIAM), which is a global Islamic asset management franchise. The CPAM Group is well-positioned to serve clients across retail, institutional, corporate and international segments.

We are also a sustainable and capital-efficient private markets investment practice, operating 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 2018

Despite a challenging year for most global markets as well as ASEAN, our public markets businesses closed the year with a PBT of RM109 million. This reflects a 20.6% decline YoY, which is mainly due to the Group’s corporate exercise i.e. the realignment ownership stakes in CPAM Group and CPIAM to 40%. Effective June, we recorded 40% share of associate’ performance was recognised instead of a 100% consolidation.

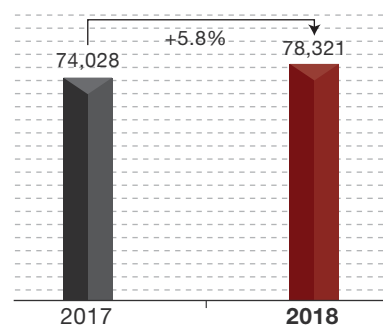
In terms of product development, CPAM Group continued to innovate to cater to the dynamic market needs. For instance, CPAM Malaysia launched its inaugural China A-share via RQFII licence, with total sales of RM465 million. The product will invest in mid and small companies listed shares on the Shanghai Stock Exchange or the Shenzhen Stock Exchange directly, with the aim of providing capital appreciation.

Private Markets, on the other hand, continued to see us optimise our investments. We concluded the realignment of CPAM Group ownership stakes to 40% in both CPAM and CPIAM. The gain from disposal was approximately RM928 million, which improved CET-1 ratio by 15bps. We also disposed 51% equity holdings in CHIB, our insurance broking arm, for a total consideration of RM59.6 million. During the year, we also sealed the TnG-Alipay partnership, which not only helped grow our merchant partners, but also secure over 2 million registered users to date.

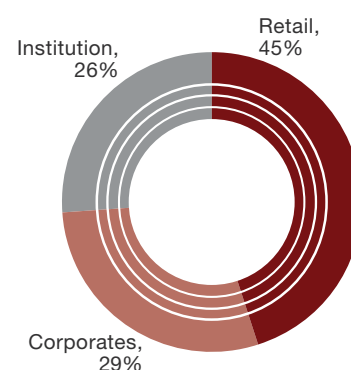
## FINANCIAL PERFORMANCE

Our financial performance for 2018 exceeded expectations, mainly driven by strong growth in the public markets business. As at December 2018, AUM closed at RM78.3 billion, which represents 5.8% YoY growth.

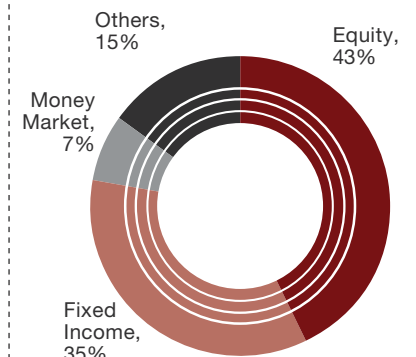
AUM YoY Growth (RM'000)



AUM by Business Segment



AUM by Asset Class





**AWARDS & RECOGNITION**

**AWARDS**

**Best Asset Manager, CPIAM**

**Best Fixed Income Mutual Fund & Best Fixed Income Asset Manager for AUM > IDR1.0 trillion**

**Best Mutual Fund of the Year 2018, Fixed Income General**

**AWARDING BODIES**

CPI Financials, Southern Asia Awards

Bareksa Kontan, 2018 Fund Awards

Money & Banking Awards 2018, Thailand

**HIGHLIGHTS 2018**

**Key Initiatives**

**Results**

Expanded CPIAM's presence in the Middle-East

- Established a Dubai office in May 2018 and hired a sales and marketing officer to initiate marketing activities on the ground.

Established TnG-Alipay partnership

- Secured board and management support.
- Garnered over 2 million e-wallet users and over 20,000 merchants.

Completed CIMB Group's ownership stakes: 40% in CPAM and CPIAM

- Registered gains on disposal of RM928 million and improved CET-1 ratio by 15bps.

**THE FINALÉ YEAR FOR T18 – OUR IMPACT**



As capital adequacy and requirements increase, the returns and optimisation of portfolio becomes critical. In the private markets business, we continued to execute balance sheet optimisation exercises. During the year, we completed CIMB Group's realignment ownership stakes in CPAM Group and CPIAM to 40%. This resulted in an uplift of CET-1 ratio by 15bps.



Through CPAM's digital plans, our regional efforts have been focussed on embracing the right culture and the right strategies, accelerating our journey towards the next stage of growth. In 2018, we dedicated significant resources to build needs-based digital solutions. Our initial plans included direct-to-customer distribution points, with the potential to scale into the robo-advisory space. We also continuously monitored regulatory developments across the region, preparing the franchise to capture new emerging opportunities.

**CHALLENGES/RISKS**

**Challenges/Risks**

**Mitigation Strategies**

**Results**

Market Uncertainty: Affects investor' sentiments and their investment decisions.

Proactively engaged with agents and end customers to help them better understand the market and its implications.

Increased asset under management by 5.8% YoY.

# GROUP ISLAMIC BANKING



by Rafe Haneef

**“In our efforts to integrate a value-based intermediation approach (VBI) into our business strategies in 2018, we have delivered financial solutions that also helped create positive impact to people and planet. During the year, we arranged pioneering sovereign and corporate green sukuk deals, preferential mortgage and automobile financing rates for select green-certified buildings and hybrid cars, as well as launched the ASEAN-China Halal Trade Corridor proposition, which will help businesses tap into the USD6.4 trillion global Halal market, estimated to grow at a CAGR of 7.3% over the next 5 years.”**

## 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 value-based approach, a hallmark of Islamic finance.

## OUR GROWTH DRIVERS IN 2018

In 2018, we maintained our strong momentum for Islamic Wholesale Banking, with financing and deposits both exhibiting double-digit growth YoY. Our Islamic First approach continued to yield significant results in Malaysia, with Islamic automobile and residential financing each growing at 26% YoY. Three new Takaful products were launched with our partner Sun Life Malaysia Takaful Berhad, in response to the specific needs of our potential customer segments.

Commercial Banking took a broader approach to empowering regional SMEs in the halal consumer product categories and green sectors. Revenue growth was supported by quality assets while foreign exchange and trade financing provided fee-based income to the business. The Multi Currency Trade Financing-i (MCTF-i) was launched in April, an important addition to the Islamic trade financing product suite. Furthermore, CIMB Islamic's SME financing stood at RM10.5 billion, 33% higher than 2017.

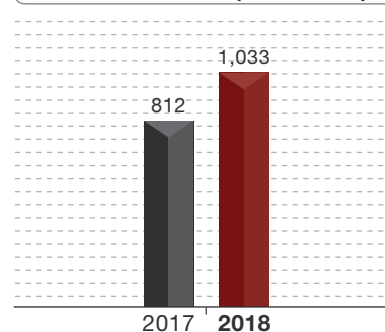
In Singapore, Islamic financing assets totalled RM5 billion, a 20% increase from 2017. This is supported by a strong 37% YoY increase in CASA balances. To address the SME market, the CIMB USD Business Go-i Account was launched in the third quarter.

Moving to Indonesia, in October, we saw the launch of CIMB Niaga Syariah Platinum Cards, with more than 5,000 cards issued in 2 months. In 2018, there were 42,000 customers who registered for Hajj and saved a total of RM302 million with CIMB Niaga Syariah. Business Banking in Indonesia contributed the lion's share of shariah financing growth for the year, mainly driven by the corporate banking segment. In 2018, both the commercial and SME segments registered double-digit growth YoY.

## FINANCIAL PERFORMANCE

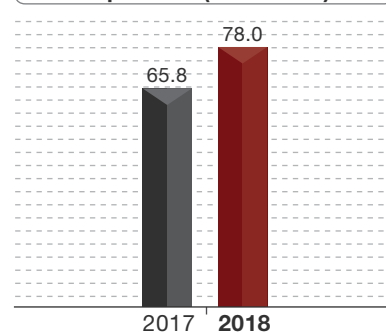
### CIMB ISLAMIC BANK BERHAD

#### Profit Before Tax (RM million)



↑ 27.2% YoY

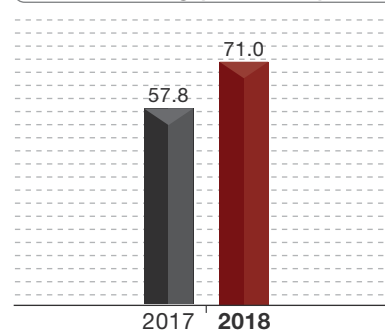
#### Deposits\*\* (RM billion)



↑ 18.5% YoY

(Steady deposit YoY growth guided by liquidity plan and strong capital management)

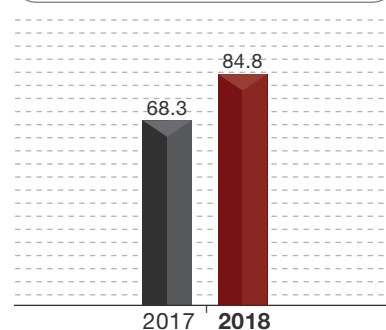
#### Financing (RM billion)



↑ 22.8% YoY

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

#### Group Islamic Banking Financing (RM billion)



↑ 24.2% YoY

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

\*\* Includes investment accounts from customer



**AWARDS & RECOGNITION**

**AWARDS**

**Most Innovative Investment Bank for Islamic Finance**

- **Sukuk Adviser of the Year, Asia Pacific (6th year in a row)**
- **Best Corporate Hybrid Sukuk (Tanjung Bin Energy)**

**Best Islamic Finance House**

**AWARDING BODIES**

The Banker Investment Banking Awards

The Asset Triple A Islamic Finance Awards (a leading financial publishing group in Asia Pacific)

The FinanceAsia Achievement Awards

**THE FINALÉ YEAR FOR T18 – OUR IMPACT**



Under the T18 Islamic 2.0 Programme, we focussed on improving customer experience by taking a two-pronged approach. First was to simplify and enhance existing products and processes, and second was to introduce new products and solutions. As a result, PBT\* grew 8.6% in 2018, with strong financing\* growth of 32.3% YoY, driven by consumer banking while deposits grew 16.9% YoY.

\* This includes restricted agency investment account funding.

**HIGHLIGHTS 2018**

**Key Initiatives**

**Results**

**SUSTAINABLE AND RESPONSIBLE INVESTMENT (“SRI”) & ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) INITIATIVES**

- Managed the Republic of Indonesia’s debut issuance of Green Sukuk pursuant to its newly established Green Bond and Green Sukuk Framework.
- Financed construction and commissioning of two 1-megawatt biogas-to-power facilities via two Term Financing-i facilities to the tune of RM13.8 million.

- The USD1.25 billion 5-year tranche represents the world’s debut sovereign Green Sukuk issuance.
- The proceeds of the Green Sukuk will be used exclusively for spending in the form of budget allocation/subsidies/projects for new financing or the refinancing of eligible Green projects.
- The operation of the power facilities encompasses the generation and trapping of methane gas, which is utilised in the power generation system.

**Key Initiatives**

**Results**

**ISLAMIC FIRST CONSUMER BANKING PRODUCT STRATEGY**

- Implemented the strategy by defaulting select products to Islamic and introducing 14 Islamic-centric bank branches in certain strategic locations, enhancing customer reach and access
- Implemented Islamic First approach in residential and automobile financing

- These 14 Islamic-centric bank branches recorded a high Islamic share of business for retail current and savings accounts, credit takaful bookings, enterprise banking deposits, and Term Financing-i secured by ASB.

- Residential financing grew 26%, with improvements and simplification of legal documents to improve customer experience.

- Auto financing Hire Purchase-i grew 26%, driven by an increase in Islamic share of total new hire purchase bookings for 2018.

**LEVERAGING THE REGIONAL OPERATING MODEL & LOCAL NETWORKS**

- Actively engaged with regional businesses in ASEAN across consumer, commercial, transaction and wholesale banking in developing new business opportunities.

- The initiation of the Halal Trade Corridor Strategy to capture opportunity on the back of global halal trade flows.

- The first Islamic financing approved for an A-Grade commercial property in Singapore.

- Established strategic partnership with Tabung Haji to allow CIMB customers the flexibility to access over 2,900 CIMB Self Service Terminals nationwide to execute transactions on their Tabung Haji accounts.

**OUTLOOK AND PROSPECTS**

Over the next one year, our overarching strategy would be to strengthen our ‘Islamic First’ value proposition by establishing new synergies with our regional offices. In doing so, we will also focus on closely monitoring and managing the impact of our business on the environment and society. By taking a VBI approach, our wholesale banking business will remain committed to developing and innovating SRI and ESG initiatives.

Another high-potential area of focus would be the global halal economy, including the halal industry supply chain for sectors such as food and beverages, and agriculture. Our Islamic Commercial Banking and Transaction Banking businesses will focus on products and solutions that will enable SMEs and other businesses to benefit from this global consumer trend, as well as leverage from the success of the CIMB ASEAN-China Halal Corridor strategy.

In 2019, we will continue to explore strategic partnerships, which will bring added-value and improve customer experience within our identified high-priority customer segments across markets.



## **STRUCTURE & LEADERSHIP**

- 86 Board of Directors
- 88 Board of Directors' Profiles
- 92 Group Company Secretary's Profile
- 93 Corporate Structure
- 94 Boards of Major Subsidiaries
- 96 Group Shariah Committee
- 97 Group Shariah Committee Profiles
- 98 Group Executive Committee
- 100 Group Executive Committee Profiles
- 103 International Advisory Panel (IAP)
- 104 Human Capital Growth
- 108 CIMB Group Organisation Structure



**FORWARD  SUCCESS**

# BOARD OF DIRECTORS



Standing from left to right:

- Dato' Lee Kok Kwan
- Teoh Su Yin
- Dato' Mohamed Ross Mohd Din

Seated from left to right:

- Afzal Abdul Rahim
- Tengku Dato' Sri Zafrul Tengku Abdul Aziz
- Datuk Mohd Nasir Ahmad
- Robert Neil Coombe
- Ahmad Zulqarnain Che On



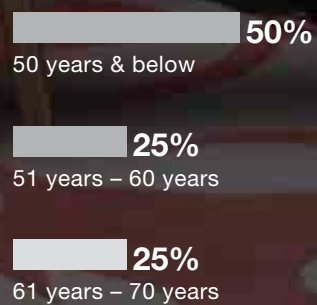


Board Composition & Age Group

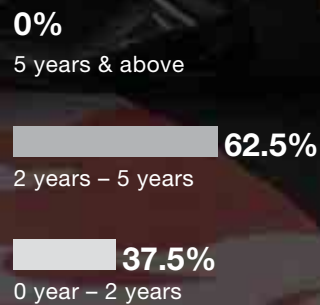
**1**  
Senior Independent Director

**4**  
Independent Directors

**2**  
Non-Independent Directors



Length of Tenure as Director & Gender



**7**  
Male



**1**  
Female



**7**  
Malaysians

**1**  
Non-Malaysian

# BOARD OF DIRECTORS' PROFILES



**Datuk Mohd Nasir Ahmad**  
Chairperson/Independent Director

Nationality : Malaysian  
Age/Gender : 64/Male  
Date of Appointment : 20 July 2015  
Length of Tenure as Director : 3 Years

## MEMBERSHIP OF BOARD COMMITTEES

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

## QUALIFICATION

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

## AREA OF EXPERTISE

- Finance, Accounting and Audit, Management

## DIRECTORSHIP

### Listed Entities

- Chairman of Media Prima Berhad

### Public Companies

- Independent Director of CIMB Bank Berhad
- Independent Director of SIRIM Berhad

## RELEVANT EXPERIENCE

Datuk Mohd Nasir Ahmad was appointed as Chairman/Independent Director of CIMB Group Holdings Berhad on 20 October 2018. He was re-designated as Member of Audit Committee of CIMB Group Holdings Berhad on 20 October 2018. He 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 over 39 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 and CIMB EOP Management Sdn Bhd.

## BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRCC	GNRC
Chairperson 14/16	Member 18/18	-	Member 7/7	Member 17/17

### 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 2018



**Tengku Dato' Sri Zafrul Tengku Abdul Aziz**  
Group Chief Executive Officer/Executive Director

Nationality : Malaysian  
Age/Gender : 45/Male  
Date of Appointment : 27 February 2015  
Length of Tenure as Director : 4 Years

## MEMBERSHIP OF BOARD COMMITTEES

- Nil

## 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 Management and Research, United Kingdom
- Bachelor of Science (Hons) in Economics and Accounting, University of Bristol, United Kingdom

## AREA OF EXPERTISE

- Finance and Banking, Leadership and Management

## DIRECTORSHIP

### Listed Entities

- President Commissioner of PT Bank CIMB Niaga Tbk

### Public Companies

- Chief Executive Officer/Executive Director of CIMB Bank Berhad

## 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 16 countries worldwide. He is also the Chief Executive Officer/Executive Director of CIMB Bank Berhad and President Commissioner of PT Bank CIMB Niaga Tbk.

With over 22 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. He also experienced being an entrepreneur by setting up Tune Money Sdn Bhd, Asia's first "no-frills" online financial service provider.

Zafrul is currently a member of the APEC Business Advisory Council (ABAC), representing Malaysia in promoting intra-trade and collaboration within Asia Pacific. Further, Zafrul, an advocate of Malaysia's socioeconomic development, currently sits on the Boards of the Kuala Lumpur Business Club and the National Sports Council of Malaysia, in addition to being a member of the National Higher Education Entrepreneurship Council under the Ministry of Education. He is also an Honorary Commander of the Navy Volunteer Reserve under the Royal Malaysian Navy.

## BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRCC	GNRC
Member 16/16	-	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, 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 2018



**Teoh Su Yin**  
Senior Independent Director

Nationality : Malaysian  
Age/Gender : 48/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 the Audit Committee and Board Risk and Compliance Committee

#### QUALIFICATION

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

#### AREA OF EXPERTISE

- Finance and Banking (Equity Research and Investment), Management

#### DIRECTORSHIP

##### Listed Entities

- Nil

##### Public Companies

- Nil

#### RELEVANT EXPERIENCE

Teoh Su Yin was re-designated as Senior Independent Director of CIMB Group Holdings Berhad on 20 October 2018. She 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, the Board of World Wildlife Fund-Malaysia and holds directorships in various other private companies.

#### BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRCC	GNRC
Member 14/16	-	Member 3/5	Member 5/7	Chairperson 17/17

##### 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 2018



**Robert Neil Coombe**  
Independent Director

Nationality : Australian  
Age/Gender : 55/Male  
Date of Appointment : 16 April 2014  
Length of Tenure as Director : 4 Years

#### MEMBERSHIP OF BOARD COMMITTEES

- Chairperson of the Board Risk and Compliance Committee
- Member of the Group Nomination and Remuneration Committee

#### QUALIFICATION

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

#### AREA OF EXPERTISE

- Corporate, Leadership, Management Operations, Finance and Banking

#### DIRECTORSHIP

##### Listed Entities

- Generation Development Group

##### Public Companies

- Nil

#### RELEVANT EXPERIENCE

Robert Neil Coombe was appointed as Chairperson of Board Risk and Compliance Committee on 23 January 2019 and a member of Group Nomination and Remuneration Committee on 24 January 2019. He is also CIMB's Sustainability Sponsor to champion the Group's sustainability efforts. He is currently the Executive Chairman of the ASX listed Generation Development 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, Robert 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 Director of Tibra Capital, Surfing Australia and the Australian Indigenous Education Foundation. He is also a member of the Advisory Board of 5V Capital Investors.

#### BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRCC	GNRC
Member 14/16	-	-	Member 6/7	-

##### Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- 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 2018

## Board of Directors' Profiles



**Dato' Mohamed Ross Mohd Din**  
Independent Director

Nationality : Malaysian  
Age/Gender : 66/Male  
Date of Appointment : 19 April 2016  
Length of Tenure as Director : 2 Years

**MEMBERSHIP OF BOARD COMMITTEES**

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

**QUALIFICATION**

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

**AREA OF EXPERTISE**

- Finance and Banking

**DIRECTORSHIP****Listed Entities**

- Independent Director of Kumpulan Perangsang Selangor Berhad

**Public Companies**

- Chairperson/Independent Director of CIMB Islamic Bank Berhad

**RELEVANT EXPERIENCE**

Dato' Mohamed Ross Mohd Din was re-designated as Chairperson of Audit Committee of CIMB Group Holdings Berhad on 20 October 2018. He joined HSBC Bank Malaysia Berhad (HSBC) in early 1972 and served in various capacities ranging from Corporate and Retail Banking and Branch Management. He also served as Head of Treasury Malaysia and Head of Group Audit Malaysia between 1987 and 1996. During this period he also worked for a year in Hong Kong, London and New York in areas of Foreign Exchange and Treasury. As the Managing Director (2003), he was responsible for HSBC's Islamic onshore business franchise in Malaysia until he retired on 31 December 2007.

Upon retirement, Dato' Mohamed Ross was appointed as an Executive Director and Senior Advisor of HSBC Amanah Takaful Malaysia Sdn Bhd until December 2008. At the same time and until April 2016, he was also an Independent Director of HSBC Amanah Malaysia Berhad, where he sat as Chairman of the Risk Committee and was a member of the Audit Committee and Nomination Committee.

Dato' Mohamed Ross currently sits on an Advisory Board overseeing a Private Equity Fund (Ekuinas OFM Programme) as an Independent Member. Additionally he also sits as a Trustee on the Board of Lembaga Zakat Selangor and also serves as an Independent Director on the Board of an Asset Management company.

**BOARD COMMITTEE AND ATTENDANCE**

BOD	AC	GBOC	BRCC	GNRC
Member 16/16	Chairperson 17/18	-	Member 7/7	Member 17/17

**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 2018



**Dato' Lee Kok Kwan**  
Non-Independent Director

Nationality : Malaysian  
Age/Gender : 53/Male  
Date of Appointment : 20 July 2015  
Length of Tenure as Director : 3 Years

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of the Board Risk and Compliance 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 Entities**

- Nil

**Public Companies**

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

**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. He was 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.

**BOARD COMMITTEE AND ATTENDANCE**

BOD	AC	GBOC	BRCC	GNRC
Member 15/16	-	Member 4/5	Member 6/7	-

**Declaration**

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- 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 2018



**Ahmad Zulqarnain Che On**  
Non-Independent Director

Nationality : Malaysian  
Age/Gender : 46/Male  
Date of Appointment : 3 November 2017  
Length of Tenure as Director : 1 Year

#### MEMBERSHIP OF BOARD COMMITTEES

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

#### QUALIFICATION

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

#### AREA OF EXPERTISE

- Banking and Finance, Leadership

#### DIRECTORSHIP

##### Listed Entities

- Nil

##### Public Companies

- Malaysia Airlines Berhad
- Malaysia Aviation Group Berhad

#### 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.

#### BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRCC	GNRC
Member 14/16	-	-	Member 6/7	Member 13/17

##### 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 2018



**Afzal Abdul Rahim**  
Independent Director

Nationality : Malaysian  
Age/Gender : 41/Male  
Date of Appointment : 31 January 2019  
Length of Tenure as Director : Less than 1 Year

#### MEMBERSHIP OF BOARD COMMITTEES

- Member of Group Nomination and Remuneration Committee

#### QUALIFICATION

- Bachelor Degree in Mechanical Engineering with Electronics, University of Sussex at Brighton, United Kingdom

#### AREA OF EXPERTISE

- Engineering, Human Resource, Information Technology and Leadership

#### DIRECTORSHIP

##### Listed Entities

- Chief Executive Officer of TimedotCom Berhad
- Symphony Communication Public Company Limited

##### Public Companies

- Nil

#### RELEVANT EXPERIENCE

Afzal Abdul Rahim, was appointed as an Independent Director of CIMB Group Holdings Berhad on 31 January 2019. He had also been appointed as a Member of the Group Nomination and Remuneration Committee of CIMB Group Holdings Berhad and Chairs the CIMB Technology Strategic Panel. He previously served as an Independent Director of CIMB Bank Berhad from 29 June 2016 until 31 January 2019.

Afzal is a technology entrepreneur who currently serves as Commander-In-Chief of TIME dotCom Berhad, an ASEAN based telecoms operator encompassing Fixed Line, Data Centres and Global Submarine Cable Systems. He joined TIME in 2008 after establishing The AIMS Asia Group and Global Transit International in 2006.

Afzal founded the non-profit Malaysian Internet Exchange (MyIX) in 2006 and also serves as a Board Member of Endeavor Malaysia, an organisation that is devoted to nurturing high-impact entrepreneurs.

He began his career in the automotive sector, initially as a Chassis Development Engineer and thereafter managing clients on the engineering consultancy side of the business at Group Lotus PLC. Afzal is also a Licensed Commercial Pilot.

#### BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRCC	GNRC
-	-	-	-	-

##### 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 2018

# GROUP COMPANY SECRETARY'S PROFILE



**Datin Rossaya Mohd Nashir**  
Group Company Secretary

Nationality : Malaysian  
Age/Gender : 50/Female  
Date of Appointment : 2002  
Length of Tenure : 17 Years

## QUALIFICATION

- 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

## AREA OF EXPERTISE

- Company Law, Corporate Secretarial Practice, Corporate Governance

## DIRECTORSHIP

### Listed Entities

- Nil

### Public Companies

- Nil

## RELEVANT EXPERIENCE

Datin Rossaya Mohd Nashir is currently the Group Company Secretary for CIMB and has worked at the bank since joining the Corporate Legal Services Unit in 2002. She was instrumental in setting up the Company Secretarial Department in 2004 and was appointed as Group Company Secretary in 2006.

In her role, Datin Rossaya is responsible for providing proper counsel and advice on Board duties, responsibilities and logistics to ensure that CIMB complies with relevant laws and regulatory requirements. Her position has since been expanded to cover the Group's regional operations where she plays a liaison role between the Board and its key stakeholders both in Malaysia and in the Group's regional operations, ensuring that a corporate governance framework is deployed in a manner that supports the Group's vision and aspirations. Beyond traditional governance, she also serves as a confidant and resource to the board and senior management.

She has extensive industry knowledge, with over two decades of experience in corporate secretarial practice. Previously, she was with Permodalan Nasional Berhad where she assumed the position of Joint Company Secretary for several of its subsidiaries. She began her career with the Time Engineering Group.

Datin Rossaya serves as a member of the Companies Commission of Malaysia's Corporate Practice Consultative Forum and is a Director of several subsidiaries in the CIMB group. She is a CIMB Sustainability Champion and has initiated several projects to encourage sustainability in the workplace for #teamcimb. She actively advocates greater participation of women in the boardroom and has been involved in various networking initiatives to promote this agenda.

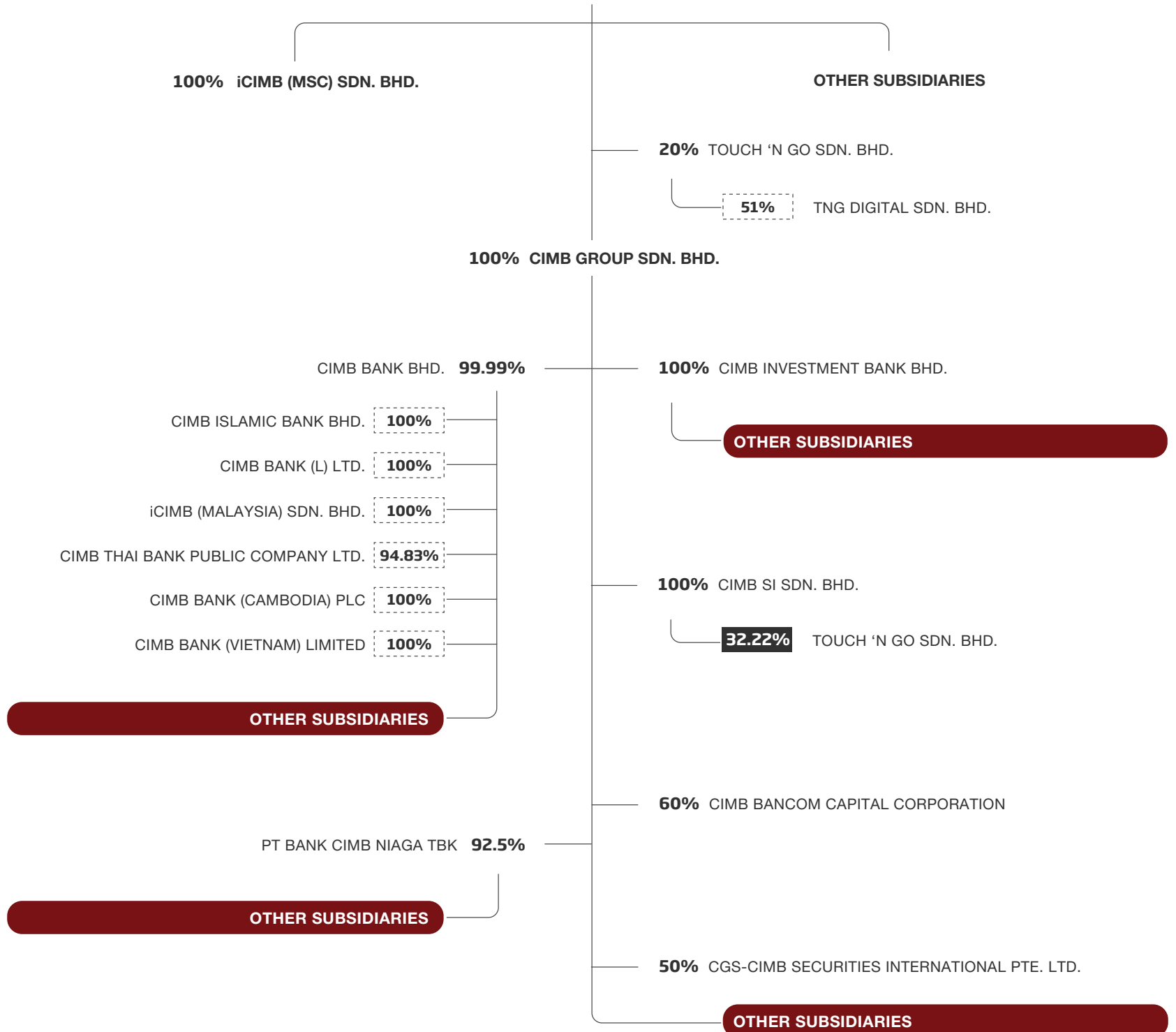
### Declaration

- 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 2018

# CORPORATE STRUCTURE



## CIMB GROUP HOLDINGS BERHAD



# BOARDS OF MAJOR SUBSIDIARIES

## CIMB BANK BERHAD

### CHAIRPERSON

**Dato' Zainal Abidin Putih**  
Non-Independent Director

### MEMBERS

**Tengku Dato' Sri Zafrul Tengku Abdul Aziz**

Chief Executive Officer/  
Executive Director

**Rosnah Dato' Kamarul Zaman**

Independent Director

**Datin Grace Yeoh Cheng Geok**

Independent Director

**Venkatachalam Krishnakumar**

Independent Director

## CIMB BANK

**Dato' Sri Amrin Awaluddin**

Independent Director

**Datuk Mohd Nasir Ahmad**

Independent Director

**Dato' Lee Kok Kwan**

Non-Independent Director

**Serena Tan Mei Shwen**

Non-Independent Director

**Afzal Abdul Rahim**

Independent Director

*(Resigned on 31 January 2019)*

**Dato' Sri Nazir Razak**

Deputy Chairperson/  
Non-Independent Director

*(Resigned on 19 October 2018)*

### SECRETARY

**Datin Rossaya Mohd Nashir**

## CIMB INVESTMENT BANK BERHAD

### CHAIRPERSON

**Dato' Robert Cheim Dau Meng**  
Non-Independent Director

### MEMBERS

**Jefferi Mahmud Hashim**

Chief Executive Officer/  
Executive Director

*(Appointed on 1 March 2019)*

**Nadzirah Abd Rashid**

Independent Director

## CIMB

**Manu Bhaskaran**

Independent Director

**Didi Syafruddin Yahya**

Independent Director

**Dato' Kong Sooi Lin**

Chief Executive Officer/  
Executive Director

*(Retired on 28 February 2019)*

### SECRETARY

**Datin Rossaya Mohd Nashir**

## CIMB ISLAMIC BANK BERHAD

### CHAIRPERSON

**Dato' Mohamed Ross Mohd Din**  
Independent Director

### MEMBERS

**Rafe Haneef**

Chief Executive Officer/  
Executive Director

**Rosnah Dato' Kamarul Zaman**

Independent Director

## CIMB ISLAMIC

**Ahmed Baqar Rehman**

Independent Director

**Ho Yuet Mee**

Independent Director

**Jalalullail Othman**

Independent Director

### SECRETARY

**Datin Rossaya Mohd Nashir**

## PT BANK CIMB NIAGA TBK

### PRESIDENT COMMISSIONER

**Tengku Dato' Sri Zafrul Tengku Abdul Aziz**  
President Commissioner

### MEMBERS

**Glenn Muhammad Surya Yusuf**

Vice-President Commissioner  
Non-Independent Commissioner

**Zulkifli M. Ali**

Independent Commissioner

**Pri Notowidigdo**

Independent Commissioner

## CIMB NIAGA

**David Richard Thomas**

Non-Independent Commissioner

**Jeffrey Kairupan**

Independent Commissioner

**Armida S. Alisjahbana**

Independent Commissioner

*(Resigned on 1 January 2019)*

**Dato' Sri Nazir Razak**

Non-Independent Commissioner

*(Resigned on 19 October 2018)*

### CORPORATE SECRETARY

**Fransiska Oei**



## CIMB THAI BANK PUBLIC COMPANY LIMITED

## CHAIRPERSON

**Chakramon Phasukavanich**  
Independent Director

## MEMBERS

**Dato' Robert Cheim Dau Meng**  
Vice Chairperson/  
Non-Independent Director

**Kittiphun Anutarasoti**  
President and Chief Executive  
Officer

**Maris Samaram**  
Independent Director

**Watanan Petersik**  
Independent Director



**Serena Tan Mei Shwen**  
Non-Independent Director

**Chanmanu Sumawong**  
Independent Director  
(Appointed on 20 April 2018)

**Rom Hiranpruk**  
Independent Director  
(Appointed on 13 December 2018)

**Chitrapongse Kwangsukstith**  
Executive Director  
(Resigned on 22 February 2019)

**Datuk Joseph Dominic Silva**  
Non-Independent Director  
(Resigned on 16 January 2019)

**Dato' Lee Kok Kwan**  
Non-Independent Director  
(Resigned on 15 January 2019)

## SECRETARY

**Zethjak Leeyakars**

## CIMB BANK PLC

## CHAIRPERSON

**Dato' Wira Zainal Abidin Mahamad Zain**  
Independent Director  
(Redesignated as Chairperson on 5 July 2018)

## MEMBERS

**Bun Yin**  
Chief Executive Officer/  
Executive Director

**Dr Mey Kalyan**  
Independent Director

**Dato' Shahrul Nazri Abdul Rahim**  
Non-Independent Director



**Yong Jiunn Run**  
Non-Independent Director

**Renzo Christopher Viegas**  
Non-Independent Director

**Aisyah Lam**  
Independent Director  
(Appointed on 5 July 2018)

**Dato' Shaarani Ibrahim**  
Independent Director  
(Retired on 5 July 2018)

## JOINT SECRETARIES

**Ly Sophea**  
**Datin Rossaya Mohd Nashir**

## CIMB BANK (VIETNAM) LIMITED

## CHAIRPERSON

**Dato' Wira Zainal Abidin Mahamad Zain**  
Independent Director

## MEMBERS

**Thomson Fam Siew Kat**  
Chief Executive Officer/  
General Director

**Le Le Thuy**  
Independent Director

**Aisyah Lam**  
Independent Director  
(Appointed on 1 August 2018)

**Renzo Christopher Viegas**  
Non-Independent Director  
(Appointed on 1 August 2018)



**Dato' Shahrul Nazri Abdul Rahim**  
Non-Independent Director  
(Appointed on 1 August 2018 and  
Resigned on 19 January 2019)

**Samir Gupta**  
Non-Independent Director  
(Appointed on 1 August 2018 and  
Resigned on 19 January 2019)

**Dato' Shaarani Ibrahim**  
Independent Director  
(Resigned on 31 July 2018)

**Kua Wei Jin**  
Non-Independent Director  
(Resigned on 31 July 2018)

## JOINT SECRETARIES

**Tran Hai Long**  
**Datin Rossaya Mohd Nashir**

# GROUP SHARIAH COMMITTEE



From left to right:

- Sheikh Dr Yousef Abdullah Al Shubaily
- Sheikh Dr Nedham Yaqoobi
- Sheikh Professor Dr Mohammad Hashim Kamali
- Sheikh Associate Professor Dr Shafaai Musa
- Associate Professor Dr Aishath Muneeza

# GROUP SHARIAH COMMITTEE PROFILES

## Sheikh Associate Professor Dr Shafaai Bin Musa

Malaysian | Age 51 | Male

### Date of Appointment

9 January 2006

### Length of Service

12 Years

### Qualification

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

### Directorship/Relevant Appointments

- Nil

### 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

## Sheikh Professor Dr Mohammad Hashim Kamali

Canadian (Malaysian Permanent Resident) | Age 74 | Male

### Date of Appointment

1 April 2005

### Length of Service

13 Years

### Qualification

- 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

### Directorship/Relevant Appointments

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

### 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

## Sheikh Dr Nedham Yaqoobi

Bahraini | Age 59 | Male

### Date of Appointment

14 June 2006

### Length of Service

12 Years

### Qualification

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

### Directorship/Relevant Appointments

- Nil

### 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

## Associate Professor Dr Aishath Muneeza

Maldivian | Age 33 | Female

### Date of Appointment

13 April 2018

### Length of Service

8 Months

### Qualification

- PhD in Law – International Islamic University Malaysia
- LLM (Banking) – International Islamic University Malaysia
- Bachelor of Laws (Hons) – International Islamic University Malaysia

### Directorship/Relevant Appointments

- Nil

### Relevant Experience

- 2015-2018-Deputy Minister – Ministry of Finance and Treasury, Republic of Maldives
- 2013-2015-Deputy Minister – Ministry of Islamic Affairs, Republic of Maldives

- 2016-now – Chairman, Board of Directors, Maldives Center for Islamic Finance Ltd
- 2011-now – Chairman, Shariah Advisory Council of Capital Market Development Authority, Maldives
- 2013-2015 – Chairman, Board of Directors, Maldives Hajj Corporation Ltd (Tabung Haji of Maldives)

## Sheikh Dr Yousef Abdullah Al Shubaily

Saudi Arabian | Age 47 | Male

### Date of Appointment

28 October 2008

### Length of Service

10 Years

### Qualification

- 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

### 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

### 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 EXECUTIVE COMMITTEE



Standing from left to right:

- Mak Lye Mun • Victor Lee Meng Teck • Samir Gupta • Gurdip Singh Sidhu
- Omar Siddiq Amin Noer Rashid • Shahnaz Jammal • David Richard Thomas • Tigor M. Siahaan



Seated from left to right:

- Effendy Shahul Hamid • Tengku Dato' Sri Zafrul Tengku Abdul Aziz
- Dato' Hamidah Naziadin • Kwan Keen Yew • Rafe Haneef

# GROUP EXECUTIVE COMMITTEE PROFILES

## Tigor M. Siahaan

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

Indonesian | Age 47 | Male

### Qualification

- Double major in Finance and Accounting, University of Virginia, Charlottesville, USA

### 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
- Chairman of Young Presidents Organisation (YPO) Indonesia 2018-2019
- APINDO (The Employers' Association of Indonesia), Chairperson of Banking, Financial Services & Taxation

### 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

## Mak Lye Mun

Country Head, Singapore & Chief Executive Officer, CIMB Bank, Singapore

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

### Relevant Experience

- CEO of Group Wholesale Banking
- 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

## Rafe Haneef

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

Malaysian | Age 49 | 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 investments
- Instrumental in the inclusion of CIMB Islamic in the Value-based Intermediation (VBI) Community of Practitioners, working to develop VBI together with the central bank to contextualise and drive sustainability with Islamic finance institutions in Malaysia
- Instrumental in CIMB Group being a member of RFI as well as a founding member to the UNEP FI Principles for Responsible Banking
- 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

## Shahnaz Jammal

Chief Executive Officer, Group Wholesale Banking

Malaysian | Age 44 | 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

- Director, CIMB Thai Bank Public Company Limited
- Director, CGS-CIMB Securities International Pte Ltd

### Relevant Experience

- Was most recently the Group Chief Financial Officer of CIMB Group
- Prior to this, was in various capacities within CIMB Group, including Deputy Group Chief Financial Officer and Head of Capital & Balance Sheet Management, as well as in Group Risk Management, Corporate Client Solutions and PT Bank CIMB Niaga Tbk
- Has over 19 years of banking experience, covering M&A Advisory, Risk Advisory, Trading and Risk Management
- Has worked with Goldman Sachs in London, Bankers Trust and Dresdner Kleinwort Wasserstein in London, as well as ABN AMRO Bank in Kuala Lumpur

**Samir Gupta**

Chief Executive Officer,  
Group Consumer Banking

Singaporean | Age 57 | 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

**Victor Lee Meng Teck**

Chief Executive Officer,  
Group Commercial Banking  
Chief Executive Officer,  
Group Transaction Banking

Singaporean | Age 48 | Male

**Qualification**

- Bachelor of Applied Science (Materials Engineering), Nanyang Technological University, Singapore
- Alumni of ASIAN Financial Leaders Programme (AFLP), mandated by Monetary Authority of Singapore

**Directorship/Relevant Appointments**

- Nil

**Relevant Experience**

- Oversees the Group's Commercial and SME banking businesses to ensure profitable and sustainable growth
- Oversees Group Transaction Banking which is responsible for the cash management, trade finance, value chain, financial institution product and securities services
- Over 20 years of experience in Retail banking, Channels/ Distribution Management, Microfinance and Business Banking with markets coverage in ASEAN, North Asia, Africa and Middle East
- At Fullerton Financial Holdings, he was responsible for managing its investments in banks and financial services firms. This includes driving its strategy and implementations, leading several digital initiatives across Asia and delivering strong operational risk governance and performance excellence. He also held various board directorships within the Fullerton Group
- Led the Small Business banking segment at United Overseas Bank (UOB) and delivered the fastest CAGR growth
- A member of the SME Banking management committee in Standard Chartered where he was responsible for its global liability, treasury business and lending businesses in Singapore, Taiwan and China. He also led several mergers and rationalisations for the bank.
- Awarded "Top 50 Most Promising Young Leaders" award in 2008 by The Asian Banker for bankers aged below 40 in Asia Pacific and Middle East region

**Effendy Shahul Hamid**

Chief Executive Officer,  
Group Ventures & Partnerships

Malaysian | Age 45 | Male

**Qualification**

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

**Directorship/Relevant Appointments**

- Director, Touch 'n Go Sdn Bhd
- Director, TNG Digital Sdn Bhd
- Director, Financial Park (Labuan) Sdn Bhd
- 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

**Relevant Experience**

- Responsible for the development of the Group's new and disruptive revenue and value creation streams through a focus on creating and cultivating new-age partnerships at scale, venturing through selective strategic investments in platform based businesses, steering CIMB's Fintech practise and managing the Group's operations in Vietnam and the Philippines
- Also responsible for the Group's asset management and investments business across both public and private markets, including the Group's regional asset management business, its private equity fund management business and the Group's equity investments portfolio in companies such as CIMB-Principal and Touch 'n Go
- Most recently, was CEO of Group Commercial Banking, managing 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
- Prior to that, was Group Chief Marketing and Communications Officer, managing the Group's entire marketing and communications initiatives and lead franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's Businesses across the region
- Before that, served as a Director in the Group's Investment Banking Division, primarily focusing on corporate advisory and origination
- Prior to joining the Group, career stints 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 Malaysia, Hong Kong and Singapore

**Omar Siddiq**

Group Chief Operating Officer

Malaysian | Age 45 | Male

**Qualification**

- BSc (Hons) Economics, London School of Economics, London
- Fellow, Institute of Chartered Accountants in England and Wales
- CFA Charterholder

**Directorship/Relevant Appointments**

- Director, CIMB Thai Bank Public Company Limited (Thailand)

**Relevant Experience**

- Appointed as the Acting President/CEO, CIMB Thai Bank Public Company Limited
- Previously was Head of Group Wholesale Banking at RHB Group with oversight over the RHB Group's Wholesale business (comprising investment banking, treasury, corporate banking and asset management) and its International business segment excluding Singapore (comprising Cambodia, Laos, Thailand and Brunei)
- Former Executive Director and Group Chief Financial Officer at Malaysia Airlines Berhad with responsibility primarily for financial management spanning transaction accounting, management reporting, budgeting, treasury, financial forecasting and procurement as well as overseeing aircraft fleet planning and management
- Former Executive Director in the Investments Division at Khazanah Nasional Berhad and member of the senior management team with a focus on the aviation and airports sectors
- Former Managing Director in the Investment Banking Division at CIMB Investment Bank Berhad
- Former Executive Director in the Corporate Finance Practice of PricewaterhouseCoopers

## Group Executive Committee Profiles

**Dato' Hamidah Naziadin**

*Group Chief People Officer  
Chief Executive Officer, CIMB Foundation*

**Malaysian | Age 55 | 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
- 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
- Strengthened 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 31 years' experience in HR in the financial industry, of which 28 years were with the Group

**Gurdip Singh Sidhu**

*Group Chief Strategy & Design Officer*

**Malaysian | Age 45 | 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**

- As the Group Chief Strategy & Design Officer, Gurdip oversees the following functions; Corporate Strategy & Planning, Group Corporate Finance, Strategic Programme Management, Group Sustainability, Group Customer Experience, Transforming Customer Journeys, and Group Brand Management & Sponsorships
- Gurdip works alongside the Group CEO and Senior Management in setting the strategic direction of the Group, supporting the execution of transformational and growth initiatives and a member of the T18 Oversight Committee and Forward23 Transformation Council. Gurdip also is a member of the Group Executive Committee (GEXCO) as well as the Group Management Committee (GMC)
- Instrumental in CIMB Group being a founding member to the UNEP FI Principles for Responsible Banking as well as responsible for the Strategic oversight on Sustainability and Sustainable Finance
- Prior to the expanded role that covers areas of Customer, Sustainability and Brand, Gurdip was the Chief Strategy Officer where his focus was to drive the organic and in-organic strategy and the execution of key initiatives. This included the entry into new markets, key M&A and partnerships as well as the execution of the T18 Program
- 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

**David Richard Thomas**

*Group Chief Risk Officer*

**American | Age 59 | 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 25-year tenure in Asia

**Kwan Keen Yew**

*Group Chief Legal & Compliance Officer*

**Malaysian | Age 45 | 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



# INTERNATIONAL ADVISORY PANEL (IAP)

Established in 2006, the IAP functions as an Advisory Body to assist the Board and top management of the Group in devising strategies and generating ideas to support the Group’s corporate goals. IAP provides unbiased insights and ideas and exposes top management to new thinking in technology, macroeconomics, demography, sustainability and geo-politics.

The IAP meets with CIMB’s top management where the management engages the IAP on key strategic ideas and plans. In 2018, the IAP’s focus was to provide input and critique on the Group’s next 5-year mid term strategy along the following areas of focus:

### Navigating Trends

Discussions centered around taking a ‘long view’ to ensure relevance and alignment of the strategy to long term trends while balancing the need to be responsive to changes.

### Going Beyond Banking

IAP members deliberated possible options – owning versus partnering, resource, capability and technology considerations and its implication to the Group in exploring adjacent industries and new ventures.

### Technology and People

How will the Group adapt to the new ways of working – how will the Group tackle the inevitable shift in skills and workforce mix required at scale? How do we compete for the best in tech talent? These questions were robustly discussed.

### MEMBERS OF THE PANEL

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



# HUMAN CAPITAL GROWTH

“As the marketplace is growing increasingly more complex, especially with the advent of technology and the changing dynamics of banking, CIMB Group and its business operations are also evolving. While we focussed our energy to deliver the headline targets of T18, we strengthened our core by ramping up capabilities of our people, increased productivity and efficiency and above all, continue to reinforce the spirit of #team CIMB. Our greater objective in 2018 was to prepare and future-proof both the organisation and our people as they embark on our next mid-term strategic roadmap Forward23.”

#teamCIMB are the catalysts of all growth. They drive organisational change and transformation. They contribute to delivering performance at its best. They enhance our competitiveness, locally and regionally. Most importantly, they strengthen our position as ASEAN’s universal bank. In short, our 36,000 employees are the key drivers of our business and performance. And our commitment is to create and provide a workplace that embraces our corporate values – enabling people; customer-centric; integrity; strength in diversity; and high-performance. In 2018, we focussed all efforts to instill these values across all levels of the organisation, but more importantly, accelerated efforts to prepare our talent to meet the emerging challenges of business as well as to remain relevant as skilled, productive resources, contributing to our continuing growth.

## IN THE GRAND FINALÉ YEAR FOR T18

The year 2018 was an important milestone for the Human Resource division as the key enabler of the ‘culture’ pillar of T18 transformation strategy. As part of this transformation, HR was entrusted to regionalise HR practices; provide support to various business units in their regionalisation efforts; drive structural changes in keeping with the strategic direction; improve workforce productivity; and create enabling platforms, programmes and processes to unify organisational culture. We have successfully implemented the T18 HR Roadmap in alignment with the overall Group’s business direction. The three high-impact areas included workforce productivity; organisational culture; and performance management.

### T18 HR Roadmap Implementation Highlights

#### Workforce Productivity



**Personnel Costs to Income Ratio down from 34.6% in 2015 to 28.3% in 2018**

By harnessing workforce productivity, and managing people costs through a business recalibration exercise, workforce planning and workforce optimisation through ‘Project Phoenix’, which involved the largest Business Units working with HR to manage organisation structure inefficiencies and optimise productivity.

#### Organisational Culture



**259 Roadshows; 144 Business Sponsors and 2,300 Informal Change Leaders to drive culture transformation**

By connecting and influencing networks to demonstrate the three critical behaviours to build ‘A Better CIMB’ culture.

We worked to create a culture of compliance through fun, innovative, educational and skills-development initiatives.

#### Performance Management



**100% of senior management’s scorecards developed centrally to ensure alignment to organisational priorities**

We introduced performance management practices that drove delivery of results and emphasised long-term focus and sustainability. From calibrating our scorecards to be closely aligned to T18 goals and including risk-adjusted KPIs, to introducing a demerit framework to instil a culture of accountability and compliance.

**FROM CULTURE TRANSFORMATION TO PEOPLE EMPOWERMENT**

The culture of the organisation plays a significant role in determining levels of motivation, aspiration, and performance. An organisation with a culture of accountability, transparency and integrity can enhance overall outcomes of business. Similarly, a nurturing and learning culture deliver positive value to employees as well as motivate their contributions to business. The opportunities are many for strengthening management-employee relationships, raising performance and levels of motivation; and building a positive climate of opinion, enhancing trust and loyalty.

During the year, we invested close to RM450,000 in ABC Culture Transformation Initiatives, including 259 roadshows region-wide. 'A Better CIMB' culture network is led by, as of December 2018, 144 Business Sponsors (Heads of Department/Division) and 2,337 Informal Leaders (Employees), who exhibit exemplary behaviour that reflect our culture, referred to as the '3 Critical Behaviours': Go the extra mile to delight customers; recognise each other's efforts and



always back each other up; and respect each other, engage openly and work together.

We also ran regional culture theme days such as "Apple-ciation Day" where we handed out apples to our employees in conjunction with Labour Day to appreciate their contribution, and to reflect ABC Behaviour #3. Another initiative is the CIMB's Torch of Recognition, which symbolises recognition from top management to colleagues for their efforts. In 2018, a total of 431 employees were ABC Torch bearers, who passed the torch to another 431 model employees for continuing the journey of excellence and teamwork.

For ABC Culture Transformation initiatives, we quantified the business impact of our informal leaders and change agents' network. The business metrics we tracked included:

- Lead Generation
- Customer Queue time
- Revenue contribution
- Employee absenteeism

**CREATING A COMPLIANCE CULTURE**

We devised and implemented a well-orchestrated campaign to not only educate CIMBians on various compliance matters, but also on various interventions to prevent, detect, and correct non-compliant behaviour. We took a creative and fun approach to raising awareness, understanding and application. For instance, we introduced a compliance icon Z.A.C. (Zealous About Compliance), who would share information and interact with CIMBians through various print and digital platforms. These included compliance-related trivia and reminder on the HR Information System (intranet), banners and screensavers, learning courseware and a code tutorial pack and guide.

In addition to initiatives championed by ZAC, we took various preventive interventions and governance to drive compliant behaviour and culture.

1. Launched new Codes of Ethics and Conduct;
2. Adopted a more stringent pre-employment screening to assess competencies, behaviour, past 7-year employment track record, credit checks, and related parties;
3. Reinforced the importance of compliance by introducing performance KPIs and rewards, for e.g. minimum 10% KPI weightage for senior management on audit, compliance and risk performance; and
4. Strengthened neutrality and independence of the Whistle Blowing Policy, where all new disclosures will be channeled directly to the designated non-executive director (except for Malaysia and Singapore, where Chairman and the Audit Committee will be the key touchpoints).

Based on our analysis, a key outcome was that branches with informal leaders performed significantly better as compared to their peers.

	Improvement M.O.M	Compared to Control Group
Revenue Contribution	42%	36% More revenue
Lead Generation	40%	21% More leads
Queue Time	13%	5% Shorter queue time
Absenteeism	8%	2% Lower absenteeism

**The Code Tutorial Pack & Guide**



As a result of all these efforts, in 2018, the Employee Engagement Survey (EES) revealed that ABC and Compliance initiatives gained traction and have been rated favourably at 80% and 90%, respectively.

Human Capital Growth

FROM PROMOTING DIGITAL KNOWLEDGE TO HONING DIGITAL SKILLS AND LEADERSHIP

In 2018, we also launched strategic initiatives, to tap the potential of digital technology and future-proof our organisation as well as the workforce against the 4th Industrial Revolution in the banking sector. Launched in May 2018, the 3D Academy committed RM75 million for the next 3 years, with over 2 million training hours to develop 3D skills.

The CIMB 3D (Digital, Data, and Disruption) Academy aspires to enhance the digital quotient in all job roles, enable the Group's digital transformation and build an agile, innovative and tech-savvy workforce across all levels. Its competency framework is anchored on six pillars, namely digital world

awareness, agile & entrepreneurial thinking, future communication skills, risk & governance, human-centered design and data science & analytics.

In 2018, 3D Academy delivered about 64 classes of 3D 101 Awareness Series, with more than 12,000 participants of all levels from Malaysia, Indonesia, Singapore, Thailand and Cambodia. In addition, about 560 participants attended Digital Leadership Series; more than 700 participants attended Design Thinking workshops and about 400 participants attended Agile Project Management and Data Analytics/ Big Data related programmes.



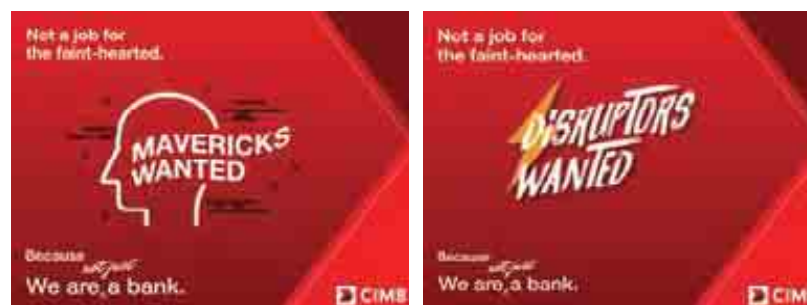
We also launched mobile learning application i.e. **Learn@IBF** in Singapore as part of the rollout of CIMB 3D Academy. Similarly, in CIMB Niaga, various technology modules were introduced on mobile devices to make way for *Learning-on-the-Go (LoG)*. As at end 2018, there were a total of **12,781 LoG users with 3 journeys** (i.e. onboarding, mandatory learnings and performance management). The HR Bots on the other hand assisted staff to address common queries as well as achieve faster turnaround time to process HR-related information.



FROM BUILDING INTERNAL CAPABILITIES TO SHAPING FUTURE LEADERS

The ever-growing competition and dynamic market environment are only increasing the pressure on companies to not just attract the right talent, but to also build and nurture the talent to future-proof the organisation and its business. Effective and efficient mechanisms to manage the talent acquisition, growth and retention needs to be put in place for business continuity, productivity, performance and competitiveness. Our priorities have been to create a pipeline of talent for succession planning at various levels of the organisation (especially for key and executive positions); enhance market competitiveness through continuously upskilling people; and enabling employee' careers, growth and welfare to emerge as the 'employer of choice' in the sector.

During the year, we also launched a new brand positioning to attract 3D talent and 'beyond banking' or non-conventional banking talent



At CIMB Group, we deploy hybrid learning methodologies towards positive learning outcomes. From digital platforms to Future of Work (Online courses), from instructor-led sessions to computer-based workshops, training and development. For us, it is all about instilling confidence, tapping the innate propensity to learn, and applying the knowledge at workplace.

In 2018, the total training and development offered to our employees were approximately 2.4 million hours with a total investment of close to RM119 million across the region.

FROM NURTURING TALENT TO PERFORMANCE MANAGEMENT

In addition to nurturing and future-proofing the current talent, at CIMB Group, we have a multi-tiered governance structure to effectively monitor and implement Talent and Succession management strategies. Our methodology includes a robust talent assessment, talent classification and mapping, specific role-bound readiness and role-centric planning. These critical steps of the process help us identify and build succession pipeline, undertake career conversations, and effectively prepare potential leaders of the future through a well-designed mentoring and coaching programme.

In 2018, two of the Group Management Committee or GMC (C-Suites and C minus 1) members

where assigned Executive Coach to help transition them into their roles, whereas 18 GMC members were appointed as Mentors for potential successors and top talent. These were part of our efforts to accelerate the readiness of 41 senior management staff to take on key roles across the group. In addition, GMC members have also been rotated to different roles in the organisation.

Similarly, at Senior Manager and Manager levels, 215 participants attended the coaching programme; 341 attended the Junior/Middle Management Development Programme and 154 newly promoted Managers attended First Time Manager programme. These programmes empower them to be more effective in their roles as people managers.

In 2018, the Group also launched CIMB 3D Conquest, a competition that aims to identify and attract ASEAN's top creative, young digital talent with an agile and entrepreneurial mindset. Open to all tertiary students, the hackathon-style event runs on three tracks – Data Science, Fintech and Coding. In addition to cash prizes of more than RM500,000 for the ASEAN wide competition, the regional winners were presented a unique opportunity to visit Silicon Valley to gain exposure to emerging technologies and their application. Upon graduation, these talent are also offered an option to join CIMB.

This competition, together with our efforts through CIMB's 3D Academy and various HR digital and development initiatives, will positively position CIMB as a data-first organisation.



#### FROM THRIVING ON DIVERSITY TO ENRICHING OUR PEOPLE

The business case for diversity of management teams and innovation as well as the overall business resilience has been long-established. Diversity across multiple disciplines of the organisation can foster innovation, inclusive growth and participative leadership, with opportunities to remove barriers in communication, productivity and performance. Our efforts have been around creating equitable opportunities and balanced growth through policies and guidelines that support diversity, inclusion, welfare and well-being of our employees.

In 2018, 56.4% of our total workforce comprised of women, with 44.1% of them in key decision-making/managerial roles, which is an achievement in keeping with our aspiration. Also, 28.9% of top management positions and 22% of the Board positions are held by women, also in keeping with our 2020 target and the Government's mandate for 30%.

As an ASEAN franchise, we serve people of different cultures and nationalities, with different skill sets, and from a cross section of the society and socio-economic status. For our commitment, CIMB has been listed in the Top 100 of the Thomson Reuters' Diversity and Inclusion (D & I) Index 2018

amongst leading global companies. The Index is derived from scores on Diversity, Inclusion, People Development and News Controversies and 7,000 companies with the best overall scores are selected for the Index. CIMB Group is the only financial institution in Malaysia and ASEAN to be included in this years' list.

Besides diversity, we also place emphasis on wellness and well-being of our employee. During the year, we invested a great amount of time and effort in ensuring that our workplace is conducive to performance and is inclusive to meet the needs of all our employees at the different stages of their careers and lives. Workplace Wellness@CIMB is a comprehensive programme that provides flexibility and supportive work environment for our employees to better manage their work-life effectively. Besides, we believe that happy employees will not only be more productive, and committed to both the organisation and their professional growth, but will deliver better experience for our customers. In 2018, CIMB won a Gold at the HR Excellence Awards 2018 in three key categories, to include Work-Life Balance; Employee Engagement; and Workplace Culture and CSR Strategy. One of our high potential talent was also recognised as the Young HR Talent of the Year.

#### FROM PLANNING OUR FUTURE TO CREATING VALUE FOR ALL

We see culture change as a continuing game plan, which is critical to not only manage employee and stakeholder expectations but to motivate consistent performance across the Group. Going forward, we will continue to sustain the momentum built in terms of enabling A-Better-CIMB Culture and #teamCIMB across our organisation regionally.

In terms of workforce productivity, we will continue to enforce discipline in managing workforce productivity. At the same time, at the on-set of the 4th Industrial Revolution, HR is also working towards ensuring our workforce is equipped with future skill sets around Digital, Data and Disruption. As such, we just recently launched our 3D – Digital, Data & Disruption Academy for our workforce, providing employees with opportunities to take classes on Design Thinking, the Internet of Things etc. and remain relevant for the future.

In terms of building a regional HR practice, we are working towards institutionalising our HR regional operating model by implementing a new regional HR Cloud system. The regional HRIS will enable us to manage our regional workforce better, and also better connect HR across all countries to provide a seamless and consistent employee experience to all our employees regionally.

#### FORWARD23

Forward23 is our mid-term strategic roadmap covering the period 2019-2023, which will be about growth and growing our business differently.

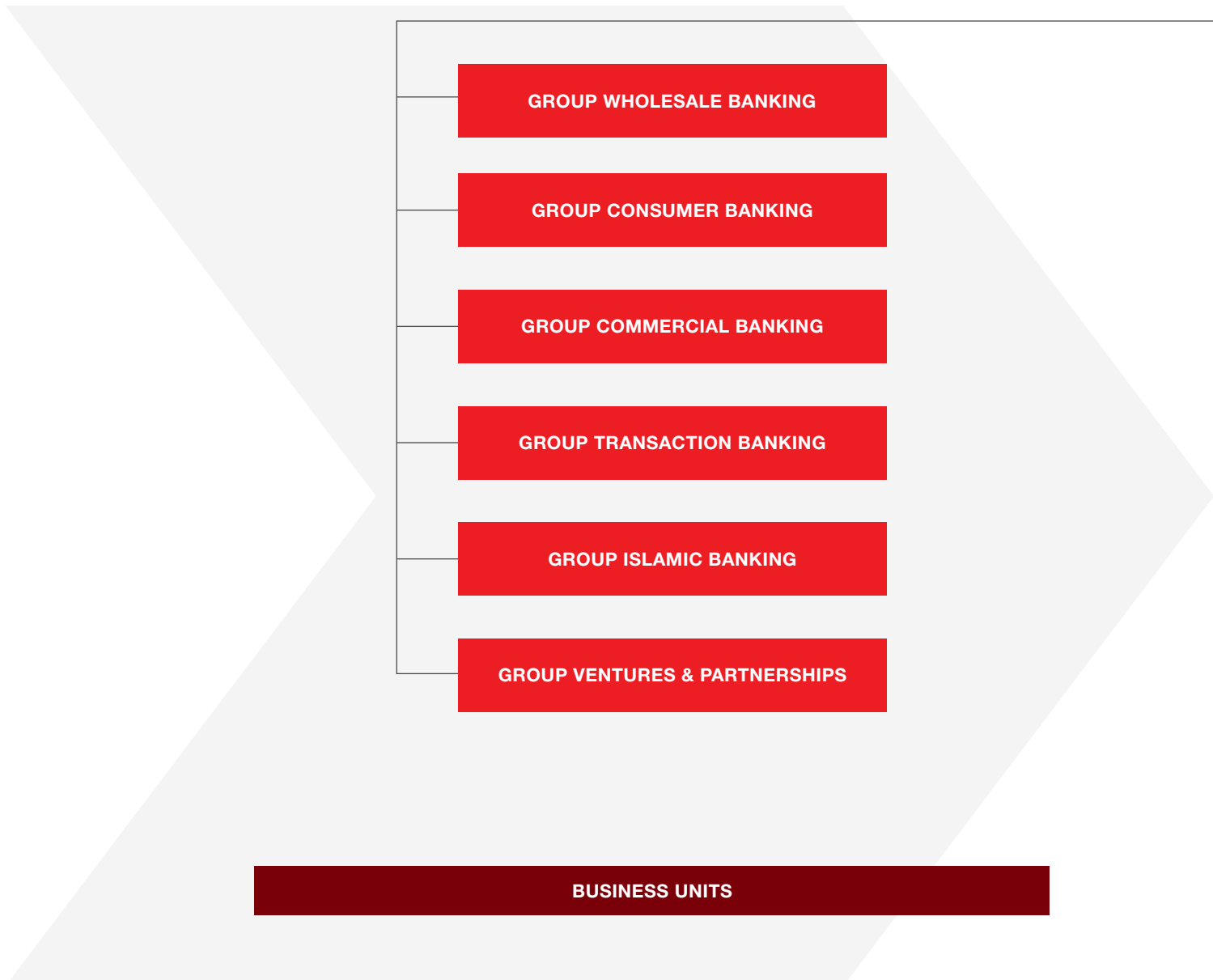
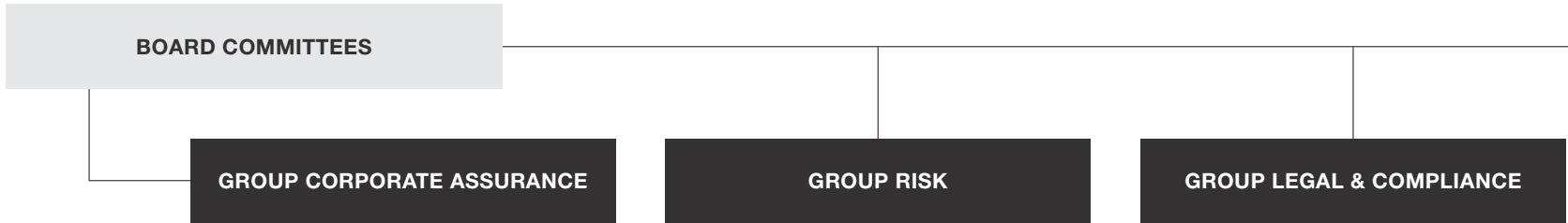
In pursuing growth, we will continue our future-proofing efforts by transforming customer journeys; digitalisation including technology reboot with artificial intelligence (AI), robotics, automation and data analytics; ventures and partnerships and sustainability. In the context of human capital, it will be addressed via our People pillar, which requires us to equip our employees with the right skills in keeping pace with the emerging technologies such as AI, robotics and algorithms; build new leadership competencies to be digitally savvy, and ability to manage digital programmes and outcomes; adopting agile workplace and above all, a new mind-set towards embracing positive change and doing things differently. Our approach to coaching, mentoring and training will involve both technical and soft skills covering digital, data, and disruption and delivered through our 3D Academy.

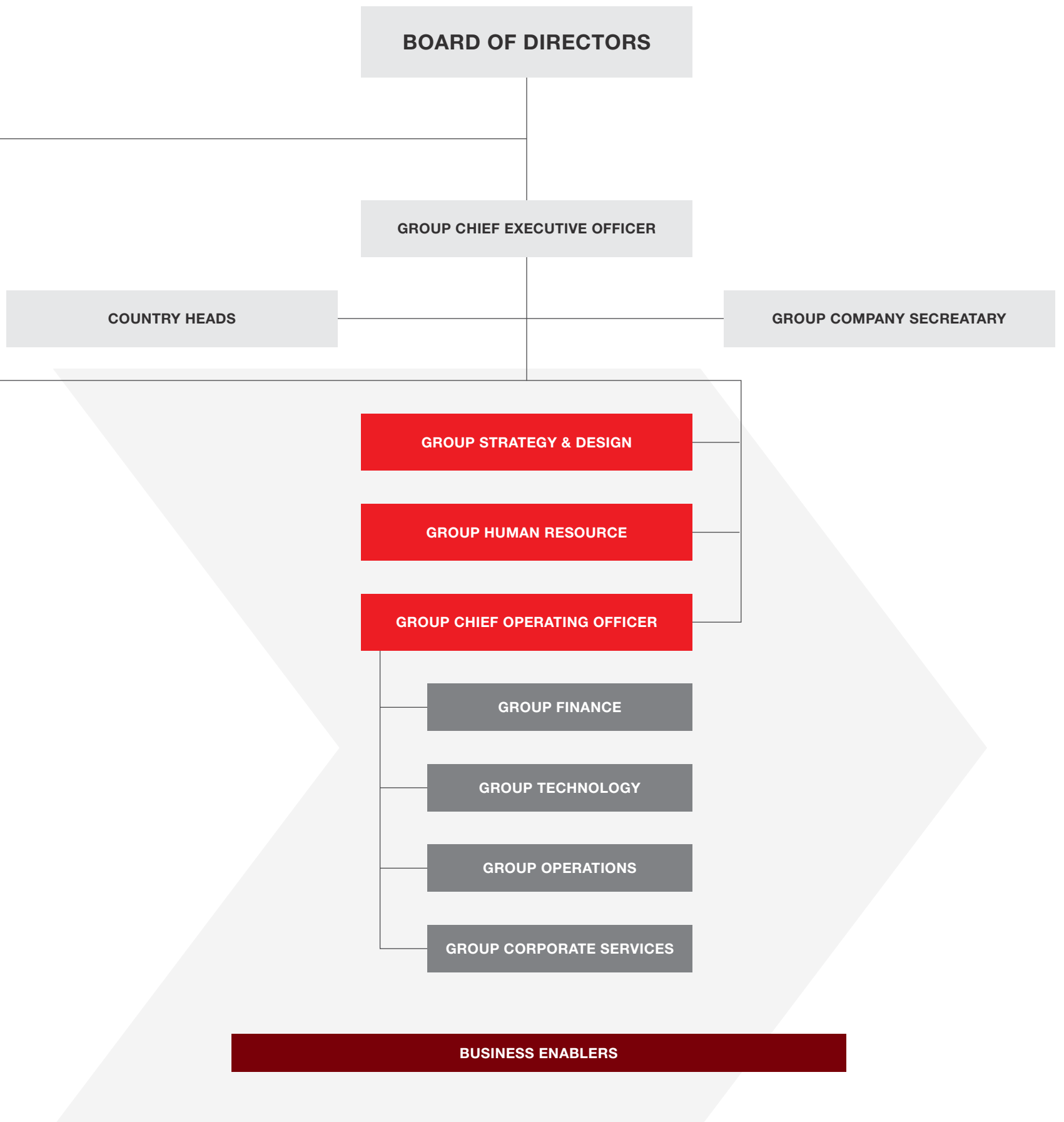
In a nutshell, as we embark on our Forward23 journey, we will continue to build our talent pool by re-skilling and up-skilling our people; strengthen our brand to attract 'beyond banking' talents; enhance and innovate our hiring practices; and explore alternative employment models.



For more information on our progressive policies and programmes on employee welfare and well-being, refer to CIMB Group Sustainability Report 2018.

# CIMB GROUP ORGANISATION STRUCTURE





# CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholders,

The ability of an organisation to consistently deliver shareholder and stakeholder value depends on two important principles of governance. First is the degree of accountability and integrity with which it conducts its business. Second is the responsibility and transparency with which it delivers growth and performance.

**“I am pleased to present the CIMB 2018 Corporate Governance Overview Statement, which reinforces our commitment to the principles of good governance in managing our business priorities and fulfilling stakeholders’ expectations. We are strengthened in our position as ASEAN’s universal bank, with great potential to further grow, deliver value, and contribute to the industry. I take pride in the fact that we continue to be acknowledged by our multiple stakeholders as an institution of trust, which is one of the most important measures of our success.”**

As a universal ASEAN bank, committed to advancing customers and society, we rely on various feedback loops and governance mechanisms for the Board to continuously review and respond to the emerging challenges, as well as tap new opportunities for growth. Besides, our regional operating model allows us to decentralise our approach to identifying and resolving any potential issues or gaps when aligning our business to local regulations and operational realities. This in itself makes us resilient to extraneous factors, and future-proofs our business against any and all kinds of risks associated with compliance.

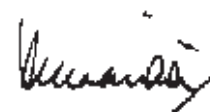
At CIMB, governance is a mission-critical function, where the Board is committed to fulfil its oversight responsibilities effectively. There is much emphasis on the diversity and competency of the Board to enable balanced, intelligent and insightful decisions. In 2018, we have reviewed the skill sets of our Board members as well as the Senior Management to map their competencies in critical areas such as Compliance and Risk; Banking and Finance; Accounting and Audit; Sustainability and Leadership. The Board has complete oversight on our risk management processes, with annual reviews conducted to address any gaps and improve process efficiencies. We also adhere to risk management standards such as COSO and BASEL, in addition to Global Reporting Initiative (GRI).

The successful completion of T18 initiatives in 2018 helped strengthen our core as well as the foundation of the Group in terms of governance and structure. During the year, the Group also made significant investments to enhance and reinforce the role of Audit, Risk & Compliance. For instance, we raised greater awareness and instilled compliance culture across CIMB. With our Regional Operating Model, the Group was also able to leverage on economies of scale and enhance discipline on cost and spend.

During the year, CIMB also completed the roll-out of the Group Entity Governance Policy to entities across the Group. The main aim of the Policy is to protect shareholder and stakeholder value for all CIMB entities/investments, by strengthening the discipline, governance and processes surrounding each entity in the Group and driving effectiveness of oversight by management committees. This is in line with the Group’s agenda to forge synergies across CIMB through governance and harmonisation.

2018 also saw the development of an integrated roadmap and enhanced governance structure for the Group’s next mid-term strategy, Forward23. With the success achieved from the conclusion of our T18 programme, I am confident that we will not only deliver new growth, but also will live-up to our reputation of upholding high standards of corporate governance in all our operations, locally and regionally.

I take this opportunity to thank our shareholders and other stakeholders for their trust in us and I look forward to your continuing association with CIMB as our partners in growth.



**Datuk Mohd Nasir Ahmad**  
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 Senior 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. Towards this end, the Board is committed to cultivating a responsible organisation by ensuring excellence in corporate governance standards at all times. In this respect, the Board Committees assist the Board to fulfil its governance role effectively.

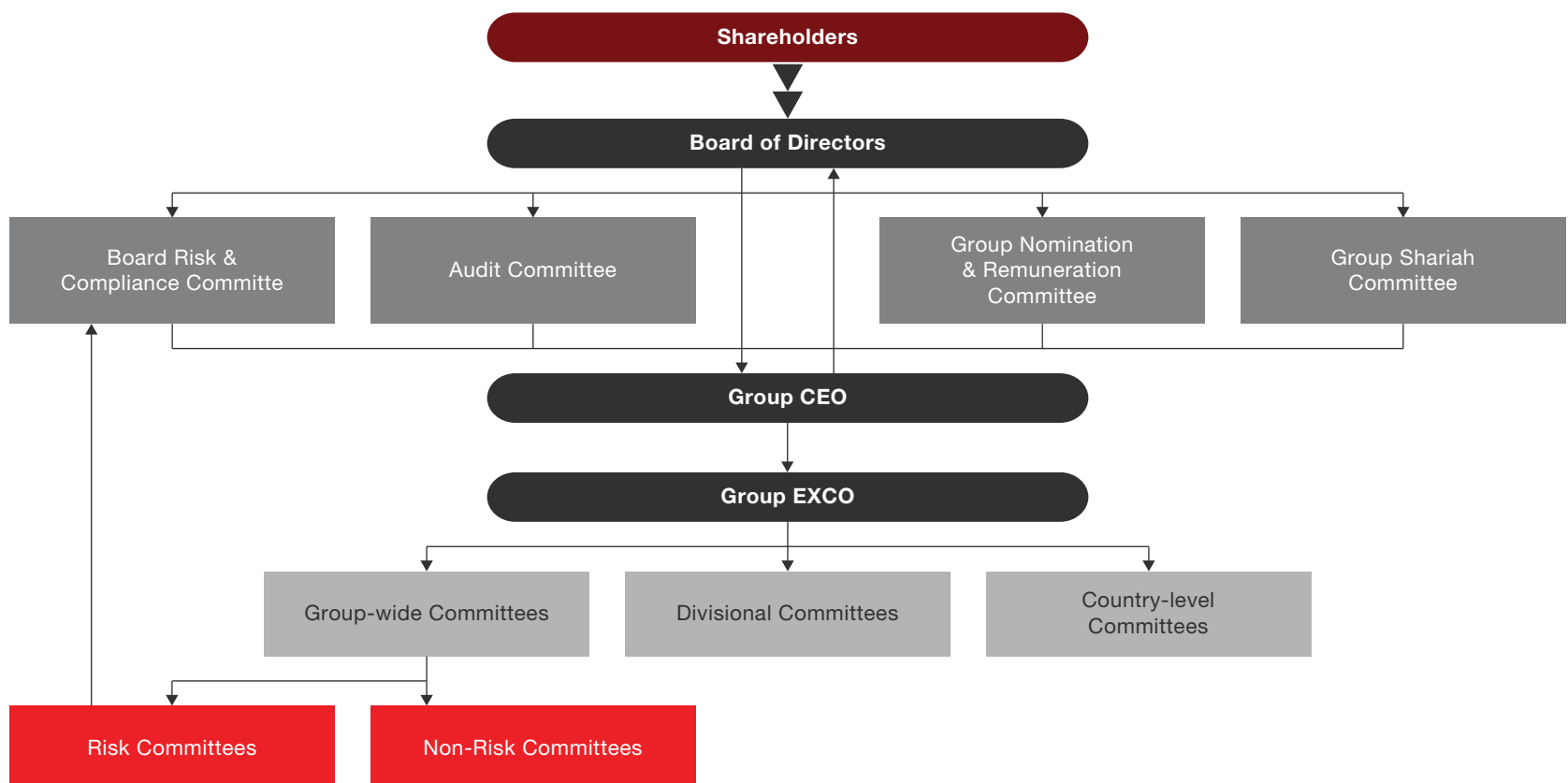
This Corporate Governance Overview Statement outlines the main corporate governance practices and policies that are in place during the financial year 2018. CIMB's corporate governance practices are reviewed regularly and will continue to be refined based on global best practices and guidelines.

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)
- 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 Watch Group (MSWG)'s Malaysia-ASEAN Corporate Governance Scorecard
- 6) Developments in market practice and regulations

In 2018, 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 Corporate and Investment Bank, Asiamoney Best Bank Awards 2018: Malaysia
- 2) Best Bank for SMEs, Asiamoney Best Bank Awards 2018: Malaysia
- 3) Best Islamic Finance House, Best in Asia – Achievement Awards FinanceAsia 2018
- 4) Most Outstanding Annual Report of the Year – Platinum – National Annual Corporate Report Awards (NACRA) 2018
- 5) Inclusiveness and Diversity Reporting Award – Silver – National Annual Corporate Report Awards (NACRA) 2018
- 6) Best Designed Annual Report – Gold – National Annual Corporate Report Awards (NACRA) 2018
- 7) Best Retail Bank in Malaysia – The Asian Banker's International Excellence in Retail Financial Services 2018
- 8) Best Productivity, Efficiency and Automation Initiative, Application or Programme for 2018 – The Asian Banker's International Excellence in Retail Financial Services 2018
- 9) Best Equity House (Malaysia) – Alpha Southeast Asia 12th Annual Best Financial Institution Awards
- 10) Best Institutional Broker (Indonesia) – Alpha Southeast Asia 12th Annual Best Financial Institution Awards
- 11) Best Retail Broker (Indonesia) – Alpha Southeast Asia 12th Annual Best Financial Institution Awards
- 12) Best Islamic Finance Consumer Bank (Malaysia) – Alpha Southeast Asia 12th Annual Best Financial Institution Awards
- 13) Top 50 ASEAN PLC – 2nd ASEAN CG Awards



## 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 abreast of relevant corporate governance and regulatory requirements.

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-election and remuneration 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. The Board also oversees and appraises CIMB's overall strategic objectives, direction and performance, with some oversight 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 the Senior Management of CIMB, the authority for managing CIMB's business to achieve its corporate targets and plans.

### ENTITY GOVERNANCE

CIMB recognises the need to put in place stronger controls to govern an organisation that operates through a diverse set of entities and ownership structures. While the overall decision-making authority resides with the ultimate parent entity, entities within the group have the autonomy to exercise their own judgment. Notwithstanding, in ensuring that the operations of the Group and its entities remain robust and that governance risks are mitigated, the entities are responsible to escalate concerns to their parent entity when there is a need to do so.

The Entity Governance Policy was developed in 2017 to put in place minimum governance requirements for entities across the Group in the following areas:

- (i) Matters of the Board
- (ii) Senior Management Accountability
- (iii) Management Committees Oversight
- (iv) Policies & Procedures
- (v) Inter-entity Service Level Agreements
- (vi) Financial Booking Governance
- (vii) Delegation of Authority

Central to the Policy is the appointment of a "Responsible Officer" who is accountable for the entities under his/her purview to ensure that the governance requirements are fully adhered to. In addition to Responsible Officers, Key Roles of control functions are put in place to support the Responsible Officer in their respective functional area.

The Policy had been enhanced following a review in 2018 to provide better clarity and strengthen the governance requirements through the introduction of new areas such as key controls and roles and responsibilities of relevant stakeholders. A Procedure document had also been developed to detail out the processes in complying with the Policy.

### 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, business partners, regulators, local communities, non-governmental organisations and the general public. 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 Chairperson and the Group CEO. The roles of Chairperson and Group CEO are therefore exercised by separate individuals to ensure optimal balance, resulting in increased accountability and enhanced decision-making. The role of Chairperson is specified clearly in the Board Charter.

Dato' Sri Nazir Razak who was the Chairperson of the Board since 1 September 2014 announced his intention to retire from his position as Group Chairperson, and all other positions within the CIMB group of companies. Following his announcement, the Group Nomination and Remuneration Committee (GNRC) had commenced the process to identify potential internal and external candidates as the successor. Upon due consideration, the GNRC recommended to the Board to appoint Datuk Mohd Nasir Ahmad, the then Senior Independent Director as an Independent Chairperson. Datuk Mohd Nasir was formally appointed as Chairperson on 20 October 2018, following the effective resignation of Dato' Sri Nazir Razak on 19 October 2018.

The Board bade farewell to Glenn Muhammad Surya Yusuf and Watanan Petersik who retired with effect from 23 January and 24 January 2019, respectively. Both Glenn and Watanan had served on the Board as Independent Directors since January 2010. Glenn was the Chairperson of the Board Risk & Compliance Committee (BRCC), a Member of the GNRC, and a Member of the Audit Committee while Watanan served as a Member of the BRCC and the GNRC. Glenn and Watanan will however remain on the Boards of PT Bank CIMB Niaga TBK and CIMB Bank Thai PCL, respectively. In view of Datuk Mohd Nasir's appointment as the Chairperson, Teoh Su Yin was re-designated as the Senior Independent Director (SID) whose role is to serve as a sounding board to the Chairperson. The role of SID is specified clearly in the Board Charter.

While the Board's role is to set the strategic direction of the Company, 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 further assisted by the Group Company Secretary who, under the direction of the Chairperson, is responsible in facilitating effective information flows within the Board and Board 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. The role of Group Company Secretary is specified clearly in the Board Charter.

CIMB's Board Charter sets out the board's strategic intent, authority and terms of reference and serves as a primary source of reference and induction literature. In addition, the Board Charter outlines the requirements, roles and responsibilities of the Board, Board Committees and individual Directors, in line with CIMB's efforts to promote the highest standards of corporate governance. To ensure that it remains relevant, 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 Charter is available at CIMB Website at [www.cimb.com](http://www.cimb.com).

In terms of Board and Board Committee meetings, the Board Charter provides that the Directors should receive meeting materials five 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 respective Chairperson.

The Board meets on a regular basis, with a minimum of six scheduled meetings in a year, of which the dates are determined well in advance to enable the Directors to plan ahead. In addition to the scheduled meetings, Special Meetings may be convened as and when required. All Directors attended more than 75% of Board meetings held during FYE2018, and physically attended more than 60% of the scheduled Board meetings. Members of Senior Management have also been invited to attend selected Board meetings to support the Board with further information on the matters being deliberated. In addition to the scheduled meetings, the Non-Executive Directors have a framework and forum to meet separately to discuss specific matters without any executives present.

#### Number of meetings convened by the Board and each Board Committee

	Number of Meetings in 2018
Board	16
Audit Committee	18
Board Risk and Compliance Committee	7
Group Nomination and Remuneration Committee	17
Group Shariah Committee	8
Group Board Oversight Committee* <sup>1</sup>	5
Group Compensation Review Committee* <sup>2</sup>	6

#### Notes:

\*<sup>1</sup> The Group Board Oversight Committee was dissolved on 1 November 2018 pursuant to the completion of Target 18 (T18) initiatives

\*<sup>2</sup> The Group Compensation Review Committee was consolidated into the Group Nomination and Remuneration Committee on 13 December 2018

#### Roles and responsibilities of the Board and Board Committees

	Main Areas of Oversight	Number of meetings in 2018
<b>Board</b> <ul style="list-style-type: none"> <li>Comprises eight Members of whom five Members are Independent Directors</li> </ul>	<p>The Board is responsible for the following:</p> <ul style="list-style-type: none"> <li>Strategic/business plans of CIMB and the monitoring of Management's success in implementing the strategies and plans; and CIMB's annual budget</li> <li>Conduct of CIMB's business</li> <li>Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures</li> <li>Succession planning</li> <li>CIMB's Communications Policy</li> <li>CIMB's governance and internal control frameworks</li> <li>Group CEO's and Directors' appointments and their emoluments and benefits</li> <li>Effectiveness and performance of the Board Committees of CIMB annually</li> <li>Considering and approving 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</li> <li>Monitoring the performance of CIMB</li> <li>Approving the changes on Corporate Organisation Structure of CIMB</li> </ul>	<p>16 meetings held to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Matters relating to the Company, the three Malaysian banking institutions and regional subsidiaries</li> <li>CIMB's Budget</li> <li>CEO's Quarterly Report</li> <li>Quarterly Capital Management Update</li> <li>Report from AC, GNRC and Group Board Oversight Committee (GBOC)</li> <li>CIMB Group Risk Posture</li> <li>Financial Statements</li> <li>Interim Dividends</li> <li>Formalisation/Updates to Group Policies</li> <li>Re-appointment of External Auditors for the FYE 31 December 2018</li> <li>MFRS/IFRS 9</li> <li>Business Units Updates and Projects</li> <li>Basel II/Pillar 3 Disclosures</li> <li>Performance Assessment and Proposed Compensation for Executive Director</li> <li>Compliance's Quarterly Report</li> <li>Anti-Money Laundering/CFT Report</li> <li>Revision to the Terms of Reference of Board or Board Committees</li> <li>Board's Annual Evaluation on the Effectiveness of the Management of Compliance Risk</li> <li>Recovery &amp; Resolution Plan – CIMB Group and PT Bank CIMB Niaga Tbk (CIMB Niaga)</li> </ul>

## Corporate Governance Overview Statement

	Main Areas of Oversight	Number of meetings in 2018
<b>Board (continued)</b>	<ul style="list-style-type: none"> <li>Ensuring that there are adequate controls and systems in place to measure the implementation of the Group's policies</li> <li>Reviewing the adequacy and integrity of CIMB's internal control systems and management information systems</li> <li>Overseeing the decisions and actions of Management in achieving the Group's goal to be a sustainable organisation, taking into account key issues related to Environmental, Economic and Social aspects and impacts to the Group's business activities.</li> </ul>	<ul style="list-style-type: none"> <li>KPI Scorecard for Group CEO</li> <li>Governance on Remuneration of Senior Management and Material Risk Takers</li> <li>Annual Evaluation Exercise for Board and Key Responsible Persons</li> <li>Gap Analysis on Amendments to the Bursa Securities Main Market Listing Requirements</li> <li>Beyond T18 and Forward 23</li> <li>Impact of GE14 on CIMB Group</li> <li>Succession Planning for Board of Directors and Senior Management</li> <li>Sustainability agenda</li> <li>Dissolution of GBOC</li> <li>Consolidation of Group Compensation Review Committee (GCRC) into GNRC</li> </ul>
<b>Audit Committee (AC)</b> <ul style="list-style-type: none"> <li>Comprises three Members, all of whom are Independent Directors</li> </ul>	<p>The AC has oversight and is responsible for the following:</p> <ul style="list-style-type: none"> <li>Financial Reporting</li> <li>Internal controls</li> <li>Internal audit function</li> <li>External audit reports</li> <li>Related Party Transactions</li> </ul>	<p>21 meetings held to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Matters relating to CIMB, the three Malaysian banking institutions and regional subsidiaries</li> <li>Matters relating to other non-banking subsidiaries of the Group</li> <li>Matters relating to demerit framework for CIMB</li> <li>Annual Performance Review for Group Corporate Assurance Division (GCAD) (previously known as Group Internal Audit Division) and Group Chief Internal Auditor</li> <li>GCAD's KPIs for 2018</li> <li>Two meetings with External Auditors without the presence of Senior Management</li> <li>Documents pertaining to Annual Report 2017</li> <li>Related Party Transactions</li> <li>Review of Financial Results</li> <li>Update on AC's Terms of Reference</li> <li>MFRS/IFRS 9 Implementation Updates</li> <li>Appointment of the new Group Chief Internal Auditor</li> <li>Reappointment of External Auditors</li> <li>GCAD's Annual Audit Plan</li> <li>Non-Audit Services provided by PwC</li> <li>New Accounting Standards and Amendments</li> <li>Review of Performance Management System</li> <li>Group Internal Audit Malaysia - Salary Benchmarking</li> <li>Update on MFRS 16 Leases and MFRS 9 Staging Criteria</li> <li>Update on GCAD's Policy</li> </ul>
<b>Board Risk and Compliance Committee (BRCC)</b> <ul style="list-style-type: none"> <li>Comprises six Members of whom four (including the BRCC Chairperson) are Independent Directors</li> <li>All Members are Non-Executive Directors</li> </ul>	<p>The BRCC has oversight and is responsible for the following:</p> <ul style="list-style-type: none"> <li>Risk appetite</li> <li>Risk governance</li> <li>Risk frameworks</li> <li>Risk management practices and policies</li> <li>Risk strategy</li> <li>Compliance Risk</li> <li>Risk and Compliance Culture</li> <li>Oversight on IT Risks</li> <li>Compliance Framework</li> <li>Anti-Money Laundering/Counter Financing Terrorism Risk Appetite</li> <li>Compliance and Anti-Money Laundering/Counter Financing Terrorism Strategy</li> </ul>	<p>Seven meetings to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Risk Management Policies</li> <li>Risk Appetite</li> <li>Risk Profile</li> <li>Risk Strategy</li> <li>Risk Management Objectives</li> <li>Economics Position and updates</li> <li>Compliance to Risk Posture</li> <li>Annual Performance Review for Group Chief Risk Officer and Group Chief Compliance Officer</li> <li>Demerit framework on Performance Ratings</li> <li>Recommendation for Approval on Pilot Recovery Plan</li> <li>IPO exercises</li> <li>2018 Capital Allocation &amp; Risk Adjusted Return on Capital</li> <li>Name Change of the Board Risk Committee and Revisions to the Terms of Reference of the Proposed Board Risk and Compliance Committee</li> <li>Outsourcing Arrangements</li> </ul>

## Corporate Governance Overview Statement

	Main Areas of Oversight	Number of meetings in 2018
<p><b>Group Nomination and Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>Comprises six Members of whom five Members (including the GNRC Chairperson), are Independent Directors</li> <li>All Members are Non-Executive Directors</li> </ul>	<p>The GNRC has oversight and is responsible for the following:</p> <ul style="list-style-type: none"> <li>Boards' and Board Committees' Composition</li> <li>Annual Evaluation exercise comprising: <ul style="list-style-type: none"> <li>Board Effectiveness Assessment</li> <li>Fit and Proper Assessment of Directors, Chief Executive Officers/ Executive Directors (CEOs/EDs), Group Shariah Committee Members &amp; Company Secretary</li> </ul> </li> <li>Succession planning for Boards, Board Committees and CEOs/EDs</li> <li>Reviewing remuneration packages based on the Group's existing remuneration guidelines and framework for <ul style="list-style-type: none"> <li>Directors</li> <li>Members of the Board Committees</li> <li>CEOs/EDs</li> <li>Senior Officers (SOs)</li> <li>Material Risk Takers(MRTs)</li> </ul> </li> <li>Governance matters in relation to the Board and Directors</li> <li>Directors' Development</li> </ul>	<p>17 meetings held to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Board and Board Committees' Composition</li> <li>Annual Evaluation exercise</li> <li>Remuneration of Board and Group CEO/EDs</li> <li>Setting of KPIs for Group CEO/ED</li> <li>Policies on governance of the Group</li> <li>Directors' Development Plan</li> <li>Revision to the Terms of Reference of the GNRC</li> <li>Standard Operation Procedure for the Selection of External Candidates for the Boards</li> <li>Renewal of appointment of Group Shariah Committee Members</li> <li>Review of CIMB Niaga's remuneration framework</li> <li>Macro structure and leadership changes</li> <li>Board and Committee succession planning</li> <li>Matters relating to SMOs and MRTs</li> </ul>
<p><b>Group Board Oversight Committee (GBOC)</b></p> <ul style="list-style-type: none"> <li>Comprises three Members of whom one is an Independent Director</li> <li>The Group CEO is a Member</li> </ul> <p><i>Note: GBOC was dissolved on 1 November 2018 pursuant to the completion of T18 initiatives</i></p>	<p>The GBOC has oversight and is responsible for the following:</p> <ul style="list-style-type: none"> <li>Reviewing and providing input and guidance on the implementation and monitoring of strategy</li> <li>Reviewing strategy, business plans and budget of CIMB</li> <li>Reviewing potential investments, mergers, acquisitions and divestments of businesses and other assets of CIMB</li> <li>Reviewing Management Reports from Business and Support units on key initiatives undertaken by CIMB</li> </ul>	<p>Five meetings to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>T18 Strategy and T18 Governance</li> <li>Group Chief Executive Officer 2017 KPI Evaluation</li> <li>Innovation and Strategic Initiatives</li> <li>IT Infrastructure and Initiatives</li> <li>Regulatory Compliance</li> <li>Divisional updates</li> </ul>
<p><b>Group Compensation Review Committee</b></p> <ul style="list-style-type: none"> <li>Comprises four Members, of whom one is an Independent Director. Three are Chairpersons of the three Malaysian FI's in CIMB Group</li> </ul> <p><i>Note: GCRC was consolidated into the GNRC on 13 December 2018</i></p>	<p>The GCRC has oversight and is responsible for the following:</p> <ul style="list-style-type: none"> <li>Compensation policies</li> <li>Remuneration framework for employees</li> <li>Fit and Proper Assessment of Key Responsible Persons</li> <li>Management development and succession planning</li> </ul>	<p>Six meetings to deliberate on, amongst others, the following:</p> <ul style="list-style-type: none"> <li>Group Remuneration Policy</li> <li>Employees' Remuneration Framework and Arrangements</li> <li>Provision and Allocation of Variable Remuneration and Salary Increments</li> </ul>

## Corporate Governance Overview Statement

## Description of training and education provided to the Board during FYE2018

List of Training Attended	Mode of Training	Duration in day(s)
<b>Accounting and Audit</b>		
Audit Committee Conference 2018	Conference	1
ACCA Global Summit	Conference	1
ACCA Malaysian Annual Conference	Conference	1
World Congress of Accountants	Conference	4
<b>Capital Markets</b>		
World Capital Markets Symposium	Forum	2
Briefing on Securities Commission Malaysia Annual Report 2017	Others	1
Securities Commission Malaysia Industry Dialogue 2018	Dialogue	3
<b>Financial Industry</b>		
2018 Asian Investment Conference	Conference	1
2018 World Economic Forum	Forum	5
3rd Tun Abdullah Ahmad Badawi Human Capital Summit	Conference	1
BNM – Financial Institutions Directors’ Education (FIDE) Annual Dialogue	Dialogue	1
Money 20/20 Conference	Conference	1
Morgan Stanley – 2018 Global Macro Outlook	Others	1
Transformasi Nasional 2050 (TN50) Dialogue Session for the Finance Cluster	Dialogue	1
9th Khazanah Islamic Finance & Investments Annual Circle	Forum	1
Asia House’s Asian Development Outlook Conference	Conference	1
IFN Forum Asia 2018	Forum	1
Sovereign Investor Institute (SII) 2018 Global West Government Funds Roundtable	Forum	3
Win the Innovation Race: Unlocking the Creative Power of Asians by Professor Roy Chua	Others	1
Bank Negara Malaysia Financial Stability Conference “Re-envisioning Financial Stability – The Path Forward”	Conference	2
FIDE Forum: Board Conversation – Dialogue with Senior Officials of Bank Negara Malaysia	Forum	1
Khazanah Megatrends Forum 2018	Forum	2
Malaysia: A New Dawn Conference	Others	1
<b>Governance</b>		
Asia Business Council 2018 Spring Forum	Forum	1
Commonwealth Business Forum: Making Business Easier between Commonwealth Countries	Forum	1
Special Session of Fast Forward Bankable Plan Programme for Directors	Others	1
<b>Islamic Banking</b>		
Global Islamic Finance Forum	Forum	2

## Corporate Governance Overview Statement

List of Training Attended	Mode of Training	Duration in day(s)
<b>Leadership &amp; Strategy</b>		
Business Leaders Roundtable Meeting	Forum	1
EZI – Leadership Development	Course	1
CIMB ASEAN Scholarship Bootcamp	Course	1
Managing Crucial Conversation – Part 1: Board Conversations	Forum	1
Board of Directors’ Workshop	Workshop	1
CIMB Annual Management Summit	Others	2
Economic & Leadership Forum	Forum	1
CIMB Group 2018 Strategy Briefing	Others	1
CIMB Group International Advisory Panel Meeting	Others	1
CIMB Beyond 2018 Conversations	Dialogue	1
CIMB Beyond 2018: Strategic Workshop	Workshop	3
CIMB Beyond T18 Framing & Dialogue	Dialogue	1
CIMB Sin Chew SME Business Forum	Forum	1
CIMB 10th Annual Malaysia Corporate Day	Others	1
PBCSF Tsinghua University “Belt & Road” SEA Program	Course	6
Khazanah Board Retreat	Others	2
Malaysia Airlines Berhad Board Retreat	Others	2
<b>Risk Management</b>		
BNM – FIDE FORUM DIALOGUE: Managing Cyber Risks In Financial Institutions	Dialogue	1
Managing Cyber Risk in Financial Information System	Course	1
CIMB 2018 Risk Posture Workshop	Workshop	1
Cyber Resilience Conference 2018 - Powering the Winds of Change: The Shift to Cyber Resilience	Workshop	2
<b>Others – Banking &amp; Finance Related</b>		
3rd ASEAN Brussels Committee (ABC) Meeting	Others	4
Sustainable Finance Training for Board of Directors	Others	1
FIDE Forum: Fintech – Disruption to be Embraced	Forum	1
Navigating the VUCA World	Others	1
Warwick ASEAN Conference	Conference	1
Supervisory College Meeting – CIMB Group	Others	1
IBM Think Malaysia	Seminar	1
Sustainability Circle Event	Others	1
International Social Security Conference 2018: A Better Tomorrow	Conference	1
Singapore Fintech Festival 2018	Others	1

## Corporate Governance Overview Statement

## Time spent on training during FYE 2018:

Directors	Time Spent in day(s)
Datuk Mohd Nasir Ahmad	12
Dato' Sri Nazir Razak <i>(resigned on 19 October 2018)</i>	9
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	42
Teoh Su Yin	6
Robert Neil Coombe	4
Dato' Lee Kok Kwan	22
Dato' Mohamed Ross Mohd Din	15
Ahmad Zulqarnain Che On	25
Glenn Muhammad Surya Yusuf <i>(resigned on 23 January 2019)</i>	3
Watanan Petersik <i>(resigned on 24 January 2019)</i>	1
Afzal bin Abdul Rahim <i>(appointed on 31 January 2019)</i>	-

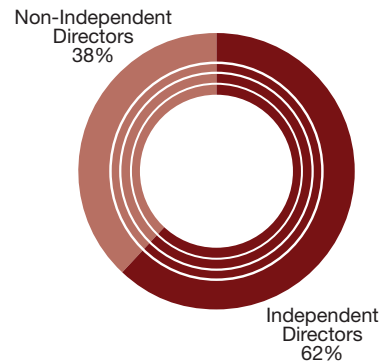
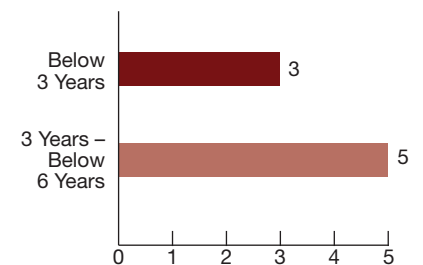
The Board has also established Code of Conduct which are underpinned by the core philosophy of "Creating Value, Enabling Our People and Acting with Integrity". The Code of Conduct sets out the standards of behaviour that are expected of all employees of CIMB as well as the Board in terms of engagement with customers, business associates, regulators, colleagues and other stakeholders. Further, the Code of Conduct provides guidance in areas where employees may need to make personal and ethical decisions. In addition to providing guidance, the Code of Conduct 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.

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

**BOARD COMPOSITION**

The Board currently comprises eight Directors, of whom five are Independent, two are Non-Independent and the Group CEO who is the Executive Director. Of the two Non-Independent Directors, one had previously served in various executive positions in CIMB. The other Non-Independent Director represents Khazanah Nasional Berhad who is the largest major shareholder of CIMB. CIMB is looking to increase the Board composition following the retirement of the two long-serving Directors from the Board, which the GNRC is actively overseeing.

During FYE2018, no Independent Director had served on the Board for more than nine years from the date of his/her first appointment. This is in adherence to CIMB's Board Charter which limits an Independent Director's tenure of service to a maximum of nine years.

**Board Composition of Directors****Board Members' Tenure**

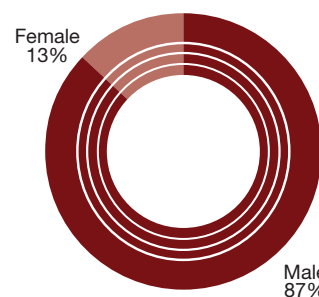
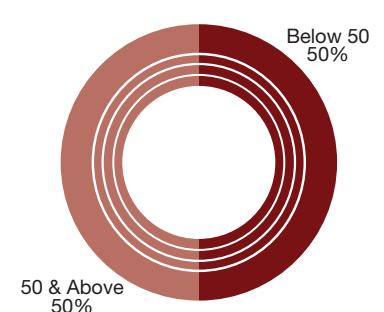
The oversight on the overall composition of the Board and Board Committees resides within the GNRC. The GNRC comprises six Members of whom five Members (including the Chairperson) are Independent Directors. The GNRC is chaired by Teoh Su Yin. The GNRC is guided by the following quantitative and qualitative criteria:

- appropriate size and the balance between Independent Directors, Non-Independent Directors and Executive Directors,
- skills, background and experience,
- diversity in terms of gender, nationality and ethnicity, and
- commitment to sustainability.

Based on these criteria, suitable candidates will be identified to fill vacancies on the Board and Board Committees as and when they arise. 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; professional associations and also from independent search firms.

The GNRC is also tasked to assess the effectiveness of the Board, Board Committee and individual Directors. This has been the practice within CIMB since 2006. In 2018, CIMB adopted a more holistic approach to conduct these assessments to meet regulatory requirements, whereby an Annual Evaluation Manual was developed to provide a more robust process in conducting the assessment. In this regard, a questionnaire was designed to assess three main areas, this being Evaluation of the Board, Evaluation of Board Committees and 3600 Peer Assessment of Directors.

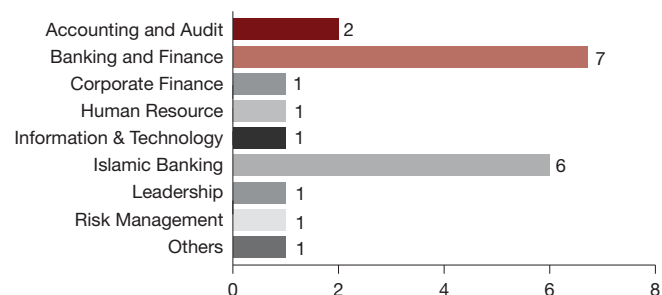
From the 2018 exercise, several areas had been identified for improvement to which the actions plans recommended by the Board had been implemented throughout the year.

**Gender Diversity****Age Diversity**

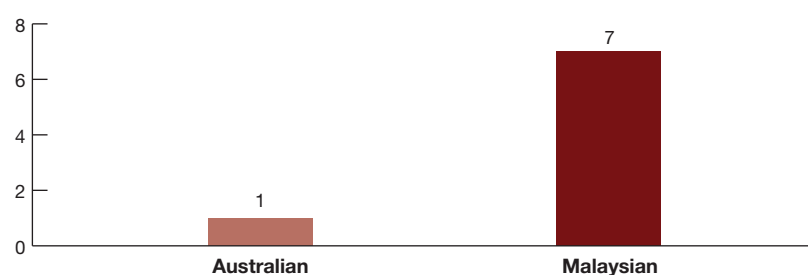


## Corporate Governance Overview Statement

## Board Members' Industry/Background Experience



## Board Members' Nationality



## REMUNERATION

The Board of CIMB had delegated to the GCRC the responsibility to set the principles, parameters and governance framework relating to the Group's remuneration matters. In late 2018, the GCRC was consolidated into the GNRC to provide for a more streamlined approach towards the deliberation of remuneration matters of the Group. This has resulted in the expanded role of the GNRC whereby the GNRC is responsible to set the overarching principles and framework to govern the CIMB Group Remuneration Policy.

## CIMB Group Directors' Remuneration Framework:

The CIMB Group Directors' Remuneration Framework (Framework) sets out the methodology and formula on how Retainer Fees, Chairman's Premium and Meeting Fees of the Board are derived, as follows:

- Comparison against CIMB's industry peers;
- Bank Negara Malaysia (BNM) Financial Institution Directors Education (FIDE) Forum Directors' Remuneration Report 2015 formula; and
- Back testing the data against closest peer.

The implementation of the Framework has been approved by the shareholders in the 60th Annual General Meeting which was held in 2017 and is reviewed every 3 years by the Board through the GNRC. The Framework is designed to recognise the contribution of the Directors in relation to its fiduciary and statutory duties, risks and time commitment.

CIMB has established Framework as follows:

CIMB Group Holdings Berhad		Retainer Fees (per annum)	Chairperson's Premium (per annum)	Meeting Fees (per meeting)
Board	Chairperson* <sup>1</sup>	170,000	510,000	5,000
	Member	170,000	N/A	5,000
Audit Committee	Chairperson	N/A	100,000	5,000
	Member	N/A	N/A	5,000
Board Risk and Compliance Committee	Chairperson	N/A	100,000	5,000
	Member	N/A	N/A	5,000
Group Nomination & Remuneration Committee	Chairperson	N/A	100,000	5,000
	Member	N/A	N/A	5,000
Group Board Oversight Committee* <sup>2</sup>	Chairperson	N/A	100,000	5,000
	Member	N/A	N/A	5,000
Group Compensation Review Committee* <sup>3</sup>	Chairperson	N/A	N/A	N/A
	Member	N/A	N/A	N/A

\*<sup>1</sup> Benefits-in-kind for the Chairperson of the Board include, amongst others, a driver, corporate club membership subscription and leave passage

\*<sup>2</sup> GBOC was dissolved on 1 November 2018 pursuant to the conclusion of T18 initiatives

\*<sup>3</sup> GCRC was consolidated into the GNRC on 13 December 2018

## Corporate Governance Overview Statement

The remuneration payable to the Directors by CIMB and CIMB Group in 2018, are as follows:

## CIMB

Directors	Fees (RM'000)	Salary and/or Other Remuneration (RM'000)	Total (RM'000)	Benefits- in-kind (RM'000)
<b>(Non-Executive Directors)</b>				
Datuk Mohd Nasir Ahmad	170	467	637	35
Dato' Sri Nazir Razak <i>(resigned on 19 October 2018)</i>	136	609	745	–
Teoh Su Yin	170	295	465	–
Robert Neil Coombe	170	105	275	–
Dato' Lee Kok Kwan	170	130	300	–
Dato' Mohamed Ross Mohd Din	170	310	480	–
Ahmad Zulqarnain Che On	170	180	350	–
Glenn Muhammad Surya Yusuf <i>(resigned on 23 January 2019)</i>	170	380	550	–
Watanan Petersik <i>(resigned on 24 January 2019)</i>	170	175	345	–
Afzal bin Abdul Rahim <i>(appointed on 31 January 2019)</i>	–	–	–	–
<b>(Executive Directors)</b>				
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	–	–	–	–

## CIMB Group

Directors	Fees (RM'000)	Salary and/or Other Remuneration (RM'000)	Total (RM'000)	Benefits- in-kind (RM'000)
<b>(Non-Executive Directors)</b>				
Datuk Mohd Nasir Ahmad	320	837	1,157	35
Dato' Sri Nazir Razak <i>(resigned on 19 October 2018)</i>	722	731	1,453	–
Teoh Su Yin	170	295	465	–
Robert Neil Coombe	170	105	275	–
Dato' Lee Kok Kwan	459	286	745	–
Dato' Mohamed Ross Mohd Din	311	615	926	31
Ahmad Zulqarnain Che On	170	180	350	–
Glenn Muhammad Surya Yusuf <i>(resigned on 23 January 2019)</i>	890	380	1,270	–
Watanan Petersik <i>(resigned on 24 January 2019)</i>	265	175	440	–
Afzal bin Abdul Rahim <i>(appointed on 31 January 2019)</i>	–	–	–	–
<b>(Executive Directors)</b>				
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	–	8,689	8,689	7

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 RM976,019.

**CIMB Group Remuneration Policy**

The CIMB Group Remuneration Policy, which has been reviewed by the GNRC 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
<b>Strong governance</b>	To ensure strong and independent oversight of the remuneration system	<ul style="list-style-type: none"> <li>Oversight and review by GNRC</li> <li>Guided by input from control functions, Audit Committees and Board Risk and Compliance Committees</li> </ul>
<b>Appropriate assessment of performance</b>	To support a performance based culture which promotes prudent risk-taking and long-term sustainability	<ul style="list-style-type: none"> <li>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</li> <li>Use of risk-adjusted performance measures i.e. risk-adjusted return on capital (RAROC) and economic profit</li> <li>Deferral and clawback arrangements in variable remuneration schemes</li> </ul>
<b>Market competitiveness</b>	To offer rewards that allow CIMB to attract, motivate and retain the right talent	<ul style="list-style-type: none"> <li>Benchmarking against similar organisations in the geographies and industries in which we operate</li> </ul>

**Components of Remuneration**

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

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

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

## Corporate Governance Overview Statement

### 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. The RAROC measure has also 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 GNRC 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 GNRC has the discretion to adjust the pool where required, based on poor performance, capital requirements, economic conditions, competitive landscape and retention needs.

The Group pool will be allocated 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.

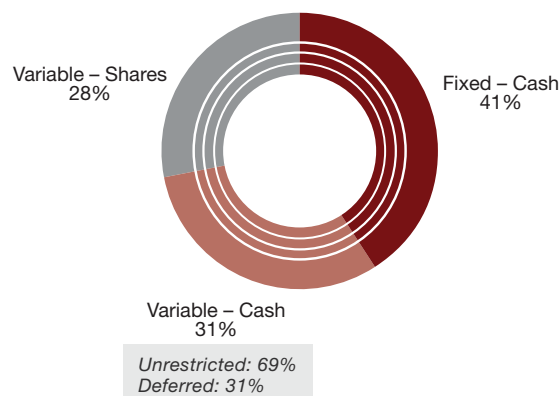
The control functions of Audit, Compliance and Risk operate independently from the business units in CIMB, and have appropriate authority to carry out their individual functions without intervention from the business units. To prevent conflict of interest, remuneration of employees in these control functions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

## SENIOR OFFICERS AND MATERIAL RISK TAKERS

### Summary of 2018 Remuneration Outcomes

Breakdown of remuneration awarded to Senior Officers and Material Risk Takers for 2018

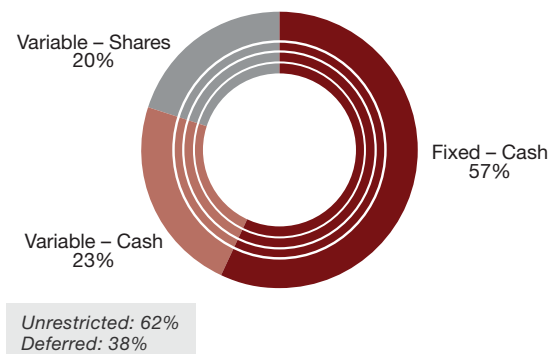
#### Senior Officers



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

Total remuneration awarded to 20 SOs for the financial year 2018 was RM97.1 million.

#### Material Risk Takers



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 37 MRTs for the financial year 2018 was RM90.9 million.

## Corporate Governance Overview Statement

Table 1: Guaranteed bonuses, sign-on bonuses and severance payments

Category	SOs	MRTs
Number of guaranteed bonuses	-	-
Number of sign-on bonuses	-	-
Number of severance payments	-	-
Total amount of above payments made during the financial year 2018	-	-

Table 2: Breakdown of deferred remuneration

Category	SOs (RM'000)	MRTs (RM'000)
<b>Total amount of outstanding deferred remuneration</b>		
• Cash	9,799	8,827
• Shares	72,175	54,251
<b>Total amount of deferred remuneration paid out during the financial year</b>		
• Cash	10,638	10,015
• Shares	20,644	18,487
<b>Outstanding deferred remuneration (performance adjustments):</b>		
• 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)	-	-
<b>Outstanding retained remuneration (performance adjustments):</b>		
• 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	<b>Fixed remuneration</b>	3,093	-	3,093
	<b>Variable remuneration</b>			
	• Non-deferred	895	-	895
	• Deferred	1,343	3,357	4,700
	<b>Total remuneration award for financial year 2018</b>	<b>5,331</b>	<b>3,357</b>	<b>8,688</b>

## PRINCIPLE

## B

## EFFECTIVE AUDIT AND RISK MANAGEMENT



## AUDIT COMMITTEE

The Audit Committee (AC) is chaired by Dato' Mohamed Ross Mohd Din and the members are Teoh Su Yin and Datuk Mohd Nasir Ahmad, all of whom are Independent Directors. Members of the AC have the relevant accounting or related financial management experience or expertise. The AC is chaired by an Independent Director with over 40 years of relevant experience, and is not the Chairperson of the Board. This is to promote robust and open deliberations by the Board on matters referred by the AC.

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 External Auditors.

As part of its remit, the AC must ensure that the objectivity, independence and effectiveness of the External Auditors are maintained. As per the Board Charter, the AC will not appoint former key audit partner as its member unless the former key partner has observed a cooling-off period of at least two years before being appointed as a member of the AC.

## Corporate Governance Overview Statement

### 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 Senior 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 Risk and Compliance Committee (BRCC) is responsible for formulating and reviewing the risk management policies and risk appetite of CIMB. The BRCC comprises six members, of whom four members (including the Chairperson) are Independent Directors. The BRCC is chaired by Robert Neil Coombe. Similarly, the Audit Committee (AC) reviews the effectiveness of internal controls, risk management processes and governance within the Group.

Group Corporate Assurance Division (GCAD) (previously known as Group Internal Audit Division) 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 Senior Management. The internal audit function is reviewed periodically by the AC to ensure its adequacy in performing its role. GCAD reports significant findings to the AC with recommended corrective actions. Senior Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by Senior Management on corrective actions are closely monitored and undue delays have to be justified to the AC for approval.

In addition, periodic external assessment of GCAD'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 and the pertinent regulations.

GCAD adopts the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

### 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 Annual General Meeting (AGM). The AGM Notice includes details of the resolutions proposed along with any relevant information and reports. CIMB held its AGM on 26 April 2018 with the Notice and Agenda of the AGM delivered to the Shareholders on 27 March 2018 (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](http://www.cimb.com).

The 2018 AGM was attended by all Directors, Group Management Committee Members and 4,055 Shareholders. The Chairperson, who chaired the proceedings, provided fair opportunity and time to all Shareholders to exercise their rights to raise questions and make recommendations. The proceedings of the AGM were recorded in the minutes of the meeting and made available on CIMB's website within two weeks after the meeting at [www.cimb.com](http://www.cimb.com).

CIMB has leveraged technology to facilitate greater shareholder's participation and enhance the proceedings of General Meetings. 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 and applied the Principles of the MCCG in 2018, except for the following:

- Practice 4.5 (The Board must have at least 30% women Directors)
- Practice 7.2 (The remuneration of Top-5 Key Senior Management)
- 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 Independent Directors, Non-Independent Directors and Executive Directors through annual reviews.

The Board currently comprises eight Directors, of whom one is a woman, or 13% female representation, following the retirement of two Directors recently who had fulfilled their maximum tenures as Independent Directors. The Board remains committed to achieve at least 30% female representation on the Board, whilst ensuring that diversity in skill set, experience, age and gender is met. The GNRC is currently looking at new candidates to be nominated to the Board and is mindful of this requirement.

30% of female participation on the Boards is also observed on the Boards of CIMB's main subsidiaries. The subsidiaries that have achieved more than 30% of female participation on the Board are CIMB Bank Berhad (30%), CIMB Investment Bank Berhad (40%) and CIMB Islamic Bank Berhad (33%).

**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 4 Top 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 12.3**

CIMB has yet to facilitate voting in absentia and remote participation by Shareholders at General Meetings. In 2018, CIMB continues to leverage 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 2019.

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](http://www.cimb.com) under <https://www.cimb.com/en/investor-relations/reports-and-presentations/annual-reports.html#read>

# ADDITIONAL DISCLOSURES

(As at 31 December 2018 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 2018, the Group has collectively issued the following instruments:

### (A) IDR1,021,000 MILLION BONDS

On 20 September 2018, CIMB Niaga issued IDR1,021,000 million bonds. 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 IDR766,000 million, IDR137,000 million and IDR118,000 million respectively, with fixed interest rate of 7.50%, 8.50% and 8.80% per annum respectively.

### (B) IDR1,000,000 MILLION BONDS

On 15 November 2018, CIMB Niaga issued IDR1,000,000 million bonds. The bonds are divided into two series. Nominal value of 1 year Series A Bond and 3 years Series B Bond amounted to IDR441,000 million and IDR559,000 million respectively, with fixed interest rate of 8.35% and 9.25% per annum respectively.

### (C) SUBORDINATED DEBTS 2018/2028 RM700 MILLION

On 29 March 2018, CIMB Group Holdings Berhad issued MYR700 million 10 years non-callable 5 years Tier 2 subordinated debt bearing a fixed rate coupon of 4.95% p.a. The said subordinated debt was issued out of the RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM700 million Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

### (D) SUBORDINATED DEBTS 2018/2028 RM390 MILLION

On 29 March 2018, CIMB Thai Bank issued RM390 million 10 years non callable 5 years Basel III compliant Tier II subordinated notes to their

overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand. CIMB Thai Bank has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor. 221/2561.

### (E) SUBORDINATED DEBTS 2018/2029 RM1.2 BILLION

On 13 September 2018, CIMB Group Holdings Berhad issued RM1.2 billion 11 years, on a non-callable 6 years basis, Tier 2 subordinated debt bearing a fixed rate coupon of 4.88% p.a.. The said subordinated debt was issued out of the RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM1.2 billion Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

### (F) ADDITIONAL TIER 1 SECURITIES RM1.0 BILLION

On 23 October 2018, the Company issued RM1.0 billion perpetual subordinated capital securities ("Additional Tier 1 Securities"). The securities, which qualify as Additional Tier 1 Capital for CIMB Group Holdings Berhad on a group consolidated level, carry a distribution rate of 5.40% p.a. The Additional Tier 1 Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from BNM. The proceeds from the

issuance was used to subscribe to similar securities issued by CIMB Bank Berhad.

### (G) SUBORDINATED DEBTS 2018/2023 IDR75 BILLION

On 15 November 2018, CIMB Niaga issued Series A Subordinated Bond of IDR75 billion with fixed interest rate of 9.85% per annum and maturity date of 15 November 2023.

### (H) SUBORDINATED DEBTS 2018/2025 IDR75 BILLION

On 15 November 2018, CIMB Niaga issued Series B Subordinated Bond of IDR75 billion with fixed interest rate of 10.00% per annum and maturity date of 15 November 2025.

## 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 RM2,450,000 for the Group and RM55,000 for the Company.

## 7. VARIATION IN RESULTS

There were no variations in results for the financial year ended 31 December 2018 from the unaudited results released on 28 February 2019.

## 8. PROFIT GUARANTEE

The Group did not receive any profit guarantee during the financial year ended 31 December 2018.

## 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 54 and 55 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 risk management, and is constantly keeping abreast with developments in areas of risk and governance. To this end, the Board is assisted by the Board Risk & Compliance Committee and Audit Committee, which have been delegated with primary oversight responsibilities on the Group's risk management and internal control system. The Board remains responsible for the governance of risk and internal control, and for all the actions of the Board Committees with regard to the execution of the delegated oversight responsibilities.

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 achieve its

business goals and objectives amidst the dynamic and challenging business environment. 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.

The risk management and internal control system is designed to manage risk exposures within the risk appetite set by the Board rather than total elimination of risks to achieve the Group's business objectives. The system can therefore only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

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.

## MANAGEMENT RESPONSIBILITY

The Management is accountable to the Board and is overall responsible for the effective implementation of the Board's policies and procedures on risks and controls. Its responsibilities in respect of risk management and internal control include:

- Identifying, and evaluating the risks faced by the Group, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks in accordance with the Group's strategic vision and overall risk appetite;
- Designing, implementing and monitoring the implementation of risk management framework and internal control system;

- 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 to the risks and the corrective actions taken.

The Group Chief Executive Officer and Group Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal controls system is operating adequately and effectively.

## 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 Corporate Assurance Division (GCAD), formerly known as Group Internal Audit Division (GIAD), reports independently to the CIMB Group Audit Committee and the Banking Group Audit Committee and is independent of the activities and operations of the business and other support units. The principal responsibility of GCAD 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, GCAD 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.

GCAD'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 Audit Committee and the Banking Group Audit Committee. 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. GCAD also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

GCAD has unrestricted access to information required in the course of its work. GCAD'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, management responses, and timeline to implement GCAD's recommendations. CIMB Group Audit Committee or Banking Group Audit Committee (as appropriate) reviews any exceptions or non-compliance raised and ascertains that appropriate and prompt remedial actions are taken by the management.

GCAD conducts training routinely for relevant staff on governance and internal control matters, including attachment of certain staff with GCAD for both classroom and on-the-job training.

The foreign banking subsidiaries have their own Audit Committees and their own internal audit divisions. While Touch 'n Go also has its own Audit Committee, the internal audit function for this subsidiary is carried out by GCAD. CIMB Group Audit Committee meets with the relevant subsidiary's

## Statement on Risk Management and Internal Control

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 Audit Committee once every quarter. These internal audit divisions follow the same audit planning and standards, and same audit rating methodology as GCAD 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, GCAD has obtained ISO 9001:2015 Certification for its quality management system. In addition, external assessment of GCAD'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 (IIA) International Standards for Professional Practice of Internal Auditing and the pertinent regulations. The latest assessment was conducted in 2018 by a top 3 accounting firm in Malaysia. Based on the IIA's Internal Audit Maturity Model comprising 5 levels, namely Optimised, Managed, Implemented, Defined and Initial, the reviewer had concluded that 59% of the assessed areas of GCAD meet Optimised and Managed levels, and remaining 41% meet Implemented level.

### • AUDIT COMMITTEE (AC)

CIMB Group AC comprises 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, and CIMB Group's electronic collection system subsidiary, Touch 'n Go.

The Banking Group AC comprised of four independent Non-Executive Directors and

one Non-Independent Non-Executive Director. 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 (Datuk Nasir), who is the Chairman of the Banking Group AC, the two other members of CIMB Group AC are not members of the Banking Group AC. Dato' Mohamed Ross Bin Mohd Din has been appointed as the Chairman of CIMB Group AC following the resignation of Datuk Nasir from the role in October 2018. 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 counselled by the respective AC.

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.

CIMB 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

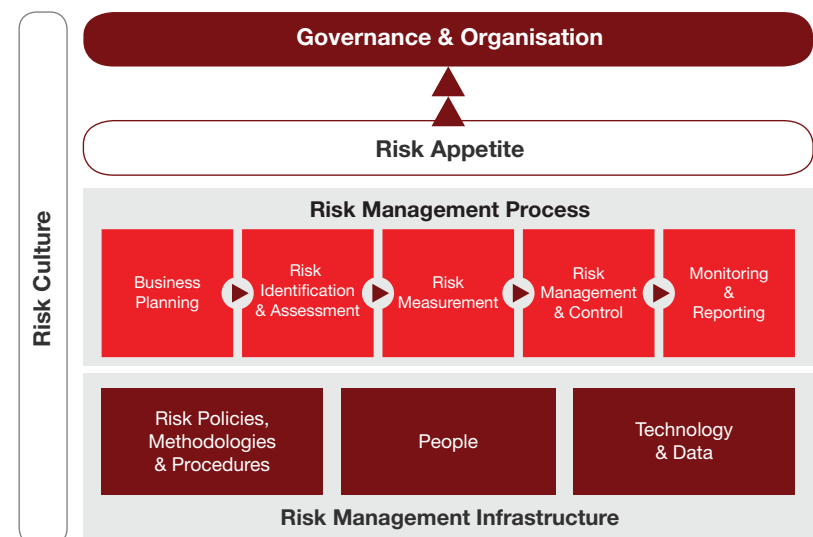
The Board recognises that sound risk management and internal control are integral parts of CIMB Group's business and operations, and are critical in ensuring CIMB Group's success and sustainable growth.

The emphasis on a strong risk management culture is the foundation of the control mechanisms within CIMB Group's Enterprise-Wide Risk Management (EWRM) framework. The framework consists of an on-going process of identifying and assessing, measuring, managing and controlling, as well as 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 as dictated by changes in business strategies, the external environment and/or regulatory environment.

### • ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

CIMB Group employs the EWRM framework as a standardised approach to effectively 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:



To further enhance the cultivation of the risk management culture, CIMB Group employs the Three Lines of Defence model in implementing the EWRM framework, providing risk management accountability across the CIMB Group. The business units, as the first lines of defence, are primarily responsible for the identification and management of risks within their day-to-day operations. Group Risk and other control functions within the second line of defence provide oversight and perform independent monitoring of business activities with reporting to the Board and management to ensure that CIMB Group conducts business and operates within the approved risk appetite and is in compliance with regulations. Group Internal Audit, as the third line of defence, provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes. The Board has also established the Board Risk & Compliance Committee, whose responsibilities, amongst others, include overseeing the effective implementation of the EWRM framework.

## Statement on Risk Management and Internal Control

The design of the EWRM framework incorporates 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 include:**

- i. **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 Defence approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across CIMB Group.
- ii. **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 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 CIMB Group's risk management framework is effectively maintained.
- iii. **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.

iv. **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 & Assessment:** Risks are systematically identified and assessed through the robust application of CIMB Group's risk policies, methodologies/standards and procedures/process guides.
- **Risk Measurement:** Risks are measured and aggregated using CIMB Group-wide methodologies across each of the risk types, including stress testing.
- **Risk Management & Control:** Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- **Risk Monitoring & Reporting:** 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.

v. **Risk Management Infrastructure**

- **Risk Policies, Methodologies/Standards and Procedures/Process Guides:** Well-defined risk policies by risk type provide the principles by which

CIMB Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures/Process Guides provide more detailed guidance to assist with the implementation of policies.

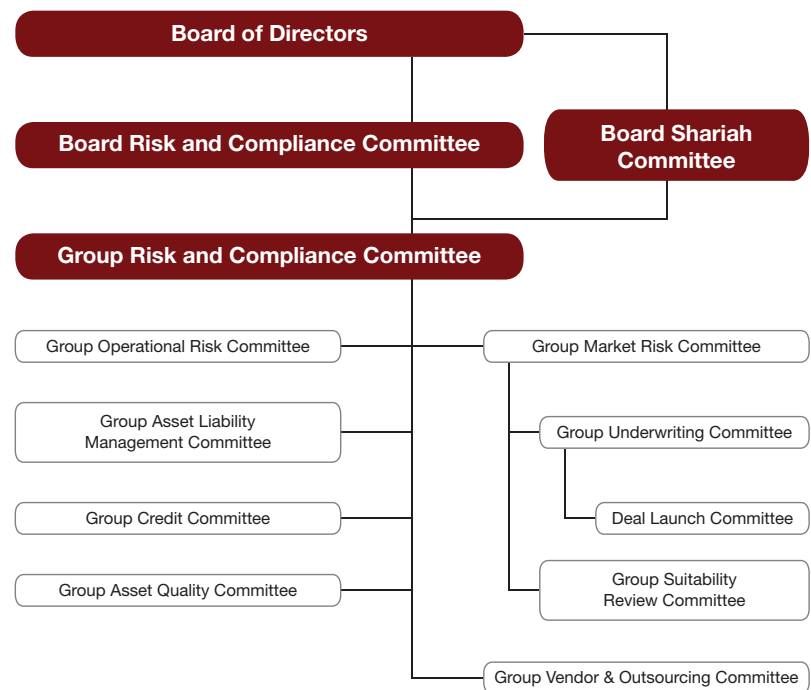
- **People:** Attracting the right talent and skills is key to ensuring a well-functioning EWRM

Framework. The organisation continuously evolves and proactively responds to the increasing complexity of CIMB Group as well as the economic and regulatory environment.

- **Technology & Data:** Appropriate technology and sound data management support risk management activities.

• **RISK GOVERNANCE STRUCTURE**

The structure of CIMB Group Risk Committees is depicted as follows:



• **BOARD RISK AND COMPLIANCE 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 with CIMB Group's risk management structure, the Board Risk & Compliance Committee (BRCC) reports directly to the respective Boards and assumes responsibility on behalf of the Boards for the supervision of risk management and control activities, as well as non-compliances and deficiencies. The BRCC determines CIMB Group's risk strategies and policies, keeping them aligned with the principles within the risk appetite. The BRCC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of CIMB Group Risk and Compliance Committee.

In order to facilitate the effective implementation of the EWRM framework, the BRCC has established various specialised/sub-risk risk committees within CIMB Group with distinct lines of responsibilities and functions, which are clearly defined in terms of reference.

## Statement on Risk Management and Internal Control

### • GROUP RISK AND COMPLIANCE COMMITTEE

- The Group Risk and Compliance Committee (GRCC) which reports to the BRCC, 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 GRCC 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 either normal or stressed business conditions.
- The GRCC supervises the periodic group-wide stress testing exercises by endorsing appropriate scenarios based on projected macroeconomic conditions and recommending the results of the Stress Test exercise for the BRCC's approval.
- The GRCC is also responsible for recommending CIMB Group's Risk Appetite Statement to the BRCC taking into consideration the budget, annual business plans and expected macroeconomic conditions. In implementing the Risk Appetite Statement across CIMB Group, GRCC, supported by CIMB Group Risk, encourages the timely escalation of all events (including non-compliances and deficiencies) which may materially impact the Group's financial condition or reputation to the attention of GRCC for appropriate action.
- The GRCC 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, reputation risk, liquidity risk and capital risk.

- Similar risk committee's are established 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 across 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 Legal & Compliance Division (GLC), formerly known as CIMB Group Compliance Division 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 Legal & Compliance Officer, formerly known as CIMB Group Chief Compliance Officer and the respective local entity Boards, to the extent permitted by the regulations of the local jurisdictions.

GLC 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 GLC policies and procedures. Under the Three Lines of Defence Model, 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. GLC 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. GLC 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 GLC's duties.

The respective entity Boards, as well as the CIMB Group 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.

GLC'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. GLC requires all local and regional entities within CIMB Group to adopt and implement all GLC Compliance 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 GLC compliance policies within CIMB Group.

### • ANTI-MONEY LAUNDERING/ COUNTER FINANCING OF TERRORISM

CIMB 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.

CIMB Group global policy is to comply with and apply relevant anti-money laundering (AML) practices 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.

CIMB Group continues to strengthen its enterprise wide AMLCFT programme by enhancing its risk based approach to ensure that the key measures emplaced to prevent and mitigate money laundering and terrorist financing commensurate with the business and compliance risks that have been identified and assessed.

CIMB Group will remain vigilant over the level of compliance at

## Statement on Risk Management and Internal Control

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, on a regular basis.

- **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. The SNC risk is defined 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 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.

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.

During the year under review, there was no SNC event occurred in CIMB Group. However, analysis of the past event showed that majority Shariah breaches occurred due to operational mistakes. In this regards, Shariah Risk Management (SRM) team that was established to facilitate a systematic and consistent approach in managing SNC risk has been integrated with the Operational Risk Management function in October 2018 to increase synergy and oversight.

Enhancing level of awareness on SNC risk among the first line of defense was continued in 2018. This enabled them to systematically identify, monitor and control SNC risks in their respective areas, thus minimising potential SNC

events. In October 2018, SRM published SNC Risk Card for all staff at branches via Branch's portal to serve as a reminder and for quick reference. The card contains list of common SNC risks and measures to avoid them as well as Islamic banking terminologies as a comparison to conventional terms.

In order to be more effective in managing SNC risk, the focus has been shifted from analysing the past events to identifying high risk areas and anticipating future event that could lead to Shariah breach.

- **SHARIAH REVIEW**

The Shariah review function is carried out by Shariah Review Centre of Excellence ("SR CoE") in line with the Bank Negara Malaysia ("BNM")'s Shariah Governance Framework for Islamic Financial Institutions ("SGF") 2011 and the Shariah Governance Exposure Draft ("ED") 2017. This SR CoE's role is to conduct regular assessment on the compliance of the operations, business, affairs and activities of CIMB Group with Shariah requirements.

SR 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 as envisaged by the ED. The SR CoE is staffed by qualified Shariah officers who are also qualified to undertake compliance function responsibilities.

The SR CoE has established the CIMB Group Shariah Review Policy and Procedures ("Shariah Review Policy & Procedures"), which sets out the policies for Shariah review function on the Islamic financial services, operations and activities of CIMB Group, 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 Procedures sets out the procedures for Shariah review execution, responsibilities of stakeholders and 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, SR CoE conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by the BSC and the respective Boards of Directors of CIMB Group. In addition, SR CoE conducts investigations on issues escalated by the stakeholders and performs ad-hoc review as required from time to time by the regulators or the BSC.

Trainings on the Shariah Review Policy & Procedures, Shariah non-compliance reporting requirements, and all other relevant BNM's policy documents are continuously 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 The Group Corporate Assurance Division (GCAD), 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 designed to add value and improve the degree of compliance in relation to CIMB Group's Islamic business operations, as well as ascertaining a Risk sound and effective internal control system for Shariah compliance.

The same audit methodology is implemented by GCAD 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.

GCAD, 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 GCAD completed CQIF, 1 currently pursuing the same, 3 completed IQIF, 1 currently pursuing the same and another 2 completed AQIF.

- **BOARD SHARIAH COMMITTEE**

The Board Shariah Committee ("BSC") 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. BSC, 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.

BSC is assisted by the Shariah Advisory 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 of the Shariah Committee as well as providing Shariah related training across CIMB Group.

Policies and/or procedures from the respective Shariah organs within the Group serves as a

## Statement on Risk Management and Internal Control

solid platform for all the processes under the Shariah Governance Framework (SGF) as required by Bank Negara Malaysia. The implementation of the SGF is effected through the following functions:

- a) Shariah Research;
- b) Shariah Review;
- c) Shariah Risk Management;
- d) Shariah Audit.

The Shariah Advisory and Governance department facilitates the implementation of Shariah Research and coordinates the overall Shariah governance, whilst Shariah Review, Shariah Risk Management and Shariah Audit functions are performed by CIMB Group Legal & Compliance, Group Risk and Group Corporate Assurance respectively.

### • SHARIAH RESEARCH

The Shariah Research function is undertaken by Advisory & Research unit of Shariah Advisory & 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 BSC and the governance

functions as well as the Shariah Learning & Development Unit that supports the training function. The details of these support functions are described as follows:

### • Secretariat

Act as Shariah secretariat to BSC that includes coordinating meeting as well as communications and disseminating information among the BSC, the board and senior management; ensuring proper deliberation and dissemination of decisions of the BSC to relevant stakeholders; and undertaking administrative and secretarial functions to support the BSC. In addition to that, the function is also responsible in engaging with relevant parties who wish to seek further deliberation of issues from the BSC.

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.

### • Governance

Responsible as coordinator for all Shariah organs namely Shariah Advisory & Governance Department, Shariah Review COE of Group Legal & Compliance, Shariah Risk Management COE of Group Risk and Shariah Audit of Group Corporate Assurance 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 Advisory & Governance Department is guided by Shariah Advisory and Board Shariah Committee Secretariat Policy and Procedures. All communication between CIMB Group and the BSC will be facilitated by this unit.

### • Training

Responsible in developing and managing the Shariah Learning and Development function. In addition to that, the function would assist the Group Learning and Development as well as regional teams to assess and review the existing training plans and to make recommendations as needed, to design the training requirement and to develop the training solutions.

### • BOARD OVERSIGHT COMMITTEE

The Group Board Oversight Committee ("GBOC") was also established as part of the T18 initiative. T18, short for Target 2018, is a set of initiatives introduced by CIMB Group in 2015 as a product of a strategic review exercise that began in January 2014.

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. With the conclusion of T18, GBOC has met its objectives and has dissolved accordingly on 31 October 2018.

### • 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.

The GMC's role in relation to the risk management and internal control includes:

- To deliberate and assist in the formulation of the Group CEO's responsibility to risk and compliance issues escalated to the attention of the GMC;
- To monitor management actions with regards to improvements to the control environment, to manage risk events and compliance breaches tabled.

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.

### • INTERNAL POLICIES AND PROCEDURES

Policies set out principles, standards and/or rules that determine the expectation and boundaries for taking and managing risks which 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 GRCC or its sub-committee(s) and approved by the relevant Boards or Board Risk and Compliance Committee for implementation across CIMB Group, where applicable. Operational procedures, on the other hand, are approved by CIMB Group Policy & Procedure Oversight 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

## Statement on Risk Management and Internal Control

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 2018, 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, which is an 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 2018 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 privileged access management system with multi-factor authentication control to prevent unauthorised access. 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.

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, Investment Banking and Consumer Banking and Commercial Banking Sales have been 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 controls 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**

Since the inception of the enhanced talent and succession management framework and governance structure where succession planning for critical roles across CIMB Group has largely been completed, the current focus predominantly lies in the efforts to accelerate the readiness of our future leaders as well as expand the talent pool beyond the succession line-up through our new talent classification framework.

A Group Mentoring programme involving the Group Management Committee as well as Board members was launched as a platform to provide targeted and personalised interventions for our successors and top talent. In addition, external executive coaches were also assigned to work with our leaders; focusing on leadership styles, organisational climate and act as a sounding board to help them transition into their new roles. Furthermore, a more

intense Individual Development Plan Discussion was also launched to facilitate career conversations between our talent and their supervisors as part of the efforts to formulate actionable plans, ensure alignment in terms career goals and most importantly promote a culture of transparency. Integration of the Global Employee Mobility to Talent Management has also been instrumental to drive international assignments as a key development intervention to prepare our people for their future roles.

Efforts have also been put in place to continuously strengthen our formal learning programmes through the introduction of our 3D Academy to future proof our existing workforce, revamped our CIMB-INSEAD Leadership Programme to focus on digital disruption as well as expose our people to the best in class through active involvement in conferences, panel discussions, etc.

- **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 Nomination and Remuneration Committee ("The 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.

## Statement on Risk Management and Internal Control

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, 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 deliver organisational resilience by ensuring that critical business processes can continue, or be recovered in a timely manner, following a disruption, thus ensuring:

- i. 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;

- ii. operations are not adversely affected, thus maintaining the quality of management and meeting statutory and regulatory requirements;
- iii. profits and shareholder values are maintained and do not suffer significant deterioration;
- iv. reputation and image to stakeholders and the public are not negatively affected following a business disruption; and
- v. compliance with the regulatory guidelines and legislations on BCM (e.g. BNM, Bursa Securities or SC).

A formalised BCM Governance structure is in place. The roles of the management committee responsible to implement BCM policy and strategies and management committee responsible to manage the crisis situation are clearly spelled out.

Our BCM Program is aligned to the organisation's business vision and strategy. This is done by calibrating the Group's BCM Program to the target level of preparedness, which is determined by the Management.

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

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 and Compliance 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 CIMB Group. The Board also confirms that there is an effective ongoing process for identification, evaluation and management of significant risks in the CIMB 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.

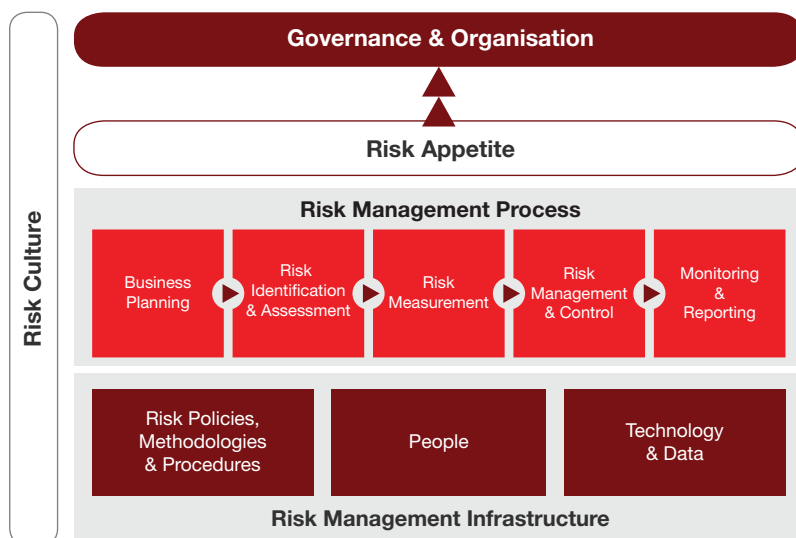
Generally, the objectives of our risk management activities are to:

- (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 framework.

## 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 tools to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, the 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 incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risks for our Group.

The key features of the EWRM framework include:

- (i) **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.
- (ii) **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.
- (iii) **Risk Appetite:** It is 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.
- (iv) **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 & Assessment:** Risks are systematically identified and assessed through the robust application of the Group's risk policies, methodologies/standards and procedures/process guides.
  - **Risk Measurement:** Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
  - **Risk Management & Control:** Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
  - **Risk Monitoring & Reporting:** 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.
- (v) **Risk Management Infrastructure**
  - **Risk Policies, Methodologies/Standards and Procedures/Process Guides:** Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures/Process Guide provide more detailed guidance to assist with the implementation of policies.
  - **People:** Attracting the right talent and skills is 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.

## Risk Management

### RISK GOVERNANCE

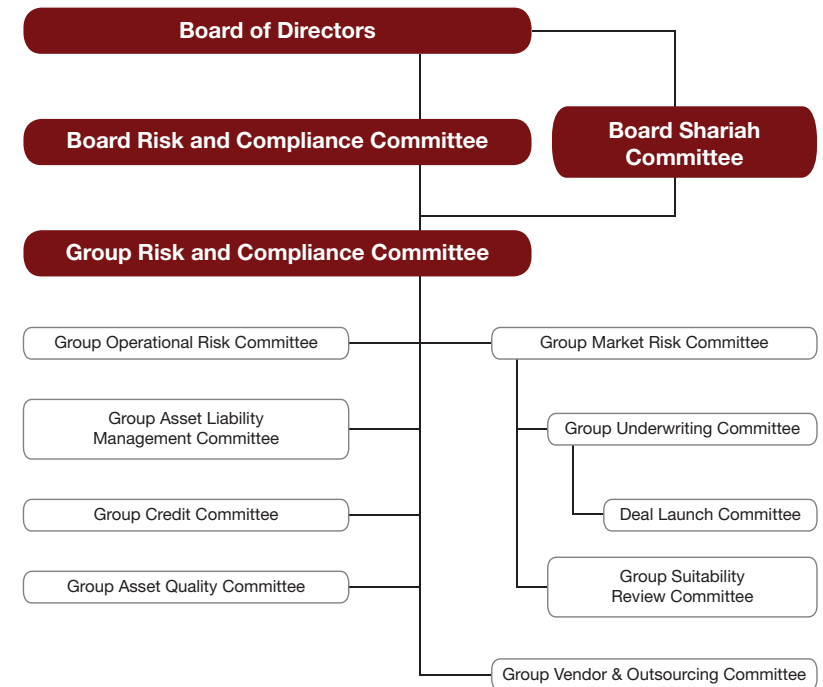
At the apex of the governance structure are respective Boards of entities within the Group, which decide on the entity's risk appetite corresponding to its business strategies. Each Board Risk and Compliance Committee (BRCC) reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the EWRM framework, provides strategic guidance and reviews the decisions of our Group Risk and Compliance Committee (GRCC).

To facilitate the effective implementation of EWRM framework, our BRCC has established various specialised/sub-risk committees within our Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of supervising risk management functions is delegated to our GRCC, comprised of senior management, and reports directly to our BRCC. Our GRCC 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 GRCC 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:

- (i) Market risk, arising from fluctuations in the value of the trading or investment exposure, arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, arising from the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
- (iii) Liquidity risk, arising from a bank's inability to efficiently meet its present and future funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Operational risk, arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
- (v) Interest rate risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest rates/profit rates;
- (vi) Capital risk, arising from the failure to meet minimum regulatory and internal requirements which could incur regulatory sanction on our Group, thereby resulting in a potential capital charge; and
- (vii) Shariah Non Compliance (SNC) risk, arising from risk of possible failure to comply with the Shariah requirements determined by Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and Securities Commission (SC), Board Shariah Committee (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 as regulators allow. 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 culture is embodied through the adoption of the Three Lines of Defence philosophy, 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 business units. As a first line of defence, the line management (including key Business Pillars and Enablers) 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 and

perform independent monitoring of business activities with reporting to the Board and management to ensure that our Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line of defence is GIAD who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

## 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.

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; and
- (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 liaise with regulators in the respective countries.

The organisational structure of Group Risk is made of two major components, namely the Chief Risk Officer and the Risk Centres of Excellence (CoE).

- (a) Chief Risk Officers
  - i) CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview;
  - ii) The CRO is supported by the CRO International Offices who oversee the risk management functions of the regional offices e.g. branches and small overseas banking subsidiaries;
  - iii) For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

## (b) Risk Centres of Excellence

- i) These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CRO in the various geographies.
- ii) The Risk CoEs consist of Risk Analytics and Infrastructure, Market Risk, Operational Risk (including Shariah Risk Management), Asset Liability Management, and Credit Risk.

- **Risk Analytics and Infrastructure CoE**

The Risk Analytics & Infrastructure CoE designs frameworks, validates credit risk models and tools, and implements standardised infrastructure for risk measurement across the Group.

- **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.

- **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 and act as a consultant with the Group in providing operational risk expertise and reporting to senior management.

In October 2018, Shariah Risk Management (SRM) CoE has been integrated with ORM CoE. The SRM unit 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 SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

- **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.

- **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.

In addition to the above Risk CoEs, there is also Group Data Governance CoE within Group Risk that formulates enterprise-wide Data Governance and Data Management framework, policy and procedure. It ensures standardisation and consistency of data governance and data management structure, methodology and data governance model across the Group and for country adoption.

In ensuring a standardised approach to risk management across our Group, all risk management teams within our Group are required to conform to the 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 are performed by the local risk management team with matrix reporting line to the relevant Risk CoEs.

## Risk Management

### KEY AREAS OF RISK MANAGEMENT

#### 1. CREDIT RISK

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the 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 derivatives, sales and trading activities, credit risk arises from the possibility that our Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

##### Credit Risk Management

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

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 GRCC, 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 country sector limit, single customer and country and global counterparty limits, 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 daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. 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 GRCC and Board Risk and Compliance Committee. Asset quality is closely monitored 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 are 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 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 value of a trading or investment exposure 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. Our GRCC with the assistance of Group Market Risk Committee and its delegated committees ensure that the risk exposures undertaken by our Group is within the risk appetite approved by our Board.

Market Risk CoE is 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 model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

Our Group also adopts the Value-at-Risk (VAR) methodology as an approach in the measurement of market risk. 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.

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 potential 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 its cash obligations 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 retail transactions accounts, 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 key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business as usual and stress scenarios and regulatory liquidity coverage ratio (LCR) are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient high quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-calendar-day horizon. Our Group monitors and reports LCR based on BNM LCR Policy Document (PD) dated 25 August 2016 and maintains its liquidity positions above the prudential requirement. In addition, our group computes regulatory Net Stable Funding Ratio (NSFR) every quarter based on BNM Observation Period guidelines and maintains the ratio above the regulatory benchmark. Liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain.

In addition to regulatory limits, liquidity risk undertaken by our Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers (MATs) have been established to alert management to potential and emerging liquidity pressures. Our Group's Liquidity Risk Management Policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

## Risk Management

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. Overseas branches and subsidiaries 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. Our Group's Contingency Funding Plan (CFP) is in place to alert and enable the management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing.

#### 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.

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 GRCC. 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, and management of operational risks for the implementation by respective risk owners across the Group. The ORM department also independently oversees the operational risk controls monitoring that reside within the first line of defence.

Identified risks are rated using a defined risk rating methodology applied across the Group's three lines of defence. Monitoring of the identified risks is primarily done through the Operational Risk Committee or relevant risk management committees operating in each material geography and business line. These committees report up to the relevant functional or country level committees.

The Group Operational Risk Management Committee (GORC) is the senior management committee at the Group level that is tasked to oversee 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 GRCC for approval. GORC oversees and monitors the overall control environment of CIMB Group and reports to Group Risk and Compliance Committee (GRCC) 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, 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, revenue or share price. 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 Operational 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 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 Group Shariah Advisory & Board Shariah Committee Secretariat Policy 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 Review and Shariah Audit functions, supported by SRM control measures and Shariah & Governance.

SRM is facilitated by the SRM unit within Operational Risk 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, are articulated in the Shariah Risk Management Policy (SRMP). Apart from monitoring and analysing the SNC events or incidences submitted by Risk Control Officer/ Designated Compliance and Operational Risk Officers to Shariah Review CoE for escalation to BSC and reporting to the relevant risk committees, SRM unit within Operational Risk 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. 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 and the Foundation Internal Ratings-Based Approach for corporate exposures. 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 not earlier than 1 January 2019. On 23 March 2018, BNM published a revised version of BNM Observation Period guideline which supercedes the guideline issued on 7 August 2015. On 23 October 2018, BNM announced the extension of observation period for NSFR reporting by one year, until 31 December 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 2018 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Dato' Mohamed Ross bin Mohd Din <i>(redesignated as Chairman on 20 October 2018)</i>	Chairman/ Independent Director	18	17
Datuk Mohd Nasir Ahmad <i>(redesignated as AC Member on 20 October 2018)</i>	Independent Director	18	18
Glenn Muhammad Surya Yusuf <i>(retired as AC Member on 23 January 2019)</i>	Independent Director	18	17
Ms Teoh Su Yin <i>(appointed as AC member on 23 January 2019)</i>	Independent Director	NA	NA

In addition to the 18 meetings held to deliberate on matters relating to the Group, 30 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 48 meetings for the year.

The details of the Banking Group AC membership and meetings held in 2018 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Datuk Mohd Nasir Ahmad	Chairman/ Independent Director	30	29
Dato' Zainal Abidin Putih	Non-Independent Director	30	29
Puan Rosnah Dato' Kamarul Zaman	Independent Director	30	30
Puan Nadzirah Abd Rashid	Independent Director	30	30
Madam Ho Yuet Mee	Independent Director	30	27

Deliberations at the AC meetings were robust and detailed, generally lasting for a few hours. 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 2018

### INTERNAL AND EXTERNAL AUDIT PROCESS

- a. Approved the annual internal audit plan and the mid-year review of the plan in March and July 2018 respectively; reviewed the audit scope planned based on risk assessment conducted and the audit resource requirements.
- b. Reviewed GCAD's revised methodology and practices in respect of risk assessment for audit planning purposes and audit grading.
- c. Approved the KPIs for GCIA and his direct reports and evaluated the GCIA's annual performance together with the remuneration payout.
- d. Evaluated GCAD's overall performance on annual basis and provided written feedback for improvements.
- e. Reviewed the summary of internal audit work performed across the region together with the audit outcome on quarterly basis.
- f. Reviewed and approved the External Auditor's audit plan and scope of work on 12 October 2018.
- g. Held 6 meetings with the External Auditor to review the financial results, MFRS related issues and areas of concerns identified.
- h. Held 3 meetings with the External Auditor without the presence of the Group Management and Executive Directors on 25 January 2018, 23 May 2018 and 3 December 2018 to discuss relevant issues and obtain feedback for improvements.
- i. 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.
- j. Completed the annual assessment on the External Auditor in December 2018 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
- Appropriateness of audit approach and the effectiveness of audit 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 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. AC Chairman of CIMB Group provided oversight on the effective implementation of the CIMB Group Policy on whistle blowing pursuant to BNM Corporate Governance Framework; any concerns on illegal, unethical or questionable practices escalated to the AC Chairman via the dedicated email 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:
  - Review 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.
  - Review common findings with objective to identify more holistic solution.
  - Review 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 upon cost benefit analysis; 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 notification 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 Auditor:
  - Significant accounting and audit matters involving credit, treasury, taxation and impairment related matters
  - Information technology matters
  - Disposal of equities business
  - Uncorrected misstatements
  - Changes and implementation relating to MFRS/9
- c. In relation to the financial statements for the financial year ended 31 December 2018, the AC at its meeting held on 25 January 2019 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.

## Audit Committee Report

## 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 one RPT (as defined under the Listing Requirements of Bursa Malaysia) during the year in relation to the extension of the current contract for statement printing services between CIMB Bank Berhad and CIMB Islamic Bank Berhad with Ge-Pap Services Sdn Bhd for the period of 6 months, 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 GCAD'S KEY ACTIVITIES

- a. Carried out audits and investigations on the Group; issued 428 reports during the year, including the review outcome in relation to IT project implementation.  
*(Note: In addition to the above reports issued, a number of regulatory driven assignments had also been completed)*  
  
GCAD's scope of coverage encompassed all business and support units; areas audited included treasury related matters, loans & financing (retail & non retail), distribution channels, back office operations, IT operations & security, Head Office functions and also special focus areas such as AML/CFT, customer information secrecy, product transparency, outsourced functions and business continuity.
- b. Engaged Ernst & Young Advisory Services Sdn. Bhd, as a qualified external assessor, to complete the External Quality Assurance Review on GCAD to ascertain GCAD's conformance with all relevant requirements set out in the Institute of Internal Auditors (IIA) standards, BNM guidelines, Bursa Malaysia Listing Requirements, and Malaysia Code of Corporate Governance issued by Securities Commission.
- 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 with GCAD'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 included preparing of meeting materials and following-up on matters arising.
- g. Conducted regional town hall periodically for top-down communication on key matters relating to the internal audit function.
- h. Conducted a two-day Regional Audit Planning Summit to discuss and deliberate key audit methodologies and pressing matters relating to the function.
- i. 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.
- j. Submitted periodic reports to the AC, top Management and regulators.
- k. Supported AC in the annual review exercise on appointment of External Auditor.
- l. Continued with the Branch Manager Attachment Program to promote risk and control culture in the first line of defense; of the 20 branch managers participated in 2018.
- m. Passed the Surveillance Audit of ISO 9001:2015 Certification for internal audit services.
- n. Incurred total costs of RM73.2 million (Malaysia: RM37.2 million) to maintain the internal audit function of the Group for FY2018.

## 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
<b>Datuk Mohd Nasir Ahmad</b>	<ul style="list-style-type: none"> <li>• Bank Negara Malaysia – Composite Risk Rating (CRR) with the Board of Directors of CIMB Group Holdings Berhad, CIMB Bank and CIMB Islamic Bank</li> <li>• Audit Committee Conference 2018</li> <li>• ACCA Global Summit</li> <li>• ACCA Malaysian Annual Conference</li> <li>• Malaysia: A New Dawn Conference</li> <li>• World Congress of Accountants</li> <li>• CIMB Annual Management Summit</li> <li>• Board of Directors' Workshop – Media Prima Berhad</li> </ul>

Audit Committee Member	Training attended	Audit Committee Member	Training attended
<b>Glenn Muhammad Surya Yusuf</b>	<ul style="list-style-type: none"> <li>Bank Negara Malaysia – Composite Risk Rating (CRR) with the Board of Directors of CIMB Group Holdings Berhad, CIMB Bank and CIMB Islamic Bank</li> <li>Sustainable Finance Training for Board of Directors</li> <li>2019 Risk Posture Workshop</li> </ul>	<b>Puan Nadzirah Abdul Rashid</b>	<ul style="list-style-type: none"> <li>World Capital Markets Symposium</li> <li>CPA Congress 2018: Connecting the Biggest Minds</li> <li>Khazanah Megatrends Forum 2018</li> <li>Malaysia: A New Dawn Conference</li> <li>Singapore Fintech Festival 2018</li> <li>CIMB Annual Management Summit</li> </ul>
<b>Dato' Mohamed Ross Bin Mohd Din</b>	<ul style="list-style-type: none"> <li>Managing Cyber Risk in FIS</li> <li>Navigating the VUCA World</li> <li>Bank Negara Malaysia – Composite Risk Rating (CRR) with the Board of Directors of CIMB Group Holdings Berhad, CIM B Bank and CIMB Islamic Bank</li> <li>Audit Committee Conference 2018</li> <li>BNM – FIDE Annual Dialogue</li> <li>Win the Innovation Race: Unlocking the Creative Power of Asians</li> <li>IFN Forum Asia 2018</li> <li>IBM Think Malaysia</li> <li>Global Islamic Finance Forum</li> <li>Khazanah Megatrends Forum</li> <li>CIMB Annual Management Summit</li> </ul>	<b>Madam Ho Yuet Mee</b>	<ul style="list-style-type: none"> <li>Bank Negara Malaysia – Composite Risk Rating (CRR) with BODs of CIMB GH/CIMB Bank &amp; CIMB Islamic Bank</li> <li>Audit Committee Conference 2018</li> <li>MFRS 9 Financial Instruments-A Comprehensive Review and Analysis</li> <li>Win The Innovation Race: Unlocking the Creative Power of Asians</li> <li>Financial Institutions Directors Education (FIDE Core Programme – Module A</li> <li>Cyber Resilience Conference 2018 - Powering the Winds of Change: The Shift to Cyber Resilience</li> <li>Malaysia: A New Dawn 2018 Conference</li> <li>Khazanah Megatrends Forum 2018</li> <li>Islamic Talk Series on Responsible Finance - Role of Banking in Shaping the Future of Humanity</li> <li>FIDE FORUM Dinner Talk: “The Director as Coach”: An exclusive dialogue with Dr Marshall Goldsmith and Launch of FIDE FORUM’s “DNA of a Board Leader”</li> <li>CIMB Annual Management Summit</li> </ul>
<b>Dato' Zainal Abidin Putih</b>	<ul style="list-style-type: none"> <li>Directors In-House Training – Boardroom Dynamics – Shaping High Performance Transformation</li> <li>Bank Negara Malaysia – Composite Risk Rating (CRR) with BODs of CIMB GH/CIMB Bank &amp; CIMB Islamic Bank</li> <li>Audit Committee Conference 2018</li> <li>Bank Negara Malaysia Annual Report 2017/ Financial Stability and Payments Systems Report 2017 Briefing Session</li> <li>Asia Launch of Global Financial Development Report 2017/2018: Bankers without Borders. Presentation of Key Findings followed with Panel Discussions: The Future of International Banking – Benefits &amp; Costs</li> <li>5th BNM-FIDE Forum Annual Dialogue with Deputy Governor of BNM</li> <li>CIMB : Beyond T18 Framing &amp; Dialogue</li> <li>Sustainable Finance Training for Board of Directors</li> <li>CIMB Board Beyond 2018 Workshop</li> <li>L&amp;G MFRS Briefing for Board Members</li> <li>2019 Risk Posture Workshop</li> <li>Book LuBook Launch followed by Panel Discussion : Effective Policy Making : Harnessing Synergies and Cooperation</li> <li>Khazanah Megatrends Forum</li> <li>CIMB Annual Management Summit</li> <li>Malaysia: A New Dawn Conference</li> </ul>		
<b>Puan Rosnah Dato' Kamarulzaman</b>	<ul style="list-style-type: none"> <li>IFN Forum Asia 2018</li> <li>Sustainable Finance Training for Board of Directors</li> <li>2019 Risk Posture Workshop</li> <li>Khazanah Megatrends Forum</li> <li>Malaysia: A New Dawn Conference</li> <li>FIDE Elective Programme – Emerging Risk, the Future Board and Return on Compliance</li> <li>CIMB Annual Management Summit</li> </ul>		

# 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. As of 31 December 2018, the Group Shariah Committee consists of five (5) Independent Members duly appointed in accordance with Shariah Governance Framework of BNM.

	Nationality	Status	Number of Main Committee Meetings	
			Held	Attended
Sheikh Professor Dr Mohammad Hashim Kamali	Canadian (Malaysian PR)	Independent Member	8	8
Sheikh Dr Nedham Yaqoobi	Bahraini	Independent Member	8	5 <sup>(1)</sup>
Sheikh Associate Professor Dr Shafaai Musa	Malaysian	Independent Member	8	8
Sheikh Dr Yousef Abdullah Al Shubaily	Saudi Arabian	Independent Member	8	7
Associate Professor Dr Aishath Muneeza <sup>(2)</sup>	Maldivian	Independent Member	6	6
Sheikh Yang Arif Professor Adjug Dato' Dr Haji Mohd Na'im Bin Haji Mokhtar <sup>(3)</sup>	Malaysian	Independent Member	4	3
			7	6

#### Notes:

<sup>(1)</sup> Dr Sh Needham's attendance was below the required 75% due to health reasons and his absence at the 3 meetings were accepted by the Board Shariah Committee.

<sup>(2)</sup> Contract of appointment: wef 13 April 2018

<sup>(3)</sup> Contract of appointment expired on 13 June 2018

## MAIN ACTIVITIES IN 2018

Throughout 2018, the Group Shariah Committee reviewed and advised on existing products and services as well as on product variation and enhancement proposals by CIMB Group together with their documents.

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 2018;
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; 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 2018, the revision of Shariah Advisory & Board Shariah Committee Secretariat Policy and Procedures as well as revision of Shariah Compliance Review Policy & Procedures which include among others the incorporation and formalisation of 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 necessary policies and procedures as well as the establishment of a well-defined division of responsibility and guidelines on business conduct to all staff 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 of all matters to be presented to the Group Shariah Committee by the Management.
2. The Management has a Shariah review framework of which policy and procedures were established to set out policies for Shariah review function among others encompassing regular examination and evaluation of the Bank's level of compliance to the Shariah requirements, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences.
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 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.

### TRAINING

In 2018, 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

- Kyoto University International Symposium: Japan-Malaysia Initiative on New Asian-Islamic Civilisational Paradigm, Kyoto
- Roundtable: Hadhari Global Network, Kyoto
- IAIS 10th Year Anniversary Seminar: The Rise of Smart Society and the Role of Islam in Navigating Civilisation Renewal
- High-Level Closed Dialogue: Religion and Human Rights in the New Malaysia, Putrajaya
- Dialogue on Maqasid al-Shariah
- Roundtable Discussion: Framework of Research on Child Sensitive Social Protection from the Islamic Perspective: A Maqasidi Approach
- Interfaith Forum: 'Understanding the Global Refugee Crisis' – the Need for Effective Solution and Strategy for World Harmony, Protecting the Stateless and Promoting Financial Inclusion
- Forum on Understanding the Jerusalem Contention: A Multi-dimensional Perspective

#### Sheikh Dr Nedham Yaqoobi

- Shariah Board of AAOIFI Conference
- International Shariah Scholars Forum
- Global Islamic Finance Forum
- Islamic Fiqh Academy of OIC Conference
- AAOIFI – World Bank 13th Annual Conference

#### Sheikh Associate Professor Dr Shafaai Bin Musa

- SAC Townhall Session, BNM
- Ijtimak Pakar Syariah JAKIM
- Seminar Pemerkasaan Guru-guru Agama Johor
- Workshop on Development of Environmental & Social Impact Assessment Framework (ESIAF) for VBI

#### Sheikh Professor Dr Yousef Abdullah Al Shubaily

- Islamic arbitration workshop
- Trading of gold in Shariah
- Islamic Finance Conference
- Saudi Capital Market Authority Workshop (Islamic RIBO)
- Shariah Board of AAOIFI Conference

#### Associate Professor Dr Aishath Muneeza

- Dialogue on Maqasid Shariah, Kuala Lumpur, Malaysia (Local)
- Speaker: Global Islamic Fintech Summit (Local)
- Speaker: Maldives Islamic Banking Finance Industry Conference (Chairperson of the Conference)
- Speaker: 3rd Islamic Finance Forum of South Asia, Colombo, Sri Lanka (International)
- Pioneering Halal Tourism in Maldives: Toward Creation of First Shariah Compliant Resort to become Global Islamic Tourism Hub. World Halal Summit 2018, Istanbul, Turkey
- Enhancing Zakat Framework of Maldives: A Hundred Muslim Country. 2nd International Conference on Zakat, Yogyakarta, Indonesia

## Shariah Committee Report

### TERMS OF REFERENCE OF THE GROUP SHARIAH COMMITTEE

Areas	Responsibilities
<b>Shariah Advisory</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>Settings of Policy and Framework</b>	<ul style="list-style-type: none"> <li>To set the policies and procedures for CIMB Group's Islamic banking and finance business, to endorse the Shariah Advisory &amp; Board Shariah Committee Secretariat Policy and Procedure 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.</li> <li>To review and endorse BNM Shariah Governance Framework (SGF) as provided by various tools such as Shariah Advisory &amp; Board Shariah Committee Secretariat Policy and Procedure and various implementation functions within CIMB Group including Shariah research, Shariah review, Shariah audit and Shariah risk management.</li> </ul>
<b>Shariah Rulings</b>	<ul style="list-style-type: none"> <li>All Members must engage themselves actively in deliberating Shariah issues presented before them.</li> <li>To ensure high standard in arriving at Shariah decision through proper Shariah ruling framework.</li> <li>The BSC shall be responsible to issue any reports as may be required by relevant regulations such as the BSC Report on Financial Statement.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>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 ensure high standard in arriving at Shariah decision through proper Shariah ruling framework.</li> </ul>

### FUNCTIONS AND REPORTS

#### INTERNAL SHARIAH AUDIT FUNCTION

Shariah audits of the Malaysian banking is under the purview of Group Corporate Assurance Division (GCAD) (formerly known as Group Internal Audit Division), which reports independently to the CIMB Group Audit Committee and Banking Group Audit Committee, as well as to the Board Shariah Committee on audit matters relating to Shariah and/or Islamic business operations and activities. The principal objective is to provide an independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management on the CIMB Group's Islamic business operations, as well as ascertaining a sound and effective internal control system for Shariah compliance.

The audit methodology adopted by GCAD in carrying out Shariah audits includes audit planning, control testing, 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.

GCAD, 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 GCAD completed CQIF, 3 completed IQIF and another 2 completed AQIF.

#### INTERNAL SHARIAH AUDIT REPORTS

Audit reports prepared by GCAD specifically highlight Shariah related matters where applicable. During the year, 300 audit assignments covering Islamic products and services were completed by GCAD.

#### 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. SNC risk is defined as the risk of possible failure to comply with Shariah requirements determined by the relevant Shariah Committees and as prescribed in CIMB Group's internal policies and procedures.

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.

#### INTERNAL SHARIAH RISK MANAGEMENT REPORTS

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.

During the year under review, there was no SNC event occurred in CIMB Group. However, analysis of the past event showed that majority Shariah breaches occurred due to operational mistakes. In this regards, Shariah Risk Management (SRM) team that was established to facilitate a systematic and consistent approach in managing SNC risk has been integrated with the Operational Risk Management function in October 2018 to increase synergy and oversight.

Enhancing level of awareness on SNC risk among the first line of defense was continued in 2018. This enabled them to systematically identify, monitor and control SNC risks in their respective areas, thus minimising potential SNC events. In October 2018, SRM published SNC Risk Card for all staff at branches via Branch's portal to serve as a reminder and for quick reference.

The card contains list of common SNC risks and measures to avoid them as well as Islamic banking terminologies as a comparison to conventional terms. In order to be more effective in managing SNC risk, the focus has been shifted from analysing the past events to identifying high risk areas and anticipating future event that could lead to Shariah breach.

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.

#### SHARIAH 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.

- SR CoE, as a second-line of defence function, reports independently to the Board Shariah Committee ("BSC") of CIMB Islamic Bank Berhad ("CIMB Islamic"), and reports functionally to the Chief Compliance Officer of CIMB Islamic, forming part of the CIMB Group Compliance Division as envisaged by the ED. The SR CoE is staffed by qualified Shariah officers who are also qualified to undertake compliance function responsibilities.
- The SR CoE has established the CIMB Group Shariah Review Policy and Procedures ("Shariah Review Policy & Procedures"), which sets out the policies for Shariah review function on the Islamic financial services, operations and activities of CIMB Group, 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 Procedures sets out the procedures for Shariah review execution, responsibilities of stakeholders and 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, SR CoE conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by the BSC and the respective Boards of Directors of CIMB Group. In addition, SR COE conducts investigations on issues escalated by the stakeholders and performs ad-hoc review as required from time to time by the regulators or the BSC.

#### 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. In addition, 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.

foodbike

foodbike

PAY  
HERE



foodbike  
SPECIAL OFFER!  
Bee Hoon + Any Pie = RM 10.50  
Hot Beverage + Pie = RM 10.50  
Nasi Lemak + Hot Beverage = RM 8.50

foodbike







foodbike

foodbike

on:  
y sia  
bike.my



**SUSTAINABILITY STATEMENT**

152 Sustainability Statement

**HIGHLIGHTS AND ACHIEVEMENTS**

- 174 Regional Notable Deals
- 178 Notable Achievements
- 179 Corporate Event Highlights
- 182 Media Highlights

**STAKEHOLDER INFORMATION**

- 184 Shareholders' Statistics
- 187 Internal Policies, Procedures and Guidelines
- 191 Top 10 Properties of CIMB Group
- 192 Corporate Information
- 194 Group Corporate Directory 2018

**AGM INFORMATION**

- 196 Notice of Annual General Meeting
- 200 Statement Accompanying Notice of Annual General Meeting
- 205 Administrative Details for the 62nd Annual General Meeting (AGM)

• [Proxy Form](#)

**FORWARD  OUR COMMUNITY**

# SUSTAINABILITY STATEMENT

**“CIMB has always emphasised value creation which requires a delicate balancing of the long-term interests of our people, planet and profitability. To that end, we are pleased to commit to the UNEP FI objectives to champion responsible banking and help transform global banking practices. We firmly believe that as an industry that plays an instrumental role in economic growth and global trade, banks could be a powerful force for change, to create a huge positive impact not just economically, but also socially and environmentally.”**

As a leading universal bank and corporate citizen in ASEAN, we aim to integrate environmental, economic, and social (EES) considerations into our risk assessment and demonstrate sustainability leadership by investing resources and influencing our networks to ensure that our business activities have a net positive impact on our existing and future stakeholders over the long term.

‘Banking for the Future’ is our philosophy for taking a long-term view on business to build a sustainable future for CIMB’s partners in growth, including our employees, customers and communities.

In 2018, we have integrated Sustainability as one of the strategic pivots into our Forward23 business roadmap. Our aspiration over the next 5 years is to become a visible ‘shaper’ of sustainability practices in the ASEAN community for strategic differentiation and future-proofing of the Group. While Malaysia and Indonesia will lead the way, rest of our ASEAN champions will continue to contribute to the Group’s overall financial and non-financial performance. By 2023, we will be targeting to emerge as one of the top 3 sustainable banking groups in ASEAN.

The CIMB Sustainability Report (previously published as CIMB Citizenship Report) speaks of our commitment as a leading ASEAN bank to create long-term value for both the industry as well as our stakeholders. This year’s Report is a key milestone in itself as it documents our first-few achievements, to include development of key sustainability policies as well as the framing of CIMB Sustainability Roadmap 2023.

The Report presents our clear direction, key areas of focus, major considerations, the governance, our motivation and overall view on sustainable financing and sustainable development.

This Report reflects and reinforces our sincere and serious efforts towards managing our Economic, Environmental and Social (EES) risks and opportunities to create net positive impact. Our attempt has been to maintain a degree of transparency in sharing relevant information and useful data, especially in relation to our corporate citizenship. Therefore, the Report also serves as a key reference document for our multiple internal and external stakeholders, who may be interested to understand our near-term strategies and long-term approaches to sustainability.

## SCOPE OF REPORTING

**Boundary:** The CIMB Sustainability Report 2018 is our sustainability narrative for CIMB Group of Companies across ASEAN. This year, we have expanded the scope of reporting to include various strategies, initiatives and programmes that were implemented in Malaysia, in addition to some selected developments in Indonesia, Singapore and Thailand (MIST).

**Guidelines:** CIMB continues to use the Global Reporting Initiative (GRI) framework for reporting and in 2018, the report has been prepared “In Accordance” with GRI Standards: Core Option. References to GRI Standards as well as for more additional information on each of the sections presented in this condensed statement have been included in our CIMB Group Sustainability Report 2018.

**Period of Reporting:** The scope for CIMB Sustainability Report 2018 and the GRI Index includes information for the period 1 January 2018 to 31 December 2018, unless specified otherwise. The last report was published in March 2018 for the period 1 January 2017 to 31 December 2017.

**Comparability:** While we continue in our efforts to strengthen our data monitoring and reporting mechanisms, this year, all quantitative and qualitative data for indicators is disclosed where possible, with 2017 or 2018 as the baseline year for comparability of data, highlighting trends and showing progress.

**Completeness:** We underwent many deliberations to improve the level of transparency and accountability across various functions of the Group, which in turn will enable us to improve the quality of our reporting, in terms of balance, integrity, and meaningful progress.

**In documenting this report, we have applied the following two principles:**

**Sustainability context:** We have achieved some level of alignment between our sustainability aspirations and the global UN Sustainable Development Goals (SDGs) as well as the key national priorities. For instance, in Malaysia, we aligned our sustainability strategies with the inclusive development agenda set-out in the National Development Plans. These are further narrowed down for relevance and importance based on our business strategies, organisational focus and growth agenda.



**Stakeholder inclusiveness:** We have institutionalised a mechanism to proactively engage, consult, and partner with our priority stakeholders in planning and implementing our 5-Year Sustainability Roadmap. We have committed to use our existing relationships to influence our ASEAN-wide network of stakeholders to adopt and integrate sustainable business practices. 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; and
- stakeholders who share common business and community interests and aspirations or their representativeness.

**STAKEHOLDER ENGAGEMENT**













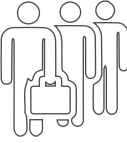














We engaged various stakeholder groups to understand specific Sustainability issues relevant to them.















- 1 Source stakeholder data** from multiple internal sources and stakeholder touchpoints, including bank branches, surveys, townhalls, review meetings, briefing sessions etc.
- 2 Seek stakeholder feedback** through proactive biennial engagement via focus groups, in-depth interviews, and surveys.
- 3 Review our current portfolio** and sectoral focus to better understand our ability to create direct and indirect impact, both by way of reducing negative impact and creating positive impact.

Sustainability Statement

In the table below, we have listed our most critical stakeholders, the various platforms we use to bridge and strengthen our relationships, and some of the key topics that interest our stakeholders.

			Economic			Environmental			Social			Topics of Interest		
 <p><b>Customers</b></p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Basis for Selection</b></p> <ul style="list-style-type: none"> <li>• Dependency</li> <li>• Influence</li> </ul> </div>	 <p>Banking distribution channels (Ongoing)</p>	 <p>Call centres (Ongoing)</p>	 <p>Feedback forms and surveys (Annual)</p>	<ul style="list-style-type: none"> <li>• Consistent &amp; Superior Customer Experience</li> <li>• Enhanced Digital Services</li> <li>• Financial Education</li> <li>• Financial Inclusion</li> <li>• Green Education and Participation</li> </ul>										
	 <p>Social media (Ongoing)</p>	 <p>Seminars &amp; Conferences (Quarterly)</p>	 <p>Complaints and feedback mechanism at branches (Ongoing)</p>											
	<b>Frequency of Engagement – Daily</b>													
 <p><b>Clients</b> Corporate/Commercial</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Basis for Selection</b></p> <ul style="list-style-type: none"> <li>• Dependency</li> <li>• Impact</li> </ul> </div>	 <p>Banking distribution channels (Ongoing)</p>	 <p>Call centres (Ongoing)</p>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Favourable lending terms</li> <li>• Customer experience</li> </ul>											
	 <p>Seminars &amp; Conferences (Quarterly)</p>	 <p>Meetings (Ongoing)</p>												
	<b>Frequency of Engagement – Daily</b>													
 <p><b>Employees</b></p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Basis for Selection</b></p> <ul style="list-style-type: none"> <li>• Dependency</li> <li>• Influence</li> </ul> </div>	 <p>Townhalls</p>	 <p>Tuesday Chats</p>	 <p>Beyond 2018 Conversations</p>	<ul style="list-style-type: none"> <li>• Leadership by Example - Corporate Values and Culture</li> <li>• Fair Remuneration and Benefits</li> <li>• Grievance Mechanisms</li> <li>• Financial Literacy</li> <li>• Talent Development and Talent Mobility</li> <li>• Sustainability</li> </ul>										
	 <p>Department meetings</p>	 <p>Feedback surveys</p>	 <p>Community events</p>											
	 <p>Intranet/Newsletter/ Internal Communications</p>	 <p>Complaints and feedback mechanism in offices</p>	 <p>Focus Groups</p>											
	<b>Frequency of Engagement – Daily</b>													
 <p><b>Suppliers</b></p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Basis for Selection</b></p> <ul style="list-style-type: none"> <li>• Dependency</li> </ul> </div>	 <p>Procurement process</p>	 <p>Community events</p>	<ul style="list-style-type: none"> <li>• Partnerships for Growth</li> <li>• Fair Remuneration and Payment Terms</li> <li>• Grievance Mechanisms</li> <li>• Financial Literacy</li> <li>• Community Development</li> </ul>											
	 <p>Performance evaluation</p>	 <p>Focus Groups</p>												
	<b>Frequency of Engagement – Monthly</b>													

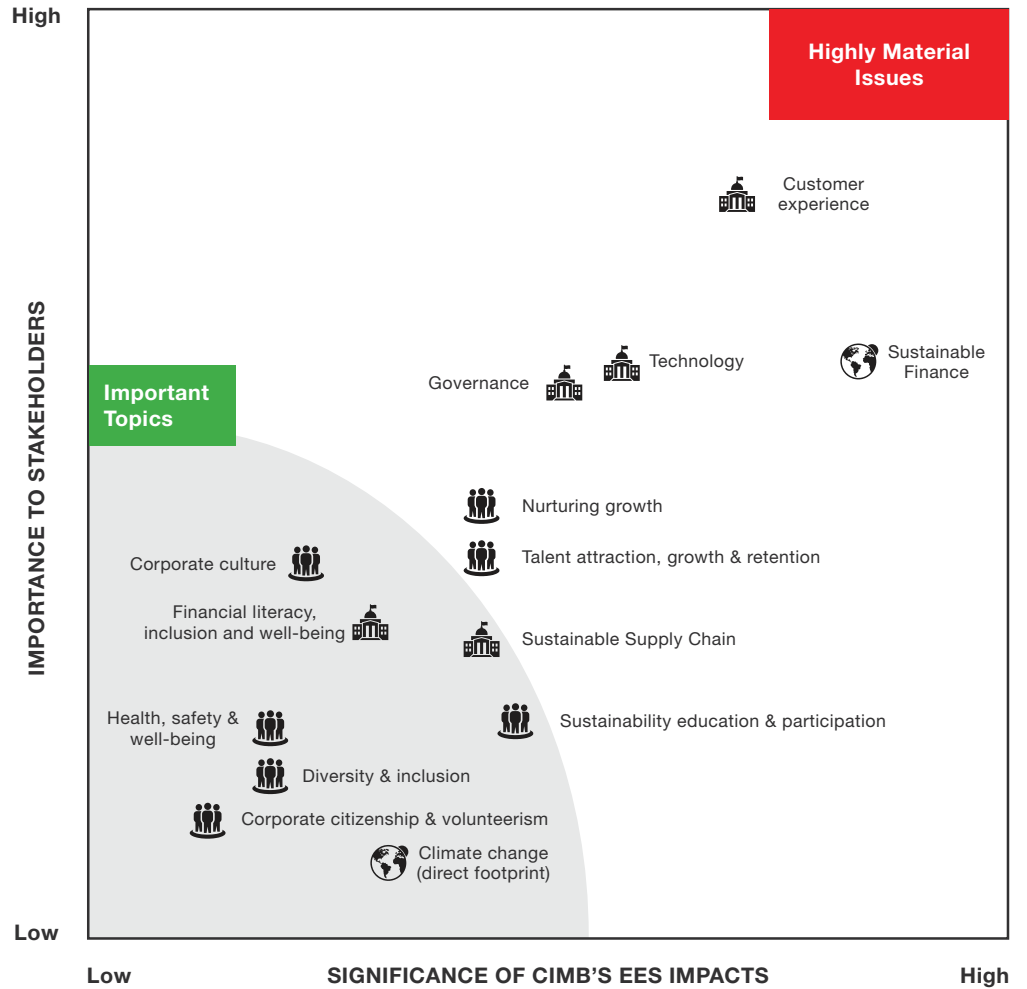
		Topics of Interest				
	 <b>Government and Regulators</b> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <b>Basis for Selection</b> <ul style="list-style-type: none"> <li>• Dependency</li> <li>• Influence</li> </ul> </div>	 Meetings	 Seminars	<ul style="list-style-type: none"> <li>• Sustainable Supply Chain</li> <li>• Sustainability Education and Awareness</li> <li>• Sustainable Finance</li> <li>• Financial Inclusion</li> <li>• Quality EES Reporting/ Communication</li> <li>• Value-based Intermediation</li> <li>• Customer Experience</li> <li>• Treating Customers Fairly</li> <li>• Talent Development</li> <li>• Climate Change</li> </ul>		
	 Other forms of communication	 Interviews	<b>Frequency of Engagement – Quarterly</b>			
	 <b>Community/NGOs/ Civil Society</b> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <b>Basis for Selection</b> <ul style="list-style-type: none"> <li>• Dependency</li> <li>• Influence</li> </ul> </div>	 Community partnerships and investments, including donations	 Social Media		 Focus Groups	<ul style="list-style-type: none"> <li>• Partnerships for Growth</li> <li>• Financial Inclusion</li> <li>• Volunteerism</li> <li>• Financial Literacy</li> <li>• Community Development</li> <li>• Climate Change</li> </ul>
	<b>Frequency of Engagement – Daily</b>					
	 <b>Investors</b> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <b>Basis for Selection</b> <ul style="list-style-type: none"> <li>• Influence</li> </ul> </div>	 Briefings	 Meetings	<ul style="list-style-type: none"> <li>• Sustainable Finance</li> <li>• Sustainable Supply Chain Practices</li> <li>• Quality ESG Reporting/ Communication</li> </ul>		
	<b>Frequency of Engagement – Quarterly, Annual</b>					

Sustainability Statement

- Materiality:** In 2018, we planned an in-depth stakeholder engagement and materiality assessment exercise through focus groups, one-on-one interviews and online survey. Based on our analysis of the output (in terms of quantitative and qualitative data), as well as re-ranking of the material topics determined in 2016 and 2017 by the stakeholders, we identified 40 material topics. We narrowed them by grouping material topics based on their expected impact, either through our operations, clients or other business relations.
  - Prioritisation:** To address the material topics strategically, we have set priorities over a 3-5-year term, based on our current performance on leading market indices, material relevance to stakeholders, as well as our influence on stakeholders' assessments and decisions.
  - Target Setting:** In consultation with the Board and Group Management Committee, we have decided to embark on a five-year roadmap to implement our first round of sustainability embedment. We believe it is extremely important to take a multi-pronged approach to target-setting, to ensure it is scientific, measurable, and meaningful for both the organisation and its critical stakeholders, including investors.
- We are currently in the process of evaluating various methodologies for target-setting, to include a systemic approach, where direct results or impact can be achieved from improvements in related areas of sustainability. While we are aiming to set specific KPIs and targets over the next two years, our aspiration is to progressively demonstrate sustainability leadership across our ASEAN footprint.
- Assurance:** This report has been studied by UN Global Compact Network Malaysia to review our approach to mapping sustainability commitments to UN Sustainable Development Goals. We are targeting to undertake independent assurance for our sustainability report in 2019.

**MATERIALITY MATRIX**

A final alignment and grouping exercise narrowed down the focus to top 6 Highly Material Issues and 8 Important Topics.



**HQ ADDRESS:**

**CIMB Bank Berhad**  
 Menara CIMB,  
 Jalan Stesen Sentral 2,  
 Kuala Lumpur Sentral,  
 Kuala Lumpur



**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 the society and our multiple stakeholders. 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 CIMB Sustainability Report 2018. Please contact us at:

Contact Person Details:  
**Luanne Sieh**  
 Head, Group Sustainability  
 sustainability@cimb.com

**SUSTAINABILITY ROADMAP 2023**

In alignment with the Group’s business strategy, the **Sustainability Roadmap 2023** focuses on five areas as per the figure below:



**OUR PHILOSOPHY: BANKING FOR THE FUTURE**

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.

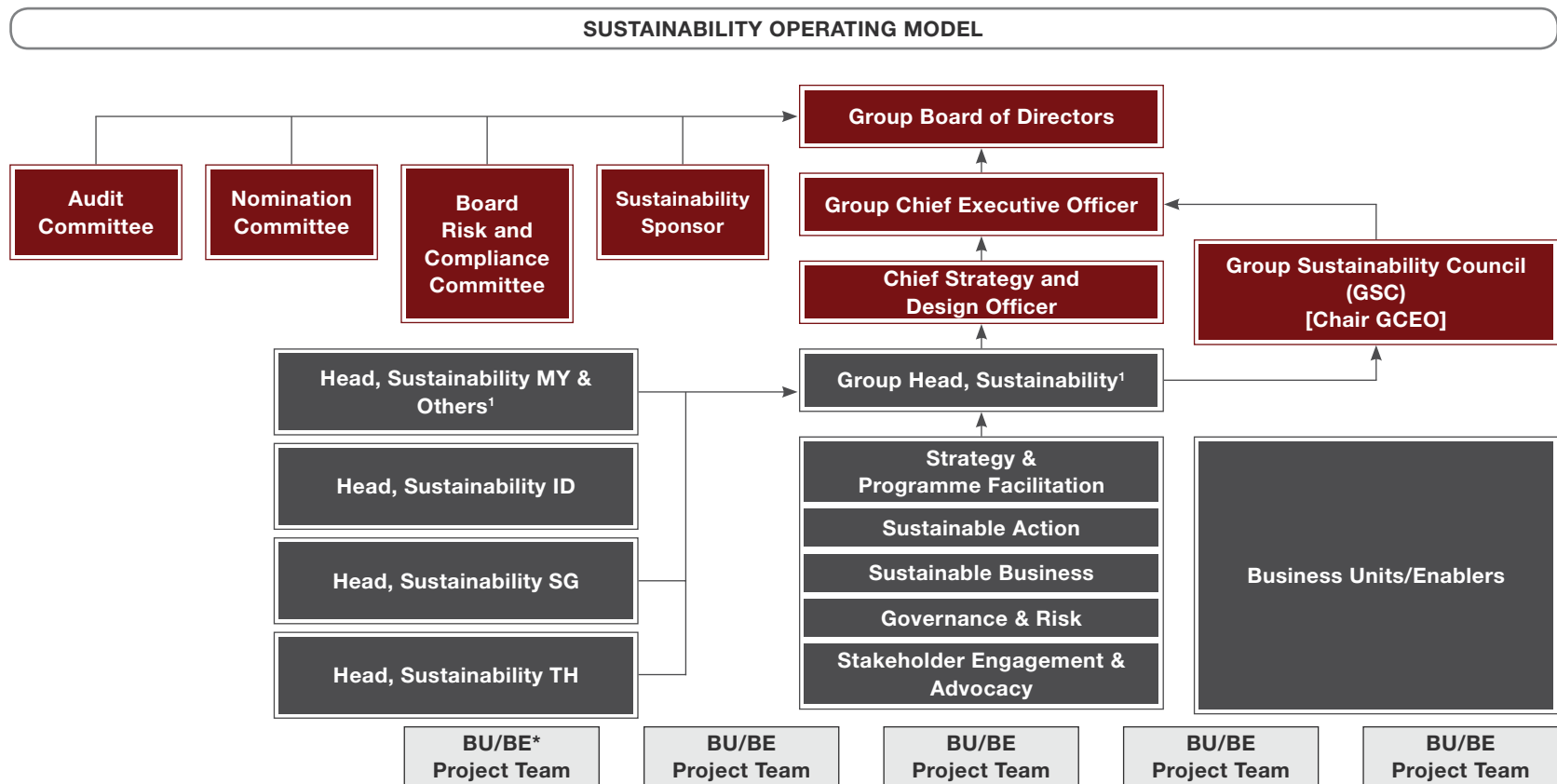
Therefore, our philosophy for business goes beyond profits. With a rich legacy of over 4 decades, CIMB Group continues to be a progressive financial institution, always looking forward to meet the present and future needs of the society, and the nation. Our core business of banking aspires to fulfil 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. Our promise of a better future inspires us to optimise our capabilities, resources, and influence for creating positive economic, environmental and social impact.



Sustainability Statement

**SUSTAINABILITY GOVERNANCE**

Taking the lead from Islamic Banking, where sustainability was understood and implemented in the context of VBI and shariah principles, in 2018, we elevated the sustainability agenda to the Group-level, to cover not just Islamic, but all businesses in all our key operating markets. We worked with the CEO’s Office and with the support of the Group Management Committee as well as the Board to institutionalise a Target Operating Model for Sustainability at CIMB Group. This was one of the key outcomes from our accelerated efforts in 2018 to devise foundational policies and plans to execute our 2023 roadmap at scale.



<sup>1</sup>The Group Head of Sustainability also fulfils the role of Head of Sustainability for Malaysia and other countries.  
 \* BU = Business Unit; BE = Business Enabler

The new Sustainability Operating Model now consists of three key layers:

**1. GOVERNANCE**

Chaired by the Group Chief Executive Officer, the Group Sustainability Council or GSC is represented by 18 senior members and permanent invitees from all business and functional units within CIMB Group, across all key legal entities and geographies. GSC’s key responsibilities are to: formulate and drive CIMB’s Group Sustainability vision and strategies; oversee the Sustainability risk profile of the Group’s business activities and to ensure the implementation of appropriate policies, procedures, and controls; champion the embedment of Sustainability principles into CIMB’s DNA and culture; and provide strategic guidance on the development and implementation of group-wide Sustainability key performance frameworks. The GSC also provides strategic oversight of Sustainability and VBI reporting, both internally and externally. GSC reports to the Group Chief Executive Officer, with oversight from the Group Board of Directors.

**2. SUPPORT**

Group Sustainability takes the lead role, with the following responsibilities:

- The **Strategy and Programme Facilitation** team manages and drives the development and implementation of CIMB’s Group’s overall sustainability framework, strategy and roadmap across MIST. The team also provides the secretariat function for GSC, and is responsible for overall programme governance and reporting to the Transformation Council under Forward23.
- The key focus of **Sustainable Action** pillar is to embed sustainability practices in our operations and processes group-wide. Our key priorities in the next 5 years, include managing our direct environmental footprint, identifying climate risks and opportunities, taking measures to improve diversity, inclusion and well-being as well as working towards implementing a sustainable supply chain.



- **Sustainable Business** includes our efforts centred around how the Group generates profits in a responsible manner, creating net positive impact through our products and services. As part of this, the team is tasked with the development and implementation of the Group's Sustainable Financing Policy and development of the Responsible Banking framework, which defines what the Group considers as Green and/or Responsible Banking practices (including products and services).
- The development and implementation of the Group's Sustainability Policy is under the purview of the **Governance and Risk** pillar. Aside from the policy, initiatives under Governance and Risk includes the respective set-up of sustainability function outside of our home market; incorporation of sustainability within Board and Management Committees (where applicable); strengthening of Business Ethics; and embedding sustainability into CIMB's DNA through culture transformation and institutionalisation of targets and KPIs.
- The **Stakeholder Engagement and Advocacy** pillar relates to our engagement with key external and internal stakeholders to promote our sustainability agenda as well as the Principles for Responsible Banking. Our key priorities for the next 5 years include our efforts in raising awareness on sustainability within CIMB, encouraging employee volunteerism and participation in sustainability initiatives, as well as collaborating with our external stakeholders in sustainability.

The Group Sustainability department also collaborates closely with various functions across the group regionally to deliver sustainability objectives. Key partners include CIMB Foundation and Corporate Responsibility, Business Units, Learning and Development, Marketing and Communications, Human Resources, Risk Management, Administration and Procurement, and Investor Relations, amongst others.

### 3. EXECUTION

Multidisciplinary project teams from various Business Units and Business Enablers are pulled together to lead and execute sustainability projects with finite project life-spans. This is done with direction and support from the Group Sustainability Council and Group Sustainability.

- The **Sustainability Champions Group** comprises of individuals who strongly believe that sustainability is the way forward and are invested in pursuing this cause for the organisation and its stakeholders. Represented by employees from each of divisions and key countries, the group will create a change agent network, where new developments in sustainability, key issues and ideas are shared and discussed.
- The **Sustainable Finance Working Group** comprises of members from our Business Pillars – Wholesale and Commercial Banking as well as Business Enablers, Group Risk. In 2018, the Working Group provided inputs and were responsible for stakeholder engagements within their respective division during the development of the Group Sustainable Financing Policy. After the approval of the policy now, the Working Group also provides resources and subject matter expertise in the implementation and embedment of sustainability risk assessment and due diligence within respective processes and policies as identified in the Group Sustainable Financing Policy.

### 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 CEO of CIMB Foundation leads a multifunctional team to provide the organisational support for the daily management of CSR-related matters. We have an established framework for implementing our CSR programmes across the Group. 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.

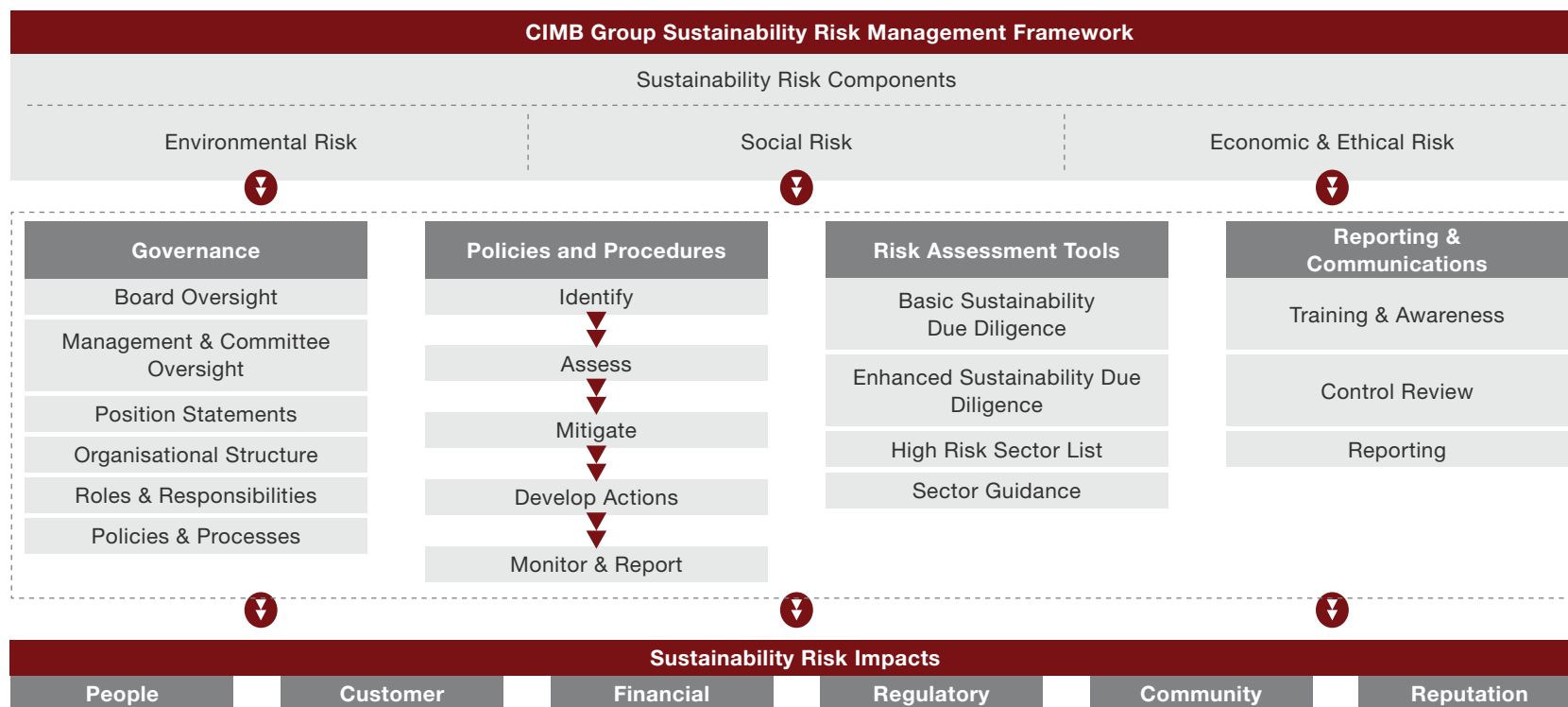
**Reporting:** While the CIMB Group Board is responsible for our sustainability performance across the Group and releases an annual Sustainability Report for stakeholders' consumption, a separate CSR report is also made available on a quarterly basis to the Board of Trustees of CIMB Foundation.

**Board of Trustees:** The Board 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 once quarterly and more frequently, if needed.

Sustainability Statement

The CIMB Group Sustainability Risk Management Framework

During the year under review, to further strengthen our robust Enterprise-wide Risk Management Framework, we have also devised the CIMB Group Sustainability Risk Management Framework.

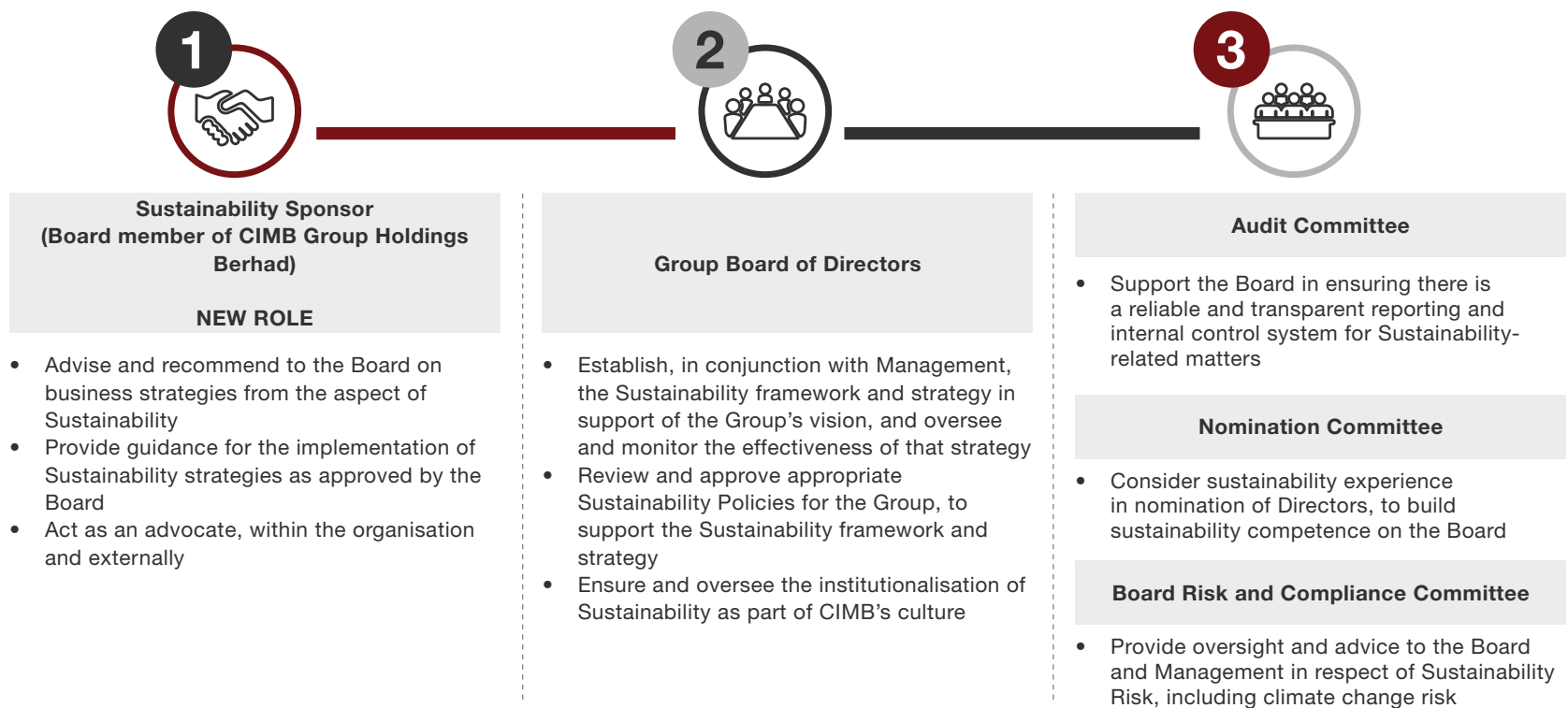


The above framework:

- identifies and assesses various sustainability risk components, to include environmental, social, economic and ethical risks;
- defines appropriate governance, supported by appropriate policies and procedures;
- puts in place risk assessment tools to improve understanding of and preparedness against existing and emerging sustainability risks;
- conducts due diligence for a comprehensive assessment of sustainability risk impacts; and
- cultivates a risk management culture through the three-lines of defense, as well through relevant controls and measurement for efficient/credible reporting.

















Sustainability Focus on the Board:

During the year, we have made several amendments and inclusions to the Terms of Reference of the Board and Board Committees, mainly for strengthening the Sustainability Operating Model.



In 2018, we have appointed Rob Coombe, who comes with his formidable track record in financial and social sectors, as the Sustainability Sponsor on the Group Board of Directors. His role is to provide guidance to the Board as well as the Management to continuously evolve and strengthen our sustainability strategies and implementation. The Sponsor is also responsible to provide oversight and advice to the Board and Management on integration of various aspects of sustainability into the Group's business strategies and operations, as well as to act as an advocate for sustainability, both within the organisation and externally.

For sound governance of sustainability implementation, the Group Board is responsible for reviewing and approving our sustainability policies and frameworks, ensuring consistent, transparent and credible performance on various economic, environmental, and social indicators. In 2018, under a Group-wide exercise, we reviewed our overall policy framework to identify and close the gaps. The introduction of the Group Sustainability Policy was one of the key outcomes from this exercise, in addition to the revised/updated versions of all group-wide policies. For detailed information on our key policies kindly refer to CIMB Annual Report 2018 (pages 187-190) and CIMB Sustainability Report 2018 (pages 39-44).

		Material Topics	Policy Support
 <b>ECONOMIC</b>		Customer Experience	- Customer Experience (CX) Policy • Treating Customers Fairly
		Technology	- IT Security Policy - Group Personal Data Protection Policy
		Corporate Culture	- Group Human Resource Policies and Procedures • Code of Conduct • Code of Ethics
		Sustainable Supply Chain	- Group Procurement Policy • Sustainable Procurement Guidelines • Vendor Code of Conduct
 <b>ENVIRONMENTAL</b>		Sustainable Finance	- Group Sustainable Financing Policy - Group Sustainable Finance Sector Guidance
		Climate change	- Group Sustainability Risk Management Framework (Risk Library) - Group Administration and Property Management Policy
		Sustainability Education & Participation	- Group Corporate Responsibility Policy
 <b>SOCIAL</b>		Talent Attraction, Growth & Retention	- Group Human Resources Policies and Procedures • Recruitment Policy • Remuneration Policy • Employee Engagement and Inclusiveness • Human Rights Guidelines: Freedom of Association; Collective Bargaining
		Nurturing Growth	- Performance Management Policy - People Development Policy
		Financial Literacy, Inclusion & Well-being	- CSR Guidelines/Focus on Education, Sports, and Community Development
		Health, Safety & Well-being	- Group Occupational Safety and Health Policy & Procedure
		Diversity and Inclusion	- CIMB Group Diversity Statement (Board Diversity/Diversity and Inclusion/Non-Discrimination Policy)
		Corporate Citizenship & Volunteerism	- Group Corporate Responsibility Policy - Flex4CSR Policy

Sustainability Statement

REGIONAL INITIATIVES AND MEMBERSHIPS

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.

Our long-term objective is to forge meaningful partnerships to not only build our knowledge-base and capacity, but to also champion sustainability principles that are aligned with global best practices and goals, with local impact.







In 2018, in addition to our signatory status with the UN Global Compact (UNGC) Local Network (LN) Malaysia, we have joined United Nations Environment Programme – Finance Initiative (UNEP FI), which is a partnership between United Nations Environment and the global financial sector. During the year, we actively participated in several deliberations on the draft Principles for Responsible Banking, which provide the first global framework that guides the integration of sustainability across all business areas of a bank, from strategic to portfolio to transaction level. By committing to the new framework, banks will be aligning their business with the objectives of the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

We have also joined the core group of banks to launch a six-month consultation on the draft Principles for Responsible Banking at the UNEP FI's Global Roundtable, held from 26-28 November 2018, in Paris, France. The Principles have already been recognised as the 'New Global Standard' by RobecoSAM, an international investment company that evaluates companies' sustainability practices and determines their eligibility/maturity to be listed on the Dow Jones Sustainability Indices (DJSI).

CIMB is one of the 28 banks and the first ASEAN bank to join this global effort. During the year, we have participated in many deliberations and also contributed to developing the Principles for Responsible Banking.

As one of the founding members, CIMB Group has committed to engage with the industry in ASEAN to promote the value of these Principles. In collaboration with WWF and UNEP FI, we have already initiated efforts to reach out to various banking institutions and associations in the region, with an objective to orientate senior leaders on the value of embarking on a responsible banking journey.

Being a signatory bank ourselves, in 2018, we have also strategised to align our Sustainability efforts with the Principles for Responsible Banking. The table below articulates the Principles, what they mean to CIMB Group and our preliminary response based on our maturity on implementation as at end 2018.

Principles	What it Means	At CIMB
 <b>Alignment</b>	Align business strategy with society's goals as expressed in the SDGs, Paris Climate Agreement and other related frameworks.	Our Triple Filter Alignment Approach allows us to continuously monitor relevance and balance across the Global UN SDGs, National Priorities, and Organisational Focus or Business Strategies.
 <b>Impact</b>	Continuously increase our positive impacts while reducing our negative impacts.	The CIMB Group Sustainability Policy and CIMB Group Sustainable Financing Policy clearly articulate our objective to achieve net positive impact by not just managing our carbon footprint and evaluating ESG-related risks for lending, but by also promoting sustainable practices and behaviour.
 <b>Clients and Customers</b>	Work with clients and customers to create shared prosperity for current and future generations.	The CIMB Group Sustainability Roadmap 2023 has been premised on the Principles of Responsible Banking and value-based intermediation (VBI), with customers, as well as communities at the heart of all our efforts.
 <b>Stakeholders</b>	Proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Stakeholder Engagement and Advocacy is one of the five key focus areas when implementing our 5-year roadmap. This means, we will proactively engage with our multiple stakeholders, to identify and address matters that are most material to them and to encourage them to embrace sustainability practice.
 <b>Governance and Target Setting</b>	Implement commitments through effective governance processes and set targets for the most significant impacts.	As a leading ASEAN bank, governance is the underlying force for our continuing success. We have already initiated efforts to put in place key sustainability and related policies to strategically drive education and embedment, projects and programmes, with appropriate controls and monitoring, board oversight and stakeholder participation.
 <b>Transparency and Accountability</b>	Commit to transparency and accountability for positive and negative impacts, and contribution to society's goals.	We take an inclusive approach to engaging with transparency, communicating with integrity, and serving the sustainability agenda with responsibility as well as accountability towards the CIMB network of people and communities.

## OTHER INDUSTRY ENGAGEMENTS AND MEMBERSHIPS

From time to time, the senior management leaders from various business units contribute their technical know-how via participation and appointment to industry review panels. For instance, in 2018, CIMB Group's internal experts helped to review syllabus and provide input for professional qualification/certification programmes associated with the Chartered Banker qualification, Compliance certification etc., which are championed by credible bodies such as the Asian Institute of Chartered Bankers (AICB) etc. Similarly, in Indonesia, experts and leaders from CIMB Niaga deliver lectures on Banking Management in every semester at the Faculty of Economics and Business (FEB), University of Indonesia (UI). It has been a partnership over 15 years. FEB-UI, in appreciation of CIMB Niaga's contributions by way of sharing industry insights and knowledge, offers 100% scholarships to 10 of our high-potential employees for their Masters and Postgraduate Programmes. To date, 20 CIMB Niaga employees have availed scholarships.

Below is a list of our memberships with key apex institutions that we have maintained in 2018. (The list is not exhaustive)



## Membership Organisations (Malaysia)

1.	Institute of Certified Management Accountants (CIMA)
2.	Islamic Financial Services Board (IFSB)
3.	Association of Banks in Malaysia (ABM)
4.	The Association of Islamic Banking Institutions Malaysia (AIBIM)
5.	Association of Stockbroking Companies Malaysia (ASCM)
6.	Malaysian Investment Banking Association (MIBA)
7.	Perbadanan Insurans Deposit Malaysia (PIDM)
8.	Asian Institute of Chartered Bankers (AICB)



## Membership Organisations (Indonesia)

1.	Perbanas (Perhimpunan Bank Nasional/Indonesian Banks Association)
2.	FKDKP (Forum Komunikasi Direktur Kepatuhan Perbankan/Banking Compliance Director Forum)
3.	AEI (Asosiasi Emiten Indonesia/Indonesian Public Listed Companies Association)
4.	ASPI (Asosiasi Sistem Pembayaran Indonesia/Indonesian Payment System Association)
5.	ASBISINDO (Perkumpulan Bank Syariah Indonesia/Indonesian Islamic Bank Association)
6.	ICSA (Indonesia Corporate Secretary Association)



## Membership Organisations (Singapore)

1.	The Association of Banks in Singapore
2.	Singapore Business Federation
3.	Singapore Manufacturing Federation
4.	Malaysian Association in Singapore (MASIS)



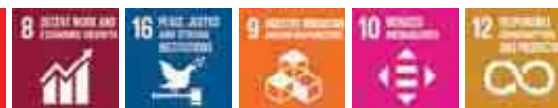
## Membership Organisations (Thailand)

1.	The Thai Bankers' Association (TBA)
2.	The Stock Exchange of Thailand (SET)

Sustainability Statement

IN FOCUS: MANAGEMENT APPROACHES

ECONOMIC



Customer Experience

GRI Boundary:  
External Impact through our products and services, outside of CIMB Operations

GRI Standards Topics:  
Marketing and Labelling

Business Context	Risks	Opportunities	Long-Term Approach
Customers are at the heart of everything that we do. It is therefore critical to understand their ever-evolving needs and expectations in the context of a dynamic and disruptive market environment. Without knowing the pain points of our customers at every single touchpoint, we will be unable to differentiate and innovate our products and services, or even stay relevant as a competent business in Malaysia and ASEAN.	<p>Disproportionate focus on high-net-worth and preferred customer segments.</p> <p>Narrow approach to banking that is not designed to meet the needs of special groups of customers, including unbanked, disadvantaged, differently-abled, and aged customers.</p> <p>Short-lived customer loyalty.</p>	<p>Revolutionise the market standards by creating new benchmarks of service.</p> <p>Tap new market segments, with products designed to meet specific socio-economic issues.</p> <p>Establish brand affinity and brand loyalty by increasing exposure and engagement.</p>	<p>GO BEYOND:</p> <ul style="list-style-type: none"> <li>services-as-usual to achieve consistent delivery across all branches.</li> <li>current technologies to achieve greater value, convenience and ease of banking.</li> <li>our policies to build and enhance 'customer trust'.</li> </ul>



Technology

GRI Boundary:  
External Impact through our products and services, outside of CIMB Operations

GRI Standards Topics:  
Product Responsibility and Customer Privacy

Business Context	Risks	Opportunities	Long-Term Approach
With sophisticated technologies and digital solutions, banking is expected to be more simple, safe, and convenient. Customers also expect the same level of personalised service that 'physical banking' offers. Technology is also increasing the choices of customers, for them to explore the infinity of the webspace and shift to banks that offer simple, yet superior technological experience. Without technology focus, banks will lose their edge.	<p>Excessive focus on technology solutions may make transactions more tedious, cumbersome and complex in the eyes of customers.</p> <p>Losing traction from significant customer base (especially senior citizens) who may not be digitally-savvy.</p> <p>Data security, breaches, technology's impact on the environment may have negative impact.</p>	<p>Enhance digital 'customer identification' features by upgrading technology.</p> <p>Tap the potential of analytics and Fintech to educate customers on financial solutions to meet their specific financial needs and milestones.</p> <p>Introduce digital education modules for senior citizens and customers who are not digital savvy.</p>	<p>SIMPLIFY:</p> <ul style="list-style-type: none"> <li>the front-end of all technology platforms for ease of navigation.</li> <li>technology for improved access to information and CIMB's high-value products.</li> <li>technology deployments to make it more inclusive as well as to manage its environmental impact.</li> </ul>



Corporate Culture

GRI Boundary:  
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:  
Employment, Training and Education

Business Context	Risks	Opportunities	Long-Term Approach
The culture of the organisation plays a significant role in determining levels of motivation, aspiration, and performance. For instance, an organisation with a culture of accountability, transparency and integrity can enhance overall outcomes of business. Similarly, a nurturing and learning culture delivers positive value to employees as well as their contributions to business.	<p>Unproductive behaviour and demotivated employees/partners.</p> <p>Inefficiencies and lack of trust in the management and leadership.</p> <p>Poor performance and high employee turnover/failed partnerships and as a result poor customer experience.</p>	<p>Strengthen management-employee relationships.</p> <p>Raise performance and levels of motivation.</p> <p>Build a positive climate of opinion, enhance trust and loyalty.</p>	<p>BRIDGE:</p> <ul style="list-style-type: none"> <li>employee-management relationships through open and productive dialogues and platforms.</li> <li>gaps in understanding and applying the corporate values at work in unison.</li> <li>policy and process gaps that are adverse to corporate values.</li> </ul>

**ECONOMIC**




**Sustainable Supply Chain**

GRI Boundary: Internal Impact on CIMB Operations as well as External Impact through our business partners

GRI Standards Topics: Procurement Practices, Supplier Environmental Assessment, Employment, Supplier Social Assessment

Business Context	Risks	Opportunities	Long-Term Approach
<p>Within our own network of suppliers and business partners, we can exercise our influence towards sustainable and ethical business practices. What our partners do and how they conduct their own business while delivering our mandated projects and services can have a direct impact on our projects, our business continuity, as well as our reputation. It is therefore critical to monitor the environment and social impact along our value chain and take necessary measures towards positive impact.</p>	<p>Financial and non-financial losses due to unethical practices in the supply chain.</p> <p>Non-aligned to our sustainable practices.</p> <p>Implications of unmonitored business practices, with far reaching and significant negative impact, affecting our position with regulators, government and other stakeholders.</p>	<p>Mitigate environmental and social risks (ESR) along the value chain, contributing to EES impacts.</p> <p>Inspire and encourage sustainable practices and behaviour.</p> <p>Contribute to the growth and well-being of supply chain partners by creating socio-economic opportunities.</p>	<p>MANDATE:</p> <ul style="list-style-type: none"> <li>sustainable supply chain practices through a multi-phase plan to include education, adoption, ownership, monitoring and reporting.</li> </ul>

**ENVIRONMENTAL**




**Sustainable Finance**

GRI Boundary: Internal Impact on CIMB Operations as well as External Impact of our commercial customers through our lending and investment portfolio

Business Context	Risks	Opportunities	Long-Term Approach
<p>There is an increasing expectation from investors and policy makers, locally and globally, for organisations to shift their focus from short-term gains to long-term value creation. Sustainable Finance allows us to design our lending and investment portfolio, with ESR considerations, helping the brand operate with resilience and deliver positive impact. (e.g. supporting Malaysia's climate action plan and targets).</p>	<p>Dependence solely on bare minimum regulatory and policy thresholds and existing sustainability certifications, which may be limiting in their approach to environmental and social risk assessments.</p>	<p>Take a more focused approach and tap the potential of emerging, green sectors.</p> <p>Limit the exposure and costs associated with ESR.</p>	<p>PRIORITISE:</p> <ul style="list-style-type: none"> <li>environmental considerations through a Sustainable Financing Policy that guides lending decisions in light of ESR including climate change.</li> <li>internal capacity and skills to champion sustainable financing strategies and implementation.</li> </ul>

Sustainability Statement

**ENVIRONMENTAL**



**Climate Change**

GRI Boundary:  
External Impact from our commercial customers as well as Impact from CIMB Operations

GRI Standards Topics:  
Energy, Emissions

Business Context	Risks	Opportunities	Long-Term Approach
As an ASEAN bank, our exposure to various climate-related risks is high, especially with our focus on multiple sectors across the region, to include agriculture, forestry, plantations etc. With world-wide efforts to reduce global temperatures well below 2°C in keeping with the Paris Agreement, in near future, the high-carbon assets may cease to make business sense. Both in the mid and long-term, banks must identify and manage climate-related risks and opportunities for sustainable banking and a better future.	<p>Inconsistent and poor climate risk assessments due to lack of credible risk data.</p> <p>Near-term impact on product portfolio and profitability due to poorly communicated policies.</p> <p>Inefficiencies due to inadequate regulatory measures to aid low-carbon transition in nascent ASEAN markets.</p>	<p>Develop innovative low-carbon products and services.</p> <p>Meaningfully contribute to the National Climate Action Plan and targets as well as the sectors in the national key economic areas.</p> <p>Contribute to national and global climate targets.</p>	<p><b>ACTION:</b></p> <ul style="list-style-type: none"> <li>on climate risk assessment criteria in all key priority/focus sectors in ASEAN.</li> <li>on national agenda and commitments in relation to the Paris Agreement by aligning sustainable financing strategies with high-potential and national targets.</li> </ul>



**Sustainability Education and Participation**

GRI Boundary:  
Internal Impact on CIMB Operations as well as External Impact

Business Context	Risks	Opportunities	Long-Term Approach
With our commitment to positively manage and deliver environmental, social and economic impact, it is extremely critical for our network of stakeholders, including employees, partners, suppliers, media amongst others to understand and appreciate the importance of 'Sustainable Banking' practices for creating a better future. As markets mature, stakeholders will be under pressure to not just 'know' but to also 'do' in terms of concrete action, enabling organisations to contribute to a sustainable planet. We need to continuously inspire and motivate them to partner us in delivering our sustainability roadmap.	<p>Lack of buy-in and participation to implement various sustainability programmes and policies.</p> <p>Scepticism and lack of motivation to contribute to sustainability targets.</p> <p>Inconsistent results and negative impact and credibility issues.</p>	<p>Mobilise support from all critical stakeholders for implementation of our sustainability plans.</p> <p>Enable partnerships to launch innovative and multi-sector initiatives.</p> <p>Institutionalise and reward a multi-stakeholder group of sustainability champions.</p>	<p><b>INSPIRE:</b></p> <ul style="list-style-type: none"> <li>greater buy-in and participation amongst various stakeholders to influence sustainable behaviour and practices.</li> </ul>



**SOCIAL**







 **Talent Attraction, Growth and Retention**


GRI Boundary: Internal Impact on CIMB Operations as well as External Impact	GRI Standards Topics: Training and Education, Diversity and Non-Discrimination
--------------------------------------------------------------------------------	-----------------------------------------------------------------------------------

Business Context	Risks	Opportunities	Long-Term Approach
The ever-growing competition and dynamic market environment are only increasing the pressure on companies to not just attract the right talent, but to also build and nurture the talent to future-proof the organisation and its business. Effective and efficient mechanisms to manage talent acquisition, growth and retention needs to be put in place for business continuity, productivity, performance and competitiveness.	Lack of adequate and quality talent pool to meet the current and future needs of the organisation.  Poor productivity and performance.  Operational disruptions and underdelivered services.	Create a pipeline of talent across sectors for succession planning at various levels of the organisation (especially for key and executive positions).  Emerge as the 'employer of choice' in the region.  Enhance market competitiveness through people and service excellence.	LAUNCH: <ul style="list-style-type: none"> <li>initiatives for talent recruitment, growth and retention.</li> <li>fair and transparent performance review mechanisms, human rights policies and feedback loops.</li> <li>diversity programmes to promote inclusive growth and innovation.</li> </ul>

 **Nurturing Growth**

GRI Boundary: Internal Impact on CIMB Operations as well as External Impact	GRI Standards Topics: Training and Education
--------------------------------------------------------------------------------	-------------------------------------------------

Business Context	Risks	Opportunities	Long-Term Approach
In nurturing growth of our key stakeholders such as employees, suppliers, and customers, we seek to strengthen our partnerships in improving performance and growing our business. Our efforts to foster growth of those associated with us improves the quality and outcomes of our collaboration towards common business objectives. The more we take interest in the growth of our stakeholders, the more we create shared value.	Poor and often average performance over time due to incompetency and lack of appropriate skills.  Absence of a sense of belonging and the spirit of partnership, affecting productivity and performance in the long-run.  Crisis of trust and loyalty, with high turnover.	Instill pride in association and improved performance.  Enhance productivity and quality through continuously upskilling and reskilling stakeholders.  Build trust and loyalty and reduce turnover rate.	INVEST: <ul style="list-style-type: none"> <li>in win-win relationships/partnerships with relevant stakeholders to business.</li> <li>in nurturing and prioritising growth for all the parties we work with, in addition to driving profitability.</li> </ul>

 **Financial Literacy, Inclusion and Well-being**

GRI Boundary: Internal Impact on CIMB Operations as well as External Impact	GRI Standards Topics: Indirect Economic Impact, Local Communities
--------------------------------------------------------------------------------	----------------------------------------------------------------------

Business Context	Risks	Opportunities	Long-Term Approach
Financial knowledge will empower individuals and businesses to manage their finances better, improving their well-being and quality of life. Similarly, financial inclusion will mean an opportunity to bank the underserved or the 'unbanked' communities and demographics towards building a more resilient and financially secure population, also contributing to socio-economic development.	Mis-selling or misunderstanding of products.  Underutilised/underperforming products.  Underserved consumers and markets.	Integrate underserved and disadvantaged groups into the mainstream banking system.  Improve financial planning and management skills, contributing to quality of life.  Strengthen stakeholder-brand association with financial inclusion, literacy and well-being.	ENABLE: <ul style="list-style-type: none"> <li>financially smart communities.</li> <li>financially smart customers and employees by educating them on financial planning for better allocation of their investments to meet their healthcare, education and retirement needs.</li> </ul>

Sustainability Statement

**SOCIAL**



**Health, Safety and Well-being**

GRI Boundary:  
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:  
Occupational Health and Safety

Business Context	Risks	Opportunities	Long-Term Approach
The health, safety and well-being of not just our employees, but also our customers and suppliers is essential for us to deliver our high-quality services seamlessly, without any disruptions to operations, which could lead to negative impact on productivity as well as our overall business. With a proactive approach, we can enhance our preparedness to manage various issues and concerns in relation of health, safety and well-being, towards creating an environment that is conducive to high productivity and performance.	Demotivated employees/suppliers  Poor productivity and performance  Regulatory sanctions, fines and penalties	Introduce health, safety and well-being programmes to enhance productivity and performance.	<p>INSTITUTIONALISE</p> <ul style="list-style-type: none"> <li>health, safety and well-being guidelines, assessments, and programmes.</li> <li>managerial responsibilities to champion health and safety awareness and promote well-being.</li> <li>emergency procedures, monitoring and measurement as well as audits.</li> </ul>



**Diversity and Inclusion**

GRI Boundary:  
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:  
Diversity and Equal Opportunity

Business Context	Risks	Opportunities	Long-Term Approach
The business case for diversity of management teams and innovation as well as the overall business resilience has been long-established. Diversity across multiple disciplines of the organisation can foster innovation, inclusive growth and participative leadership, with opportunities to remove barriers in communication, productivity and performance.	Demotivated employees/suppliers  Poor productivity and performance  Absence of diverse ideas, skills and motivation for innovation.	<p>Create equitable opportunities and balanced growth.</p> <p>Encourage diverse ideas for innovative solutions across customer segments and markets.</p> <p>Promote local employment by supporting underserved, but high-potential talent.</p>	<p>PROMOTE</p> <ul style="list-style-type: none"> <li>diversity policy and programmes to include all six dimensions of gender, age, nation of origin, career path, industry background, and education.</li> <li>board and senior management involvement in diversity solutions</li> <li>diversity and inclusion policy and criteria for talent acquisition, growth and retention.</li> </ul>



**Corporate Citizenship and Volunteerism**

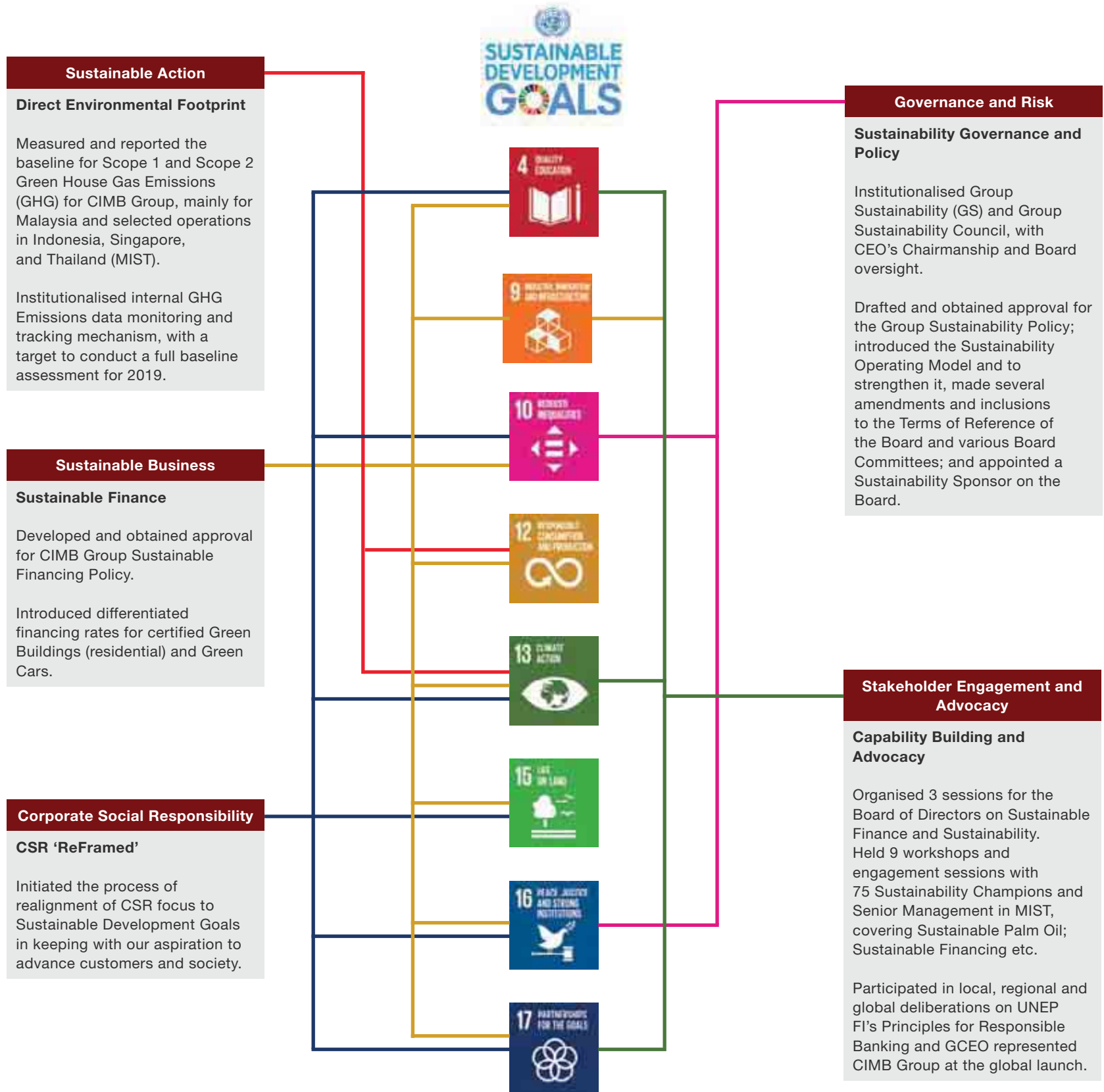
GRI Boundary:  
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:  
Local Communities

Business Context	Risks	Opportunities	Long-Term Approach
Corporate citizenship is one of the many ways we provide an opportunity for our internal and external stakeholders to demonstrate 'responsible behaviour', with positive impact on society and the environment. It promotes a sense of belonging, accountability, and purposeful communications, which in turn motivates meaningful action and improves individual productivity and organisational performance.	<p>Perceptions of being a purely commercial, profit oriented company that pursues profit at all costs.</p> <p>Reputation of being insensitive to the local environment and communities.</p>	<p>Engage employees and inspire responsibility to deploy skills for greater good.</p> <p>Motivate performance of employees by instilling a sense of purpose, while conducting business.</p> <p>Contribute to positive environmental and social impact.</p>	<p>ENCOURAGE</p> <ul style="list-style-type: none"> <li>volunteerism with not just employees, but also partners, customers, and suppliers (and other stakeholders).</li> <li>CSR practices and policies that contribute to EES well-being as well as addresses the needs of stakeholders.</li> </ul>

**SUSTAINABILITY MILESTONES 2018**

As a leading financial services provider, we understand our greater responsibility to create positive economic, environmental and social impact, delivering the promise of better banking and a better future for all our stakeholders. Our key sustainability milestones during the year under review include the following:



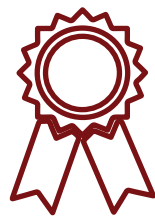
Sustainability Statement

SUSTAINABILITY SCORECARD 2018

ECONOMIC



**RM2.9 million** invested in **128** financial literacy programmes (since inception in end 2016)

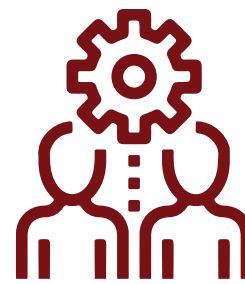


**8** Customer Experience (CX) Awards

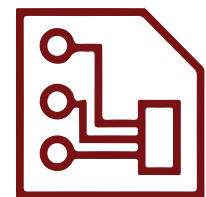
**RM7 billion** in loans approved for SMEs\*



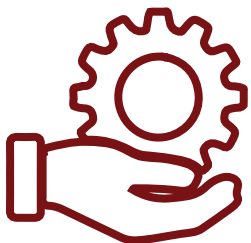
\* (BNM categorisation of SME)



**1,372** stores from **149** merchants mandated for the Dynamic QR Merchant acquisition under our partnership with Touch 'n Go



**209 million** digital transactions



**81%** improvement in **16** key vital indicators including customer fulfilment levels across core channels, products and systems

**35** Customer Journey Mapping Workshops;

**42** Lean Six Sigma Projects;

**32** Customer Studies conducted;

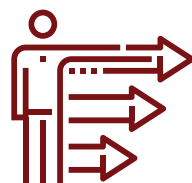
**551** Project submissions from employees to improve customer experience



over **230,000** downloads, with over **1.4 million** transactions since the launch of **CIMB EVA 2.0** (Enhanced Virtual Assistant) in December 2016



**100%** of new suppliers signed 'Integrity', 'Anti-Bribery and Anti-Corruption Pledge'



**58.5%** increase in **CIMB Clicks** mobile active customers

nearly **10,000** touchpoints across ASEAN, with seamless access to **CIMB** financial services


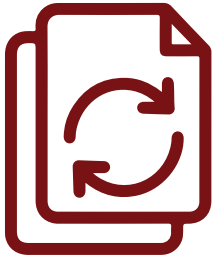

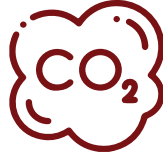





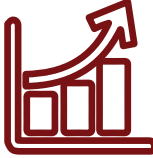



**RM1.2 billion** committed spend through our supply chain partners



ENVIRONMENTAL
















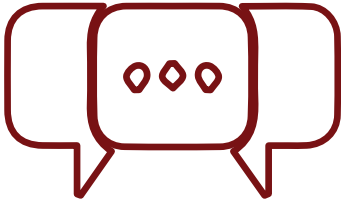
 <p><b>USD1.25 billion</b> 5-year Sukuk represents the world's debut sovereign Green Sukuk issuance</p>	<p><b>34,428 kgs</b> paper waste sent for recycling</p> 	 <p><b>RM13.8 million</b> Term Financing-I facilities for construction and commissioning of two 1-megawatt biogas-to-power facilities</p>	<p><b>60,694 tCO<sub>2</sub></b> from our operations in Malaysia and select buildings/branches in Indonesia, Singapore and Thailand</p> 	 <p><b>&gt;100</b> sustainability-focused organisations and leaders attended premiere screening of the world's first feature length documentary on Circular Economy "Closing the Loop" at CIMB</p>
 <p><b>1st</b> and only ASEAN banking group to commit to United Nations Environment Programme Finance Initiative Principles for Responsible Banking</p>	<p><b>35%</b> reduction in fuel consumption and <b>2.18%</b> reduction in electricity from mitigation efforts in <b>5</b> corporate buildings in Malaysia</p>	 <p><b>2</b> key policies launched - <b>CIMB Group Sustainability Policy &amp; CIMB Group Sustainable Financing Policy</b></p>		
<p><b>192</b> cases submitted in the amount of <b>RM23 million</b> for financing fixed rate for hybrid vehicles</p> 		 <p><b>RM199 million</b> of acceptance in financing residential properties certified under the Green Building Index (GBI)</p>	 <p><b>100%</b> reduction in printing of standard tender documentation with Group Electronic Procurement System</p>	

Sustainability Statement

SUSTAINABILITY SCORECARD 2018

SOCIAL



 <p><b>99.24%</b> average participation rate for our mandatory e-Learning Programme, covering governance, risk, AML, and IFSA training</p>	<p><b>144</b> Business Sponsors and <b>2,337</b> Informal Leaders in the ABC Informal Leaders' Network to drive culture transformation initiatives</p> 	 <p><b>RM119 million</b> and <b>2.4 million</b> hours invested in training and development across ASEAN</p>
<p><b>14,700</b> participants attended 3D Academy's Future-Ready Programmes</p> 		<p><b>RM75 million</b> committed to 3D Academy Programmes to deliver <b>2 million</b> training hours across the Group over three years</p> 
<p><b>22%</b> board positions are held by women, closer to our target of <b>30%</b> by <b>2020</b></p> 	<p><b>3</b> category wins at the HR Excellence Awards 2018 including Work-Life Balance; Employee Engagement; and Workplace Culture &amp; CSR Strategy</p>	<p><b>RM42.2 million</b> invested towards Education, Sports, and Community link programmes including the Group-wide CSR initiatives</p> 
<p><b>RM33.8 million</b> earmarked to be disbursed under ASEAN Scholarship Programme for the period <b>2016-2022</b></p> 	<p><b>20,000</b> staff trained on Lean Six Sigma</p> 	<p><b>22</b> workplaces across the Group completed Health and Safety Audit</p> 
<p><b>56.4%</b> female workforce and <b>44.1%</b> women representation at senior management level</p> 	<p><b>1st and only ASEAN</b> banking group listed in the <b>Top 100</b> of the Thomson Reuters' Diversity and Inclusion (D &amp; I) Index 2018 amongst leading global companies</p> 	<p><b>770</b> 'Tuesday Chats' – popular staff-management engagement platform extended to Group Management Committee's one-downs (GMC-1)</p> 

CIMB FOUNDATION: IMPACT REPORT



“The Foundation aims to empower communities and change lives for the better. From education to healthcare; from sports to environment; our efforts are focussed on supporting the disadvantaged, underserved, and under privileged communities across ASEAN. We believe our long-term investments in community coupled with the formidable force to do good by our people will help improve economic well-being and reduce social inequalities”

Dato' Hamidah Naziadin  
CEO, CIMB Foundation

11-YEAR AGGREGATE

INPUTS:

Cash Contributions : RM140 million  
Time Inputs : 29,704 hours (2016 - 2018)

OUTPUTS:

Beneficiaries : 757,413 people  
CIMB Volunteers : 7,254  
Projects : 1,157  
Partners : 338

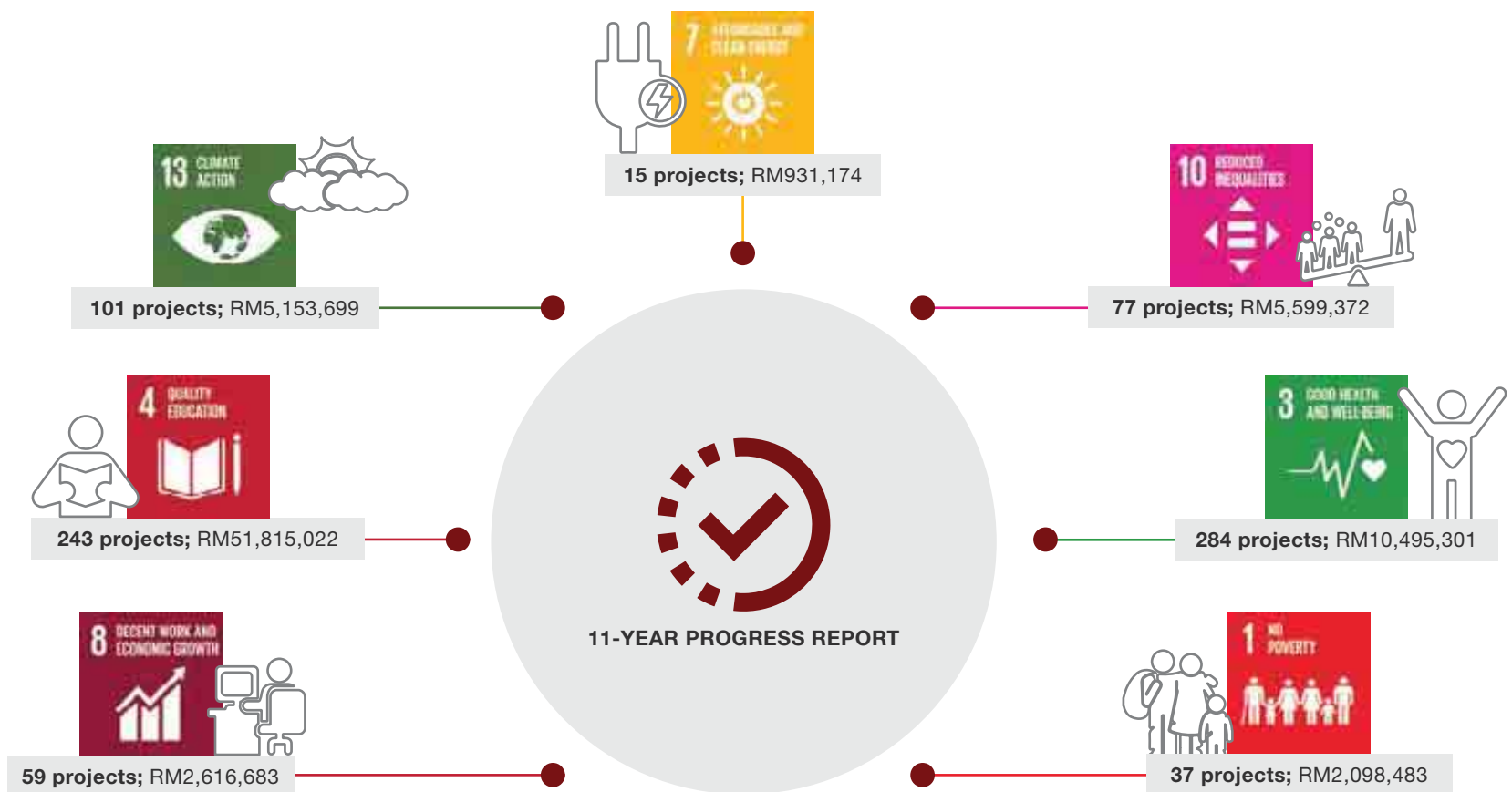
2018 PROGRESS

INPUTS:

Cash Contributions : RM21.6 million  
Time Inputs : 8,192 hours

OUTPUTS:

Beneficiaries : 57,413 people  
CIMB Volunteers : 2,734  
Projects : 195  
Partners : 79



# REGIONAL NOTABLE DEALS

## REGIONAL M&A DEALS



### Yinson Holdings Berhad

Disposal of 26% equity interest in Yinson Production (West Africa) Pte. Ltd. By Yinson Trillium Limited, a wholly-owned subsidiary of Yinson Holdings Berhad to Japan Sankofa Offshore Production Pte. Ltd.



### Jacobs Douwe Egberts Holdings Asia NL B.V. (a wholly-owned subsidiary of Jacobs Douwe Egberts B.V.) ("JDE Holdings Asia")

Voluntary Take-over offer by JDE Holdings Asia of all the ordinary shares in OldTown Berhad ("OldTown") not already held by JDE Holdings Asia at an offer price of RM3.18 per OldTown share



### IGB Berhad

Acquisition by IGB Berhad (formerly known as Goldis Berhad) of the entire equity interest in IGB Corporation Berhad ("IGB Corp") not already owned by IGB Berhad ("Scheme Shares") by way of a members' scheme of arrangement undertaken by IGB Corp pursuant to Section 366 of the Companies Act, 2016, at an offer price of RM3.00 for each Scheme Share



### Regent Wise Investments Limited

Acquisition of a 17.24% equity stake in MCT Berhad ("MCT") by Regent Wise Investment Limited ("RWIL"), a wholly-owned subsidiary of Ayala Land Inc, ("Ayala Land") ("Acquisition"); and

Mandatory general offer for the remaining 49.81% equity stake in MCT not already owned by RWIL and its persons acting in concert pursuant to the Acquisition ("MGO") at an offer price of RM0.88 per offer share



### Amcorp Properties Berhad

Renounceable rights issue of up to 744,934,665 new Class B redeemable convertible preference shares in Amcorp Properties Berhad ("AMPROP") ("RCPS B") on the basis of 1 RCPS B for every 1 existing ordinary share in AMPROP held at an issue price of RM0.70 per RCPS B



### Media Prima Berhad

Proposed Sale and Leaseback of NSTP Properties

### FAJAR ASTORIA SDN BHD



### Fajar Astoria Sdn Bhd Ho Sue San @ David Ho Sue San

Conditional voluntary take-over offer by Fajar Astoria Sdn Bhd and Ho Sue San @ David Ho Sue San (collectively referred to as "Joint Offerors") to acquire all the voting shares and warrants in Hovid Berhad not already held by the Joint Offerors



### SIM Technology Group Limited

RMB518 million Major Disposal of Wireless Communication Modules Business to Shenzhen Sunsea Communication Technology Co., Ltd.



### Silverlake Axis Ltd

The acquisition of the issued and paid-up share capital of Silverlake Digital Economy Sdn Bhd, Silverlake Digitale Sdn Bhd and Silverlake One Paradigm Sdn Bhd for an aggregate base consideration of RM154.9 million with a potential earn-out consideration

## REGIONAL EQUITY DEALS

### Khazanah Nasional Berhad

Khazanah Nasional Berhad's RM364 million (USD87 million) CIMB Group Holdings Block Trade



### PT Jaya Bersama Indo Tbk

PT Jaya Bersama Indo Tbk IPO on the Indonesia Stock Exchange



### PT Sarimelati Kencana Tbk

PT Sarimelati Kencana Tbk IPO on the Indonesia Stock Exchange



### Xinghua Port Holdings Ltd

De-merger and listing by way of introduction on the Main Board of the Hong Kong Stock Exchange



## REGIONAL DEBT DEALS


**PT Indonesia Asahan Aluminium (Persero)**

USD4.0 billion Global Notes


**Government of the Republic of Indonesia**

USD3.0 billion Trust Certificates due 2023 and 2028


**Islamic Development Bank**

USD1.3 billion Trust Certificate Issuance


**Islamic Development Bank**

USD1.25 billion Trust Certificate Issuance


**Tenaga Nasional Berhad**

USD750.0 million Sukuk Wakala due 2028

**Khazanah Nasional Berhad**

USD320.8 million Cash-settled Exchangeable Trust Certificates referencing H-shares of CITIC Securities Co., Ltd.


**Sarawak Energy Berhad**

RM1.5 billion Islamic Medium Term Notes Issuance out of the RM15.0 billion Islamic Medium Term Notes Programme

**Edra Energy Sdn Bhd**

RM5.085 billion Sukuk Wakalah


**Affin Bank Berhad**

RM3.0 billion Additional Tier 1 Capital Securities Programme


**Genting Malaysia Berhad**

RM3.0 billion Medium Term Notes Programme


**Tenaga Nasional Berhad**

RM3.0 billion Sukuk Wakalah


**UMW Holdings Berhad**

RM2.0 billion Perpetual Islamic Notes Programme based on the Shariah Principle of Musharakah


**CIMB Group Holdings Berhad**

RM1.0 billion Additional Tier 1 Capital Securities


**Eco World International Berhad**

RM800.0 million Unrated Islamic Medium Term Notes Programme based on the Shariah Principle of Murabahah (via a Tawarruq Arrangement)


**Ranhill**
**SAJ Capital Sdn Bhd**

RM650.0 million Sukuk Murabahah guaranteed by Ranhill Holdings Berhad



Reinvent Spaces. Enhance Life.

**Mah Sing Group Berhad**

RM145.0 million Perpetual Securities


**AEON Credit Service (M) Berhad**

RM100.0 million Perpetual Sukuk


**Lembaga Pembiayaan Ekspor Indonesia**

IDR2.466 trillion Senior Debt via 3rd Shelf Registration Programme Phase 6 of IDR24.0 trillion

IDR2.729 trillion Senior Debt via 4th Shelf Registration Programme Phase 1 of IDR26.0 trillion and IDR500 billion Sukuk via 1st Shelf Registration Programme Phase 1 of IDR6.0 trillion


**PT Sarana Multigriya Finansial (Persero)**

IDR2.0 trillion Senior Debt via 4th Shelf Registration Programme Phase III of IDR12.0 trillion

IDR1,500 billion Senior Bonds via 4th Shelf Registration Programme Tranche V of IDR12.0 trillion


**PT Federal International Finance**

IDR3.0 trillion Debt via 3rd Shelf Registration Programme Phase III of IDR15.0 trillion

## Regional Notable Deals

## REGIONAL DEBT DEALS (continued)


**PT Pelabuhan Indonesia IV  
(Persero)**

IDR3,000 billion Senior Bonds


**PT Indosat Tbk**

IDR2.719 trillion Senior Debt via  
2nd Shelf Registration Programme  
Phase III of IDR9.0 trillion



Permodalan Nasional Madani

**PT Permodalan Nasional Madani  
(Persero)**

IDR2.5 trillion Senior Debt via 2nd  
Shelf Registration Programme  
Phase II of IDR4.0 trillion


**PT Adira Dinamika Multi Finance  
Tbk**

IDR2,260 billion Senior Bonds via  
4th Shelf Registration Programme  
Tranche III of IDR9.0 trillion


**PT Perusahaan Listrik Negara  
(Persero)**

IDR1,278.5 billion Senior Bonds via  
3rd Shelf Registration Programme  
Tranche I of IDR16.0 trillion and  
IDR750 billion Sukuk Ijarah via 3rd  
Shelf Registration Programme  
Tranche I of IDR4.0 trillion

IDR832 billion Senior Bonds via 3rd  
Shelf Registration Programme  
Tranche II of IDR16.0 trillion and  
IDR224 billion Sukuk Ijarah via 3rd  
Shelf Registration Programme  
Tranche II of IDR4.0 trillion


**PT Indomobil Finance Indonesia**

IDR1.082 trillion Senior Debt via 3rd  
Shelf Registration Programme  
Phase II of IDR4.0 trillion

IDR1.0 trillion Senior Debt via 3rd  
Shelf Registration Programme  
Phase III of IDR4.0 trillion


**PT Bank CIMB Niaga Tbk**

IDR1,021 billion Senior Bonds via  
2nd Shelf Registration Programme  
Tranche IV

IDR1,000 billion Sukuk Mudharabah  
via 1st Shelf Registration  
Programme Tranche I and IDR150  
billion Subordinated Bond


**PT Bank Pembangunan Daerah  
Jawa Barat dan Banten Tbk**

IDR1,752 billion Senior Bonds via  
1st Shelf Registration Programme  
Tranche II


**PT Sarana Multi Infrastruktur  
(Persero)**

IDR500 billion Green Bonds via 1st  
Shelf Registration Programme  
Tranche I of IDR3.0 trillion and  
IDR1,000 billion Mudharabah Sukuk  
via 1st Shelf Registration  
Programme Tranche I of IDR3.0  
trillion

IDR1,045.25 billion Senior Bonds via  
1st Shelf Registration Programme  
Tranche III of IDR30.0 trillion


**PT Tower Bersama Infrastructure  
Tbk**

IDR608 billion Senior Bonds via 3rd  
Shelf Registration Programme  
Tranche I of IDR7.0 trillion

IDR628 billion Senior Bonds via 3rd  
Shelf Registration Programme  
Tranche II of IDR7.0 trillion


**PT Astra Sedaya Finance**

IDR1.12 trillion bond issuance via  
4th Shelf Registration Programme  
of IDR8.0 trillion and IDR500 billion  
Sukuk Mudharabah via 1st Shelf  
Registration Sukuk Programme  
Phase 1 of IDR2.0 trillion


**PT Mandiri Tunas Finance**

IDR1,000 billion Senior Bonds via  
4th Shelf Registration Programme  
Tranche I of IDR3.0 trillion


**PT XL Axiata Tbk**

IDR1,000 billion Senior Bonds via  
1st Shelf Registration Programme  
Tranche I of IDR5.0 trillion and  
IDR1,000 billion Sukuk Ijarah via  
2nd Shelf Registration Programme  
Tranche I

**Housing & Development Board**

SGD700 million 2.42% 5 year  
Medium Term Notes Due July 2023  
Issued under the SGD32 billion  
Multicurrency Medium Term Note  
Programme

SGD515 million 2.32% 10 years  
Medium Term Notes Due January  
2028 Issued under the SGD32  
billion Multicurrency Medium Term  
Note Programme

**Cagamas Global** 

**Cagamas Global P.L.C.**  
SGD65.0 million 2.52% Fixed Rate Notes due 2020



**Lum Chang Holdings Ltd**  
SGD40.0 million senior unsecured notes issuance pursuant to an exchange offer and new issuance



**True Move H Universal Communication Co Ltd**  
THB20.0 billion Senior Unsecured Debentures



**Mitr Phol Sugar Corporation Ltd**  
THB10.1 billion Senior Unsecured Debentures



**Toyota Leasing (Thailand) Co., Ltd**  
THB8.0 billion Senior Secured Debentures  
THB6.0 billion Senior Secured Debentures



**TPI Polene PCL**  
THB8.0 billion Senior Unsecured Debentures



**Ananda Development PCL**  
THB2.5 billion Senior Unsecured Debentures

THB1.5 billion Subordinated Perpetual Debentures



**Origin Property PCL**  
THB2.0 billion Senior Unsecured Debentures

THB1.238 billion Senior Secured Debentures



**TPI Polene Power PCL**  
THB4.0 billion Senior Unsecured Debentures



**Central Pattana PCL**  
THB2.9 billion Senior Unsecured Debentures



**SC Asset Corp PCL**  
THB500 million Senior Unsecured Debentures

THB600 million Senior Unsecured Debentures



**Thai AirAsia Co., Ltd**  
THB2.5 billion Senior Unsecured Debentures



**Sena Development PCL**  
THB1.5 billion Senior Unsecured Debentures



**PT CSM Corporatama**  
USD156 million Syndicated Term Loan Facility



**PT Indomobil Finance Indonesia**  
USD275.0 million Syndicated Term Loan Facility



**Lippo Malls Indonesia Retail Trust**  
SGD135.0 million Term Loan Facilities

# NOTABLE ACHIEVEMENTS

## THE ASSET TRIPLE A COUNTRY AWARDS 2018

- Best brokerage – Indonesia
- Best local currency bond – Indonesia
- Best brokerage – Malaysia
- Best corporate and institutional adviser – Domestic – Malaysia
- Best equity adviser – Malaysia
- Best M&A – Malaysia

## 2018 GLOBAL PRIVATE BANKING AWARDS

- Best Private Bank in Malaysia 2018

## MALAYSIA CMO AWARDS 2018

- Best Marketer in Retail & Promotions Marketing
- Best Marketer for Data & Tech Marketing
- Best Marketer in Customer Experience Marketing

## ASIAN LOCAL CURRENCY BOND BENCHMARK REVIEW 2018

- Top Arranger – Indonesia (Rank 3)
- Top Bank in Corporate Bonds – Indonesia (Rank 4)
- Best Individual – Indonesia (Rank 4)
- Best Individual – Indonesia (Highly Commended)
- Top Investment House – Malaysia (Rank 1)
- Top Bank in Corporate Bonds – Malaysia (Rank 1)
- Top Arranger – Malaysia (Rank 1)
- Top Bank in Research – Malaysia (Rank 2)
- Top Bank in Govt Bonds – Malaysia (Rank 3)
- Most Astute Investor – Malaysia (Rank 1)
- Best Individual Research Malaysia (Rank 4)
- Best Individual Sales Malaysia (Rank 4)
- Best Individual Sales Malaysia (Highly Commended)

## THE ASSET TRIPLE A ASIA INFRASTRUCTURE AWARDS 2018

- Social Infrastructure Deal of the Year – Malaysia
- Telecom Deal of the Year – Malaysia
- Transport Deal of the Year – Malaysia (Highly Commended)
- Utility Deal of the Year – Malaysia
- Renewable Energy Deal of the Year – Thailand

## THE ASSET TRIPLE A PRIVATE BANKING, WEALTH MANAGEMENT, INVESTMENT AND ETF AWARDS 2018

- Best Structured Investment Product – Credit – Thailand
- Best Structured Investment Product – Equity – Thailand
- Best Structured Investment Product – FX – Thailand
- Best Structured Investment Product – Rates – Thailand
- Best Structured Investment Product – Rates – Indonesia
- Best Structured Investment Product – Multi-asset – Malaysia

## THE ASSET TRIPLE A TREASURY, TRADE, SUPPLY CHAIN AND RISK MANAGEMENT AWARDS 2018

- Best in Treasury and Working Capital – SMEs – Malaysia
- Best Service Provider – Cash Management – Malaysia
- Best Cash Management Solution – Malaysia
- Best Service Provider – E-Solutions Partner – Indonesia

## ALPHA SOUTHEAST ASIA BEST DEAL & SOLUTION AWARDS 2018

- Best Social Impact Islamic Finance Institution in Asia 2018
- Best Bond House in Southeast Asia 2018
- Best Deal in Southeast Asia 2018
- Most Innovative Bond Deal in Southeast Asia 2018
- Best High Yield Local Bond Deal in Southeast Asia 2018

- Best Sovereign Bond Deal & Best Islamic Finance Deal in Southeast Asia 2018
- Best Wakalah Deal in Southeast Asia 2018
- Best Inaugural Green Bond in Southeast Asia 2018
- Best Small-Cap Equity Deal in Southeast Asia 2018

## FINANCEASIA ACHIEVEMENT AWARDS 2018

- Best Islamic Finance House in Asia

## NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2018

- Most Outstanding Annual Report of the Year – Platinum
- Industry Excellence Awards – Finance
- Inclusiveness and Diversity Reporting Award – Silver
- Best Designed Annual Report – Gold

## IFR ASIA AWARDS 2018

- Malaysia Bond House

## ISLAMIC BANKING & FINANCE AWARDS SEA 2018

- Fastest Growing Islamic Bank
- Best Investment Bank
- Best Sukuk Arranger

## ALPHA SOUTHEAST ASIA 12TH ANNUAL BEST FINANCIAL INSTITUTION AWARDS 2018

- Best Equity House - Malaysia
- Best Institutional Broker – Indonesia
- Best Retail Broker - Indonesia
- Best Islamic Finance Retail Bank – Malaysia
- Best Islamic Finance Commercial Bank – Malaysia
- Best Sukuk & Islamic Finance Investment Bank – Malaysia

## ASIAMONEY BEST BANK AWARDS 2018

- Best Corporate and Investment Bank – Malaysia
- Best Bank for SMEs – Malaysia

## THE BANKER INVESTMENT BANKING AWARDS 2018

- Most Innovative Investment Bank for Islamic Finance

## CIPS SUPPLY MANAGEMENT AWARDS 2018 ASIA

- Overall Winner – CIPS Procurement and Supply Team of the Year
- Best Process Improvement Initiative

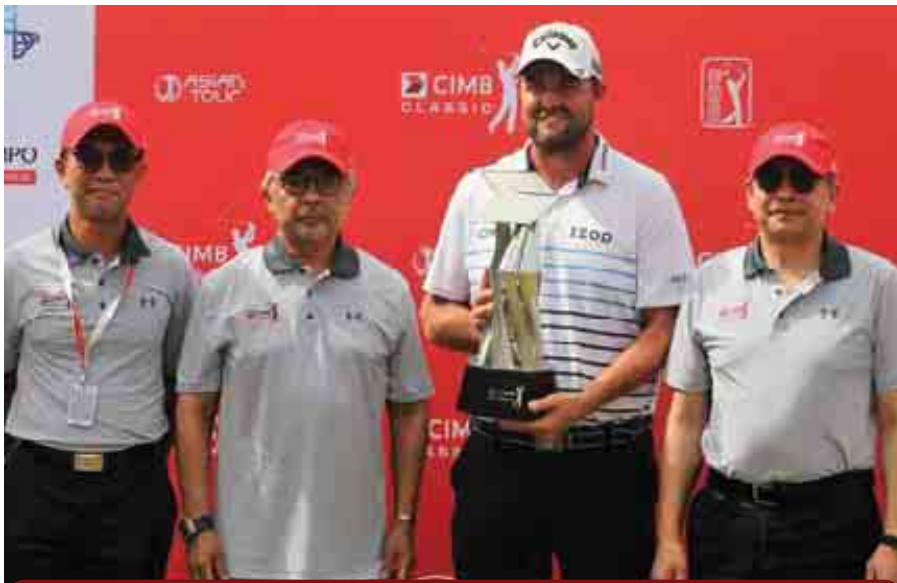
## CIPS AUSTRALASIA SUPPLY MANAGEMENT AWARDS 2018

- Best Process Improvement Initiative

## THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2018

- Best Islamic Retail Bank – Indonesia
- Best Islamic Investment Bank – Asia Pacific
- Best Islamic Investment Bank – Malaysia
- Sukuk Adviser of the Year – Asia Pacific
- Best Quasi-Sovereign Sukuk
- Best Government-Guaranteed Sukuk
- Best Corporate Hybrid Sukuk
- Best Retail Sukuk
- Best Islamic Deal – Cambodia
- Best Islamic Deal – China
- Best Islamic Deal – Hong Kong
- Best Islamic Deal – Indonesia

# CORPORATE EVENT HIGHLIGHTS



11-14 October 2018, CIMB Classic @ TPC Kuala Lumpur



9 October 2018, Government of Malaysia Conference @ Shangri-La Hotel, Kuala Lumpur



7 July 2018, CIMB Cycle, @ Sepang International Circuit, Sepang



4-5 Jan 2018, CIMB 10th Annual Malaysia Corporate Day @ Mandarin Oriental Kuala Lumpur

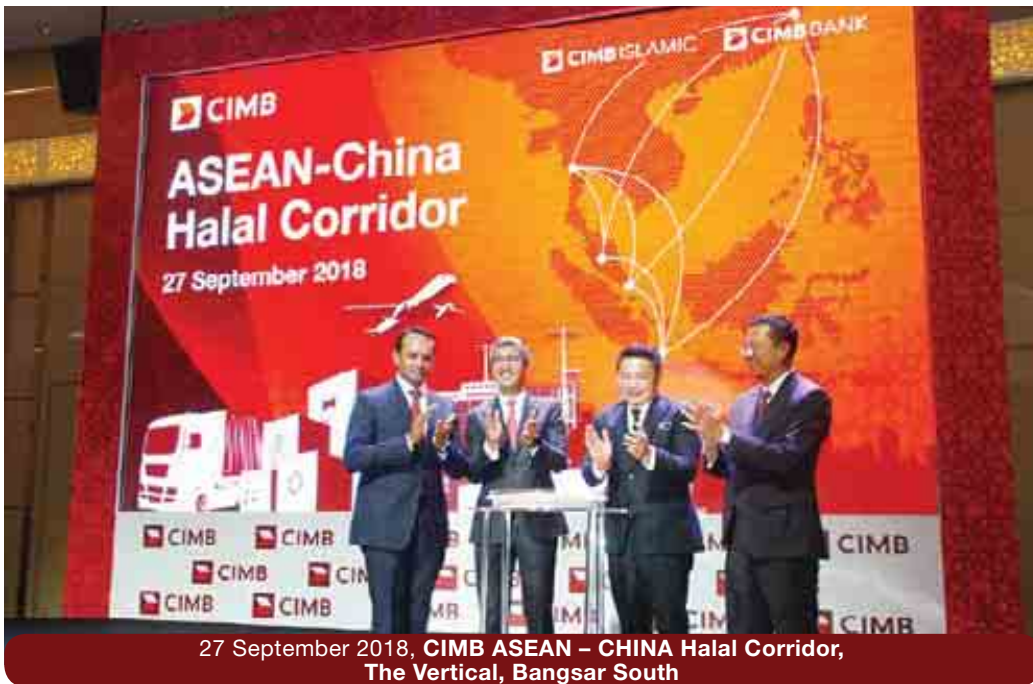


27 February 2018, Chinese New Year @ Menara CIMB KL Sentral

Corporate Event Highlights



16 May 2018, CIMB FIRST Launch @ St Regis Kuala Lumpur



27 September 2018, CIMB ASEAN – CHINA Halal Corridor, The Vertical, Bangsar South



31 May 2018, CIMB 1-Minute Auto Financing Insta Approval @ St Regis Kuala Lumpur



26 April 2018, 61st Annual General Meeting, Connexion@Nexus, Bangsar South



30 June 2018, CIMB Hari Raya Open House @ Mandarin Oriental Kuala Lumpur



28 September 2018, Regional Preferred Launch, Four Seasons Hotel, Kuala Lumpur



14 November 2018, Malaysia: Budget 2018, Post – Budget Malaysia, St Regis Kuala Lumpur



8 March 2018, CIMB International Women's Day, Menara Bumiputra Commerce



10 December 2018, PDRM-CIMB, Anti-Cyber Scam Campaign, Menara MBC Kuala Lumpur



6 March 2018, CIMB 1-Minute Home Financing Insta Approval, Menara Bumiputra Commerce

# MEDIA HIGHLIGHTS

Star BizWeek, 3 March 2018



The Edge Financial Daily, 9 January 2018  
**Touch 'n Go gets BNM's nod to offer mobile e-wallet services**

Malay Mail, 20 January 2018

CIMB banks on fintech to be game changer

The Star, 5 January 2018



Loan growth seen stronger this year

Berita Harian, 20 February 2018

**CIMB**  
Institusi perbankan terbaik Asia Tenggara

Borneo Post (Kuching), 18 June 2018

CIMB recognised for strong risk management by The Asian Banker Awards 2018



See Hua Daily News (Kuching), 4 April 2018



The Edge Financial Daily, 12 January 2018  
**CIMB to sell asset management unit stakes to Principal for RM950m gain**

The Star, 31 March 2018



The Star, 30 May 2018



The Nation (Thailand), 6 March 2018



The Star, 13 March 2018



Berita Harian, 11 October 2018



CIMB Bank Bhd baru-baru ini berjaya merangkul anugerah Pengubah Digital Terbaik tahun ini pada acara Sidang Kemuncak dan Anugerah IDC DX 2018 Malaysia.

The Edge Financial Daily, 4 June 2018



Koran Sindo (Indonesia), 8 March 2018



The Edge Financial Daily, 26 March 2018  
**New CIMB-Principal fund offers direct access to China A-shares**

New Straits Times, 9 March 2018



The Star, 16 November 2018



The Sun, 5 December 2018



Harian Metro, 27 April 2018



Berita Harian, 27 March 2018



The Star, 4 December 2018



The Edge Financial Daily, 21 May 2018



The Edge Financial Daily, 16 July 2018



The Star, 28 July 2018



The Malaysian Reserve, 6 June 2018



Borneo Post (Kuching), 21 February 2018



New Straits Times, 7 March 2018



Post Today (Thailand), 26 December 2018



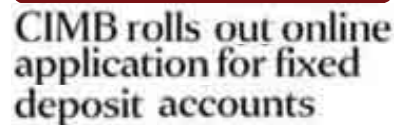
The Edge Financial Daily, 21 June 2018



New Straits Times, 11 August 2018



The Straits Times (Singapore), 2 July 2018



Borneo Post (Kuching), 31 July 2018

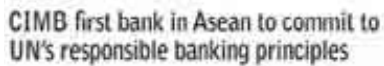




The Edge, Responsible Business 3.0, 26 November 2018



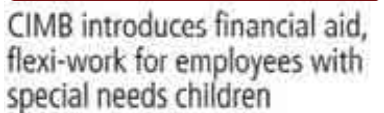
Borneo Post (Kuching), 28 August 2018



The Edge Financial Daily, 4 September 2018



New Sarawak Tribune, 21 August 2018



Berita Harian, 17 May 2018



Borneo Post (Kuching), 28 July 2018



Radar Semarang (Indonesia), 27 September 2018



The Star, 25 September 2018



The Edge Financial Daily, 9 July 2018



The Edge, Personal Wealth, 23 April 2018



The Star, 24 September 2018



The Edge Financial Daily, 18 September 2018



Bloomberg, 10 October 2018



Bernama, 10 October 2018



The Edge Financial Daily, 25 September 2018



Borneo Post (Kuching), 2 October 2018



Malaysian Business, 15 November 2018



The Edge Financial Daily, 27 November 2018



The Sun, 30 August 2018



The Malaysian Reserve, 31 May 2018



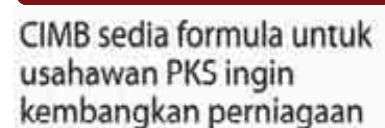
New Straits Times, 30 November 2018



The Sun, 19 January 2018



Utusan Borneo Sarawak, 3 December 2018



The Edge Financial Daily, 15 October 2018



The Edge, Responsible Business 3.0, 26 November 2018



Berita Harian, 9 March 2018



New Straits Times, 20 November 2018



Borneo Post (Kuching), 27 November 2018



Sunday Star, 16 December 2018



The Straits Times (Singapore), 23 December 2018



Daily Express (KK), 14 April 2018



# SHAREHOLDERS' STATISTICS

As at 28 February 2019

Authorised Share Capital	: RM10,000,000,000
Issued and Paid-up Share Capital	: RM9,564,454,510 comprising 9,564,454,510 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
Less than 100	2,798	4.81	99,301	0.00 <sup>*3</sup>
100 – 1,000	23,183	39.87	9,530,214	0.10
1,001 – 10,000	24,085	41.42	87,129,364	0.91
10,001 – 100,000	6,509	11.19	170,435,993	1.78
100,001 – 478,222,724 <sup>*1</sup>	1,571	2.70	4,956,218,353	51.82
478,222,725 and above <sup>*2</sup>	3	0.01	4,341,041,285	45.39
<b>Total</b>	<b>58,149</b>	<b>100.00</b>	<b>9,564,454,510<sup>*4</sup></b>	<b>100.00</b>

**Notes:**<sup>\*1</sup> Less than 5% of issued holdings.<sup>\*2</sup> -5% and above of issued holdings.<sup>\*3</sup> Less than 0.01%.<sup>\*4</sup> Excludes 4,908 shares retained as treasury shares as at 28 February 2019.

## 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	8,462	37,641	806	19,532,897	225,098,998	11,785,514	0.20	2.35	0.12
2) Body Corporate									
A) Banks/Finance Companies	83	4	0	2,016,504,678	339,060	0	21.08	0.00	0.00
B) Investments Trusts/Foundation/Charities	1	9	0	14,750	511,248	0	0.00	0.01	0.00
C) Other Types of Companies	68	465	25	2,568,427,063	49,096,434	21,624,444	26.85	0.51	0.23
3) Government Agencies/Institutions	5	0	0	29,406,391	0	0	0.31	0.00	0.00
4) Nominees	5,580	3,424	1,576	236,032,755	1,914,147,624	2,471,932,654	2.47	20.01	25.84
5) Trustee	0	0	0	0	0	0	0	0	0
6) Others	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>14,199</b>	<b>41,543</b>	<b>2,407</b>	<b>4,869,918,534</b>	<b>2,189,193,364</b>	<b>2,505,342,612</b>	<b>50.92</b>	<b>22.89</b>	<b>26.19</b>
<b>Grand Total</b>	<b>58,149</b>			<b>9,564,454,510</b>			<b>100.0</b>		

## DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	No. of Shares Held			
	Direct Interest	% <sup>*1</sup>	Deemed Interest	% <sup>*1</sup>
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	1,023,457	0.01	–	–
Dato' Lee Kok Kwan	1,266,768	0.01	88,648	– <sup>*2</sup>

**Notes:**<sup>\*1</sup> Excludes 4,908 shares retained as treasury shares as at 28 February 2019.<sup>\*2</sup> Less than 0.01%.

## SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDINGS)

Name of Substantial Shareholders	No. of Shares Held			
	Direct	%*1	Indirect	%*1
Khazanah Nasional Berhad	2,563,224,457	26.80	–	–
Employees Provident Fund	1,311,393,464*2	13.71	–	–
Kumpulan Wang Persaraan (Diperbadankan)	599,837,021	6.27	–	–

## Notes:

\*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2019.

\*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	2,563,224,457	26.80
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,177,979,807	12.32
3. Kumpulan Wang Persaraan (Diperbadankan)	599,837,021	6.27
4. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	474,568,243	4.96
5. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i>	227,203,591	2.38
6. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	167,687,461	1.75
7. Citigroup Nominees (Asing) Sdn Bhd <i>CBHK for Fubon Life Insurance Co., Ltd (CTL)</i>	118,189,200	1.24
8. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank &amp; Trust Company (West CLT OD67)</i>	115,134,624	1.20
9. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited for Government of Singapore (C)</i>	113,667,961	1.19
10. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	107,330,138	1.12
11. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	104,496,452	1.09
12. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	103,166,395	1.08
13. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	102,400,346	1.07
14. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	96,539,374	1.01
15. Valuecap Sdn Bhd	93,736,048	0.98
16. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	79,141,233	0.83
17. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd.</i>	69,186,634	0.72
18. HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for The Prudential Assurance Company Limited (OBA ESI)</i>	65,897,355	0.69
19. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	59,655,951	0.62

## Shareholders' Statistics

Name of Shareholders		No. of Shares Held	% of Issued Capital*1
20.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Stichting Depository APG Emerging Markets Equity Pool</i>	58,057,176	0.61
21.	Citigroup Nominees (Asing) Sdn Bhd 263875D <i>CBNY for Dimensional Emerging Markets Value Fund</i>	52,689,994	0.55
22.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNYM SA/NV for Eastspring Investments – Asian Equity Fund</i>	43,959,011	0.46
23.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)</i>	42,147,272	0.44
24.	Permodalan Nasional Berhad	39,734,747	0.42
25.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund</i>	35,868,703	0.38
26.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 9)</i>	35,729,281	0.37
27.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for GIC Private Limited</i>	34,101,519	0.36
28.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 14)</i>	33,041,672	0.35
29.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For Credit Suisse (SG BR-TST-Asing)</i>	32,014,353	0.33
30.	Pertubuhan Keselamatan Sosial	29,354,900	0.31
<b>Total</b>			

**Note:**

\*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2019.

# 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 Oversight 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.	a) Group Administration & Property Management Malaysia Policy b) Group Administration & Property Management Malaysia Procedure	These documents relate 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.	a) Accounting Policy b) Group Finance – Business Finance Advisory & Financial Reporting Standards Procedures c) Accounting Procedure – Hedge Accounting	These documents define the accounting concepts and policies that are consistent with Malaysia Financial Reporting Standards and Generally Accepted Accounting Practices.
3.	Group Outsourcing Policy	This document sets out the framework for all outsourcing of banking operations of the Group in Malaysia in accordance to regulatory requirements.
4.	a) Business Continuity Management Policy b) Business Continuity Management Procedure	These documents provide the policies and procedures in responding to a disruption, crisis and/or disaster and to resume critical business functions.
5.	Group Corporate Communications	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.	a) Group Data Management Policy Manual b) Group Data Management Procedure	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.	a) Group Anti-Money Laundering/Counter Financing of Terrorism Policy b) Group Anti-Money Laundering/Counter-Financing of Terrorism Procedure	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.	Recruitment Policy	This document sets 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	This document addresses 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.

## Internal Policies, Procedures and Guidelines

No.	Title	Description
12.	Staff Rejuvenation Programme	This document sets out the rules and guidelines to allow staff to take a break from work without any loss in service or disadvantage in career progression.
13.	HR Policy on Staff Volunteerism	This document sets 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 Harassment 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	This document is 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.	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.	a) Group Conflict Management & Chinese Wall Policy b) Group Conflict Management & Chinese Wall Procedure	These documents 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.	a) Shariah Advisory and Board Shariah Committee Secretariat Policy b) Shariah Advisory and Board Shariah Committee Secretariat Procedure	These documents define and explain 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.	a) Group T&M – General Policy b) Group T&M – General Procedure	These documents define 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.	a) Fraud Management Policy b) Fraud Management Procedure	These documents provide the policies and procedures on the escalation of any incidence of fraud that is suspected/committed within or against CIMB Group, including its subsidiaries.
23.	a) IT Infrastructure and Service Policy b) Disaster Recover Policy c) IT General Control Policy d) Information Security Policy (E-Banking, Digital & Internet Application Policy + Cyber Security Policy + Information Security Policy) e) Group System Development Policy f) End User Computing Policy (Desktop & Mobility) g) Bring Your Own Device (BYOD) Policy h) IT Service Management Policy i) IT Project Management Policy	These documents govern 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.

## Internal Policies, Procedures and Guidelines

No.	Title	Description
24.	a) IT Risk Management Policy b) IT Risk Management Procedure	These documents provide 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.
25.	a) Group Compliance Policies b) Group Compliance Procedures	These documents are 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.	a) Group Competition Law Policy b) Group Competition Law Procedure	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.	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.	Group Credit Risk Policy (with Islamic addendum)	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.	a) CIMB Group Personal Data Protection Policy b) CIMB Group Personal Data Protection Procedure	These documents outline 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.	a) Group Shariah Review Policy b) Group Shariah Review Procedure	These documents define and explain 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/Rate of Return In 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.

## Internal Policies, Procedures and Guidelines

No.	Title	Description
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.
38.	Group New Product Approval Procedure	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/Financing 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.	a) Group Delegated Authority Policy b) Group Delegated Authority Procedure	These documents set 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.
42.	Group Internal Audit Policy Manual	This document sets 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.
43.	a) Group Entity Governance Policy b) Group Entity Governance Procedure	<p>These documents are developed to put in place the minimum governance requirements for entities across the Group in terms of:</p> <ul style="list-style-type: none"> <li>• Directors' and Responsible Officers' requirements, roles and responsibilities</li> <li>• Management accountability</li> <li>• Committee structure and oversight</li> <li>• Adherence to Group Policies and Procedures</li> <li>• Inter-entity Service Level Agreements</li> <li>• Adherence to the Group Financial Booking Governance</li> <li>• Financial Delegation of Authority</li> </ul> <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>
44.	a) Group Customer Experience Management – Complaints Handling Policy Manual b) Group Customer Experience Management – Complaints Handling Procedure Manual	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.
45.	a) CIMB Group Customer Exit Handling Policy b) CIMB Group Customer Exit Handling Procedure	These documents provide 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.
46.	a) Group Customer Experience Management – Treating Customers Fairly Policy Manual b) Group Customer Experience Management – Treating Customers Fairly Procedure Manual	<p>These documents are 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>
47.	a) Disclosure of Customer Information to Law Enforcement Agency Policy Manual b) Disclosure of Customer Information to Law Enforcement Agency Procedure Manual	These documents describe 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	4	700,000,000	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	19	265,330,926	1999	Sep-16
WISMA CIMB No. 11, Jalan 4/83A Off Jalan Pantai Baru 59200 Kuala Lumpur	7 storey office building together with 3 levels of basement car park. Building majority occupied by CIMB Bank with Ground floor leased out to 3rd party.	Freehold	n/a	11	122,728,842	2018	Aug-17
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	108,555,772	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	5	28	68,872,030	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	18	28	48,943,616	2006	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	5	26	46,753,768	2012	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.	Leasehold expiring on 3 April 2024	6	7	35,108,170	2014	Jan-16
CIMB Niaga Kebon Sirih Jl. Kebon Sirih 33 Jakarta Pusat	CIMB Niaga Branch premises.	Leasehold expiring on 22 August 2031	13	34	30,830,545	2003	Jan-16
Jl. Ir H Juanda No. 165, Lebak, Bandung	CIMB Niaga Branch premises.	Leasehold expiring on 14 July 2041	23	7	26,687,689	2011	Jan-16

# CORPORATE INFORMATION

As at 1 March 2019

## BOARD OF DIRECTORS

### Datuk Mohd Nasir Ahmad

Chairperson/  
Independent Director

*(Appointed as Chairperson on 20 October 2018)*

### Tengku Dato' Sri Zafrul Tengku Abdul Aziz

Group Chief Executive Officer/  
Executive Director

### Teoh Su Yin

Senior Independent Director

*(Redesignated as Senior Independent Director on 20 October 2018)*

### Robert Neil Coombe

Independent Director

### Dato' Lee Kok Kwan

Non-Independent Director

### Dato' Mohamed Ross Mohd Din

Independent Director

### Ahmad Zulqarnain Che On

Non-Independent Director

### Afzal Abdul Rahim

Independent Director

*(Appointed on 31 January 2019)*

### Watanan Petersik

Independent Director

*(Retired on 24 January 2019)*

### Glenn Muhammad Surya Yusuf

Independent Director

*(Retired on 23 January 2019)*

### Dato' Sri Nazir Razak

Chairperson/  
Non-Independent Director

*(Resigned on 19 October 2018)*

## BOARD RISK AND COMPLIANCE COMMITTEE

### Robert Neil Coombe

Chairperson/Independent Director

*(Redesignated as Chairperson on 23 January 2019)*

### Datuk Mohd Nasir Ahmad

Independent Director

### Teoh Su Yin

Senior Independent Director

### Dato' Lee Kok Kwan

Non-Independent Director

### Dato' Mohamed Ross Mohd Din

Independent Director

### Ahmad Zulqarnain Che On

Non-Independent Director

### Watanan Petersik

Independent Director

*(Retired on 24 January 2019)*

### Glenn Muhammad Surya Yusuf

Chairperson/Independent Director

*(Retired on 23 January 2019)*

### Dato' Sri Nazir Razak

Non-Independent Director

*(Resigned on 19 October 2018)*

## GROUP NOMINATION AND REMUNERATION COMMITTEE

### Teoh Su Yin

Chairperson/Independent Director

### Dato' Mohamed Ross Mohd Din

Independent Director

### Datuk Mohd Nasir Ahmad

Independent Director

### Ahmad Zulqarnain Bin Che On

Non-Independent Director

### Robert Neil Coombe

Independent Director

*(Appointed on 24 January 2019)*

### Afzal Abdul Rahim

Independent Director

*(Appointed on 31 January 2019)*

### Watanan Petersik

Independent Director

*(Retired on 24 January 2019)*

### Glenn Muhammad Surya Yusuf

Independent Director

*(Retired on 23 January 2019)*

## GROUP COMPANY SECRETARY

### Datin Rossaya Mohd Nashir

LS 0007591

## AUDIT COMMITTEE

### Dato' Mohamed Ross Mohd Din

Chairperson/Independent Director

*(Redesignated as Chairperson on 20 October 2018)*

### Datuk Mohd Nasir Ahmad

Independent Director

*(Redesignated as Member on 20 October 2018)*

### Teoh Su Yin

Senior Independent Director

*(Appointed on 23 January 2019)*

### Glenn Muhammad Surya Yusuf

Independent Director

*(Retired on 23 January 2019)*

## GROUP SHARIAH COMMITTEE

### Sheikh Associate Professor Dr Shafai Musa

### Sheikh Professor Dr Mohammad Hashim Kamali

### Sheikh Professor Dr Yousef bin Abdullah Al Shubaily

### Sheikh Dr Nedham Yaqoobi

### Associate Professor Dr Aishath Muneeza

## 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](http://www.cimb.com)

Investor Relations: [ir@cimb.com](mailto:ir@cimb.com)

Senior Independent Director: [cimbSID@cimb.com](mailto:cimbSID@cimb.com)

Social media: [www.facebook.com/CIMBMalaysia](https://www.facebook.com/CIMBMalaysia)  
[www.twitter.com/CIMB\\_Assists](https://www.twitter.com/CIMB_Assists)  
[www.instagram.com/cimbmalaysia/](https://www.instagram.com/cimbmalaysia/)  
[www.linkedin.com/company/cimb](https://www.linkedin.com/company/cimb)

## REGISTRAR

Boardroom Share Registrars Sdn Bhd (Company No.: 378993-D)  
*(formerly known as Symphony Share Registrars Sdn Bhd)*

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

Helpdesk: +603-7849 0777

Fax No.: +603-7841 8151/8152/8100

E-mail address: [BSR.Helpdesk@boardroomlimited.com](mailto:BSR.Helpdesk@boardroomlimited.com)

## 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 EXECUTIVE COMMITTEE

**Tengku Dato' Sri Zafrul Tengku Abdul Aziz**

Group Chief Executive Officer  
Country Head, Malaysia  
Chief Executive Officer/  
Executive Director,  
CIMB Bank Berhad

**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

**Rafe Haneef**

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

**Shahnaz Jammal**

Chief Executive Officer,  
Group Wholesale Banking

**Samir Gupta**

Chief Executive Officer,  
Group Consumer Banking

**Victor Lee Meng Teck**

Chief Executive Officer,  
Group Commercial Banking  
Chief Executive Officer,  
Group Transaction Banking

**Effendy Shahul Hamid**

Chief Executive Officer,  
Group Ventures & Partnerships

**Omar Siddiq**

Group Chief Operating Officer

**Dato' Hamidah Naziadin**

Group Chief People Officer  
Chief Executive Officer,  
CIMB Foundation

**Gurdip Singh Sidhu**

Group Chief Strategy &  
Design Officer

**David Richard Thomas**

Group Chief Risk Officer

**Kwan Keen Yew**

Group Chief Legal &  
Compliance Officer

## GROUP FINANCE

**Khairul Rifaie**

Group Chief Financial Officer

## GROUP CORPORATE ASSURANCE

**Amran Mohamad**

Group Chief Internal Auditor

# GROUP CORPORATE DIRECTORY 2018

## CIMB GROUP HOLDINGS BERHAD CIMB INVESTMENT BANK BERHAD

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 597 500  
Fax : 6087 597 501  
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.

#16-02, Singapore Land Tower  
50, Raffles Place 048623  
Singapore  
Tel : 65 6225 1228  
Fax : 65 6225 1522  
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

**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

**CIMB BANK BERHAD****PHILIPPINES BRANCH**

Ground Floor, ORE Central Building  
9th Avenue corner 31st Street  
Bonifacio Global City, Taguig  
1634 Philippines  
Tel : 63 2 249 9000 or #CIMB (2462)  
Website : www.cimb.com

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 62nd Annual General Meeting of CIMB Group Holdings Berhad (“CIMB” or “the Company”) will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Monday, 22 April 2019 at 10.00 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 2018 and the Reports of the Directors and Auditors thereon.	
2.	To re-elect the following Directors who retire pursuant to Article 81 of the Company’s Constitution: 2.1 Datuk Mohd Nasir Ahmad 2.2 Robert Neil Coombe	Ordinary Resolution 1 Ordinary Resolution 2
3.	To re-elect Afzal Abdul Rahim who retires pursuant to Article 88 of the Company’s Constitution.	Ordinary Resolution 3
4.	To approve the payment of Non-Executive Directors’ Remuneration with effect from the 62nd Annual General Meeting until the next Annual General Meeting of the Company.	Ordinary Resolution 4
5.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 5

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

6.	<p><b>Proposed Renewal of the Authority for Directors to Allot and Issue Shares.</b></p> <p>“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 <b>AND THAT</b> 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 <b>AND THAT</b> 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.”</p>	Ordinary Resolution 6
7.	<p><b>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).</b></p> <p>“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 26 April 2018, 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 <b>PROVIDED THAT</b> 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;</p> <p><b>AND THAT</b> 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.”</p>	Ordinary Resolution 7

8.	<p><b>Proposed Renewal of the Authority to Purchase Own Shares.</b></p> <p>“<b>THAT</b>, subject to the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time), the Company’s Constitution 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 RM768 million based on the Audited Financial Statements for the financial year ended 31 December 2018 be allocated by the Company for the Proposed Shares Buy-Back <b>AND THAT</b> 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 <b>AND THAT</b> 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 <b>AND THAT</b> 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 Constitution, Main Market Listing Requirements of Bursa Securities and any other rules and regulations that may be in force from time to time <b>AND THAT</b> such authority shall commence immediately upon passing of this ordinary resolution until:</p> <ul style="list-style-type: none"> <li>i. the conclusion of the next Annual General Meeting of the Company in 2020 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;</li> <li>ii. the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or</li> <li>iii. revoked or varied by ordinary resolution passed by the Shareholders of the Company in a general meeting;</li> </ul> <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 8
9.	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  
22 March 2019

## 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.
- 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.
- This instrument duly completed must be deposited at the Registrar's office at Boardroom Share Registrars Sdn. Bhd., (formerly known as 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 10.00 a.m. (Sunday, 21 April 2019).
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 62nd Annual General Meeting will be put to vote on a poll.

#### MEMBERS ENTITLED TO ATTEND

- For the purpose of determining a member who shall be entitled to attend the 62nd Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 59(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 16 April 2019. Only a depositor whose name appears on the Record of Depositors as at 16 April 2019 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 2018

- 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 81 of the Company's Constitution 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. Two out of six Directors are to retire in accordance with Article 81 of the Company's Constitution. The Shareholders' approval is sought under **Ordinary Resolutions 1 and 2**.

Article 88 of the Company's Constitution 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 3**.

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 62nd 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 Bank Negara Malaysia (BNM) Corporate Governance Policy. 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 for re-election have maintained their independence in the financial year ended 31 December 2018.

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 BNM. In this respect, BNM's approval for the tenures of the Directors seeking re-election is still effective under **Ordinary Resolutions 1, 2 and 3**.

The profiles of Directors seeking re-election and re-appointment are set out in the Profile of Directors' section of the Company's Annual Report 2018.

#### NON-EXECUTIVE DIRECTORS' REMUNERATION

- At the 61st Annual General Meeting held on 26 April 2018, CIMB obtained Shareholders' approval on the payment of Non-Executive Director's Remuneration with effect from the 61st Annual General Meeting until the next Annual General Meeting of the Company in 2019.

Pursuant to Section 230(1)(b) 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 4** comprises fees, allowances and benefits payable to the Chairperson and members of the Board and Board Committees in 2019 up to the Annual General Meeting in 2020, 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
Datuk Mohd Nasir Ahmad	CIMB Bank Berhad	• Director	Board Retainer Fee – per annum RM150,000
		• Audit Committee Chairperson	Audit Committee Chairperson's allowance – per annum RM90,000
		• Board Risk and Compliance Committee member	Meeting allowance – per meeting RM5,000
Dato' Lee Kok Kwan	CIMB Bank Berhad	• Director	Board Retainer Fee – per annum RM150,000
		• Board Risk and Compliance Committee member	Meeting allowance – per meeting RM5,000
Dato' Mohamed Ross Mohd Din	CIMB Islamic Bank Berhad	• Chairperson	Chairperson's allowance – per annum RM140,000
		• Board Risk and Compliance Committee Member	Meeting allowance – per meeting RM5,000
		• Board Investment Committee Member	Meeting allowance – per meeting RM5,000
		• Board Risk and Compliance Committee Member	Meeting allowance – per meeting RM5,000



## EXPLANATORY NOTES ON SPECIAL BUSINESS:

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 RM988,409.

Please refer to page 163 of the Notes to the Financial Statements for the amount of Directors' Remuneration at the Group and the Company, for the Financial Year Ended 2018 comprising fees and benefits of RM15.84 million and RM4.18 million, respectively. The remuneration of each Director is set out in the Corporate Governance Overview on page 120 of the Company's Annual Report 2018.

**APPOINTMENT OF AUDITORS**

10. The Audit Committee (AC), at its meeting held on 3 December 2018 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:
- (i) Level of knowledge, capabilities, experience and quality of previous work;
  - (ii) Level of engagement with the AC;
  - (iii) Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
  - (iv) Adequacy in audit coverage, effectiveness in planning and conduct of audit;
  - (v) Ability to perform audit work within agreed timeframe;
  - (vi) Non-audit services rendered by the external auditor did not impede independence; and
  - (vi) The external auditor demonstrated unbiased stance when interpreting standards/policies adopted by the Company.

Being satisfied with Messrs. PricewaterhouseCoopers' (PwC) performance in 2018, 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 2019. The Board, at its meeting held on 31 January 2019, approved the AC's recommendation for the re-appointment of PwC as external auditors of the Company for the Financial Year ending 31 December 2019. The Shareholders' Resolution is sought under **Ordinary Resolution 5**.

**AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES**

11. **Resolution 6** 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 338,911,976 new shares pursuant to Section 76 of the Companies Act, 2016 under the general mandate sought at the 61st Annual General Meeting held on 26 April 2018, which will lapse upon the conclusion of the forthcoming 62nd Annual General Meeting to be held on 22 April 2019.

**AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN RESPECT OF THE DRS**

12. The proposed **Resolution 7** 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**

13. **Resolution 8**, 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 2018 Annual Report.

**ABSTENTION FROM VOTING**

14. Any Director referred to in **Resolutions 1, 2 and 3**, who is a Shareholder of the Company will abstain from voting on the resolutions in respect of his re-election at the 62nd Annual General Meeting.
15. All Directors who are Shareholders of the Company will abstain from voting on **Resolutions 4** concerning Directors' remuneration at the 62nd 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 3 as stated in the Notice of Annual General Meeting) at the 62nd Annual General Meeting of CIMB Group Holdings Berhad which will be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Monday, 22 April 2019 at 10.00 a.m. are as follows:

### 1. DATUK MOHD NASIR AHMAD (CHAIRPERSON/ INDEPENDENT DIRECTOR)

**Nationality/Age/Gender:**  
Malaysian/64/Male

#### **Academic/Professional Qualifications:**

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

#### **Working Experience/ Occupation:**

Datuk Mohd Nasir Ahmad was appointed as Chairman/Independent Director of CIMB Group Holdings Berhad on 20 October 2018. He was re-designated as Member of Audit Committee of CIMB Group Holdings Berhad on 20 October 2018. He 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 39 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 and CIMB EOP Management Sdn Bhd.

#### **Other Public Company Directorships:**

##### *Listed Entities*

- Chairman of Media Prima Berhad

##### *Public Companies*

- Independent Director of CIMB Bank Berhad
- Independent Director of SIRIM Berhad

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 of 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 2018.

### 2. ROBERT NEIL COOMBE (INDEPENDENT DIRECTOR)

**Nationality/Age/Gender:**  
Australian/55/Male

#### **Academic/Professional Qualifications:**

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

#### **Working Experience/ Occupation:**

Robert Neil Coombe was appointed as Chairperson of Board Risk and Compliance Committee on 23 January 2019 and a member of Group Nomination and Remuneration Committee on 24 January 2019. He is also CIMB's Sustainability Sponsor to champion the Group's sustainability efforts. He is currently the Executive Chairman of the ASX listed Generation Development 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, Robert 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 Director of Tibra Capital, Surfing Australia and

the Australian Indigenous Education Foundation. He is also a member of the Advisory Board of 5V Capital Investors.

#### **Other Public Company Directorships:**

##### *Listed Companies*

- Generation Development Group

##### *Public Companies*

- Nil

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 of 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 2018.

### 3. AFZAL ABDUL RAHIM (INDEPENDENT DIRECTOR)

**Nationality/Age/Gender:**  
Malaysian/41/Male

#### **Academic/Professional Qualifications:**

Bachelor's Degree in Mechanical Engineering with Electronics specialising in Acoustic Wave Theory, University of Sussex at Brighton, United Kingdom.

#### **Working Experience/ Occupation:**

Afzal Abdul Rahim, was appointed as an Independent Director of CIMB Group Holdings Berhad on 31 January 2019. He had also been appointed as a Member of the Group Nomination and Remuneration Committee of CIMB Group Holdings Berhad and Chairs the CIMB Technology Strategic Panel. He previously served as an Independent Director of CIMB Bank Berhad from 29 June 2016 until 31 January 2019.

## Statement Accompanying Notice of Annual General Meeting

Afzal is a technology entrepreneur who currently serves as Commander-In-Chief of TIME dotCom Berhad, an ASEAN based telecoms operator encompassing Fixed Line, Data Centres and Global Submarine Cable Systems. He joined TIME in 2008 after establishing The AIMS Asia Group and Global Transit International in 2006.

Afzal founded the non-profit Malaysian Internet Exchange (MyIX) in 2006 and also serves as a Board Member of Endeavor Malaysia, an organisation that is devoted to nurturing high-impact entrepreneurs.

He began his career in the automotive sector, initially as a Chassis Development Engineer and thereafter managing clients on the engineering consultancy side of the business at Group Lotus PLC. Afzal is also a Licensed Commercial Pilot.

**Other Public Company Directorships:**

*Listed Companies*

- TIME dotCom Berhad
- Symphony Communication Public Company Limited

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 of 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 2018.

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 2018.

**B. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ISSUE SHARES PURSUANT TO PARAGRAPH 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 199 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 26 April 2018, 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 RM768 million based on the Audited Financial Statements of the Company for the financial year ended 31 December 2018.

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 62nd Annual General Meeting to be held on 26 April 2018, unless renewed by an ordinary resolution.

On 7 March 2019, the Company announced its intention to seek shareholders' approval at the forthcoming 62nd Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

**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 62nd 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 2019 of RM9,564,454,510 comprising 9,564,454,510 ordinary shares in the Company (CIMB Shares), a total of 9,564,454,510 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 2020 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;

## Statement Accompanying Notice of Annual 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 2018 was RM768 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 provision of any laws or requirements of the Constitution 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.

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	52.28*1	58.09*2

**Notes:**

\*1 As at 28 February 2019

\*2 Based on the assumption that:

- (i) the Proposed Shares Buy-Back involves the aggregate purchase of 9,564,454,510 CIMB Shares (being 10% of issued and paid-up capital of the Company as at 28 February 2019) 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;

## Statement Accompanying Notice of Annual General Meeting

- (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 with 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 956,445,451 CIMB Shares representing 10% of its issued and paid-up share capital as at 28 February 2019 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 2019 to be reduced from RM9,564,454,510 comprising 9,564,454,510 CIMB Shares to RM8,608,009,059 comprising 8,608,009,059 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.

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 2018	As at 28 February 2018	After Share Purchase and Cancellation
Issued and paid-up share capital (RM)	9,564,454,510	9,564,454,510	8,608,009,059*1

**Note:**

\*1 Assuming up to 10% of the issued and paid-up share capital of CIMB or 956,445,451 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 2019 are as follows:

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	2,563,224,457	26.80	–	–	2,563,224,457	29.78	–	–
Employees Provident Fund Board	1,311,393,464*3	13.77	–	–	1,311,393,464	15.23	–	–
Kumpulan Wang Persaraan (Diperbadankan)	599,837,021	6.27	–	–	599,837,021	6.97	–	–

**Notes:**

\*1 Adjusted for the number of treasury shares held as at 28 February 2019.

\*2 Assuming that 10% of the issued and paid-up capital is purchased and retained as treasury shares.

\*3 Includes shares held through nominees.

## Statement Accompanying Notice of Annual General Meeting

Directors	Before the Proposed Shares Buy-Back* <sup>1</sup>		After the Proposed Shares Buy-Back* <sup>2</sup>	
	No. of CIMB Shares Held	%	No. of CIMB Shares Held	%
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	1,327,181	—* <sup>3</sup>	1,327,181	—* <sup>3</sup>
Dato' Lee Kok Kwan* <sup>4</sup>	1,355,416* <sup>4</sup>	—* <sup>3</sup>	1,355,416* <sup>4</sup>	—* <sup>3</sup>

**Notes:**\*<sup>1</sup> Adjusted for the number of treasury shares held as at 28 February 2019.\*<sup>2</sup> Assuming 10% of the issued and paid-up capital is purchased and retained as treasury shares.\*<sup>3</sup> Less than 0.1%.\*<sup>4</sup> Includes the shareholdings of his 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.

**6. APPROVAL REQUIRED**

The Proposed Shares Buy-Back is conditional upon the approval of the Shareholders of CIMB at the forthcoming 62nd 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 2018 to February 2019 are as follows:

	High (RM)	Low (RM)
<b>2018</b>		
March	7.30	7.13
April	7.31	6.90
May	7.04	5.90
June	6.34	5.39
July	5.89	5.30
August	6.09	5.79
September	6.23	5.87
October	6.06	5.58
November	5.85	5.50
December	5.90	5.51
	High (RM)	Low (RM)
<b>2019</b>		
January	5.77	5.62
February	5.88	5.65

*Note: Based on the actual share price*

**8. PURCHASES, RESALE AND CANCELLATION OF TREASURY SHARES MADE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

During the financial year ended 31 December 2018, 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 62nd Annual General Meeting.

# ADMINISTRATIVE DETAILS FOR THE 62ND ANNUAL GENERAL MEETING (AGM)

	<b>WHEN</b> ●	Monday, <b>22 April</b> 2019
	<b>TIME</b> ●	10.00 a.m.
	<b>WHERE</b> ●	Grand Ballroom, First Floor Sime Darby Convention Centre 1A Jalan Bukit Kiara 1 60000 Kuala Lumpur, Malaysia

## PARKING

It is advisable to park your car at the Sime Darby Convention Centre (SDCC) car park and the parking is free.

## REGISTRATION

1. Registration will start at 7.30 a.m. at Ballroom 3 on the 1st Floor of SDCC. As you enter the SDCC building, the escalator on the right will lead you to Ballroom 3. There will be signages to the registration area and you will have to queue for registration.
2. Kindly produce your original MyKad/Passport at the registration counter for verification. Photocopy of MyKad/Passport will not be accepted. Please make sure that you collect your MyKad/Passport thereafter.
3. No person will be allowed to register on behalf of another person even with the original MyKad/Passport of that other person.
4. If you are attending the AGM as shareholder, proxy or corporate representative, you will be registered once and will be given one personalised smart card for voting purpose and one wristband for identification purpose.
5. Please note that you will not be allowed to enter the meeting room without the personalised smart card and without wearing the wristband. There will be no replacement in the event you lose or misplace the smart card and the wristband.
6. As you enter the meeting hall, you will further be given one unit of electronic voting device for voting purposes.
7. The personalised smart card and electronic voting device must be returned to the polling agent after the conclusion of the AGM. **DO NOT TAKE THE DEVICE HOME AS ALARM WILL BE TRIGGERED.**
8. The registration counter will only handle verification of identity, registration and revocation of proxy/proxies. You may proceed to the Help Desk for any other clarification or enquiry. Please refer to the signage.

9. After registration, please proceed to Banyan and Casuarina Rooms on the Ground Floor to redeem your meal. Light refreshments (coffee/tea and cookies) will also be available from 7.30 a.m. to 11.30 a.m.

## 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 Annual General Meeting or to the registration staff on the Annual General Meeting day for the Company's records.

## HELP DESK

Please proceed to the Help Desk located in Ballroom 3 for any clarification or enquiries.

## LUNCH

- Each shareholder/proxy who is present will be given one (1) coupon only upon registration, to be exchanged for a takeaway set 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) takeaway set meal only).
- There will be no replacement in the event that you lose/misplace your coupon.
- If the proxy/proxies has/have obtained the takeaway set meal earlier, shareholders registering subsequently on the same account will not be given any coupon for redemption.
- There will be a limited number of tables and chairs located at the Foyer of the Grand Ballroom should you wish to have your meal there.

## Administrative Details for the 62nd Annual General Meeting (AGM)

### SEATING ARRANGEMENT FOR THE AGM

- Free seating. All shareholders/proxies will be allowed to enter the Grand Ballroom from 9.30 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 SDCC building. Your co-operation is much appreciated.

### WI-FI

Free Wi-Fi is available at SDCC 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. The organiser will not be held responsible for any missing item.

### VOTING PROCEDURE

- The voting at the AGM will be conducted by way of electronic polling (“ePolling”) in the Grand Ballroom. The Share Registrar, Boardroom Share Registrars Sdn Bhd, is appointed as Poll Administrator to conduct the polling process and an Independent Scrutineers is appointed to verify and validate the poll results.
- Voting via ePolling will be carried out separately for each individual resolution upon the conclusion of the deliberation.
- All attendees of the AGM will be briefed and guided by the Poll Administrator before the commencement of the ePolling process.

### ANNUAL REPORT 2018

- The Annual Report 2018 is available on our website at [www.cimb.com](http://www.cimb.com) and also at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company Announcements of CIMB Group Holdings Berhad.
- Printed copies are also available for collection on a first come first serve basis in Ballroom 3 on the date of the AGM.
- CIMB encourages all shareholders/proxies to consider the environment before you decide to print or request the Annual Report 2018.

### ENQUIRY

If you have general administrative enquiries on the AGM, please contact the following during office hours:-

**Boardroom Share Registrars Sdn Bhd** (Company No: 378993-D)  
(formerly known as Symphony Share Registrars Sdn Bhd):

Helpdesk : +603-7849 0777  
: +603-7841 8283 (Encik Mohamed Sophiee Ahmad Nawawi)  
: +603-7841 8067 (Cik Amira Natasha Ahmad Zulkifli)

Fax No. : +603-7841 8151/8152/8100

E-mail : [mohamed.sophiee@boardroomlimited.com](mailto:mohamed.sophiee@boardroomlimited.com)  
: [amira.natasha@boardroomlimited.com](mailto:amira.natasha@boardroomlimited.com)

### CIMB

Datin Rossaya Mohd Nashir, *Group Company Secretary*

Ruhayati Muda

Farah Atikah Hasnan

Telephone : +603-2261 0085  
Fax No. : +603 2261 0099  
Email : [cimbaggm@cimb.com](mailto:cimbaggm@cimb.com)



# 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 62nd Annual General Meeting (AGM) of the Company to be held at the Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, on Monday, 22 April 2019 at 10.00 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 81 of the Company's Constitution: 2.1 Datuk Mohd Nasir Ahmad 2.2 Robert Neil Coombe	Resolution 1 Resolution 2		
3. Re-election of Directors pursuant to Article 88 of the Company's Constitution: 3.1 Afzal Abdul Rahim	Resolution 3		
4. Approval of Payment of Non-Executive Directors' Remuneration with effect from the 62nd AGM until the next AGM of the Company	Resolution 4		
5. Re-appointment of Auditors	Resolution 5		
6. Proposed Renewal of the Authority for Directors to Allot and Issue Shares	Resolution 6		
7. Proposed Renewal of the Authority for Directors to Allot and Issue Shares in relation to the Dividend Reinvestment Scheme	Resolution 7		
8. Proposed Renewal of the Authority to Purchase Own Shares	Resolution 8		

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 Boardroom Share Registrars Sdn. Bhd. (formerly known as 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 10.00 a.m. (Sunday, 21 April 2019).
- 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 62nd Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 59(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 16 April 2019. Only a depositor whose name appears on the Record of Depositors as at 16 April 2019 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

fold here

AFFIX STAMP

The Share Registrars  
**BOARDROOM SHARE REGISTRARS SDN. BHD.** (378993-D)  
(formerly known as 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](http://www.cimb.com)

**CIMB Group Holdings Berhad** (50841-W)

Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia