

# FUTURE FORWARD



CIMB GROUP HOLDINGS BERHAD  
ANNUAL REPORT 2020



Delivering Sustainable Financial Returns

Disciplined Execution

Customer Centricity

Transform Fundamentals

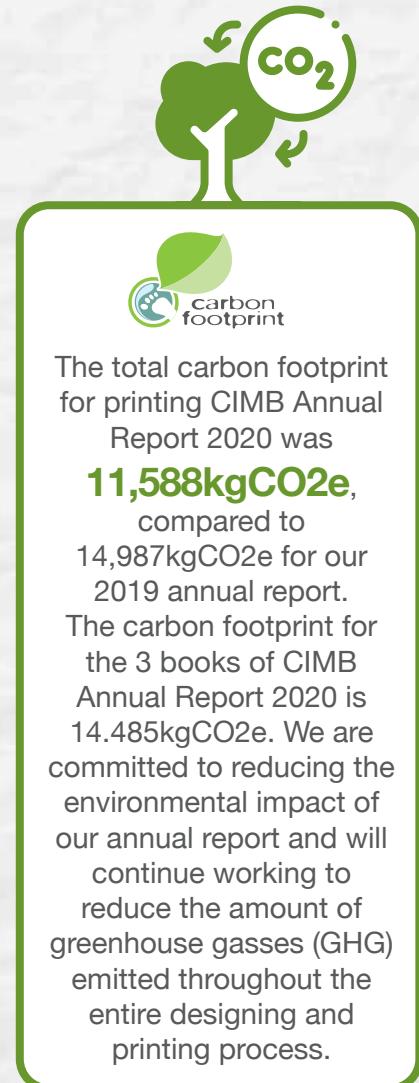
Purpose-Driven Organisation

# Reducing the Environmental Impacts of this Annual Report

We have taken conscious efforts to manage and minimise the environmental impact of our annual report and related processes.

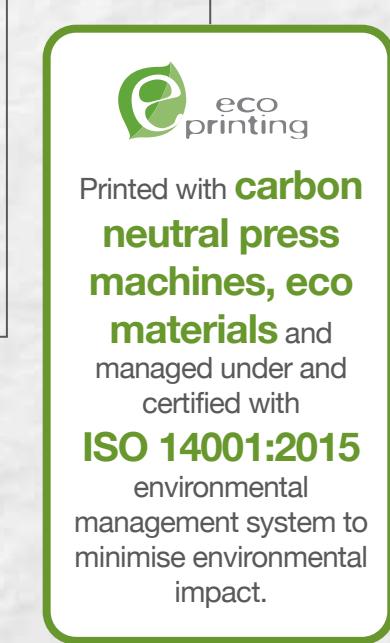
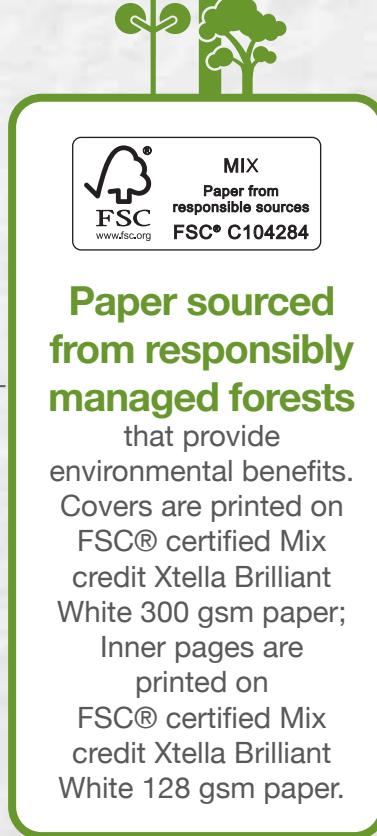
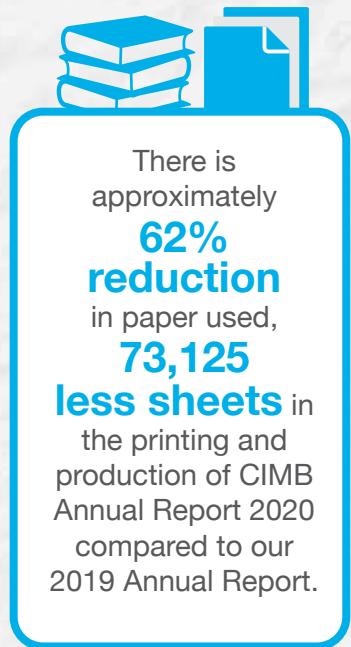
However, you can make the greatest difference.

Did you know that the equivalent of **one football field of forest is cut down every second?** Play your part. If you can, download the soft copy of CIMB's Annual Report, Financial Statements and Sustainability Report, instead of requesting for a hard copy.



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

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



This Report is printed on environmentally friendly paper

# About This Report

**“At CIMB Group, our aspiration is to build a high performing sustainable organisation to help advance customers and society. Towards fulfilling this purpose, we embrace principles of good governance, responsible banking and Values-based Intermediation. We also take an inclusive approach to planning and delivering our growth strategies. Our efforts are always focussed on going beyond meeting immediate expectations of our most critical stakeholders, to deliver shared value, which is all about helping them shape a better future. Our Annual Report is a true account of our performance, our ability to overcome challenges, and optimise our potential as a purpose-driven business. ‘FutureForward’ is our endeavour to make business a force for good, a catalyst to a better planet and a sustainable future.”**

## REPORTING SCOPE AND BOUNDARIES

This Annual Report covers our financial and non-financial performance during the period 1 January 2020 to 31 December 2020.

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 2020 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.

## NAVIGATION ICONS



### STAKEHOLDERS



Shareholders/  
Investors



Employees



Regulators



Customers



Suppliers



Communities

### STRATEGIC THEMES



Delivering  
Sustainable  
Financial Returns



Customer  
Centricity



Purpose-driven  
Organisation



Disciplined  
Execution



Transform  
Fundamentals

### CAPITALS



Financial



Manufactured



Social



Human



Intellectual



Natural

## MATERIALITY

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

The various matters and developments included in the 2020 edition were determined by a range of considerations, such as quantitative and qualitative criteria; issues likely to impact our ability to deploy our strategies or create shared value and sustain financial and non-financial performance; the 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, environmental, social and governance landscape in various countries and regions where we conduct business.

## INTEGRATED APPROACH

In documenting our reports, our attempt is to establish clear linkages between our business performance and various internal and external factors or influences such as market trends, stakeholder expectations, organisational priorities, regulatory regime, competitive strategies, national agenda, and global best practices. In 2020, we have also adopted various principles prescribed by the International Integrated Reporting Council.

## 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 2020.

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

Datuk Mohd Nasir Ahmad

Chairman

Dato' Abdul Rahman Ahmad

Group Chief Executive Officer/  
Executive Director

## KEY MARKET TRENDS

Impacts of COVID-19 & Accelerated Digital Penetration	Financial Market Trends & Fluctuations	Proliferation of Technology	New Competitors
Geopolitical and Economic Developments	Shifting Policy and Regulatory Landscape	Economic, Environmental, Social and Governance (EES&G) Factors	Customers of the Future

## RISKS

Credit Risk	Non-Financial Risk: Fraud Risk	Non-Financial Risk: Shariah Non-Compliance Risk	Country Risk
Market Risk	Non-Financial Risk: Business Continuity Risk	Liquidity & Funding Risk	Sustainability Risk
Non-Financial Risk: Operational Risk	Non-Financial Risk: Technology Risk	Interest Rate Risk in The Banking Book	

## MATERIAL MATTERS

Climate Change	Diversity and Inclusion	Sustainability Awareness and Participation	Technology
Corporate Citizenship and Volunteerism	Financial Literacy, Inclusion and Well-being	Sustainable Finance	
Corporate Culture	Governance	Sustainable Supply Chain	
Customer Experience	Health, Safety and Well-being	Talent Attraction, Growth and Retention	

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View our Annual Report, Accounts and other information about CIMB Group Holdings Berhad at [www.cimb.com](http://www.cimb.com)

# Shared Value @ CIMB



Shared Value at CIMB is not just a functional or emotional dimension of our business. It goes beyond delivering products and services that caters to the needs of our customers, career expectations of our employees, growth aspirations of our supply chain partners and delivering returns to our investors and shareholders.

At CIMB, Shared Value is our motivation to make stakeholders part and parcel of our purpose. Our key objective is to take an inclusive approach by mobilising our stakeholders to participate and play a critical role in shaping a sustainable future and a better tomorrow. In other words, as both catalysts and beneficiaries of our efforts and programmes that create value, our stakeholders and their interests are of primary concern and utmost priority to us.

We are always trying to bridge the gap between the value perceived by our stakeholders and the value proposed and delivered by us. Towards this, we assimilate and optimise resources, drive our operational capabilities, and leverage on our control mechanisms to deliver real value to all our stakeholders.

In the long-term, we aim to bring about a systemic change in the banking industry, build a high-performing sustainable organisation and inspire positive economic, environmental, social and governance performance and impacts.

The whole process of value creation requires us to:



Reduce our negative footprint from our business and operations, making our performance and growth sustainable and meaningful.



Create a positive handprint through sustainable financing solutions as well as by promoting sustainability principles and leadership to advance customers and society.

# Stakeholders' Expectations & Material Matters

The process of Shared Value Creation at CIMB starts with credible inputs and feedback from our most critical stakeholders on various aspects of our business and operations. We find opportunities to interact with our stakeholders at every touchpoint, in addition to our focused and purposeful engagement efforts on an annual basis. In 2020, we conducted focus groups, surveys, and targeted interviews with more than 2,500 stakeholders, including our customers, employees, investors, and suppliers, from Malaysia, Indonesia, Singapore, Thailand and Cambodia. Our primary objective was to solicit feedback, identify any emerging issues or areas of concerns, and most importantly, understand the expectations of our stakeholders better.

Based on the findings, we were able to validate both the six highly material issues as well as the eight important topics that were established from the materiality assessment exercise undertaken in 2018. During the year, due to the unprecedented impacts of COVID-19 on people, economy, and business, three material topics (Health, Safety & Well-being; Financial Literacy, Inclusion, & Well-being; and Climate Change) shifted on the materiality matrix for their importance to stakeholders, relative to their significance to CIMB's EES impacts. For 2020, we have also been able to establish the commonality and alignment of highly material issues across our core ASEAN markets, which is essential to be able to devise and deploy strategies and programmes that benefit our stakeholders across our footprint. For more information, please refer to pages 18-19 in CIMB Group Sustainability Report 2020.

## Common Stakeholders Concerns and Priorities across our ASEAN Markets

(Malaysia, Indonesia, Singapore, Thailand, and Cambodia)

SHAREHOLDERS/INVESTORS		
	• Governance	• Talent Attraction, Growth and Retention
	• Customer Experience	• Climate Change
	• Technology	• Sustainable Finance
	• Customer Experience	• Financial Literacy, Inclusion and Well-being
	• Technology	• Health, Safety and Well-being
	• Governance	• Talent Attraction, Growth and Retention
CUSTOMERS	• Customer Experience	• Governance
EMPLOYEES	• Technology	• Customer Experience
SUPPLIERS	• Sustainable Supply Chain	• Financial Literacy, Inclusion and Well-being
REGULATORS	• Governance	• Technology
COMMUNITIES	• Customer Experience	• Climate Change
	• Financial Literacy, Inclusion and Well-being	• Sustainable Finance
	• Corporate Citizenship and Volunteerism	• Sustainability Awareness and Participation
		• Sustainability Awareness and Participation
		• Sustainable Finance
		• Climate Change

# Capitals: Inputs and KPIs

To address the expectations of our critical stakeholders, while effectively responding to various market trends, we plan our resource inputs in the form of various capitals, namely, Financial Capital, Manufactured Capital, Social & Relationship Capital, Natural Capital, Human Capital, and Intellectual Capital. We orchestrate the efforts across mission-critical functions of our business, by aligning strategies across our core ASEAN markets, as well as by balancing financial and non-financial indicators of performance.

## FINANCIAL CAPITAL



Our management of capital flows ensures a healthy balance sheet and sustains our ability to invest in future growth while meeting the banking needs of our customers. Maintaining a strong capital position allows us to deliver monetary value to our shareholders, as well as to help other capitals contribute to the overall performance of the organisation and deliver sustainable returns to our stakeholders.

Additionally, managing our financial capital will positively impact the stability of the bank, Group as well as the countries where we operate.

Inputs			Outputs		
Total assets (\$)	Loan Portfolio Mix (%)	Risk management frameworks	Cost to Income or Efficiency Ratio/CIR (%)	CET-1 Ratio (%)	Return on Equity/ROE (%)

## MANUFACTURED CAPITAL



Our physical networks and technological capabilities form the critical infrastructure needed to achieve high operational performance. Digital infrastructure in particular allows us to unlock the potential of our other capitals and is especially important for our sector to create safe, secure, and superior customer experiences.

Our manufactured capital also helps to improve financial inclusivity through the creation of opportunities and facilities for expanding the scope and delivery model of our financial services.

Inputs			Outputs		
No. of Branches; No. of ATMs/ Customer Touchpoints (Urban/Rural)	Geographical Footprint	Investments in Technology	No. of Active Internet/ Mobile Banking Customers	No. of Active Enquiries and Transactions via Online Platforms	Customer to Branch Ratio or Physical Touchpoints per Customer

## SOCIAL & RELATIONSHIP CAPITAL



Our brand is strengthened by the relationships and the trust that we build with our stakeholders. Being a regional Group, social networks and relationship equity help forge partnerships, expand our customer base and build ecosystems with shared purpose, principles and progress.

We work with our wide network of stakeholders to create a stable financial services environment for the countries where we operate. Our regional network and brand equity improve our social and relationship capital while strengthening our position in ASEAN.

Inputs	Outputs
No. of Customers	Customer Satisfaction Score/NPS score
Contributions to Community (\$)	Sustainability Index Ratings
ASEAN Clients/ Networks	ASEAN Trade Financing/ Transactions

## NATURAL CAPITAL

Our operations as well as the clients that we support consume water, energy and other raw materials and produce waste and emissions. Our management of natural capital rests on minimising our direct and indirect negative footprint across the value chain and creating positive handprints through strategic business interventions. It also includes our investments into priority SDGs and asset allocation into Green, Sustainable Impact loans, activities and projects. While our aspiration is to measure, manage and report both direct and indirect impacts, currently, we are prioritising our direct footprint.

Inputs			Outputs		
Electricity Use (kWh)	Energy Use (kWh)	Green and Sustainable Impact products	Reduction in Scope 1 and Scope 2 GHG Emissions Intensity (Direct)	Energy Intensity	Returns on Green and Sustainable Impact (Environment-linked) products

## HUMAN CAPITAL

Human capital is the most critical input into our business and our focus is not just on building a productive and skilful workforce, but also preparing them to survive and compete in the disruptive marketplace of the future. A nurturing environment and empowering culture allow our people to seamlessly deliver to organisational needs and expectations, while also catalysing their own personal and professional growth.

Our ultimate objective is to improve our human capital 3D mix, diversity, inclusion and well-being of our staff.

Inputs
Staff Cost (\$)
Investment in Training that supports Strategic Themes and Material Issues (\$)
No. of Engagement Sessions (with management)
Outputs
No. of Employee Training Hours
Employee Engagement (%)
Talent 3D Mix

## INTELLECTUAL CAPITAL

As a universal ASEAN banking group, we rely on our knowledge repositories, experience, reputation, and our innovative processes to create disruptors and differentiators, setting us apart from our competitors, giving us a value-advantage.

Inputs
Development of New Digital Solutions or Technologies
Investment in IT/Tech
No. of New Product Launches/Improvements
Outputs
Brand Value (ranking, Awards, index)
No. of Published Papers for the Industry
No. of Knowledge or Value Creation Platforms Created

# How Do We Create Shared Value?

FOR CIMB & #teamCIMB\*

We manage our business and people with the responsibility of delivering sustainable financial returns. A commitment to principles of good governance and the strategic role of our Board, Senior Leadership and skilled workforce collectively contribute to shaping a profitable organisation.

\* Employees

## WHAT MATTERS

### Risk, Governance & Culture

- Remain resilient and responsive to the dynamic operating environment
- Integrate environmental, social and governance risks into our risk management framework
- Uphold high standards of corporate governance in the conduct of business and value chain
- Create a culture of high-performance, by promoting #teamCIMB ethos
- Operate with integrity and transparency towards stakeholders
- Strengthen compliance, monitoring and reporting controls and mechanisms

### Talent, Diversity, Inclusion & Well-being

- Future-proof employees by upskilling and reskilling talent, enabling them to manage emerging risks and opportunities
- Promote diversity to foster innovation and drive performance
- Create opportunities for employees and value chain partners
- Operationalise inclusive and agile policies and processes that contribute to employee productivity and well-being

## HOW WE CREATE VALUE

Strengthen our value proposition and ability to deliver returns to investors and shareholders.

Strategise our resources and reinforce our ability to plan and achieve resilient growth.

Create a better work place environment that is inclusive, diverse and participative, with horizontal and vertical growth opportunities for employees.

## KEY DRIVERS OF SHARED VALUE

- Group Enterprise Risk Management Framework
- Group Dividend Policy
- Group Human Resources Policies and Procedures: Code of Conduct; Code of Ethics; Human Rights Guidelines; Employee Engagement & Inclusiveness; Recruitment & Remuneration Policy
- CIMB Group Diversity Statement: Board Diversity and Inclusion
- Performance Management & People Development Policy
- Group Occupational Safety and Health Policy & Procedures
- Group Procurement Policy: Sustainable Procurement Guidelines; Vendor Code of Conduct

## HIGHLIGHTS 2020



**52.2%**  
Cost to Income or Efficiency Ratio



**2.1%**  
Return on Equity



**30%**  
Female Directors on the Board



**>RM1.2 billion**  
in Procurement Spend towards Suppliers/Vendors (Malaysia\*\*)

\*\*Majority of our suppliers are based in Malaysia, which accounts for 90% of our total Group procurement spend. Our largest spends are in Group Technology, Group Operations, and Group Administration & Property.

# How Do We Create Shared Value?

## FOR CUSTOMERS & CLIENTS

We support the aspirations of our customers and clients by taking an inclusive approach to growth. Our objective is to create net positive impact through our products and services, positively advancing customers and making business a force for good.



### WHAT MATTERS

#### Customer Centricity

- Cultivate a 'customer-first' mindset
- Transform customer journeys to create a unique and uniform experience
- Design and deliver financial and digital solutions that contribute to well-being and welfare
- Offer bespoke products, services, and advisory to empower businesses for achieving growth ambitions
- Establish partnerships to raise awareness and build capacity to drive responsible and competitive businesses of the future
- Encourage individuals and businesses to manage their finances better, improving their well-being and quality of life

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#### Sustainable Finance

- Mobilise capital flows for greater good, while meeting business motives
- Enable policies and guidelines to manage exposure to various sustainability risks to create positive impacts and reduce negative impacts

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#### Financial Inclusion

- Contribute to socio-economic development by creating banking opportunities for the underserved and disadvantaged communities and demographics, towards building a more resilient and financially secure population



### HOW WE CREATE VALUE

Treat customers fairly, with integrity and commitment to financial inclusiveness and well-being.

Give access to finance, offer responsible products and inspire sustainable business practices.

Improve credit quality by meeting responsible lending standards.



#### KEY DRIVERS OF SHARED VALUE

- Customer Experience (CX) Policy: Treating Customer Fairly
- Group Sustainable Financing Policy (GSFP) and Sector Guides
- IT Security Policy & Group Personal Data Protection Policy



#### HIGHLIGHTS 2020

**Within 72%**  
NPS Relative to Peers

**179**  
Financing Facilities with  
in-depth due diligence on  
Environmental and Social risks



**>5 million**  
CIMB Digital Users



**~25,000**  
Customer to Branch  
Ratio or Physical  
Touchpoints per Customer

# How Do We Create Shared Value?

## FOR SOCIETY & COMMUNITY

We champion purposeful programmes to help communities prosper and shape a better planet. From financial literacy to gender empowerment, and from entrepreneurship to environmental stewardship, we identify issues that impede socio-economic development of communities who matter to us.

### WHAT MATTERS



#### Corporate Citizenship

- Understand the needs and expectations of communities
- Instill a sense of social responsibility and community stewardship amongst employees
- Encourage partnerships with grassroots organisations, lead NGOs and community groups for greater impact

#### Sustainability/Climate Change

- Minimise negative impact of our operations and financed activities on the environment and communities
- Manage our direct carbon footprint by monitoring and reducing emissions and waste from our operations
- Work with industry peers and stakeholders to raise awareness and mobilise action on climate resilience in the financial sector

#### Social Inequalities

- Assess the social inequalities and injustices prevalent in communities that matter to us across markets
- Empower communities by equipping them with skills, resources, and opportunities that will advance their welfare and well-being
- Integrate community members into mainstream marketplace by promoting entrepreneurial and education programmes



### HOW WE CREATE VALUE

Provide opportunities for employees to design as well as contribute to community programmes.

Channel significant investments to purposeful community programmes and initiatives.

Create long-term net positive environmental and social impact in areas that matter to communities.



### KEY DRIVERS OF SHARED VALUE

- Group Sustainability Policy
- Sustainability Risk Management Framework
- Group Administration and Property Management Policy
- Group Corporate Responsibility Policy
- Group CSR Policy
- Flex4CSR Policy (Employee Volunteerism)



### HIGHLIGHTS 2020

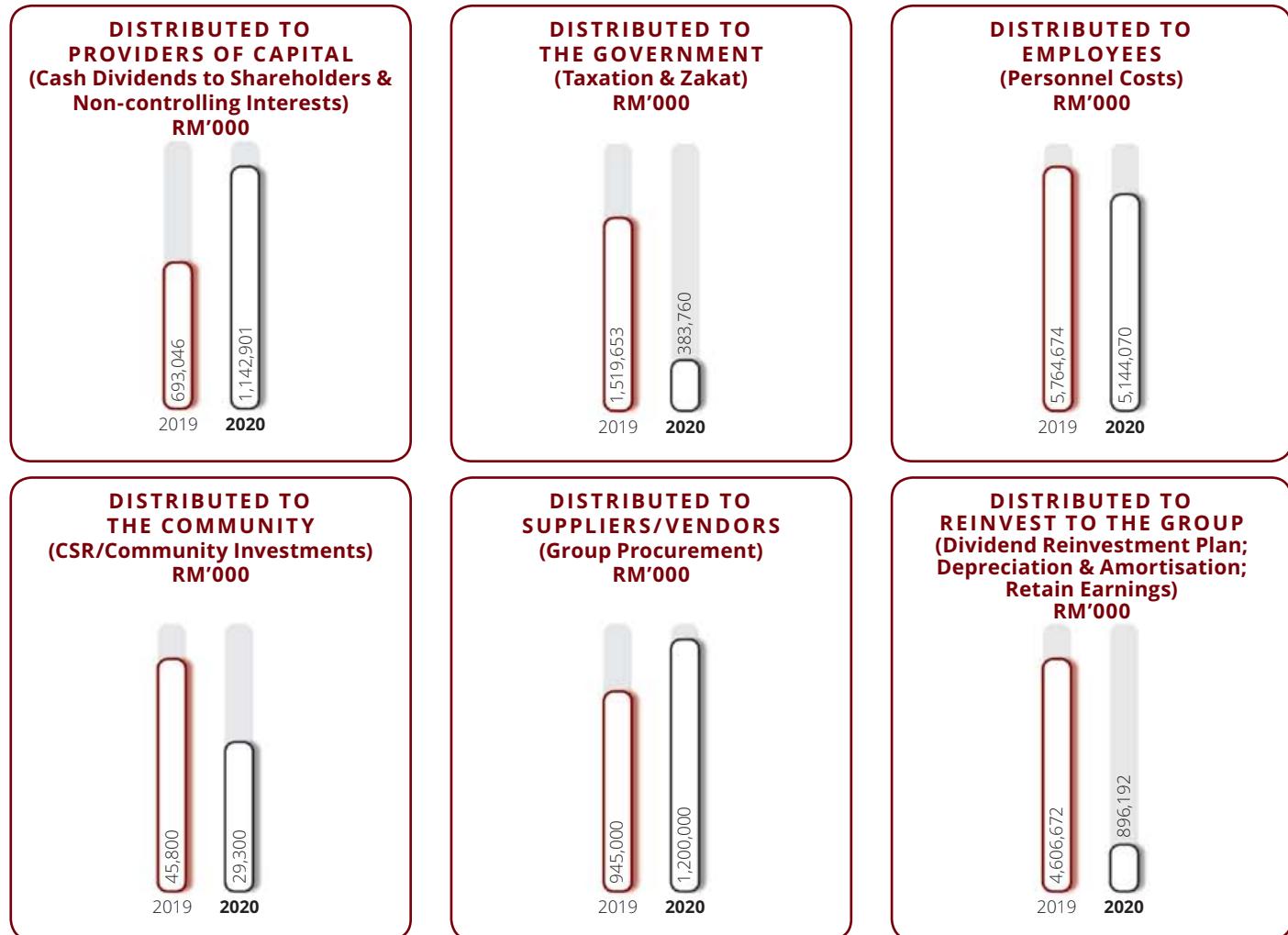
**Top 35%**  
Dow Jones  
Sustainability  
Index (DJSI)  
Ranking

**8.8%**  
Reduction (YoY) in  
Scope 1 and Scope 2  
GHG Emissions  
Intensity

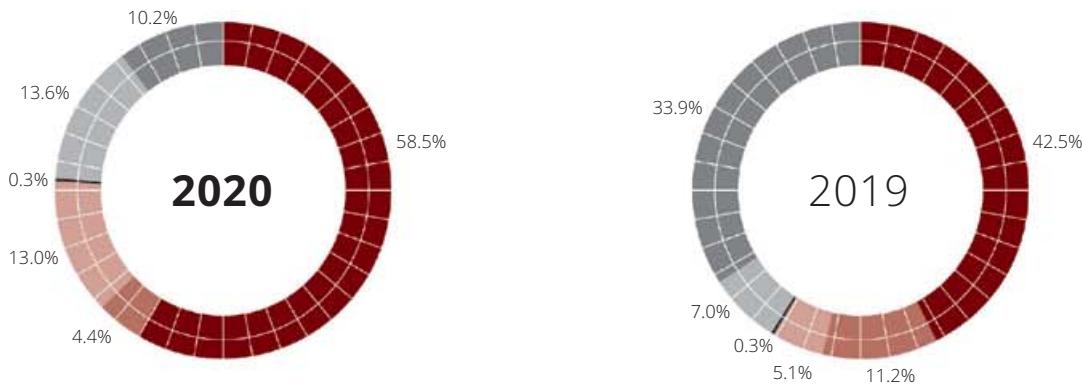


**RM29.3 million**  
Invested in Communities,  
supporting 118,808  
beneficiaries

# Economic Value Distributed & Retained



DISTRIBUTION OF TOTAL ECONOMIC VALUE



█ To employees  
█ To the Government

█ To providers of capital  
█ To the community<sup>1</sup>

█ To the suppliers/vendors<sup>2</sup>  
█ To reinvest to the Group

<sup>1</sup> **Community investments** include contributions to charities, NGOs and research institutes (unrelated to the organisation's commercial research and development); funds to support community infrastructure, such as recreational facilities; and direct costs of developing and implementing social and environmental programmes, including arts, and educational events – all channelled through CIMB Foundation as well as respective business units.

<sup>2</sup> **Value to Suppliers/Vendors** include payment made towards products or services or investments in any supplier education or development programmes.

\* Majority of our suppliers are based in Malaysia, which accounts for 90% of our total Group procurement spend. Our largest spends are in Group Technology, Group Operations, and Group Administration & Property.

# CIMB's Value Creation Model

## KEY RESOURCES

### INPUTS

Refer to Capital: Inputs and KPIs pages 8 & 9.



#### Financial

Strong balance sheet with invested capital and total assets valued at **RM602.4 billion**



#### Manufactured

668 branches, 6,153 ATMs, 8,546 self-service customer access points



#### Human

~34,000 workforce across 10 ASEAN countries



#### Social

>16 million customers and 2,239 registered suppliers

4,216 volunteer hours towards community CSR programmes



#### Intellectual

**Engagement and knowledge platforms** such as The Cooler Earth Sustainability Summit and CEO Action Network



#### Natural

Five (5) sector guidelines include environmental criteria and **RM644.9 million** in renewable energy financing

### KEY BUSINESS AREAS



#### CONSUMER BANKING

#### ISLAMIC BANKING

#### COMMERCIAL BANKING

#### CIMB DIGITAL ASSETS

#### WHOLESALE BANKING

#### TRANSACTION BANKING

Refer to Business Review pages 78-89.

### MARKET TRENDS IMPACTING OUR BUSINESS



Impacts of COVID-19 & Accelerated Digital Penetration



Proliferation of Technology



Geopolitical and Economic Developments



Economic, Environmental, Social and Governance (EES&G) Factors



Financial Market Trends & Fluctuations



New Competitors



Shifting Policy & Regulatory Landscape



Customers of the Future



Refer to Market Trends & Approaches page 49.

### MATERIAL MATTERS

■ Economic ■ Environment ▲ Social ■ Governance



#### SUSTAINABLE ACTION

- Climate Change ■
- Health, Safety and Well-being ▲
- Sustainable Supply Chain ■▲■
- Talent Attraction, Growth and Retention ▲
- Diversity and Inclusion ▲



#### CORPORATE SOCIAL RESPONSIBILITY

- Corporate Citizenship & Volunteerism ■●▲



#### GOVERNANCE & RISK

- Governance ▲■
- Corporate Culture ▲▲



#### SUSTAINABLE BUSINESS

- Customer Experience ■
- Sustainable Finance ■●■
- Technology ■▲▲
- Financial Literacy, Inclusion & Well-being ■▲



#### STAKEHOLDER ENGAGEMENT & ADVOCACY

- Sustainability Awareness and Participation ■●▲■

**Driven by our  
values and culture**



A BETTER CIMB



**CIMB's Value Creation Model**

## FORWARD23+

Five strategic themes of the Revised Strategic Plan (2020-2024) in Response to the New Normal in the Post-COVID era.

- **Delivering Sustainable Financial Returns**
- **Disciplined Execution**
- **Customer Centricity**
- **Transform Fundamentals**
- **Purpose-driven Organisation**

Refer to Group's Forward23+ Strategic Themes pages 52 & 53.

### PRIORITIES IN FY2020



#### Customers

- Customer Solutions: Restructuring & Rescheduling
- Customer's safety



#### Regulators

- Industry Leadership towards maintaining a stable and healthy financial system



#### Suppliers

- Suppliers' Safety, Well-being and Project Continuity



#### Employees

- Risk Management/Business Continuity
- Employee Safety & Well-being

### OUR KPIs (2024)

#### Balance of financial and non-financial metrics

CIR	ROE	CET1	NPS	Sustainability Rankings
45%	Top Quartile	13%	Top Quartile	DJSI Top Quartile

### OUTPUTS VALUE CREATED (2020)

#### CIMB & #teamCIMB

**52.2%**      **2.1%**

Cost to Income or Efficiency Ratio

Return on Equity



**30%**

Female Directors on the Board

**>RM1.2 billion**

In Procurement Spend towards Suppliers/Vendors (Malaysia\*)



**72%**

Customer Satisfaction Score/NPS Score

**>5 million**

CIMB Digital Users

**179**

Clients undergoing Enhanced Sustainability Due Diligence

**~25,000**

Customer to Branch Ratio

#### Society & Community

**Top 35%    8.8%**

Dow Jones Sustainability Index (DJSI) Ranking

Reduction (YoY) in Scope 1 and Scope 2 GHG Emissions Intensity

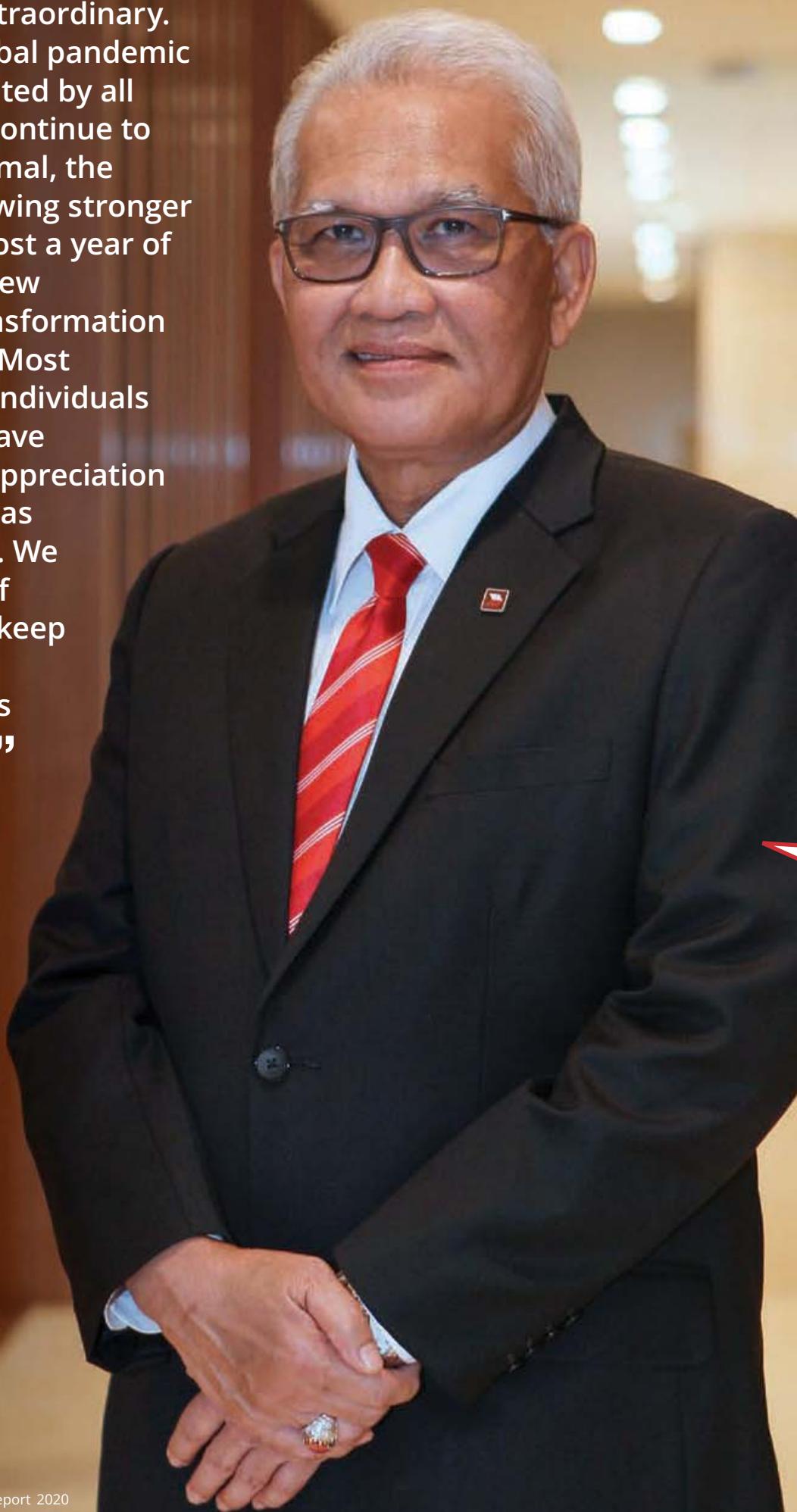


**RM29.3 million**

Invested in Communities, supporting **118,808** beneficiaries

\* Majority of our suppliers are based in Malaysia, which accounts for 90% of our total Group procurement spend. Our largest spends are in Group Technology, Group Operations, and Group Administration & Property.

**“The year 2020 was extraordinary. The impact of the global pandemic has been unprecedented by all measures. While we continue to navigate the new normal, the future will see us growing stronger and better. After almost a year of uncertainty, we see new opportunities for transformation and resilient growth. Most importantly, as both individuals and businesses, we have developed a deeper appreciation for our responsibility as citizens of one planet. We have seen the spirit of cooperation that will keep humanity and the purpose of businesses alive for generations.”**



**DATUK MOHD NASIR AHMAD**

Chairman

# Message from **The Chairman**

**Dear Stakeholders,**

If there is one word to describe the year 2020, it would of course be "unprecedented". However, it was also a year of paradoxes as we experienced conflicting emotions. It was a year where we learned to appreciate the little wins and pleasures of life in an uncertain environment, from the uncertainty of the pandemic's impact to some confidence that we will survive the consequences. From depressing lockdown situations and limited social interactions, to enriching times with family and loved ones when we were finally reunited. From the stress of income and job security, to reflections on the greater purpose in life. In short, it has been the most unsettling year where people searched for meaning even as they focused on survival. At CIMB, amid all the challenges, we found respite in our ability to be part of the many solutions for our customers, employees, partners, and communities who matter to us.

# Message from The Chairman

## YEAR EXTRAORDINAIRE

No country, no economy, no business, and no community has been immune to the impact of the COVID-19 pandemic. The period of the 'Great Lockdown' in different parts of the world and across industries plunged the global economy into a recessionary situation. The threat to humanity and the cost of human capital rose to a level that proved detrimental to both productivity and performance of businesses. Trade and supply chain disruptions affected the income potential and socio-economic well-being of SMEs, which are the backbone of many emerging markets.

The silver lining in an otherwise dark cloud has been the support system in Malaysia. In the spirit of alliance and in support of the philosophy of leaving no one behind, a cross-section of stakeholders accelerated and supported government efforts for resilient recovery. I would particularly like to commend the National Economic Recovery Plan and Economic Stimulus Packages introduced to cushion the negative impact on the rakyat and the business community.

Financial institutions in 2020 assumed a critical role in the recovery efforts of governments, regulators, and policymakers. As a universal ASEAN banking group, we at CIMB have taken extraordinary steps to support businesses, our customers, and our people - from the mandated moratoriums to health and safety measures, from loan holidays to extended credit terms, and from uninterrupted access to financing to community care initiatives.

All in all, 2020 has been a litmus test for our relationships and our ability to remain true to our purpose of advancing customers and society towards a better tomorrow. I am happy to report that we continue to stand alongside our stakeholders, helping them navigate the current challenges and emerge stronger as they transition into the post-COVID era or the "New Normal", as coined by economists.



Inaugural visit by the Minister of Finance, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, former Group CEO CIMB to Menara CIMB Kuala Lumpur, Malaysia.

## RISK & GOVERNANCE

In 2020, we witnessed businesses struggling to maintain the integrity of their organisational systems and processes. Business continuity management plans proved inadequate in the face of massive uncertainty and the unprecedented impact of the pandemic. From strategic crisis management, stakeholder relations to critical infrastructure resilience – the situation demanded innovative approaches, agile processes, and targeted deployment of solutions.

At CIMB, our priority has been to ensure effective, inclusive, and extremely responsive risk and governance mechanisms. On the one hand, the management was swift in mobilising decisions to enable and direct change necessary to keep our people, operations, and performance at their optimal levels. On the other hand, the Board of Directors maintained an active oversight role, deliberating on the potential risks and challenges that could impact the bank and its stakeholders in the long run. The Board looked beyond the immediate 'response' mechanisms to include necessary reforms and recovery strategies for resilient growth.

Amidst the chaos in the marketplace, we also saw a leadership change at the top. After a successful tenure of 6 years as the Group CEO, on 10 March 2020 YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz was called upon to serve the nation, as the Finance Minister of Malaysia, leaving behind huge shoes to fill. The Board immediately proceeded to conduct a vigorous and comprehensive executive search to identify a worthy successor to lead CIMB Group in the prevailing extraordinary times.

On 10 June 2020, Dato' Abdul Rahman Ahmad was appointed as the Group Chief Executive Officer/Executive Director for CIMB Group Holdings Berhad, and Chief Executive Officer/Executive Director of CIMB Bank Berhad. With more than 20 years in leadership roles across several industries, Dato' Rahman comes with a proven track record in organisational transformation, strengthening operational risk and compliance, and innovation amid rapidly evolving landscapes. His fresh perspective has already put CIMB on a new transformation trajectory, building upon our successful ASEAN franchise.

## Message from The Chairman



*Delighted to welcome the Bank's new GCEO, Dato' Abdul Rahman on his first day.*

During the year, we also had two new members joining the Board of Directors. On 15 May 2020, Ms. Shulamite Khoo was appointed as an Independent Non-Executive Director. Ms. Khoo's vast experience in human resources across Asia and Europe will complement the Board's current skill set. On 30 September 2020, Ms. Serena Tan Mei Shwen was appointed as a Non-Independent Non-Executive Director. She brings with her 20 years of experience, including stints in the financial services sector. The Board takes diversity and inclusion seriously and I am particularly happy to note that with these appointments, we have met our target of 30% female members on the Board.

### FORWARD23+

It would be easy to view 2020 purely as a disruptive year. However, for the banking industry and CIMB in particular, it was also a year for us to reinforce our relationships, an opportunity to stand by our customers who needed financial support, and assure them unhindered access to finance. It was a year for us to work with our stakeholders to strategise a recovery plan to make us more resilient for the future.

I would call 2020 Year Zero which provides an opportunity for new beginnings for people and institutions to strengthen their fundamentals, and reimagine the way in which they conduct business and live their lives, to move into the future with innovative solutions. This was certainly the case for CIMB where, under the leadership of our new GCEO, Dato' Rahman, we recalibrated our 5-year mid-term strategy (2019-2023), now called Forward23+, and extended it by a year.

The focus over the next 1-4 years will be on disciplined execution for delivering sustainable financial returns. This will require us to remain customer-centric,

reshape our portfolio, drive cost efficiencies, strengthen technology, and leverage on our regional operating model through focused investments. By transforming our fundamentals, we will enhance our risk management approaches, capital allocation, finance, and compliance. All of these will be underpinned by our culture and values, human capital, and sustainability.

### SUSTAINABILITY

The COVID-19 pandemic has been a wake-up call and the ultimate 'stress-test' for a world afflicted by environmental degradation and social inequalities. The pandemic has shown that sustainability and resilience are now a necessity for businesses. The outperformance of ESG indices and funds during this period of economic uncertainties is a testimony of the demand by stakeholders for greater business transparency, accountability and innovation.

In 2020, we introduced a Coal Sector Guide, the fifth sector guide under our Group Sustainable Financing Policy. With effect from 2021 (in phases), the Group will no longer finance new, or expansions of thermal coal mines and coal-fired power plants, except where there is an existing commitment. We are the first banking group in Malaysia and one of the first in Southeast Asia to commit to phasing out coal from our portfolio, by 2040.



*Hosted our first fully virtual AGM conducted via live streaming and online voting.*

## Message from The Chairman



*Nature Education Programme at Taman Tugu Negara as part of The Cooler Earth Sustainability Summit.*

In line with our commitment to take concrete action towards meeting the 1.5-degree Celsius goal of the Paris Agreement, we will continue to work with both clients and stakeholders across the region to accelerate the transition towards renewable energy. We continue to strengthen our sustainability thresholds in line with global standards and best practices, and will continue to accelerate the growth of solutions offered under our Positive Impact Products & Services (PIPS) frameworks.

Despite the disruption of the pandemic, we organised 'The Cooler Earth Sustainability Summit', our flagship sustainability engagement platform, for the second consecutive year. Delivered online over 8 weeks, the theme of Recovery, Resilience, and Responsibility shared best practices to manage and overcome the current challenges, and to future-proof businesses by exploring how to build back better and greener. The digital platform allowed us to reach over 3,880 participants across the region through 32 online webinars and more than 20 in-person events.

We are deeply rooted in communities where we have a presence, and work with partners to improve lives. In 2020, we invested RM29.3 million in CSR initiatives across the region in our flagship programmes. Due to the devastating impact of the pandemic, we launched various COVID-19 relief programmes

which ranged from supporting medical workers with personal protective equipment, to meal provisions for communities most in need.

### PEOPLE FIRST

The pandemic has impacted people the most. The human cost of COVID-19 is beyond measure. Physical isolation, economic strain, fear, and uncertainty took a toll on employees' mental health and well-being. At CIMB, our priority since the pandemic has been to ensure a safe

workplace, and that our people remained productively employed and in good spirits to support their career aspirations and family responsibilities.

CIMB values the safety and health of #teamCIMB and all our valued customers. With the guidelines from the Malaysian National Security Council and the Ministry of Health, SOPs have been set in place for all staff. The SOPs are to ensure everyone's safety as well as those around us. The topmost priority is to make all workplaces safe from transmission of COVID-19. As an essential service provider, our SOPs are intended to keep #teamCIMB safe from COVID-19, and ensure our bank's operational continuity.

We continue to ensure that all safety precautions are established in the workplace. As the saying goes, 'discretion is the better part of valour,' which suggests it is wise to avoid unnecessary risks. All staff are constantly reminded to comply strictly and adhere closely to the SOPs and practice social distancing as we moved into the various types of Movement Control Order. We encourage our people to continue working from home when possible, and maintain split operations with no swapping between segregated teams. General restrictions are still in force, restricting all face-to-face



*With #teamCIMB from the Kuala Lumpur City Centre (KLCC) Branch, Kuala Lumpur, Malaysia.*

## Message from The Chairman

meetings, except for staff and departments working within the same floor.

CIMB had to quickly adapt to the new normal whilst rolling out the Group's recalibrated Forward23+ strategy for business turnaround in the face of economic headwinds. We continue to support customers across the region who are in financial distress and assisting groups and communities impacted by COVID-19. All this while many of our people work from home or remotely, managing as best as possible to adjust to the daily realities of the pandemic.

I am incredibly thankful to all our frontline staff, who have continued to assist our customers throughout this pandemic. You may not be saving lives, but your efforts will help protect livelihoods. We admire your dedication in working tirelessly to ensure the communities we serve continue receiving essential financial services. With everything that is happening, I urge everyone to always take care of yourselves and look after your well-being. The storm has yet to pass, and we will need all our energy to stay the

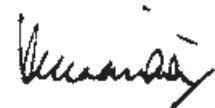
course and emerge in the best shape possible. Thank you, #teamCIMB, for your dedication in overcoming the many challenges we have faced and all the while keeping focused through the uncertainty.

support and strength for us during this difficult time and we look forward to continuing the mutually rewarding relationship as we embark on a new journey of recovery and resilient growth.

### FINAL REMARKS

I take this opportunity to thank Dato' Hamidah Nasiadin, the former Group Chief People Officer and CEO of CIMB Foundation, and Shahnaz Jamal, former CEO of Group Wholesale Banking, for their invaluable contributions during their many years of remarkable service with CIMB. I wish them every success in their future endeavours.

Last, but not least, I thank all frontliners in our business, in public services, in healthcare ecosystems, and in our homes, who, despite the risks, continue to fulfil their responsibilities to keep all of us safe and healthy. I also extend my sincere gratitude to all CIMB stakeholders - including our employees, customers, partners, suppliers and regulators for your trust and continued association with us. You have been a source of great



**Datuk Mohd Nasir Ahmad**  
Chairman



A lovely night for CIMB Appreciation and Farewell Dinner to honour Dato' Hamidah Nasiadin and Shahnaz Jamal.

# Overview

**To be the leading focused ASEAN bank**

## LEADING

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

## FOCUSED

### HOW WE WILL COMPETE



#### Universal Bank:

Across all segments



#### Focused Universal Bank:

Consumer and SME; high quality wholesale



#### ASEAN focus:

ASEAN wholesale and Preferred; niche in commercial



#### Focused player:

ASEAN wholesale and Preferred; niche in consumer finance



#### Universal community focused bank



#### Selective investments:

Digital attacker leveraging on partnerships to create a hedge on future

### OUR VALUES



A BETTER CIMB

A

Go the extra mile to delight customers

B

Respect each other, engage openly and work together

C

Recognise each other's efforts and always back each other up



#### HOW WE WILL WIN

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

#### ASEAN

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

#### CIMB SHARE INFORMATION

##### COMPANY NAME

 **CIMB**

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.**  
(199601006647 (378993-D)  
11th Floor, Menara Symphony  
No. 5 Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor, Malaysia

**RM602.4 billion**

TOTAL ASSETS

**RM43.5 billion**

MARKET CAPITALISATION

**RM1.19 billion**

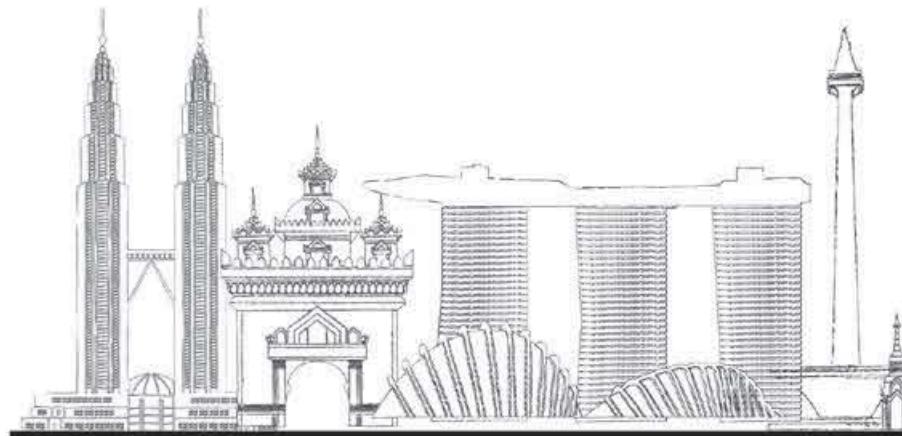
NET PROFIT

# Our 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, wholesale banking, Islamic banking, wealth management and digital payment products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2020, had around 34,000 staff and over 16 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM43.5 billion as at 31 December 2020. Total assets at the end of 2020 were RM602.4 billion, with total shareholders' funds of RM55.9 billion and total Islamic assets of RM143.0 billion. At the end of 2020, the substantial shareholders were Khazanah Nasional Berhad with 27.2%, Employees Provident Fund with 16.0%, Permodalan Nasional Berhad with 12.2% and Kumpulan Wang Persaraan (Diperbadankan) with 6.6%.



## ASEAN MARKETS

	<b>Malaysia</b>
	<b>234</b> Branches
	<b>Indonesia</b>
	<b>352</b> Branches
	<b>82</b> Payment and Cash Centres, Digital Lounges & Mobile Cash Vans
	<b>Thailand</b>
	<b>59</b> Branches
	<b>Singapore</b>
	<b>2</b> Branches
	<b>Cambodia</b>
	<b>14</b> Branches
	<b>Laos</b>
	<b>1</b> Branch
	<b>Brunei</b>
	<b>Vietnam</b>
	<b>2</b> Branches
	<b>Myanmar</b>
	<b>Philippines</b>
	<b>1</b> Branch

## OTHER MARKETS

### China and Hong Kong

	<b>1</b> branch in Shanghai
	<b>1</b> branch in Hong Kong

### United Kingdom

	<b>1</b> Branch
--	-----------------

### India\*

	<b>Korea*</b>
	<b>USA*</b>

\* Via CGS-CIMB Joint Venture

# Our Profile

## CIMB BANK

CIMB Bank is the Group's commercial bank in Malaysia with 234 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 INVESTMENT BANK

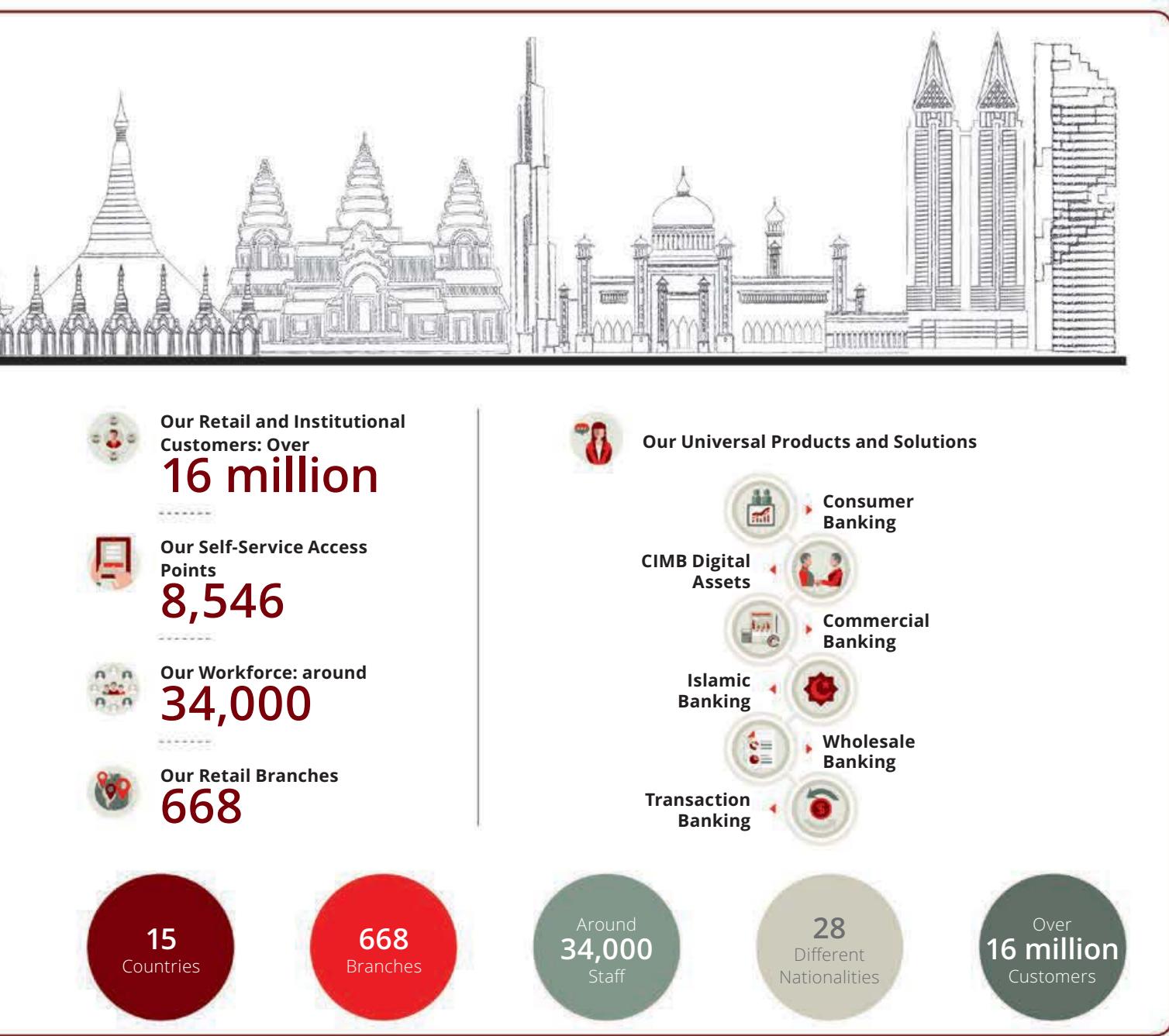
CIMB is the Group's investment banking franchise which operates in 15 countries across Asia Pacific. CGS-CIMB Securities, a joint-venture with China Galaxy International, is the stockbroking arm for the Group providing institutional and retail equity broking services and equities research.

## CIMB NIAGA

CIMB Niaga is the Group's banking franchise in Indonesia with 352 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 2020.

## CIMB THAI BANK

CIMB Thai is the Group's banking franchise in Thailand. It has been listed on the Stock Exchange of Thailand and is the seventh largest commercial bank in Thailand by assets, with 59 branches nationwide and one overseas branch in Vientiane, Laos.



#### CIMB ISLAMIC

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

#### CIMB BANK PLC

CIMB Cambodia is the Group's banking franchise in Cambodia, with 14 branches across the country. It offers a wide range of banking products and services for individuals, businesses and corporates.

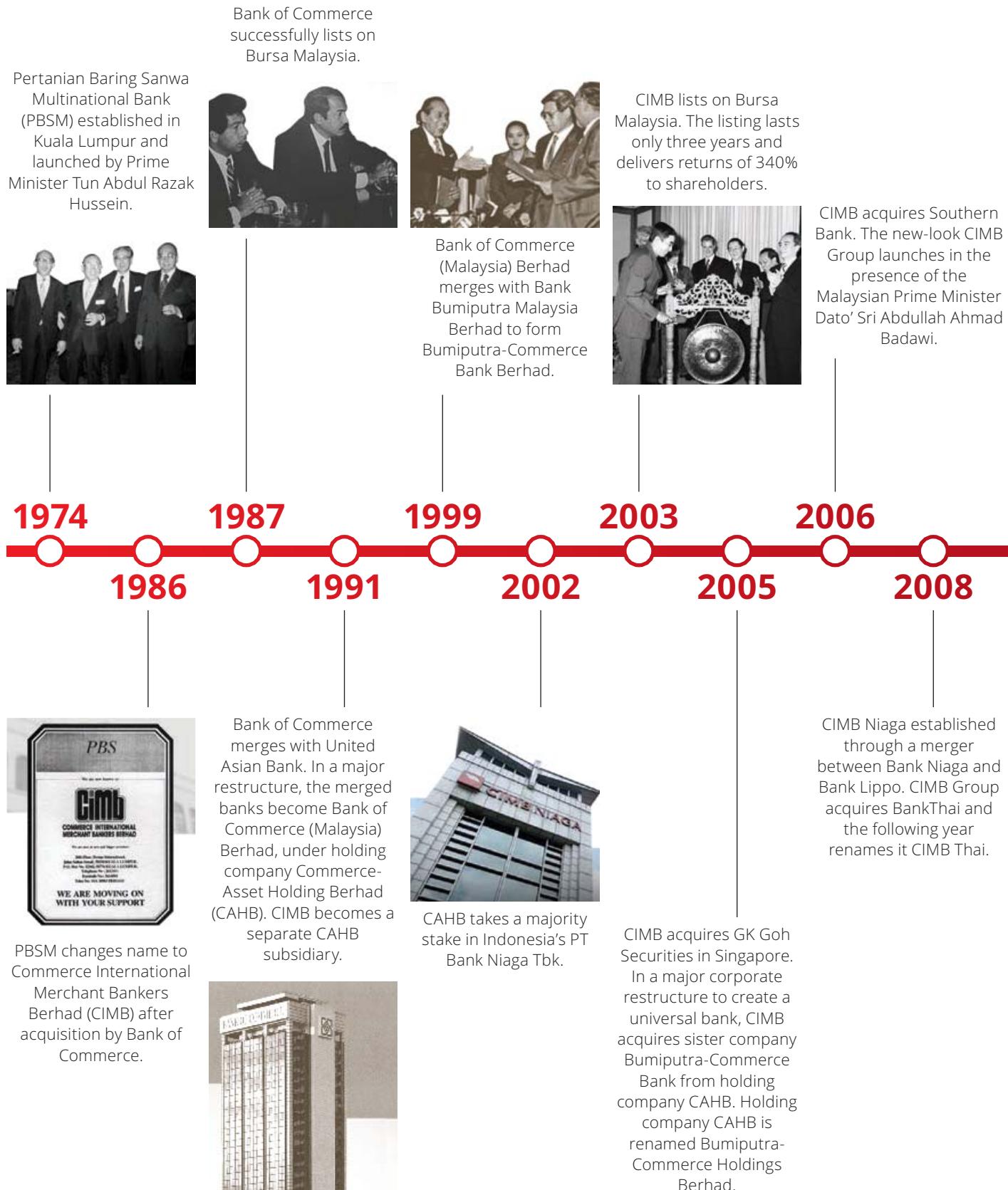
#### CIMB BANK VIETNAM

CIMB Bank (Vietnam) Limited is the Group's banking franchise in Vietnam. Headquartered in Hanoi and with a branch in Ho Chi Minh City, it offers a wide range of banking products and services for individuals, businesses and corporates.

#### CIMB BANK PHILIPPINES

CIMB Bank Philippines was launched in 2018 and is recognised as a leading digital banking franchise in ASEAN. The all-digital mobile-first retail banking proposition scaled rapidly to 1.7 million customers in its first year of operations.

# Corporate Milestones & Our Heritage



## Corporate Milestones & Our Heritage

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.



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.

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.



CIMB (Malaysia Bank) became the first bank in Malaysia and ASEAN to adopt a formal Coal Exit Policy, reinforcing the Group's commitment to effectively manage its footprint and create positive impact through green and sustainable products and services.

The Group has moved up on Dow Jones Sustainability Index from the bottom 20 percent a few years ago to the top 35 percent in 2020.

**2009**

**2012**

**2016**

**2018**

**2020**

**2010**

**2013**

**2017**

**2019**

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.

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.



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



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.

CIMB Group, as a Founding Member of the United Nations Environment Programme Finance Initiative Principles for Responsible Banking (PRB), makes a public commitment to mobilise and influence its networks towards sustainable business and lifestyle practices. The Group launches a sustainability roadmap to realise CIMB's priority UN Sustainable Development Goals and held our inaugural

The Cooler Earth Sustainability Summit 2019.





# A Fond Farewell...

## Championing a better tomorrow

During his 6 years as Group CEO, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz transformed CIMB, laying the foundation for us to become a regionally focused, customer-centric and sustainable organisation for the future.

The former Group CEO/Executive Director of CIMB Group and the current Minister of Finance Malaysia, strengthened CIMB's regional presence as a leading ASEAN banking group and spearheaded its shift towards responsible banking. His leadership and commitment to definitive action and value creation for all stakeholders have helped to set the stage for the Group's continued success.

YB Minister was driven by his conviction in meaningful growth for, not just the organisation, but also stakeholders along its value chain. From expanding CIMB's footprint into all 10 ASEAN countries to forging partnerships to strengthening the bank's market position, he led with confidence and a vision. At every opportunity during his tenure, he translated his vision for the bank and its stakeholders into reality, often by having to address challenges and make difficult decisions with an eye on preparing CIMB for the future.

For one, he was instrumental in positioning CIMB Group as a driver of positive change by responding to global sustainability issues and integrating sustainability principles into its business. In 2018, CIMB became the first and only ASEAN

banking group to support the United Nations Environment Programme Finance Initiative in framing the Principles for Responsible Banking, in addition to joining 29 global business titans on the Global Investors for Sustainable Development Alliance to free-up trillions of dollars from the private sector to finance Sustainable Development Goals (SDGs).

Closer to home, he led CIMB through an ambitious T18 roadmap, a four-year strategic plan to shift our focus and delivery model, as well as achieve new growth potential across our businesses. The efficiently executed mid-term strategies under T18 strengthened our foundations and improved our resilience as a leading regional bank.

His contributions have been invaluable, especially in charting a differentiated, competitive and robust approach to delivering stakeholder value. His commitment to his passions and focus on the job at hand helped elevate CIMB's brand, internally with staff as well as with customers. He embraced and fostered an active #teamCIMB spirit, and reinforced leadership for action, for change, and for a better tomorrow. He will be remembered by his colleagues for his unique ability to drive action; his peers in the industry for his pioneering efforts; and the many CIMB employees and partners with whom he shaped a strong culture of leadership.



# Key Highlights of 2020

## BUSINESS HIGHLIGHTS

### FORWARD23<sup>+</sup>

We decided it was necessary to recalibrate our existing Forward23 strategy, which had been launched in 2019, to reassess our focus, growth priorities and value creation opportunities in order to future-proof our business.

The Group's vision has been rearticulated, from being an ASEAN-focused bank to being a focused ASEAN bank. We will drive growth in segments where we have a clear and differentiated proposition and a competitive edge, where we will play to win.

 Refer to Group CEO's Overview page 37.

### DELIVERING SUSTAINABLE FINANCIAL RETURNS

Under the Forward23+ strategic theme of Delivering Sustainable Financial Returns, we intend to reshape our portfolio, drive cost efficiency, digitise for value and will undertake focused investments.

In order to mitigate the pandemic's impact on profitability, CIMB introduced an aggressive 5% or RM500 million cost reduction target for 2020. This target was successfully exceeded through stringent cost optimisation measures and the deferment of non-essential expenditure.

 Refer to Group CEO's Overview page 37.

### DISCIPLINED EXECUTION

Disciplined execution amongst #teamCIMB at all levels will be crucial to ensuring accountability and transparency, and ultimately the success of Forward23+.

Multiple initiatives have been put in place to change our performance management approach, drive productivity, and enhance our operational processes to improve overall effectiveness of project deliveries.



 Refer to Group CEO's Overview page 38.

### CUSTOMER CENTRICITY

Our customers are at the heart of everything we do. We aspire to make banking seamless and convenient for our customers, and are always looking at how we can improve to ensure we continue meeting their current and future needs.

2020 proved to be a litmus test for banks and their ability to stand by our customers and stakeholders. At CIMB, our overriding focus in the year was supporting customers and their businesses to weather through this period.

Beyond that, we also sought to prepare them to recover through targeted assistance programmes and other initiatives across the Group.

 Refer to Group CEO's Overview page 38.

### TRANSFORM FUNDAMENTALS

Strengthening our fundamentals is key to ensuring operational efficiency to support growth. We would require an optimal capital structure in place and an enhanced risk management approach in order to improve guidance on pricing and returns.

Areas such as improving cost of funds, enhancing interest rate risk management and having a more competitive transfer pricing framework will be key priorities under Forward23+.

 Refer to Group CEO's Overview page 38.

### PURPOSE-DRIVEN ORGANISATION

CIMB intends to be a purpose-driven organisation, embedding the right values and culture that is respectful, empowering and collaborative in order to attract and retain best talents. Open engagement and teamwork will be critical as we pivot on our collective strength to achieve our shared vision.

We have also embraced sustainability as part of our DNA. Towards that end, we held our annual sustainability summit, The Cooler Earth, in digital format, joined the Private Financing Advisory Network (PFAN), granted Sustainability-Linked Loans (SLL) to corporates, and launched our coal sector financing policy where we committed to reducing our coal exposure to zero by 2040.



 Refer to Group CEO's Overview page 39.

### FINANCIAL HIGHLIGHTS

	<b>OPERATING INCOME:</b> <b>RM17.19 billion</b>	<b>TOTAL ASSETS:</b> <b>RM602.4 billion</b>	<b>TOTAL CAPITAL RATIO:</b> <b>17.6%</b>
<b>NET PROFIT:</b> <b>RM1.19 billion</b>	<b>DEPOSITS FROM CUSTOMERS:</b> <b>RM410.8 billion</b>	<b>DIVIDEND PER SHARE:</b> <b>4.81 sen</b>	
<b>GROSS LOANS:</b> <b>RM365.8 billion</b>	<b>ROE:</b> <b>2.1%</b>		

### STRENGTHENING GOVERNANCE

We appointed a Group Chief Sustainability Officer and established the Group Sustainability Division.

We made significant progress in rolling out the Group Sustainability Policy and the Group Sustainable Financing Policy across key markets to manage our sustainability risks.

### DEEPENING OUR COMMITMENTS

We announced a commitment to phase out coal from our portfolio by 2040, in keeping with the Principles for Responsible Banking, and our commitment to align our portfolios to the Paris Agreement on Climate. CIMB is the first globally significant financial institution in the developing world to commit to a coal exit strategy.

### GROWING NET POSITIVE FINANCING

We developed the Green, Social, Sustainable Impact Products and Services Framework that aims to deliver substantial positive contributions to economic, environmental, and social outcomes through our products and services.

### DEVELOPING STANDARDS

We participated in developing and piloting sector frameworks, taxonomies and tools that will enable financial institutions to identify, assess and mitigate climate risks, classify climate-aligned economic activities, and streamline sustainable financing practices.



### ENGAGING STAKEHOLDERS

We engaged actively and openly with stakeholders through training, one-on-one engagements, working groups, and our flagship event, The Cooler Earth Sustainability Summit, to accelerate momentum towards a sustainable future.

### RAISING ACCOUNTABILITY

We developed a Sustainability Scorecard of key indicators across sustainability focus areas to track long-term value creation. We will report on the progress, effectiveness, and impact made in creating net positive impact.

# Our Response to COVID-19

**“Opportunity often comes in disguised in the form of misfortune, or temporary defeat.”**

Napoleon Hill

The global COVID-19 pandemic has been an unprecedented crisis for all of humanity and everything that we have built. It has been as much a test of our economic systems, as it has been of our vision of shaping a progressive and sustainable world. The existential threat to people and communities, and the disruptions in supply chain, trade and commerce have exposed the frailties of our modern times.

The pandemic has signalled the critical need for governments and businesses in particular to devise strategies that will future-proof our ecosystems and communities against various emerging economic, environmental, and social risks.

Our priority has been to engage with our multiple stakeholders to business, including our shareholders/investors, employees, customers, suppliers, regulators, industry associations, and community. The main objective of our proactive outreach has been to understand issues and challenges of our stakeholders in managing the impacts of COVID-19, and develop recovery measures that will help them bounce back stronger and more resilient. From standard safety and health operating protocols to loan moratoriums; from special relief and credit extension schemes to digital solutions; from risk management guidelines to capacity building in areas of sustainability – our approach has been to offer everything within our reach and influence to our important stakeholders.



## FINANCIAL RELIEF SCHEMES, MORATORIUMS, RESTRUCTURING & RESCHEDULING OF DEBT, CREDIT EXTENSIONS ETC.

### RM19.43 billion

as financial payment relief assistance to 150,000 individual and SME borrowers in Malaysia

### SGD259.3 million

through Monetary Authority of Singapore and The Association of Banks Malaysia

### IDR10 billion

for Indonesian SMEs

### SGD329.3 million

first-ever government-backed ESG Temporary Bridging Loan

### RM2 million

earmarked for Bereavement Support Programme, offering financial help to our customers, or their immediate family members, who have fallen victim to COVID-19 in Malaysia and Singapore

### CIMB’s ASEAN-Wide Customers

benefitted from various proactive schemes and moratoriums offered by the bank in partnership with the government, industry bodies and associations

**“At CIMB across ASEAN markets, while navigating through the impacts of COVID-19, we see a unique opportunity to build Resilience; strengthen stakeholder Relationships & plan Recovery.”**



#### CUSTOMERS

We remained true to our commitment and supported customers-in-need, and their seamless and safe access to financial services and solutions.



#### REGULATORS

We went beyond all mandates, and took proactive measures across ASEAN to offer relief packages while efficiently managing our financial position.



#### COMMUNITY

We worked with various lead NGOs, industry associations, and non-profit organisation to support vulnerable and at-risk communities.



#### EMPLOYEES

We prioritised their well-being and welfare through safety mechanisms, without constraining their income and potential.



#### SUPPLIERS

We relieved our vendors of their financial burden by processing their payments real-time as well as supporting their business continuity plans.



#### SHAREHOLDERS

We engaged the Board on our mid- and long-term approaches to recovery and growth, also reinforcing investor confidence in CIMB Group.

#### **SCHEMES, PROGRAMMES, AND FUNDING TO SUPPORT CRISIS RESPONSE, HEALTH AND WELL-BEING OF OUR PEOPLE AND COMMUNITIES.**

**1-Year Free Insurance**  
to cover COVID-19  
+  
**0% Interest Loans**

worth THB100k for all staff in CIMB Thailand

**Online Wellness & Fitness Seminars**

to boost morale and mental/physical health of employees

**292 Supplier Payments**

disbursed on priority to help ease financial burden and help facilitate their cash flow

**RM1 million**

channeled to NGOs through Touch 'n Go eWallet

**RM2.8 million**

for COVID-19 relief to support hospitals, frontliners, and communities in Malaysia

**3-6 Months Moratorium**

for home loans held by CIMB employees

# Group CEO's Overview

**Dear Stakeholders,**

The world is experiencing an unprecedented crisis which began as a global health emergency but quickly triggered an economic one. As mandatory lockdowns were enforced globally, our ability to remain productive became compromised as global trade, supply chains and entire industries were disrupted. It also challenged notions of safety and well-being, affecting norms of trade and business. Most importantly, it made us all appreciate the need to plan for a future that may be threatened by various economic, environmental and social risks. At CIMB, we persevered whilst remaining responsive to the needs and expectations of our stakeholders to assist them to navigate the challenges and impacts from the pandemic. We reinforced our role as a purpose-driven financial institution, committed to drive sustainable business, while advancing customers and society towards a better future.

The financial performance stated in this section is on a BAU basis which excludes the one-off net transformational costs of RM270 million in 2019 and a RM185 million write-off of intangible assets last year.



**DATO' ABDUL RAHMAN AHMAD**

Group Chief Executive Officer

## Group CEO's Overview



*My first day as the Group Chief Executive Officer of CIMB Group.*

### EMBRACING REALITY, FORGING RESILIENCE

2020 was a year defined by adversity and tenacity. While the world was faced with fear and uncertainty, we saw leaders and businesses come together in a united effort to battle the impacts of the pandemic. While there was serious impact on jobs, productivity and income, people and organisations were quick to adapt to an agile and primarily digital lifestyle and ways of working. While in isolation, we found ways to remain connected to others and purposes that mattered.

Entrepreneurs and small businesses struggled to stay afloat in the midst of movement controls and supply chain disruptions, resulting in them adapting to alternative business models and solutions of the future. Large enterprises also found their resilience tested, necessitating detailed reviews of their business and internal processes, as well as make tough decisions to survive.

Through the year, we saw everyone preparing to emerge stronger and more resilient in the post-COVID era. Governments across the world rolled out stimulus programmes to revive contracting economies with increased health-related spending, temporary tax

reliefs, financial aid for affected and low income households, job-related incentives and subsidies, and grants to SMEs. Central banks also played an instrumental role by utilising policy levers such as policy rate cuts to cushion the economic impact and encourage consumption. Closer to home, Malaysia, Indonesia and Thailand saw rate cuts of up to 125 bps. Automatic loan moratoriums were also offered in Malaysia, for six months, to provide payment relief for affected borrowers.

ASEAN economies were impacted predominantly through severe declines in exports, tourism and domestic demand. Singapore was hit hardest by the drop in exports, while Thailand's popular tourism sector suffered the brunt of travel restrictions. Additionally, Malaysia experienced around RM31 billion in lost revenue due to the drop in oil prices. Domestic demand declined across the region, alleviated to some extent by each country's respective economic stimuli measures, with varying degrees of effectiveness.

Against this economic backdrop, it is understandable the Group missed several key financial targets in 2020. Our Return on Equity (ROE) came in at 2.1% against our target of 9.0%. Due to elevated provisions across all segments and countries, Loan Loss Charge (LLC) came in significantly above target. However, I am proud to highlight that despite the circumstances, our Cost-to-Income ratio (CIR) improved by 1.2% YoY to 52.2% due to aggressive cost optimisation measures and we achieved a record high Common Equity Tier 1 (CET1) capital ratio of 13.3%, ensuring we remain well-capitalised against future headwinds.



*Formulating Forward23+ with Group Executive Committee members.*

### RE-DEFINING THE NEW NORMAL

The new normal encompasses the responsiveness to stakeholders' expectations, market trends, ecosystem challenges, and future risks and opportunities, all of which have seen massive changes in the past year. Due to the extremely challenging and disruptive operating environment, we had to urgently re-evaluate our business to address the immediate to long-term impacts of COVID-19. With the support and guidance of the Board and Group Management, we decided it was necessary to recalibrate our existing Forward23 strategy, which had been launched in 2019, to reassess our focus, growth priorities and value creation opportunities in order to future-proof our business.

This led to the introduction of Forward23+, which was designed to overcome the current and future challenges. The recalibrated plan will end in 2024 instead of 2023 to take into account a year effectively lost due to COVID-19, with specific financial and non-financial targets to be achieved by then. While these key targets have largely been retained from Forward23, how CIMB plans to get there have been refined, given the adverse operating environment.

Forward23+ will act as our roadmap, setting out key priorities and clear performance metrics with collective ownership of the plan across the Group. This will entail a transformational mindset across the bank, as we double down in some areas and fix or turn around underperforming businesses.

The Group's vision has been rearticulated, from being an ASEAN-focused bank to being a focused ASEAN bank. We will drive growth in segments where we have a clear and differentiated proposition and a competitive edge, where we will play to win. Over the next four years, our new vision will be translated into different focuses across the breadth of our portfolio, based on the profile of our key markets.

The five strategic themes under Forward23+ are: (1) Delivering Sustainable Financial Returns; (2) Disciplined Execution; (3) Customer Centricity; (4) Transform Fundamentals, and (5) Purpose-driven Organisation. These strategic themes have been translated into 25 core programmes, providing us with a specific and measurable blueprint to ensure delivery of business outcomes. In terms of financial targets, we aim to achieve a top quartile ROE among banks in ASEAN, CIR of 45%, and CET1 ratio of 13%. For non-financial targets, we strive

to be in the top quartile in terms of Net Promoter Score (NPS) and Dow Jones Sustainability Index (DJSI). Though the environment remains highly uncertain, we have already started to make progress and are confident that we are on track to meet these targets.

Our transformation has only just begun, and 2021 will be the first full year of Forward23+. As we seek to regain our footing and accelerate growth, we will also ensure that we demonstrate progress to our stakeholders along the way.

### DISCIPLINED EXECUTION FOR SUSTAINABLE FINANCIAL RETURNS

Under the Forward23+ strategic theme of Delivering Sustainable Financial Returns, we intend to reshape our portfolio, drive cost efficiency, digitise for value and will undertake focused investments. We want to catalyse growth and turnaround businesses by tapping onto various opportunities across ASEAN, through responsible banking models that focus on sustainable business growth.

In reshaping our portfolio, we will also enhance our Capital and Risk-Weighted Asset (RWA) allocation framework. This includes enhancing a Risk-adjusted Return on Capital (RAROC) methodology to improve our ability to increase returns across our business units such as our corporate and commercial businesses in Indonesia, Singapore and Thailand which were affected by specific provisions for the past few years.

In order to mitigate the pandemic's impact on profitability, CIMB introduced an aggressive 5% or RM500 million cost reduction target for 2020. This target was successfully exceeded through stringent cost optimisation measures and the deferment of non-essential expenditure. Strategic cost initiatives will continue to examine the link between key cost drivers and our strategy, nurture a strong cost accountability mindset and champion the path to bring our CIR to be at par with the best-in-class.



Embracing the new normal by conducting the Group CEO's Town Hall virtually.

## Group CEO's Overview

Consistency and reliability have been known to be strong predictors for overall customer experience and loyalty. While CIMB has established ourselves via our innovative products and services, sustaining a consistent customer experience is our next new challenge. For this, a new set of metrics on service uptime for our key customer channels will be introduced.

In recent years, we have developed a strong in-house competency in data analytics. Aligning this capability with the customer-centricity pivot at a group-wide level will further enhance our customer understanding in order to deliver a superior customer experience.

Our investment focus will potentially include areas in selective digital investments, investments that facilitate intra-ASEAN wholesale business, and the Preferred as well as wealth management businesses. These investments will be based on strategic expansion into high-opportunity segments in our operating countries and will be a key enabler of an enhanced portfolio.

Disciplined execution amongst #teamCIMB at all levels will be crucial to ensuring accountability and transparency, and ultimately the success of Forward23+. Multiple initiatives have been put in place to change our performance management approach, drive productivity, and enhance our operational processes to improve overall effectiveness of project deliveries.

### KEEPING CUSTOMERS AT THE HEART OF OUR BUSINESS

Our customers are at the heart of everything we do. We aspire to make banking seamless and convenient for our customers, and are always looking at how we can improve to ensure we continue meeting their current and future needs.

2020 proved to be a litmus test for banks and their ability to stand by our customers and stakeholders. At CIMB, our overriding focus in the year was supporting customers and their businesses to weather through this



A visit to Bukit Tunku branch with our Chairman, Datuk Mohd Nasir Ahmad.

period. Beyond that, we also sought to prepare them to bounce back and recover through targeted assistance programmes and other initiatives across the Group. We remain committed to this purpose as the pandemic has provided opportunities for us to strengthen our relationships and reinforce the trust our most important stakeholders place in us. Our frontliners truly went the extra mile to continue providing essential financial services to customers and communities throughout the various lockdown measures.

The pandemic has also accelerated digital adoption which was evidenced when we saw a significant increase in traffic on our CIMB Clicks application platform, where monthly online transactions grew by 62% from February to December 2020. In view of this trend in consumer behaviour, we are focused on optimising our technology spend to maximise returns as we continue deploying feature and stability enhancements on our digital platforms. We recognise to achieve this, investments are required and in the last one and a half years, the Group's investment in IT as a percentage of revenue was in line with the market.

### TRANSFORMING THE FUNDAMENTALS IS ESSENTIAL

Strengthening our fundamentals is key to ensuring operational efficiency to support growth. We would require an optimal capital structure in place and an enhanced risk management approach in order to improve guidance on pricing and returns.

To monitor the progress of Forward23+ as we reshape our business portfolio, the Group Risk division will play a pivotal role in guiding the risk appetite of the Group through re-evaluations of limits, policies and frameworks. We will also adopt a more holistic approach across client selection, underwriting, market risk management and collections.

Recognising that banks which are able to efficiently and strategically manage and optimise their capital and RWA will have a competitive advantage, we will continue to strengthen our capital and RWA framework to increase our capital efficiency. Areas such as improving cost of funds, enhancing interest rate risk management and having a more competitive transfer pricing framework will be key priorities under Forward23+.

Speaking to John Elkington, the father of the 'Triple Bottom Line', during our virtual sustainability summit, *The Cooler Earth*.

Lastly, having a single source of truth for financial metrics across the Group is critical as we navigate our transformation. Key initiatives that Group Finance will undertake include streamlining reporting process, improving data integrity and delivering a real time financial dashboard as well as 'templatise' reporting packages while developing best-in-class finance operations.

### ACHIEVING PURPOSE BEYOND PROFIT

Our purpose to Advance Customers and Society will only be achieved if we can deliver returns to shareholders while also creating value for internal and external

stakeholders. CIMB intends to be a purpose-driven organisation, embedding the right values and culture that is respectful, empowering and collaborative in order to attract and retain best talents. Initiatives that aim at strengthening human capital, employee experience and competency will be rolled out in a measured and structured manner. While we have witnessed the true mettle of #teamCIMB in persevering through an unprecedented year of change, we still have room for improvement in terms of reducing silos and improving collaboration across teams. Open engagement and teamwork will be critical as we pivot on our collective strength to achieve our shared vision.

## FORWARD 23<sup>+</sup>

### VISION

*To be the leading focused ASEAN bank*

#### Strategic Themes

<b>1 Delivering Sustainable Financial Returns</b>	a) Reshape portfolio <ul style="list-style-type: none"> <li>• Accelerate profitable growth</li> <li>• Fix &amp; turnaround underperforming businesses</li> </ul>	b) Drive cost efficiency <ul style="list-style-type: none"> <li>• Reset cost base</li> <li>• Tighten expense management</li> <li>• Increase productivity</li> </ul>	c) Digitise for value <ul style="list-style-type: none"> <li>• Strengthen technology</li> <li>• Digitise &amp; automate front &amp; back office</li> <li>• Focus on data &amp; analytics</li> </ul>	d) Focused investments <ul style="list-style-type: none"> <li>• Facilitate intra-ASEAN wholesale</li> <li>• Preferred &amp; Wealth</li> <li>• CASA, fee income and transaction banking</li> <li>• Islamic Finance</li> <li>• Selective CIMB digital investments</li> </ul>
<b>2 Disciplined Execution</b>		<b>3 Customer Centricity</b>		<b>4 Transform Fundamentals</b>
		<ul style="list-style-type: none"> <li>• Strengthen reliability</li> <li>• Transform customer journeys</li> <li>• Treat customers fairly</li> </ul>		<ul style="list-style-type: none"> <li>• Risk management</li> <li>• Capital optimisation</li> <li>• Finance &amp; Compliance</li> </ul>
<b>5 Purpose-driven organisation</b>	a) Culture & Values		b) Human capital	
	c) Sustainability			

We have also embraced sustainability as part of our DNA. Towards that end, we held our annual sustainability summit, *The Cooler Earth*, in digital format, joined the Private Financing Advisory Network (PFAN), granted Sustainability-Linked Loans (SLL) to corporates, and launched our coal sector financing policy where we committed to reducing our coal exposure to zero by 2040. As recognised by the Institute for Energy Economics and Financial Analysis (IEEFA), "CIMB represents the first globally significant financial institution in the developing world to commit to a coal exit strategy." These key highlights are in addition to other green and sustainable impact products and solutions launched for our customers and clients, in a continued effort to champion sustainable finance in ASEAN.

At CIMB, in fulfilling our critical role as a financial intermediary, we are committed to shape our financing decisions and design our financial offerings in a way that will positively influence the long term economic, environmental, and social (EES) value creation, catalysed by principles of good governance (G).

Also, in keeping with our commitment to the Principles for Responsible Banking, CIMB will maintain its orientation towards EES&G through our regional operating model. In short, despite the many economic and business challenges we face today, we remain committed to work together with regulators, industry peers, clients and customers, and partners to finance a sustainable future.

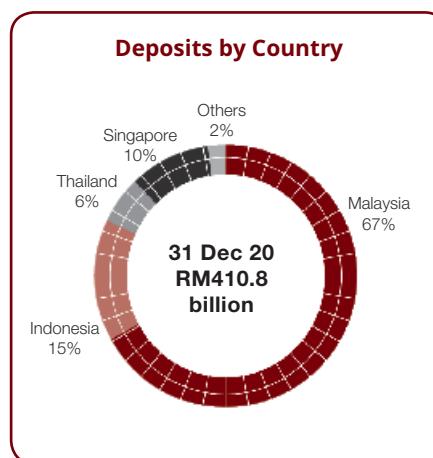
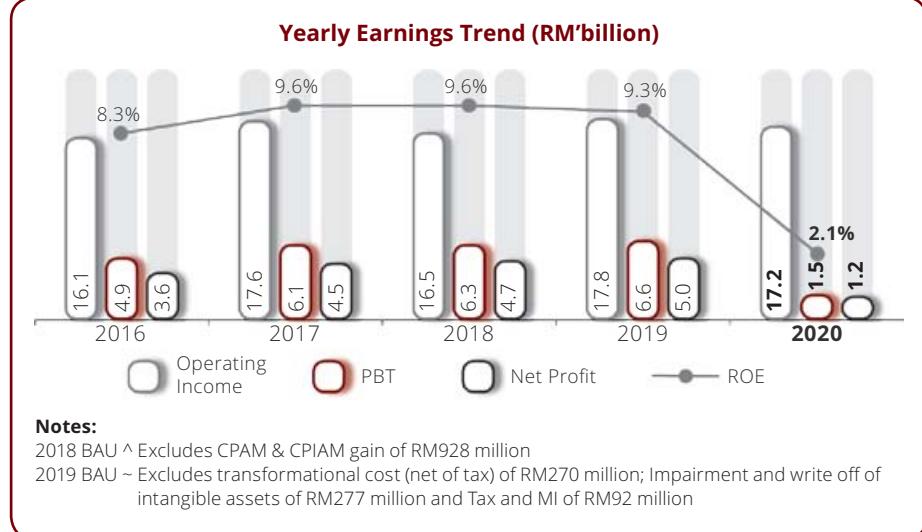
## Group CEO's Overview

### OUR UNDERLYING BUSINESS REMAINS RESILIENT BUT PROVISIONS AFFECTED BOTTOMLINE PERFORMANCE

The impact of the COVID-19 pandemic on CIMB Group's 2020 financials were significant. We recorded an operating income of RM17.19 billion, a slight 3.4% reduction from the previous year on the back of stagnant Net Interest Income (NII), with Net Interest Margin (NIM) decreasing by 14bps and lower Non-Interest Income (NOII) resulting from weaker facility fees and absence of the RM236 million gain from sale of Malaysia equities business in 2019. Consequently, due to elevated provisions arising from accounting adjustments incorporating macroeconomic factors and management overlays, as well as specific provisions made against COVID-19 related and legacy accounts, our PBT also declined by 76.9% to RM1.53 billion. Regrettably, we missed our target for ROE where we recorded a low of 2.1% this year.

In order to mitigate the impact on profitability, we surpassed our 5% cost reduction target through cost discipline and deferment of non-essential spending. This resulted in operating expenses decreasing by RM524 million or 5.5%, bringing our CIR to 52.2% (cf. 53.4% in 2019), down 1.2% YoY. In addition to that, our underlying business remains resilient with a record high CET1 capital ratio of 13.3% (c.f. 12.9% in 2019). The Group also reported net Earnings Per Share (EPS) of 12.0 sen.

The Group's balance sheet saw a 1.0% decrease in gross loans as we de-risked our balance sheet and strengthened our portfolio. Deposits, on the other hand, grew by 2.3%, driven by a strong 22.6% growth in CASA. Our CASA ratio strengthened to 41.3% from 34.4% in 2019. Below is a snapshot of the yearly financial performance for the years ended 2016 to 2020, deposits by country as well as our CASA ratio by country.



### CASA Ratio by Country (%)

	Dec-20	Dec-19
Malaysia	<b>33.4%</b>	29.4%
Indonesia	<b>59.6%</b>	55.4%
Thailand	<b>48.1%</b>	31.8%
Singapore	<b>61.2%</b>	37.2%
Others	<b>48.9%</b>	47.1%

### SEGMENTAL PERFORMANCE

**Consumer Banking's** PBT weakened by 66.5% on the back of lower NOII, mainly due to moratorium-related management overlays. This segment still remains the Group's largest PBT contributor at 41%. Gross loans grew by 2.7%, contributed by the loan growth especially in Malaysia, followed by Indonesia and Singapore. Deposits reduced marginally by 1.2%, however, consumer CASA registered strong growth of 30.2%.

Efforts and emphasis were placed on various loan relief programmes for this difficult year, providing a helping hand to customers-in-need. We have assisted around 257,000 accounts through our programmes across the region. Internally,

strict measures were taken to manage credit risk and asset delinquencies. The pandemic accelerated the need for digital banking services, and hence one of the key focus areas was on digital engagement through digital user activation, transactions, digital sales acquisition and digital sales enablement – ensuring that customers have complete access to banking services digitally.

**Commercial Banking** was heavily impacted by elevated provisions from legacy accounts in the earlier quarters of the year, resulting in a 102.1% reduction in PBT. Gross loans fell by 3.7% as we reshaped the portfolio regionally, but Malaysia recorded a 6.2% growth. Deposits grew by 8.1% driven by a 19.0% growth in CASA.

Helping SME customers weather through the pandemic was Commercial Banking's top priority. We have provided RM2.5 billion worth of relief facilities initiated by CIMB and the regulator or government. Against the backdrop decelerating economic growth, we have shifted our focus to deposits growth and transaction banking, while supporting the various relief programmes. Multiple digitalisation and process improvement initiatives were also put in place to allow us to stay connected to our customers, with the objective to create an SME ecosystem.

**Wholesale Banking** was not spared from the pandemic's impact. Elevated loan and bond provisions set its PBT back by 81.8%. However, NII growth was strong at 10.6% YoY but this was offset by a decline in NOI YoY performance due to weaker treasury & markets fees. Wholesale's operating income remained stable. The loans and bonds portfolio expanded by 5.3% YoY while its deposits grew by 3.8%.

Demonstrating the segment's leadership in sustainable and responsible banking, we continued to make progress in this area and set new milestones. CIMB was one of the first banks in Malaysia to announce the SLL initiative, having committed RM3 billion to SLLs. We successfully provided three SLLs totalling RM970 million in Malaysia, to support clients' objectives such as reducing carbon emissions and accelerating rural electrification through renewable energy. We have also provided assistance to companies across the region to weather the COVID-19 storm. Besides these, there were many breakthroughs achieved during the year where the Investment Banking team closed multiple landmark deals.

**CIMB Digital Assets & Group Funding** registered 50.8% reduction in PBT due to a drop in NII arising from the multiple Overnight Policy Rate (OPR) cuts. However, Principal Asset Management recorded 5.1% growth in Assets Under Management (AUM) to RM92.6 billion despite the impact of the pandemic.



Announcing the FY20 results together with our Group Chief Financial Officer, Khairul Rifaie.

The pandemic saw a rapid rise in digital adoption, resulting in strong customer and user growth in our digital businesses. CIMB Philippines (CIMB PH) reached 3.1 million customers with a deposit balance of RM737 million. TNG Digital (TNGD) reached 15.2 million registered users and 293,000 merchants. TNGD recorded impressive growth; CIMB PH continues to be one of the fastest growing banks in ASEAN; and CIMB Vietnam is gaining recognition as it continues to transform towards a digital-first model.

### COUNTRY PERFORMANCE

**Malaysia** recorded a PBT decline of 62.9%, due to lower NII from the 4 OPR cuts, impact of higher specific corporate provisions and management overlays. Malaysia remains the main contributor to the Group's PBT. Loans and deposits grew at 2.9% and 2.6% respectively.

**Indonesia's** PBT declined by 28.5%, largely due to higher corporate provisions and MEF adjustments, as gross loans in IDR declined by 9.9% coupled with NIM contraction. Despite the overall negative trend, Indonesia's deposits grew by 6.0%, contributed by its CASA ratio jumping to 59.6%. CIMB Niaga's Capital Adequacy Ratio (CAR) strengthened to 21.9%.

**Thailand** registered a 61.9% reduction in PBT, an impact from elevated provisions. In CIMB Thai, stringent cost control measures resulted in a 12.0% growth in Pre-Provisioning Operating Profit (PPOP), CASA ratio improved significantly from 31.8% to 48.1%, and CAR strengthened to 20.7%.

**Singapore's** PBT was heavily impacted by lower operating income and significant impairments for legacy loans and COVID-19 related provision, partially offset by a reduction in operating expenses, weakening its PBT by 299.7%. Deposits grew by 2.1% and CASA ratio strengthened strongly to 61.2% from 37.2% in 2019.

A special mention to our Cambodia team – against the backdrop of challenging operating environment, Cambodia's financial performance was solid in all key areas and was one of the top performing subsidiaries of the Group. CIMB Cambodia reported an impressive 18% growth in PBT.

## Group CEO's Overview

### Performance by Segments

## FORWARD 23<sup>+</sup>

	<b>Operating Income YoY</b>	<b>PPOP YoY</b>	<b>PBT YoY</b>
Consumer Banking	-0.2%	6.5%	-66.5%
Commercial Banking	-3.5%	-2.6%	-102.1%
Wholesale Banking	-0.1%	10.0%	-81.8%
CDA & Group Funding	-22.7%	-43.8%	-50.8%

### BUILDING A STRONG RISK CULTURE FOR BUSINESS CONTINUITY

Effective risk management and a strong risk culture remain as key priorities. We continue to strengthen our Enterprise-Wide Risk Management (EWRM) framework as well as maintain our three line of defence model whereby business units act as the first line of defence, followed by control functions such as Group Risk, Group Compliance and Group Finance, and finally Group Corporate Assurance Division (GCAD) as the third line of defence. The pandemic created a challenging environment throughout 2020 which required the Group to continuously assess risks and leverage our risk management framework.

### Performance by Country

## FORWARD 23<sup>+</sup>

	<b>Operating Income YoY</b>	<b>PPOP YoY</b>	<b>PBT YoY</b>
Malaysia	-2.0%	3.1%	-62.9%
Indonesia	-0.5%	0.1%	-28.5%
Thailand	-5.3%	6.9%	-61.9%
Singapore	-16.0%	-35.1%	-299.7%
Others	-19.0%	-68.2%	-154.7%

Multiple initiatives were put in place to strengthen the existing infrastructure and internal controls. For example, as cybercrime rates have increased during the COVID-19 pandemic, we are continuously improving and transforming our technology infrastructure and platforms to ensure the resilience across front-end and back-end systems, with dedicated teams to monitor threats closely. We have also been actively focused on educating staff and customers on the potential cyber threats as the adoption rate of digital banking rises.

### FY20 Performance vs Target

## FORWARD 23<sup>+</sup>

	<b>FY20</b>	<b>FY20 Target</b>	
ROTCE	<b>2.6%</b>	<b>10.8-11.3%</b>	▼
ROE	<b>2.1%</b>	<b>9.0-9.5%</b>	▼
Dividend Payout Ratio	<b>40.0%</b>	<b>40.0-60.0%</b>	▲
Total Loan Growth	<b>-1.0%</b>	<b>6.0%</b>	▼
Loan Loss Charge	<b>1.46%</b>	<b>0.40-0.50%</b>	▼
CET1 (CIMB Group)	<b>13.3%</b>	<b>&gt;12.0%</b>	▲
Cost to Income Ratio	<b>52.2%</b>	<b>&lt;53.4%</b>	▲

As with most businesses, the pandemic has had a marked effect on our physical operations and employee well-being. In compliance with SOPs to prevent the spread of the virus, all CIMB employees were encouraged to work from home, and while those whose physical presence was necessary were required to follow strict SOPs. On all our premises, proper sanitation and hygiene measures were put in place to ensure the health and safety of all staff, visitors and customers.

We have a sound Business Continuity Management (BCM) programme in place to deliver organisational resilience. Staff welfare was our top priority especially during this challenging period. Day-to-day operations were carried out in a different but smooth and structured manner under the guidance of the BCM committee. The programme undergoes regular reviews and assessments to ensure its adequacy, effectiveness and relevancy to both current and future unforeseen disruptions.

In an effort to mitigate the risks of the pandemic on our business performance, in 2020, CIMB had initiated a Group-wide restructuring and rescheduling approach post-moratorium.

The risks from the pandemic to our business, during the year under review, were mostly economic. Our Forward23+ strategy was designed to mitigate these risks, such as prudent management of our credit exposure to mitigate potential credit risks.

### **EMBRACING THE PRINCIPLES OF SHARED VALUE**

Shared Value at CIMB is not just a functional or emotional dimension of our business. It goes beyond delivering products and services that caters to the needs of our customers, career expectations of our employees, growth aspirations of our supply chain partners and delivering returns to our investors and shareholders. The whole process of value creation requires us to 1) reduce our negative footprint from our business and operations, making our performance and growth sustainable and meaningful; and 2) create a positive handprint through sustainable financing solutions as well as by promoting sustainability principles and leadership to advance customers and society.

For our shareholders and investors, we strive to deliver returns and strengthened our future value creation ability, while navigating through a challenging business landscape. Despite the macro and regional economic concerns, the FBMKLCI



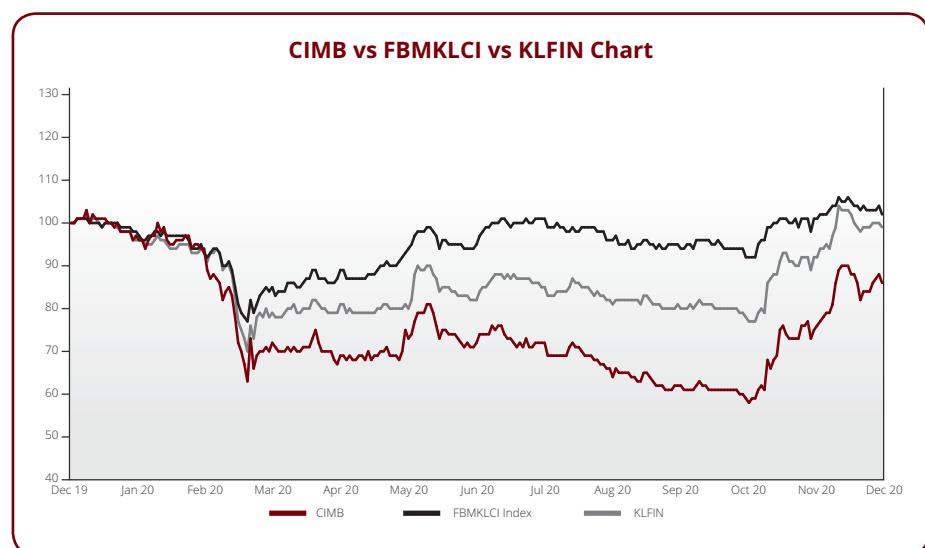
63rd Annual General Meeting (AGM).

index ended the year at 4.5% higher. Meanwhile, our share price as at end 2020 stood at RM4.30, a 14% decline compared to the adjusted share price of RM5.00 in 2019, due to the negative market sentiment and the multiple OPR cuts which resulted in lower overall earnings. We recognise we need to do better and are committed to improve our total shareholder returns going forward.

The Group's foreign shareholding fell to 20.9% as at end 2020 compared to 30.2% in the previous year. We declared a total of 4.81 sen per share of dividend for the

year amounting to RM477 million, equivalent to 40% of the net profit for the year, which shareholders can elect to reinvest in new ordinary shares in accordance with the Dividend Reinvestment Scheme (DRS).

As a financial intermediary, we are conscious of our responsibility to preserve capital buffers whilst providing returns to our shareholders. Through prudent capital management, we will continue to maintain the optimal balance between the current and future needs of our business and all our stakeholders.



## Group CEO's Overview

For our customers, we continued their seamless access to financial solutions as well as offered relief packages, which amounted to RM48.7 billion, to help them mitigate the negative impacts of COVID-19 on their business and lives. We went beyond the mandated financial relief schemes, and proactively reached out to our valuable customers. For our employees, we introduced safety-first protocols, introduced flexible work-from-home arrangements, provided health support and kept them engaged to build their morale. For our suppliers, we processed their payments on priority, helping their cash flows, and with project continuity, we assured their income potential in these tough times. For our communities, we channelled more than RM29.3 million, out of which RM2.8 million was towards health and relief programmes in relation to COVID-19, via various local NGOs. For our regulators, we proactively and swiftly rolled-out financial relief packages across ASEAN markets, on top of collaborating with industry associations to support the critical mass of SMEs, businesses, and communities.

As a result of our efforts to create value for all our stakeholders, coupled with our strong foundation, we won numerous accolades from the finance community, including:

1. Best Investment Bank in Malaysia by Alpha SEA Best Financial Institution Awards
2. Best SME Bank Malaysia by Global Business Outlook (GBO) Awards
3. The Most Helpful Bank during COVID-19 Indonesia by The Asian Banker
4. Best in Building Digital Transformation Indonesia by Top Digital Award
5. Most Customer-Centric COVID-19 Debt Relief Scheme (Banking) Singapore by Global Business Outlook Awards
6. Thailand House of the Year by Asia Risk Awards
7. Best New Digital Bank Vietnam by Global Banking & Finance Review
8. Best Company to Work for Cambodia by HR Asia
9. Best Digital Bank Philippines by Global Banking & Finance Review

### MANAGING UNCERTAINTIES INTO THE FUTURE

Uncertainties stemming from pandemic-related developments will continue into the future. The pace of economic recovery in 2021 will be uneven and will most possibly track the success pace of inoculation programmes, while political uncertainty will continue to affect investments in Thailand and Malaysia.

Restrictions on movement will be a mainstay, curtailing labour and employment growth. While vaccine rollouts offer some reprieve, COVID-19 cases are still rising in most parts of the EU, although there are signs of a peak being reached in the US. We predict that 2021 will be a year of recovery and only in 2022 will we return to global pre-pandemic GDP levels.

The International Monetary Fund expects the Asian region to grow by 6.9% in 2021, while Malaysia's Ministry of Finance predicts a 6.5%-7.5% growth in domestic GDP. Growth will be sustained by fiscal and non-fiscal measures by ASEAN governments. Across the biggest ASEAN economies – Malaysia, Indonesia, Singapore, Thailand, and the Philippines – private consumption is set to remain weak. As with other ASEAN countries, a gradual recovery will be mainly supported by public spending. A full recovery is expected only once sufficient levels of inoculation have been achieved across the population which will take time. Across the board, analysts generally agree that strategic and targeted government spending on vulnerable groups, income support, public investment, and rigorous virus containment measures are the top approaches to build spur faster recovery.

Overall, we expect the 2021 GDP growth forecasts to be solid u-shaped economic recovery to a GDP growth of 5.4% in Malaysia, 5.6% in Singapore and a steady 4.3% in Thailand.

### ACCELERATING RECOVERY AND REVIVING PERFORMANCE

For CIMB, 2021 offers renewed optimism for economic recovery, and we will be focused on executing our Forward23+ strategy to ensure we are able to accelerate growth. With expected lower provisions, and barring unforeseen setbacks, we have already started reshaping our portfolio and anticipate better performance across key segments and markets.

We will continue to accelerate our digital agenda to provide a seamless and differentiated customer experience. We will also build on the momentum of digital businesses under CIMB Digital Assets to grow the cashless ecosystem, and promote inclusive and sustainable digital financial services. There continues to be underlying demand in the Consumer and Commercial Banking segments, with strong liquidity among those who have been less impacted by the pandemic. We also see opportunities for growth in segments such as Treasury & Markets, Wealth Management and Transaction Banking, as well as the expected resurgence of capital market-related deal flows and increased transaction activity.

In addition, assistance to affected borrowers and underserved groups will remain a top priority as the pandemic's impact continues to be felt into 2021. We will intensify efforts in this area, and welcome all affected customers who are in need of financial help to come forward to discuss payment relief options.

We have already made headway putting our core programmes in place to advance our Forward23+ aspirations. We are confident that we are on track to deliver on our ambition.

Our targets for FY21 are:

## FY21 Targets

# FORWARD23+

	<b>FY21 Target</b>
 ROTCE	<b>8-9%</b>
 ROE	<b>6-7%</b>
 Dividend Payout Ratio	<b>40-60%</b>
 Total Loan Growth	<b>4-5%</b>
 Loan Loss Charge	<b>80-90BPS</b>
 CET1 (CIMB Group)	<b>&gt;12.5%</b>
 Cost to Income Ratio	<b>&lt;52%</b>

## ACKNOWLEDGEMENTS

First and foremost, CIMB owes tremendously to my predecessor, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, for his years of leadership at the bank and invaluable contributions in growing the business. We wish him well in his role as Malaysia's Finance Minister as he navigates the country's economic recovery.

We also saw several changes to our leadership team and our organisation structure in order to provide better focus and accountability in driving the strategic priorities of Forward23+. I am confident that they will be able to carry out their new roles admirably, and look forward to working closely with our leadership bench to grow the business.

We appointed Paul Wong Chee Kin in his new role as the President and CEO of CIMB Thai. His extensive leadership experience within the Group and the banking sector will be useful in driving our ambition to be the leading focused ASEAN bank. I would also like to express my gratitude to several key executives who departed the business in 2020: Dato' Hamidah Naziadin, Group Chief People Officer; Shahnaz Jammal, CEO of Group Wholesale Banking; and Khun Adisorn

Sermchaiwong, President and CEO of CIMB Thai. I would also like to thank Khun Sutee Losoponkul for stepping in as Acting President and CEO of CIMB Thai. As we bid farewell, I am utterly grateful for their past contributions, and wish them all the best in their future endeavours. As the saying goes, "Once a CIMBian, always a CIMBian." I am certain that the relationships they built in CIMB will be everlasting.

At the Board level, please allow me to express my sincerest gratitude to Encik Ahmad Zulqarnain bin Che On for his service on the Board of CIMB Group, as well as Dato' Zainal Abidin Putih, Venkatachalam Krishnakumar and Rosnah Dato' Kamarul Zaman for their service on the Board of CIMB Bank Berhad. We cannot thank you enough for your invaluable advice. In 2020, we also welcomed the appointments of Ms. Shulamite N K Khoo as an Independent Director and Ms Serena Tan Mei Shwen as a Non-Independent Director on the Board of CIMB Group. Given their experience and expertise, we look forward to benefitting from their advice and insights.

I am also appreciative of the warm welcome extended to me by the Board, especially Datuk Mohd Nasir Ahmad, Chairman of CIMB Group, and Group Management. I am aware that I joined at a particularly challenging juncture, and I thank them for the trust placed in me to

lead the Group forward. I am excited to work together with you to navigate CIMB through Forward23+.

I must thank the regulators who have been instrumental in overseeing our business and providing guidance on handling the pandemic to enable us to assist our customers. I am also grateful to our customers, clients, peers and partners for their continued trust in us, thus enabling CIMB to create value for our stakeholders. We hope you will continue supporting us in our journey ahead.

Last but not least, I would like to express gratitude and appreciation to #teamCIMB. Thank you for your continuous support in the past year, allowing me to experience the true #teamCIMB spirit in such a short period. I feel honoured to have been able to witness firsthand your commitment and dedication in overcoming the difficult year together. My journey with CIMB has only just begun, and I look forward to working closely with each and every one of you as we forge ahead with Forward23+. Let's embrace the challenges ahead with optimism as we strive towards our vision of becoming the leading focused ASEAN bank.



**Dato' Abdul Rahman Ahmad**  
Group Chief Executive Officer



Bidding farewell to our former Group CEO, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz.

# Economic Review & Outlook

## 2020: THE UNPRECEDENTED YEAR

The COVID-19 pandemic is a tail risk become base case, a 21st century version of a long-time human scourge, epidemics. Unlike the boom-bust cycles that typically produce recessions, this pandemic does not have its roots in financial excess, although it triggers financial distress. Economic measures have been rolled out to lessen the economic/financial contagion. They cannot protect us from the economic downturn. The economic and market outcome of this pandemic has an important supply side effect that is generally less important in financially induced recession, because the public health measures needed to manage the pandemic necessarily require significant swathes of economies to shutter creating very large supply side effects akin to war. The onset of the COVID-19 pandemic and the enforcement of the lockdown measures has resulted in a slump in economic activity. The dominant near-term consequence of the pandemic is a fall in demand and supply chain disruptions.

The pandemic dramatically altered the economics and our outlook of the banking sector too. World leaders introduced measures to contain the rapid spread of the COVID-19 virus, including travel restrictions, enforced business closures and restricted social activities. While these measures are critical to public health, it caused a series of knock-on effects that transcended borders. For the first time, all regions experienced negative growth, with a global decline of -3.5% in 2020. Domestic growth was hit by supply chain disruptions and the synchronised contraction of global trade by -9.6%.

Aware of the dramatic effects of their actions to mitigate the pandemic, governments have rolled out a variety of policies designed to deal with the public

health, economic, social and financial effects of the pandemic. The bulk of the fiscal actions have focused on improving the cash flows of households and firms hit by the lockdowns and bolstering on the strengthening the healthcare system and the components needed to manage the pandemic.

On the credit and financial policy front, the focal point has been not only providing debt relief borrowers, but also supporting financial intermediation through easing prudential standards and through providing liquidity to financial markets. Central banks have in advanced economies have generally also stepped into bond and credit markets with large purchase programs.

The combination of significant financial support and economic contraction caused a surge in government debt and deficits. Global public debt approached 98% of GDP, exceeding the 2008 global financial crisis by around 8%. Meanwhile, the overall fiscal deficit rose to 14% in 2020, which is 10% higher than the previous year. Similarly, fiscal measures and lower GDP also increased public debt across ASEAN. The narrowing of fiscal space is worse for Malaysia, which also experienced a significant decline in revenue from low oil prices.

While the need for social distancing led to the insolvency of countless businesses, it forced others to reinvent their operational model. More people worked from home than ever before, which meant greater dependency on digital and remote technology. The shift in lifestyle accelerated the need for digital transformation, particularly in the banking sector.

## 2021: THE ROAD TO RECOVERY

Controlling the pandemic through the mitigation processes, including the lockdowns remain necessary, but costly in terms of economic outputs [even while saving lives]. This situation will persist until the vaccine is out and better therapies are available that would lower the mortality rates. The most optimistic estimate for widespread vaccination is in the second quarter of 2021 at the earliest, but again seems uncertain. The strength of the projected recovery varies across countries, depending on the severity of the health crisis, the extent of domestic disruptions to activity, the exposure to cross-border spillovers and importantly, the effectiveness of policy support to limit persistent damage. Nonetheless, the sizable fiscal support announced for 2021 in some countries, including in the United States and Japan, together with the unlocking of Next Generation EU funds, will help lift economic activity among advanced economies with favourable spillovers to trading partners.

Even with the anticipated recovery in 2021-22, output gaps are not expected to close until after 2022. Consistent with persistent negative output gaps, inflation is expected to remain low during 2021-22. Meanwhile, major central banks are assumed to maintain their current policy rate settings throughout this year and a rate hike only likely towards the end of the next year.

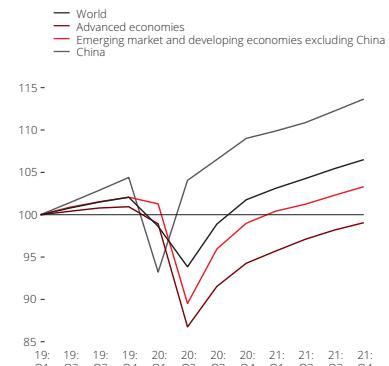
Irrespective, most analysts agree that the world will begin its path towards recovery by second or third quarter this year. This is assuming that the virus will not spiral

out of control and overwhelm healthcare systems. 2021's forecasts however will highly depend on how the crisis evolves and our response towards it. It will be about smoothing the process – correcting the irregular wages, delivering the outputs, restoring debt services, restructuring loans and credit mechanisms etc. Financial institutions will need to revamp contracts - payments and receipts will need to be commensurate with what's feasible for companies to make (and banks to receive for instance) and continue to deal with new costs.

The more cost-effectively such processes or measures are managed and the faster they are put in place, the better will be the quality of recovery in terms of freeing-up resources as well as financial and human capital for reallocation. The trade-off however will be that the faster the recovery, the more expensive it will get. At CIMB, with our recalibrated Forward23+, our focus will be on understanding our customers needs, ensuring we have the resources and human capital to support their financial needs while they navigate through the post-pandemic era towards rebuilding their businesses with resilience. We will be capitalising on the CIMB differentiator, which will be all about managing our clients through their difficult times, and strengthening our relationships.

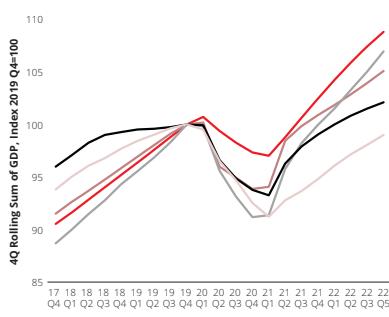
We may have to change the way we look at progress – with a shift from our focus on global growth rates to global gross domestic product (GDP). For instance, in ASEAN-5, regional economies are estimated to grow to 5.2%.

**Figure 1: Quarterly World GDP**



Sources: IMF staff estimates

**Figure 1: Getting real GDP back to the level of 2019 will take us well into 2021, and in some cases, 2022**



Sources: Haver, CIMB

## Economic Review & Outlook

Despite economic growth, we will continue to witness the pandemic's knock-on effects. The virus generated substantial instability and volatility in global capital markets, in which the full extent is yet to be determined. Banks will need to face the adverse deterioration on credit quality stemming from the increase in loan loss provisions. The imminent COVID-driven credit crisis will likely run over a two-three-year cycle. Also, according to Fitch Ratings, the outlook of over 60% of global bank ratings have turned sharply negative, with virtually no ratings on positive outlook. Following these predictions, the financial industry is expected to act as shock absorbers to prevent further loss.

The post-pandemic world will lead to major changes across the board, requiring structural adjustments. Fraudulent activities will likely rise as criminals attempt to exploit a vulnerable market, such as heightened levels of bank transfer fraud. Similarly, as digital connectivity remains critical in restarting the economy, cybersecurity issues will rise from increased online usage. Following suit, policymakers are expected to introduce new regulations that protect people from these emerging risks, which means more compliance requirements. This is supported by the recent 11 regulatory recommendation made by GSMA that aims to strengthen connectivity. Also, until a COVID-19 treatment is widely available, nations are still exposed to the threat of new outbreaks. If this happens, there may be a repeat in containment measures that will prolong the economic situation.

### CLIMATE CHANGE: THE ECONOMICS OF INACTION

According to the Global Risk Report 2020 by WEF, extreme weather events such as flash floods, wildfires and droughts are becoming more intense and frequent. The world is now experiencing an average of a disaster a week. This is expected to worsen, as each degree of additional warming will be proportionally more damaging. Climate experts warn that global warming needs to be limited to 1.5 degrees Celsius to avoid irreversible and catastrophic impacts. Doing so means reducing carbon emissions by about 45% by 2030 and reaching net-zero carbon by 2050.

Over 200 of the world's largest financial companies predict that climate change would cost them a combined total loss of around USD1 trillion. As climate change progresses, insurance is becoming more unaffordable or unavailable for individuals and businesses. This 'catastrophe protection gap' has reached USD280 billion, and it is expected to worsen. If homes in particularly vulnerable regions become uninsurable over time, this could lead to higher loan defaults and a collapse in the housing market. Climate risk is also expected to affect trade prices and disrupt supply chains. Changes in seasonal temperature and precipitation will cause stress on communities that rely on farming for income, resulting in a shift in agricultural trade. Additionally, heat stress from higher temperatures is projected to cause productivity losses in the labour force equivalent to 80 million full-time jobs in 2030.

In Europe and Asia, there is rising concern by financial services regulators regarding climate risks and the stability of social and financial systems. Over 40 central banks are on the path of integrating climate risks into their economic and financial activities. They are looking at adding climate change financial risks as an additional input to bank stress tests. The Bank of England warned carbon-intense corporations that failure to change may result in their bankruptcies as investments shift to low carbon alternatives. At the same time, global infrastructure investments are increasingly aligned with the transition to a net-zero economy.

The good news is that it's not too late. With the economic and social pause caused by COVID-19, this year was the perfect opportunity to reassess the way people live and businesses work. The pandemic exposed our vulnerabilities to sudden shocks, while revealing a need for a unified effort in tackling global issues. The Sustainability Trends Report 2020 by Generation Investment Management reported that COVID-19 has advanced awareness of the urgent need for a decisive shift to low-carbon.

Climate action is an opportunity for growth. Transitioning to green energy could increase global GDP by USD498 trillion by 2050; investments in renewables would quadruple jobs to 42 million globally; and 1.2 billion jobs that rely on a healthy environment will be protected. Also, 80% of ASEAN consumers reported a preference for sustainable purchases. This extends globally, with shifting consumer demand for sustainable products, including green bonds and investment funds.

# Market Trends & Approaches

## Trends Impacting our Business



### Impacts of COVID-19 & Accelerated Digital Penetration

## Our Approach

- Strengthen our social and relationship capital by helping customers and clients with seamless access to finance/credit
- Build resilience by improving efficiencies of our systems, processes, and people



### Geopolitical and Economic Developments



### Financial Market Trends & Fluctuations



### Shifting Policy & Regulatory Landscape



### Proliferation of Technology



### Economic, Environmental, Social and Governance (EES&G) Factors

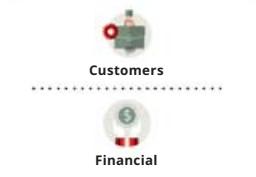


### New Competitors



### Customers of the Future

## Stakeholders/ Capitals Affected



# Key Risks and Mitigants

## Types of Risk

### CREDIT RISK



### MARKET RISK



### NON-FINANCIAL RISK: OPERATIONAL RISK



### NON-FINANCIAL RISK: FRAUD RISK



## Mitigation Actions

- |                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>CREDIT RISK</b></p>                                 | <ul style="list-style-type: none"> <li>The Group has a robust credit risk policy framework, embedded with prudent lending guidelines to minimise credit defaults and losses. Appropriate governance, which are sub committees of the Group Risk &amp; Compliance Committee (GRCC) is in place to manage the credit risk of the Group.</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 controls.</li> <li>Aside from periodic reviews, the Group has an Early Warning Indicator 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 assesses the quality of loans approved.</li> <li>The Board Risk &amp; Compliance Committee (BRCC) and GRCC periodically set the high-level credit risk direction using the Risk Posture and Risk Appetite frameworks.</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, as 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> |
| <p><b>MARKET RISK</b></p>                               | <ul style="list-style-type: none"> <li>The Group maintains a robust and effective market risk policy framework and actively measure, monitor and manage market risk within the approved Risk Appetite.</li> <li>The Group Market Risk Committee, a subcommittee of the GRCC, 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 first 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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>NON-FINANCIAL RISK:<br/>OPERATIONAL RISK</b></p>  | <ul style="list-style-type: none"> <li>The Operational Risk Management (ORM) function, which resides within CIMB Group's Non-Financial Risk Management (NFRM) Department; provides the methodology, tools and processes for the identification, assessment, reporting and management of operational risks by the respective risk owners across the Group.</li> <li>ORM also independently oversees the operational risk controls monitoring that resides within the first line-of-defence functions.</li> <li>The Group Operational &amp; Resiliency Risk Committee (GORRC), a sub-committee to the GRCC is also in place to provide direct oversight on operational risk matters across the Group.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>NON-FINANCIAL RISK:<br/>FRAUD RISK</b></p>        | <ul style="list-style-type: none"> <li>The Group Fraud Risk Management Framework was developed and endorsed in 2019 by Board Risk &amp; Compliance Committee for a consistent approach and oversight of fraud risk management activities across all the divisions within the Group. The four key pillars of the framework are: <ol style="list-style-type: none"> <li>Prevention;</li> <li>Monitoring/Detection;</li> <li>Handling/Response; and</li> <li>Recovery/Reporting.</li> </ol> </li> <li>Group Fraud Risk Management (GFRM), which resides within CIMB Group's NFRM Department, act as the second line-of-defence for CIMB Group in fraud risk management and is the owner of the Group Fraud Risk Policy and Group Fraud Risk Governance &amp; Procedure, directly reporting to Group Non-Financial Risk Management (GNFRM).</li> <li>GNFRM performs evaluation on the adequacy and effectiveness of the fraud risk management controls implemented by the business unit in addition to stringent independent assessment on any new products launched by CIMB Group through evaluation of potential fraud risks that may be insufficiently addressed by the existing controls in place.</li> <li>The three lines-of-defence each plays an important role to uphold CIMB Group's core values and to ensure all fraud related cases/concerns/complaints received are investigated and escalated accordingly with consolidated monthly fraud reporting.</li> </ul>                                                                                                                                            |

## **Types of Risk**

### **NON-FINANCIAL RISK: BUSINESS CONTINUITY RISK**



### **NON-FINANCIAL RISK: TECHNOLOGY RISK**



### **NON-FINANCIAL RISK: SHARIAH NON-COMPLIANCE RISK**



### **FUNDING & LIQUIDITY RISK**



### **INTEREST RATE RISK IN THE BANKING BOOK**



### **COUNTRY RISK**



### **SUSTAINABILITY RISK**



## **Mitigation Actions**

- The Business Continuity Management (BCM) programme, embodied within the Group Business Continuity Management Policies and Procedures, is in place to minimise disruptions, ensure continuity of service to our customers and our supporting business processes.
- Group BCM, which resides within CIMB Group's NFRM Department in the second line-of-defence, plays the primary role of providing the methodology and tools for an integrated and standardised BCM approach across the organisation as well as to ensure effective coordination and supervision of all BCM activities.
- Regular reviews, re-assessments and updates for BCM documentations/plans are conducted to ensure adequacy, effectiveness and relevance of the business recovery strategies. These plans are rehearsed and tested on a regular basis.
- The Group BCM Steering committee provides oversight on the BCM programme to ensure the Group meets BCM statutory and regulatory responsibilities, adheres to accepted best practices, and aligned with the organisations business vision and strategy.
  
- The Group maintains a robust Technology & Cyber Risk Management framework and actively measures, monitors & manages key technology risks (including Cyber) within the approved Technology Risk Appetite and aligned with regulatory requirements; especially Bank Negara's Risk Management in Technology (RMiT) policy.
- The Technology Risk Management (TRM) function, which resides within CIMB Group's NFRM Department, provides constructive challenge to the first line-of-defense in managing Technology Risks of the Group and leverages the Operational Risk Management methodologies & processes wherever relevant.
- Committee and governance oversight of TRM is provided by the GORCC, GRCC and BRCC.
  
- The Group has established the Board Shariah Committee (BSC) and four Shariah functions as required under BNM Shariah Governance Framework. This governance is to monitor Shariah compliance in the Islamic banking business. The functions are:
  - i. Shariah & Governance;
  - ii. Shariah Risk Management;
  - iii. Shariah Review; and
  - iv. Shariah Audit.
- Shariah-related policies and procedures which are either in the process of amendment, under development, or those that have been developed, shall require approval from BSC for all Islamic banking businesses and operations.
- Risk management tools are in place to facilitate how Business Units (BU)/Business Enablers (BE) identify and manage inherent SNC risk.
  
- The Group maintains high quality liquid assets and well-diversified sources of funds as a liquidity risk buffer under both business-as-usual (BAU) and stress conditions.
- The Group actively measures, monitors and manages its liquidity positions to comply with regulatory Basel III liquidity risk requirements and internal risk appetite.
- 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. The Group Asset Liability Management Committee (GALCO), oversees the day to day management of liquidity and funding risks of the Group.
  
- The Group Asset Liability Committee (GALCO) oversees the management of interest rate in the banking book across all entities within the Group.
- The Group's IRRBB exposure is governed by an established risk appetite that defines the acceptable level of risk to be assumed.
- The Group performs semi-annual consolidated stress test (including IRRBB stress tests) to assess the impact of thematic stress scenarios on the bank's net interest income and economic value.
  
- Country limits are set to capture and manage country risks arising from credit exposure to obligors.
- Country limits are approved by Group Credit Committee upon consideration of the relevant risks and business requirements.
  
- The Group has instituted the Sustainability Risk Management Framework with the objective of identifying, assessing, governing, managing and monitoring its EES risks through appropriate policies, procedures and controls.
- The Group Sustainability Council oversees the sustainability risk profile of the Group's business activities and ensures the implementation of appropriate policies, procedures and controls.

# Group's FORWARD23<sup>+</sup>

## Strategic Themes

Launched in October 2020, Forward23+ (2020-2024) is the Group's new turnaround plan in response to extremely challenging and disruptive market landscape. It was an improvement over the Group's existing mid-term strategy Forward23 (2019-2023). The recalibrated strategy takes into account the 'new normal' brought about by the COVID-19 pandemic, trade-offs, clear performance metrics and tracking mechanisms with collective ownership of the strategic plan across the Group. Our vision is to become the leading focused ASEAN bank by passionately embracing a customer centric mindset to advance customers and societies in the markets where we operate.

**Five strategic themes drive the turnaround plan, namely Delivering Sustainable Financial Returns; Disciplined Execution; Customer Centricity; Transform Fundamentals; and Purpose-driven Organisation.**

### FORWARD23<sup>+</sup> Strategic Themes

#### ① Delivering Sustainable Financial Returns

What it Means?	Stakeholders' Expectations
Catalyse growth and turnaround businesses by tapping on high potential opportunities across ASEAN	<ul style="list-style-type: none"> <li>A robust business portfolio, with promising returns</li> <li>Responsible banking operations that focus on sustainable business growth</li> <li>Ensure a data-driven and fact based dynamic asset allocation</li> </ul>
Instil disciplined execution amongst #teamCIMB at all levels to manage performance, improve efficiencies and accelerate growth	<ul style="list-style-type: none"> <li>Deliver organisational targets consistently</li> <li>Reduce organisational complexity to improve speed of decision making</li> </ul>
Deliver on our CX promises to make banking Easy, Efficient and always going the Extra Mile for our customers – CIMB Group's key differentiator	<ul style="list-style-type: none"> <li>Deliver consistent and superior customer experience</li> <li>Treat customers fairly</li> <li>Deploy agile processes and work to faster/market-leading turnaround times (TATs)</li> <li>Accelerate digitalisation and artificial intelligence (AI) for efficient delivery</li> </ul>
Ensure the ASEAN franchise has the right level of support and a uniform set of standards and guidelines to operate optimally	<ul style="list-style-type: none"> <li>Adopt a holistic approach to client selection, underwriting, market risks and collections</li> <li>Drive finance as the single source of truth, modernisation and automation of support processes, and enhance compliance culture</li> </ul>
Advance customers and society through our corporate values and, responsible banking practices, shaping a better tomorrow and a sustainable planet	<ul style="list-style-type: none"> <li>Build a culture that is reflective of a purpose-driven organisation</li> <li>Instill a #teamCIMB mind-set through values of accountability, collaboration and inspiring customer trust</li> <li>Demonstrate environmental stewardship (own operations and financed projects/activities)</li> <li>Fulfil Social Responsibility (employees and community welfare and well-being)</li> <li>Encourage Sustainable Supply Chain Practices</li> <li>Adopt international standards and Principles for Responsible Banking and Value-based Intermediation (VBI)</li> </ul>

#### ② Disciplined Execution

#### ③ Customer Centricity

#### ④ Transform Fundamentals

#### ⑤ Purpose-driven Organisation

## FORWARD<sup>23+</sup>

### VISION

*To be the leading focused ASEAN bank*

Strategic Themes				
<b>① Delivering Sustainable Financial Returns</b>	<b>a) Reshape portfolio</b>	<b>b) Drive cost efficiency</b>	<b>c) Digitise for value</b>	<b>d) Focused investments</b>
	<ul style="list-style-type: none"> <li>Accelerate profitable growth</li> <li>Fix &amp; turnaround underperforming businesses</li> </ul>	<ul style="list-style-type: none"> <li>Reset cost base</li> <li>Tighten expense management</li> <li>Increase productivity</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen technology</li> <li>Digitise &amp; automate front &amp; back office</li> <li>Focus on data &amp; analytics</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate intra-ASEAN wholesale</li> <li>Preferred &amp; Wealth</li> <li>CASA, fee income and transaction banking</li> <li>Islamic Finance</li> <li>Selective CIMB digital investments</li> </ul>
<b>② Disciplined Execution</b>		<b>③ Customer Centricity</b>		<b>④ Transform Fundamentals</b>
	<ul style="list-style-type: none"> <li>Performance culture</li> <li>Simplify corporate, oversight &amp; management structure</li> <li>Regional operating model</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen reliability</li> <li>Transform customer journeys</li> <li>Treat customers fairly</li> </ul>		<ul style="list-style-type: none"> <li>Risk management</li> <li>Capital optimisation</li> <li>Finance &amp; Compliance</li> </ul>
<b>⑤ Purpose-driven organisation</b>	<b>a) Culture &amp; Values</b>		<b>b) Human capital</b>	<b>c) Sustainability</b>

#### Priority Focus Areas (2020)

- Reshape portfolio to accelerate growth in focus areas
- Improve businesses that are under-delivering
- Acquire profitable growth through focused investments
- Tackling cost-efficiency
  
- Build a culture of clear transparency and accountability
- Simplify performance management and KPIs
- Link performance to rewards
- Streamline management committees
- Revisit effectiveness of the Regional Operating Model
  
- Transform customer journeys by accelerating digitalisation efforts
- Improve escalation matrix to support customer resolution
- Review and improve targets related to existing indicators on service level agreements (SLA) & channel reliability

- Re-evaluate credit cost efficiencies and risk management approach
- Deploy strategies to optimise capital
- Validate and enhance existing financial framework and governance to improve guidance on pricing and return
- Roll-out a group-wide finance transformation plan to be the single source of truth
- Drive cost efficiency by strengthening cost monitoring and controls and drive cost savings initiatives to ensure cost targets are met effectively
  
- Ensure positive morale amongst employees through continuous engagement and an assurance of their safety and well-being, with safe and flexible work options to maintain productivity and performance
- Improve financing risk mitigation i.e., by rolling-out coal sector policy
- Enhance sustainable financing suite through Green, Social, Sustainable Impact Products and Services
- Improve social standards and safeguard stakeholders' interests i.e., COVID-19 relief measures and support for customers and the community
- Raise awareness and drive participation for sustainability i.e., through our flagship, The Cooler Earth Summit 2020, and CEO Action Network

#### Headline KPIs (2020-2024)\*

- Leading ASEAN bank amongst top quartile by financial metrics
  - Top quartile ROE
  - CIR of 45%
  - CET1 of 13%
  
- Collective scorecards for bonus pool determination
  - Reduced management meetings
  - Multi-country and multi-disciplined taskforce and review of Regional Operating Model
  
- 99.20%-99.75%\*\* uptime of digital channels
  - Top quartile in NPS
  
- Capital Adequacy Ratio
  - Best in Credit Cost
  - CIR of 45%
  
- Employee Engagement Score
  - 3D Talent Development
  - Diversity and Inclusion targets, especially in narrowing the gender gap in remuneration and increasing female participation at the Board and C-Level
  - Top quartile in DJSI ranking
  - Growth in Sustainable Business Portfolio
  - Reduction in Scope 1 & Scope 2 GHG Emissions Intensity

\* not comprehensive

\*\* - BizChannel@CIMB: Regional target is >99.75%, calculated using unscheduled downtime

- CIMB Clicks/OctoMobile: Target ranges between 99.2% to 99.5%, calculated using both scheduled and unscheduled downtime

# Group Financial Review by Group CFO

**KHAIRUL RIFAI**

Group Chief Financial Officer



2020 was unlike any year in recent history as the Group faced its most challenging year yet. Against the backdrop of a global pandemic, the Group posted a 2020 net profit of RM1.19 billion or a net earnings per share (EPS) of 12.0 sen. Weak revenues that reflect the challenging operating environment and elevated provisions meant that our key headline financial targets, namely ROE and loan growth, were not achieved. However, we are pleased to report that the Group-wide initiatives to rein in operating costs, resulted in an improved cost-to-income ratio of 52.2%. In addition, having a robust capital management led to the Group ending 2020 with its strongest ever capital position with a CET1 ratio of 13.3%. As such, we declared a 40% dividend payout for 2020, in line with our 40-60% payout target, whilst meeting our shareholder's expectations despite the unprecedented headwinds.

## THE YEAR IN REVIEW

From an operational stand point, 2020 was a rollercoaster. As I pointed out in my statement to shareholders last year, we recognised the threat posed by the COVID-19 outbreak and had postured ourselves with a heightened cautious approach towards growth, tightened risk management and placed priority on cost management. Although the impact and reach of the pandemic went beyond expectations, we believe that the Group navigated the very difficult environment prudently by providing as much support as possible to our customers in terms of repayment assistance, whilst growing in selected targeted segments and markets. In addition, we curtailed unnecessary expenditures and invested in digital capabilities and technology to strengthen our competitive position. This brought about a lower Cost-To-Income ratio (CIR) of 52.2% for the year. While the environment prevented us from delivering on certain financial targets, our core strengthened and we recorded a Common Equity Tier 1 (CET1) ratio of 13.3%.

We recorded a net profit of RM1.19 billion, translating to an EPS of 12.0 sen. This represented a significant YoY decline largely attributed to weaker operating income and a material uptick in Expected Credit Losses (ECL) during the year. While asset growth was not a priority in 2020, we continued to grow market share in targeted segments, while driving non-interest income through Treasury & Markets in Indonesia and Thailand as well as Wealth Management in Malaysia. Asset

quality was a major focus during the year, with the blanket loan moratorium in Malaysia and various forms of opt-in restructuring programmes across our key operating markets. In spite of the many challenges faced over the year, I am happy to report that our stronger capital position allowed us to declare a 40% dividend payout ratio, translating to 4.81 sen per share, with a fully-electable Dividend Reinvestment Scheme option.

The Group's performance for 2020 was impacted by the pandemic, as were most businesses worldwide. Guided by our Forward23, and subsequently the Forward23+ strategic plan, the Group continued to focus on key business segments, whilst keeping high levels of vigilance on risk management and asset quality. The Group continued to digitise the business despite operational challenges as we aim to emerge from this crisis as a more efficient and technology driven organisation. For comparison purposes, we measure our performance against the BAU numbers for 2019 which excludes the one-off net transformational costs of RM270 million and a RM185 million write-off of intangible assets last year. These factors drove the financial performance in 2020:

- The Group's 2020 revenues were 3.4% lower at RM17.19 billion compared to RM17.80 billion in 2019.
- Net interest income (NII) was 0.5% higher YoY at RM12.73 billion on the back of a 6.6% growth in interest earning assets, as the Group gross

loans were 1.0% lower YoY with a 14bps contraction in Net Interest Margins (NIM) to 2.32%, largely attributed to the multiple OPR cuts in Malaysia.

- Non-interest income (NOII) declined by 13.1% to RM4.46 billion on the back of lower fee-related income as the pandemic significantly disrupted deal flow, and the absence of the RM236 million gain from the sale of the equities business in 2019. We are pleased that the underlying Treasury & Markets and Wealth Management businesses maintained a strong growth momentum in difficult times.
- Operating expenses were 5.5% lower YoY at RM8.98 billion in 2020 as the Group reined in less strategic and non-essential expenses in view of the slower business environment amidst the new normal. As a result of the positive JAW, the Group's CIR improved to 52.2% compared to the BAU 53.4% in 2019.
- The Group's ECL on loans, advances and financing was significantly higher at RM5.34 billion compared to the RM1.64 billion in 2019. The increase was across all countries and business segments as the COVID-19 pandemic resulted in management overlays, macroeconomic factor adjustments as well as Commercial and Corporate impairments. The Group's gross impaired loans ratio stood at 3.6% with the Loan Loss Charge (LLC) at 146bps for the year.

## Group Financial Review by Group CFO

- Total gross loans declined by 1.0% YoY largely attributed to the weaker economic environment over the year. Malaysia continued its positive trajectory with a 2.9% YoY loan growth, but Indonesia, Thailand and Singapore loans declined 9.9%, 4.9% and 3.1% respectively, as the Group sought to recalibrate certain businesses and tightened risk controls over the year. Consumer Banking loans expanded 2.7% during the year while Commercial and Wholesale loans were 3.7% and 5.2% lower.
- Group deposits expanded by 2.3% YoY driven by the Commercial and Wholesale deposits which grew 8.1% and 3.8%, respectively, while Consumer deposits fell 1.2% YoY. This was in line with the Group's balance sheet optimisation strategy as the ample system liquidity resulted in a focus towards lower cost CASA. As a result, the Group's CASA ratio jumped to 41.3% as at end-2020 compared to 34.4% in 2019. Consumer banking CASA grew by 30.2% YoY, while Commercial and Wholesale CASA were 19.0% and 12.8% higher respectively. Liquidity remained strong with the Loan to Deposit Ratio at 89.0%, whilst the Liquidity Coverage Ratio stood comfortably above 100% for all banking entities.
- With capital adequacy remaining a priority, particularly given the challenging environment, the Group's CET1 ratio ended 2020 at a record high of 13.3% compared to 12.9% as at end-2019.

### GROWTH DRIVERS

The Group's 2020 financial performance was largely dictated by external macroeconomic factors driven by the pandemic, with suppressed operating income, elevated ECL and provisions, partially mitigated by lower operating expenses and a strengthened capital base.

- The Group maintained a conservative stance on loan growth for the year in view of the less conducive environment, with intensified focus on risk-adjusted returns and guidance from the recalibrated Forward23+ program. On the whole, the Group's gross loans were 1.0% lower YoY, predominantly driven by Malaysia (+2.9%) and Consumer Loans (+2.7%), while other segments and

jurisdictions were lower for the year. The Malaysia Consumer loans expanded healthily as we continued to gain market share in mortgages (+8.8%) and auto loans (+7.6%). Indonesia Consumer loan growth was also underpinned by mortgages (+5.9%) and auto loans (+4.4%). Commercial Banking loans were weaker YoY due to the recalibration of the business in Indonesia and Thailand, but Malaysia and Singapore Commercial loans grew 6.2% and 6.3% YoY respectively. Wholesale Banking loans were 5.2% lower in line with the slower economic activity across the region.

- The Group's NIMs compressed by 14bps YoY mainly contributed by the 4 OPR cuts totalling 125bps in Malaysia as well as multiple interest rate cuts in Indonesia, Thailand and Singapore during the year. This was despite the

lower cost of funds in 2020 from strong accumulation of lower cost CASA across all businesses and countries, and decline in higher-cost term deposits.

- Total NOII declined by 13.1% YoY driven by the 24.8% contraction in fee-related income in tandem with the softer capital market sentiment and lower deal flows. The absence of the RM236 million gain from sale of the Malaysia equities business in 2019 also contributed to the weaker NOII. Nevertheless, Treasury & Markets operations recovered strongly in 2H20 after a COVID-stricken 1H20, while the Wealth Management business showed strong positive traction through the year.
- In light of the economic turmoil, it was inevitable that ECL was a focal point for the year as the Group's total provisions increased 298.1% to

### OPERATING INCOME BREAKDOWN

(RM'million)	FY20	FY19	YoY
Net interest income	12,725	12,659	0.5%
Non interest income	4,464	5,137	(13.1%)
<b>Total Operating Income</b>	<b>17,189</b>	<b>17,796</b>	<b>(3.4%)</b>

### OPERATING INCOME BY SEGMENT

(RM'million)	FY20	FY19	YoY
Consumer Banking	7,422	7,438	(0.2%)
Commercial Banking	3,290	3,411	(3.5%)
Wholesale Banking	4,898	4,903	(0.1%)
Corporate Banking	2,787	2,921	(4.6%)
Treasury & Markets	1,689	1,541	9.6%
Investment Banking	422	441	(4.3%)
CIMB Digital Assets & Group Funding	1,579	2,044	(22.7%)
<b>Total Operating Income</b>	<b>17,189</b>	<b>17,796</b>	<b>(3.4%)</b>

### PBT BY SEGMENT

(RM'million)	FY20	FY19 BAU	YoY
Consumer Banking	631	1,882	(66.5%)
Commercial Banking	(34)	1,621	(102.1%)
Wholesale Banking	352	1,935	(81.8%)
Corporate Banking	(349)	1,277	(127.3%)
Treasury & Markets	489	613	(20.2%)
Investment Banking	212	45	371.1%
CIMB Digital Assets & Group Funding	581	1,180	(50.8%)
<b>PBT</b>	<b>1,530</b>	<b>6,618</b>	<b>(76.9%)</b>

RM6.80 billion. ECL on loans, advances and financing increased by 225.9% YoY on the back of moratorium and loan restructuring-related management overlays, macroeconomic factor adjustments, COVID-19-related provisions as well as several impairments of legacy Commercial and Corporate accounts. Similarly, ECL for other expected credit losses and impairment allowance rose by 259.1% YoY due to provisions for bond holdings as well as credit value adjustments to reflect the change in credit risk for derivative assets.

## **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's underlying operations continued to perform respectably in spite of the weaker economies as the business focused on targeted products and segments. Consumer operating income was 0.2% lower YoY, with NII expanding 3.7% on the back of a 2.7% loan growth, offset by a contraction in NIM in line with interest rate cuts across the region and net modification losses. However, fee-based NOII declined in line with lower consumer spending, although wealth management performed strongly through the year. Operating expenses were 4.6% lower YoY, bringing about a 6.5% YoY improvement in divisional Pre-Provision Operating Profit (PPOP). However, ECL was significantly higher (+134.0%) in 2020 owing to moratorium-related management overlays and macroeconomic factor adjustments. As a result, the Consumer PBT came in at RM631 million for 2020, a 66.5% YoY decline compared to the RM1.88 billion in 2019.
- Commercial Banking had a difficult year as its performance was impacted by sizeable legacy provisions in addition to the challenges brought about by the pandemic. These factors contributed to the 2020 pretax loss of RM34 million compared to a PBT of RM1.62 billion in 2019. Operating income was 3.5% lower YoY on the back of a 3.7% contraction in gross loans, in line with the reshaping of its

portfolio in Thailand and Indonesia (although Malaysia Commercial loans expanded 6.2% YoY), as well as lower NIM over the year. Commercial deposits were 8.1% higher YoY underpinned by a 19.0% growth in CASA, which partly mitigated the NIM compression from OPR cuts. NOII fell by 24.3% YoY from lower fee-related trade activity and customer transactions in line with the slower economic activity during the year. Whilst operating expenses were firmly under control, the significant increase in loan provisions resulted in the divisional pretax loss for 2020.

- Wholesale Banking posted a PBT of RM352 million in 2020, an 81.8% YoY decline versus the RM1.94 billion in 2019, predominantly due to the elevated loan and bond provisions from legacy accounts as well as those impacted by the economic fallout of the COVID-19 pandemic. Wholesale income was flat as NII improved 10.6% despite a 5.2% contraction in corporate loans due to increase in interest earning assets. Whilst Treasury & Markets income improved over the year, the lower fee-based transactions brought about the weaker NOII. Overhead expenses were 11.7% lower YoY, bringing about a divisional PPOP improvement of 10.0% in 2020. However, the sharply higher ECL and bond provisions translated to the lower YoY PBT.
- CIMB Digital Assets & Group Funding's (CDAF) PBT declined by 50.8% YoY to RM581 million compared to RM1.18 billion previously. Operating income was 22.7% lower YoY due to the markedly lower NII from the fixed income portfolio which was impacted by the 4 OPR cuts totalling 125bps during the year. The digital operations remain on track in its expansion mode, as TnG Digital reinforced its position as the leading e-wallet in Malaysia with 15.2 million registered users and 293,000 merchants as at end-2020. CIMB Philippines has accumulated 3.1 million customers in only its second full year of operations. The Group's 40% interest in the asset management business maintained a positive growth trend despite the pandemic with Assets Under Management rising 5.0% YoY. For 2020, CDAF operating expenses were 3.0% lower due to constrained expenditure given the slower economic activity arising from lockdowns during the year.

## **OVERVIEW OF COUNTRY PERFORMANCE**

The Group has presence in all 10 ASEAN countries and our approach under the recalibrated Forward23+ strategy puts an emphasis on being focussed on our strength in each market. The adage of not needing to be everything to everybody rings true. The Group will reinforce its position in Malaysia and focus on growing the Consumer and SME segment in Indonesia, while realigning the Commercial and Corporate businesses. The focus will be on the Consumer finance and wealth management business in Thailand as we exit the Commercial business. Singapore will streamline its present trajectory, while Cambodia's strong performance is expected to continue. The Philippines and Vietnam will continue to be incubated via partnerships and are expected to contribute positively in the near future.

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

- Malaysia remained the principal profit contributor to the Group. However, the country performance was inevitably impacted by the effects of the pandemic as its PBT declined by 62.9% YoY to RM1.66 billion from RM4.46 billion in 2019. Malaysia gross loans grew by 2.9% YoY underpinned by the Consumer and Commercial segments, which grew 4.3% and 6.2% respectively. Deposits rose 2.6% YoY but largely due to the 16.4% YoY expansion in CASA which partially mitigated the impact of the OPR cuts on NIMs. ECL from loans and bonds increased substantially over the year owing to pandemic-related modification losses and management overlays, as well as COVID-related impact on specific corporate accounts.
- Indonesia PBT was 28.5% lower YoY at RM761 million due to the increased corporate provisions as well as macroeconomic factor adjustments and management overlays. The weaker Indonesian economy translated to the softer asset position as gross loans contracted by 9.9% YoY with Consumer loans growing 1.8% but Commercial and Corporate loans declining by 16.9% and 11.9% respectively, partially in tandem with the Forward23+ recalibration strategy. NIMs shrunk by 43bps to 4.88% for 2020 as the rapid interest rate cuts over the year impacted lending yields. Operating expenses

## Group Financial Review by Group CFO

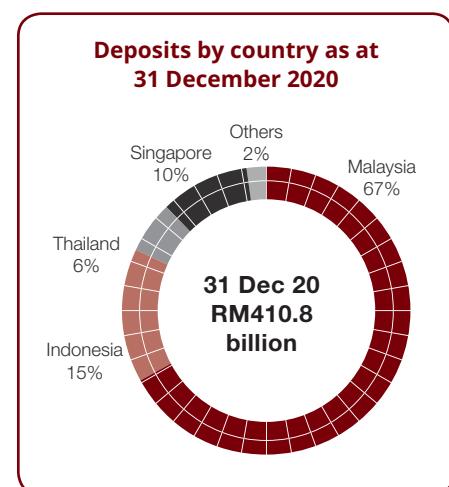
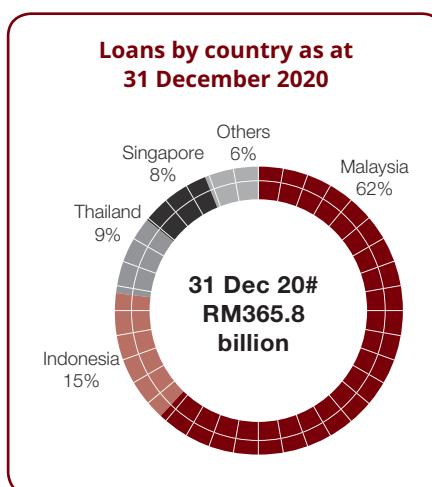
### OPERATING INCOME, PBT AND TAX BY COUNTRY

The Group (RM'million)	2020				2019			
	Operating Income	PBT	Current year tax	Taxation paid	Operating Income	PBT	Current year tax	Taxation paid
Malaysia	9,087	1,657	(564)	(1,005)	9,273	3,925	(1,077)	(1,285)
Indonesia	4,739	761	(208)	(185)	4,763	960	(379)	(363)
Singapore	1,106	(979)	(2)	(55)	1,316	490	(52)	(31)
Thailand	1,921	172	(40)	(44)	2,029	452	(37)	(51)
Other countries	336	(81)	(35)	(27)	415	148	(25)	(18)
	<b>17,189</b>	<b>1,530</b>	<b>(849)</b>	<b>(1,316)</b>	<b>17,796</b>	<b>5,975</b>	<b>(1,570)</b>	<b>(1,748)</b>

remained under control with CIMB Niaga's CIR improving to 48.9% from 49.1% previously.

- Despite turning around its operations in 2019, Thailand felt the effects of the pandemic equally hard as its PBT fell 61.9% YoY to RM172 million. CIMB Thai's operating income was impacted by the 4.9% YoY decline in gross loans and 30bps contraction in NIM in tandem with interest rate cuts. NOLI was similarly impacted by lower capital market activity and weaker consumer sentiment. Cost management remained within control given the 5.1% YoY reduction in overhead expenses, but the 60.0% increase in ECL from management overlays and macroeconomic factor adjustments, damped the 2020 PBT.

- Singapore posted a pretax loss of RM979 million in 2020 compared to the RM490 million PBT in 2019 as it was materially impacted by legacy Commercial and Corporate loans in addition to COVID-19-related provisions during the year. Singapore gross loans declined by 3.1% YoY attributed to the softer economic environment. However, the 2.1% growth in deposits was largely underpinned by a 67.5% YoY expansion in CASA.



Loan growth	YoY
Malaysia	2.9%
Indonesia ^	(9.9%)
Thailand ^	(4.9%)
Singapore ^	(3.1%)
Others*	13.2%
Group	(1.0%)

Deposits Growth	YoY
Malaysia	2.6%
Indonesia ^	6.0%
Thailand ^	(2.6%)
Singapore ^	2.1%
Others*	15.6%
Group	2.3%

#### Notes:

^ In local currency

# Based on geographical location of counterparty

\* Including Labuan, London, Cambodia, Vietnam, Hong Kong & Shanghai

### FINANCIAL POSITION

- With capital management amongst the top financial priority, the Group further strengthened its capital position with a CET1 ratio of 13.3% as at end-2020, representing a 40bps YoY increase from the 12.9% in 2019. The Group declared a single interim dividend payout of 40.0% for the year with a fully-electable DRS option.

- As highlighted over recent years, capital adequacy and efficiency remains a pertinent focal point both for regulatory and operational requirements. The Group remains well on track to achieve its Forward23+ strategic plan target of maintain the CET1 at 13.0% as at 2024. The Group will continue to strategically

- manage its capital via: (i) RAROC driven capital deployment, (ii) evaluation of options within the dividend reinvestment scheme, (iii) continued prudent liability management, (iv) RWA-optimisation exercises and (v) situational and opportunistic divestments.

- The Liquidity Coverage Ratio and Net Stable Funding Ratios remains comfortably above target levels and regulatory requirement, with high quality liquid assets recording improvement in yields.
- The strategic plans laid out within Forward23+ are firmly focussed on driving RAROC-driven returns, which will determine the Group's capital deployment over the coming 4 years. Optimal utilisation of capital for identified growth segments and businesses across the region are expected to bring about superior returns on capital and subsequently, drive the Group's ROE within the Forward23+ timeframe.

## **RETURNS TO SHAREHOLDERS**

The Board approved and declared total dividends amounting to RM477 million or 4.81 sen per share to be distributed to shareholders for FY20. The single interim dividend of 4.81 per share is to be paid by May 2021 with a fully-electable DRS option. The dividends translated to a payout ratio of 40.0%, on the Group's FY20 net profit.

## **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**

The Group is ensuring that Sustainability is at the heart of everything that we do, as economic, environmental, social and governance (EES&G) factors are now core to the Group's strategic direction and risk evaluations. One of the major developments in 2020 was the launch of the Group Coal Sector Guide which outlines the plans to remove coal financing from the portfolio by 2040. As the first Malaysian financial institution to make such a declaration, we have positioned ourselves at the forefront of the sustainability agenda, which should hold CIMB Group in good stead going forward. We have intentions to launch other sector

guides in the foreseeable future, aligning well with the Group's Forward23+ direction.

### **B) CUSTOMER CENTRICITY**

We firmly believe that Customer Experience (CX) is a differentiator in financial services and have doubled down on our Customer Centricity program within the Forward23+ strategic plan. The transformation of prioritised customer journeys coupled with enhanced digitisation to reinforce system reliability and to achieve market-leading turnaround times, are projected to lead the Group to top-quartile Net Promoter Scores (NPS) moving forward. CX is essential in retaining customer loyalty, minimise reputation risk, mitigates risk and allows for improved propensity of product cross-selling and increasing market share.

### **C) COMPLIANCE**

The significance of compliance continues to rise each year, even more so after a year like 2020. The Group has ingrained the compliance culture across the organisation, particularly across the pertinent lines of defence. Forward23+ seeks to further streamline the corporate structure, Board of Directors and management committees, with emphasis on reporting automation to minimise errors, improve reporting and operational efficiencies and to raise the governance bar higher. A wide range of virtual staff training programs had been conducted and will be lined up going forward to entrench the importance of compliance and governance.

### **D) PEOPLE AND CULTURE**

As a purpose-driven organisation, CIMB Group places considerable emphasis on values and culture. The "CIMB Culture" is based on a combination of trust, performance and integrity, which has created solid bonds within the organisation. This not only develops the Group's human capital but plays a crucial role in staff productivity and job satisfaction. The development of the HR Blueprint under Forward23+ aims to reinforce this initiative over the coming years, particularly under the new normal.

## **GOING FORWARD**

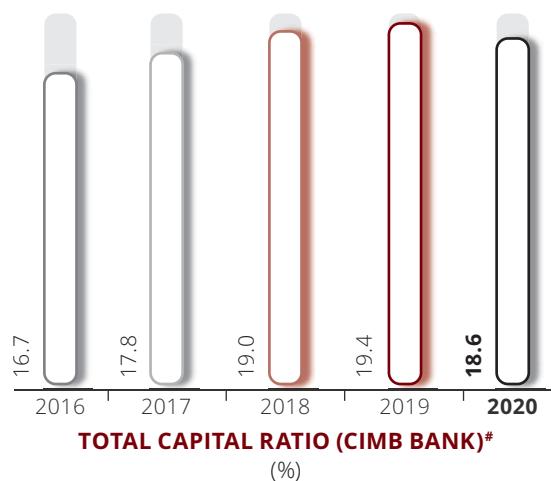
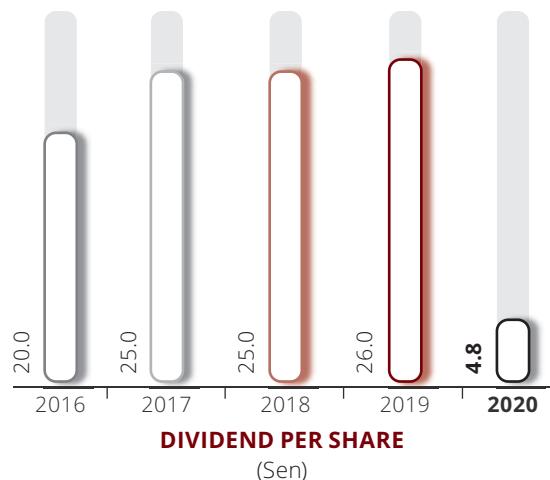
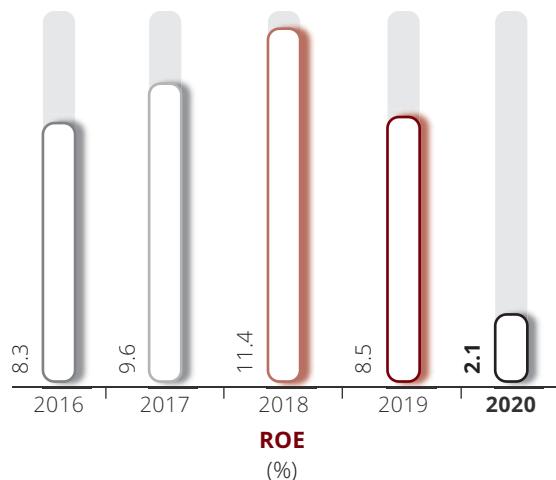
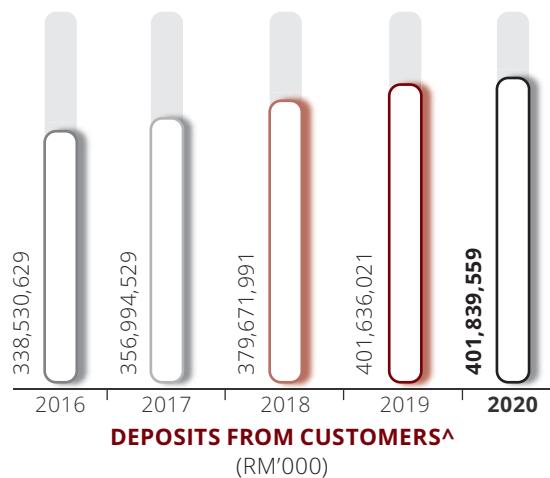
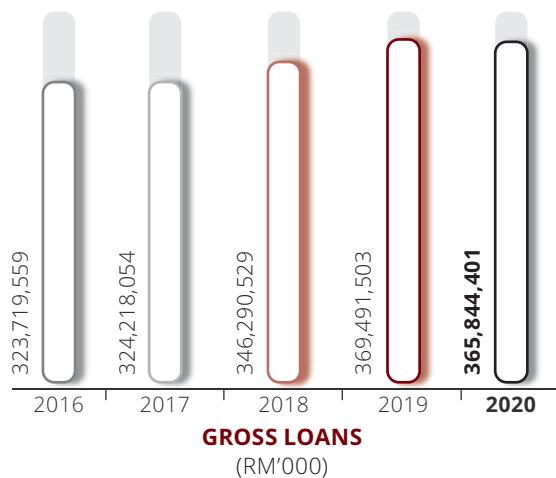
We expect our 2021 financial performance to be stronger in line with the hope that widespread vaccination will drive economic recovery globally. While the 2020 financial performance was disappointing, we believe that the Group has strengthened its fundamentals, internal infrastructure and is in a stronger position to navigate a less predictable future. Our strategic direction will be guided by the revamped Forward23+ as we streamline the regional portfolio, continue to invest in technology and digital capabilities, realign our strategic investments and ensure decisive execution to drive higher RAROC and ROE for the Group and shareholders. At the same time, we continue to keep our customers as our utmost priority and making progress on the sustainability front.

That said, we remain cognisant that the pandemic remains a real threat and that economies are not yet out of the woods. We will continue to be cautious to our approach to growth. As we continue to play our role to assist vulnerable segments and customers, our risk management and asset quality monitoring initiatives will have to remain alert and responsive. Growth need not necessarily be asset-driven but will be sought in above-average RAROC segments. Cost management will be a primary focal point, as we transform our fundamentals, culture and values, towards a more efficient and return-driven organisation.

Management expects an improved performance in 2021 and have set relatively prudent financial targets for the year ahead, namely: an ROE of between 6-7%; Return on Tangible Common Equity (ROTCE) of 8-9%, a CET1 ratio of over 12.5%; CIR of below 52% and an LLC of between 80-90bps. This will be underpinned by a projected loan growth of between 4-5% and we aim to maintain the dividend payout ratio within the 40-60% range.

I wish you and your families the best of health in 2021 and beyond, as we look forward to a brighter future together.

# Five-Year Group Financial Summary



<sup>A</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> Before deducting proposed dividend

# Five-Year Group Financial Highlights

Key Highlights	Financial Year Ended 31 December				
	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
<b>Consolidated Statement of Income</b>					
Operating income	<b>17,189,003</b>	17,795,879	17,381,968	17,626,496	16,065,255
Overheads	<b>8,976,794</b>	9,872,905	8,655,821	9,133,575	8,651,690
Profit before expected credit losses	<b>8,212,209</b>	7,922,974	8,726,147	8,492,921	7,413,565
Expected credit losses on loans, advances and financing	<b>5,342,209</b>	1,638,785	1,432,661	2,230,907	2,408,883
Profit before taxation and zakat	<b>1,530,329</b>	5,974,840	7,200,667	6,109,985	4,884,144
Net profit for the financial year	<b>1,194,424</b>	4,559,656	5,583,510	4,475,175	3,564,190
<b>Consolidated Statement of Financial Position</b>					
Gross loans, advances and financing	<b>365,844,401</b>	369,491,503	346,290,529	324,218,054	323,719,559
Total assets	<b>602,354,899</b>	573,245,655	534,089,043	506,499,532	485,766,887
Deposits from customers^	<b>410,839,559</b>	401,681,309	379,671,991	356,994,529	338,530,629
Total liabilities	<b>545,180,777</b>	515,776,579	481,501,072	456,693,097	438,687,729
Shareholders' funds	<b>55,925,641</b>	56,237,171	51,374,295	48,245,479	45,308,175
Commitments and contingencies	<b>1,123,995,768</b>	1,146,023,486	1,129,138,654	875,879,316	888,167,213
<b>Financial Ratios (%)</b>					
Common equity tier 1 ratio (CIMB Group)^\#	<b>13.3</b>	13.3	n/a	n/a	n/a
Tier 1 ratio (CIMB Group)^\#	<b>14.6</b>	14.4	n/a	n/a	n/a
Total capital ratio (CIMB Group)^\#	<b>17.6</b>	17.1	n/a	n/a	n/a
Common equity tier 1 ratio (CIMB Bank)^\#	<b>13.1</b>	13.8	12.9	12.9	12.1
Tier 1 ratio (CIMB Bank)^\#	<b>14.8</b>	15.2	14.3	14.3	13.6
Total capital ratio (CIMB Bank)^\#	<b>18.6</b>	19.4	19.0	17.8	16.7
Return on average equity	<b>2.1</b>	8.5	11.4	9.6	8.3
Return on average total assets	<b>0.20</b>	0.82	1.07	0.90	0.75
Net interest margin	<b>2.32</b>	2.46	2.50	2.63	2.63
Cost to income ratio	<b>52.2</b>	55.5	49.8	51.8	53.9
Gross impaired loans to gross loans	<b>3.6</b>	3.1	2.9	3.4	3.3
Allowance coverage ratio	<b>91.6</b>	80.7	91.0	70.5	79.8
Loan loss charge	<b>1.46</b>	0.44	0.41	0.69	0.74
Loan deposit ratio	<b>89.0</b>	92.0	91.2	90.8	95.6
Net tangible assets per share (RM)	<b>4.65</b>	4.70	4.39	4.14	3.92
Book value per share (RM)	<b>5.64</b>	5.67	5.37	5.23	5.11
CASA ratio	<b>41.3</b>	34.4	32.7	35.0	35.7
<b>Other Information</b>					
Earnings per share (sen)					
- basic	<b>12.0</b>	47.0	59.7	49.6	41.0
Dividend per share (sen)	<b>4.8</b>	26.0	25.0	25.0	20.0
Dividend payout ratio (%)	<b>40</b>	56	42	51	49
Number of shares in issue ('000)*	<b>9,922,966</b>	9,922,966	9,564,455	9,225,547	8,868,384
Weighted average number of shares in issue ('000)	<b>9,922,966</b>	9,705,987	9,356,695	9,016,943	8,689,362
<b>Non Financial Highlights</b>					
Share price at year-end (RM)	<b>4.30</b>	5.15	5.71	6.54	4.51
Number of employees~	<b>34,183</b>	35,265	36,104	37,597	38,952

^ Includes investment accounts of customers and structured investments classified as financial liabilities designated at fair value through profit or loss and other liabilities

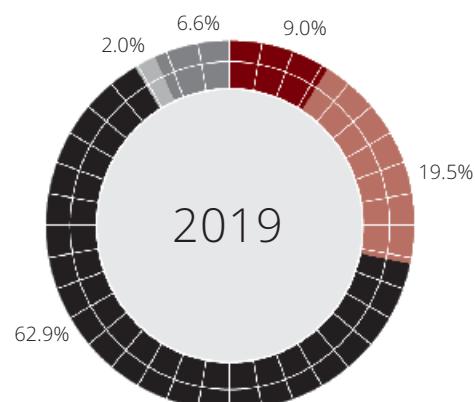
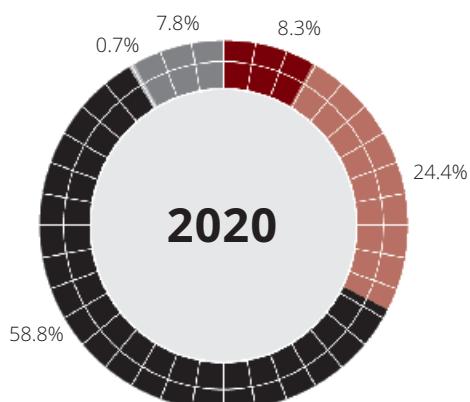
# Before deducting proposed dividend

\* Excludes 4,908 ordinary shares held as treasury shares

~ Excludes headcount borne by third parties

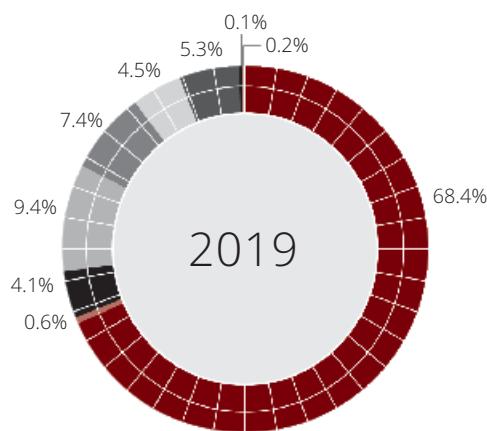
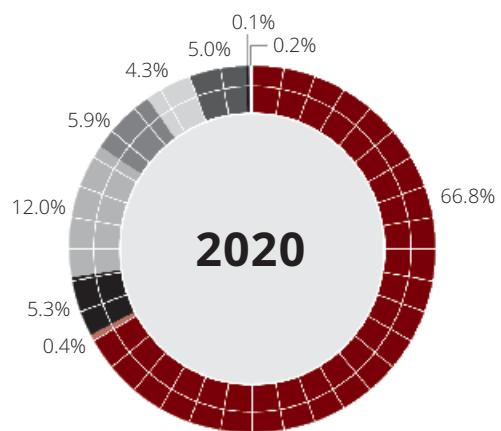
# Simplified Group Statement of Financial Position

## ASSETS



- Cash and short term funds, reversed repurchase agreements and deposits and placements with banks and other financial institutions
- Portfolio of financial investments
- Statutory deposits with central banks
- Other assets (including intangible assets)
- Loans, advances and financing

## EQUITY AND LIABILITIES



- 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

RM'000	2020			
	Q1	Q2	Q3	Q4
Operating revenue	4,143,029	3,865,322	4,464,614	4,716,038
Net interest income (after modification loss)	2,572,785	2,480,079	2,547,090	2,619,022
Net non-interest income and income from Islamic banking operation	1,570,244	1,385,243	1,917,524	2,097,016
Overheads	(2,318,450)	(2,124,448)	(2,204,973)	(2,328,923)
Profit before taxation and zakat	713,964	196,385	453,998	165,982
Net profit attributable to owners of the Parent	507,925	277,079	194,444	214,976
Earning per share (sen)	5.12	2.79	1.96	2.17
Dividend per share (sen)	-	-	-	4.81

RM'000	2019			
	Q1	Q2	Q3	Q4
Operating revenue	4,166,146	4,468,851	4,638,445	4,522,437
Net interest income	2,461,543	2,376,781	2,567,740	2,677,854
Net non-interest income and income from Islamic banking operation	1,704,603	2,092,070	2,070,705	1,844,583
Overheads	(2,302,416)	(2,293,626)	(2,786,392)	(2,490,471)
Profit before taxation and zakat	1,603,126	1,955,829	1,336,883	1,079,002
Net profit attributable to owners of the Parent	1,192,042	1,508,625	1,010,348	848,641
Earning per share (sen)	12.46	15.60	10.36	8.56
Dividend per share (sen)	-	14.00	-	12.00

# Key Interest Bearing Assets and Liabilities

## Interest earning assets:

Cash and short-term funds & deposits and placements with banks and other financial institutions  
 Financial investments at fair value through profit or loss  
 Debt instruments at fair value through other comprehensive income  
 Debt Instruments at amortised cost  
 Loans, advances and financing

Financial Year Ended 31 December 2020

	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
	43,126	1.52	743
	42,713	1.82	767
	47,726	3.42	1,348
	56,128	3.83	1,922
	353,916	5.03	17,932

## Interest bearing liabilities:

Total deposits\*  
 Bonds, Sukuk, debentures and other borrowings  
 Subordinated obligations

Financial Year Ended 31 December 2019

	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
	42,564	2.39	1,111
	38,137	2.78	1,068
	33,318	3.63	1,227
	39,833	4.40	1,765
	360,340	5.88	20,476

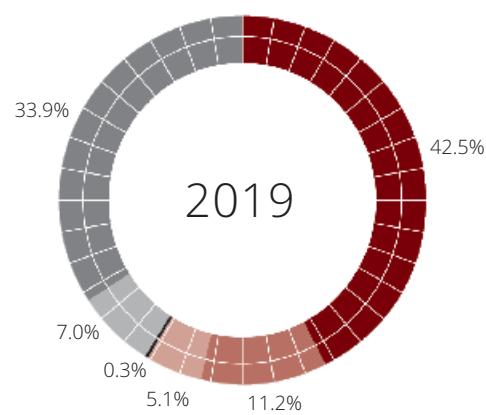
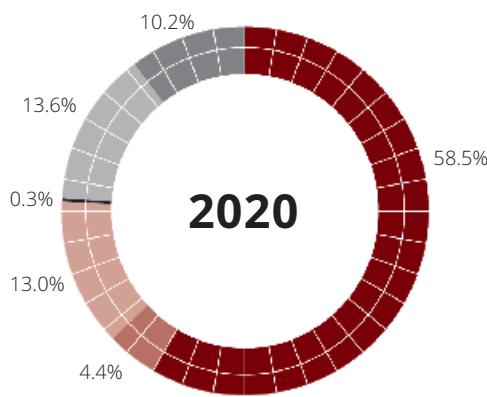
  

	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
	429,482	2.57	11,007
	28,691	3.57	925
	13,521	5.33	710

\* 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 Statements

	2020 RM'000	2019 RM'000
<b>Value added</b>		
Net interest income (before modification loss)	<b>10,440,041</b>	10,083,918
Modification loss	(221,065)	-
Net interest income (after modification loss)	<b>10,218,976</b>	10,083,918
Income from Islamic banking operations	<b>2,937,513</b>	3,040,663
Net non-interest income	<b>4,032,514</b>	4,671,298
Overheads excluding personnel costs, depreciation, payments to community and suppliers/vendors	<b>(1,710,900)</b>	(2,272,900)
Expected credit losses on loans, advances and financing	<b>(5,342,209)</b>	(1,638,785)
Expected credit losses (made)/written back for commitments and contingencies	<b>(191,520)</b>	12,019
Other expected credit losses and impairment allowances made	<b>(1,264,646)</b>	(352,018)
Share of results of joint ventures	<b>118,834</b>	31,401
Share of results of associates	<b>(2,339)</b>	(751)
<b>Value added available for distribution</b>	<b>8,796,223</b>	13,574,845
<b>Distribution of Value Added</b>		
<b>To employees:</b>		
Personnel costs	<b>5,144,070</b>	5,764,674
<b>To the Government:</b>		
Taxation and zakat	<b>383,760</b>	1,519,653
<b>To providers of capital:</b>		
Cash dividends paid to shareholders	<b>1,190,756</b>	797,515
Non-controlling interests	<b>(47,855)</b>	(104,469)
<b>To the community<sup>1</sup>:</b>		
Community investments	<b>29,300</b>	45,800
<b>To the suppliers/vendors<sup>2</sup>:</b>		
Suppliers/Vendors (Malaysia*)	<b>1,200,000</b>	945,000
<b>To reinvest to the Group:</b>		
Dividend reinvestment plan	<b>-</b>	1,712,059
Depreciation and amortisation	<b>892,524</b>	844,531
Retained earnings	<b>3,668</b>	2,050,082
<b>Value added available for distribution</b>	<b>8,796,223</b>	13,574,845



█ To employees  
█ To the Government

█ To providers of capital  
█ To the community<sup>1</sup>

█ To the suppliers/vendors<sup>2</sup>  
█ To reinvest to the Group

<sup>1</sup> Community investments include contributions to charities, NGOs and research institutes (unrelated to the organisation's commercial research and development); funds to support community infrastructure, such as recreational facilities; and direct costs of developing and implementing social and environmental programmes, including arts, and educational events – all channelled through CIMB Foundation as well as respective business units.

<sup>2</sup> Suppliers/Vendors include payment made towards products or services or investments in any supplier education or development programmes.

\* Majority of our suppliers are based in Malaysia, which accounts for 90% of our total Group procurement spend. Our largest spends are in Group Technology, Group Operations, and Group Administration & Property.

# Capital Management

## OVERVIEW

Capital management at CIMB Group (“Group”) remains focused on maintaining a healthy capital position through building an efficient capital structure. The capital position and structure of the Group are designed to meet the requirements of the Group’s key constituencies i.e. shareholders, customers, regulators, external rating agencies, and others. Guided by CIMB Group’s Capital Management Policy and Procedure, 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) meet regulatory capital requirements at all times; (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 generation (b) take advantage of strategic acquisitions and new businesses when opportunities arise; and (c) optimise the return on capital for the Group.
- (3) To maintain capital at optimal levels to meet the requirements of other stakeholders of the Group, including rating agencies and customers through (a) liability management (b) dividend reinvestment scheme (c) deployment of capital based on risk-adjusted return on capital (RAROC) performance measurement (d) risk-weighted assets (RWA) optimisation exercise and exploring strategic divestments, if any.

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	Common Equity Tier 1 Capital		Tier 1 Capital		Total Capital	
	As at 31 December 2020	Minimum Regulatory Ratio	As at 31 December 2020	Minimum Regulatory Ratio	As at 31 December 2020	Minimum Regulatory Ratio
CIMB Group	13.17%	7.00%	14.49%	8.50%	17.48%	10.50%
CIMB Bank	13.13%	7.00%	14.76%	8.50%	18.56%	10.50%
CIMB Islamic	13.31%	7.00%	14.10%	8.50%	16.76%	10.50%
CIMB Investment Bank Group	83.18%	7.00%	83.18%	8.50%	83.18%	10.50%
CIMB Niaga*	20.12%	10.00%	20.12%	11.50%	21.24%	13.50%
CIMB Thai	14.94%	7.00%	14.94%	8.50%	20.75%	11.00%

\* Inclusive of risk profile no 2 and capital surcharge buffer.

## KEY INITIATIVES

Our goal is to continuously build capital towards the full implementation of Basel III requirements, whilst optimising its use fully. Tools that are employed to achieve this include but not limited to the following:

- (1) liability management via redemption of non-Basel III compliant instruments; and issuance of new Basel III instruments;
- (2) dividend reinvestment scheme (DRS);
- (3) RWA optimisation; and
- (4) Group-wide stress testing and impact assessment.

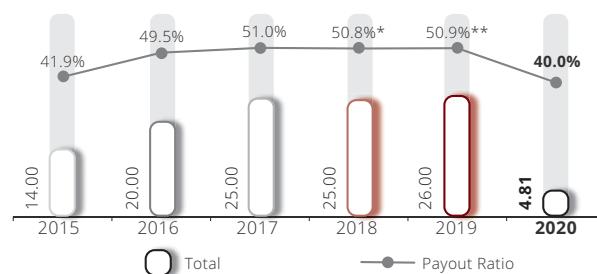
Key capital management initiatives that were undertaken during the 2020 calendar year include:

- (1) CIMB Group issued RM750 million Basel III AT1 Capital Securities on 3 December 2020 and RM2.5 billion Basel III T2 Subordinated Debt on 12 November 2020.
- (2) The continuing RWA optimisation initiatives during the year, largely through active loan portfolio rebalancing, system and data enhancements and model recalibrations.

single tier dividend will be payable by April 2021 and will consist of an electable portion of 4.81 sen per ordinary share which shareholders can elect to reinvest in new ordinary shares in accordance with the DRS.

## DIVIDEND REINVESTMENT SCHEME

The DRS was implemented in 2013 to provide shareholders with an option to reinvest dividends into new ordinary shares of CIMB and at the same time to help preserve the Group’s capital. It was first applied to the Group’s second interim dividend for the financial year ended 31 December 2012. The dividend reinvestment rate has been encouraging, with an average rate of approximately 79.5% since inception.



\* Payout ratio based on PAT excluding CPAM and CPIAM gain of RM928 million.

\*\*Payout ratio based on BAU PAT excluding transformational cost.

# Credit Ratings



Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	February 2021	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 5. Senior Unsecured Notes 6. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme 7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated)	A3 P-2 A3 P-2 A3 (P)A3	Stable (P)A3/(P)Ba1
Standard & Poor's Ratings Services (S&P)	January 2021	1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating	A- A-2 A- A-2	Negative
RAM Rating Services Berhad (RAM)	August 2020	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme <ul 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> </ul> 4. RM10.0 billion Additional Tier-1 Capital Securities Programme 5. RM20.0 billion Medium Term Notes Programme	AAA P1  AA1  AA2  A1  AAA	Stable
Malaysian Rating Corporation Berhad (MARC)	August 2020	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM5.0 billion Subordinated Debt and Junior Sukuk Programmes 4. RM10.0 billion Tier 2 Subordinated Debt Programme	AAA MARC-1 AA+/AA+ <sub>IS</sub>	Stable AA+

## Credit Ratings

### CIMB GROUP HOLDINGS BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	February 2021	1. Long-term Issuer Rating 2. Short-term Issuer Rating	Baa1 P-2	Stable
Malaysian Rating Corporation Berhad (MARC)	August 2020	1. Long-term Corporate Credit Rating 2. Short-term Corporate Credit Rating 3. RM10.0 billion Tier 2 Basel III Compliant Subordinated Debt Programme	AA+ MARC-1 AA	Stable
RAM Rating Services Berhad (RAM)	August 2020	1. Long-term Corporate Credit Rating 2. Short-term Corporate Credit Rating 3. RM6.0 billion Conventional and Islamic Medium-term Notes Programme 4. RM6.0 billion Conventional Commercial Paper Programme 5. RM10.0 billion Additional Tier-1 Capital Securities Programme	AA1 P1 AA1  P1  A1	Stable

### CIMB INVESTMENT BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
RAM Rating Services Berhad (RAM)	August 2020	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating	AAA P1	Stable
Moody's Investors Service (Moody's)	February 2021	1. Long-term Issuer Rating 2. Short-term Issuer Rating	A3 P-2	Stable

### CIMB ISLAMIC BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	February 2021	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)	August 2020	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Sukuk Wakalah Programme	AAA P1 AAA	Stable
Malaysian Rating Corporation Berhad (MARC)	August 2020	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM5.0 billion Tier 2 Junior Sukuk Programme 4. RM10.0 billion senior Sukuk Wakalah Programme	AAA MARC-1 AA+IS AAAIS	Stable

 **CIMB THAI**

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	February 2021	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
Fitch Ratings	April 2020	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)	Negative
RAM Ratings Services Berhad (RAM)	August 2020	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2 billion Tier-2 Subordinated Debt Programme	AA <sub>2</sub> P1 AA <sub>3</sub>	Stable

 **CIMB NIAGA**

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Fitch Ratings	February 2021	1. Long-term Issuer Default Rating 2. Short-term Issuer Default Rating 3. Long-term National Rating 4. Short-term National Rating 5. IDR1.6 trillion Subordinated Debt	BBB- F3 AA+(idn) F1+(idn) AA-(idn)	Negative
Moody's Investors Service (Moody's)	June 2020	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 liquidity credit incentivises the provider of funds that generate long-term, stable funding. Presently, we focus on attracting stable retail deposits to provide sustainable funding required to extend long-term retail and SME credit 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 Reference Rate Framework of Bank Negara Malaysia (BNM). 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.

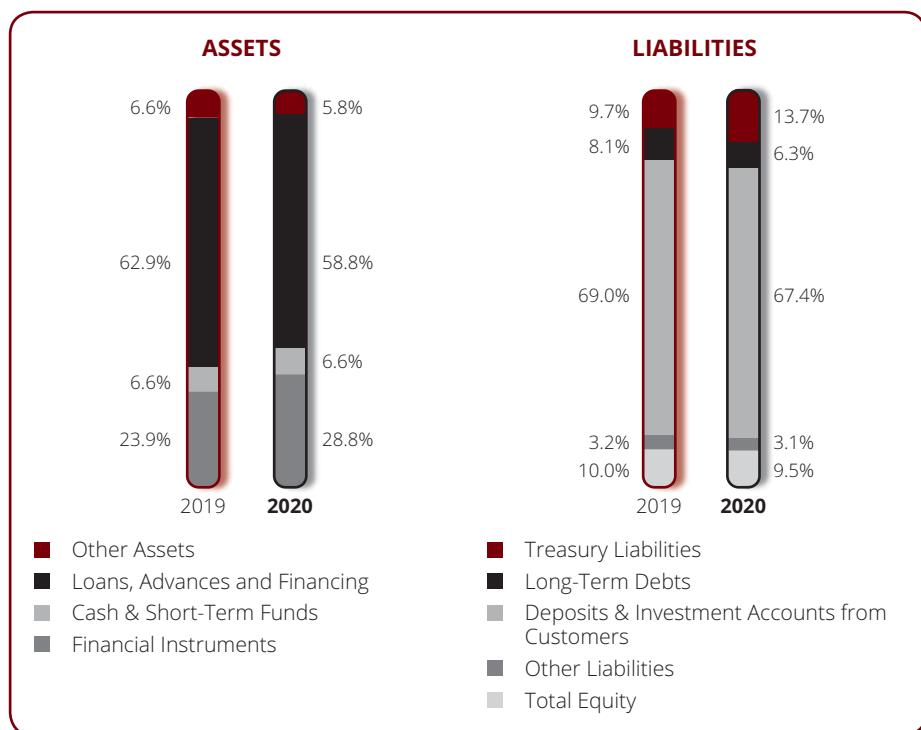
The loans, advances and financing of the Group's assets is funded from a funding mix comprising of customer deposits and investment accounts alongside stable long-term borrowings such as senior funding, subordinated obligations, as well

as securitised assets. Our core source of funding, deposits and investment accounts from customers have shown steady and modest growth of 3% in 2020, with a marginal decrease in composition in the overall funding source but still reflects a healthy buffer in funding the loan book. Loans, advances and financing shrunk by 2% in 2020 due to unprecedented adverse effects caused by the COVID-19 pandemic.

## LCR

The Group maintained a healthy and stable level of liquid assets which is reflected by a Liquidity Coverage Ratio of 141% as at 31 December 2020, which is

well above the minimum requirement of 100% for 2020. 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 2020 is 80% and 71% respectively. Given the introduction of new liquidity measures such as Net Stable Funding Ratio (NSFR) in the recent years, 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 for longer time horizons.



# Investor Relations

**Challenging would probably be too kind a word to describe 2020 in terms of its impact on global societies, economies and financial systems. With the world literally being turned on its head by the COVID-19 pandemic within a span of a few short months, the Group had to make significant adjustments not just to operations but also from a financial disclosure perspective due to changes in the operating environment, regulations and accounting treatments. Thrown into the mix was the unexpected change in the Group's leadership with the abrupt departure of YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz and the subsequent entry of Dato' Abdul Rahman Ahmad. As such, the Group's Investor Relations initial plans and targets for the year were very quickly set aside and replaced by an exercise of education and sustained notification of latest developments within the Group and financial industry.**

Against a backdrop of a global pandemic and economic emergencies, the operating environment threw up a cocktail of crises over the past 12 months. Central banks across the region and world cut interest rates to keep economies afloat; economic growth forecasts were reduced by the month; oil prices threatened to spiral into a crisis; equity markets tumbled globally; directly impacted sectors like airlines, hospitality and leisure faced uncertain futures; unprecedented domestic and global political upheavals were aplenty; all of which came together to form an unparalleled year in history. Undoubtedly, investor sentiment was shaken to the core as forecasts and budgets were continually revised, and this kept the CIMB Group Investor Relations team fully engaged throughout the year.

For 2020, the Investor Relations undertaking was focused on delivering up-to-date status on various market- and operations-related developments. This included evaluation of the impact of continuous interest rate cuts in different countries on loan demand and NIMs, the effect of economic lockdowns on staff operations and customers, the accounting treatment of different forms of moratoriums and repayment schemes implemented by regional central banks, status of customer repayment trends as well as updates on COVID-19-related sector exposures. Given that systems, databases and general infrastructure was not designed for the scale and speed of the disruption, the Investor Relations

team persevered to upkeep the high standards of timeliness and sufficiency of disclosure, when investors demanded immediate information.

Whilst the year did not entail many corporate developments, the Group did witness an unexpected leadership change with the entry of a new Chief Executive Officer in May 2020. Dato' Abdul Rahman Ahmad's immediate leadership was most welcome, although its timing in the midst of the pandemic and while the organisation was largely working offsite or from home, posed significant logistical and operational challenges. He had within a relatively short period of time, put together the recalibrated Forward23+ strategic plan by September 2020 to account for the new world order. The investment community had the opportunity to listen to and speak with Dato' Rahman via video conference and were provided sufficient insights to the revised strategic plan to reshape the portfolio, improve the Group's operational and financial stability, understand the increased emphasis on governance and oversight, as well as the CEO's personal thoughts on the Group's strengths and weaknesses. Similar to the Forward23 plan, Customer Experience and Sustainability will remain core differentials for CIMB going forward.

On the Sustainability front, the Group extended its leadership within the environmental, social and governance (ESG) sphere in 2020 with the allocation of

RM3 billion for Sustainability-linked loans as well as announcement of the Coal Sector Guide, which garnered significant attention and plaudits, particularly amongst institutional investors which viewed this as a major step for a South East Asian financial institution. 2020 also saw CIMB Philippines continue its stellar growth culminating in just under 3.1 million customers within 2 years of inception and seeing an over 8-fold growth in deposits in its first full year of deposit taking.

Despite the intense pressure over the year, the inability to travel and working from home challenges, the Investor Relations team strived to provide as best access as possible for domestic and foreign stakeholders to senior members of CIMB Group management. With the pandemic in full swing, all investor engagements were moved to virtual platforms particularly Webex, Zoom, MS Teams and old-school teleconference facilities. Engagements were largely led by the Group CFO Khairul Rifaie over the year, while the Group CEO Dato' Abdul Rahman Ahmad took a more active role around the year-end after the unveiling of the Forward23+ program. The Investor Relations team provided continuous ground support, along with other selected members of Group Management, particularly David Richard Thomas (Group Chief Risk Officer) and Sieh Luanne (Head of Sustainability) through the year.

## Investor Relations



The Group CEO and Group CFO at the first virtual press conference in August 2020

### ANALYST BRIEFINGS

Despite the various travel and work restrictions in place, the Group conducted investor conference calls for all four quarterly financial results announcements over the year. We continued to receive active participation from both domestic and regional equity and debt analysts and fund managers. Given the leadership transition, three of the analyst briefings were conducted by the Group CFO, who presented the year-end and quarterly financial performance. The new Group CEO took the helm for the third quarter 2020 financial report in November, where he addressed questions on the rapidly changing operating environment as well as partook in discussions on his strategic plans for the Group under Forward23+.

The Group maintained its twice-yearly press conferences to brief the media on its financial performance. While the full-year 2019 results press briefing in February was routine, the half-year 2020 results press conference was the first to be held virtually with both the Group CEO and Group CFO holding court. The Investor Relations team ensured that all financial statements and press releases were submitted to Bursa Malaysia within the stipulated dates and times, all necessary documentations are uploaded to the Group's Investor Relations webpage, as well as ensure that the investor presentations are emailed to pertinent internal and external stakeholders.

### SIGNIFICANT EVENTS:

Date	Event	Type of Meeting
9 March 2020	Resignation of YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz as GCEO of CIMB Group Holdings Berhad and CIMB Bank Berhad	Bursa Announcement
29 May 2020	CIMB Group appoints Dato' Abdul Rahman Ahmad as Group CEO and Executive Director effective 10 June 2020	Bursa Announcement
18 June 2020	Resignation of Adisorn Sermchaiwong as President/CEO of CIMB Thai	Bursa Announcement

### ANNOUNCEMENT OF FINANCIAL RESULTS:

Date	Event	Type of Meeting
22 May 2020	CIMB Group 1Q20 Results	Conference Call
28 August 2020	CIMB Group 2Q20 Results	Conference Call
27 November 2020	CIMB Group 3Q20 Results	Conference Call
26 February 2021	CIMB Group 4Q20 Results	Conference Call



The Board of Directors addressing shareholders at the 63rd AGM

#### AGM/EGM

2020 marked the Group's inaugural virtual Annual General Meeting (AGM) in light of the exceptional circumstances. The original AGM date of 21 April 2020 was delayed due to the advent of the MCO-lockdown, with Bursa Malaysia allowing all listed companies a 2-month grace period to conduct their AGMs. With strict social distancing measures and inability of several non-Malaysian members of the Board of Directors to travel to Kuala Lumpur, CIMB Group's 63rd AGM was conducted on 30 June 2020 in Menara CIMB.

As one of the major corporate highlights of every year, the AGM is traditionally where shareholders have the opportunity to engage with members of Group Management. Despite having just joined the Group less than a month before, the Group CEO presented the 2019 financial performance, the progress of the Forward23 roadmap, an update on the impact of COVID-19 on the Group's operations in terms of staff, customers and financials. Dato' Rahman outlined the somber outlook for 2020 as the pandemic would inevitably impact the Group's ability to achieve its financial targets for the year. In addition, he disclosed his plan to recalibrate the Forward23 program in light of the new normal, which was eventually unveiled as Forward23+ in October. While the virtual Q&A session proved to be less engaging than normal, shareholders fielded a wide range of pointed questions to the Board of Directors via electronic submissions. The

Group CEO personally addressed queries from the Minority Shareholders Watchdog Group (MSWG) and Permodalan Nasional Berhad (PNB). Unsurprisingly, a large proportion of the topics raised at the 63rd AGM centered on the impact of COVID-19 on loan growth, asset quality, moratorium and account restructurings, and exposures to vulnerable sectors.

#### INVESTOR MEETINGS

One of the major changes to the Investor Relations undertaking in 2020 was the inability to conduct live investor meetings. One-on-one meetings allow for institutional investors to engage

personally with senior members of management, to ask specific questions and to receive responses face-to-face. This provides the bedrock to a strong investor-management relationship, where trust is built and earned. As a result of global travel restrictions, investors were unable to travel to Malaysia to meet us, while we were unable to participate in any conferences and roadshows over the year. Investor engagements were moved online as investor conferences went virtual, as did all corporate access.

Making the best of the circumstances, the Group kept a high level of investor engagement throughout the year. We conducted a total of 63 investor meetings in 2020, a predictable decrease from the 85 meetings in 2019. Nonetheless, going online accorded the opportunity to engage with a higher number of buy- and sell-side analysts and fund managers as virtual meetings accommodated higher number of participants. As such, we had direct engagement with 561 analyst and investors in 2020, a 46% increase from the 385 in 2019. Apart from these one-on-one and group meetings, the Group maintained its practice of twelve larger-group meetings annually – eight pre-closed period meetings with the domestic buy- and sell-side, and four quarterly financial announcement conference calls. CIMB Niaga also saw a similar drop in the number of meetings and investors met in 2020.

#### NO. OF MEETINGS/NO. OF FUND MANAGERS AND ANALYSTS

	2019		2020	
	Meetings	FM/ Analysts	Meetings	FM/ Analysts
<b>CIMB Group</b>				
In-house meetings	38	199	<b>4</b>	<b>32</b>
Conferences	19	85	<b>14</b>	<b>109</b>
Non deal roadshows	18	86	<b>9</b>	<b>53</b>
Teleconferences	10	15	<b>37</b>	<b>367</b>
<b>Total</b>	<b>85</b>	<b>385</b>	<b>63</b>	<b>561</b>
<b>CIMB Niaga</b>				
In-house meetings	12	48	<b>9</b>	<b>46</b>
<b>Total</b>	<b>12</b>	<b>48</b>	<b>9</b>	<b>46</b>

## Investor Relations

### CONFERENCES AND ROADSHOWS

It is worth reiterating the importance of face-to-face meetings between Group Management with institutional and strategic shareholders, particularly at investor conferences as well as via non-deal roadshows (NDRs) regionally and globally. While the pandemic scuttled travel plans for most of the year, the Group was fortunate to participate in 2 investor conferences in January 2020 in Kuala Lumpur and Singapore, before global travel restrictions kicked in. As most planned live events were cancelled throughout the year, many gravitated towards virtual conferences. The Group CFO represented the Group in most of the online events where he provided updates on the state of the business within the ever changing flux of the pandemic, and discussed issues relating to asset quality and financial performance.

We also conducted our first virtual CIMB Group CEO roadshow in October following the announcement of the recalibrated Forward23+ program, where we held a large group online briefing followed by a series of small groups and targeted one-on-one meetings with pertinent shareholders. In light of the lower number of events held in 2020, we had 23 event-related meetings during the year compared to 37 in 2019. Similarly, the number of fund managers and buy-side analysts engaged at events fell to 162 versus the 171 the year before. The share register analysis remains an important tool for the Investor Relations program to better identify and engage strategically important stakeholders.

### CONFERENCES AND ROADSHOWS

Date	Event	Location	Organiser
6 January 2020	CIMB 12th Annual Malaysia Corporate Day	Kuala Lumpur	CIMB
21 January 2020	UBS Malaysia Corporate Day	Singapore	UBS
17 March 2020	Credit Suisse ASEAN Virtual Corporate Day	Kuala Lumpur	Credit Suisse
10 June 2020	UBS OneASEAN Virtual Conference	Kuala Lumpur	UBS
4 August 2020	CLSA Cashless Society Day	Kuala Lumpur	CLSA
October 2020	CIMB Group CEO Investor Roadshow	Kuala Lumpur	CIMB Group

### RESEARCH COVERAGE

CIMB Group remains well covered by the investment community as it remains a core component of the FBMKLCI Index. The Group remains the second largest financial institution in Malaysia by assets and the fifth largest in ASEAN. As of end December 2020, the stock had active coverage by a total of 22 analyst and research houses, and continues to be well tracked by buy-side analysts and fund managers domestically, regionally and globally.

#### No Research House

- 1 Affin Hwang Investment Bank
- 2 AllianceDBS Research
- 3 AmlInvestment Bank
- 4 Bernstein Research
- 5 BofA Global Research
- 6 Citi Investment Research
- 7 CLSA Securities
- 8 Credit Suisse Securities
- 9 Hong Leong Investment Bank
- 10 JP Morgan Securities
- 11 KAF-Seagroatt & Campbell Securities
- 12 Kenanga Investment Bank
- 13 Macquarie Capital Securities
- 14 Maybank Investment Bank
- 15 MIDF Amanah Investment Bank
- 16 Morgan Stanley Research
- 17 Nomura Securities
- 18 Public Investment Bank
- 19 RHB Research
- 20 TA Securities
- 21 UBS Securities
- 22 UOB Kay Hian

### CREDIT RATING

The Investor Relations team undertakes the management of all communications with domestic, regional and global credit rating agencies. The Group has solicited and unsolicited arrangements with Moody's Investors Services, RAM Ratings, Standard and Poor's (S&P), Malaysian Rating Corporation (MARC) and Fitch Ratings; to provide local- and foreign-currency rating coverage on the credit

profile for all banking entities including CIMB Group.

Credit ratings are vital indicators of a corporate or bank's financial health, risk and stability, and are relied on by numerous stakeholders including counterparty financial institutions, institutional investors and ecosystem partners. This was especially pertinent in

2020 as the world reeled from the pandemic and where external stakeholders placed greater reliance on the independent credit ratings. As such, the relationships with credit rating agencies are treated with utmost importance as we maintain year-round engagements culminating in annual rating review discussions with senior members of CIMB Group management. The team provides substantial data and disclosure to ensure fair and thorough analysis.

### SHARE PRICE PERFORMANCE AND FOREIGN SHAREHOLDING

With a backdrop of a world reeling from the COVID-19 pandemic, it was no surprise that global equity markets took a severe beating in 2020. The threatening economic crisis sent markets plunging in the middle of the year, before optimism of a vaccine-driven recovery triggered a rebound in December. The benchmark FBMKLCI ended the year up 4.5%, after declining by as much as -23.9% YTD in March. Nevertheless, financial stocks bore the brunt of the market sell-off and generally underperformed wider markets on the rebound due to concerns of protracted asset quality issues and lower growth visibility. The Group's share price hit a low of RM2.90 during the year before recovering strongly to close out the year

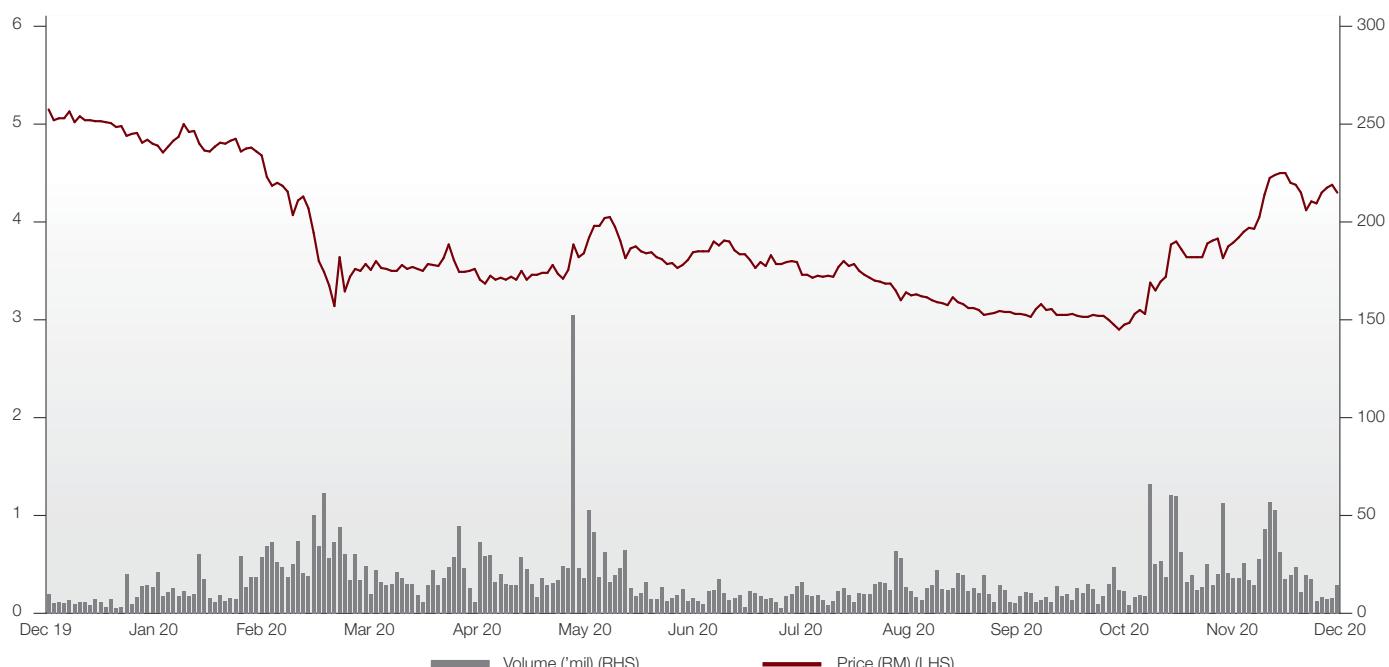
at RM4.30. Over the 12-month period, the Group's share price declined by 14% compared to the adjusted share price of RM5.00 as at end-2019, translating to a 12.5% underperformance against the FBMKLCI in 2020.

With the combination of lower operating income and elevated provisions, partially offset by sharply reduced operating expenses, the Group expectedly fell short of its headline ROE and loan loss charge targets for the year. However, conservative capital management ensured that the Group's CET1 ratio strengthened to 13.3%, while prudent cost controls allowed the Group to lower its cost-to-income ratio (CIR) to 52.2%

(versus the target of <53.4%). Despite the difficult year, the Group was pleased to announce a respectable dividend payout ratio of 40%, in line with its 40-60% payout policy.

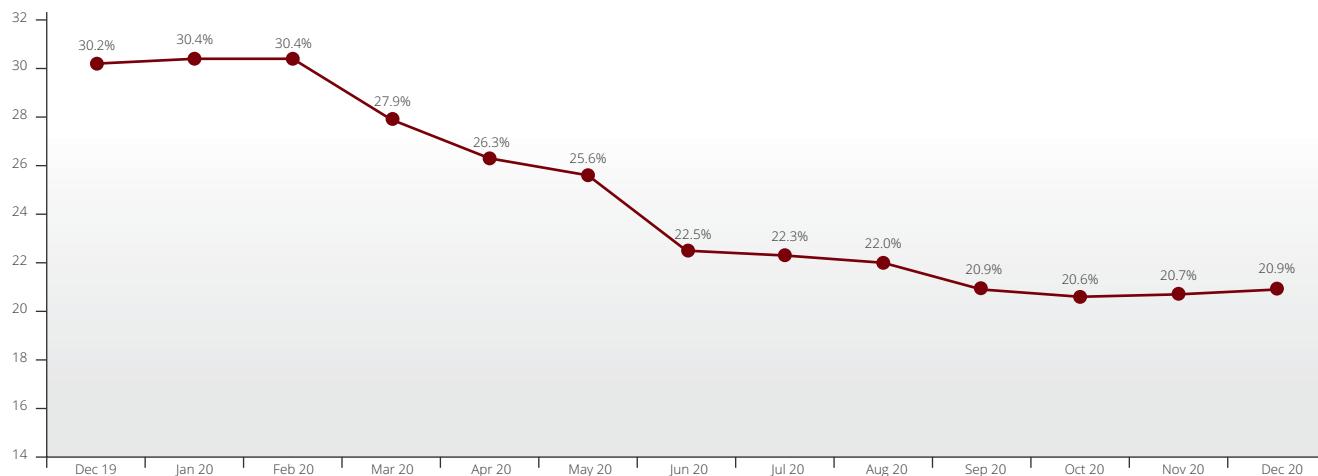
The pandemic-fueled capital flight of global investors during the year translated to a sharp reduction in the Group's foreign shareholding, which stood at 20.9% as at end-2020 compared to 30.2% as at the end of 2019 – a 9.3% YoY decline. The decline was partially attributed to the transfer of shares back to Khazanah Nasional in June 2020 from its foreign trustee banks in relation to its USD500 million Exchangeable Bonds issued in July 2019.

### CIMB GROUP SHARE PRICE AND VOLUME



## Investor Relations

### CIMB GROUP FOREIGN SHAREHOLDING

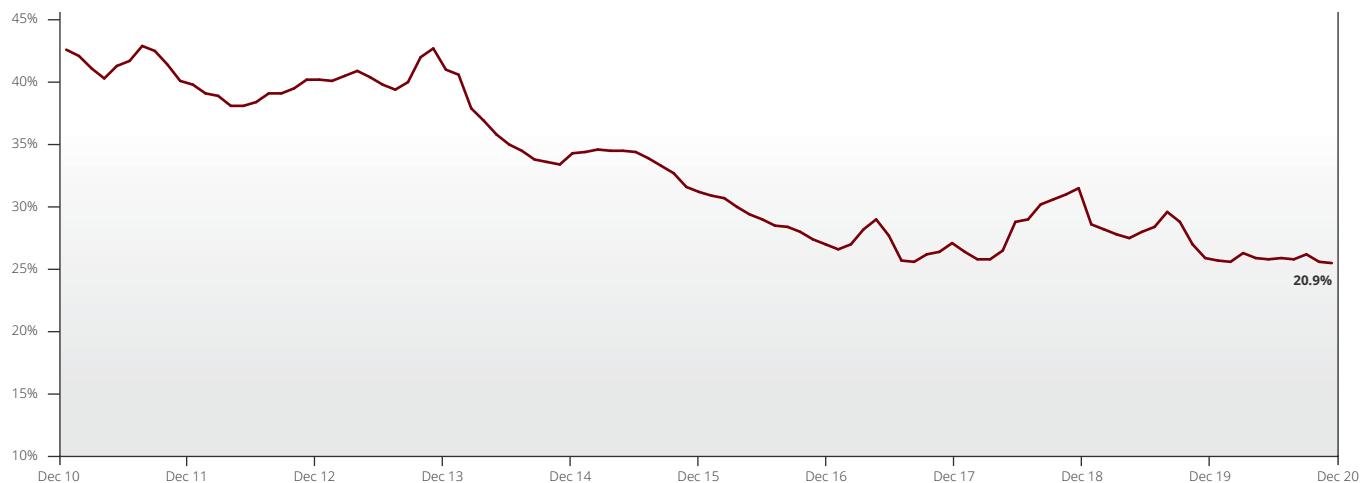


### SHAREHOLDERS' RETURNS (6 JUNE 2005\* – 31 DECEMBER 2020)



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

### 10-YEAR FOREIGN SHAREHOLDING (DECEMBER 2010 – DECEMBER 2020)



# Financial Calendar

## 28 FEBRUARY 2020

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2019

## 16 MARCH 2020

Notice of book closure for single tier second interim dividend of 12.00 sen per share for the financial year ended 31 December 2019

## 17 MARCH 2020

Date of entitlement for the single tier second interim dividend of 12.00 sen per share for the financial year ended 31 December 2019

## 9 APRIL 2020

Issuance of Annual Report for the financial year ended 31 December 2019

## 13 APRIL 2020

Payment of the single tier interim dividend of 12.00 sen per share for the financial year ended 31 December 2019

## 22 MAY 2020

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2020

## 2 JUNE 2020

Notice of 63rd Annual General Meeting

## 30 JUNE 2020

63rd Annual General Meeting

## 28 AUGUST 2020

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2020

## 27 NOVEMBER 2020

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2020

## 26 FEBRUARY 2021

Announcement of the unaudited consolidated financial results for the fourth quarter ended 31 December 2020

## 2021 TENTATIVE DATES

31 MAY 2021

**1Q 2021**

Financial Results

30 AUGUST 2021

**2Q 2021**

Financial Results

30 NOVEMBER 2021

**3Q 2021**

Financial Results

FEBRUARY 2022

**4Q 2021**

Financial Results

# Group Consumer Banking



**“**Despite the challenging environment and headwinds, our business remained resilient and robust. We achieved healthy balance sheet growth and pre-provision operating profit improvement. As the pandemic curtailed business momentum and impacted our critical stakeholders, including customers and employees, we focused our efforts on implementing key risk mitigation strategies mainly to ensure safety of our employees, while rolling-out various loan relief programmes for our customers-in-need. Various measures were also taken to manage credit risk and asset delinquencies. During the year, our emphasis was also on accelerating digital engagement through transactions and digital acquisition, optimising loans and deposits spread and cost management.”

by Samir Gupta

## 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 help facilitate financial transactions beyond normal banking hours.

Our products and services are also accessible over-the-counter in all our branches regionally. By tapping the potential of digital, big data and advanced analytics, and backed by a holistic product proposition as well as our integrated regional banking model, we aim to deliver superior customer experience.

## WHAT OUR STAKEHOLDERS EXPECT

Shareholders	Customers	Communities	Employees	Regulators
Achieve stability, respond to customers' needs and deliver resilient growth and sustainable returns.	Offer convenient, secure, and reliable access to financial solutions.	Provide support to customers impacted by the pandemic via various relief programmes.	Build talent pipeline to support big data & advance analytics industrialisation.	Remain nimble to regulations and policies to support customers impacted by the pandemic.

## HOW WE CREATED VALUE IN 2020

<b>6.5%</b> pre-provision operating profits.	<b>&gt; 13m</b> Customers served across MISTC.	<b>257k</b> Accounts assisted through relief programmes across MISTC.	<b>&gt;70</b> machine learning models completed delivering business uplift.	<b>13%</b> of total gross loans granted relief.
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### FORWARD 23+

#### Strategic Themes

- Delivering Sustainable Financial Returns
- Customer Centricity

#### Material Matters

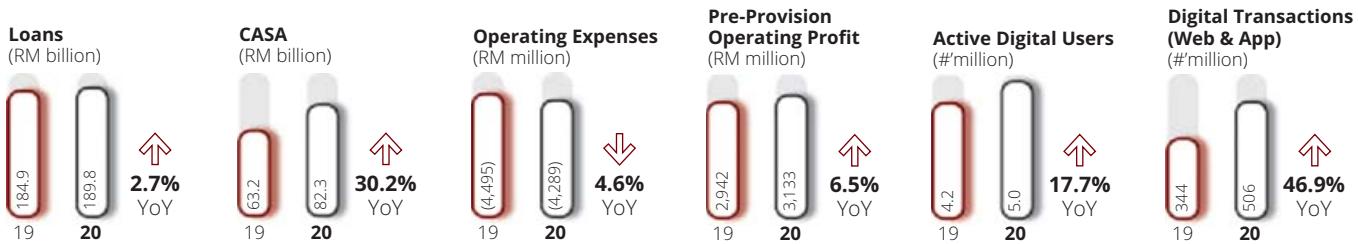
- Health, Safety, & Well-being
- Technology
- Customer Experience

#### Capitals Affected

- Financial
- Manufactured
- Intellectual

## FINANCIAL PERFORMANCE

While business growth and momentum were impacted by the pandemic, loans and CASA growth remained resilient. Loans grew +2.7% YoY, mainly due to the uptake in Malaysia. CASA grew +30.2% contributed by strong growth across all ASEAN markets. In 2020, Group Consumer Banking (GCB) achieved a commendable +6.5% pre-provision operating profit growth. Operating expenses reduced by 4.6% as a result of prudent cost management measures across MIST. GCB's growth potential was optimised despite headwinds such as central bank rate cuts across MIST and the pandemic-induced modification losses. During the year, GCB also accelerated its digital engagement by encouraging internet banking transactions and intensifying digital acquisitions. As a result, active digital users grew by +17.7%, digital transactions +46.9% and proportion of digital acquisitions increased to 66.0% of total sales (by sales count).



## KEY RISKS & CHALLENGES

### Operations disruption:

- Disruptions in operations and BAU functions due to movement control orders and safety/health concerns of both employees and customers.

### Decelerating Business Momentum:

- Slow-down of business momentum across MISTC, exacerbated by central bank's rate cuts and external headwinds, which impacted both performance and profitability.

### Increasing Credit Risk:

- Health and socio-economic impacts of COVID-19 severely affected income potential of consumers, requiring us to efficiently manage credit costs and asset delinquencies.

## OPPORTUNITIES & GROWTH DRIVERS

Despite the challenges and headwinds, our core business engine remained robust. We achieved balance sheet growth and improvements in pre-provision operating profits through spread optimisation, investment fee focus and prudent expense management. Our consumer franchises in Malaysia and Indonesia continue to take market share and grow faster than industry for mortgage, auto loans and CASA. In Malaysia, the sales engine was recalibrated to emphasise on investment fee income growth resulting in strong investment NOLI growth +98.5% YoY, driven by strong sales for unit trust +190% YoY and Gold Investment Account which grew 10x.

## FORWARD23+ FOCUS AREAS

### Delivering Sustainable Financial Returns

- Effectively optimised and managed loans and deposit spreads to grow net interest income and executed expense management initiatives to reduce cost.
- Recalibrated sales force to develop fee income focus, achieving strong investment fee growth and investment product sales in Malaysia.
- Coherently led and executed a regional credit policy and processes across MISTC to manage delinquencies and manage credit risks.
- Accelerated digital engagement initiatives through driving digital user activation, transactions, digital sales acquisition and digital sales enablement.
- Leveraged and industrialised big data and advanced analytics for business uplift and support personalisation initiatives.

### Mitigation Strategies

- Implemented stringent health and safety SOPs, including physical distancing and crowd management at all branches.
- Supported government's COVID-19 relief Split operations for call centre and collections, with work-from-home options for staff.

- Focused on CASA growth and increasing investment fee income through sales force recalibration, digital engagement and sales enablement.
- Efficiently managed the spread for loans and deposits.

- Enhanced credit policies, devised customer segmentation criteria, and optimised credit collection processes.
- Executed regional COVID-19 policy, process, RNR (Rewards and Recognition) programme and exit approaches.

### Results

- Seamless delivery of banking services.
- Minimal disruption to business operations.
- No decline in employee productivity.

- CASA increased +30.2% YoY & launched digital CASA products i.e. Digital 90:10 journey via eKYC (MY) & Chill D (TH).
- Active Digital Users +17.7% YoY; total digital transactions (web & app) +46.9% YoY.
- Total sales count contribution from digital sourcing up from 50% to 66%.
- Net interest income improved +3.7% despite headwinds.

- Devised Customer Segmentation to identify high risk/impacted customers and proactively engage customers.
- Provided payment relief assistance to 257k accounts across MISTC covering ~RM22 billion in gross loans.
- Provided seamless and convenient experience for customers to seek assistance via online and straight-through acceptance process using OTP for positive verification.

## 2021 OUTLOOK & PROSPECTS

In the year ahead, we will remain cautious given the challenging outlook as business momentum and operations will continue to be impacted by the COVID-19 and economic disruption as a result. For 2021, Group Consumer Banking is looking to drive sustainable profit growth through CASA, RAROC (Risk-Adjusted Return on Capital) optimisation, fee income, and doubling-down on preferred banking and wealth management services. This will be supported by personalised banking and reinforcing a customer experience obsessed culture to deliver a relevant, value-added and competitive offerings, enabled by big data and advanced analytics.

Group Consumer Banking will further accelerate its digital agenda particularly in the areas of innovation, operational digitalisation, payments, sales enablement and acquisition. This is to strengthen our digital banking leadership as we transform into a digitally-led bank. As we navigate a challenging environment, cost management will remain crucial and enhanced credit risk management efforts will continue to manage provisions.

In summary, we expect to sustain growth and profitability through innovation, continuous process improvement, efficient cost management and service excellence as we move the franchise towards meeting our Forward23+ goals and maintain our position as the leading consumer bank in ASEAN.

# Group Commercial Banking



**“COVID-19 has had a profound impact on the way we deliver real value to our customers. The key has been to stand by our customers when they need us the most. In keeping with this spirit, we disbursed RM15 billion in loans to SMEs in the last two years as committed in 2019. We also successfully remained on track towards digitalising our SME ecosystem. As we continue to manage the impacts of the pandemic, we remain vigilant and focused on what we can deliver to our customers, grounded on the principles of sustainability and our commitment to ever-improving customer experience.”**

by Victor Lee Meng Teck

## WHO WE ARE AND WHAT WE DO

We are a regional business committed to support the growth of the ASEAN economy through the provision of a full suite of financial services and solutions such as credit facilities, cash management solutions, treasury and structured products. We serve the businesses community, ranging from small and medium enterprises (SMEs), to mid-corporates.

We adopt an integrated marketing approach with regards to our financial product and services, which are tailored to meet the individual needs of our customers. We offer both conventional and Islamic solutions where applicable in the respective markets. These are made available to our customers through multiple channels such as online banking, our dedicated relationship managers, SME and business centres; as well as CIMB's extensive branch network across the region.

## WHAT OUR STAKEHOLDERS EXPECT



### Customers

Offer diverse digital-enabled product portfolio, agile services and competitive prices to our target customer segment.



### Communities

Support local entrepreneurs, especially the SME segment, with flexible solutions that are adjusted to the group's sustainability policies.



### Employees

Keep the employee morale high and continue to support them with their personal and professional aspirations.



### Regulators

Embrace the spirit of the regulatory standards and codes of conduct and provide continuous support during the pandemic.

## HOW WE CREATED VALUE IN 2020

### RM15 billion

In loans disbursed to the critical SME customers between 2019-2020, helping them grow their operations, and maintain healthy cash flow position.

### 1,000 SMEs

Attended the webinar sessions organised to raise awareness on eCommerce solutions to help with business continuity.

### Over 60% staff work from home

Foster a positive work environment, with minimal disruption through implementation of effective counter-COVID-19 measures.

### RM2.5 billion

Received by businesses by way of relief facilities initiated by CIMB as well as financial schemes mandated by the regulator/government.

## FORWARD 23+

### Strategic Themes

- Customer Centricity
- Transform Fundamentals
- Purpose-driven Organisation

## Material Matters

- Customer Experience
- Governance

## Capitals Affected

- Financial
- Social & Relationship

## FINANCIAL PERFORMANCE

Despite the fact that the new business growth and income from 2020 was muted in most markets, there was a positive growth in deposits by 8.1% as at 31 December 2020. The imperative on loans in 2020 was about providing our customers access to the right type of relief measures – both government- and CIMB-initiated – so that they are able to maintain their cash flow position and continue to build business resilience.

### Loans (RM billion)



### Deposits (RM billion)



### Operating Income (RM billion)



## RECOGNITION

### Awards



### Awarding Body

- |                                                                             |                                              |
|-----------------------------------------------------------------------------|----------------------------------------------|
| • Best SME Bank, Malaysia                                                   | Global Business Outlook (GBO) Awards 2020    |
| • Best SME Bank, Singapore                                                  |                                              |
| • Best Digital Transformation Initiative for SMEs (Banking), Malaysia       |                                              |
| • Most Innovative Credit Card (CIMB Platinum Business Card)                 |                                              |
| • Most Customer Centric COVID-19 Debt Relief Scheme, Singapore              | Global Retail Banking Innovation Awards 2020 |
| • Outstanding Digital Innovation in SME Banking                             |                                              |
| • Singapore International Initiative of the Year for Supply Chain Financing |                                              |
| • Asian Banking and Finance 2020                                            |                                              |

## KEY RISKS & CHALLENGES

### Rising Credit Risks:

- Business disruption, loss of revenue, and cash flow challenges affecting our customers due to COVID-19 lockdown in CIMB's core ASEAN markets.

### Decelerating Economic Growth:

- Disrupted regional trade flows, deprioritised loan growth agenda, weak market sentiments and outlook.

### Continuing Movement Restrictions:

- Expected decline in business growth due to lockdown situation in our core markets.

## OPPORTUNITIES & GROWTH DRIVERS

The year 2020 has changed the dynamics of our business and operations. The key game changer was our ability to remain agile and adapt to the 'new normal', which is all about creative and innovative ways to stay connected to our customers through digitalisation. In doing so, we enhanced our processes and equipped our customers with alternative solutions.

For instance, through our InstaBiz solution, we facilitated quick turnaround on decisions for loan applications from micro segment customers in Malaysia. During the year, more than 3,000 customer accessed and submitted loan applications through CIMB's BizChannel and Clicks online banking platform.

Similarly, in Indonesia, our Octo Smart virtual assistant, which provides automation of product application & approval process, significantly reduced walk-ins to branches. In Singapore, we introduced an Electronic Virtual Assistant (EVA) to help customers with their

### Mitigation Strategies

- Redeployed resources to manage surge of payment assistance programme.
- Supported government's COVID-19 relief initiatives such as relief funds for businesses and credit relaxation such as loan repayment moratorium.
- Encouraged adoption of eCommerce business models, as well as use of cloud-based solutions such as HR solutions to minimise costs and maintain business continuity.
- Shifted our strategy to focus on Deposits growth.
- Focused on non-interest income growth such as Cash Management, Bancassurance, as well as derivatives such as interest rate hedging.
- Focused on tightening operating expense spends across the region.

### Results

- Over 51% of Commercial Banking loans in the region opted for the loan moratorium programme as extended by each country.
- Over RM2.5 billion in relief funds approved for Commercial Banking customers in the region.
- Encouraging participation of over 1000 SMEs in webinars conducted to raise awareness on the various programmes offered by CIMB.
- Achieved 8.1% YoY growth in Deposits.
- Improvement in the Group's operating expenses.

## FORWARD23+ FOCUS AREAS

### Delivering Sustainable Financial Returns

- Deployed de-risk strategies to manage risk exposure at portfolio level, which in turn contributes to improved asset quality.
- Rolled-out a robust asset quality management programme to assess and address various COVID-19 impacts.
- Heightened delinquency management and proactively introduced repayment assistance measures for our customers.
- Leveraged on advanced analytics and Artificial Intelligence (AI) to digitalise product application and approval processes.
- Promoted greater use of online banking solutions as a means to accelerate adoption of the new norm due to COVID-19. This is done through the various digitalisation initiatives such as InstaBiz, Octo Smart virtual assistant and Electronic Virtual Assistant.

### Customer Centricity

- Engaged with customers to help them access and benefit from various loan moratorium schemes in our core markets, of Malaysia, Indonesia, Singapore, Thailand and Cambodia.
- Rolled-out a well-orchestrated regional communications plan to channel useful information and assist customers throughout the moratorium period.
- Provided relief funds to help customers recapitalise their businesses to be able to manage the disruptions and cash crunch situations due to COVID-19.

## 2021 OUTLOOK & PROSPECTS

The ASEAN and the global economy has been hit hard by COVID-19 in 2020. We are hopeful that the rapid introduction of vaccinations will not only help the recovery efforts but also accelerate the economy at a faster pace. While we remain committed to support our ASEAN growth aspirations in the post-COVID era, our key focus will be on enhancing our value propositions for our customers.

- **Catalyse SME Growth:** We will build on the SME segment and assist them with their cash flow needs as well as leverage on government guarantee schemes to drive SME growth in all our markets.
- **Maintain Asset Quality:** As the global economy continues to grapple with the 'new normal' in the post-COVID era, we recognise that certain sectors such as hotel and tourism will remain vulnerable with slow recovery. Our efforts will be to continue to assess and improve our due diligence mechanisms such as onboarding, credit underwriting, performance monitoring, in addition to pro-actively strengthening the fundamentals of asset quality management.
- **Improve Efficiencies:** Our differentiated approach to customers will include our digitalisation efforts, which will focus on expanding our digital banking capabilities, as well as deploying advanced analytics for data-driven decision making for targeted cross selling and up selling opportunities.
- **Elevate Sustainability Agenda:** Over the next 3 years, our aspiration is to implement the Group Sustainability and Sustainable Financing policies to guide all decision making, and drive responsible business practices in Commercial Banking. Towards this, we have already introduced relevant environment and social standards and guidelines for our customers.

# Group Wholesale Banking



**“**We defended our business in an unprecedented market environment and demonstrated our leadership in sustainability and responsible banking. Whilst our overall financial performance has been impacted by increased provisions due to elevated credit concerns amid the pandemic, our business remained strong, reporting revenue at RM4.9 billion, with Treasury & Markets seeing 10% YoY growth in revenue. Our efforts on cost management have also allowed us to lower our cost by 12% YoY. In 2020, Corporate Banking approved 93% of moratoriums as well as restructuring and rescheduling requests to support clients impacted by the pandemic. We also closed the inaugural KLIBOR-USD Secured Overnight Financing Rate (SOFR) cross-currency swap in anticipation of the cessation of the London Interbank Offered Rate (LIBOR).**”**

by Omar Siddiq

## 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 for corporate and institutional clients include: (i) investment banking services such as capital market fund raising, corporate advisory services, mergers and acquisitions (M&A); (ii) cash and trade products such as cash management and trade financing; (iii) financing solutions ranging from traditional trade and capital expenditure financing to structured trade, value-chain, project, M&A and leverage financing; as well as (iv) treasury and markets products such as fixed income, currency and commodities

(FICC) securities and derivatives, structured investments and equity derivatives. Our products are distributed across various customer segments – from retail and high net-worth individuals to Corporates, Non-Bank Financial Institutions and Financial Institutions.

Beyond our tailored solutions for corporate and institutional clients, we are also one of the top brokers in the region through CGS-CIMB, our joint-venture with China Galaxy Securities, where we have one of the most comprehensive research coverage in the region, producing in-depth research analysis covering equities, fixed income and economics in addition to our award-winning i-Trade, an

online trading platform that provides our clients access to Asian and US debt and equity markets. In addition, our regional Private Banking service offers customised advisory, portfolio planning and wealth management solutions for high net-worth individuals.

In line with the Group's footprint, our key value proposition is our regional presence, platforms and solutions. Our cross-border regional operating model equips us with the capabilities to offer insights on regional markets and offer bespoke products with sustainable returns. In doing so, we also deliver a best-in-class and seamless customer experience across all markets.

## WHAT OUR STAKEHOLDERS EXPECT

Shareholders	Customers	Communities	Employees	Regulators
Achieve stability, respond to customers' needs and deliver resilient growth and sustainable returns.	Continuous support by providing loan moratorium, restructuring and rescheduling during and post-COVID.	Demonstrate leadership in sustainability and responsible banking.	Invest in building capabilities and skills of our employees.	Remain responsive to the changing market regulations and policies such as the cessation of Interbank Offered Rates (IBOR).

## HOW WE CREATED VALUE IN 2020

<b>10% YoY</b> Growth in Revenue from Treasury & Markets.	<b>93%</b> Percentage of loan moratoriums as well as restructuring and rescheduling requests approved, to support clients impacted by the pandemic.	<b>RM970 million</b> New Sustainability Linked Loans approved to support sustainability causes.	<b>96%</b> Employees across the region who completed Digital, Data, Design related education.	<b>USD100 million</b> Inaugural KLIBOR-USD SOFR cross currency basis swap.
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## FORWARD 23+

### Strategic Themes

- Delivering Sustainable Financial Returns
- Disciplined Execution
- Purpose-driven Organisation

### Material Matters

- Customer Experience
- Sustainable Finance

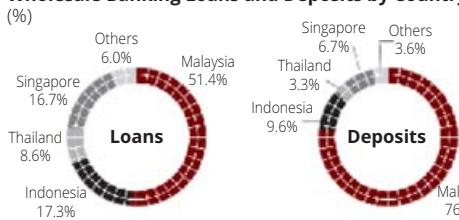
### Capitals Affected

- Financial
- Social & Relationship

## FINANCIAL PERFORMANCE

Wholesale Banking contributed positively to the Group's revenue at RM4.9 billion, flat YoY. Wholesale Banking loans decreased by 5.2% YoY, whereas the deposits grew by 3.8% YoY. Treasury & Markets reported 10% YoY growth in revenue, while Corporate Banking saw a slight dip in revenue by 5% YoY. Investment Banking's revenue excluding equities business which was fully deconsolidated on 1 July 2019, grew by 17% YoY. Wholesale Banking total costs reduced by 12% YoY, resulting in lower Cost-to-Income Ratio (CIR) at 40% compared to 47% in 2019.

### Wholesale Banking Loans and Deposits by Country (%)



### Profit Before Tax (RM billion)



### Total Wholesale Loans (RM billion)



### Total Wholesale Deposits (RM billion)



### Provisions (RM billion)



## CHALLENGES/RISKS

### **Increasing Credit Costs:**

- Loss of revenue and income opportunities due to the impact of COVID-19; potentially increasing the default rates and credit losses. Credit cost increased from 0.6% in 2019 to 2.3% in 2020.

### **Shrinking Interest Margins:**

- Low policy interest rates as a result of the pandemic; eroding interest margins. The average net interest margin dropped by 10-15bps YoY, especially in Malaysia and Indonesia.

### **Decelerating Business Activities:**

- Weak investor sentiments and lower risk appetites decreasing the pace and volume of business. Fee wallet from investment banking across the region dropped from USD777 million 2019 to USD667 million in 2020.

## OPPORTUNITIES & GROWTH DRIVERS

The year 2020 was unprecedented, with unique socio-economic challenges across the world. Multiple policy rate cuts by central banks across the globe, including in our core ASEAN markets, coupled with regulatory and client requests on loan moratoriums have had significant impact on the performance of financial institutions.

Despite strong external headwinds, we defended our income at a level similar to 2019, demonstrating our ability to remain resilient and agile in delivering sustainable business outcomes. Our Investment Banking team closed several high-profile deals including Axiata's USD1.5 billion Sukuk, where CIMB was the only Malaysian bank in the syndicate, and MR DIY's RM1.5 billion initial public offering.

We continued to take tangible measures to improve our Economic, Environmental, Social (EES) orientation and performance in our financing activities. In 2020, Corporate Banking built upon our responsible banking initiative

and successfully extended multiple Sustainability Linked Loans to support clients with environmental and social related initiatives. We also supported companies across the region to weather the storm with a 93% approval rate on moratorium as well as restructuring and rescheduling requests aimed at helping businesses navigate through the impacts of the pandemic as well as sustain their growth journey into post-COVID era.

With a strong focus on improving client experience, we strengthened our digital capabilities to initiate several projects across Treasury & Markets and Private Banking. In the long run, our objective is to build innovative and intuitive CRM-tools for better client relationship management. Towards this, we remained true to our commitment to future-proof our employees by equipping them with skills of the future. In 2020, we successfully rolled-out a wide-range of immersive 3D educational programmes for our staff to enhance their knowledge on digital, data, and design.

## FORWARD23+ FOCUS AREAS

### **Purpose-driven Organisation**

- Successfully approved three new high profile Sustainability Linked Loans totaling close to RM970 million in Malaysia alone, to support sustainability initiatives in reducing carbon emissions, accelerating rural electrification, and providing digital and technology including internet and communication services to focus areas.

- Strengthened digital infrastructure to ensure 74% of wholesale banking staff across the region were able to work-from-home without disruptions, ensuring seamless day-to-day business operations.

## RECOGNITION

### Awards



### Awarding Body

• Best Bond House in Malaysia	Alpha Southeast Asia Best FI Awards 2020
• Best Equity House in Malaysia	
• Best Investment Bank in Malaysia	
• Best FX Bank for Interest Rates, FX Research and Market Coverage	Alpha Southeast Asia Treasury & FX Awards 2020
• Best Corporate Treasury Sales and Structuring Team	
• Best Counterparty in Malaysia, Indonesia, Thailand (Asian Banks)	Asiamoney FX Survey 2020
• Petrochemical Deal of the Year, Regional & Malaysia	The Asset Triple-A Asia Infrastructure Awards 2020
• Oil and Gas Deal of the Year, Regional & Indonesia	
• Best Domestic Private Bank in Malaysia	Asiamoney Private Banking Awards 2020
• Best for Wealth Transfer/Succession Planning in Malaysia	

### Mitigation Strategies

- Introduced more rigorous credit monitoring procedures and engaged impacted clients proactively for restructuring and rescheduling.
- Focused on diversifying revenue sources beyond loans.
- Focused on robust cost management.

### Results

- 93% of loan moratoriums as well as restructuring and rescheduling requests were approved, to support clients impacted by the pandemic.
- Despite the shrinking interest margins, our Net Interest Income has increased by 10.6% YoY.
- Cost-to-Income Ratio lowered from 47% in 2019 to 40% in 2020.

## 2021 OUTLOOK & PROSPECTS

In 2021 and beyond, as we enter the post-COVID era and the 'new normal', we will continue to face operational and growth challenges across our ASEAN markets. However, our efforts will be focused on:

- Disciplined execution, with clear accountability and KPIs towards increasing our wallet share. We will continue to deliver value by taking a client-centric approach, cross-selling to improve returns and making our account planning process more robust.
- Regionalisation of operations to improve efficiencies, optimise resource allocation and manage capital expenditure. In the process, we will also streamline middle and back office functions to better support regional front office teams.

The year 2021 will also see us:

- **Sharpen our client focus:** This would mean focused account planning and unified go-to-market approach to strengthen our position as a dominant/preferred banker for key clients. We will recalibrate our portfolio to maximise returns and address tail-end credit risks.
- **Strengthen profitability and growth:** The priority will be to grow and expand our product suite to drive higher income, while also enhancing asset quality.
- **Accelerate digitalisation:** We will continue to drive adoption and pervasiveness of core systems with a focus on improving frontline capability. Automation of middle and back office operations will be critical to improve end-to-end efficiencies.

# Group Transaction Banking



**“**Despite a challenging business environment, we recorded strong growth in our deposit balances which has been our focus in 2020. The lockdown has accelerated the shift towards a cashless economy, an already growing trend, which further helped us grow our cash management business. On the trade finance side, our focus areas helped increase our revenue, while the moratorium portfolio was efficiently monitored and managed with no negative impact. Our securities services business also registered positive growth despite market volatility.**”**

by Rafe Haneef

## WHO WE ARE AND WHAT WE DO

We offer a wide range of products and services covering cash management, trade finance, supply chain financing solutions, online banking and securities services to best serve our clients – from large corporates to small and medium enterprises, as well as institutional clients across the region.

We provide comprehensive end-to-end cash management solutions designed to help our clients manage their cash inflows and outflows safely and effectively. These services are also offered through our online banking platform, which is accessible via our website or mobile, catering to our clients' business needs at their time of convenience.

Our trade finance products cover a comprehensive range that includes both import and export services, buyer and seller financing - from

traditional trade products to structured trade and supply chain financing solutions – designed to cater to our clients' diverse business needs in domestic and international trade.

We also provide end-to-end securities services solutions via fund accounting services, custody services, corporate trustee and agency services.

Our key value proposition is our unique ability to fully facilitate transactions, supply chains and trade flows across the ASEAN region and beyond. We are the gateway to ASEAN, empowered by our strong networks, comprehensive digital platforms, best-in-class shariah expertise as well as strategic alliances across the ecosystems that represent the economic potential of this diverse region.

## WHAT OUR STAKEHOLDERS EXPECT

Shareholders	Customers	Communities	Employees	Regulators
Achieve stability, respond to customers' needs and deliver resilient growth and sustainable returns.	Help transition to a digital and cashless society, and facilitate working capital financing to support cashflow.	Financial inclusion during the lockdown period across the region through online account opening and deployed dropboxers and pick up services to apply to BizChannel for online transaction.	Prioritise safety, offer alternative work-from-home options, engage with staff across the region and build a learning culture.	Comply to all local payment gateways and cross border regulations and adhere to mandated policies and governance.

## HOW WE CREATED VALUE IN 2020

<b>0.2%</b> Improvement in Cost-to-Income (CIR) ratio.	<b>RM883 million</b> New limit working capital financing limits approved in 2020.	<b>23%</b> Increase in BizChannel clients across the region.	<b>65%</b> Employees opted for work-from-home options.	<b>RM35.2 million</b> Embarked on 15 regulatory related projects.
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## FORWARD 23+

### Strategic Themes

- Delivering Sustainable Financial Returns
- Customer Centricity

### Material Matters

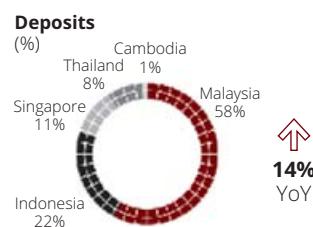
- Health, Safety, & Well-being
- Technology
- Customer Experience

### Capitals Affected

- Financial
- Manufactured
- Intellectual

## FINANCIAL PERFORMANCE

In 2020, our Transaction Banking performance in the region declined by 8% YoY, due to lower NIM, with revenue at RM2.7 billion. However, our securities services business continued to show a healthy growth of 6% YoY. Despite a decline in revenue, our deposits recorded a double-digit growth by 14% YoY, contributed by our enhanced cash management and transaction banking capabilities.



## RECOGNITION

### Awards



Best Service Provider, Trade Finance

### Awarding Body

The Asset Triple-A Awards

Best Trade Finance Solution, Malaysia

Alpha Southeast Asia Transactional Banking Awards 2020

Best Cash Management Solution

The 14th Annual Deal and Solution Awards

## KEY RISKS & CHALLENGES

### **Escalating impacts of COVID-19:**

- Disrupted global business and trade, also affecting customers' revenue/income potential and their ability to service their loans and credit facilities.

### **Running the risk of unstable systems:**

- Technology vendors inability to travel to work due to movement restrictions posed challenges.

### **Increasing regulatory pressures:**

- Policy rate cuts by Central Banks across the ASEAN markets impacted revenue potential and overall financial results.

### **Mitigation Strategies**

- Monitored the cash-flow and financial position of our moratorium customers through their current accounts balances.
- Implemented cost-saving initiatives, and instilled a cost-conscious culture and mindset across the region.
- Barred any and all system enhancements and updates during lockdown period to ensure system stability.
- Launched BizChannel mobile banking app with a single sign-on/view of accounts across the region.

- Responded swiftly through repricing strategies at both client and product levels.
- Implemented targeted strategies and launched multiple campaigns across the region to grow our deposit base.

### **Results**

- 84% of the trade moratorium loans have been settled
- 11% of the loans were approved for Rescheduling and Restructuring
- 0.2% improvement in Cost-to-Income ratio (CIR)
- 99.8% uptime recorded for our online banking platform, BizChannel.
- 67% of our revenue is from CASA which is partly impacted due to rate cuts.
- 14% growth in CASA balances due to growth in deposit base.

## OPPORTUNITIES & GROWTH DRIVERS

The year 2020 started with a high degree of uncertainty as the COVID-19 pandemic started escalating, disrupting economic activities, flow of trade and commerce. Movement restrictions impacted both people productivity and business performance. The situation was exacerbated as Central Banks across all our ASEAN markets responded through policy rate cuts and corrective measures.

Despite the challenging economy and business environment, we recorded a very strong growth in our deposits balances from all the countries across the region, with an increase in Malaysia at 6%, Indonesia at 17%, Singapore at 28%, Thailand at 82% and Cambodia at 27%. Despite the lockdown, our cash management non-interest income (NOII) also increased by 9% compared to the previous year, with the increase in number of transactions.

For our trade finance business, our ecosystem solutions helped boost the revenue with new trade limit of RM883 million for working capital financing. Similarly, our securities services

business also registered a healthy growth despite market volatility.

In keeping with our focus on improving customer experience and digital banking capabilities, during the year, we became the first bank to officially innovate BizChannel mobile banking app, where customers can view their accounts across Malaysia, Indonesia, Singapore, Thailand and Cambodia, with a single sign-on in the app. As a result, our e-banking users continued to expand. As at end 2020, we registered a double-digit growth of 17% in the number of active e-banking clients across the region.

We continue to see this promising growth trend in digital adoption into 2021. With acceleration in digital enablement and the associated risks, during the year, we also rolled-out an online fraud monitoring platform in Singapore as part of our initiatives to offer our customers a safe, secure and seamless banking experience.

## 2021 OUTLOOK & PROSPECTS

We expect the volatility of the market to continue in 2021, with more interest rate cuts in the region. However, our growth strategy in strengthening our deposits is progressing well and for the year ahead, we will be focused and committed to continue to grow our deposits in the region. We will also focus on deepening client penetration in high-potential sectors such as Automotive, Healthcare, Telecommunication and Transportation.

With slow and gradual economic recovery from the impacts of COVID-19, we will continue to focus on niche target markets to grow our trade business. On the digital front, we will continue to invest in Transaction Banking's front, middle and back office platforms, mainly to enable automation, support business scalability and strengthen our internal processes to enhance customer experience.

## FORWARD23+ FOCUS AREAS

### **Delivering Sustainable Financial Returns**

- Surpassed the 2020 target with the ecosystem financing programme on both Working Capital and Value Chain Finance.
- Won the Alpha Southeast Asia Award for Best Trade Finance Solution in Malaysia 2020 for the Proton Ecosystem Programme.
- Met 100% targets set for the former mid-term strategy Forward23+.

### **Customer Centricity**

- Successfully implemented BizChannel Customer Experience (CX) project to execute upgrade/downgrade BizChannel packages within the same working day, which fulfilled 100% of the intended success metrics.

# Group Islamic Banking



**“**We responded rapidly to the unprecedented COVID-19 crisis and implemented extraordinary measures and changes in the way we work and how we serve our customers despite severe financial, operational, movement, and safety and health constraints. We embraced the leadership guidance provided by the country and financial regulators and developed relief packages and programmes for our financially-impacted customers. We took strong proactive action to better manage financial and non-financial risks through prudent capital allocation and industry advocacy, while working with our colleagues to better serve customers during this difficult period. We continued in our efforts to enable local SMEs to build their resilience and recovery efforts, train and develop micro-entrepreneurs, and develop financing solutions for the green economy sector.**”**

by Ahmad Shahriman Mohd Shariff

## 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, 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.

## WHAT OUR STAKEHOLDERS EXPECT

Shareholders	Customers	Communities	Employees	Regulators
Achieve stability, respond to customers' needs and deliver resilient growth and sustainable returns.	Provide adequate financial facilities to support operational and growth plans during and post COVID-19.	Support the disadvantaged micro businesses by equipping them with relevant skills and providing access to finance.	Invest in building capacities and skills of the employees, especially to build digital and technical skillsets that will complement Islamic finance expertise to deliver relevant solutions.	Remain responsive to the changing market regulations and policies to relieve economic burden to customers as a result of the COVID-19 pandemic.

## HOW WE CREATED VALUE IN 2020

<b>19%</b> of Group Islamic Banking revenue was contributed by Indonesia.	<b>RM57 billion</b> Gross financing was granted automatic Shariah-compliant moratorium for individual and SME customers.	<b>30 micro-SMEs</b> The first MicroBizReady cohort received grants, training and capacity development from CIMB Islamic and its partners.	<b>30</b> CIMB employees from 7 divisions completed the Associate Qualification in Islamic Finance, an Islamic banking industry certification.	<b>40% Islamic share-of-book</b> For financing to meet Bank Negara Malaysia's (BNM) financial sector blueprint aspiration for Islamic banking industry.
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### FORWARD 23+

#### Strategic Themes

- Delivering Sustainable Financial Returns
- Disciplined Execution
- Purpose-driven Organisation

#### Material Matters

- Customer Experience
- Sustainable Finance (Value-based Intermediation)

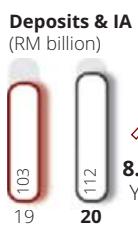
#### Capitals Affected

- Financial
- Social & Relationship
- Natural

## FINANCIAL PERFORMANCE

Overall, regional Islamic financing, including assets under Restricted Agency Investment Account, registered financing growth of 3.7% YoY, closing the year at RM103.7 billion gross financing. The growth momentum for financing and deposits continued to be supported by the Islamic First strategy, mainly contributed by the consumer and SME segments. Despite the challenging environment, CIMB Islamic Bank Berhad's revenue grew 2.5% YoY and its cost-to-income ratio went down to 42.4% from 45.7%, a result of strict cost discipline.

Regionally, CIMB Niaga Syariah in Indonesia reported accelerated revenue growth of 12% and maintained its rank as the fifth largest Islamic bank in Indonesia in terms of asset size, as at September 2020 published figures.



## RECOGNITION

#### Awards

- Winner, Best Islamic Bank, Malaysia (*fifth consecutive year*)
- Winner, Best Islamic Investment Bank
- Best Social Impact Islamic Finance House in Asia
- Best Ringgit Sukuk House of the Year
- Best Corporate Sukuk
- Best Socially Responsible Investment (SRI) Sukuk
- Most Innovative Islamic Finance Deal of the Year
- Best Islamic Subordinate Perpetual Bond

#### Awarding Body

Islamic Finance News Awards 2020

Alpha Southeast Asia Inaugural ESG Green Finance Awards 2020

Alpha Southeast Asia 14th Deal and Solution Awards 2020

Note: including RAIAs

## CHALLENGES/RISKS

### Adapting and Developing Islamic Financing Relief Packages and Programmes:

- Creating relief packages which reduced the financial hardship of those affected by the pandemic under the principle of 'Ihsan'.

### Planning Capital Allocation:

- Loss of income due to the impacts of COVID-19, potentially increasing the default rates and credit losses in the absence of additional credit provisions.

### Managing Decelerating Business:

- Rising costs due to lower product demand, movement control orders, digitalisation and automation delays, and operational slow-down.

### Mitigation Strategies

- Swiftly and proactively developed solutions to guide operations, systems treatment and legal documentation to accommodate flexible payment assistance programmes and relief packages for individuals and businesses.
- Developed controls and actions in response to identifying key risks: credit risk, liquidity risk, negative carry risk and earnings risk.
- Streamlined our cost-and-spend behaviour to extract further savings.

### Results

- Handbooks were developed to support roll-out of solutions in line with the guidelines prescribed by the regulator as well as the Shariah Advisory Council (SAC), which ensured that affected clients were not unduly burdened with additional payments.
- CIMB Islamic Bank CET1 was 13.3% in 2020, which enabled the bank to extend payment moratorium and assistance to eligible customers and companies.
- Overall operating cost fell by RM46 million, as discretionary spending was cut significantly.

## OPPORTUNITIES & GROWTH DRIVERS

The year 2020 was unprecedented, with the world coping and adjusting to the COVID-19 pandemic. The health crisis and the resulting movement control restrictions caused massive disruptions and negative socio-economic impact globally. Market regulators and financial institutions took action to manage and mitigate the financial impact on individuals and businesses. We made and continue to make significant efforts to prioritise the safety of our customers, while continuing to serve them and minimise business disruptions. We also took every precaution to ensure the well-being of our employees by maintaining strict safety protocols at the office and enabling a significant number of staff to work from home.

Although we were negatively impacted by the multiple policy rate cuts in 2020, the strength of our people and resources enabled us to respond rapidly to our customers and develop Islamic financing relief packages and programmes in a very short time frame. We engaged the industry and the regulator

proactively to ensure that our solutions were aligned to the Islamic banking industry.

Our continuous focus on innovation providently enabled the bank to provide an industry-wide liquidity solution by introducing Islamic collateralised commodity Murabahah (CCM), making CIMB the first bank in Malaysia to introduce such a solution. We also rolled-out an awareness and capacity-building exercise, which led 11 other Islamic financial institutions to sign the CCM agreement. This widened the ability of Malaysia's Islamic money market to raise short-term liquidity, which will help cushion the economic impacts of the COVID-19 health crisis.

We were the joint bookrunner for the issuance of RM203.6 million in Islamic convertible redeemable preference shares (CRPS), a major milestone in the development of Islamic equity market for us, as it is an area that is ripe for innovation. We look forward to spurring the growth of the Islamic equity capital markets through new shariah compliant equity solutions.

We further moved towards the streamlining of process, documentation and Shariah contract for all funded trade financing products, which facilitated a flexible approach for funded trade products during the moratorium phase. This simplification of process was a catalyst in increasing the Islamic trade financing average balance by 18%.

We also worked with our colleagues in commercial banking to promote financial inclusion through the launch of MicroBizReady in October, with an inaugural group of 30 entrepreneurs from our ongoing CSR programmes with the B40 and micro business segments receiving critical business skills training towards growing incomes for this vulnerable segment in partnership with premier educational institutions. We continued our efforts with companies in the green economy sector to obtain financing, with a pipeline of opportunities in these sectors for 2021.

## FORWARD23+ FOCUS AREAS

### Delivering Sustainable Financial Returns

- Continued to identify and tap opportunities to grow the Islamic finance and ecosystem to better serve the growing Halal economy, with a focus on food, pharmaceuticals and cosmetics, modest fashion, and Muslim-friendly travel sectors.
- Continued focus on our HalalBizReady initiative to help Halal SMEs grow and obtain the needed certification, as well as to increase their understanding of sustainability in order to help build the capacity of export-ready SMEs to grow continuously beyond their borders.

### Purpose-driven Organisation

- Continued integration of Value-based Intermediation (VBI) into our business strategies, to better drive business decisions based on true costs and benefits to business and our stakeholders. The greater objective is to catalyse social impact and social finance via micro-entrepreneur programmes that empower underserved communities to gain access to financial services and solutions.
- Continued prioritisation of responsible banking products aligned with VBI through contributions to environmentally-focused projects and initiatives via our EcoSave Savings Account-I where a total of 0.2% is contributed by the bank on total average portfolio balance saved by customers.

## 2021 OUTLOOK & PROSPECTS

In 2021, we will continue to grow and innovate to serve our customers better in the Islamic finance space. Our focus will be on

- enabling businesses in the green and halal sectors to navigate through the impacts of the pandemic with resilience as well as sustain their growth journey into post-COVID era.
- working with our clients to maintain Shariah-compliant status, as well as facilitating halal certification where opportunity arises, to ensure both Islamic institutional as well as customer demands are met.
- increasing customers' resilience into the future, with a stronger approach on promoting the importance of financial planning and wealth preservation.
- catalysing Malaysian SMEs to transition towards sustainability through GreenBizReady, a one-stop sustainability solution that empowers SMEs with financial solutions and incentives such as sustainability-linked financing benefits, access to sustainability service providers, training and capacity building, certification and advisory services, and business matching with support from industry leaders and government agencies.
- continuing efforts to finance businesses from the B40 and micro segments in priority or high-potential sectors that will contribute to shape a green economy.

# CIMB Digital Assets



**“**2020 has been an unprecedented year for all, but it has also been a defining year for us where our digital businesses are concerned. As physical activity curtailed and public spaces shuttered in the face of lockdowns, the acceleration of digital adoption became synonymous with the new norm, and the need to build digital plays that are future-proof has never been more acute. Through active pivots and strategic measures, we have successfully navigated pandemic-driven challenges thus far and outperformed our key growth targets for the year. Our TNG-Ant Group joint venture doubled its user base, as did our digital bank in the Philippines, which saw triple-digit growth in its balance sheet year-on-year. We remain optimistic on the potential and trajectory of our digital assets, and we have clear strategic postures going into 2021 in terms of driving franchise growth and value.”

by Effendy Shahul Hamid

## WHO WE ARE AND WHAT WE DO

CIMB Digital Assets (CDA) comprises CIMB's portfolio of digital businesses and ventures, which today includes Touch 'n Go and TNG Digital (collectively Touch 'n Go Group), as well as CIMB's digital bank businesses in the Philippines and Vietnam.

In addition to driving strategy, growth and overseeing the execution of these businesses, our focus extends towards spearheading value creation of CIMB's investments in these franchises through equity and non-equity partnerships.

Touch 'n Go (TNG), arguably Malaysia's first fintech company, has been Malaysia's pioneering cashless payments platform centred on mobility and transportation for over 20 years. TNG Digital (TNGD), our joint venture with

Ant Group has allowed the franchise to leapfrog into the retail payments space, and today operates Malaysia's leading e-wallet.

Also within the ambit of CDA is the Group's start-up digital bank businesses in the Philippines (CIMB PH) and Vietnam (CIMB VN). CIMB PH continues to lead the way as one of the fastest growing banks in ASEAN, whilst CIMB VN is gaining recognition as it continues its transformation journey towards a digital-first model.

We also maintain general oversight in the digital bank space for the Group, in addition to platform-centric and ecosystem-based developments, collaborations and trends in financial services.

## WHAT OUR STAKEHOLDERS EXPECT

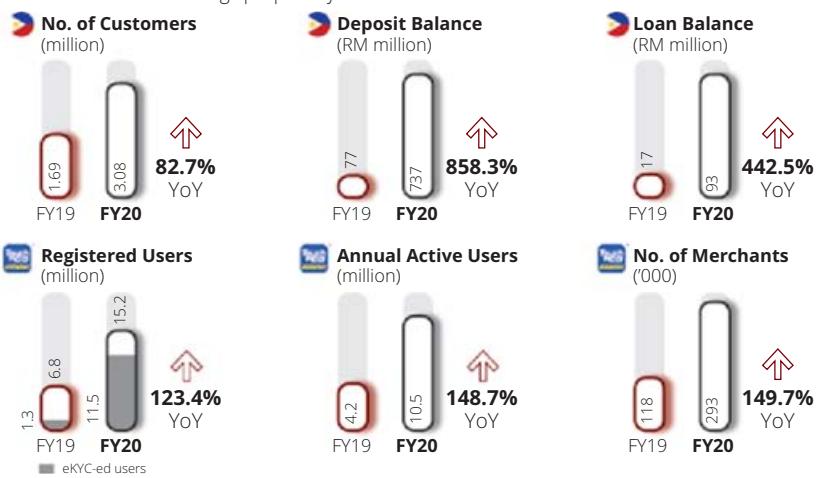
Shareholders	Customers	Communities	Employees	Regulators
Long-term returns and proliferation of high-growth, value-accretive digital businesses.	Differentiated value propositions and best-in-class digital platform experiences.	Financial inclusivity, accessibility and alternative digital platforms for financial services.	Exposure to leading-edge digital business models, financial technology and forging of strategic partnerships.	Innovation, digital adoption and future-proofing of financial services delivery.

## HOW WE CREATED VALUE IN 2020

<b>123.4% YoY</b> Growth in number of registered users for the TNG eWallet, to 15.2 million; path to monetisation now set.	<b>11.5 million</b> e-KYCed TNG eWallet users (784.61% YoY growth); established brand trust and foundation for future digital financial services.	<b>1 out of 3</b> Customers of CIMB PH that are new to banking.	<b>82.7% YoY</b> Growth in number of customers in CIMB PH, to 3.08 million; fastest growing digital bank and Best Employer Brand in the Philippines.	<b>#1 e-wallet in Malaysia</b> The TNG eWallet captured 66% and 74% market share of eTunai and ePenjana campaigns respectively.
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## PERFORMANCE HIGHLIGHTS

Despite challenging market environments, we have outperformed our key growth targets for 2020. TNGD recorded triple-digit growth in number of registered users, underpinned by the TNG eWallet's strong performance across the Malaysian government's eTunai and ePenjana initiatives, as well as a general uptick in demand for cashless services. CIMB PH also continued to grow at scale, breaching 3 million customers as at end-2020, merely two years since we started operating. Our deposit book in the Philippines grew almost tenfold during the year, spurred by our strong digital propositions in partnership with GCash, as well as a marked increase in savings propensity as a result of COVID-19.



## RECOGNITION

### Awards

• Best Digital Bank – Philippines 2020 (CIMB PH)	Global Banking & Finance Review
• Innovative Digital Bank of the Year – Philippines 2020 (CIMB PH)	The European
• Best Employer Brand Award – Philippines 2020 (CIMB PH)	Employer Branding Institute & World HRD Congress
• Best New Digital Bank – Vietnam 2020 (CIMB VN)	Global Banking & Finance Review



### Awarding Body

**CHALLENGES/RISKS****Pandemic-driven movement restrictions:**

- Impacted volumes in mobility, transit as well as general retail transactions

**Decelerated business activities:**

- Disrupted economic growth, deprioritised expansion agendas, shifts in focus towards survival and sustainability

**Shifts in operating norms and consumer behaviour:**

- Accelerated digital adoption, more acute demands for best-in-class digital services, competition ramping up digital efforts

**Mitigation Strategies****TNGD**

- Shifted focus towards essential services and online from the onset of lockdowns, managed growth strategically

**CIMB PH**

- Throttled acquisition efforts and cost, refocused on existing customer base to deliver higher quality deposits and loans cross-selling

**CIMB VN**

- Intensified efforts towards building digital capability

**TNG**

- Undertook multiple optimisation strategies to focus on key levers, recalibrated views on business model and potential transformative pathways

**Results****TNGD**

- Initial decline in transaction volumes offset by healthy numbers for online and essential services, user stickiness captured and subsequently leveraged during recovery phases
- Merchant growth exceeded targets for the year as SMEs began shifting to cashless/digital during pandemic

**CIMB PH**

- Improved deposit cash-in rate to 55% from 36.5% in the preceding year
- Average deposit balance per cashed-in customer increased by over 300% against prior year
- Triple-digit growth for both deposit and loan balances

**CIMB VN**

- First in market to implement e-KYC solution, successfully piloted use case in partnership with Toss towards the end of 2020

**TNG**

- RFID sales continued to grow despite pandemic and decreased traffic and transaction volumes, to 1.4 million tags from 1.0 million in the preceding year
- Number of TNG cards linked to TNG eWallet (via PayDirect), increased 51.9% YoY
- Management team refreshed, medium-term strategy for TNG business developed to be undertaken 2021 onwards

**OPPORTUNITIES & GROWTH DRIVERS**

Much has been documented about 2020 and the far-reaching effects of the COVID-19 pandemic on people, businesses and operating norms; and CDA's stable of businesses were not spared. Lockdowns restricted activities and thus dampened volumes. Planned initiatives were delayed or cancelled, requiring aggressive recalibrations to ensure continued business momentum. Regulatory measures and economic slow-downs have heightened caution on expansion initiatives as we continued building our start-up franchises.

Despite the challenges, we have emerged stronger than before through a combination of aggressive pivots and strategic decisions in view of market movements and the new norm. TNG managed to grow its RFID sales to reach 1.4

million tags despite significantly lower traffic volumes throughout 2020. We also recorded a marked increase in PayDirect-linked TNG cards, signalling accelerated shifts towards the eWallet platform. TNGD successfully answered the call for increased cashless payments avenues during early lockdown stages. Whilst offline volumes dipped, we maintained strong volumes for online and essential services transactions from the onset, and continued to expand our merchant network effectively as the TNG eWallet gained ubiquity. The vast acceptance of the TNG eWallet allowed us dominate the government's eTunai and ePenjana initiatives and grow our base exponentially to 15.2 million registered users, of which 11.5 million have been electronically KYC-ed.

In the Philippines, CIMB PH continued to acquire strongly, ending the year with 3.08 million customers. Our partnership with GCash and joint digital propositions remained attractive to the market, and we have continued to be one of the most accessible digital banks in the Philippines during the crisis. It is estimated that a third of our customers are new to banking. Throughout 2020, we successfully shifted our focus towards strengthening deposit and asset quality, and have made significant learnings in piloting digital lending as we continued to ride out the pandemic. In Vietnam, we maintained focus on our transformative agenda for CIMB VN, completing several key digital initiatives including being the first bank to launch e-KYC capabilities and piloting use cases with platform partners in preparation for digital growth.

**FORWARD FOCUS AREAS****Selective Digital Investments**

- Proliferate focused investments in key digital businesses and grow these ventures as attacker franchises, leveraging on equity and non-equity partnerships.

**Technology, Analytics & Digital Plays**

- Through our digital ventures, pursue new capabilities in tech, data and analytics to deliver differentiated services, value propositions and customer experience that are accretive to the Group.

**Sustainable Returns, Value-driven**

- Focused on long-term growth and creating strategic hedges for the future in terms of platform economics, new revenue streams, and valuation upside.

**2021 OUTLOOK & PROSPECTS**

As we go deeper into the "post-COVID" era in 2021, we expect digital adoption and digital plays to continue accelerating and be more relevant than ever. In areas of payments and financial services, we expect adjustments to the new norm to be positive for digital businesses if executed with the right strategies. CDA's businesses have weathered 2020 on the right footing, and 2021 will see us shift towards monetisation and proliferating value in our franchises.

- On the **TNG** front, we have established a strategic blueprint and a recalibrated leadership team. Our focus in 2021 will be on strengthening revenue streams and improving financial returns, as well as building cost discipline. We will be expanding product potential anchored on RFID use cases, and also injecting innovation in our product designs and commercial models. Data and technology will be a vital area, and will undergo enhancements as we begin to look for longer-term alternative avenues in which TNG can evolve as a franchise, whilst continuing to operate its core mobility and transportation businesses in a robust fashion.
- **TNGD** has acquired significant scale and is now the market leader in Malaysia's e-wallet space. 2021 will see us focus on monetisation of our user base as we work towards rolling out financial services on the TNG eWallet. We will sharpen our merchant strategy with new value-added services with the goal of becoming the largest merchant acceptance platform by end-2021. In the medium to long term, we will also pursue potential corporate exercises for the JV to deliver accretive value to CIMB Group franchise.
- **CIMB PH** has become the Group's model digital bank and is expected to continue operating on an accelerated growth trajectory. A key objective in 2021 is to begin scaling digital lending offerings and drive revenue as we start charting a path to profitability in the next few years. Technology and data analytics will continue to be turnkeys to our business model, which will be enhanced as we launch credit products. Our partnerships strategy has been pivotal to our early success, and 2021 will see us deepen collaborations as we continue to put financial services out to market digitally via ecosystems.
- **CIMB VN** has laid the foundations required to operate and scale as a digital bank in Vietnam. 2021's focus will involve activating our capabilities by pursuing strategic partners and rolling out use cases as we begin to tackle the market on a differentiated basis. Customer acquisition is expected to ramp up as we continue navigating the market selectively and strategically with the right partners.

# Board of Directors

## BOARD COMPOSITION

**1**  
Senior  
Independent  
Director

**6**  
Independent  
Directors

**2**  
Non-  
Independent  
Directors



**DATUK MOHD NASIR AHMAD**  
Chairperson/Independent Director



**DATO' ABDUL RAHMAN AHMAD**  
Group Chief Executive Officer/Executive Director  
(Appointed on 10 June 2020)



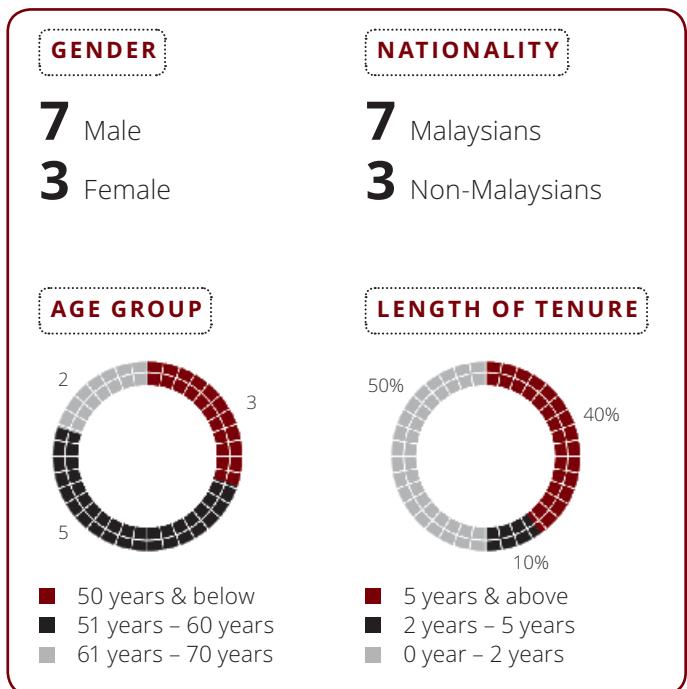
**TEOH SU YIN**  
Senior Independent Director



**ROBERT NEIL COOMBE**  
Independent Director



**DATO' MOHAMED ROSS MOHD DIN**  
Independent Director



**DATO' LEE KOK KWAN**  
Non-Independent Director



**AFZAL ABDUL RAHIM**  
Independent Director



**DIDI SYAFRUDDIN YAHYA**  
Independent Director



**SHULAMITE N K KHOO**  
Independent Director  
(Appointed on 15 May 2020)



**SERENA TAN MEI SHWEN**  
Non-Independent Director  
(Appointed on 30 September 2020)

# Board of Directors' Profile

## DATUK MOHD NASIR AHMAD

Chairperson/  
Independent Director

**Nationality** | Malaysian

**Age** | 66

**Gender** | Male

**Date of Appointment** | 20 July 2015

**Length of Tenure** | 5 Years

AC BR CC GN RC

## DATO' ABDUL RAHMAN AHMAD

Group Chief Executive Officer/Executive Director

**Nationality** | Malaysian

**Age** | 51

**Gender** | Male

**Date of Appointment** | 10 June 2020

**Length of Tenure** | Less than 1 Year

### QUALIFICATION

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

### AREAS OF EXPERTISE

- Accounting and Finance, Operations, Governance, Strategy Development and Implementation

### DIRECTORSHIP/RELEVANT APPOINTMENTS

#### Listed Entities (Other than CIMBGH)

- Nil

#### Public Companies

- Chairperson/Independent Director of CIMB Bank Berhad
- Chairperson/Independent Director of CIMB Bank PLC (Cambodia)
- Independent Director of SIRIM Berhad

#### RELEVANT EXPERIENCE

Datuk Mohd Nasir Ahmad was appointed as Chairperson/Independent Director of CIMB Group Holdings Berhad on 20 October 2018. He was the President of Malaysian Institute of Accountants (MIA) from August 2011 to July 2013. In September 2013 he was elected as a Council Member of the Association of Chartered Certified Accountants (ACCA) UK and re-elected in September 2016 and November 2019.

He brings with him vast experience in the areas of leadership, management, finance and accounting which spans over 40 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 namely Prokhas Sdn Bhd and CIMB EOP Management Sdn Bhd and is a Trustee of Yayasan Canselor UNITEN.

### BOARD AND BOARD COMMITTEE ATTENDANCE

BOD	AC	BRCC	GNRC
Chairperson 18/18	Member 15/15	Member 5/5	Member 18/18

#### 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 2020

### QUALIFICATION

- Chartered Accountant, Malaysian Institute of Accountants, Malaysia
- Chartered Accountant, Institute of Chartered Accountants England and Wales (ICAEW), England
- Master of Arts (Economics), University of Cambridge, England

### AREAS OF EXPERTISE

- Corporate Leadership, Strategy Development and Execution, Asset Management, Private Equity, Corporate Advisory, Accounting and Audit

### DIRECTORSHIP/RELEVANT APPOINTMENTS

#### Listed Entities (Other than CIMBGH)

- Commissioner of PT Bank CIMB Niaga TBK
- Non-Independent Director of CIMB Thai Bank PCL

#### Public Companies

- Chief Executive Officer/Executive Director of CIMB Bank Berhad

#### RELEVANT EXPERIENCE

Dato' Abdul Rahman Ahmad was appointed Executive Director and Group Chief Executive Officer of CIMB Group Holdings Berhad and Chief Executive Officer of CIMB Bank Berhad on 10 June 2020.

He has more than 20 years of leadership experience across multiple industries where he held Chief Executive Officer positions in well-established organisations such as Malaysian Resources Corporation Berhad, Media Prima Berhad, Ekuiti Nasional Berhad and Permodalan Nasional Berhad. Prior to joining CIMB, Dato' Abdul Rahman was with Sime Darby Berhad and Velesto Energy Berhad as Non-Executive Non-Independent Chairman.

Dato' Abdul Rahman is currently a panel member of Kumpulan Wang Amanah Negara, Malaysia's natural resource fund managed by Bank Negara Malaysia. Besides being a member of Association of Banks in Malaysia (ABM), he also sits on the Board of Finance Industry Collective Outreach (FINCO) and is a committee member of the Joint Committee on Climate Change (JC3).

### BOARD AND BOARD COMMITTEE ATTENDANCE

BOD	AC	BRCC	GNRC
Member 10/10	-	-	-

#### 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 2020

## **TEOH SU YIN**

Senior Independent Director

**Nationality** | Malaysian

**Age** | 49

**Gender** | Female

**Date of Appointment** | 8 October 2014

**Length of Tenure** | 6 Years



### **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

### **AREAS OF EXPERTISE**

- Banking, Finance and Sustainability

### **DIRECTORSHIP/RELEVANT APPOINTMENTS**

#### **Listed Entities (Other than CIMBGH)**

- Nil

#### **Public Companies**

- Nil

### **RELEVANT EXPERIENCE**

Ms. Teoh Su Yin is a Senior Independent Director of CIMB Group Holdings Berhad since 20 October 2018. She has almost 20 years' experience in equity research and investments.

Ms. Teoh 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, Ms. Teoh 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.

**Nationality** | Australian

**Age** | 57

**Gender** | Male

**Date of Appointment** | 16 April 2014

**Length of Tenure** | 6 Years



Sustainability Sponsor

## **ROBERT NEIL COOMBE**

Independent Director

**Nationality** | Australian

**Age** | 57

**Gender** | Male

**Date of Appointment** | 16 April 2014

**Length of Tenure** | 6 Years



### **QUALIFICATION**

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

### **AREAS OF EXPERTISE**

- Accounting and Audit, Banking and Finance, Operations, Consumer Marketing, Human Resource and Sustainability

### **DIRECTORSHIP/RELEVANT APPOINTMENTS**

#### **Listed Entities (Other than CIMBGH)**

- Non-Executive Chairperson of Generation Development Group, Australia

#### **Public Companies**

- Nil

### **RELEVANT EXPERIENCE**

Mr. Robert Neil Coombe is currently the Non-Executive Chairperson of the Generation Development Group, a financial services business focused on generational financial solutions.

He was previously a Chairperson of Craveable Brands, the largest Australian owned Quick Service Restaurant business and was the CEO of Craveable Brands between 2013 and April 2017. Before joining Craveable Brands, Mr. Coombe was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Mr. Coombe 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, Mr. Coombe is a Director of Tibra Capital, Surfing Australia and the Australian Indigenous Education Foundation.

### **BOARD AND BOARD COMMITTEE ATTENDANCE**

<b>BOD</b>	<b>AC</b>	<b>BRCC</b>	<b>GNRC</b>
Member 18/18	Member 14/15	Member 4/5	Chairperson 18/18

#### **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 he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020

### **BOARD AND BOARD COMMITTEE ATTENDANCE**

<b>BOD</b>	<b>AC</b>	<b>BRCC</b>	<b>GNRC</b>
Member 18/18	-	Chairperson 5/5	Member 17/18

#### **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 2020

**LEADERSHIP****Board of Directors' Profile****DATO' MOHAMED ROSS  
MOHD DIN**  
Independent Director

**Nationality** | Malaysian  
**Age** | 68  
**Gender** | Male  
**Date of Appointment** | 19 April 2016  
**Length of Tenure** | 4 Years

**AC** **BR CC** **GN RC**

**DATO' LEE KOK KWAN**  
Non-Independent Director

**Nationality** | Malaysian  
**Age** | 55  
**Gender** | Male  
**Date of Appointment** | 20 July 2015  
**Length of Tenure** | 5 Years

**BR CC**

**QUALIFICATION**

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

**AREAS OF EXPERTISE**

- Banking and Finance, Operations and International Experience

**DIRECTORSHIP/RELEVANT APPOINTMENTS****Listed Entities (Other than CIMBGH)**

- Nil

**Public Companies**

- Chairperson/Independent Director of CIMB Islamic Bank Berhad

**RELEVANT EXPERIENCE**

Dato' Mohamed Ross 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 two Advisory Boards 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.

**QUALIFICATION**

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

**AREAS OF EXPERTISE**

- Banking and Finance
- Capital Market

**DIRECTORSHIP/RELEVANT APPOINTMENTS****Listed Entities (Other than CIMBGH)**

- 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 a member of the Board of Trustees of the Capital Markets Development Fund (CMDF) 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 AND BOARD COMMITTEE ATTENDANCE**

<b>BOD</b>	<b>AC</b>	<b>BRCC</b>	<b>GNRC</b>
Member 18/18	Chairperson 15/15	Member 5/5	Member 18/18

**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 2020

**BOARD AND BOARD COMMITTEE ATTENDANCE**

<b>BOD</b>	<b>AC</b>	<b>BRCC</b>	<b>GNRC</b>
Member 18/18	-	Member 5/5	-

**Declaration**

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020

**AFZAL ABDUL RAHIM**  
Independent Director

**Nationality** | Malaysian  
**Age** | 43  
**Gender** | Male  
**Date of Appointment** | 31 January 2019  
**Length of Tenure** | 2 Years

## QUALIFICATION

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

## AREAS OF EXPERTISE

- Legal, Operations, Information Technology, Human Resource, Strategy Development and Implementation, Innovation and Transformation

## DIRECTORSHIP/RELEVANT APPOINTMENTS

### Listed Entities (Other than CIMBGH)

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

### Public Companies

- Nil

## RELEVANT EXPERIENCE

Encik Afzal Abdul Rahim is a technology entrepreneur who currently serves as Commander-In-Chief of TIME dotCom Berhad, an ASEAN based telecommunications 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.

Encik 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. He is also a Licensed Commercial Pilot.

**DIDI SYAFRUDDIN YAHYA**  
Independent Director

**Nationality** | Indonesian  
**Age** | 53  
**Gender** | Male  
**Date of Appointment** | 7 May 2019  
**Length of Tenure** | 1 Year



## QUALIFICATION

- Fellow Chartered Accountant, Institute of Chartered Accountants in England and Wales, United Kingdom
- Master of Arts, University of Cambridge, United Kingdom

## AREAS OF EXPERTISE

- Capital Market, Banking & Finance, Accounting & Audit and International Experience

## DIRECTORSHIP/RELEVANT APPOINTMENTS

### Listed Entities (Other than CIMBGH)

- President Commissioner of PT Bank CIMB Niaga Tbk

### Public Companies

- Independent Director of CIMB Investment Bank Berhad

## RELEVANT EXPERIENCE

Encik Didi Syafruddin previously worked for J.P. Morgan for more than 20 years based in Indonesia and subsequently Malaysia where he was the Managing Director and Head of Investment Banking. At J.P. Morgan, Encik Didi Syafruddin was responsible for client coverage and providing advice on mergers and acquisitions, equity and debt capital markets transactions. He started his banking career with Morgan Grenfell & Co. in London after qualifying as a Chartered Accountant. He is currently a Member of Investment Panel of Urusharta Jamaah Sdn Bhd.

## BOARD AND BOARD COMMITTEE ATTENDANCE

BOD	AC	BRCC	GNRC
Member 17/18	-	-	-

### 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 2020

## BOARD AND BOARD COMMITTEE ATTENDANCE

BOD	AC	BRCC	GNRC
Member 18/18	-	Member 2/2	Member 18/18

### 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 2020

## Board of Directors' Profile

### SHULAMITE N K KHOO

Independent Director

**Nationality** | Singaporean

**Age** | 59

**Gender** | Female

**Date of Appointment** | 15 May 2020

**Length of Tenure** | Less than 1 Year



### SERENA TAN MEI SHWEN

Non-Independent Director

**Nationality** | Malaysian

**Age** | 42

**Gender** | Female

**Date of Appointment** | 30 September 2020

**Length of Tenure** | Less than 1 Year



#### QUALIFICATION

- Chartered Fellow, Chartered Institute of Personnel & Development, United Kingdom
- Bachelor of Science (Statistics & Actuarial Science), University of Toronto, Canada

#### AREAS OF EXPERTISE

- Human Resource and International Experience

#### DIRECTORSHIP/RELEVANT APPOINTMENTS

##### Listed Entities (Other than CIMBGH)

- Independent Director of Kerry Logistics Network Limited, Hong Kong
- Independent Director of Shangri-La Asia Limited

##### Public Companies

- Nil

#### RELEVANT EXPERIENCE

Ms. Khoo was the Group Human Resources Director and Executive Vice President of AIA Group, the largest public listed pan-Asian life insurance group based in Hong Kong. This was a position she held from 2011.

Prior to this, she held several senior executive positions on AXA, a French multi-national insurance firm that engages in global insurance, investment management and other financial services.

She was previously an International Advisory Panel Member of the Singapore Civil Service.

She also served on the Board of AIA Malaysia from 2018 up until her resignation in February 2020.

#### QUALIFICATION

- Master of Business Administration, MIT Sloan School of Management, USA
- Bachelor of Commerce, Accounting & Finance, Macquarie University, Australia

#### AREAS OF EXPERTISE

- Banking and Finance and International Experience

#### DIRECTORSHIP/RELEVANT APPOINTMENTS

##### Listed Entities (Other than CIMBGH)

- Nil

##### Public Companies

- Non-Independent Director of CIMB Bank Berhad
- Independent Director of Aviva Ltd

#### RELEVANT EXPERIENCE

Ms. Serena Tan joined Khazanah Nasional Berhad in 2005 and is currently an Executive Director of Investments where she heads Private Markets and Financial Services. She has over 20 years of experience covering the financial sector including secondments to Khazanah investee companies such as Bank Lippo (now PT Bank CIMB Niaga Tbk) in Indonesia. She currently sits on the Board of CIMB Bank Berhad and a Director of various other private companies.

Prior to Khazanah, Ms. Serena Tan was with Boston Consulting Group and McKinsey & Company.

#### BOARD AND BOARD COMMITTEE ATTENDANCE

BOD	AC	BRCC	GNRC
Member 9/10	-	-	Member 6/6

#### BOARD AND BOARD COMMITTEE ATTENDANCE

BOD	AC	BRCC	GNRC
Member 7/7	-	Member 1/1	Member 3/3

##### 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 he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020

##### 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 he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020

# Group Company Secretary's Profile



**DATIN ROSSAYA MOHD  
NASHIR**  
Group Company Secretary

**Nationality** | Malaysian

**Age** | 52

**Gender** | Female

**Date of  
Appointment** | 2002

**Length of Tenure** | 19 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

## AREAS OF EXPERTISE

- Company Law, Corporate Secretarial Practice, Corporate Governance and Conflicts Management

## DIRECTORSHIP/RELEVANT APPOINTMENTS

### Listed Entities

- Nil

### Public Companies

- Nil

## RELEVANT EXPERIENCE

Datin Rossaya Mohd Nashir 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, she is responsible for providing counsel and advice on Board duties and responsibilities, to ensure that CIMB complies with relevant laws and regulatory requirements. She also 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.

She has extensive industry knowledge, with over 25 years 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 2020





## CIMB THAI BANK PUBLIC COMPANY LIMITED

### CHAIRPERSON

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

### MEMBERS

**Paul Wong Chee Kin**  
President and Chief Executive Officer/  
Executive Director  
(Appointed on 1 February 2021)

**Chanmanu Sumawong**  
Independent Director

**Dr. Rom Hiranpruk**  
Independent Director

**Omar Siddiq**  
Non-Independent Director

**Niti Jungnitnirundr**  
Independent Director

**Natasak Rodjanapiches**  
Independent Director

**Oranuch Apisaksirikul**  
Independent Director

**Anon Sirisaengtaksin**  
Independent Director  
(Appointed on 26 June 2020)

**Hafriz Abdul Rahman**  
Independent Director  
(Appointed on 24 September 2020)

**Dato' Abdul Rahman Ahmad**  
Non-Independent Director  
(Appointed on 6 October 2020)

**Watanan Petersik**  
Independent Director  
(Resigned on 26 June 2020)

**Serena Tan Mei Shwen**  
Non-Independent Director  
(Resigned on 30 July 2020)

**Adisorn Sermchaiwong**  
Non-Independent Director  
(Resigned on 1 September 2020)

**Shahnaz Farouque Jammal Ahmad**  
Non-Independent Director  
(Resigned on 30 September 2020)

**Suttee Losoponkul**  
Acting President and Chief Executive  
Officer/Executive Director  
(Appointed on 16 September 2020 and  
Retired on 1 February 2021)

### SECRETARY

**Patima Jumpasut**



## CIMB BANK PLC (CAMBODIA)

### CHAIRPERSON

**Datuk Mohd Nasir Ahmad**  
Independent Director

### MEMBERS

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

**Dr. Mey Kalyan**  
Independent Director

**Aisyah Lam Abdullah**  
Independent Director

**Omar Siddiq**  
Non-Independent Director

**Ahmad Shazli Kamarulzaman**  
Non-Independent Director

### JOINT SECRETARIES

**Ly Sophea**

**Datin Rossaya Mohd Nashir**



## CIMB BANK (VIETNAM) LIMITED

### CHAIRPERSON

**Effendy Shahul Hamid**  
Non-Independent Director  
(Redesignated as Chairman on 19 March  
2020)

### MEMBERS

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

**Le Le Thuy**  
Independent Director

**Aisyah Lam Abdullah**  
Independent Director

**Gurdip Singh Sidhu**  
Non-Independent Director  
(Appointed on 19 March 2020)

**Dato' Wira Zainal Abidin**  
**Mahamad Zain**  
Non-Independent Director  
(Retired on 19 March 2020)

### JOINT SECRETARIES

**Tran Hai Long**

**Datin Rossaya Mohd Nashir**

# Group Shariah Committee



DR. SHAFAAI MUSA



SHEIKH PROFESSOR DR. YOUSEF ABDULLAH AL SHUBAILY



ASSOCIATE PROFESSOR DR. AISHATH MUNEEZA



AHMED BAQAR REHMAN



DR AHMAD SUFIAN CHE ABDULLAH



ASSOCIATE PROFESSOR DR. MUHAMED FAIROOZ  
ABDUL KHIR

# Group Shariah Committee Profile

## DR. SHAFAAI MUSA

**Nationality** | Malaysian  
**Age** | 54  
**Gender** | Male  
**Date of Appointment** | 9 January 2006  
**Length of Tenure** | 14 Years

## QUALIFICATION

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

## DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chairman of the Shariah Committee at Sun Life Malaysia Takaful Berhad
- Chairman of Shariah Advisory Council of RGA Retakaful
- Former member of Shariah Expert Panel of Department of Islamic Development Malaysia (JAKIM)

## RELEVANT EXPERIENCE

- Former Associate Professor at the Ahmad Ibrahim Kulliyah of Laws at the International Islamic University Malaysia (IIUM)
- Former Chief Executive Officer of the Johor Institute of Integrity, Leadership and Training
- Former Executive Director of IIUM's Centre for Continuing Education
- Former Chief Executive Officer of the International Islamic College cum Chief Executive Officer, International Islamic University Malaysia Higher Education Sdn Bhd

## SHEIKH PROFESSOR DR. YOUSEF ABDULLAH AL SHUBAILY

**Nationality** | Saudi Arabian  
**Age** | 50  
**Gender** | Male  
**Date of Appointment** | 28 October 2008  
**Length of Tenure** | 12 Years

## QUALIFICATION

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

### **ASSOCIATE PROFESSOR DR AISHATH MUNEEZA**

**Nationality** | Maldivian  
**Age** | 36  
**Gender** | Female  
**Date of Appointment** | 13 April 2018  
**Length of Tenure** | 2 Years

#### **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**

- Chairman, Shariah Advisory Council of Capital Market Development Authority, Maldives
- Chairman of Shariah Board at Ayady Takaful-Allied Insurance Company, Maldives
- Chairman of Shariah Board at Alia Investment Pvt Ltd, Maldives
- Deputy Head of World Zakat Forum Research and Development

#### **RELEVANT EXPERIENCE**

- Former Deputy Minister – Ministry of Finance and Treasury, Republic of Maldives
- Former Deputy Minister – Ministry of Islamic Affairs, Republic of Maldives
- Former Chairman, Board of Directors, Maldives Center for Islamic Finance Ltd
- Former Chairman, Board of Directors, Maldives Hajj Corporation Ltd (Tabung Haji of Maldives)

### **Nationality** | Pakistan

**Age** | 62  
**Gender** | Male  
**Date of Appointment** | 1 June 2019  
**Length of Tenure** | 2 Years

### **AHMED BAQAR REHMAN**

# Group Shariah Committee Profile

## DR. AHMAD SUFIAN CHE ABDULLAH

**Nationality** | Malaysian  
**Age** | 42  
**Gender** | Male  
**Date of Appointment** | 1 November 2019  
**Length of Tenure** | 1 Year

### QUALIFICATION

- PhD in Islamic Economy and Banking – University of Yarmouk, Jordan
- Master's Degree in Shariah (Islamic Finance) – University of Malaya, Malaysia
- Bachelor Degree in Shariah and Management – University of Malaya, Malaysia

### DIRECTORSHIP/RELEVANT APPOINTMENTS

- Member, Shariah Committee, Small Medium Enterprise Development Bank Malaysia Berhad
- Member, Shariah Advisory Board, Syarikat Takaful Malaysia Keluarga Berhad
- Member, Fatwa Committee, Jabatan Mufti Negeri Perlis
- Member, Islamic Legal Consultative Committee, Federal Territories
- Member, Waqaf Committee, Majlis Agama Islam dan Adat Istiadat Negeri Kelantan (MAIK)
- Member, Shariah Advisor Committee, Sabnuha Jewellery PLT
- Shariah Adviser, KAB Goldynamics Sdn Bhd

### RELEVANT EXPERIENCE

- Currently a Senior Lecturer at the Department of Shariah and Management, Academy of Islamic Studies of University Malaya
- Previously Shariah Committee, Kenanga Investment Bank Berhad
- Previously Muamalat Expert Panel of Jabatan Kemajuan Islam Malaysia (JAKIM)
- He has produced numerous publications such as book and research papers in Islamic legal theories (usul fiqh), Islamic commercial laws, Islamic banking and finance, Takaful and Shariah Fintech
- He is the founder and administrator of "muamalat.my", a social media platform that strives to become a medium of education in enhancing public awareness with regards to Islamic Finance and Takaful since 2013

## Nationality | Malaysian Age | 45 Gender | Male

**Date of Appointment** | 16 August 2020  
**Length of Tenure** | 1 Year

## ASSOCIATE PROFESSOR DR. MUHAMED FAIROOZ ABDUL KHIR

### QUALIFICATION

- PhD in Shariah - University of Malaya
- Masters of Shariah - University of Malaya
- Degree in Islamic Revealed Knowledge and Human Sciences (Islamic Jurisprudence) - International Islamic University Malaysia

### DIRECTORSHIP/RELEVANT APPOINTMENTS

- Member, Shariah Advisory Council (SAC) of Securities Commission Malaysia
- Chairman of Shariah Committee, Agrobank
- Member, Shariah Committee, Zurich Takaful Malaysia Berhad
- Member, Perak Islamic Religious Council & Malay Customs (MAIPk)
- Member, Fatwa Committee of Perak, Jabatan Mufti Negeri Perak

### RELEVANT EXPERIENCE

- Associate Professor, International Centre for Education in Islamic Finance (INCEIF)
- Former Shariah Committee, Maybank Islamic Berhad
- Former Shariah Committee, Group Shariah Committee, MNRB Holdings Berhad
- Former Shariah Committee, Malaysian Industrial Development Finance Berhad (MIDF)
- Former Researcher and Head of Islamic Banking Unit, International Shari'ah Research Academy for Islamic Finance (ISRA)

# Group Management

**DATO' ABDUL  
RAHMAN  
BIN AHMAD**

Country Head, Malaysia  
Group Chief Executive  
Officer/  
Executive Director, CIMB  
Chief Executive Officer/  
Executive Director,  
CIMB Bank Berhad



**AHMAD SHAHRIMAN  
MOHD SHARIFF**

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



**GURDIP SINGH SIDHU**  
Group Chief People Officer



**KHAIRUL RIFAIE**  
Group Chief Financial Officer



**KWAN KEEN YEW**  
Group Chief Legal &  
Compliance Officer



**RAFE HANEEF**

Chief Executive Officer,  
Group Transaction Banking  
Chief Executive Officer,  
CIMB Foundation  
Group Chief Sustainability  
Officer



**DATIN ROSSAYA  
MOHD NASHIR**

Group Company  
Secretary



## Group Management



# Group Management Profile

## OMAR SIDDIQ

Deputy Chief Executive Officer,  
CIMB Bank Berhad  
Chief Executive Officer,  
Group Wholesale Banking

**Nationality** ➔ Malaysian

**Age** ➔ 47

**Gender** ➔ Male

## QUALIFICATION

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

## DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, CIMB Thai Bank Public Company Limited (Thailand)
- Director, CIMB Cambodia PLC (Cambodia)
- Director, CIMB Group Sdn Bhd
- Director, CGS-CIMB Sdn Bhd

## RELEVANT EXPERIENCE

- Previously was Group Chief Operating Officer, CIMB Group
- Former Head of Group Wholesale Banking at RHB Group
- Former Executive Director and Group Chief Financial Officer at Malaysia Airlines Berhad
- Former Executive Director in the Investments Division at Khazanah Nasional Berhad
- Former Managing Director in the Investment Banking Division at CIMB Investment Bank Berhad
- Former Executive Director in the Corporate Finance Practice of PricewaterhouseCoopers (PwC)

## TIGOR M. SIAHAAN

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

**Nationality** ➔ Indonesian

**Age** ➔ 49

**Gender** ➔ Male

## QUALIFICATION

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

## DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chairman of Indonesia Malaysia Bilateral Committee of Indonesian Chamber of Commerce and Industry (KADIN)
- Vice Chairman of Perbanas (Indonesian Banks Association)
- Member of the Board of Trustees of Jakarta International School (JIS)
- Mentor in Endeavor Indonesia
- Executive Committee of Young Presidents Organization (YPO) Indonesia
- The Employers' Association of Indonesia (APINDO), Chairperson of Banking, Financial Services & Taxation

- Vice Chairman of Indonesia Banker Institute

## RELEVANT EXPERIENCE

- President Director and Chief Executive Officer of PT Bank CIMB Niaga Tbk
- Chief Country Officer of Citi Indonesia from 2011 to 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

## PAUL WONG CHEE KIN

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

**Nationality** ➔ Malaysian

**Age** ➔ 51

**Gender** ➔ Male

## QUALIFICATION

- Bachelor of Business (Major in Banking & Finance), Monash University, Melbourne, Australia

## DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, CIMB Thai Bank Public Company Limited

## RELEVANT EXPERIENCE

- Over 25 years of experience in banking and finance in ASEAN
- He joined CIMB Group in 2007 as Senior Vice President, Head of Sales Management – Consumer Sales & Distribution of CIMB Bank Berhad. Held various positions within

the Group, including stints in Philippines and was subsequently appointed President and CEO of CIMB Thai Bank PCL in February 2021

- He has a strong track record in strategic projects regionally, in digitalisation and transformation, and brings in depth functional experience in operations, having successfully led and transformed Group Operations
- He also served as the Board of Directors for Principal Asset Management Berhad from September 2016 to January 2021
- Prior to CIMB, he served in various capacities in several financial institutions in Malaysia and Singapore

## **VICTOR LEE MENG TECK**

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

**Nationality** → Singaporean

**Age** → 50

**Gender** → 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**

- Responsible to grow and drive innovation for the SME and Mid-Corporate segments in the region. Champions customer centricity, digital enablement, as well as CIMB's sustainability agenda for the entire Commercial Banking business
- Responsible for Singapore's banking business and strategic positioning, and to deepen its foothold in ASEAN region
- 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
- Was Managing Director at United Overseas Bank (UOB) and 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
- At SME Banking Singapore, he worked with the local SME GMs to develop the value propositions of the SME Liabilities and Treasury Business in the key countries in the SME Banking network. He then moved to Taiwan where he led the integration of the Hsinchi International Bank with the SME banking business
- At Citibank, he was responsible for the strategic positioning of business banking within the Global Consumer Group in Singapore and for driving key initiatives for CitiGold and CitiBanking
- 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

## **SAMIR GUPTA**

Chief Executive Officer,  
 Group Consumer Banking

**Nationality** → Singaporean

**Age** → 58

**Gender** → 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**

- Over 30 years' experience in the banking industry including digital, 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

## Group Management Profile

### RAFFE HANEEF

Chief Executive Officer,  
Group Transaction Banking  
Chief Executive Officer, CIMB Foundation  
Group Chief Sustainability Officer

**Nationality** ➔ Malaysian

**Age** ➔ 50

**Gender** ➔ 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

- Nil

### RELEVANT EXPERIENCE

- CEO of Group Transaction Banking overseeing transaction banking business which consist of four main product pillars namely Trade Finance, Cash Management, Securities Services and Financial Institution serving the Group's Non-Retail customers across CIMB franchise in ASEAN. Transaction Banking drives annuity business and relationship stickiness; thus pivotal to the growth of CIMB Group
- Group Chief Sustainability Officer, lead responsibility for driving sustainable financing and social responsibility initiatives across the CIMB Group
- CEO, CIMB Foundation, to spearhead CSR in community development, sports and education initiatives with diversity and inclusion as the guiding principles
- Previously, 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

## EFFENDY SHAHUL HAMID

Chief Executive Officer, CIMB Digital Assets  
Group Chief Executive Officer,  
Touch 'n Go Group

**Nationality** ➔ Malaysian

**Age** ➔ 47

**Gender** ➔ Male

## QUALIFICATION

- Honours in Electronic Engineering with Optoelectronics, University College London, UK
- CIMB INSEAD Leadership Programme, INSEAD
- Digital Business Leadership Programme, Columbia Business School, Columbia University

## DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chairman, TNG Digital Sdn Bhd
- Chairman, CIMB Bank (Vietnam) Ltd
- Director, Touch 'n Go Sdn Bhd
- Director, Financial Park (Labuan) Sdn Bhd
- Director, Principal Asset Management Berhad, PT Principal Asset Management, Principal Asset Management Co Limited and Principal Islamic Asset Management Sdn Bhd
- Member of the Board of Directors, The International School of Kuala Lumpur

## RELEVANT EXPERIENCE

- Responsible for CIMB's portfolio of digital businesses and ventures, which today includes Touch 'n Go and TNG Digital (collectively Touch 'n Go Group), as well as CIMB's digital bank franchises in Vietnam and the Philippines. In addition to driving strategy, growth and overseeing the execution of these businesses, his focus also extends towards spearheading value creation of CIMB's investments in these franchises through equity and non-equity partnerships. Also continues to maintain oversight in the digital banking space for the Group, as well as platform and ecosystem-based developments and trends
- Most recently, was CEO of Group Ventures and Partnerships, responsible for the development of the Group's new and disruptive revenue and value creation streams, with a focus on cultivating platform partnerships, strategic

investments in platform-based businesses, and steering CIMB's approach and practices in terms of financial technology trends. Began management oversight of the Group's digital bank operations in Vietnam and the Philippines, in addition to leading efforts and strategies in the digital banking space for the overall Group

- Prior to that, was CEO of Group Asset Management & Investments, responsible for the Group's asset management and investments businesses across both public and private markets, including the regional asset management business, its private equity fund management business and the equity investments portfolio in companies such as Principal Asset Management and Touch 'n Go
- Previously also the 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 focus on creating differentiated propositions and executing long term growth strategies
- Preceding 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, had 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

## Group Management Profile

### AHMAD SHAHRI MAN MOHD SHARIFF

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

**Nationality** ➔ Malaysian  
**Age** ➔ 43  
**Gender** ➔ Male

#### QUALIFICATION

- Bachelor of Arts in Accounting and Finance, Lancaster University, UK
- Malaysian Financial Markets Certificate, Persatuan Pasaran Kewangan Malaysia dan Institut Bank-Bank Malaysia, Malaysia
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals, Malaysia

#### DIRECTORSHIP/RELEVANT APPOINTMENTS

- Board Member, CIMB Islamic Bank Berhad
- Vice President and Council Member, Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)
- Member, Standing Committee on Islamic Financial Reporting, Malaysian Accounting Standards Board (MASB)
- Honorary Senior Fellow, Centre for Islamic Economics, IIUM (effective 1 January 2021)

#### RELEVANT EXPERIENCE

- Ahmad Shahriman Mohd Shariff was appointed Chief Executive Officer of CIMB Islamic Bank on 1 October 2019 and heads the Group Islamic Banking business of CIMB Group that includes Islamic wholesale banking, Islamic consumer banking, Islamic commercial banking and Islamic asset management and investment across the key markets of Malaysia, Singapore and Indonesia
- Shahriman has over two decades of

experience in the corporate sector, of which 16 years were in Islamic Banking and Finance-related leadership roles. He played an active role in the development of Malaysia's Islamic banking industry, with a longstanding role in the Treasury committee of the Association of Islamic Banks in Malaysia (AIBIM). In this capacity, he was involved in instrumental industry initiatives such as developing, amongst others, a commodity exchange for Islamic finance purposes, Islamic structured products, documentation standards for Islamic derivatives as well as an Islamic credit support mechanism

- He previously headed the Wholesale Banking at HSBC Amanah Malaysia Berhad as Director, and served as the Head of Islamic Banking at Citibank Berhad prior to that. Under these leadership roles, he has been an instrumental contributor towards the growth of the Islamic banking and finance industry with the introduction of global award-winning capital markets and treasury solutions. Shahriman has strong leadership, technical, legal and risk management expertise gained from his stint in these cross-border institutions
- He started his career as a management associate with Citibank before being selected to undertake the leadership development programmes both regionally and globally in his time with Citigroup.

### KHAIRUL RIFAEI

Group Chief Financial Officer

**Nationality** ➔ Malaysian  
**Age** ➔ 40  
**Gender** ➔ Male

#### QUALIFICATION

- First Class Honours degree in Accounting and Finance, University of Warwick, UK
- MSc in Finance from Imperial College, London
- Member of the Institute of Chartered Accountants in England and Wales (ICAEW)
- Member of the Chartered Banker Institute (MCBI)
- Member of Malaysian Institute of Accountants (MIA)

#### DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director of SIBB Berhad
- Director of Perdana Nominees Sdn Bhd
- Director of S.B Properties Sdn Bhd
- Director of S.B. Venture Capital Corporation Sdn Bhd
- Director of Premier Fidelity Sdn Bhd
- Director of SBB Berhad
- Director of Commerce Returns Berhad
- Director of CIMB Berhad
- Director of CIMB Southeast Asia Research Sdn Bhd (CARI)
- Director of CIMB Real Estate Sdn Bhd
- Director of CIMB Group Sdn Bhd
- Director of CIMB Bank (L) Limited

- Director of Southeast Asia Special Asset Vehicle Ltd (SEASAV)
- Director of CIMB Holdings Sdn Bhd
- Commerce MGI Sdn Bhd
- CSI Investments Limited

#### RELEVANT EXPERIENCE

- Appointed as Group Chief Financial Officer in January 2019 and prior to his current role, he held the position of CFO, Malaysia and Regional Head, Financial Control with responsibility for tax, regulatory reporting, financial accounting, management reporting, business finance advisory, product control and financial planning
- Started his career in 2003 with KPMG, London focusing on servicing Investment Banking clients
- In 2006, he joined Goldman Sachs, London as an equity analyst covering the European Insurance Sector. He then joined UBS, Malaysia in 2009 to cover the Malaysian Banking Sector and later on also covered the Singapore Banking sector
- Prior to joining CIMB Group, Khairul was working at RHB Group, Malaysia as the Head of Finance of RHB Islamic and Head of Investor Relations

## **GURDIP SINGH SIDHU**

Group Chief People Officer

**Nationality** ➔ Malaysian

**Age** ➔ 47

**Gender** ➔ Male

### **QUALIFICATION**

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

### **DIRECTORSHIP/RELEVANT APPOINTMENTS**

- Director, Proton Commerce Sdn Bhd
- Director, CIMB Bancom Capital Corporation
- Director, CIMB Bank (Vietnam) Limited

### **RELEVANT EXPERIENCE**

- As Group Chief People Officer, Gurdip is responsible for setting the human capital direction and strategy of the Group, in alignment with the Group's overall strategy

and priorities. He oversees organisation design, performance management, talent acquisition and management, employee experience and learning

- Prior to his appointment as Group Chief People Officer, Gurdip held the position of Group Chief Strategy and Design Officer of CIMB Group, overseeing and supporting the execution of transformation and growth initiatives under T18 and Forward23
- Before joining CIMB Group, 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

**Nationality** ➔ American

**Age** ➔ 61

**Gender** ➔ Male

### **QUALIFICATION**

- Bachelor's Degree, Whitman College, Washington USA

### **DIRECTORSHIP/RELEVANT APPOINTMENTS**

- Commissioner, PT Bank CIMB Niaga Tbk

### **RELEVANT EXPERIENCE**

- Oversees the risk management function of CIMB Group, including Credit, Market, Non-Financial Risk, Shariah, Asset Liability Management and Credit Risk Infrastructure & Risk Analytics
- 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/or reputation

- 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 and Taiwan throughout his 26-year tenure in Asia

## **KWAN KEEN YEW**

Group Chief Legal & Compliance Officer

**Nationality** ➔ Malaysian

**Age** ➔ 46

**Gender** ➔ Male

### **QUALIFICATION**

- Bachelor of Laws (Hons), University of Sheffield, UK

### **DIRECTORSHIP/RELEVANT APPOINTMENTS**

- Nil

### **RELEVANT EXPERIENCE**

- Oversees the Group Legal and Compliance function which is responsible for the management of regulatory, legal and compliance risks across CIMB Group

• Held various roles in a foreign bank which included Regional Head of Compliance for Malaysia, Australia, Brunei, and Vietnam, Head of Wholesale Banking Compliance for Hong Kong, and Head of Legal & Compliance for Malaysia

- Prior to joining the banking industry, Keen Yew was in private practice at a regional law firm and was advising clients on projects, as well as banking and finance

## Group Management Profile

### AMRAN MOHAMAD

Group Chief Internal Auditor

**Nationality** ➔ Malaysian

**Age** ➔ 45

**Gender** ➔ Male

### QUALIFICATION

- Bachelor of Science (Hons) in Accountancy, University of East Anglia, Norwich, UK
- Fellow member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)
- Member of Institute of Internal Auditors Malaysia (IIA)

### DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

### RELEVANT EXPERIENCE

- Ensures that the Group Corporate Assurance Division supports the CIMB Group Audit Committee, CIMB Banking Group Audit Committee and other relevant

Audit Committees of Group's subsidiaries in discharging their responsibilities, as well as managing their respective governance, risk and control functions. He oversees the Internal Audit functions across the entire Group

- Amran has over 20 years of audit experience in the areas of capital market, corporate and retail banking gained working in Malaysia and the United Kingdom. Amran's last held position before joining CIMB was Senior Vice President, Internal Audit with Royal Bank of Scotland in London. He had also previously worked with PwC, KPMG, UniCredit Bank and Barclays Capital

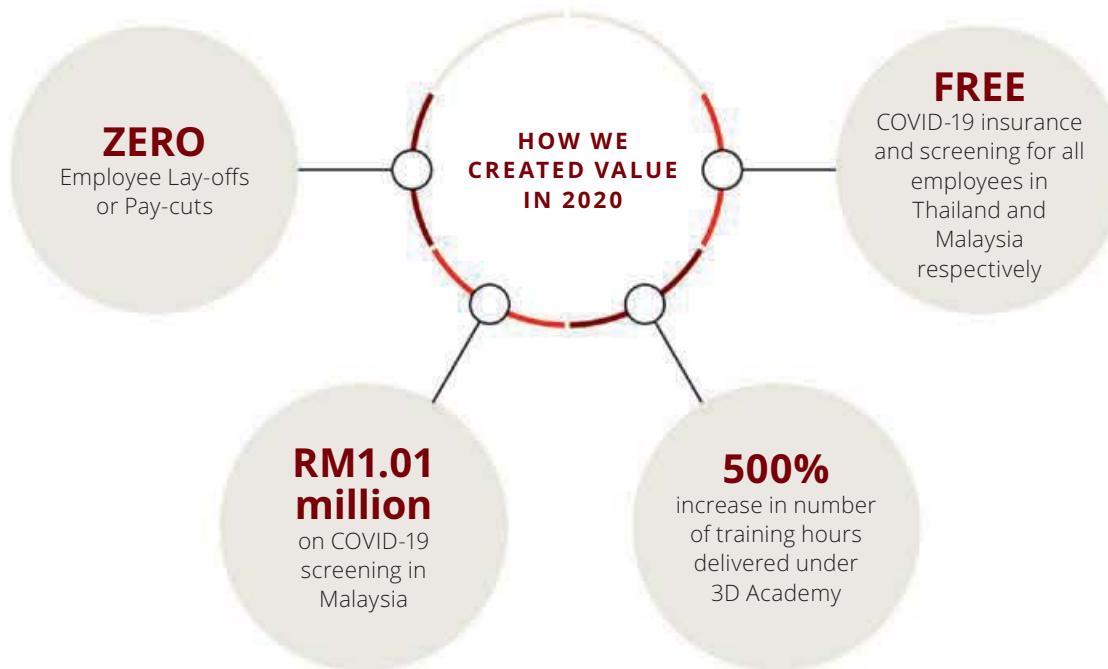
# Human Capital Development

“We started the year 2020 with a focus on various programmes designed to build capability in the digital space, motivate performance and build A Better CIMB (ABC) culture. Towards the end of the first quarter, we were swift in responding to our stakeholders, mainly helping them navigate through the impact of the novel Corona Virus or COVID-19. The health crisis and the resultant movement restrictions accelerated digitalisation in both the marketplace and the workplace. Our efforts were focused on achieving a balance between safeguarding the health and the well-being of our employees, while helping them to remain productive even with the new normal of virtual and onsite working arrangements. Towards the latter part of the year, in line with a new leadership and a recalibrated Forward23+ strategy, human capital was re-affirmed as one of the key result areas. This resulted in a series of focused programmes and interventions.”

Human Capital and Human Capital Efficiency are critical inputs for delivering value to our stakeholders in the financial services sector. From our skilled portfolio managers, to our responsive customer service personnel; from our dedicated relationship managers to our adept technology specialists; from experienced leaders to committed executives – every employee of CIMB contributes to our performance and growth, positioning CIMB as a focused ASEAN banking group. **At CIMB, our human capital growth strategies are premised on three key fundamentals:**



## Human Capital Development



According to MSCI, human capital has been amongst the top ESG trends in 2020, where businesses have had to deal with the unprecedented impact of COVID-19 on people. Businesses have had to make difficult decisions and trade offs in the face of this global health crisis, balancing internal human capital requirements to ensure business continuity and seamless delivery of services. The added challenge was to retain the much-needed human capital amidst poor market and financial performance. Most businesses tackled the situation by taking calculated decisions, balancing between laying-off employees, while also recruiting new talent who can assume critical roles in an operating environment where we have witnessed accelerated digital enablement due to the restrictions in movement and health scares. In short, the current crisis that erupted in early 2020 has reinforced how economies, business performance and human capital are interdependent for shaping an inclusive, progressive, and sustainable world.

In 2020, at CIMB, our primary focus was on the following four areas, with an ultimate objective to drive a customer-centric, collaborative and positive work culture through A Better CIMB (ABC) and a refreshed set of values.

Focus Areas in 2020	Key Initiatives	Achievements
<b>Health &amp; Safety of our Workforce</b>	<ul style="list-style-type: none"> <li>- Safe Workplace Measures</li> <li>- Welfare and Well-being Benefits</li> </ul>	<ul style="list-style-type: none"> <li>• RM4.7 million invested as digital enablement benefit for non-management and junior staff to support access to digital platforms and technology</li> </ul>
<b>Adapting to the New Normal</b>	<ul style="list-style-type: none"> <li>- Viable Remote Working Infrastructure</li> <li>- Listening Posts and Pulse Surveys &amp; Engagement</li> <li>- Employee Communications and Motivation</li> </ul>	<ul style="list-style-type: none"> <li>• Staff continued to work from home in line with the BCP activation plan in a pandemic scenario.</li> </ul>

## Focus Areas in 2020

### Upskilling and Reskilling Initiatives

### New 'People Strategy' to support Forward23+

Key Initiatives	Achievements
<ul style="list-style-type: none"> <li>- Programmes to drive Digital Transformation</li> <li>- Technology Infrastructure/Digital Enablement for a Digital Workforce (Knowledge Acquisition)</li> </ul>	<ul style="list-style-type: none"> <li>• 3D (Digital, Data &amp; Design) mobile-enabled learning modules on Gametize made mandatory for Malaysia and Indonesia</li> <li>• 2,297 employees from ASEAN region attended 3D intermediate or advanced level programmes in AI, data science, design thinking</li> <li>• 50% of Associates under our graduate associate programme, The Complete Banker (TCB) and the CIMB ASEAN Scholarship Programme are from non-business disciplines such as engineering, mathematics, bio-medical sciences and psychology</li> </ul>
<ul style="list-style-type: none"> <li>- High-Performance &amp; Purpose-driven Culture</li> <li>- Digital and Tech Talent in addition to Talent from outside Financial Services or Non-Business Disciplines</li> <li>- New Rewards and Recognition through ABC Culture-Building Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• CIMB Future of Work awarded TalentCorp's 2019 Life@Work Awards for "Outstanding Practice – Talent Development Initiative"</li> <li>• 87% of new recruits in 2020 from non-financial institutions mainly in digital and technology roles</li> <li>• 20 Associates onboarded as the first cohort of TCB Digital, a graduate programme targeted at tech talent</li> </ul>

### FEATURE: OUR COVID-19 EMPLOYEE RESPONSE



By 2020Q1, we saw an increase in community-wide COVID-19 infections and movement control orders were implemented in all the core ASEAN markets where we operate. As a provider of essential services, our priority was to shift our focus on supporting business continuity efforts while ensuring the health, safety, well-being and morale of our employees.



## Human Capital Development

### PROTECTING OUR EMPLOYEES AND ENSURING THEIR WELL-BEING

In early 2020, we deliberated and anticipated the potential impact of COVID-19 on our work life. In February, the Business Continuity Team had already initiated a phased transition to work-from-home arrangements. The deployment of digital platforms for communication and collaboration was accelerated to enable teams to continue working remotely. At the pandemic's peak in April, approximately 65% of employees across Malaysia, Indonesia, Singapore and Thailand opted for work-from-home arrangement.

However, there were also approximately 35% of our employees, who were unable to work from home due to the nature of their roles, continued to work on-site. They were our front liners at our branches, and our backend IT operations. We practiced split operations/shifts/a roster, with tighter SOPs to reduce exposure and enhance employee' safety.



**At Work**

- Supported employees with personal protective equipment and sanitisers
- Adapted branches to reduce in-person contact
- Limited the number of customers allowed into branches at any one time
- Mandated screening for employees who were in close contact with positive cases
- Flight or accommodation compensation for travel cancelled during the movement control period
- Offered meal allowances while working during restricted movement
- Restricted inter-floor movement or socialisation among split teams
- Operationalised a call tree to keep employees informed and provide quick updates
- Offered loan moratorium to employees for 6 months and a subsequent 3-month extension (for those who qualified)



**At Home**

- Disinfection of homes of staff with or who have been in direct contact with COVID-19 positive cases
- Testing for employees' parents aged 60 and above

While these measures did not entirely prevent our employees from being infected with COVID-19, through contact tracing and split operations, on-site infections were contained and we established that these infections were likely to have occurred outside of our work premises.

For employees infected in Malaysia, we provided further financial assistance amounting to RM3,000 per employee and provided disinfection services of their homes and branches where they worked.

## EMPLOYEE ENGAGEMENT AND LISTENING

In a year filled with uncertainties, it was highly critical to engage employees mainly to boost their morale as well as help them cope with mental distress associated with the health scare and potential threat to productivity and incomes. Effective and efficient internal communications proved extremely valuable in retaining talent and keeping them motivated as part of our productive workforce. Digital solutions especially the CIMB Intranet and virtual meeting platforms helped maintain a healthy channel for dialogue and exchange of mission-critical information between the teams and senior leadership.

In May 2020, we conducted an independent third-party pulse survey to gauge employee engagement levels and understand the pandemic's impact on well-being, stress and new ways of working virtually. The survey focused on four key areas: wellness and safety, concerns and connection, senior leadership response and communication, as well as virtual work effectiveness.



## CIMB GROUP'S RESPONSE TO EMPLOYEE EXPECTATIONS

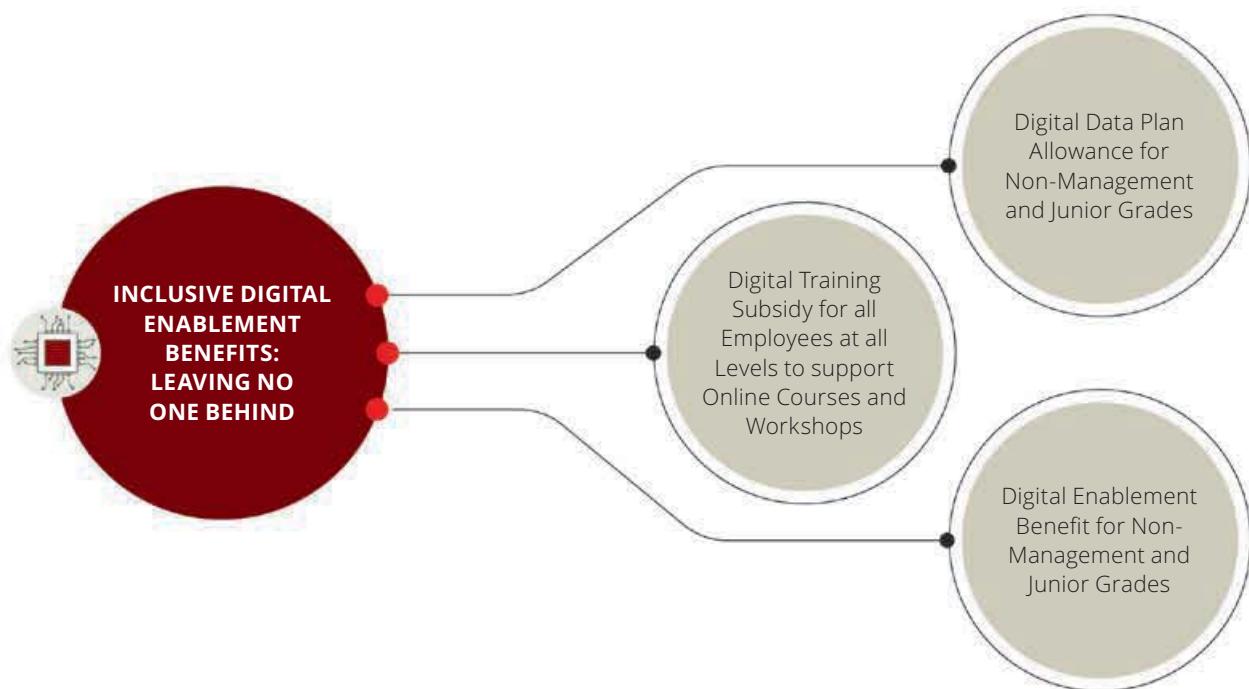
- Introduced fun and uplifting Group wide activities on social media platforms
- Increased intensity of employee recognition campaign taking advantage of a new endorsement module available on our HR system, Y.O.D.A. (Your Own Digital Assistant)
- Recognised front liners with weekly messages from senior management and disseminated these messages across multiple digital platforms to ensure maximum outreach
- Conducted virtual learning sessions to train staff to support customers during the pandemic

## Human Capital Development

### SUPPORTING AND INTENSIFYING DIGITAL UPSKILLING EFFORTS AND ACCESS TO DIGITAL

We continued to focus on creating and strengthening the digital quotient of our workforce in line with the demands of accelerated digitalisation brought on by the pandemic. As such, improving digital skills and access to tools, remote work management and digital learning were prioritised to help employees upskill and acquire the skills needed to operate in the new normal.

Going beyond training, we also looked into the material needs of employees who suddenly found themselves having to work from home and priority was given to those most in need of support in accessing technology and adapting to new modes of working. Our priority was to remain inclusive in our approach and leave no one behind when it comes to digital enablement.



### SHIFTING OUR PEOPLE STRATEGY WITH FORWARD23+

In the last quarter of 2020, we embarked on a new organisation-wide exercise to recalibrate and launch Forward23+ strategy. Following this, we also revised and realigned our People policies and programmes to support the new strategy and our vision to be a leading focused ASEAN bank by 2024.

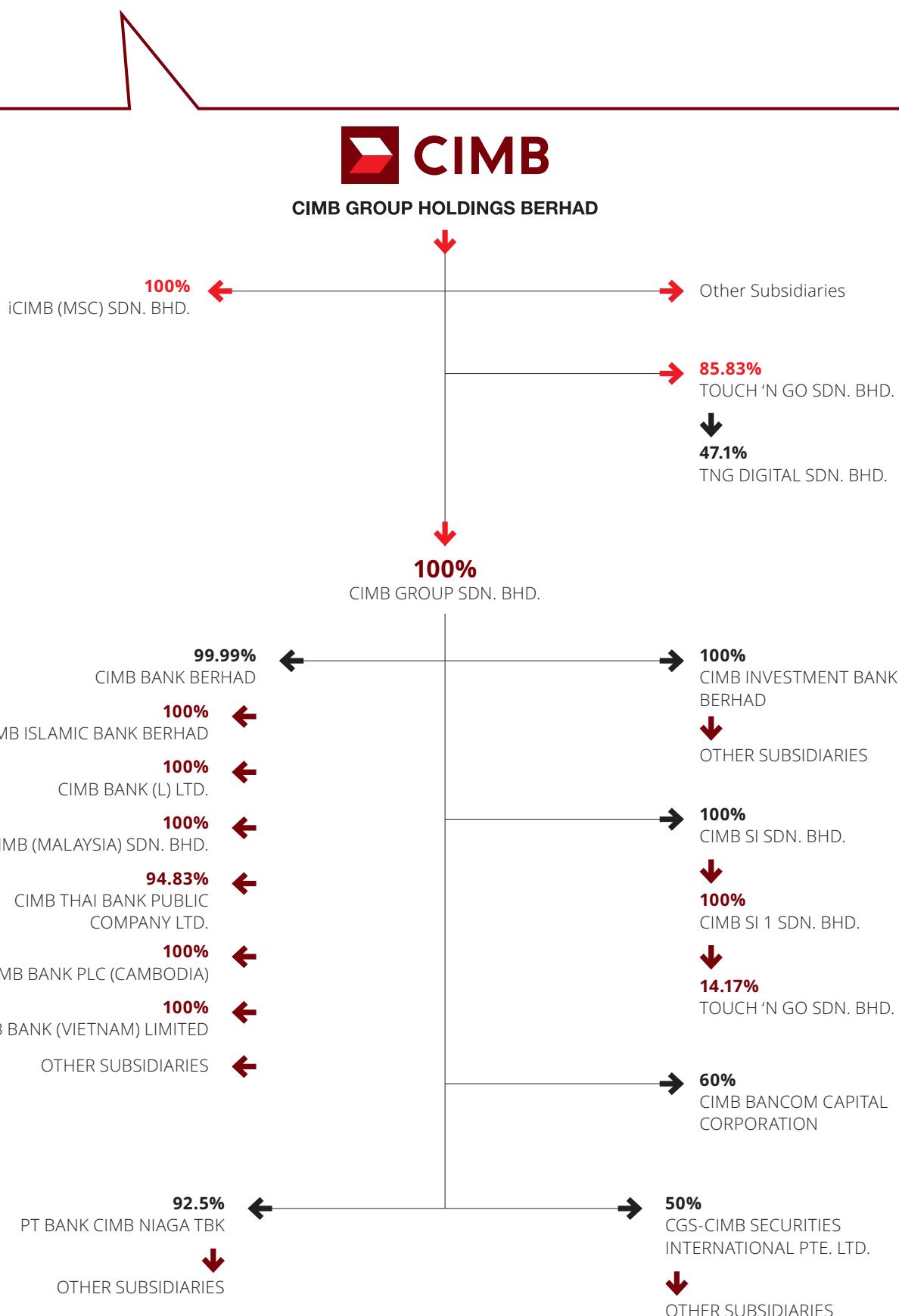
Under the revised plan, Human Capital Growth as a function will continue to deliver value and support the business in achieving its objectives across four key programmes, which are parked under five strategic themes of Forward23+. While these programmes will be our primary focus, other initiatives rolled-out to ensure our people remain confident and competent to operate in a digital environment will also continue. In this age of digital imperative, when designing various people-centric interventions, including crafting new policies and processes, we will look at opportunities for human capital growth that are also conducive to the growth of the organisation as well as our ecosystem.



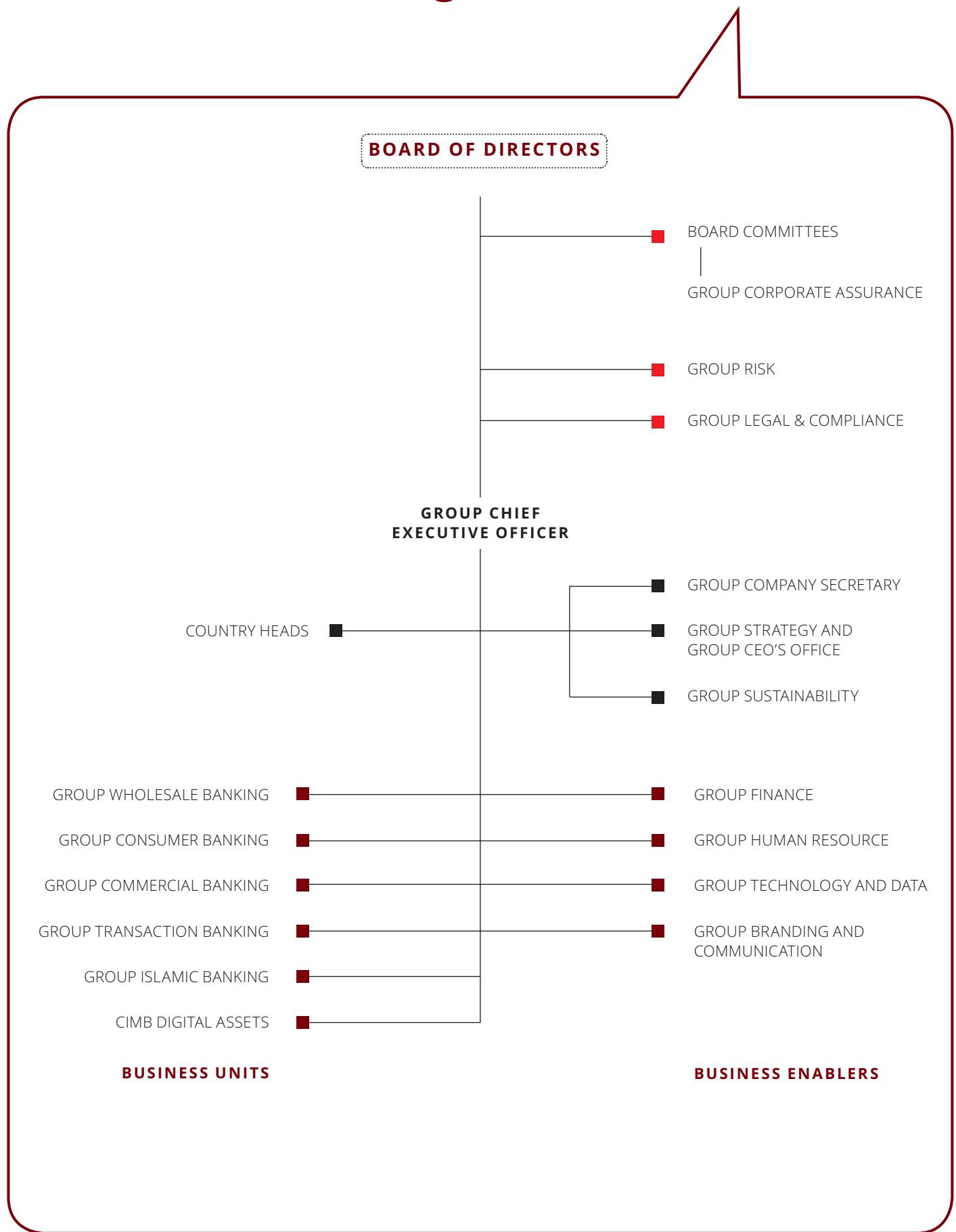
- 01**  
**Organisation Design**
- 02**  
**Revised Performance Framework and Rewards**
- 03**  
**Values and Culture**
- 04**  
**HR Blueprint**

	<b>Strategic theme</b>	<b>Why</b>
01 Organisation Design	Delivering Sustainable Financial Returns	An organisational design and size that reflects business needs and supports the desired organisational culture.
02 Revised Performance Framework and Rewards	Disciplined Execution	A fit-for-purpose performance management framework and rewards strategy that drives the desired behaviours, accountability as well as alignment with business goals.
03 Values and Culture	Purpose-driven Organisation	A culture reflective of a purpose-driven organisation and that seeks to drive accountability, collaboration and inspire customer trust.
04 HR Blueprint	Purpose-driven Organisation	<p>Reviewing Group HR and re-examining policies, processes and practices to:</p> <ul style="list-style-type: none"> <li>• curate career paths for talent at various levels catering to different aspirations;</li> <li>• enhance delivery of the Employee Experience (Ex);</li> <li>• achieve Diversity and Inclusion targets especially in narrowing the gender gap in remuneration and increasing female participation at the Board and C-level;</li> <li>• increase the use of data in decision making and programme and policy design; and</li> <li>• deliver organisational capability that creates value for stakeholders in a sustainable way.</li> </ul>

# Corporate Structure



# Group Organisation Structure



# Chairman's Statement on Corporate Governance

## DEAR STAKEHOLDERS,

At CIMB, the emphasis has been to understand the application of corporate governance principles for corporate sustainability – to bring about reforms, revival and resilience; to think differently and provide both immediate solutions and an impetus to recovery; and most importantly, to balance near-term priorities with long-term growth objectives.

**It is my privilege to present the CIMB 2020 Corporate Governance Overview Statement.**

**The COVID-19 pandemic has posed extraordinary risks and many challenges for transparency, participation and accountability. It has been a real test of Corporate Governance in practice across organisations and governments around the world.**

A report by Euler Hermes states that "COVID-19 is creating an insolvency time bomb", predicting a 35% hike in insolvencies between 2019 and 2021<sup>1</sup>. While most affected are small to medium-sized enterprises (SMEs), large companies are also at stake. Major players in various sectors, such as aviation, retail and oil and gas, have similarly suffered from bankruptcies.

The significant economic contraction triggered by the virus is a strong example of the material importance of ESG (Environmental, Social, and Governance) risks. The crisis highlights our own position as a stakeholder, in which we have intrinsic interests in the resiliency of regional and global economic, social and environmental systems. In Malaysia, we saw the consequences of the increasing pressures due to investor activism on ESG performance. One of the world's biggest asset manager, BlackRock Inc had raised concerns on the management of COVID-19 outbreak by a major local company, and voted against re-election of the independent directors at its last AGM.

Beyond the impacts of the pandemic, in late 2020, we also witnessed the Local Authority Pension Fund Forum of the UK put out a statement seeking mandatory climate votes, giving investors an annual say on Board's plans to cut carbon emissions. Earlier in the year, Barclays Plc shareholders voted in favour of a net zero proposal at the bank's Annual General Meeting. Similarly, the Investor Forum that represents UK's institutional investors came forward to strongly support a non-binding shareholder vote that would send a powerful signal on the effectiveness of any mandated climate disclosures.

This growing trend reinforces the role of the Board of Directors, including the independent non-executive directors (INEDs) in championing ESG governance, mainly to strengthen investor confidence in ESG mitigation and transition strategies of a business, safeguarding the interests of shareholders.

At CIMB, we believe it is more than just a fiduciary responsibility of the Board to reinforce the integration of ESG considerations into the governance, strategy and operations of the Group. As we adapt to a new economic landscape and evolving expectations, we are aligning our strategic priorities with intangible drivers for value creation.

Today's unique circumstances demonstrate the need to continuously reassess policies and enhance business continuity and crisis plans for their effectiveness. During the year, the Board supported various management strategies deployed for protecting employees, customers and other stakeholders i.e. with a 'new normal' of remote working arrangements and social-distancing while banking. The Board encouraged an open dialogue on the immediate workplace health and productivity issues as well as the impending business challenges. The Board also provided key oversight of long-term financial risks and resiliency measures, while management strategies focused on supporting critical functions and operations for business continuity.

<sup>1</sup> [https://www.eulerhermes.com/en\\_global/APAC/apac-economic-research/Calm-before-the-storm-Covid19-and-the-business-insolvency-time-bomb.html](https://www.eulerhermes.com/en_global/APAC/apac-economic-research/Calm-before-the-storm-Covid19-and-the-business-insolvency-time-bomb.html)

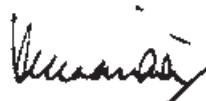
## Chairman's Statement on Corporate Governance

During the year under review, the Board played a critical role in further championing efforts to strengthen the governance practices of CIMB and its Board. In February 2020, the Board established a Code of Conduct for Directors which provides a transparent overview of the higher expectations and standards set for Directors of CIMB. We also introduced the Board Diversity Framework to guide the Board in determining the optimum composition of the Board, taking into consideration ESG principles.

In garnering the Senior Management Team's commitment towards pursuing better decision-making with clearer accountability and outcomes, we streamlined the Management Committees to shift the focus towards performance oversight and monitoring, introducing internal guidelines to further strengthen risk awareness. To put Management's interest into greater alignment with sustainable practices, CIMB has, since 2019, linked the key performance indicators of the Senior Management Team including the Group Chief Executive Officer with sustainability performance.

In December 2020, CIMB became the first bank in Malaysia to commit to distancing from coal financing when we announced that we will cease to fund new thermal coal projects as well as existing coal by 2040. In addition, recognising that SMEs are the engine of economic growth, CIMB has pioneered sustainability-linked loans in Malaysia, where lower interest charges are offered to SMEs that have sustainability targets.

Post-pandemic, the Board will remain agile and proactive to current and future risks. Where necessary, we will re-prioritise our focus areas based on the evolving situation over the next 2 years. Most importantly, we will not falter as a purpose-driven organisation, committed to advancing customers and society. We will adapt and operate to the changing market, stakeholders, and business contexts, without compromising on value creation.



**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)

**The Board is strongly committed to ensuring that CIMB's systems, procedures and practices reflect a high standard of corporate governance. It has a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long-term and sustainable value, as well as fostering a culture that values ethical behaviour, integrity and respect to protect shareholders' and other stakeholders' interests at all times.**

The 2019 novel coronavirus (COVID-19) pandemic presents the Board with a complex new reality and seeks to change the model of governance that has guided the Board and Management over the years. While the Board's main role is one of oversight, the pandemic has caused the Board to face new pressures and demands from various stakeholder groups. In crisis situations like these, the Board's ability to stay well-informed of the 'new normal' and help Management to manoeuvre new challenges from the changing economic, political and social environment, will provide the necessary foundation for Board effectiveness.

At CIMB, the Group operates within a highly regulated industry and the Board has adapted to the pandemic quickly, investing significantly more time than usual in urgent matters such as risk or policy reviews, financial-stability assessments and governance-structure modifications, for the long-term sustainability of the Group's businesses. In this respect, the Board Committees assist the Board to fulfil its governance role effectively.

During the year ended 31 December 2020, CIMB's corporate governance practices were consistent and complied with the following guidelines and best practices:

- 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 (MCCG) published by the Securities Commission
  - 4) Corporate Governance Guide 3rd Edition (CG Guide) published by Bursa Malaysia
  - 5) Minority Shareholder Watch Group (MSWG)'s Malaysia- ASEAN Corporate Governance Scorecard
  - 6) Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries published by the Securities Commission
  - 7) Developments in market practice and regulations
- The Board and its Committees regularly review the governance framework and associated practices to ensure that they keep abreast with relevant corporate governance and regulatory requirements.
- In 2020, CIMB received, amongst others, the following awards for its group-wide efforts in upholding the highest standards of corporate governance and ethical conduct:

- 1) ASEAN Top 20 Publicly Listed Companies by ASEAN Corporate Governance Awards 2019
- 2) ASEAN Asset Class Publicly Listed Companies by ASEAN Corporate Governance Awards 2019
- 3) Country Top 3 Publicly Listed Companies for PT Bank CIMB Niaga TBK by ASEAN Corporate Governance Awards 2019
- 4) Excellence Award (Gold) awarded by National Annual Corporate Report Awards (NACRA) 2020

- 5) Best Corporate & Investment Bank by Asiamoney Best Bank Awards for Malaysia 2020
- 6) Most Outstanding Malaysian Brand 2019 – Banking by Branding Association of Malaysia
- 7) Best Private Bank in Malaysia by Global Finance Private Bank Awards 2020
- 8) Best Bond House in Southeast Asia by Alpha Southeast Asia 14th Deal and Solution Awards 2020
- 9) Best Ringgit Sukuk House of the Year by Alpha Southeast Asia 14th Deal and Solution Awards 2020
- 10) Best Social Impact Islamic Finance House in Asia by Alpha Southeast Asia 14th Deal and Solution Awards 2020
- 11) Best Bank for Investment Solutions – Malaysia by The Asset Triple A Private Capital Awards 2020
- 12) Best SME Bank – Malaysia by Global Business Outlook (GBO) Awards 2020
- 13) Best Digital Transformation Initiative for SME's – Banking – Malaysia by Global Business Outlook (GBO) Awards 2020
- 14) Best Asian Investment Bank by Global Capital Asia Capital Market Awards 2019
- 15) Top 10 Most Attractive Employers by Graduates' Choice Awards
- 16) Best Malaysian Organisation by 2019 Life@Work Awards

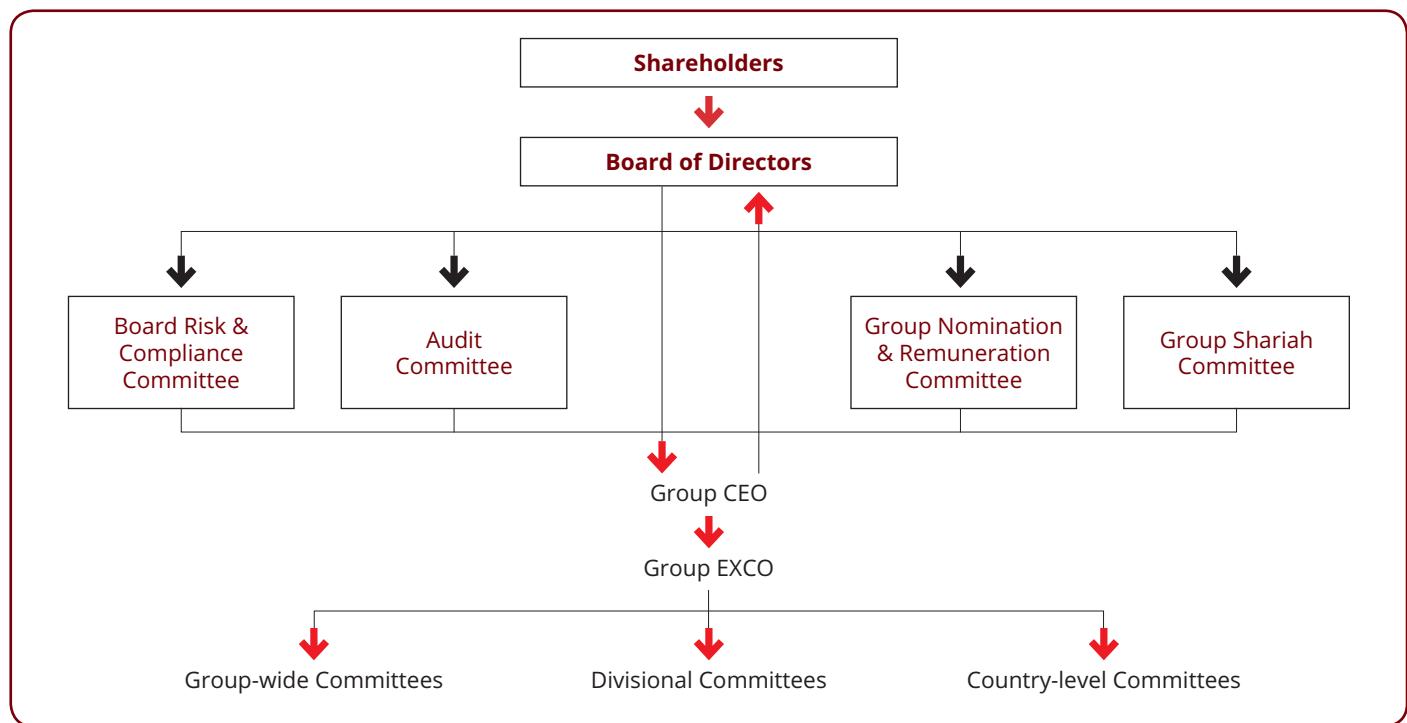
Whilst Shareholders and the Board jointly provide oversight on the control and management of CIMB, the ultimate decision-making authority rests with the Shareholders at the Annual General Meeting (AGM) where, amongst others, the re-election and remuneration of the Directors and appointment of External 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

# Corporate Governance Overview Statement

monitors the business and affairs of CIMB on behalf of the Shareholders. 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 Officer/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.

## GOVERNANCE FRAMEWORK



## ENTITY GOVERNANCE

To ensure that CIMB continues to have effective oversight over its entities, the Group Entity Governance Policy (Policy) was reviewed and enhanced in 2020. The review exercise was conducted earlier than planned to ensure that the Policy meets CIMB's governance requirements, to reflect the organisational changes that were effected in early 2019, as well as to simplify the administrative processes involved in the adoption of Group-wide Policies & Procedures by the Group's entities.

# Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### BOARD RESPONSIBILITIES

The Board's primary role is to determine CIMB's strategic objectives and policies to deliver sustainable value to its Shareholders. In ensuring the protection and enhancement of shareholder value, it takes into account the interests of stakeholders including employees, customers, suppliers, business partners, regulators, local communities, non-governmental organisations and the general public. The Board is ultimately 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 Board is helmed by Datuk Mohd Nasir Ahmad, an Independent Director, who plays a key role in ensuring the Board operates effectively and fully discharges its legal and regulatory responsibilities. As the Chairperson, he also leads the Board in the oversight of the Management and in inculcating the right culture, values and behaviours, both at the top and throughout the entire organisation. Notwithstanding that Datuk Mohd Nasir is an Independent Chairperson, the Board nevertheless retained the role of Senior Independent Director (SID) on the Board, whose role is to serve as a sounding board to the Chairperson, a representative of the Non-Executive Directors and also act as an additional point of contact for all stakeholders who wish to convey any concerns in relation to CIMB Group. The Board has designated Teoh Su Yin as the SID.

The Board delegates responsibility for the overall business and day-to-day management of CIMB to the Group CEO, Dato' Abdul Rahman Ahmad. The Group CEO is responsible for leading Management and for making and implementing operational decisions, and is assisted by the Group Executive Committee. In 2020, Business Review Committees for Countries and Business Divisions were established to provide a platform for the Group CEO to review and

monitor the performance and key strategic matters of the respective countries' entities and business divisions. In addition, the Group CEO will also be able to track and measure the performance of core programmes against the agreed strategies and roadmap and provide regular feedback and ensure timely course corrections. To further promote CIMB's sustainability agenda, the Board has designated Robert Coombe as CIMB's Sustainability Sponsor. His role includes advising and recommending to the Board on business strategies from the aspect of sustainability and acts as an advocate within the organisation and externally.

The Board has appointed the Group Company Secretary who, under the direction of the Chairperson, is accountable for all matters with regard to the proper functioning of the Board as well as to facilitate 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 roles of the Chairperson, SID, Group CEO, Sustainability Sponsor and Group Company Secretary are 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. 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 Directors should receive meeting materials five days prior to the 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 Chairperson.

The Board meets on a regular basis, with a minimum of six scheduled meetings in a financial year or at least once every two months or more frequently as circumstances dictate. The dates of these scheduled meetings 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 all Board meetings held in FYE 2020. Based on the Standard Operating Procedures for COVID-19 set under the Movement Control Order (MCO) issued by the Government and guidelines by regulators, CIMB's Board meetings were held virtually during the MCO period to allow Directors to attend meetings in a safe and responsible manner. 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 2020
Board	18
Audit Committee	15
Board Risk and Compliance Committee	5
Group Nomination and Remuneration Committee	18
Group Shariah Committee	9

# Corporate Governance Overview Statement

## ROLES AND RESPONSIBILITIES OF THE BOARD AND BOARD COMMITTEES

	<b>Main Areas of Oversight</b>	<b>Number of meetings in 2020</b>
<b>BOARD</b> <ul style="list-style-type: none"> <li>• Comprises ten Members of whom seven 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> <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>	<p>18 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>• Quarterly Shareholder Statistics Update</li> <li>• Quarterly Report on Directors' Training, Directorships and Summary of Dealings outside Closed Period</li> <li>• Report from AC and GNRC</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 FYE2020</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>• 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>• CIMB Niaga Recovery Plan Update</li> <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>• Forward23 – Strategy</li> <li>• Annual Insurance Programme Renewal</li> <li>• Touch &amp; Go related matters</li> <li>• Sustainability Framework, Policy and Progress including coal exit</li> <li>• FYE 2020 Group Forecast</li> <li>• COVID-19 Impact Analysis and Risk Updates</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>14 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>• Annual Performance Review for Group Corporate Assurance Division (GCAD) and Group Chief Internal Auditor</li> <li>• GCAD's KPIs for 2020</li> <li>• Group Chief Internal Auditor and Direct Reports KPIs for 2020</li> </ul>

## Corporate Governance Overview Statement

### **AC (continued)**

<b>Main Areas of Oversight</b>	<b>Number of meetings in 2020</b>
	<ul style="list-style-type: none"> <li>• Two meetings with External Auditors without the presence of Senior Management</li> <li>• Documents pertaining to Annual Report 2019</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 updates</li> <li>• Reappointment of External Auditors</li> <li>• GCAD's Annual Audit Plan</li> <li>• GCAD's 2020 Mid-year Review Plan</li> <li>• Audit and Non-Audit Services provided by PwC</li> <li>• Review of Performance Management System</li> <li>• Update on GCAD's Policy and Audit Charter</li> <li>• Updates on the Existing Guidelines for the Appointment and Re-appointment of CIMB Group External Auditors</li> <li>• Whistleblowing Investigation Policy and Investigation Process</li> <li>• GCAD's Key Strategic Projects</li> <li>• Cyber-security Review</li> <li>• Technology Audit Strategy &amp; Transformation Plan</li> <li>• COVID-19 Pandemic: GCAD's Response &amp; Action Plan</li> <li>• COVID-19 Pandemic: Impact on Business Strategy, Performance and Challenges</li> <li>• COVID-19 Update: Accounting Impact Arising from Implementation of Bank Negara Malaysia's Request to Provide Moratorium/Deferment Packages</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>Five meetings to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>• Risk Management Policies</li> <li>• Risk Appetite Dashboard</li> <li>• Risk Profile and Strategy</li> <li>• Risk Management Objectives</li> <li>• Economics position and updates</li> <li>• Compliance to Risk Posture</li> <li>• Demerit framework on Performance Ratings</li> <li>• Updates on Guidelines and Policy Documents Related to Outsourcing</li> <li>• Group Legal &amp; Compliance Reports</li> <li>• Compliance Work Plan for 2020</li> <li>• KPI Scorecard for Group Chief Risk Officer and Group Chief Compliance Officer</li> <li>• Annual Performance Review for Group Chief Risk Officer and Group Chief Compliance Officer</li> <li>• COVID-19 Risk Update</li> <li>• CIMB Group Business Continuity Management Policy</li> <li>• Credit review</li> </ul>

# Corporate Governance Overview Statement

<b>GROUP NOMINATION AND REMUNERATION COMMITTEE (GNRC)</b>	<b>Main Areas of Oversight</b>	<b>Number of meetings in 2020</b>
<p>Comprises seven Members of whom six Members (including the GNRC Chairperson), are Independent Directors</p> <p>All Members are Non-Executive Directors</p>	<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 and Senior Management</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 Plans</li> </ul>	<p>18 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, Group CEO/EDs, SOs and MRTs</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>• Appointment and resignation of Directors with Bank Negara Malaysia</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>• Succession Plan for SOs</li> <li>• Fit and proper assessment of Key Responsible Persons</li> <li>• Board Effectiveness Assessment Results</li> <li>• Review of CIMB Group Board Diversity Framework</li> <li>• Proposed compensation and remuneration for departure of former Group CEO in FYE 2020</li> <li>• Assessment of the potential candidates for the position of new Group CEO</li> <li>• Review of Framework for reduction of Board-related costs for FYE 2020</li> <li>• Review of Code of Conduct for Directors</li> <li>• Review of Annual Cap on variable benefits of Non-Executive Directors of CIMB Group Holdings Berhad</li> <li>• Reorganisation and Leadership Changes for CIMB Group</li> </ul>

## DESCRIPTION OF TRAINING AND EDUCATION PROVIDED TO THE BOARD DURING FYE 2020:

<b>List of training attended</b>	<b>Mode of training</b>	<b>Duration in day(s)</b>
<b>Accounting and Audit</b>		
MFRS 17: Insurance Contract Training	Seminar	1
Institute of Internal Auditors (IIAM): CAE Summit Virtual Event 2020 – Assurance in Real Time	Conference	1
<b>Capital Markets and Financial Industry</b>		
Bank Negara Malaysia (BNM)/Financial Institutions Directors' Education (FIDE) FORUM Annual Dialogue with Governor of BNM – Impacts of COVID-19 and other emerging trends on FIs and Stability	Forum	1
BNM/FIDE: COVID-19 and the Current Economic Reality Implication for Financial Stability	Seminar	1
Macquarie: ASEAN Conference 2020	Conference	1
Institute of Corporate Directors Malaysia (ICDM) - Virtual Board Meetings: Era of Social Distancing	Seminar	1
Securities Commission (SC): Budget Focus Group Discussion with the Ministry of Finance	Dialogue	1
ASEAN Central Bank Governors & Financial Institutions CEO's Dialogue	Dialogue	1

# Corporate Governance Overview Statement

## List of training attended

### **Capital Markets and Financial Industry (continued)**

Asia School of Business (ASB): How can the Integrated Policy Framework Benefit Emerging Economies  
 ASB: Patrick Honohan & Mar Guomundsson on Approaches to Financial Crisis  
 Red Money: IFN Asia On Air Forum  
 CIMB: Engagement session to discuss SC's Enhanced IPO Framework

### **Governance**

BNM/FIDE: Banking on Governance, Insuring & Sustainability  
 ICDM: Ask an Expert by Shai Ganu  
 ICDM: Inspiring Director Programme  
 HK Institute of Directors: New Normal for Board  
 Singapore Institute of Directors: Corporate Governance  
 MAICSA Conference: Governance Boardroom Dynamics and Integrity  
 Anti-Bribery and Corruption Education Session

### **Information Technology**

ICDM: Top 5 Strategies For Board Directors to Implement AI  
 ICDM: Cyber Kill Chain and Cybersecurity Capabilities  
 Asian Institute of Chartered Bankers (AICB): - Digital Banking, Malaysian Banks at a Crossroads  
 Securities Industry Development Corporation (SIDC): Blockchain, Applications and How It Can Safeguard Investors' Interest  
 SIDC: Cryptocurrency 101, its Challenges and Issues  
 FIDE: Elective Program - Understanding the Evolving Cybersecurity Landscape  
 FIDE: Digital Banking: Why Does It Matter?  
 FIDE: Digital Financial Institutions Series - Managing Virtual Banking & Insurance Business  
 FIDE: Digital Financial Institutions Series: FIDOR's Experience  
 FIDE: Managing Virtual Banking & Insurance Businesses  
 FIDE: Green Fintech: Ping An's Journey to becoming a Top ESG-Performing  
 PwC COVID-19 webinar: Cyber and economic crime: Fraudsters and cyber criminals, too, can work from home  
 EY: Cyber Crime training  
 ASB: Staying Ahead with Data Analytics  
 FireEye : Security Awareness Programme  
 CAT Telekom PCL: Security The Next Normal  
 Hong Kong Fintech Week 2020  
 SC: SCxSC Fintech Conference 2020  
 CIMB: Digital Bank Board Briefing  
 CIMB Thai: IT Security Awareness Forum

### **Islamic Banking**

BNM: Engagement Session with Deputy Governor, Rasheed on Islamic Finance Strategy  
 International Centre for Education in Islamic Finance (INCEIF): Training on Waqf  
 Islamic Finance News Roundtable Forum & Report 2020  
 Islamic Financial Services Board (IFSB) CEO's Forum: COVID-19 And Its Implications On Institutions Offering Islamic Financial Services  
 Islamic Banking and Finance Institute Malaysia: A conversation with Tan Sri Abdul Wahid  
 Young Corporate Malaysians (YCM): Role of Islamic Finance in Introducing Values to Mainstream Finance  
 Shariah Investing Virtual Conference 2020  
 11th SC-OCIS: Repurposing Islamic Finance For Longer Term  
 CIMB: Islamic Strategy Offsite

Mode of training	Duration in day(s)
Seminar	1
Conference	1
Forum	1
Seminar	1
Conference	1
Seminar	1
Seminar	1
Seminar	1
Workshop	1
Seminar	1
Seminar	1
Seminar	1
Forum	1
Seminar	1
Conference	1
Conference	5
Conference	2
Conference	1
Forum	1
Dialogue	1
Workshop	1
Forum	1
Forum	1
Dialogue	1
Conference	2
Others	1

# Corporate Governance Overview Statement

<b>List of training attended</b>	<b>Mode of training</b>	<b>Duration in day(s)</b>
<b>Leadership &amp; Strategy</b>		
Accountant General's Department of Malaysia - Leadership Sharing Session as Speaker	Conference	1
BNM/FIDE: Challenging Times: What Role Must the Board Play	Seminar	1
FIDE: Core Program Module A and Module B	Seminar	20
FIDE: Out think The Competition: Excelling in a Post COVID-19 World	Forum	1
FIDE: The Board Leadership in in Greening the Financial Sector	Forum	1
ICDM: How to be an Effective NED in a Disruption World	Seminar	1
ICDM: PowerTalk #11 - Preparing The Board for A Post-COVID World	Seminar	1
ICDM: Bounce Back Together II: Reimagine and Rebuild	Seminar	1
KPMG: INED Forum	Forum	1
Edotco: Group Strategy Day Forum	Forum	1
Prokhas: Leading With Integrity	Dialogue	1
ASB: Navigating the Pandemic: A Multispeed Recovery in Asia	Seminar	1
APEC Advisory Council: APEC CEO Dialogues 2020	Dialogue	1
Elkiem: High Performance Leadership Training sessions	Seminar	1
JP Morgan: Bank CEO's Conference	Conference	1
Business Foresight Forum (BFF2020) - Evolutionary Change to Revolutionary Impact	Forum	2
The Cambridge Institute for Sustainability Leadership: Leaders' Insights into Internal Integration and External Engagement	Seminar	1
The Cambridge Institute for Sustainability Leadership: Developing Leadership and Solution for a Sustainable Economy	Seminar	1
The Cambridge Institute for Sustainability Leadership: Business Model Innovation for a Circular Economy	Seminar	2
CIMB: INSEAD Leadership Programme (CLP) Cohort 8 (pitching session)	Workshop	1
<b>Risk Management</b>		
Oliver Wyman: Briefing on ALMA Remediation – Diagnostic Interview with Group & Banking Audit Committee	Seminar	1
Lee Hishammuddin: Corporate Liability for Corruption Offences: The Time Has Come, Are You Ready?	Seminar	1
FIDE: 4th Distinguished Board Leadership Series - Risk: A Fresh Look from the Board's Perspective	Forum	1
FIDE: HR in the 2020s: Culture Sculptor, Risk Manager and More	Conference	1
Shearn Delamore: Managing Legal Risks: Malaysia COVID-19 Roundtable	Seminar	1
Credit Guarantee Corporation Malaysia Berhad: Governance and Risk: An uncertain world, a riskier landscape	Seminar	1
CIMB: Briefing on RAROC, Capital and FRS9	Seminar	1
CIMB: Risk Posture Workshop	Workshop	1
AML/CFT & TFS: Compliance to protect business	Seminar	1
<b>Sustainability</b>		
ASB - A Balancing Act: Supporting your People & Business	Virtual	1
EY: Building Resilient Enterprise	Seminar	1
CIMB: The Cooler Earth Sustainability Summit 2020	Conference	10
UNEP FI: Plastic Disclosure Project Workshop	Workshop	2
UNEP FI and WWF: Sustainability Training for Directors	Seminar	1
Malaysian Sustainable Finance Initiative (MSFI) & Capital Market Markets Malaysia: A Commitment to Advancing Sustainable Finance	Seminar	1
ICDM: Increasing Regional Climate Resilience	Seminar	1
FIDE: The Board Leadership in in Greening the Financial Sector	Conference	3

## Corporate Governance Overview Statement

### **List of training attended**

#### **Others – Banking & Finance Related**

Bain & Co: Bain's Latest Perspectives on COVID-19  
 Bursa Malaysia: Corporate Reform and Performance Workshop Towards Development of Economic Recovery Plan  
 Deloitte: Economic Stimulus Package: What it means to you and your business  
 Crowe Malaysia: COVID-19 Impact and Response  
 KPMG: Firms and jobs most impacted by COVID Economics  
 CIMB ASEAN Research Institute (CARl): How Can ASEAN Bounce Back: China's Economic Trajectory & ASEAN  
 Invest Malaysia 2020: Powering Malaysia's Growth Engines  
 JP Morgan: Outlook 2020  
 Maybank Kim Eng: Economy Outlook - The Good, Bad, the Uncertain  
 Macquarie: Invest Malaysia  
 A Conversation with YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Finance, Malaysia  
 Malaysian Investment Development Authority (MIDA): Financing Facilities to assist SME Post MCO – "Weathering COVID-19 Perfect Storm"  
 Orbitas: Agriculture In The Age Of Climate Transitions  
 MIBA: Expectations for 2021 Post US Elections

<b>Mode of training</b>	<b>Duration in day(s)</b>
Workshop	1
Conference	1
Seminar	1
Conference	1
Seminar	1
Conference	1
Forum	1
Seminar	1
Seminar	1
Seminar	1
Conference	1

### **TIME SPENT ON TRAINING DURING FYE 2020:**

#### **Directors**

Datuk Mohd Nasir Ahmad  
 Teoh Su Yin  
 Robert Neil Coombe  
 Dato' Mohamed Ross Mohd Din  
 Dato' Lee Kok Kwan  
 Afzal Abdul Rahim  
 Didi Syafruddin Yahya  
 Shulamite N K Khoo (*appointed on 15 May 2020*)  
 Serena Tan Mei Shwen (*appointed on 30 September 2020*)  
 Dato' Abdul Rahman Ahmad (*appointed on 10 June 2020*)  
 Ahmad Zulqarnain Che On (*resigned on 30 June 2020*)  
 YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz (*resigned on 9 March 2020*)

<b>Time Spent in day(s)</b>
17
16
5
15
9
4
17
17
4
17
–
–

# Corporate Governance Overview Statement

The Board has also established a Code of Conduct which is 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. In addition, the Board has also adopted a Code of Conduct for Directors that sets out the fundamental guiding principles and standards for Directors to carry out their duties. This Code applies to all the Directors of CIMB Group and is primarily based on the five fundamental principles of competence, integrity, fairness, confidentiality and objectivity as recommended by the Code of Ethics for the Financial Services Industry published by Financial Services Professional Board (FSPB).

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 continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions.

The Board currently comprises ten Directors, seven male and three female, of whom seven 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.

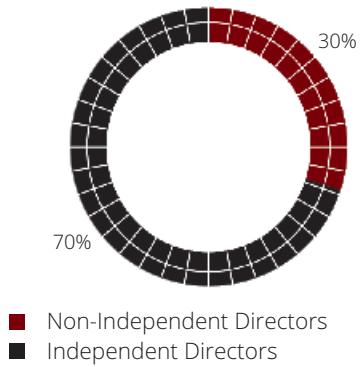
CIMB welcomed two new directors to the Board in FYE 2020. On 15 May, Shulamite N K Khoo joined the Board as Independent Director while Serena Tan Mei Shwen joined the Board as Non-Independent Director on 30 September. Serena replaces Ahmad Zulqarnain Che On who resigned from the Board on 30 June 2020 as Khazanah Nasional Berhad's representative, having served on the Board as Non-Independent Director since November 2017.

CIMB also welcomed the appointment of Dato' Abdul Rahman Ahmad as the new Group Chief Executive Officer/Executive Director on 10 June 2020. Dato' Abdul Rahman succeeds YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz who resigned from the Group on 9 March 2020 following his appointment as Malaysia's Finance Minister. YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz had served on the Board as Group Chief Executive Officer/Executive Director since February 2015.

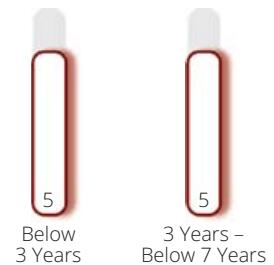
During the transition period from 10 March to 9 June 2020, the Board appointed Omar Siddiq as the Officer-in-Charge to maintain the momentum of CIMB's performance in addition to prioritising the need to preserve the morality of the staff members at CIMB as well as managing CIMB's risk profile.

During FYE 2020, 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 that limits an Independent Director's tenure of service to a maximum of nine years.

## Board Composition of Directors



## Board Member's Tenure



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

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

# Corporate Governance Overview Statement

The Board has also established the Board Diversity Framework that is applicable to all the Directors of CIMB Group. The Framework sets out the principles on diversity on the Boards that can be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. The five key principles to be considered are independence, skills and experience, gender, cultural background and age, to ensure that CIMB Group may benefit from all available talent. The Policy is available on CIMB website.

In addition, the behaviours likely to be demonstrated by potential Non-Executive Directors will also be considered by the GNRC during interview sessions for new appointments to ensure that an environment in which challenge is expected, achieved and maintained in the boardroom.

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 recommendations 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.

Pursuant to CIMB's Annual Evaluation Manual as well as BNM's Corporate Governance Policy document, the Board had appointed Willis Towers Watson to conduct the Board Effectiveness Assessment (BEA) for FYE2019. The exercise was undertaken on the Boards and Board Committees of CIMB, CIMB Bank Berhad (CIMB Bank), CIMB Islamic Bank Berhad (CIMB Islamic) and CIMB Investment Bank Berhad (CIMB Investment Bank). A comprehensive approach was adopted to assess the Boards, Board Committees and its Directors where the exercise included both quantitative and qualitative assessments. Feedback were also gathered from selected Senior Management Members to lend further perspectives on the effectiveness of the Boards, Board Committees and the individual Directors. Based on the

assessment exercise, the Board of CIMB was broadly effective in discharging their roles. The exercise had also identified the following areas of strength and areas for improvement:

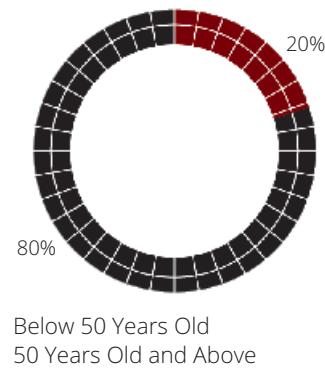
## (i) Areas of strength

- Diversity on the Board
- Effectiveness of the Board Committees in assisting the Board in carrying out its role and responsibilities
- Boardroom culture and dynamic promotes an open environment for deliberations and decision-making
- Chairpersons are collaborative and supportive and are highly ethical leaders
- Directors are effective in adhering to rules and regulations
- Directors are collaborative and supportive of their peers and Management Team

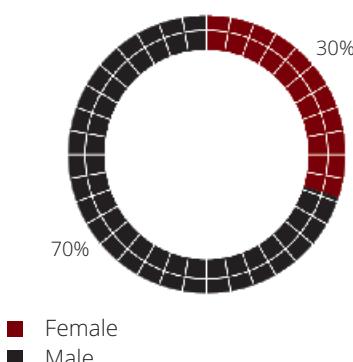
## (ii) Areas for improvement

- To give greater focus on strategic matters
- To improve the Board processes such as agenda-setting and scheduling of meetings
- To be more critical by probing and communicating feedback, red flags and concerns

**Age Diversity**



**Gender Diversity**



**Board Members' Nationality**



**Board Members' Industry/Background Experience**



# Corporate Governance Overview Statement

## REMUNERATION

The Board delegates to the GNRC the responsibility to set the overarching principles, parameters and governance framework relating to the Group's remuneration matters. These have been documented in the CIMB Group Directors' Remuneration Framework and 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, Chairperson's Premium and Meeting Fees of the Board are derived, as follows:

- Comparison against CIMB's industry peers;
- BNM FIDE Forum Directors' Remuneration Report 2015 formula; and
- Back testing the data against closest peers.

The implementation of the Framework has been approved by the Shareholders at 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. The framework also serves to attract and retain Directors who have the desired experience and skills from various sectors.

CIMB has established the Framework as follows:

CIMB Group Holdings Berhad		Retainer Fees (per annum)	Chairperson's Premium (per annum)	Meeting Fees (per meeting)
Board	Chairperson*	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 and Remuneration Committee	Chairperson	N/A	100,000	5,000
	Member	N/A	N/A	5,000

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

Recognising escalating costs and In view of the ongoing pandemic, the Board had agreed in 2020, on temporary basis, to reduce the Retainer Fees and Chairperson's Premium for CIMB Group Directors by 10% and Meeting Allowance by 20%, which took effect on 1 June 2020. Thereafter, the Board would reassess the effectiveness of these temporary measures at the end of June 2021.

## Corporate Governance Overview Statement

The remuneration payable to the Directors by CIMB Group in 2020, are as follows:

### CIMB

Directors	Fees (RM'000)	Chairperson's Premium (RM'000)	Meeting Allowance (RM'000)	Benefits-in- kind (RM'000)	Salary and Remuneration (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>						
Datuk Mohd Nasir Ahmad	158	475	249	35	–	917
Teoh Su Yin	158	94	241	–	–	493
Robert Neil Coombe	158	94	182	–	–	434
Dato' Mohamed Ross Mohd Din	158	94	251	–	–	503
Dato' Lee Kok Kwan	158	–	107	–	–	265
Afzal Abdul Rahim	–	–	–	–	–	–
Didi Syafruddin Yahya	158	–	162	–	–	320
Shulamite N K Khoo <i>(appointed on 15 May 2020)</i>	94	–	60	–	–	154
Serena Tan Mei Shwen <i>(appointed on 30 September 2020)</i>	38	–	44	–	–	82
Ahmad Zulqarnain Che On <i>(resigned on 30 June 2020)</i>	83	–	103	–	–	186
<b>Executive Directors</b>						
Dato' Abdul Rahman Ahmad <i>(appointed on 10 June 2020)</i>	–	–	–	–	–	–
YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz <i>(resigned on 9 March 2020)</i>	–	–	–	–	–	–

### CIMB GROUP

Directors	Fees (RM'000)	Chairperson's Premium (RM'000)	Meeting Allowance (RM'000)	Benefits-in- kind (RM'000)	Salary and Remuneration (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>						
Datuk Mohd Nasir Ahmad	348	648	482	35	–	1,513
Teoh Su Yin	158	94	241	–	–	493
Robert Neil Coombe	158	94	182	–	–	434
Dato' Mohamed Ross Mohd Din	290	225	393	46	–	954
Dato' Lee Kok Kwan	300	–	229	–	–	529
Afzal Abdul Rahim	–	–	–	–	–	–
Didi Syafruddin Yahya	720	–	632	–	–	1,352
Shulamite N K Khoo <i>(appointed on 15 May 2020)</i>	94	–	60	–	–	154
Serena Tan Mei Shwen <i>(appointed on 30 September 2020)</i>	179	–	163	–	–	342
Ahmad Zulqarnain Che On <i>(resigned on 30 June 2020)</i>	83	–	103	–	–	186
<b>Executive Directors</b>						
Dato' Abdul Rahman Ahmad <i>(appointed on 10 June 2020)</i>	–	–	–	4	2,405	2,409
YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz <i>(resigned on 9 March 2020)</i>	–	–	–	2	590	592

# Corporate Governance Overview Statement

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 RM1,009,050.

## 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 CIMB's remuneration programmes. Three key principles of CIMB's Remuneration Policy are as follows:

Principle	Purpose	Approach
Strong governance	To ensure strong and independent oversight of the remuneration system	<ul style="list-style-type: none"><li>Oversight and review by GNRC</li><li>Guided by input from control functions, AC and BRCC</li></ul>
Appropriate assessment of performance	To support a performance based culture which promotes prudent risk-taking and long-term sustainability	<ul style="list-style-type: none"><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 claw back arrangements in variable remuneration schemes</li></ul>
Market competitiveness	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 CIMB operate</li></ul>

## COMPONENTS OF REMUNERATION

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

Principle	Purpose	Approach
Fixed	Consists of base salary and fixed allowances	<ul style="list-style-type: none"><li>Determined based on skills, competencies, responsibilities and performance of the employee, taking into consideration market competitive levels</li></ul>
Variable	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</li><li>Based on a selection criterion, 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>

# Corporate Governance Overview Statement

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

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

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

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

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

## MEASUREMENT OF PERFORMANCE

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

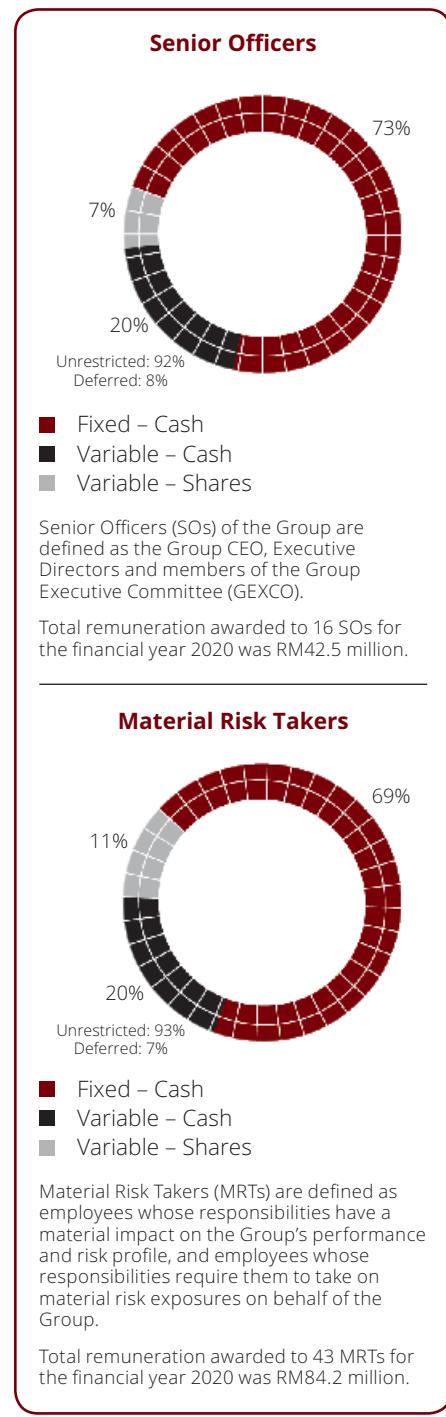
Variable remuneration of each individual employee is then determined based on individual assessment and the adequacy of bonus pool allocated to the business unit/ function to which the individual belongs. Variable remuneration of the individual may also be adjusted based on accountability of audit and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

## SENIOR OFFICERS AND MATERIAL RISK TAKERS

### SUMMARY OF 2020 REMUNERATION OUTCOME

Breakdown of remuneration awarded to Senior Officers and Material Risk Takers for 2020:



# Corporate Governance Overview Statement

**TABLE 1: GUARANTEED BONUSES, SIGN-ON BONUSES AND SEVERANCE PAYMENTS**

Category	SOs (RM'000)	MRTs (RM'000)
Number of guaranteed bonuses	–	–
Number of sign-on bonuses	2	1
Number of severance payments	–	–
<b>Total amount of above payments made during the financial year 2020</b>	<b>281</b>	<b>96</b>

**TABLE 2: BREAKDOWN OF DEFERRED REMUNERATION**

Category	SOs (RM'000)	MRTs (RM'000)
Total amount of outstanding deferred remuneration		
• Cash	1,944	3,240
• Shares	34,378	40,229
Total amount of deferred remuneration paid out during the financial year		
• Cash	165	506
• Shares	15,212	18,477
Outstanding deferred remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	100%	100%
• Reductions in current year due to ex-post adjustments (explicit)	–	–
• Reductions in current year due to ex-post adjustments (implicit)	–	–
Outstanding retained remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	–	–
• Reductions in current year due to ex-post adjustments (explicit)	–	–
• Reductions in current year due to ex-post adjustments (implicit)	–	–

- Examples of explicit ex-post adjustments include malus, claw backs 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)
Dato' Abdul Rahman Ahmad (appointed on 10 June 2020)	Fixed remuneration	1,671	–	1,671
	Variable remuneration			
	• Non-deferred	531	–	531
	• Deferred	–	203	203
	<b>Total remuneration award for financial year 2020</b>	<b>2,202</b>	<b>203</b>	<b>2,405</b>
YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz (resigned on 9 March 2020)	Fixed remuneration	590	–	590
	Variable remuneration			
	• Non-deferred	–	–	–
	• Deferred	–	–	–
	<b>Total remuneration award for financial year 2020</b>	<b>590</b>	<b>–</b>	<b>590</b>

## Corporate Governance Overview Statement

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### AUDIT COMMITTEE

The 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 Chairperson of the AC has 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 Auditors. 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.

#### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant of its overall responsibility and oversight of CIMB's system of internal controls 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 controls and risk management. Whilst it is not possible to completely eliminate risks of failure in achieving CIMB's objectives, the system of internal controls 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 BRCC is responsible for formulating and reviewing the risk management policies and risk appetite of CIMB. The BRCC also provides oversight and advice to the Board and Management in respect of the management of compliance risk. 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 AC reviews the effectiveness of internal controls, risk management processes and governance within the Group.

GCAD reports independently to CIMB's AC and provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, controls and governance processes implemented by 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. Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by Management on corrective actions are closely monitored and undue delays have to be 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. As at 31 December 2020, GCAD has a staff strength of 340 individuals from diverse backgrounds and qualifications.

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

#### CONDUCT OF GENERAL MEETINGS

The Board ensures that Shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM. The AGM Notice includes details of the resolutions proposed, along with any relevant information and reports. CIMB held its 63rd AGM on 30 June 2020 with the Notice and Agenda of the AGM delivered to the Shareholders on 2 June 2020, 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 63rd AGM was held fully virtual as per the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers (Guidance Note) issued by the Securities Commission Malaysia.

The 63rd AGM was attended by all Directors, Management and 516 Shareholders as the Attendance List. 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 63rd AGM were recorded in the minutes of the meeting and made available within two weeks after the meeting on CIMB's website at [www.cimb.com](http://www.cimb.com).

CIMB has leveraged technology to facilitate greater shareholders' participation and enhance the proceedings of General Meetings. Resolutions during the 63rd AGM were arrived at via online electronic poll voting to enable all Shareholders to cast their votes. The Share Registrar, Boardroom Share Registrars Sdn Bhd, acted as the Poll Administrator to conduct the online electronic polling process and Messrs Deloitte was appointed as the Scrutineer to verify the poll results.

### SUMMARY

The Board considers that CIMB has complied and applied the Principles of the MCGC in 2020, except for Practice 7.2 (The remuneration of Top-5 Key Senior Management)

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 7.2

The Board has decided not to disclose, on a named basis, the top five senior management's remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. The Board believes that disclosure of key executives' remuneration is neither to CIMB's advantage nor in its business interests, given the sensitive nature of such information and the fierce competition for talent in the banking industry.

Across the Group, CIMB currently discloses the remuneration of the top four 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

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 24 February 2021.

For further information on the application of the practices encapsulated in the Principles of MCGC 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 2020 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 2020, the Group has collectively issued the following instruments:

### (A) IDR1,000,000 MILLION BONDS

On 27 March 2020, CIMB Niaga issued IDR1,000,000 million bonds. The bonds are divided into 3 series. Nominal value of 1-year Series A Bond, 3-year Series B Bond, and 5-year Series C Bond amounted to IDR322,000 million, IDR287,000 million, and IDR391,000 million respectively, with fixed interest rate of 5.80%, 7.00% and 7.25% per annum respectively.

### (B) SUBORDINATED LOANS 2020/2030 USD10 MILLION

On 23 March 2020, CIMB Bank PLC issued USD10 million subordinated loan which qualified as Tier II capital for CIMB Bank PLC. The subordinated loan was issued as a single tranche at a fixed rate of 3.45% per annum, with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The subordinated loan was subscribed by CIMB Bank.

### (C) SUBORDINATED DEBTS 2020/2025 RM2.5 BILLION

On 12 November 2020, the Company issued RM2.5 billion 10 years non-callable 5 years Tier II Subordinated debts bearing a fixed rate coupon of 3.15% per annum, payable on a semi-annual basis. The proceeds from the issuances were used to subscribe to AT1 Capital Securities issued by CIMB Bank, based on similar terms.

### (D) SUBORDINATED DEBTS 2020/2025 RM550 MILLION & SUBORDINATED DEBTS 2020/2030 RM200 MILLION

On 3 December 2020, the Company issued RM550 million perpetual non-callable 5 years Additional Tier I Capital Securities and RM200 million perpetual non-callable 10 years Additional Tier I Capital Securities

bearing a fixed rate coupon of 3.60% per annum and 4.00% per annum respectively, payable on a semi-annual basis. The proceeds from the issuances were used to subscribe to AT1 Capital Securities issued by CIMB Bank, based on similar terms.

### (E) MEDIUM TERM NOTES ("MTN") RM600 MILLION

On 3 April 2020, the Company issued RM600 million 5-year MTN which will mature on 3 April 2025. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

### (F) MTN RM350 MILLION

On 12 June 2020, the Company issued RM350 million 3-year MTN which will mature on 12 June 2023. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

### (G) RM200 MILLION PERPETUAL PREFERENCE SHARES

On 30 January 2020, CIMB Islamic issued RM200 million Basel-III compliant Additional Tier I Perpetual Preference Shares which was subscribed by CIMB Bank. The issuance was approved by CIMB Islamic's shareholder and BNM on 19 November 2019 and 26 December 2019 respectively.

The proceeds raised from the corporate proposal will be used for working capital, general banking and other corporate purposes, as intended.

## 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 PLT and its affiliates amounted to RM2,533,000 for the Group and RM168,000 for the Company.

## 7. VARIATION IN RESULTS

There were no material variations in results for the financial year ended 31 December 2020 from the unaudited results released on 26 February 2021.

## 8. PROFIT GUARANTEE

The Group did not receive any profit guarantee during the financial year ended 31 December 2020.

## 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 53 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 the Audit Committee, which have been delegated with primary oversight responsibilities on the Group's risk management and internal control systems. 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 control and risk management.

The risk management and internal control systems are designed to manage risk exposures within the risk appetite set by the Board to achieve the Group's business objectives. The systems provide reasonable 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 control systems and processes is conducted to ensure its viability and robustness.

## MANAGEMENT RESPONSIBILITY

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 (Group CEO) and Group Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control systems are 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) 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. GCAD provides audit opinion based on 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, potential secrecy breach, and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

# Statement on Risk Management and Internal Control

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 Internal 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 from other divisions and external training provides for both classroom and on-the-job training. GCAD also complies and tracks the requirement on Certification of Banking Auditors (CBA) as imposed by Asian Institute of Chartered Bankers (AICB). As of December 2020, 48% of auditors currently possess the Certification for Bank Auditor (CBA) qualification by the AICB.

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 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 report for the last assessment was issued in 2018 by a top 3 accounting firm in Malaysia and the next assessment will be undertaken by 2022.

## AUDIT COMMITTEE (AC)

CIMB Group AC comprises three independent 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 Directors. The responsibility of the Banking Group AC is limited to CIMB Bank, CIMB Islamic Bank and CIMB Investment Bank and their subsidiaries. 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 adversely 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.

## RISK MANAGEMENT AND CONTROL FRAMEWORK

The Board recognises that sound risk management and internal control are integral parts of CIMB Group's business, operations and decision-making process, 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 its management with tools to anticipate and manage both the existing and potential risks, taking into

# Statement on Risk Management and Internal Control

consideration the changing risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

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 line-of-defence, is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risk through effective controls. 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 Corporate Assurance Division, 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.

## • 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 (GRCC).

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.

### • 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 & Resiliency Risk Committee; Group Asset Liability Management Committee; and Group Asset Quality Committee, with each committee providing oversight and responsibility for specific risk areas, including credit risk, market risk, operational risk, liquidity risk and others.
- Similar risk committees 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. Therefore, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across CIMB Group where local regulations permits. 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.

## Statement on Risk Management and Internal Control

### • 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), 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 and the respective local entity Boards, to the extent permitted by the regulations of the local jurisdictions.

GLC's responsibilities include identifying, assessing and monitoring the compliance risk associated with the business and support units or entities; and advising 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 controls 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 on compliance with regulatory requirements. 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/standards with appropriate mechanisms and tools 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 is committed to ensuring that it fulfils its regulatory and social responsibility to help combat financial crime. As money laundering, terrorism and proliferation financing risks continue to evolve, regulatory focus on banks' financial crime controls continue to increase.

The Boards of Directors and Senior Management have clear accountability, roles and responsibilities in the oversight, implementation and management of its financial crime compliance program, ensuring that CIMB Group adopts a robust anti-money laundering, and counter-financing of terrorism framework, as well as a sanctions program to comply with all applicable sanctions requirements in the jurisdictions in which it operates. We conduct robust due diligence prior to commencement of business relationships, during transactions and on a periodic basis, to ensure that criminals do not launder money or commit other financial crimes through our products and services. All colleagues receive financial crime compliance training, and are made fully aware of their roles and responsibilities. A failure by colleagues to comply with CIMB Group policies and procedures on financial crime compliance may lead to disciplinary action, up to and including dismissal.

CIMB Group continues to invest in its capabilities in combating financial crime. We continuously review our policies, processes and systems to ensure that we comply with the requirements all relevant laws and regulations, as well as adopting industry best practices, across the jurisdictions in which we operate. We continue to enhance and develop our systems capabilities, through the application of advanced algorithms or analytics, artificial intelligence and machine learning technology to improve and increase the effectiveness of our detection, monitoring and reporting of financial crime.

# Statement on Risk Management and Internal Control

## • 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 refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage which the Group may suffer arising from failure to comply with Shariah requirements as determined by Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and Securities Commission (SC), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act (IFSA); decisions or advice of Board Shariah Committee (BSC); or other Shariah regulatory authorities of the jurisdiction in which the Group operates.

The Shariah Risk Management Policy (SRMP) has been revised in 2020 to incorporate provision in Shariah Governance Policy Document (SGPD) issued by BNM that took effect from 1 April 2020. The SGPD outlines BNM's strengthened expectations for effective Shariah governance arrangements that are well-integrated with business and risk strategies of the Islamic financial institutions. For example, the SGPD sets out strengthened oversight accountabilities on the board, BSC and control functions involved in the implementation of Shariah governance including Shariah risk management (SRM) function. In addition, BNM introduced new definition of SNC risk that should be incorporated in the SRMP.

In order to facilitate BUs/BEs in identifying inherent SNC risk in their areas, in particular at the product development stage, another five Shariah Contract Checklist have been developed during the year namely Bai As Sarf, Kafalah, Qard, Wakalah and Rahn. These checklists must be completed and attached to New Product Approval template to ensure SNC risk is adequately addressed.

In addition, the Risk Appetite Statement (RAS) and Impact Classification Matrix (ICM) pertaining to SNC risk have been revised to facilitate better reporting to the Management and Board as well as to effectively monitor SNC risk profile. The RAS and ICM are more granular now. This is in line with the general objective of Shariah, i.e., to promote common benefit and prevent harm. In CIMB context, the objective of Shariah compliance is to ensure that Islamic business transactions and practices are free from elements prohibited by Shariah. Hence, it would give benefit to the Group, ensure that all income are Shariah compliant and Islamic banking business will continue to grow. In this regard, all the necessary precaution steps should be taken to ensure Shariah compliance in Islamic banking business. Shariah could tolerate genuine mistake for the first time it is occurred but it could not tolerate if the same mistake is repeated during short period of time.

The PSNC Committee comprises representative from BSC, Shariah & Governance (S&G) and Shariah Review CoE, who are regarded as the Qualified Shariah Officer (QSO) has been develop to determine whether an event is Potential SNC (PSNC) event and to recommend the rating for PSNC events to BSC. The factor to be considered in recommending the rating for PSNC event is purely based on Shariah breach, as we have other rating on financial, customer, reputation, people and regulatory.

The Group's Loss Event Data (LED) recording system has been enhanced where RCO or DCORO that report operational loss event are required to evaluate whether that event has Shariah implication. This would ensure that BU/BE always think of Shariah requirement and SRM can gauge their level of awareness based on the percentage of the correct judgment that they have made.

## • SHARIAH REVIEW

The Shariah review function is carried out by Shariah Review & Assurance Centre of Excellence ("SRA CoE") of Islamic Banking Compliance in line with the Bank Negara Malaysia ("BNM")'s Shariah Governance Policy Document ("SGPD") 2019. SRA CoE's main role is to conduct regular end-to-end assessment on the compliance of the operations, business, affairs and activities of CIMB Group with Shariah and Islamic regulatory requirements.

SRA 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 SGPD. The SRA CoE is staffed by qualified Shariah officers who are also qualified to undertake compliance function responsibilities and possess sound understanding of the relevant Shariah requirements.

The SRA 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.

## Statement on Risk Management and Internal Control

In ensuring that the activities and operations of CIMB Group are Shariah-compliant, SRA 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 ("the Board"). In addition, SRA CoE conducts investigations on issues escalated by the stakeholders to determine potential Shariah non-compliance and performs ad-hoc reviews as required from time to time by the regulators, BSC and/or the Board.

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 Islamic banking business are under the purview of 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 the Islamic banking business operations, as well as ascertain a 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 Bank Negara Malaysia's Shariah Governance Policy Document.

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 19 auditors who have completed CQIF, 2 completed IQIF and another 4 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 and a coordinator of the overall Shariah governance to all Islamic business within CIMB Group. It acts as the intermediary between the Islamic business units and the BSC. The Shariah Advisory & Governance department also serves as the Secretariat to the Shariah Committee as well as providing Shariah related training across CIMB Group.

In performing the functions, the department had established the Shariah Advisory and Board Shariah Committee Secretariat Policy and Procedure which outline the

overarching Shariah requirements governing the implementation, the operationalisation and the conduct of Islamic financial business within CIMB Group.

In line with the Shariah Governance Policy Document ("SGPD") issued in 2019 by Bank Negara Malaysia ("BNM"), the policies and/or procedures from the respective Shariah organs within the Group serves as a solid platform for effective Shariah governance arrangements and processes that commensurate with business and risk strategies as required by BNM. The implementation of the Shariah governance is effected through the following functions:

- a) Shariah Advisory;
- b) Shariah Review;
- c) Shariah Risk Management;
- d) Shariah Audit.

The Shariah Advisory and Governance department facilitates the implementation of Shariah Advisory 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 ADVISORY

The Shariah Advisory function is undertaken by the Shariah Advisory & Governance department which comprises qualified Shariah officers who conduct the pre-product approval process, advisory, research, validation of issues for submission to the BSC. This unit is divided into two functions:

#### • RESEARCH

Responsible for performing in-depth research and studies on Shariah issues as well as establishing Shariah opinions for all product and business proposals to be submitted to the BSC for approval.

# Statement on Risk Management and Internal Control

## • ADVISORY

Responsible for providing day-to-day Shariah advice and consultation to the business and support units based on the decision of the BSC as well as reviewing documentation to ensure consistency with Shariah requirements.

Additionally, Advisory and Research functions are supported by the Shariah Governance and Secretariat Unit which 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 the Secretariat to the 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 the relevant stakeholders; and undertaking administrative and secretarial functions to support the BSC. In addition to that, the function is also responsible in engaging with the relevant parties who wish to seek further deliberation of Shariah issues from the BSC.

The responsibility of this function also includes coordinating submission of proposals to the CIMB Group Nomination and Remuneration Committee, the Board of CIMB Islamic and Bank Negara Malaysia on the appointment and reappointment of the BSC members.

## • GOVERNANCE

Responsible as the 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.

## • GROUP EXECUTIVE COMMITTEE

The Group Executive Committee ("GEXCO") is established to:

- Review and make decisions on key financial and strategic matters including capital and principal investments;
- Review and make key financial decisions on all credit and underwriting matters;
- Review and make decisions on cultural transformation exercise; and

- Provide management oversight over CIMB Group's businesses on key operational matters, for CIMB Group Holdings Berhad and its subsidiaries (CIMB Group entities).

The GEXCO provides oversight of Management Response to Risk and Compliance Issues including:

- To deliberate and assist in the formulation of the Group CEO's response to risk and compliance issues escalated to the attention of GEXCO; and
- To monitor management actions with regards to improvements to the control environment to manage risk events and compliance breaches tabled.

The GEXCO's role in relation to the Strategic Risk Management Framework (SMRF) includes:

- To review, approve and/or recommend all major and key strategic matters;
- To provide guidance and/or endorse risk mitigation plans to address strategic risk identified; and
- To appraise the Business Units on the extent of strategic risk and projected impact on expected earnings and capital.

The GEXCO members are responsible to ensure that the Group is well run and delivers the outcomes, which have been set by the Group CEO.

The GEXCO monitors management actions with regard to improvements to the control environment, to manage risk events and compliance breaches tabled. In the event of a crisis, the GEXCO will be activated as the Group Crisis Management Committee.

# Statement on Risk Management and Internal Control

- **INTERNAL POLICIES AND PROCEDURES**

Operational procedures, on the other hand, are approved by CIMB Group Policy & Procedure Oversight Committee (GPOC) for implementation. The approved policies and procedures are broadcasted on Sync-Up. Reviews and updates are required to be performed regularly on approved policies and procedures with the intent to ensure continuous improvements in operational efficiency while taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services.

- **PERFORMANCE REVIEW**

On an entity-specific basis, the Boards of CIMB and its major subsidiaries are regularly apprised of key financial and operating statistics, including legal and regulatory matters for deliberation and where necessary, to instruct that prompt actions are taken to resolve issues in a timely manner.

With respect to reporting at a division-specific level, each core division presents its respective performance report at the monthly GEXCO 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 GEXCO will discuss pertinent issues, strategy and corrective or improvement measures to be implemented, if required.

In 2020, new Business Review Committees for countries and business divisions have also been established to:

- Review the performance and key strategic matters of the respective countries' entities and business divisions;

- Track and measure the performance of core programmes against the agreed strategies and roadmap; and
- Provide regular feedback and ensure timely course corrections.

The Business Review Committees report directly to the Group Executive Committee and Group CEO on all matters and are chaired by the Group CEO and comprises selected members of Senior Management.

- **INFORMATION TECHNOLOGY RISKS**

Information Technology is a critical pillar in enabling the business to realise its digital and growth strategies while ensuring our digital assets, especially data, are secure from both external and internal threats. The programs launched in 2019 continued momentum across 2020 and were recalibrated to align with revisions to the group strategic focus areas. We continue to strengthen our Technology & Cyber Risk Management practices under the Enterprise-Wide Risk Management (EWRM) Framework, in alignment with the Bank Negara Risk Management in Technology (RMiT) Policy which took effect from 1 January 2020, with enhancements to the Technology Risk Management Framework covering business and technology drivers around people, processes and technology.

The unprecedented challenges brought on by the COVID-19 Pandemic resulted in a renewed focus and approach to deliver services to our customers from an end-to-end perspective. During this time, our priority was on protecting the stability of the Bank's critical operations and supporting our customers. To enable our teams to prioritise customer support, we made adjustments to project delivery timelines for non-essential projects, whilst investments around regulatory commitments and building resiliency around critical services continued or was accelerated.

COVID-19 has also brought about a global increase in cyber crime as cyber criminals seek to exploit vulnerabilities and potential weaknesses. As we continue to improve and transform the technology infrastructure, we remain very focused on ensuring resiliency of the technology services underlined with close monitoring of threats by our dedicated Cyber Security Defense Centre and Threat Monitoring & Intelligence unit. The COVID-19 pandemic and the related movement controls have resulted in a large proportion of our staff to be working remotely from home (WFH). We implemented infrastructure changes to increase the reliability and speed of remote working operations for critical functions to enable staff to operate securely and efficiently. Security monitoring of networks and end-points have also been stepped up. Our key focus has been on educating staff and customers on the danger of cyber threat activities.

- **CODE OF ETHICS**

Further to its introduction in January 2017, the Bank continued to emphasise the adherence of the Code amongst its staff. In addition to various internal awareness programmes, the Code is also emphasised through disciplinary action for incidence of breaches of the Code.

- **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.

# Statement on Risk Management and Internal Control

Group Human Resource updates employees of changes to policies and procedures via email messages/memoranda. These policies and procedures are also easily accessible by all employees via CIMB Group's intranet portal, for employees to refer to at their convenience.

## • PEOPLE DEVELOPMENT

As part of the continuous efforts to strengthen our talent development and succession management, a new talent assessment framework focusing on succession readiness and general leadership has been introduced. The new framework aims at strengthening our talent and succession bench strength through external validation, standardising the approach across the Group while acting as a catalyst to drive data driven decision-making.

In addition, the succession planning process has also been strengthened through the introduction of the success profile framework. This framework outlines a prioritised set of key experiences, skills, competencies, and traits that are anchored around the strategic vision of the organisation and the demands of the role in its current and future state. Both the success profile and assessment framework when used in tandem, provides more rigour in terms of fitting the right talent to the right role; aligning aspirations and job requirements.

Initiatives have been put in place to strengthen risk culture across the Group through proactive and relevant engagement with stakeholders and employees. Various employee engagement activities such as lunch & learn talk series and town halls were set up to not only enhance staff's engagement but also increase cross-functional knowledge sharing on the area of risk. Efforts are continued to develop and attract talent required for the future, for instance, a future data scientist certification programme was rolled out to build a strong pool of

talents from across the region, as the Group embarked on several transformational journeys to support business growth in the area of risk related advanced analytics and decision automations. Continuous education were also provided to staff with various risk training conducted for staff across business segments including cyber security risk programmes, retail and non-retail risk training, and AML role-based training for identified Consumer Banking and Commercial Banking staff.

In our efforts to future-proof our workforce to stay relevant in the 4th Industrial Revolution and to enable them to drive the organisation's digital strategies, we have continued to roll out initiatives under Future of Work (FoW). FoW aims to elevate the digital literacy of our workforce regionally through the 3D (Digital, Data, Design) Academy. Some of the key initiatives include the launch of compulsory 3D learning via a gamified mobile-learning application to build the digital awareness amongst all our employees; and intensifying upskilling and reskilling efforts through the roll out of intermediate and advanced level of 3D programmes such as data science, AI, design thinking etc.

## • REMUNERATION

CIMB Group's remuneration philosophy aims to reinforce a pay-for-performance culture while ensuring appropriate risk-taking behaviour.

Governance is established 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 Risk Adjusted Return on Capital, which is

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.

## • CULTURE

GHR sought to reinforce and encourage the 3 Critical Behaviours amongst staff through a role-modelling campaign called "ABC Heroes". Once every two weeks, stories highlighting exemplary actions of staff demonstrating the ABC behaviours were featured in emails and internal Instagram accounts. The stories include discretionary efforts undertaken to improve customer experience in branches as well as examples of staff vigilance leading to customers being saved from potential scams. In light of COVID-19, GHR also optimised its new HRIS platform, Y.O.D.A., to make it easier for line managers and staff to recognise each other's skills as well as the 3 Critical Behaviours.

After piloting the "Have Your Say" mailbox in GHR end 2019, the initiative was rolled out to larger units in 2020 with the objective to provide an efficient mechanism and a safe space for staff to give suggestions and highlight concerns/issues both digitally and physically.

GHR had also worked alongside other departments in CIMB on staff connection and morale boosting initiatives to minimise the risk of burnout during the pandemic. A pulse survey was also conducted end May 2020 to gauge the sentiment of staff during the COVID crisis and to broadly understand the impact of the crisis on staff well-being, how they managed stress and coping with the new ways of working.

# Statement on Risk Management and Internal Control

## • WHISTLE BLOWING

The initiatives implemented in 2019 is carried through into 2020 with various avenues for parties (external parties, vendor, customer, stakeholders and staff) to whistle blow on issues for the attention of the management of the Bank through the available channels in CIMB Clicks, Sync Up and the Bank's Homepage. The policy was also updated to adopt some of the guiding principles sets out by the Financial Services Professional (FSP) Board and in view of the implementation of S17A MACC Act on anti-corruption and bribery where whistleblowing is one of the key measures required to be implemented.

## • ANTI-BRIBERY AND CORRUPTION

As one of the core values of CIMB Group is integrity, the Group firmly believes in acting professionally, fairly and with integrity in all business dealings and relationships. As such, in line with global best practices and good governance approach, the Anti-Bribery and Corruption Policy had been established in the Group for many years. With the implementation of S17A MACC Act coming into force in June 2020, the Group had conducted a due diligence and risk assessment to ensure the current policy complies with the provision of the Act. Further to this, the Policy was updated and additional processes put in place to ensure the Group conducts its business activities in full compliance with the provisions of the Act. This includes training employees to familiarise themselves on the Anti-Bribery and Corruption Policy through a mandatory e-learning programme once every two years.

The Board had approved the establishment of the Integrity & Governance Unit (IGU) in September 2020 to foster the principle of abhorring corruption, abuse of power and malpractices. The Board Risk & Compliance Committee (BRCC) was also delegated as the Independent Committee to provide oversight and

advice to the Board in respect of the management of Bribery and Corruption Risk.

## • BUILDING DIGITAL TALENT PIPELINE – THE COMPLETE BANKER DIGITAL (TCB DIGITAL)

In our effort to strengthen CIMB's digital talent pipeline and minimise talent gaps in technology which may lead to future operational risks, Group Human Resource has introduced a new programme code named TCB Digital. TCB Digital is a one-year graduate programme to groom, nurture and equip high potential fresh graduates with an active interest in technology to join our digital transformation journey to revolutionise the banking industry. The first cohort consists of 17 trainees started their journey in May 2020 and are currently serving at various departments.

## • BUSINESS CONTINUITY MANAGEMENT

BCM program is in place as part of our ongoing commitment in ensuring business resilience throughout our Group. Continuity of service to our customers, together with all the supporting business processes, is fundamental to meeting our business objectives. The Management is responsible to ensure enterprise-wide implementation of sound BCM practices as part of good corporate governance and prudent risk management.

We have put in place a sound BCM program aiming to deliver organisational resilience by ensuring that critical business process can continue or be recovered in a timely manner following a disruption and ensure the Group meets BCM statutory and regulatory responsibilities and that it adheres to accepted best practices.

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 Group BCM Steering Committee.

Regular reviews, re-assessments and updates for BCM documentations/plans have been conducted to ensure adequacy, effectiveness and relevance of the business recovery strategies. These plans are rehearsed and tested on a regular basis.

Our 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.

## • FRAUD RISK MANAGEMENT

Fraud risk is defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another.

Generally, fraud can be sub-divided into the following categories:

- External fraud: Any fraud committed by non-Staff, customer (first party fraud) or third parties. External fraud involves unexpected financial, material or reputational loss as the result of fraudulent action from third parties, customers, other members of the public or organised criminal groups, and known or unknown other third parties.
- Internal fraud: The use of one's occupation for personal enrichment through the deliberate misuse of the organisation's resources or assets. Simply stated, this type of fraud refers to fraud or suspected fraud perpetrated, aided or abetted by internal staff. In this type of fraud, a perpetrator of

# Statement on Risk Management and Internal Control

fraud engages in activities that are designed to defraud, misappropriate assets, or circumvent the regulations, law or policies of CIMB Group.

The Group Fraud Risk Management Framework was developed and endorsed in 2019 by Board Risk & Compliance Committee for a consistent approach and oversight to fraud risk management activities across all the divisions within the Group. The four key pillars of the framework are “Prevention”; “Monitoring/Detection”; “Handling/Response”; and “Recovery/Reporting”.

The Three Lines-of-Defence (LOD) each plays an important role to uphold CIMB Group’s core value and to ensure all fraud related cases/concerns/complaints received are investigated and escalated accordingly.

The key policies and procedures that govern and provide details on the management of fraud risk include the following:

- Group Fraud Risk Policy
- Group Fraud Risk Governance and Procedure

## SUSTAINABILITY

The Sustainability Governance Framework defines the roles and responsibilities of Board, Management and the rest of the organisation in fulfilling our aspiration to become a purpose-driven organisation to help advance customers and society. The Framework also aims to ensure that sustainability-related risks are effectively identified, assessed and managed in a timely manner, while improving transparency through disclosures and reporting to promote overall accountability. The Sustainability Governance Framework, including the sustainability operating model, risk framework, as well as policies and procedures, are regularly reviewed and strengthened to ensure continued relevance in view of emerging risks and evolving stakeholder priorities.

## • BOARD

The Board is the highest governance body accountable for CIMB’s sustainability strategy, our material Economic, Environmental, Social and Governance (EESG) issues, as well as opportunities and risks, including but not limited to climate risks. The sustainability-related roles and responsibilities of the Board are incorporated in the Board Charter. The Board Sustainability Sponsor is responsible for advising the Board and Management on sustainability strategy, sustainability integration, risks and advocacy.

Sustainability is also embedded in the roles and responsibilities of various Board Committees. The BRCC provides oversight and advice to the Board and Management in respect of Sustainability Risk, including climate change risk. The AC supports the Board in ensuring there is reliable and transparent reporting and internal control system for sustainability-related matters, while the Group Nomination and Remuneration Committee (GNRC) looks at diversity and inclusion, and considers sustainability experience in nomination of Directors, to build sustainability competence on the Board.

## • MANAGEMENT

The Group Transformation Committee (GTC) was established in 2020 to assist the Group Chief Executive Officer (GCEO) in directing and steering CIMB’s overall strategy, including sustainability, which is a key programme under CIMB’s Forward23+ strategy. The Group Sustainability Council (GSC) assists the Group Chief Sustainability Officer in leading the development and successful execution of CIMB’s sustainability framework, in line with strategic outcomes set by the Board and GCEO. The GSC’s role and responsibilities includes monitoring the Sustainability risk profile of the Group’s business activities and ensuring the implementation appropriate policies, procedures, and controls.

## • GROUP SUSTAINABILITY DIVISION

Group Sustainability was established as its own division in 2020, with the creation of the role of Group Chief Sustainability Officer who directly reports to the GCEO. The Group Corporate Responsibility department has also been integrated into the Group Sustainability Division for better synergy. The Group Sustainability Division operates on a regional operating model with teams in Indonesia, and Singapore, and country representatives in Thailand, Cambodia, Vietnam and Philippines.

Sustainability projects and initiatives are typically executed by multidisciplinary teams from various Business Units and Business Enablers. For example, the Sustainable Finance Working Group (SFWG) comprises of members from Wholesale and Commercial Banking as well as Group Risk, and works to implement the Group Sustainable Financing Policy (GSFP), its Sector Guides, and procedures.

## • SUSTAINABILITY KPIS

Sustainability KPIs are carried by the GCEO, Group Management, Country Heads of main countries, and relevant senior management in key business units and enablers that contribute significantly towards the advancement of sustainability in CIMB.

# Statement on Risk Management and Internal Control

- SUSTAINABILITY RISK MANAGEMENT FRAMEWORK**

The Sustainability Risk Management Framework covers various sustainability risks, including Environmental, Economic, Social (EES) and ethical risks. Sustainability risks, including climate risks, are integrated into both the Group's Risk Library and the Enterprise-Wide Risk Management Framework. The Sustainability Risk Management Framework also defines the appropriate governance, which is supported by appropriate policies and procedures, puts in place risk assessment tools to improve the understanding of and preparedness against existing and emerging sustainability risks, ensures due diligence and assessment of sustainability risk impacts and cultivates a risk management culture through the three-lines of defense, as well through relevant controls and measurements for credible reporting.

Two main Policies that ensure proper governance and management of sustainability risk are:

- The Group Sustainability Policy (GSP), which outlines our overarching principles and approach to sustainability and sustainability risk management.
- The Group Sustainable Finance Policy (GSFP), which identifies, assesses, and manages risks arising from financing of non-individual clients, especially in sectors that are most vulnerable to environmental and social risks, and those with activities that have high potential adverse impacts on the environment and society. 25 economic activities in six sectors have been identified to have high environmental and social risk, and Sector Guides are in place for coal, palm oil, oil & gas, forestry, and infrastructure, construction & real estate activities. A structured due diligence and escalation is in place for clients and transactions identified to have high Sustainability Risk.

## 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 Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the 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 CIMB Group. The Board also confirms that there is an effective ongoing process for identification, evaluation and management of significant risks in 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.

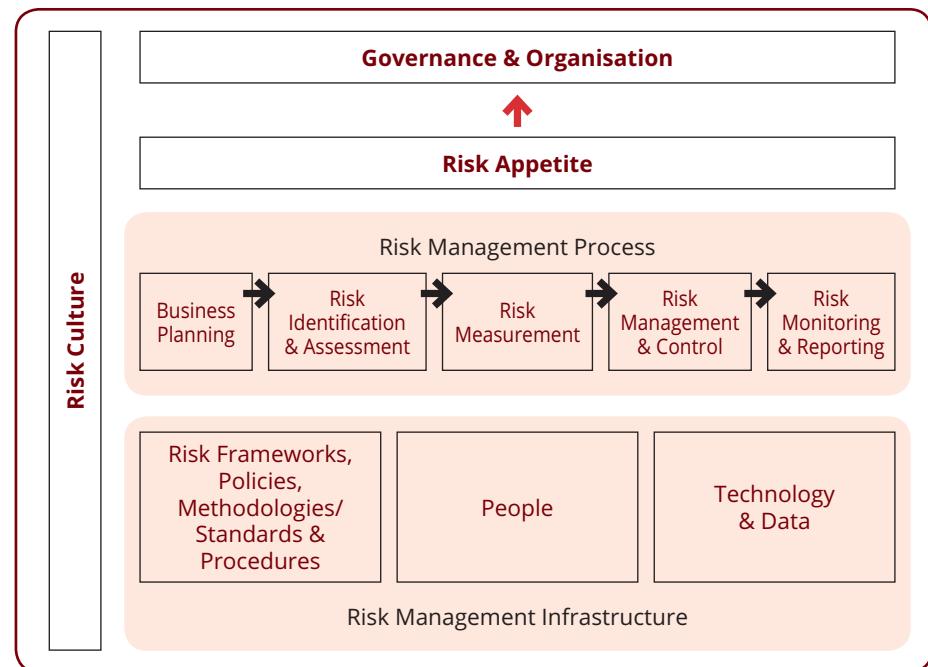
Generally, the objectives of our risk management activities are to:

- (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 a sound risk management framework.

## ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

Our Group employs a Group Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage our risks and opportunities. The Group EWRM framework provides our Board and management with tools to anticipate and manage both existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group EWRM framework are represented in the diagram below:



The design of the Group EWRM framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group 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 initially managed at the point of risk-taking activities. 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
- (iii) Risk Appetite 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.

risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.

# Risk Management

(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 frameworks, policies, methodologies/standards, and procedures.
- 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 on a portfolio basis, are regularly monitored and reported to ensure they remain within the Group's risk appetite.

(v) Risk Management Infrastructure:

- Risk Frameworks, Policies, Methodologies/Standards, and Procedures are in place to address all areas of material risks. Frameworks provide broad objectives and overarching risk management architecture for managing risks. 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 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 Group 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 GOVERNANCE

At the apex of the governance structure are respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. The Board Risk & 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 Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk & Compliance Committee (GRCC).

To facilitate the effective implementation of Group EWRM framework, the 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 risk management supervision and control is delegated to the GRCC, which reports to the BRCC. The GRCC, comprising of senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- (i) Market risk, defined as any fluctuations in the value of a trading or investment exposure arising from changes to market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, 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;
- (iii) Liquidity and Funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation, arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Operational risk, defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
- (v) Interest rate/rate of return 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, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;
- (vii) Shariah Non-Compliance (SNC) risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the rulings of the Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and Securities Commission (SC), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA, or decisions or advice of the Board Shariah Committee (BSC) of the CIMB Islamic Bank or other Shariah authorities/committees of the jurisdiction in which the Group operates;
- (viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another; and
- (ix) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology or external events, which includes financial risk, regulatory/compliance risk and the risk of reputational loss/damage.

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 providing the 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 Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

# Risk Management

## 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 Group EWRM framework. Our Group CRO:

- (a) actively engages the respective boards 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 supporting respective CRO in the various geographies.
- ii) The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Risk Analytics, and Credit Risk Infrastructure.

## ASSET LIABILITY MANAGEMENT COE

The Asset Liability Management (ALM) CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting 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. The scope under the CoE function include areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and implementation of credit risk modelling (this includes rollout of challenger Alternate Credit Underwriting models leveraging on non-traditional/alternate data for some of our Retail portfolio).

## 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.

## NON-FINANCIAL RISK MANAGEMENT COE

The Non-Financial Risk Management (NFRM) 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. NFRM CoE also extend its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

The Shariah Risk Management (SRM) unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

## RISK ANALYTICS COE

The Risk Analytics (RA) CoE ensures the Group's compliance to regulatory requirements prescribed for IRB Approach and facilitates other Risk CoEs in their respective risk management through Internal Capital Adequacy Assessment Process (ICAAP),

Risk Appetite and Stress Testing. RA CoE also validates credit risk models and performs non-retail credit risk analytics, asset quality reporting and Single Counterparty Exposure Limit (SCEL) regulatory reporting.

## • CREDIT RISK INFRASTRUCTURE COE

The Credit Risk Infrastructure (CRI) CoE implements risk infrastructure of loan decision engine and rating systems, which encompass credit risk models and lending criteria. The CoE also manages a Risk Data Mart that facilitates Credit Risk, Risk Weighted Asset (RWA) and SCEL reporting and analytics.

### 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 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 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 limits submitted to joint delegated authority or relevant committees for approval.

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 reviewing and analysing of portfolio trends, asset quality, watch-list reporting and policy reviews. 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 on an annual basis, and more frequently when material information on the obligor or other external factors is made available.

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 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 or the relevant credit approving authority 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, quoted 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 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 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 AND FUNDING RISK

Liquidity and funding 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 of savings, demand and term deposits, thus providing our Group with a stable, large funding base from individuals, SMEs, corporates and financial institutions segments. 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 reports 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, regulatory Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which 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-days horizon. Our Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. The effective date for NSFR is 1 July 2020. As part of its ordinary course of business, the Bank maintains the LCR and NSFR above the regulatory requirements. In addition, 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.

The Asset Liability Management function, which is responsible for the independent monitoring of our Group's liquidity risk profile, works

closely with 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. Treasury and Markets 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 banking book exposure to fluctuations in interest rates through policies established by Group Asset Liability Management Committee. The Group Asset Liability Management Committee is a board-delegated committee which reports to the GRCC. IRRBB 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. 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 steering Group's balance sheet and hedging strategies, the overall interest rate risk in the banking book profile and ensuring that such risk profile is within the

# Risk Management

established risk appetite. Treasury & Markets together with Capital & Balance Sheet Management, are responsible for day-to-day management of exposure 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 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. It includes legal risk but excludes strategic and reputation risks.

### OPERATIONAL RISK MANAGEMENT OVERSIGHT

The NFRM CoE, within Group Risk, provides the methodology, tools and processes for the identification, assessment, reporting, and management of operational risks by the respective risk owners across the Group. The NFRM CoE 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 & Resiliency Risk Management Committee (GORRC) 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 Group Risk and Compliance Committee (GRCC) for approval. GORRC oversees and monitors the overall control environment of CIMB Group and reports to GRCC on material operational and reputational risks. 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.

### 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 regulatory guidelines;
- Board and senior management oversight;
- Well-defined responsibilities for all personnel concerned;
- Establishment of a risk management culture;
- Deployment of Operational Risk Management (ORM) tools that include:
  - Operational Event and Loss Data Management;
  - Risk & Control Self-Assessment;
  - Control Issue Management;
  - Key Risk Indicators;
  - New Product Approval Process; and
  - Scenario Analysis.

These tools form part of the operational risk framework 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. TECHNOLOGY RISK

Information Technology is a critical pillar in enabling the business to realise its digital growth strategies while ensuring our digital assets, especially data, are protected from both external and internal threats and risks. In 2020, Technology & Cyber Risk Management practices were further strengthened and endorsed by the Board for enhancements to:

- a) Technology Risk Management Framework (TRMF) in alignment with Bank Negara's Risk Management in Technology (RMiT) Policy.
- b) Technology Risk Appetite statement.

Overseas subsidiaries and branches are required to adopt the framework and risk appetite. Technology Risk actively engages in risk assessments, measures, monitor and manages key technology & cyber-risks by leveraging on Operational Risk Management methodologies & processes wherever relevant.

Qualified independent third parties have been engaged to validate and provide assurances on our programs. The technology and cyber-risks culture continues to be strengthened across the group through mandatory training programs, regular awareness communications and targeted phishing simulation drills.

## 7. FRAUD RISK

The Three Lines-of-Defence risk management model deployed within the Group plays an important role in upholding CIMB Group's core values and to ensure all fraud related cases/concerns/complaints received are investigated and escalated accordingly. Group Fraud Risk Management act as the second line-of-defence in fraud risk management and is the owner of the Group Fraud Risk Policy and Group Fraud Risk Governance & Procedure, directly reporting to Group Non-Financial Risk Management

(GNFRM). The policies and procedures are designed to prevent, detect and respond to the associated legal, regulatory, reputation and financial risks for fraud incidents occurring in and having an impact to CIMB Group, its customers and counterparties.

Group Fraud Risk Management (GFRM) proactively promote the understanding and assessment of risk; and facilitate the development of strategy in dealing with identified fraud risks. GFRM is also responsible for conducting reviews of systems & procedures to identify & assess risks faced by the business; and introducing fraud controls that are best suited to the business unit. In addition to this, GFRM tracks and monitors the (i) reported fraud event reported with the Group and (ii) turn-around time of the fraud investigations to ensure all suspected fraud events are attended to in a timely manner with monthly update/ oversight by the Group Operational Resiliency & Risk Committee (GORRC).

## 8. OUTSOURCING RISK

CIMB relies on a number of outsourced service providers for their expertise, scalability, knowledge and cost savings through services rendered. Any failure from a critical service provider could severely disrupt and/or impact business operations. In 2020, Group Risk implemented several initiatives to strengthen and manage its approach towards Outsourcing Risk and that includes the establishment of a Group Outsourcing Policy and Procedures. The policy outlines the minimum control standards that is required from an outsourced service provider and it ensures proper controls are in-place, including periodic reviews and stringent business continuity plans. The overseas subsidiaries/branches are required to adopt the principles and methodologies defined in the Group Outsourcing Policy and Procedures.

## 9. SHARIAH NON-COMPLIANCE RISK

The SNC risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage which the Group may suffer arising from failure to comply with Shariah requirements as determined by Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and Securities Commission (SC), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act (IFSA); decisions or advice of Board Shariah Committee (BSC); or other Shariah regulatory authorities of the jurisdiction in which the Group operates.

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 Shariah Risk Management (SRM) control measures and Shariah & Governance.

SRM is facilitated by the SRM unit within NFRM 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 (RCO)/Designated Compliance and Operational Risk Officers (DCORO) to Shariah Review & Assurance under Group Legal and Compliance CoE for escalation to PSNC Committee and BSC and reporting to the relevant risk committees, SRM unit within NFRM 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.

## 10. 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's market risk is based on Standardised Approach.

The Group is complying with the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) requirements per BNM LCR Policy Document dated 25 August 2016 and BNM NSFR Policy Document dated 31 July 2019 respectively.

On 25 March 2020, as part of the COVID-19 relief measure, BNM lowered the minimum NSFR requirement from 100% to 80% while the implementation date remained on 1 July 2020. Banks will be required to comply with the minimum requirement of 100% from 30 September 2021 onwards.

## 11. COVID-19 RELATED MEASURES

### NON-RETAIL CREDIT RISK

The various movement control order measures taken by Governments worldwide to curb the spread of COVID-19 has a material adverse impact on the global economy and businesses. The Group has proactively enhanced various policies, processes, procedures and governance to adapt to the current market environment and to ensure alignment of these processes and procedure group-wide.

To manage the increased credit risk of corporate clients in this environment, various portfolio review exercises were carried out including stress test for targeted vulnerable sectors, granular name-by-name portfolio reviews and group wide management stress tests to better understand the potential outcomes and areas of focus as well as to allow for better prioritisation of customers, in line with the increased credit risk environment.

The Group also recognised the necessity to provide timely response to our customers during the pandemic. Hence, to accommodate the effective handling of impacted non-retail clients, the credit approval process was enhanced to ensure efficiency in the approval process for Moratorium and R&R cases. The Group also put in place various COVID-19 credit policies to accommodate the effective handling of impacted non-retail clients with emphasis to assist affected customers to recover from the impact of the pandemic while ensuring that the credit quality of the Group's assets continue to be preserved.

### RETAIL CREDIT RISK

The various movement control order measures taken by Governments worldwide to curb the spread of COVID-19 has a material adverse impact on the global economy and businesses. The Group has

proactively enhanced various policies/ processes and procedures and governance to adapt to the current market environment and to ensure alignment of these processes and procedure group-wide.

The group also recognised the necessity to provide timely response to our customers during the pandemic. The bank has aligned with local regulators across all markets in offering relief and assistance programs to impacted customers – from offering payment moratoriums as well as rescheduling & restructuring programs.

### LIQUIDITY RISK

The Group performs daily liquidity stress testing to assess whether the Bank is able to withstand potential liquidity strain arising from the COVID-19 related scenarios.

### BUSINESS CONTINUITY MANAGEMENT

CIMB implemented various measures led by the Group Crisis Management Committee to navigate through the COVID-19 pandemic to ensure the safety of our customers, staff and stakeholders while ensuring banking as an essential service remains available throughout this pandemic period.

To mitigate the risk of COVID-19 transmission and to safeguard health and safety, the bank has actively managed travel restrictions and movement restrictions, usage of Personal Protective Equipment as well as capacity controls in the workplace. The Standard Operating Procedure on COVID-19 has been established, providing staff guidance on safety measures and protocols to be observed.

Business continuity plans have been activated across all our geographies (i.e. activation of split operations and work from home arrangements) and remains in place where required to ensure our services are continuously available to customers.

# 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 2020 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Dato' Mohamed Ross bin Mohd Din	Chairman/Independent Director	15	15
Datuk Mohd Nasir Ahmad	Independent Director	15	15
Ms Teoh Su Yin	Independent Director	15	14

In addition to the 15 meetings held to deliberate on matters relating to the Group (which includes 14 Joint AC meetings attended by Banking Group AC), 12 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 entities, making a total of 27 meetings for the year.

The details of the monthly Banking Group AC membership and meetings held in 2020 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Puan Nadzirah Abd Rashid (appointed w.e.f. 29 June 2020)	Chairman/Independent Director	12	12
Datuk Mohd Nasir Ahmad (resigned as Chairman w.e.f. 28 June 2020)	Independent Director	12	11
Puan Rosnah Dato' Kamarul Zaman	Independent Director	12	12
Madam Ho Yuet Mee	Independent Director	12	12
Dato' Zainal Abidin Putih (retired w.e.f. 28 June 2020)	Non-Independent Director	6	6

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 2020

#### INTERNAL AND EXTERNAL AUDIT PROCESS

- a. Approved the annual internal audit plan and the mid-year review of the plan in February and June 2020 respectively. Reviewed the audit plan for Business Units and Business Enablers based on risk assessment conducted and audit resource requirements.
- b. Enhanced GCAD's risk assessment methodology respect of changes to the risk profiling factors and risk score thresholds.
- 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 for 2020 and provided written feedback for improvements.

# Audit Committee Report

- e. Reviewed the summary of internal audit work performed across the region together with the audit outcome on a quarterly basis.
  - f. Reviewed and approved the External Auditor's 2021 audit plan and scope of work on 18 February 2021.
  - g. Held a closing meeting of external audits with the External Auditor to review the financial results, MFRS 9 related matters, credit related matters, IT general control findings, group and tax related matters and areas of concerns identified.
  - h. Held 2 meetings with the External Auditor without the presence of the Group Management and Executive Directors on 23 January 2020 and 30 November 2020 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 November 2020 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 areas assessed included:
- 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
  - k. On track in achieving the requirement on Certification of Banking Auditors (CBA) as imposed by Asian Institute of Chartered Bankers (AICB).
  - g. Continued to support Group's initiative to promote sustainability agenda by reviewing the adoption of the Group Sustainable Financing Policy and implementation of the relevant programs.
  - h. Monitored the implementation of corrective actions by Management; Management need to provide justifications for any undue delay and present for AC's approval.
  - i. Held joint meetings with the respective ACs and Management of CIMB Niaga, CIMB Thai, CIMB Cambodia, CIMB Vietnam and Touch 'n Go. In each of the meetings, the businesses and audit related issues of the respective operations and control environments were presented and discussed.
  - j. 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 whistle blowing email address objectively investigated and addressed.

## GOVERNANCE, RISK AND CONTROL

- a. Reviewed the adequacy and effectiveness of the Group's system of internal controls, financial reporting and risk management (based on audit plan coverage).
- b. Endorsed GCAD's enhanced methodology for identifying, assessing and covering risk areas. Among the areas included those elevated risks arising from COVID-19 and focused on emerging technology risk especially on cybersecurity risk.
- c. Reviewed the Group's compliance with regulatory requirements and internal policies (based on audit plan coverage).
- d. Encouraged robust discussion on emerging risks, key challenges and operational concerns, including requiring Management to present their strategies and action plans in achieving established objectives.
- e. Reviewed the efficiency of GCAD's operations and the economical utilisation of its resources.
- f. Reviewed the internal control issues identified by internal, external and regulatory auditors, Management's response to audit recommendations and the implementation of agreed action plans. For audits with adverse audit ratings and audit areas deemed to be critical, AC engages with Management more actively to resolve any control weaknesses identified.

## AUDIT ISSUES 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) require the AC's approval.
- b. The AIRCom's key activities include:
  - Reviewed significant findings arising from audits and investigations conducted; where necessary, the relevant responsible party would attend AIRCom to discuss the issues and effectiveness of corrective actions taken.

- Reviewed findings to identify common themes and holistic solutions to address the root cause(s).
  - Reviewed reasons for any delayed implementation of agreed action plans and to escalate to higher authority where required; to provide recommendation for AC's approval for cases with repeated extension of implementation date (the process of revising target implementation date is governed by an established Audit Follow-Up Framework).
  - Assess any decision by risk owners to accept the risk exposure of audit findings (i.e to not take corrective actions, based upon the risk owners' cost benefit analysis); provide appropriate recommendation for AC's endorsement of the risk acceptance.
  - c. The AIRCom meetings were held monthly prior to any AC meetings for the month; minutes of the AIRCom meetings were submitted to AC for notification and discussion.
- FINANCIAL REPORTING & TAX**
- 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 in audited financial reports:
    - Significant accounting and audit matters involving credit, treasury, taxation and impairment related matters
    - Information technology matters
- Group related matters (i.e. impairment of Permatex loans & cost of investment in CIMB Investment Bank, assessment of goodwill impairment and intangible assets-core deposits)
  - Summary of any uncorrected misstatements
  - MFRS 9 related matters which include overall status of the model, implementation of model changes, annual validation and model monitoring
- c. In relation to the financial statements for the financial year ended 31 December 2020, the AC at its meeting held on 26 January 2021 was briefed by the External Auditors on the Key Audit Matters included in the Independent External 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 those matters.
- d. Reviewed write-off proposals as presented by the Management before recommending them for the Board's approval in accordance to established policy.

## 4. SUMMARY OF GCAD'S KEY ACTIVITIES

- a. Carried out audits and investigations on the Group; issued 327 reports during the year.  
(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 Enablers functions and also special focus areas such as AML/CFT, customer information secrecy, product transparency, outsourced functions and business continuity.
- b. Intensified data analytics audit approach by integrating data-driven assurance platform to facilitate GCAD Business Auditor in performing systemic and data analytics activities throughout audit ecosystem and work processes with more targeted key risk areas.
- c. Identified potential cost savings and prevention of data and income leakage from the audits and investigations performed during the year.

## 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.

## Audit Committee Report

- 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 further action.
- 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 for top-down communication on key matters relating to the internal audit function.
- h. Conducted an annual Regional Audit Planning Summit to discuss and deliberate key audit methodologies, annual planning and pressing matters relating to the function.
- i. Continued to enhance relationship with Management through Quarterly Business Monitoring (QBM). GCIA, Department Heads or Section Heads have regular meetings with relevant key stakeholder to strengthen the working relationship and business understanding, for better audit focus.
- j. Reviewed and provided feedback on drafts of new and revised policies of the Group through Group Policy & Procedures Oversight Committee (GPOC). Feedback focused on, but was not limited to, ascertaining the adequacy of policies' proposed governance and controls to address risks.
- k. Submitted periodic reports to the AC, top Management and regulators.
- l. Supported AC in the annual review exercise on appointment of External Auditor.
- m. Implemented a comprehensive Competency Framework for staff development plan. 47% of auditors currently possess the Certification for Bank Auditor (CBA) qualification by the AICB.
- n. Enhanced internal quality assurance review (IQAR) in accordance with IIA Professional Practices Standards. IQAR framework was established with regular IQAR. GCAD was awarded the best quality audit report by PayNet for 2019 Independent Assessment in December 2020.
- o. Passed the recertification of ISO 9001:2015 Certification for internal audit services for the next 3 years (2020 – 2023).
- p. Incurred total costs of RM73 million (Malaysia: RM35 million) to maintain the internal audit function of the Group for FY2020.

### 5. TRAINING

The description of training and education provided to the AC members has been outlined under the Corporate Governance Overview Statement. (Please refer to the pages 129-132 for details).

# Board Shariah Committee Report

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Guideline on Shariah Governance for Islamic Financial Institutions and now as enshrined in the effective Islamic Financial Services Act 2013, the Board of Directors (“the Board”) is ultimately responsible and accountable for the oversight and management of Shariah matters in the operation of the Group’s Islamic banking and finance activities. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee of CIMB Group Holdings Berhad that it established under its core Islamic operating entity, CIMB Islamic Bank Berhad (“CIMB Islamic”).

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the CIMB Group Holdings Berhad. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to the Islamic banking business of CIMB Group Holding Berhad shall be made based on the decisions, views and opinions of the Board Shariah Committee.

In having due regard to the decisions and advice of the Board Shariah Committee on Shariah matters, the Board shall give sufficient attention to the facts and basis for the Shariah decisions as well as providing fair consideration to the implications of implementing the Shariah decisions made by the Board Shariah Committee.

Any decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the Board Shariah Committee. All decisions of the Board and the Board Shariah Committee on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The Board Shariah Committee shall at all times assist the Board to ensure that the Group’s Islamic banking and finance business does not have elements/activities which are not permissible under Shariah.

The members of the Board Shariah Committee are as follows:

1. Dr. Shafaai bin Musa
2. Professor Dr. Yousef Abdullah Al Shubaily
3. Associate Professor Dr. Aishath Muneeza
4. Ahmed Baqar Rehman
5. Dr. Ahmad Sufian Che Abdullah
6. Associate Professor Dr. Mohamed Fairooz Abdul Khir (appointed on 16 August 2020)
7. Dr. Nedham Yaqoobi (contract of appointment ended on 13 June 2020)

The Board hereby affirms based on advice of the Board Shariah Committee that the Group’s Islamic banking and finance operations has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the Board Shariah Committee in a separate Board Shariah Committee Report made herein.

## ZAKAT OBLIGATIONS

CIMB Islamic Bank Berhad pays business zakat by adopting the Adjusted Growth Method to state zakat authorities in line with the methodology approved by Board Shariah Committee. However, the amount payable by the CIMB Islamic Bank Berhad is at the discretion of the management of CIMB Islamic Bank Berhad and it is the shareholder's responsibility to ensure that their own zakat obligation are fulfilled in relation to their ownership of the share.

For the Group’s banking and asset management subsidiaries, the obligation and responsibility for payment of zakat on deposits and investments received from their customers lies with their respective Muslim customers only. The aforesaid is subject to the jurisdictional requirements on zakat payment as may be applicable from time to time on the Group and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of zakat expenses (if any) in the Financial Statements of the Group is reflective of this.

# Board Shariah Committee Report

## BOARD SHARIAH COMMITTEE'S REPORT

In the name of Allah, the Most Beneficent, the Most Merciful.

We, the members of the CIMB Group Board Shariah Committee as established under CIMB Islamic Bank Berhad ("CIMB Islamic"), are responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Group's Islamic banking and finance activities. Although the Board is ultimately responsible and accountable for all Shariah matters under the Group, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Group's Islamic banking and finance businesses does not have elements/activities which are not permissible under Shariah. In undertaking our duties we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia we 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) in the relevant jurisdiction that the Group is doing business.

As members of the Board Shariah Committee, we are responsible to provide an independent assessment and confirmation in this financial report that the operations of the Islamic banking and finance business of CIMB Group have been done in conformity with Shariah as has been decided and opined by us and with those 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 were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report herein before.

In making our independent assessment and confirmation, we have always recognised the importance of CIMB Group maintaining and reinforcing 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.

In this regard sufficient internal controls are in place to ensure that any new Islamic financial transaction is properly authorised; the group's assets and liabilities under its statements of financial position are safeguarded against possible Shariah non-compliance; and, that the day to day conduct of its operations does not contradict Shariah principles.

In addition to the necessary policies and procedures, the Group has a well-defined division of responsibility and guidelines of business conduct to all staff.

Effective Shariah governance is supported by a professional staff of Shariah researchers as well as the advisory and consultancy function that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. CIMB Group Shariah Review Policy and Procedures were established to set out policies for Shariah review function encompassing regular examination and evaluation of the 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, Shariah Review conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by us and the respective Boards of Directors of CIMB Group. Additionally, Shariah Review conducts investigations on issues escalated by the stakeholders and performs ad-hoc review as required from time to time by us and the regulators. As for effective risk management and control, the Group adopted the strategic implementation of tiered model i.e. Three Lines of Risk Defense in governing and managing Shariah Non-Compliant risk. Lastly, there is also 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.

All in all, the Management of the Group is responsible and accountable to the Board to ensure that the Islamic banking and finance businesses of CIMB Group are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Group has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us (excluding PT Bank CIMB Niaga Tbk), and nothing has come to the Board Shariah Committee's attention that causes the committee to believe that the operations, business, affairs and activities of the Group's Islamic banking and finance business involve any

material Shariah non-compliances except for the following incident of a non-material Shariah non-compliance event within the Group:

- i) Absence of historical hibah rate that serves as basis for hibah payment for SME Smart Deposit Campaign by CIMB Islamic Bank.

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2020 that were presented to us were done in compliance with Shariah;
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah;
3. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes; and
4. The zakat calculation is in compliance with Shariah principles.

We have actively monitored and overseen the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries 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 the Group. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Group has not violated Shariah.

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Group for the financial year ended 31 December 2020 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee



**Dr. Shafaai bin Musa**  
Chairman



**Associate Professor Dr. Aishath  
Muneeza**  
Member

Kuala Lumpur  
8 March 2021

# About CIMB Sustainability Report 2020

## FORWARD: ASEAN'S SUSTAINABLE BANKING AGENDA



#CIMBforTomorrow is our commitment to stakeholders. It is about our efforts to preserve and enhance invaluable natural and social capital. It is also our endeavour to create value for our key stakeholders through net positive economic, environmental and social (EES) impacts.

In the conduct of business, we assume full responsibility for our actions. 2020 was year two of our first 6-year Sustainability Roadmap. CIMB's near-term objectives have been to raise awareness, build capability, garner support from our network of stakeholders, and motivate action. This year, we took significant steps in our sustainability journey: rolling out sustainability policies across our key markets; making a commitment to exit from coal financing; and developing the Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework. In the mid to long-term, the aspiration is to influence, shape and FORWARD the sustainability agenda in ASEAN.

## BUSINESS CASE: PROFITS WITH PURPOSE



This year's report provides insights into the business case and our sustainable finance frameworks. We have illustrated our value creation through case studies to provide a deeper perspective and transparent account to our stakeholders. It serves as a credible reference document on the adoption and implementation of sustainability principles, and draws a clear picture of where CIMB is in its sustainability journey.

The CIMB Group Sustainability Report 2020 documents an important shift in the way we approach business. From shareholder returns to stakeholder expectations – we are shifting in our mindset. We are committing to create value for all. We are working to mobilise definitive action today, to create a better tomorrow for everyone associated with us.

## SCOPE: REPORTING COVERAGE AND PRINCIPLES



The 2020 scope for our annually published CIMB Sustainability Report includes information for the period 1 January 2020 to 31 December 2020, primarily for Malaysia, Indonesia, Singapore, Thailand, and Cambodia.

All quantitative information for relevant indicators has been disclosed for three years. The last report was published in March 2020 for the period covering 1 January to 31 December 2019.

As far as possible, we have remained true to the principles of balance, comparability, clarity, completeness, reliability and accuracy.

## BEYOND STANDARDS: AN ACCURATE ACCOUNT TO STAKEHOLDERS

We have adhered to best practice sustainability guidelines, standards and frameworks. But beyond standards, our intent has been to provide stakeholders with accurate and reliable information on our sustainability performance and aspirations.

Our motivation is to inspire sustainable action, forge new partnerships for sustainable development, and create a community of sustainability champions.

We have complied with Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting. The report has been prepared in accordance with GRI Standards: Core Option. We have included a GRI Content Index on pages 139-147 of the Sustainability Report 2020 for easy reference.

As a signatory to the United Nations Environment Programme Finance (UNEP FI) Principles for Responsible Banking (PRB), we have included an Index on pages 148-158 of the Sustainability Report 2020 to provide an overview of our implementation of the Principles. We have started benchmarking our data disclosures against the indicators of the Dow Jones Sustainability Index (DJSI), and the Sustainability Accounting Standards Board (SASB).

## RELIABILITY: ASSURANCE OF THE QUALITY OF REPORTING

(GRI 102-56)

We continuously discuss and deliberate on the level of disclosure across various functions of the Group. This positively contributes to improving the quality of our report, to present the information in a balanced, meaningful and accurate manner.

Selected reported information for topics material to CIMB are subject to a limited independent assurance by KPMG PLT. For the scope of work and observations, please refer to the full Assurance Statement on pages 159-162 of the Sustainability Report 2020.

## FEEDBACK AND REVIEW FOR CONTINUOUS IMPROVEMENT

We look at sustainability as our responsibility towards our stakeholders and their future. It is therefore critical to continuously map their views on our sustainability efforts. It is equally important to seek their participation in creating long-term net positive impact in areas that matter most to them.

Our assurance to our stakeholders is that we keep their interests at the core of everything that we do. The motivation is to shape a better tomorrow for all of us.

Meanwhile, we welcome all feedback, ideas, and questions from our stakeholders on the CIMB Sustainability Report 2020. Please contact:

**Luanne Sieh**  
Head, Group Sustainability and Corporate Responsibility  
[sustainability@cimb.com](mailto:sustainability@cimb.com)



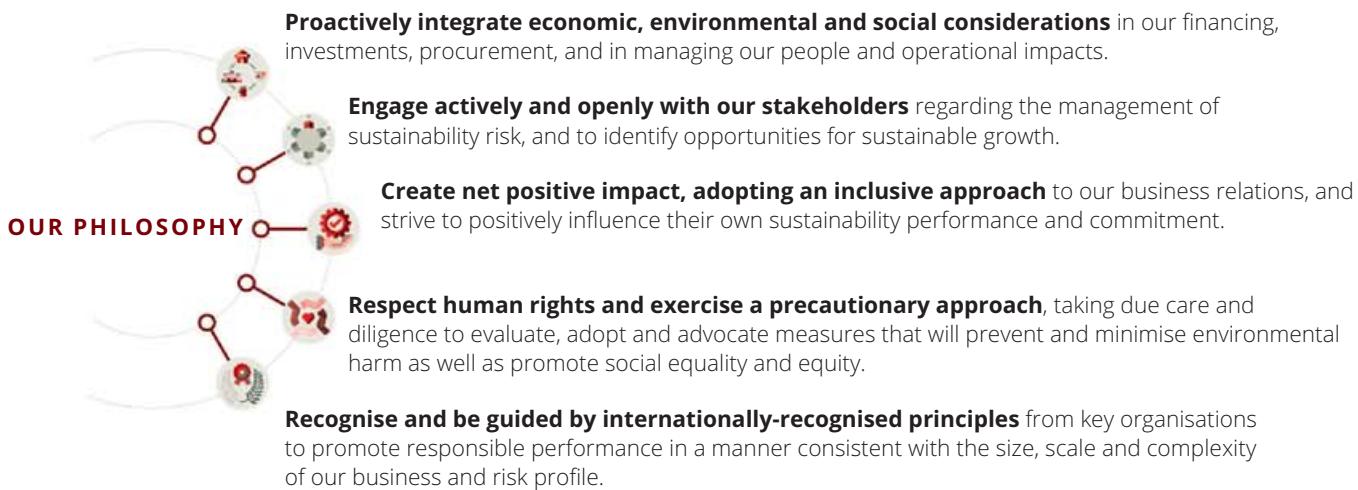
# Sustainability Principles and Strategy

## OUR PHILOSOPHY

With a legacy of over four decades, CIMB Group continues to be a progressive financial institution, fulfilling not only the expectations of today's stakeholders, but safeguarding the needs of future generations. Through our core business of financial services, we aspire to fulfil the promise of advancing customers and society towards a better future, where economic development empowers people and businesses, creating new opportunities and reducing risks such as widening social inequalities and climate change.

As a financial institution, we have a responsibility to ensure that capital is deployed towards sustainable activities and business. Through our pledge of #CIMBforTomorrow and the sustainability principles embedded in our Forward23+ strategy, we are committed to operate in a way in which we assume accountability and responsibility towards our actions, and for the activities we facilitate.

Our aspiration is to become a visible shaper of sustainability practices in the ASEAN community. Our philosophy is to enable the following:



## OUR ROADMAP

The CIMB Group Sustainability Roadmap takes a programmatic approach to achieve our sustainability goals, grouped according to five strategic pillars. Since 2019, our intention has been to implement and move forward with embedding sustainability actions within our own operations, and in parallel, working with our stakeholders on awareness-raising, advocacy, capacity building and change management. In line with the recalibrated Forward23+ plans at the Group level, our roadmap has been extended up to 2024.



# Sustainability Principles and Strategy



## KEY ACHIEVEMENTS SINCE THE ESTABLISHMENT OF THE GROUP SUSTAINABILITY ROADMAP



- Drafting member and founding signatory to the UNEP FI Principles for Responsible Banking (PRB)
- Signatory to the Collective Commitment on Climate Action (CCCA)
- Established the Group Sustainability Department as a regional function
- Commenced rollout out of the Group Sustainability Policy (GSP) and Group Sustainable Financing Policy (GSFP)
- Four sector guides (Palm Oil, Construction & Real Estate, Oil & Gas, and Forestry) were developed
- Launched the Positive Impact Products and Services Framework

- Appointed a Group Chief Sustainability Officer
- Established the Group Sustainability Division, incorporating Group Corporate Responsibility
- Rolled out the GSP in Singapore, Thailand, the Philippines, and Cambodia
- Rolled out the GSFP in Indonesia, Singapore, Thailand, and Cambodia
- Announced the Coal Sector Guide and committed to phase out from the coal sector by 2040
- Developed the Green, Social, Sustainable Impact Products and Services Framework
- Conducted a benchmarking exercise to set sustainability targets and KPIs

Our Sustainability Roadmap is designed to operationalise and deliver on our Sustainability Philosophy and aspirations. It covers all identified Material Matters across the Economic, Environmental, Social and Governance (EES&G) spectrum, and aims to deliver ***net positive impact***.

We see two critical components in generating net positive impact. First, ***minimising our footprint, which are the negative impacts created*** through the course of conducting our business, both directly through our operations and indirectly, through the activities that we enable through our products and services. We do this by introducing environmental and social standards as well as sustainability risk management practices in our organisation and in our dealings with stakeholders. Some of the primary tools used to deliver this are carbon footprint measurements and reduction targets; sustainability due diligence; measurement and monitoring tools; portfolio risk assessments and modelling; and sustainability disclosures and ratings.

Second, ***maximising our handprints, or positive impacts***. We do this by offering environmentally / socially beneficial products and services to individuals and businesses, and by creating positive impacts within our own operations. Some of our frameworks and activities in this space are the Green, Social, Sustainable Impact Products and Services (GSSIPS) framework to deliver products and services to promote financial inclusion, reduce inequality, and incentivise our clients to create their own positive impacts; our support for micro SMEs and social enterprises through our CSR activities; as well as the work that we do with local and international networks to build sustainable development capacity and awareness.

FOOTPRINT (minimising negative impact)			HANDPRINT (creating positive impact)			
	Sourcing	Operations	Financing	Sourcing	Operations	Financing
<b>Sustainable Action</b>	Review suppliers' E&S compliance	Assess and reduce energy & waste		Build capacity of suppliers' for positive E&S performance		
<b>Sustainable Business</b>		Limit/phase-out negative E&S Impacts from financing			Introduce positive impact products and solutions	
<b>Corporate Social Responsibility</b>	Work with lead NGOs on specific E&S Issues			Support SMEs & social enterprises	Fund greater community E&S causes	
<b>Governance and Risk</b>		Strengthen policies to manage ESG risks			KPIs for positive impact creation	
<b>Stakeholder Engagement &amp; Advocacy</b>	Raise awareness to promote responsible behaviour			Engage and partner with peers and cross-sector stakeholders to generate positive impacts		

# Sustainability Principles and Strategy

## OUR STAKEHOLDERS

(GRI 102-40, 102-43, 102-44)

We consider our engagements with our stakeholders essential as they provide us with valuable insights on what matters most to them. In response, we have developed a comprehensive engagement framework to enable us to best capture the most critical and relevant EES&G impacts and opportunities we should be addressing as a bank.

Multiple internal and external sources and touchpoints have been used, such as targeted engagement through focus groups, and one-on-one interviews and online surveys to understand specific sustainability issues, as well as topics of interest. We have mapped topics and issues raised against our material issues and discussed how we have responded throughout the report.

 CUSTOMERS (INDIVIDUAL CUSTOMERS)		<b>Frequency:</b> Daily
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• Call centres</li> <li>• Feedback from surveys</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Complaints and feedback mechanisms (via both physical and digital platforms)</li> <li>• Virtual seminars &amp; conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Experience</li> <li>• Technology</li> <li>• Sustainable Finance</li> <li>• Financial Literacy, Inclusion, and Well-being</li> <li>• Health, Safety and Well-being</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Consistent and Superior Customer Experience</li> <li>• Enhanced Digital Services</li> <li>• Data Privacy and Security</li> </ul>		<ul style="list-style-type: none"> <li>• Financial Inclusion and Financial Literacy</li> <li>• Sustainable Finance and Responsible Banking</li> <li>• Enhanced Health and Safety Protocols</li> </ul>
 CLIENTS (BUSINESS/INSTITUTIONAL CLIENTS)		<b>Frequency:</b> Daily
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• Annual reviews</li> <li>• Relationship managers</li> </ul>	<ul style="list-style-type: none"> <li>• Call centres</li> <li>• Virtual seminars &amp; conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Experience</li> <li>• Sustainable Finance</li> <li>• Technology</li> <li>• Governance</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Customer Experience</li> <li>• Sustainable Finance and Responsible Banking</li> </ul>		<ul style="list-style-type: none"> <li>• Data Privacy and Security</li> <li>• Access to Finance</li> <li>• Favourable Lending Terms</li> </ul>
 EMPLOYEES		<b>Frequency:</b> Daily
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• Town halls</li> <li>• Department meetings</li> <li>• Performance reviews</li> <li>• Internal channels</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback &amp; surveys</li> <li>• Sustainability Champions</li> <li>• Employee events</li> </ul>	<ul style="list-style-type: none"> <li>• Health, Safety and Well-being</li> <li>• Technology</li> <li>• Customer Experience</li> <li>• Talent Attraction, Growth, and Retention</li> <li>• Governance</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Employee Well-being and Safe Working Environment</li> <li>• Technological Obsolescence and Innovation</li> </ul>		<ul style="list-style-type: none"> <li>• Consistent and Superior Customer Experience</li> <li>• Talent Development</li> </ul>

# Sustainability Principles and Strategy

INVESTORS		Frequency: Quarterly/Annually
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• Quarterly briefings</li> <li>• Investor roadshows</li> </ul>	<ul style="list-style-type: none"> <li>• One-on-one investor engagements</li> <li>• Annual General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Technology</li> <li>• Customer Experience</li> <li>• Talent Attraction, Growth and Retention</li> <li>• Climate Change</li> <li>• Sustainable Finance</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Governance (Corporate and Sustainability Governance)</li> <li>• Quality EES Reporting/Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change Strategy</li> <li>• Sustainable Finance</li> </ul>	
GOVERNMENT & REGULATORS		Frequency: Quarterly
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• One-on-one meetings</li> <li>• Meetings &amp; seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Industry working groups</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Technology</li> <li>• Customer Experience</li> <li>• Financial Literacy, Inclusion, and Well-being</li> <li>• Climate Change</li> <li>• Sustainable Finance</li> <li>• Sustainability Awareness and Participation</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Governance</li> <li>• Financial Crime and Corruption</li> <li>• Data Privacy and Security</li> <li>• Digitalisation of Financial Services</li> <li>• Culture of Innovation and Agile</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Experience</li> <li>• Treating Customers Fairly</li> <li>• Financial Inclusion</li> <li>• Value-based Intermediation</li> <li>• Talent Development</li> </ul>	
SUPPLIERS		Frequency: Monthly
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• Procurement process</li> <li>• Community event</li> <li>• Virtual focus groups</li> </ul>	<ul style="list-style-type: none"> <li>• Performance evaluation</li> <li>• Virtual seminars &amp; conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Supply Chain</li> <li>• Governance</li> <li>• Health, Safety and Well-being</li> <li>• Financial Literacy, Inclusion, and Well-being</li> <li>• Customer Experience</li> <li>• Technology</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Partnerships for Growth</li> <li>• Fair Remuneration and Payment Terms</li> <li>• Financial Literacy</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced Digital Interface</li> <li>• Seamless Procurement System</li> <li>• Data Privacy and Security</li> </ul>	
COMMUNITY / NGOS / CIVIL SOCIETY		Frequency: Monthly
<b>How we Engage</b>		<b>Material Topics</b>
<ul style="list-style-type: none"> <li>• NGO campaigns &amp; engagements</li> <li>• One-on-one meetings</li> <li>• Training</li> <li>• Community partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Donations &amp; sponsorships</li> <li>• Social media</li> <li>• Virtual seminars &amp; conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Literacy, Inclusion, and Well-being</li> <li>• Corporate Citizenship and Volunteerism</li> <li>• Sustainability Awareness and Participation</li> <li>• Sustainable Finance</li> <li>• Climate Change</li> </ul>
<b>Topics and Issues</b>		
<ul style="list-style-type: none"> <li>• Financial Inclusion</li> <li>• Volunteerism</li> <li>• Financial Literacy</li> <li>• Community Development</li> </ul>	<ul style="list-style-type: none"> <li>• Progress on Sustainable Finance Commitment</li> <li>• Climate Change</li> <li>• Deforestation</li> </ul>	

# Sustainability Principles and Strategy

## OUR MATERIAL MATTERS

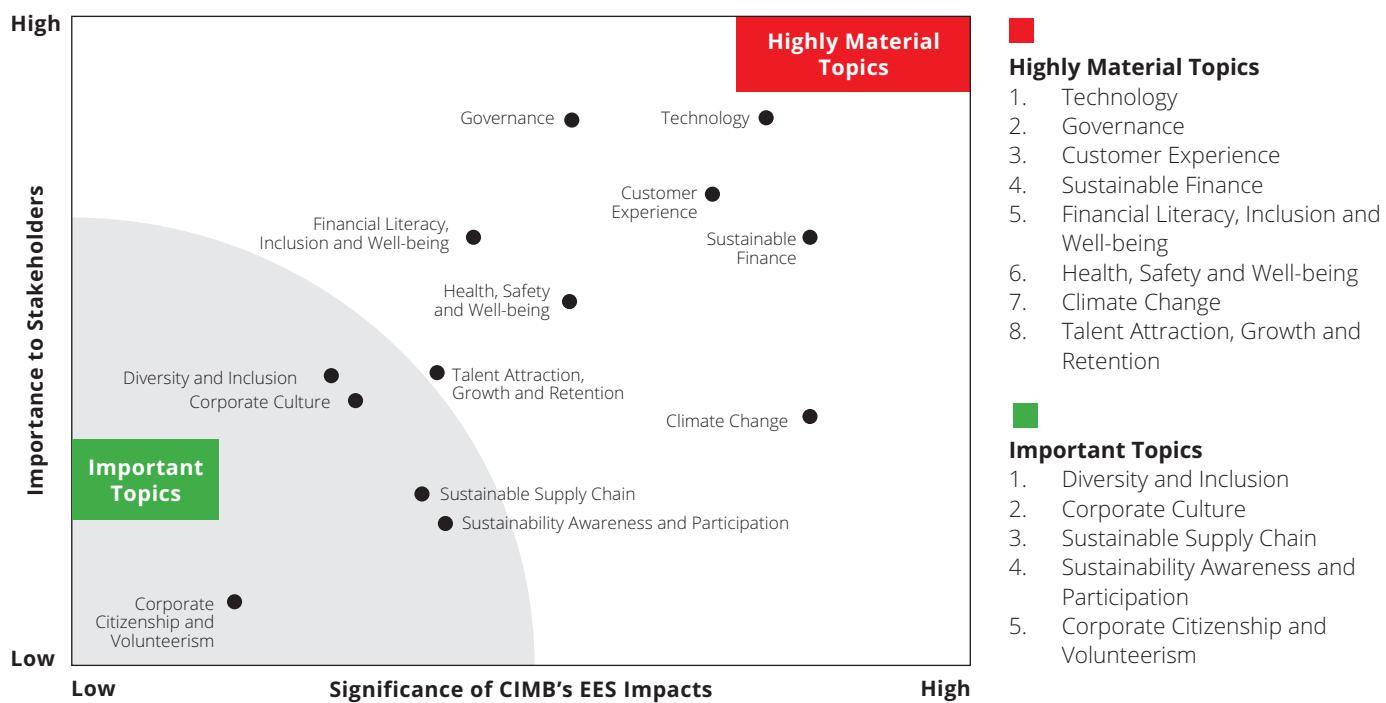
(GRI 102-47, 102-49)

In 2018, we conducted an in-depth materiality exercise that helped us to understand our position, and subsequently identified and prioritised 14 material topics for the Group, primarily focused on Malaysia. In consideration of the evolving stakeholder and business needs, accelerated by the pandemic, we conducted a high-level refreshed assessment in 2020 as part of our broader stakeholder engagement process, and to ensure relevance to our regional stakeholders.

As part of this exercise, we conducted focus groups, surveys, and targeted interviews with more than 2,500 stakeholders, including our customers, employees, institutional investors, and suppliers from Malaysia, Indonesia, Singapore, Thailand and Cambodia. Based on these inputs, and through our other engagements and research, we updated the definitions of several material topics:

- We merged the material topic "Nurturing Growth" into "Talent Attraction, Growth and Retention" in order to avoid overlaps in scope.
- We expanded the definition of "Climate Change" beyond our direct footprint by including our indirect footprint into the scope.

Based on the findings, we were able to confirm that all topics identified in 2018 are still relevant in 2020. During the year, due to the unprecedented impacts of COVID-19 on people, economy, and business, three material topics (Health, Safety and Well-being; Financial Literacy, Inclusion, & Well-being; and Climate Change) have now increased in importance to stakeholders, as well as CIMB's ability to make an impact. We were also able to establish the commonality and alignment of highly material issues across our core ASEAN markets, which is essential to be able to devise and deploy strategies and programmes that benefit stakeholders across our regional footprint.

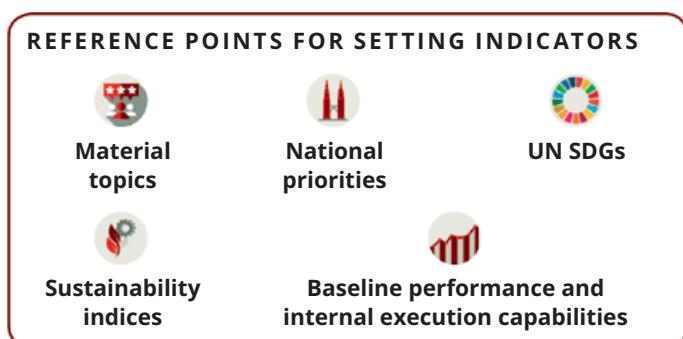


# Sustainability Principles and Strategy

## SUSTAINABILITY SCORECARD

As part of CIMB's vision to become a purpose-driven organisation, we place value on transparency and accountability to our stakeholders. We do this by setting targets for, and reporting our performance on, key focus areas and material issues.

In 2019, we had identified preliminary indicators based on five factors:



In 2020, we underpinned our commitment to create net positive impact for our stakeholders by embarking on a target setting exercise to measure and demonstrate our progress, effectiveness, impact and value, in our sustainability focus areas.

We conducted a baseline assessment of the preliminary indicators using 2019 data, and conducted a rigorous benchmarking study to ascertain our current relative performance and to help inform our own target setting exercise. We identified a set of key indicators for which we will set quantitative targets for long-term value creation, with qualitative commitments and annual reporting for the remaining indicators.

These targets have been extensively discussed with regional business units and enablers to obtain buy in, and debated at Group Sustainability Council and Group Transformation Council to achieve a balance of "stretch" and achievability.

SUSTAINABLE ACTION		Material Topics	Related UN SDGs
Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
GHG emissions intensity (Scope 1 and 2)	5.4 tonnes CO <sub>2</sub> e per RM million of revenue	4.9 tonnes CO <sub>2</sub> e per RM million of revenue	10% reduction from 2019 baseline
Female Representation on Key Management	25% Female Representative on Key Management	22% Female Representative on Key Management	30% Female Representative on Key Management
Gender Pay Gap	- 1 (Male) : 0.80 (Female) for Key Management - 1 (Male) : 0.89 (Female) for Senior Management	- 1 (Male) : 0.83 (Female) for Key Management - 1 (Male) : 0.92 (Female) for Senior Management	CIMB is committed to reducing the gender pay gap
Suppliers engaged on Sustainability issues	Not measured	266 Suppliers engaged on Sustainability issues	To measure and report progress annually

# Sustainability Principles and Strategy

SUSTAINABLE BUSINESS		Material Topics	
Related UN SDGs			
Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
Relative Net Promoter Score compared to peers	Top 48%	Within 72%	Top quartile (25%)
CIMB Financing Clients with Environmental and Social Action Plans	11 clients with new Action Plans in 2019	18 clients with new Action Plans in 2020	To measure and report progress annually
Clients with Environmental and Social Action Plans, that implemented them	None, as Action Plans were only due in 2020 onwards	88%. Seven out of eight clients with action plans due in 2020 successfully completed them	To measure and report progress annually
Green, Social, Sustainable Impact Products and Services (GSSIPS)	Not measured	<ul style="list-style-type: none"> <li>- Committed RM970 million for Sustainability-Linked Loans/Financing</li> <li>- RM644.9 million financing for renewable energy</li> </ul>	Target to be finalised and announced
Underserved Community Served	Not measured	<ul style="list-style-type: none"> <li>- Affordable Homes: RM1.35 billion* from CIMB Malaysia and Rp66.83 billion financing from CIMB Niaga</li> <li>- Auto Financing for B40: RM2.43 billion* from CIMB Malaysia</li> <li>- Motorcycle Financing: B3.93 billion from CIMB Thailand</li> <li>- Personal Financing for B40: RM1.20 billion from CIMB Malaysia</li> </ul>	To measure and report progress annually

\* New disbursements

CORPORATE SOCIAL RESPONSIBILITY		Material Topics	
Related UN SDGs			
Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
CSR Contribution	RM45.8 million	RM29.3 million	Target to be finalised and announced
Average Volunteer Hours Per Employee	0.19 hours per employee	0.12 hours per employee	Two hours per employee

# Sustainability Principles and Strategy

 GOVERNANCE & RISK	<b>Material Topics</b>	<ul style="list-style-type: none"> <li>Corporate Culture</li> <li>Governance</li> <li>Sustainable Finance</li> <li>Customer Experience</li> </ul>
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## Related UN SDGs



Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
Material issues supported by policy commitments	9 out of 14 (64%) material issues were supported by policy commitments	11 out of 13 (85%) material issues were supported by policy commitments	All material issues supported by policy commitments
Improvement in Governance score on DJSI <sup>1</sup>	Score is 58 (based on 2018 performance)	Score is 63, a 9% improvement (based on 2019 performance)	30% improvement from 2019 baseline
Female Representation on the Board	11%	30%	At least 30%

(<sup>1</sup> includes Anti-Crime, Risk & Crisis Management, Codes of Business Conduct, Tax Strategy, Corporate Governance, Information Security/Cybersecurity & System Availability, Privacy Protection)

 STAKEHOLDER ENGAGEMENT & ADVOCACY	<b>Material Topics</b>	<ul style="list-style-type: none"> <li>Corporate Culture</li> <li>Sustainability Education and Participation</li> <li>Governance</li> <li>Talent Attraction, Growth and Retention</li> <li>Sustainable Supply Chain</li> <li>Sustainable Finance</li> </ul>
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## Related UN SDGs



Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
Employees completed Sustainability E-Learning (%)	None, applicable from 2021 onwards	None, applicable from 2021 onwards	95% of employees trained in Sustainability
Employees Trained/Briefed on Sustainability	2,268	1,223	To measure and report progress annually

# Sustainability Principles and Strategy

## ALIGNMENT TO GLOBAL GOALS AND INDUSTRY INITIATIVES

Addressing social and environmental challenges that are impacting the global ecosystem requires systemic change beyond the capabilities and capacity of any single actor. We need to collaborate with peers, and take part in formulating solutions to challenges that are impacting humanity. Our public commitment to global initiatives binds our action towards mitigating emerging risks, integrating change in our day-to-day operations, and delivering innovative sustainable financing products for a better tomorrow.

### THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and to ensure that all people enjoy peace and prosperity by 2030. We have prioritised seven SDGs which form the cornerstone of our sustainability programmes and initiatives.

To facilitate this, we launched a US\$680 million CIMB SDG Bond, the first-ever SDG Bond to be issued by a Malaysian and ASEAN issuer in the Reg S international capital markets and also the first to be issued in the Formosa bond market.



For more information about the CIMB SDG Bond Progress Report, please click here: <https://www.cimb.com/content/dam/cimb/group/documents/sustainability/20190924-CIMB-Bank-SDG-Bond-Framework.pdf>

# Sustainability Principles and Strategy

## UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

We were one of the group of banks that drafted the Principles for Responsible Banking (PRB), and are one of the founding signatories. Launched on 22 September 2019, the six Principles align banks with the SDGs and the Paris Climate Agreement. It sets the global benchmark of a responsible bank and provides actionable guidance for how to achieve this.

### PRINCIPLE 1: ALIGNMENT

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



### PRINCIPLE 2: IMPACT & TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



### PRINCIPLE 3: CLIENTS & CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



### PRINCIPLE 4: STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



### PRINCIPLE 5: GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



### PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.



For more information on our implementation of the Principles of Responsible Banking, please refer to pages 148 - 158.

## THE COLLECTIVE COMMITMENT TO CLIMATE ACTION

We are a signatory to The Collective Commitment on Climate Action, and are committed to align our portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well below 2, striving for 1.5 degree Celsius in accordance with the Paris Agreement. We commit to mobilise our products, services and relationships to help facilitate the economic transition necessary to achieve climate neutrality.

Read more about our climate-related initiatives in the Climate Change section on pages 27 - 33.

# Sustainable Action



Sustainable action demonstrated at CIMB speaks of our commitment to creating positive impacts through our day-to-day business. Our key focus is on promoting sustainable practices in our operations and processes group-wide. Over the last one year, we have achieved significant milestones and made commitments to take tangible steps towards addressing sustainability challenges facing our organisation, and our stakeholders.

Our mid-term strategy on sustainability takes into account how our business and supply chain will be impacted by risks such as climate change and pandemics, as well as opportunities to create direct net positive impact in our operations. Our employees play an important role in championing definitive action to mitigate negative impacts and create positive change within our circles of influence as well as the communities where we operate. We strive to create an inclusive workplace that welcomes diversity as it improves decision making, enhances innovation, creativity, productivity, reputation, engagement, and performance.

## HOW WE MAP SUSTAINABLE ACTION



## FORWARD 23+

### RELEVANT STRATEGIC THEMES



Delivering Sustainable Financial Returns



Purpose-driven Organisation

## SUSTAINABLE ACTION: PERFORMANCE HIGHLIGHTS 2020



**2,195.8 tCO<sub>2</sub>e**  
Direct (Scope 1) GHG Emissions

**81,754.5 tCO<sub>2</sub>e**  
Energy Indirect (Scope 2)  
GHG Emissions

**8.8%** Reduction in Scope 1  
and 2 GHG Emissions  
Intensity vs 2019

**RM644.9 million**  
in renewable energy financing



**22%** Female representation  
in Key Management

**43%** Female representation  
in Senior Management

**47%** Female representation  
in management positions within  
Revenue Generating functions

**1 : 0.83** Ratio of  
remuneration between male  
and female employees in Key  
Management (Malaysia)

**48** Persons with Disabilities  
employed



**RM94 million**  
invested in training and  
development

**98.8%**  
compulsory e-learning  
completion rate

Around **620**  
PROTÉGÉs hired by CIMB to date



**2,239** Registered suppliers



**5** Occupational Safety and  
Health related training  
programmes conducted  
(Malaysia and Thailand)

Absenteeism rate of  
**0.95%**

**45.4%**  
Employees covered by a trade  
union or collective bargaining  
agreement (Malaysia)

**89**  
Average training hours  
per employee

**783**  
The Complete Banker™  
programme participants to date

**33,421** Employees  
who attended 3D training

**79** CIMB ASEAN  
Scholarship holders to date

**>RM1.2 billion**  
in procurement spend



Please refer to page 26 of CIMB's Sustainability Report page for more details.

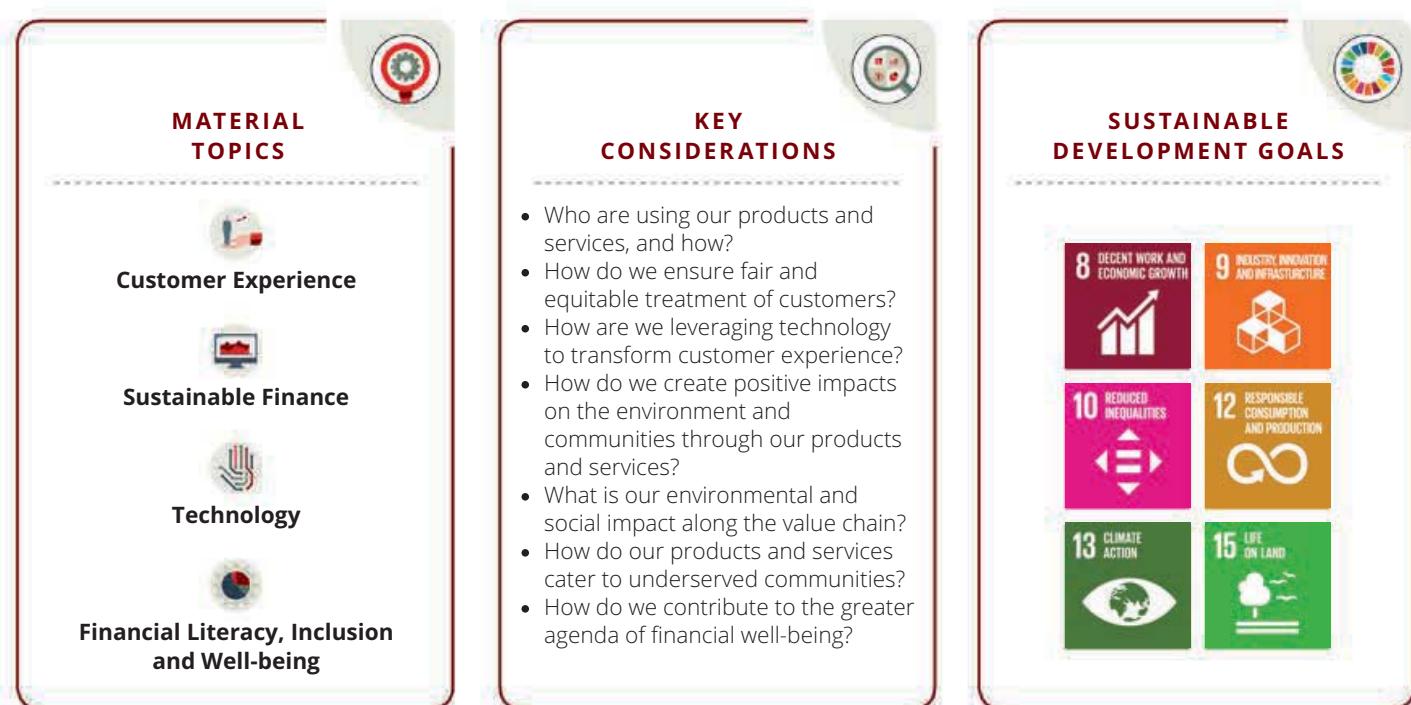
# Sustainable Business



Aligning business priorities with stakeholders' expectations is an essential aspect of creating a valuable and sustainable business. Through the provision of financial services, we have exposure to a broad range of sectors and activities that bring collective benefit to the planet, as well as economic opportunities, uplifting of living standards, and overall well-being. Our sustainable financing framework guides our financing of net positive and sustainable projects, while minimising our risk of negative impacts through robust risk mitigation processes.

The advancement of technology and data is transforming our business through operational efficiencies and the way we serve our customers. Through data analytics, we are able to better understand our customers' needs and selectively engage them with relevant services to improve their banking experience. The pervasiveness of technology and data also allows us to provide digital services and products that promote financial inclusion.

## HOW WE MAP SUSTAINABLE BUSINESS



## FORWARD 23+

### RELEVANT STRATEGIC THEMES



**Delivering Sustainable Financial Returns**



**Customer Centricity**



**Purpose-driven Organisation**



**Disciplined Execution**



**Transform Fundamentals**

## SUSTAINABLE BUSINESS: PERFORMANCE HIGHLIGHTS 2020



Over  
**16 million**  
retail customers served by  
668 branches and more than  
8,500 self-service terminals



**RM285 million**  
financing for green homes



Net Promoter Score within  
**72%**  
relative to peers



**> RM1.35 billion**  
financing for affordable housing



More than  
**14,000**  
students engaged  
on financial literacy



**5** Sector Guides rolled out  
on Environmental and  
Social risks

**179**

Financing Facilities with in-depth  
due diligence on Environmental  
and Social risks, of which:

**3**

Financing Facilities were not  
recommended due to elevated  
sustainability risks

**18**

Financing Facilities were  
recommended with Action Plans

**7 out of 8**

clients (88%) with Action Plans  
due in 2020 completed them



Please refer to page 50 of CIMB's Sustainability Report page for more details.

# Corporate Social Responsibility



In aspiring to be a leading focused ASEAN Bank, CIMB is committed to its purpose of "building a high-performing sustainable organisation to help advance customers and society". We focus on issues that are most important and meaningful to the communities around us, and do our part to help ensure that no one is left behind, especially among communities from the lowest 40% of income earners (B40), where the needs and inequality are the greatest. We help create sustainable communities in markets where we operate through supporting programmes that promote equality, inclusion, stewardship, empowerment and entrepreneurship. We encourage and facilitate our employees and stakeholders to volunteer and be agents of change.

## HOW WE MAP CORPORATE SOCIAL RESPONSIBILITY



## CORPORATE SOCIAL RESPONSIBILITY: PERFORMANCE HIGHLIGHTS 2020



**RM29.3 million**

invested in communities

**4,216**

Total volunteer hours

**118,808**

Total number of beneficiaries



**RM10.5 million**

spent on Disaster Relief,  
General Donations and Others



**RM3.9 million**

spent on Community  
Development



**RM10.9 million**

spent on Education



**RM4.0 million**

spent on Sports



Please refer to page 86 of CIMB's Sustainability Report page for more details.

# Governance and Risk



A robust governance framework supports the navigation of risks and creates a culture of transparency and accountability, which leads to long-term value creation for stakeholders. Our Sustainability performance is enabled by a robust governance framework that lays the foundation for us to drive net positive economic, environmental and social impacts.

Corporate governance involves the policies, procedures, processes and practices that a company depends on and is vital to help achieve its goals, manage risk and facilitate decision-making. Corporate culture sets what is commonly described as the shared values and norms that shape the behaviour and mindset within an organisation. Having a strong culture of integrity promotes behaviours consistent with a company that holds good corporate governance as a cornerstone of its operations and business.

## HOW WE MAP GOVERNANCE AND RISK



## GOVERNANCE AND RISK: PERFORMANCE HIGHLIGHTS 2020



**Governance-related scores on Dow Jones Sustainability Index Corporate Assessment (2020)**

Risk & Crisis Management

**85/100**

Anti-Crime Policy & Measures

**86/100**

Code of Business Conduct

**66/100**

**65<sup>th</sup> Percentile**

Ranking on DJSI  
(up from 51<sup>st</sup> percentile in 2019)

**11 out of 13** (85%)

material issues supported by policy commitments



**30%**

Female representation on the Board

**30%**

Active Board members in non-profit/social/environmental organisations



Please refer to page 98 of CIMB's Sustainability Report page for more details.

# Stakeholder Engagement and Advocacy

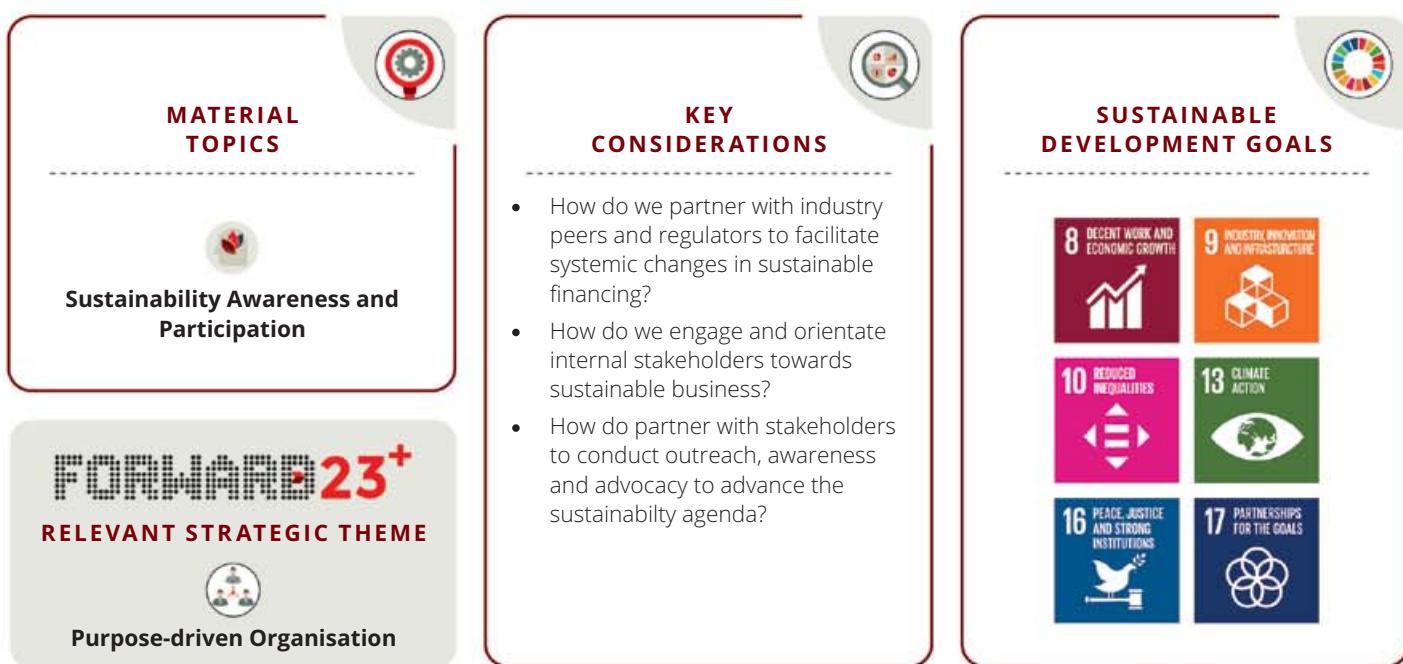


Systematic engagement is fundamental to understanding stakeholders' needs, while advocacy creates consensus and an ecosystem of support and change. It is critical to analyse, understand and respond to the evolving expectations, needs, and issues of our stakeholders. The primary objective for our engagement is to raise awareness and to mobilise support for meaningful action towards sustainable development.

Over the past year, we worked to raise our level of engagement with internal stakeholders across the Group, as the orientation of our employees on sustainability, sustainable finance, and sustainable development is critical to the success of our strategy rollout.

Externally, we actively participated in regulatory-led and industry peer working groups to support the development of standards and toolkits. We initiated dialogues and joined deliberations with business leaders, associations, clients, civil society organisations, suppliers and government officials on catalysing an ecosystem that is conscientiously driving towards sustainable development.

## HOW WE MAP STAKEHOLDER ENGAGEMENT AND ADVOCACY



## STAKEHOLDER ENGAGEMENT AND ADVOCACY: PERFORMANCE HIGHLIGHTS 2020



**1,223**

employees trained/briefed on sustainability issues



CIMB is an active member of

**7**

National and International Working Groups



**196**

CIMB Sustainability Champions



Please refer to page 112 of CIMB's Sustainability Report page for more details.

# Regional Notable Deals

## REGIONAL DEBT DEALS



### Axiata SPV5 (Labuan) Limited

USD1.0 billion Notes due 2050



### Axiata SPV2 Berhad

USD500.0 million Sukuk Wakala due 2030



### PT Bank Mandiri (Persero) Tbk

USD500.0 million Senior Notes due 2025



### PT Tower Bersama Infrastructure Tbk

USD350.0 million Senior Unsecured Notes due 2025

IDR1,500.0 billion Senior Bonds via 3rd Shelf Registration Programme Tranche 4 of IDR7,000.0 billion

IDR700.0 billion Senior Bonds via 4th Shelf Registration Programme Tranche 1 of IDR7,000.0 billion

IDR750.0 billion Senior Bonds via 4th Shelf Registration Programme Tranche 2 of IDR7,000.0 billion



### PT Lippo Karawaci Tbk

USD420.0 million Senior Unsecured Notes due 2025



### Tenaga Nasional Bhd

Islamic Medium Term Notes Programme of up to RM10.0 billion in nominal value and ICP Programme of up to RM2.0 billion in nominal value



### Malaysia Rail Link Sdn Bhd

Islamic Medium Term Notes Programme of RM9.75 billion in nominal value, guaranteed by the Government of Malaysia

## GAMUDA LAND

### Gamuda Land (T12) Sdn Bhd

Islamic Medium Term Notes Programme and Islamic Commercial Papers ("ICP") Programme with a combined aggregate limit of RM2.0 billion and a sub-limit of RM500.0 million for the ICP Programme, guaranteed by Gamuda Berhad



### Sarawak Energy Berhad

Issuance of RM1.9 billion in nominal value Islamic Medium Term Notes pursuant to an Islamic Medium Term Notes Programme of RM15.0 billion in nominal value



### Top Glove Corporation Bhd

RM1.3 billion Perpetual Sukuk Wakalah



### Property

### Sime Darby Property Berhad

Islamic medium term notes ("Sukuk Musharakah") issuance of RM800.0 million in nominal value, including an ASEAN Sustainability SRI Sukuk Musharakah of RM150.0 million in nominal value, pursuant to a Sukuk Musharakah programme of up to RM4.5 billion in nominal value under the Shariah principle of Musharakah

### Swirl Assets Berhad

Issuance of medium term notes of RM623.9 million in nominal value, backed by the receivables due from Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") pursuant to a share purchase agreement signed between Syarikat Pengeluar Air Selangor Holdings Berhad and Air Selangor

## Regional Notable Deals

### REGIONAL DEBT DEALS (CONTINUED)



#### Tropicana Corporation Berhad

RM589.0 million Senior Sukuk Wakalah  
RM318.0 million Senior Sukuk Wakalah



#### AEON Credit Service (M) Berhad

RM500 million Senior Sukuk Wakalah and RM200 million Subordinated Sukuk Wakalah



#### Dialog Group Berhad

Islamic notes issuance programme of up to an aggregate amount of RM3.0 billion in nominal value for the issuance of Senior Islamic Medium Term Notes and/or Subordinated Perpetual Islamic Notes



#### PT Sarana Multigriya Finansial (Persero)

IDR4,001.0 billion Senior Bonds via 5th Shelf Registration Programme Tranche 3 of IDR19,000.0 billion



#### PT Astra Sedaya Finance

IDR2,183.05 billion Corporate Bonds via 4th Shelf Registration Programme Tranche 4 of IDR8,000.0 billion  
IDR1,500.0 billion Corporate Bonds via 5th Shelf Registration Programme Tranche 1 of IDR10,000.0 billion



#### PT Jasa Marga (Persero) Tbk

IDR2,000.0 billion Senior Bonds via 2nd Shelf Registration Programme Tranche 1 of IDR4,500.0 billion



Permodalan Nasional Madani

#### PT Permodalan Nasional Madani (Persero)

IDR250.0 billion Senior Bonds via 3rd Shelf Registration Programme Tranche 3 of IDR6,000.0 billion

IDR1,733.8 billion Senior Bonds via 3rd Shelf Registration Programme Tranche 4 of IDR6,000.0 billion



#### PT Bank Tabungan Negara (Persero) Tbk

IDR1,500.0 billion Senior Bonds via 4th Shelf Registration Programme Tranche 1 of IDR8,000.0 billion



member of ASTRA

#### PT Federal International Finance

IDR1,500.0 billion Bonds via 4th Shelf Registration Programme Tranche 2 of IDR15,000.0 billion



#### PT Sinar Mas Agro Resources and Technology Tbk

IDR775.0 billion Senior Bonds via 2nd Shelf Registration Programme Tranche 1 of IDR3,000.0 billion

IDR1,400.0 billion Senior Bonds via 2nd Shelf Registration Programme Tranche 2 of IDR3,000.0 billion



#### PT Merdeka Copper Gold Tbk

IDR1,400.0 billion Senior Bonds via 1st Shelf Registration Programme Tranche 1 of IDR1,700.0 billion

IDR300.0 billion Senior Bonds via 1st Shelf Registration Programme Tranche 2 of IDR1,700.0 billion



#### PT Bank CIMB Niaga Tbk

IDR1,000.0 billion Mudharabah Sukuk via 1st Shelf Registration Programme Tranche 3 of IDR4,000.0 billion

### REGIONAL DEBT DEALS (CONTINUED)



**PT Chandra Asri Petrochemical Tbk**

IDR600.0 billion Senior Bonds via 3rd Shelf Registration Programme Tranche 2 of IDR5,000.0 billion



**PT Bank Pembangunan Daerah Jawa Barat Dan Banten Tbk**

IDR500.0 billion Subordinated Bonds via 2nd Shelf Registration Programme Tranche 1 of IDR1,000.0 billion

IDR500.0 billion Subordinated Bonds via 2nd Shelf Registration Programme Tranche 2 of IDR1,000.0 billion



**PT Tunas Baru Lampung Tbk**

IDR500.0 billion Senior Bonds via 1st Shelf Registration Programme Tranche 2 of IDR1,500.0 billion



**PT Bank QNB Indonesia Tbk**

**PT Bank QNB Indonesia Tbk**

IDR448.0 billion Senior Bonds via 1st Shelf Registration Programme Tranche 3 of IDR1,000.0 billion



**PT PP Properti Tbk**

IDR416.5 billion Senior Bonds via 2nd Shelf Registration Programme Tranche 1 of IDR2,400.0 billion



**PT Indomobil Finance Indonesia**

IDR336.0 billion Senior Bonds via 4th Shelf Registration Programme Tranche 1 of IDR4,000.0 billion



**PT POLYTAMA PROPINDO**

**PT Polytama Propindo**

Issue Size IDR150.4 billion Senior Bonds I and IDR156.5 billion Ijarah Sukuk I



**Lembaga Pembiayaan Ekspor Indonesia**

IDR100.0 billion Mudharabah Sukuk via 2nd Shelf Registration Programme Tranche 1 of IDR2,000.0 billion

**Housing & Development Board**

SGD800.0 million Fixed Rate Notes due 2025

**China Construction Bank Corporation Singapore Branch**

SGD500.0 million Senior Unsecured Fixed Rate Notes due 2023



**True Corporation Public Company Limited**

THB23,441.1 million Senior Unsecured Debenture

THB4,800.0 million Senior Unsecured Debenture



**True Move H Universal Communication Co., Ltd.**

THB9,800.0 million Senior Unsecured Debenture



**TPI Polene PCL**

THB7,000.0 million Senior Unsecured Debenture

THB4.4 billion Senior Unsecured Debenture

THB4,200.0 million Senior Unsecured Debenture

## Regional Notable Deals

### REGIONAL DEBT DEALS (CONTINUED)



#### **Muangthai Capital PCL.**

THB5,000.0 million Senior Unsecured Debenture  
THB4,000.0 million Senior Unsecured Debenture



#### **Siamgas & Petrochemicals PCL.**

THB4.0 billion Senior Unsecured Debenture

### **SANSIRI**

#### **Sansiri PCL.**

THB4,000.0 million Senior Unsecured Debenture  
THB3,000 million Perpetual Debenture

### **TOYOTA LEASING THAILAND**

#### **Toyota Leasing (Thailand) Co., Ltd.**

THB3,000 million Senior Secured Debenture



#### **Sena Development PCL.**

THB1.7 billion Senior Secured Bond  
THB1,110.4 million Senior Unsecured Debenture



#### **Rojana Industrial Park PCL.**

THB1,600 million Senior Unsecured Debenture  
THB482.5 million Senior Unsecured Debenture

### **noble**

#### **Noble Development PCL.**

THB1,250 million Senior Unsecured Debenture  
THB482.5 million Senior Unsecured Debenture

### **SC ASSET**

#### **SC Asset Corporation PCL.**

THB1,200 million Senior Unsecured Debenture  
THB500 million Senior Unsecured Debenture  
THB250 million Senior Unsecured Debenture



#### **Ananda Development PCL.**

THB1,169.9 million Senior Unsecured Debenture  
THB1,000 million Perpetual Debenture



#### **PTG Energy PCL.**

THB1,000 million Senior Unsecured Debenture



#### **Origin Property PCL.**

THB990.6 million Senior Unsecured Debenture



#### **Lalin Property PCL.**

THB525.0 million Senior Unsecured Debenture



#### **Krungthai Car Rent and Lease PCL.**

THB100.0 million Senior Unsecured Debenture

### REGIONAL EQUITY DEALS



#### **Mr.D.I.Y. Group (M) Berhad**

Mr D.I.Y. Group (M) Berhad's RM1.5 billion (USD363.2 million) Initial Public Offering in conjunction with the listing on the Main Market of Bursa Malaysia Securities Berhad

#### **Khazanah Nasional Berhad**

Khazanah Nasional Berhad's RM1.0 billion (USD231.2 million) Tenaga Nasional Berhad Block Trade

Khazanah Nasional Berhad's RM735.7 million (USD169.1 million) Telekom Malaysia Berhad Block Trade



#### **Unisem (M) Berhad**

Unisem (M) Berhad's RM284.0 million (USD69.4 million) Primary Placement

### ICON OFFSHORE

#### **Icon Offshore Berhad**

RM247.2 million share consolidation and Rights Issue with new free detachable Warrants on the Main Market of Bursa Malaysia Securities Berhad



[www.myeg.com.my](http://www.myeg.com.my)

#### **MY E.G. Services Berhad**

MY E.G. Services Berhad's RM216.0 million (USD53.1 million) Primary Placement



#### **Hibiscus Petroleum Berhad**

Hibiscus Petroleum Berhad's RM203.6 million (USD49.5 million) Islamic Convertible Redeemable Preference Shares (CRPS) Placement



#### **InNature Berhad**

RM113.5 million Initial Public Offering of ordinary shares of InNature Berhad in conjunction with the listing on the Main Market of Bursa Malaysia Securities Berhad



#### **Axiata Group Berhad**

The listing of Robi Axiata Limited, a subsidiary of Axiata Group Berhad on the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in Bangladesh



#### **Elite Commercial REIT**

Elite Commercial REIT's GBP135.4 million (USD173.8 million) IPO on Mainboard of Singapore Stock Exchange



#### **Credit Bureau Asia Limited**

Credit Bureau Asia's SGD53.9 million (USD40.5 million) Initial Public Offering on Mainboard of Singapore Exchange

### REGIONAL ADVISORY DEALS



#### **CJ Century Logistics Holdings Berhad/ CJ Logistics Asia Pte Ltd**

RM100.0 million acquisition of CJ Korea Express Malaysia Sdn Bhd by CJ Century Logistics Holdings Berhad



#### **Telenor South East Asia Investment Pte Ltd**

Divestment of Valyou Sdn Bhd, a wholly-owned subsidiary of Telenor South East Asia Investment Pte Ltd to Merchantrade Asia Sdn Bhd

# Notable Achievements

## THE ASSET TRIPLE A SUSTAINABLE CAPITAL MARKETS COUNTRY & REGIONAL AWARDS 2020

- Best FIG Bond – Indonesia
- Best Corporate Bond – Indonesia
- Best Syndicated Loan – Indonesia
- Best Primary Placement – Malaysia
- Best Block Trade – Malaysia
- Best Investment Grade Bond – Malaysia
- Best Bank Capital Bond – Malaysia

## IFN DEALS OF THE YEAR 2020

- IFN Real Estate Deal of the Year 2020

## IFN AWARDS 2020

- IFN Best Islamic Bank in Malaysia 2020
- IFN Best Islamic Investment Bank 2020

## GLOBAL RETAIL BANKING INNOVATION AWARDS 2020

- Outstanding Digital Innovation in SME Banking
- Best Digital Sales Initiative

## THE ASSET TRIPLE A PRIVATE CAPITAL AWARDS 2020

- Best Bank for Investment Solutions – Malaysia
- Best Bank for Investment Solutions, Rates – Malaysia
- Best Bank for Investment Solutions, Credit – Malaysia
- Best Bank for Investment Solutions, FX – Malaysia
- Best Bank for Investment Solutions, Commodities – Malaysia

## ALPHA SOUTHEAST ASIA TRANSACTIONAL BANKING AWARDS 2020

- Best Cash Management Solution in Malaysia
- Best Trade Finance Solution in Malaysia

## GRADUATES' CHOICE AWARDS

- Top 10 Most Attractive Employers
- Top 3 Most Preferred in Banking

## ALPHA SOUTHEAST ASIA 14TH DEAL AND SOLUTION AWARDS 2020

- Best Bond House in Southeast Asia
- Best Ringgit Sukuk House of the Year
- Best Social Impact Islamic Finance House in Asia
- Best Sri Sukuk
- Best Islamic & Conventional Finance Deal of the Year
- Best Islamic Subordinate Perpetual Bond
- Most Innovative Islamic Finance Deal of the Year
- Best Corporate Sukuk
- Best Local Currency Sukuk
- Best Islamic Finance Project Finance Deal of the Year
- Best Equity Deal of the Year, Malaysia
- Best Local Currency Bond Deal of the Year, Thailand
- Best Bond Deal for Retail Investors in Southeast Asia

## ASIAMONEY BEST BANK AWARDS FOR MALAYSIA 2020

- Best Corporate & Investment Bank

## THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2020

- Best Quasi-Sovereign Sukuk – Malaysia

## GLOBAL BUSINESS OUTLOOK (GBO) AWARDS 2020

- Best SME Bank – Malaysia
- Best Digital Transformation Initiative for SME's – Banking – Malaysia
- Most Innovative Credit Card – CIMB Platinum Business Card – Malaysia

## THE ASSET TRIPLE A : PRIVATE CAPITAL AWARDS FOR PRIVATE BANKS, WEALTH & INVESTMENT BANK ADVISERS, SOLUTIONS AND INDEX PROVIDERS 2020

- Best Bank for Investment Solutions – Malaysia
- Best Bank for Investment Solutions – Thailand
- Best Bank for Investment Solutions, Equity – Thailand
- Best Bank for Investment Solutions, Rates – Malaysia
- Best Bank for Investment Solutions, Rates – Indonesia
- Best Bank for Investment Solutions, Rates – Thailand
- Best Bank for Investment Solutions, Credit – Malaysia
- Best Bank for Investment Solutions, Credit – Thailand
- Best Bank for Investment Solutions, FX – Malaysia
- Best Bank for Investment Solutions, FX – Indonesia
- Best Bank for Investment Solutions, Commodities – Malaysia
- Best Structured Investment and Financing Solutions, Credit – Thailand
- Best Structured Investment and Financing Solutions, Rates – Thailand
- Best Structured Investment and Financing Solutions, Fund – Thailand

## THE BANKER GLOBAL TRANSACTION BANKING AWARDS 2020

- Cash Management

## THE ASSET TRIPLE A TREASURY, TRADE, SSC AND RISK MANAGEMENT AWARDS 2020

- Best in Treasury and Working Capital – SMEs – Malaysia
- Best Service Provider – Trade Finance – Malaysia

### **THE ASSET TRIPLE A ASIA INFRASTRUCTURE AWARDS 2020**

- Oil and Gas Deal of the Year – Regional
- Petrochemical Deal of the Year – Regional
- Oil and Gas of the Year – Indonesia
- Power Deal of the Year – Indonesia
- Petrochemical Deal of the Year – Malaysia
- Telecom Deal of the Year – Malaysia
- Water Deal of the Year – Malaysia
- Power Deal of the Year – Thailand

### **CORPORATE TREASURER AWARDS 2020**

- Best Cash Management House in Malaysia
- Best Transaction Bank in Malaysia

### **ASIAMONEY ASIA PRIVATE BANKING AWARDS 2020**

- Best for Investment Research – Malaysia
- Best Domestic Private Bank
- Best for Wealth Transfer/Succession Planning

### **2019 LIFE@WORK AWARDS**

- Best Malaysian Organisation
- Outstanding Practice – Talent Development Initiative
- CEO Champion – Malaysian Organisation

### **SATISFACTION, LOYALTY & ENGAGEMENT AWARDS 2020**

- Best Bank in Mortgage Category – CIMB Niaga

### **GLOBALCAPITAL ASIA CAPITAL MARKET AWARDS 2019**

- Best Local Currency Bond House
- Best Asian Investment Bank

### **INDONESIA GREEN AWARDS 2020**

- Winner, Developing Biodiversity Category – CIMB Niaga

### **TOP DIGITAL COMPANY AWARD 2020**

- Best in Building Digital Transformation – CIMB Niaga

### **BRANDING ASSOCIATION OF MALAYSIA**

- Most Outstanding Malaysian Brand 2019 – Banking

### **GLOBAL FINANCE PRIVATE BANK AWARDS 2020**

- Best Private Bank in Malaysia

### **ALPHA SEA BEST FINANCIAL INSTITUTION AWARDS 2020**

- Best Bond House in Malaysia
- Best Equity House in Malaysia
- Best Investment Bank in Malaysia
- Best Cash Management Bank in Malaysia
- Best Bank for Sustainable Financing in Malaysia

# Corporate Event Highlights



**13 March 2020,  
Menara CIMB**

Inaugural Visit by the Minister of Finance, Malaysia YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, and Farewell Town Hall for our former GCEO



**4 May 2020, Hospital Kuala Lumpur  
- CIMB & Project Setia, PPE Handover**

PPE Handover to Hospital Kuala Lumpur; a CIMB & Setia collaboration. 3,000 PPE were delivered to over 10 government hospitals and clinics nationwide.



**4, 11 & 18 May 2020, HKL, IPK, Hosp. Putrajaya, Hosp. Selayang, Hosp. Serdang**

CIMB Foundation Bubur Lambuk Distribution to Frontliners

**9 April 2020, PT Bank CIMB Niaga Tbk**

CIMB Niaga Annual General Meeting of Shareholders 2020



**14-17 May 2020, CIMB Facebook Live**

CIMB Bazar Siberturahim. Bringing the Raya Shopping Experience online for customers and local businesses.

## Corporate Event Highlights



**10 June 2020,  
Menara CIMB**

GCEO Dato' Abdul Rahman Ahmad's First Day in CIMB



**30 June 2020, Menara CIMB**

AGM 2020 (Live Virtual Event)



**7 September  
– 31 October  
2020, Virtual  
Platform**

The Cooler Earth Sustainability Summit



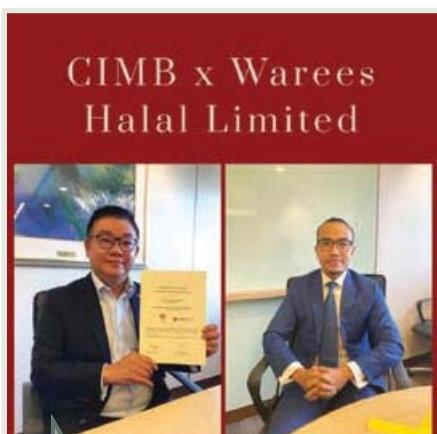
**3 October –  
15 November  
2020,  
9 participating  
local Art  
Galleries**

CIMB Artober



**4-10 September 2020, The Boulevard,  
Publika Shopping Gallery**

The Launch of CIMB X Poptron #ExtraNotOrdinary Bazaar



**17 November 2020, Virtual Platform**

CIMB Singapore x Warees Halal Limited Strategic Partnership Signing Ceremony



**22-25 October 2020, Impact Arena  
Muang Thong Thani, Thailand**

MONEY EXPO 2020 Bangkok

**13 December 2020, Pattana  
Sports Resort, Chonburi  
Thailand**

CIMB Thai Triathlon, Forward ASEAN Pride 2020

# Media Highlights



## In the HOT SEAT

Datuk Abdul Rahman Ahmad was appointed group CEO and executive director of CIMB Group Holdings Bhd in June, as the covid-19 pandemic was wreaking havoc on economies worldwide. How will the former non-banker steer the group through the

The Edge 19 October



Bringing a non-banker perspective to CIMB

CIMB ringan beban pelanggan terjejas Covid-19

**CIMB** Bank Bhd dan **CIMB** Islamic Bank Bhd (**CIMB**) mengembangkan program pelepasan kewangan untuk pelanggannya yang terkesan dengan koronavirus (Covid-19).

Sementara bagi pemegang polisi insurans atau takaful melalui rakan kongsi **CIMB**, Sun Life Malaysia Assurance Berhad dan Insurans Berjaya Sompo turut memperluaskan liputan mereka di bawah polisi sedia ada

Sinar Harian 20 March

IPO Prospectus Launch for Mr D.I.Y.



New Straits Times 10 October



**CIMB** Group CEO Tengku Dato' Sri Zafrul Ismail Malaysia's New Minister Of Finance

RinggitPlus 10 March

The Star 19 March

**CIMB** allocates RM3b for sustainability-linked loans

The Edge Financial Daily 6 January

**REDEFINING FINANCE FOR GOOD:**

HOW **CIMB** RESPONDED TO THE PANDEMIC

Fintech News Malaysia 21 September

Online bazaar to celebrate Hari Raya

By *Abid Razak* - May 14, 2020 @ 1:24pm



New Straits Times 14 May

**CIMB** lanjut program bantu PKS

Berita Harian 27 June

**CIMB** reports robust operating income in FY19

The Star 28 February

Banks remain committed to helping customers, **CIMB**'s Abdul Rahman says



The Star 23 November

Abdul Rahman to helm **CIMB**

The Star 30 May

**COVID-19** pandemic shows the need for SMEs to embark on digital transformation

The Edge 6 February

**CIMB** named Best Malaysian Organisation at Talentcorp Awards

The Edge 21 July

**CIMB** Philippines receives 10th award as PH Best New Digital Bank

Manila Times 8 June

CIMB Bank offers 3 to 12 months moratorium extension to the unemployed

聯昌銀行：失業者

## 可延緩還貸 3至12個月

(吉隆坡3日訊) 配合政府宣布让特定群体延缓还贷，联昌银行今日公布细则，其中今年1月失业至今并持续失业中的借贷者，延缓还贷期限可再延长3个月至12月。同时，将会简化和加速申请和审批流程。

China Press  
4 August

CIMB is SE Asia's best bond house for eighth time

The Sun  
23 December



### CIMB results

CIMB Group group CFO Khairul Rifai (left) and group CEO Datuk Abdul Rahman Ahmad after announcing CIMB Group's first half FY2020 financial results.

The Star 29 August

## CIMB records RM714mil Q1 pre-tax profit

The Star 23 May

### CIMB Niaga Raih Award The Asian Banker

MAKSARAH - U7 Kunci U205 Stage Thru (CIMB Niaga) meraih gelaran penghargaan "The Most Helpful Bank during Covid-19 in Indonesia" dari The Asian Banker Penghargaan dari CIMB Niaga ini diberikan berdasarkan pencapaian dan kinerja dalam membantu pelaku usaha di Indonesia dengan memberikan solusi yang efektif dan efisien.



Koran Sindo Sulsel 27 August

### CIMB Thai is confident of strong ASEAN economy



Bangkok Today 5 August

### CIMB's The Cooler Earth Summit 2020



The Edge 14 September

## CIMB Cambodia continues to break records amid a challenging year

Khmer Times 14 January



## Digital payments give users more bang for their ringgit

Value-added features, hygiene concerns and business initiatives are accelerating the shift to a cashless society

The Edge 17 August

### CIMB Foundation gives alms to the elderly and orphans



Sin Chew Daily 22 May

### CIMB Group catat keuntungan bersih



Utusan Sarawak 1 September

## Budget 2021: Banks embrace responsibility to continue assisting customers in difficult times



Datuk Abdul Rahman Ahmad  
CIMB Group  
Group chief executive officer

CIMB welcomes our role as enablers of the recovery by participating in the expanded targeted loan assistance programme. It is optimal that assistance to borrowers is done in a targeted manner to ensure funds are specifically channelled to individuals and companies in need, including those affected SMEs, B40s and M10s.

The Edge Markets 7 November

## Matrade, CIMB assist SMEs in building export resilience

New Straits Times 7 July

## Malaysia's CIMB commits to phase out coal financing by 2040

Reuters 8 December

## CIMB tandatangan SLL pertama

Harian Metro 19 September

### CIMB Islamic contributes RM1 mil for Setiu Wetlands, Terengganu project



New Straits Times 17 October

## CGS-CIMB launches retail Islamic cross border trading services

Borneo Post (Kuching) 9 April

## CIMB Bank to auto-defer servicing for most commercial term loans in Singapore

The Business Times 2 April

### Tuo Tre news

## CIMB Bank Vietnam turns fintech growth into opportunity

Wednesday, November 25, 2020

Tuo Tre News 25 November

## CIMB e Credit Card tawar mata ganjaran sehingga 12x bila tambah nilai e-wallet

BY HANIF AZRAI 10:29 AM, 26 JUNE 2020



SoyaCincau 26 June

# Shareholders' Statistics

as at 1 March 2021

Issued and Paid-up Share Capital : RM25,843,808,251 comprising 9,922,966,350 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 <sup>^</sup>	% of Issued Shares
1 – 99	3,248	3.32	111,167	0.00
100 – 1,000	34,988	35.72	18,258,666	0.18
1,001 – 10,000	45,631	46.59	179,032,331	1.80
10,001 – 100,000	12,257	12.51	333,108,801	3.36
100,001 – 496,148,316 <sup>(*)</sup>	1,825	1.86	4,628,795,046	46.65
496,148,317 and above <sup>(**)</sup>	3	0.00	4,763,660,339	48.01
Director holding	0	0.00	0	0.00
<b>Total</b>	<b>97,952</b>	<b>100.00</b>	<b>9,922,966,350</b>	<b>100.00</b>

**Notes:**

\* Less than 5% of issued holdings.

\*\* 5% and above of issued holdings.

^ Excludes 4,908 shares retained as treasury shares as at 1 March 2021.

## ANALYSIS OF EQUITY STRUCTURE (AS PER THE RECORD OF DEPOSITORS)

Category of Shareholders	No. of Holders			No. of Shares			% Malaysian		
	Malaysian			Malaysian			Bumi-putra	Non-Bumi-putra	Foreign
	Bumiputra	Non-Bumiputra	Foreign	Bumiputra	Non-Bumiputra	Foreign			
1) Individual	8,578	65,140	1,062	26,746,728	473,465,409	17,026,287	0.27	4.77	0.17
2) Body Corporate									
A) Banks/Finance Companies	77	5	0	2,005,719,886	789,932	0	20.21	0.01	0.00
B) Investments Trusts/ Foundation/ Charities	0	7	0	0	599,620	0	0.00	0.01	0.00
C) Other Types of Companies	74	662	31	2,681,991,649	83,944,152	39,456,036	27.03	0.84	0.40
3) Government Agencies/Institutions	5	0	0	29,821,091	0	0	0.30	0.00	0.00
4) Nominees	14,347	6,430	1,534	276,098,710	2,295,995,761	1,991,311,089	2.78	23.14	20.07
5) Trustee	0	0	0	0	0	0	0.00	0.00	0.00
6) Others	0	0	0	0	0	0	0.00	0.00	0.00
	<b>23,081</b>	<b>72,244</b>	<b>2,627</b>	<b>5,020,378,064</b>	<b>2,854,794,874</b>	<b>2,047,793,412</b>	<b>50.59</b>	<b>28.77</b>	<b>20.64</b>
<b>Grand Total</b>	<b>97,952</b>			<b>9,922,966,350</b>			<b>100.00</b>		

# Shareholders' Statistics

as at 1 March 2021

## DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	No. of Shares Held			
	Direct Interest	%* <sup>1</sup>	Deemed Interest	%* <sup>1</sup>
Dato' Lee Kok Kwan	1,205,072	0.01	88,648	—* <sup>2</sup>
Didi Syafruddin Yahya	—	—	45,262	—* <sup>2</sup>

**Notes:**

\*<sup>1</sup> Excludes 4,908 shares retained as treasury shares as at 1 March 2021.

\*<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	%* <sup>1</sup>	Indirect	%* <sup>1</sup>
Khazanah Nasional Berhad	2,700,806,354	27.22	—	—
Employees Provident Fund	1,592,033,641* <sup>2</sup>	16.04* <sup>2</sup>	—	—
Kumpulan Wang Persaraan (Diperbadankan)	646,884,641	6.52	—	—

**Notes:**

\*<sup>1</sup> Excludes 4,908 shares retained as treasury shares as at 1 March 2021.

\*<sup>2</sup> 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* <sup>1</sup>
1. Khazanah Nasional Berhad	2,700,806,354	27.22
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,440,359,584	14.52
3. Kumpulan Wang Persaraan (Diperbadankan)	646,884,641	6.52
4. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	483,995,262	4.88
5. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i>	232,711,556	2.35
6. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	174,825,338	1.76
7. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd</i>	114,737,761	1.16
8. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An For State Street Bank &amp; Trust Company (West CLT OD67)</i>	114,294,712	1.15
9. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	111,573,445	1.12
10. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	107,666,674	1.09

## STAKEHOLDER INFORMATION

### Shareholders' Statistics

as at 1 March 2021

Name of Shareholders	No. of Shares Held	% of Issued Capital*1
11. Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	107,489,197	1.08
12. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	91,301,608	0.92
13. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	90,495,923	0.91
14. Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	79,141,233	0.80
15. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government Of Singapore (C)</i>	67,004,670	0.68
16. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	59,655,951	0.60
17. HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK Plc For The Prudential Assurance Company Limited</i>	55,047,650	0.55
18. Permodalan Nasional Berhad	54,280,113	0.55
19. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 14)</i>	48,346,300	0.49
20. Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)</i>	45,517,595	0.46
21. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNYM SA/NV For People's Bank Of China (SICL Asia EM)</i>	42,445,603	0.43
22. Citigroup Nominees (Asing) Sdn Bhd <i>CBHK For Fubon Life Insurance Co., Ltd (CTL)</i>	41,549,700	0.42
23. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Norges Bank (Fl 17)</i>	38,985,839	0.39
24. Pertubuhan Keselamatan Sosial	38,820,944	0.39
25. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	36,738,247	0.37
26. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Dimensional Emerging Markets Value Fund</i>	34,579,182	0.35
27. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund SWV4 For California Public Employees Retirement System</i>	32,487,549	0.33
28. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Blackrock Institutional Trust Company, N.A. Investment Funds For Employee Benefit Trusts</i>	32,438,235	0.33
29. Lembaga Tabung Angkatan Tentera	28,492,100	0.29
30. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II</i>	26,573,400	0.27
<b>Total</b>	<b>7,179,246,366</b>	<b>72.38</b>

**Note:**

\*1 Excludes 4,908 shares retained as treasury shares as at 1 March 2021.

# 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 & Compliance Committee (GRCC) or its sub-committee(s) and approved by our Board or Board Risk & Compliance 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 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.	a) Group Outsourcing Policy b) Group Outsourcing Procedure	This document sets out how outsourcing arrangements in the Group is managed across the lifecycle of the arrangement to ensure proper controls in place in managing outsourcing risk.
4.	a) Business Continuity Management Policy b) Business Continuity Management Procedure	These documents define the minimum Business Continuity Management (BCM) requirements for developing, implementing and testing BCM within the CIMB Group to ensure that BCM arrangements continue to meet the needs of CIMB Group in the event of a crisis.
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.

## Internal Policies, Procedures and Guidelines

**No. Title**

<b>No. Title</b>	<b>Description</b>
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 minimum requirements to ensure that a standard and professional approach is adopted to assist the Group in talent acquisition through proper sourcing, selection and appointment, from the date the position becomes available or vacant to the date the position is filled.
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.
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.
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.

# Internal Policies, Procedures and Guidelines

<b>No. Title</b>	<b>Description</b>
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.
20. a) Shariah Advisory and Board Shariah Committee Secretariat Policy b) Shariah Advisory and Board Shariah Committee Secretariat Procedure	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.
21. a) Group T&M – General Policy b) Group T&M – General 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.
22. a) Group Fraud Risk Policy b) Group Fraud Risk Governance and 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.
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 outline the commitment of CIMB Group to uphold zero-tolerance approach to fraudulent activities and aim to provide the policies to develop controls that will aid in the prevention, detection and investigation of fraud against CIMB Group, thereby establishing an integrated and robust Group Fraud Risk Management framework in the organisation.
	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) Technology Risk Management Policy b) Technology Risk Management Procedure	These documents provide a consistent and unified approach for developing, managing and improving technology (including Cyber) risk management within the Group's business operations. It is a systematic approach to identify, analyse, evaluate, treat, monitor and communicate technology risks associated with any activity, function or process, thereby protecting the Group by minimising 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 management of liquidity risk across the banking entities within CIMB Group. The policy sets out key approaches and critical areas for an integrated liquidity risk management process including liquidity risk management strategies, Board and management oversight, roles and responsibilities of various divisions/ departments, measurement methodologies, controls, monitoring and reporting 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 how reputation risk should be managed robustly and proactively by identifying the sources of reputation risk, and to monitor and manage these within the defined risk appetite.
29. Group Credit Risk Policy (Non-Retail) (with Islamic addendum and Private Banking addendum)	These documents outline the broad credit/financing principles that is applicable to CIMB Group's conventional and Islamic banking businesses, with the purpose of establishing discipline for orderly extension of credit/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 & methodologies, and 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.

## Internal Policies, Procedures and Guidelines

<b>No. Title</b>	<b>Description</b>
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 in 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.
35. Group Interest Rate Risk/Rate of Return in the Banking Book Policy	This is the primary reference document on the key principles for the management of interest rate risk in the banking book across the banking entities within CIMB Group. This policy sets out key approaches and critical areas for an integrated management of the interest rate risk in the banking book including Board and management oversight, roles and responsibilities of divisions/departments, measurement methodologies, 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. a) CIMB Group Shariah Risk Management Policy  b) CIMB Group Shariah Risk Management Procedures	a) This document articulates the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by the Group in managing Shariah Non-Compliance (SNC) risk.  b) This document provides the explanation/illustration that could facilitate the Group in identifying, assessing, controlling and monitoring SNC risk inherent in its Islamic products and day-to-day activities.
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 and varied 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. Group 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.

## Internal Policies, Procedures and Guidelines

<b>No. Title</b>	<b>Description</b>
42. Group Corporate Assurance Policy	This document sets out the policies governing GCAD 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>
44. a) Group Customer Experience Management – Complaints Handling Policy Manual b) Group Customer Experience Management – Complaints Handling Procedure Manual	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.
45. a) CIMB Group Customer Exit Handling Policy b) CIMB Group Customer Exit Handling Procedure	These documents set out the standard framework and mechanism when dealing with customers' complaints regionally in accordance with regulatory and CIMB Group standards. This is to ensure prompt and constructive responses are given to Customer which in turn will build customer loyalty and confidence towards CIMB Group.
46. a) Group Customer Experience Management – Treating Customers Fairly Policy Manual b) Group Customer Experience Management – Treating Customers Fairly Procedure Manual	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.
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 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.
48. The Group Sustainability Policy (GSP)	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.
49. The Group Sustainable Finance Policy (GSFP)	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.
	This document outlines our overarching principles and approach to sustainability and sustainability risk management.
	This document identifies, assesses, and manages risks arising from financing of non-individual clients, especially in sectors that are most vulnerable to environmental and social risks, and those with activities that have high potential adverse impacts on the environment and society. 25 economic activities in six sectors have been identified to have high environmental and social risk, and Sector Guides are in place for coal, palm oil, oil & gas, forestry, and infrastructure, construction & real estate activities. A structured due diligence and escalation is in place for clients and transactions identified to have high Sustainability Risk.

# 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	6	670,000,000	2015	Dec-19
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	21	270,369,866	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	13	119,268,210	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	4	115,429,371	2015	May-19
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	3	30	70,887,497	2001	May-19
Jl. Gajah Mada 18 Jakarta Pusat	3 storey office building used as CIMB Niaga Head Office and Branch.	Leasehold expiring on 17 January 2036	16	30	51,061,669	2006	May-19
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	3	28	49,784,593	2012	May-19
Synergy Building Jl. Sutera Barat Kav 17 Alam Sutera, Serpong Tangerang, Banten	20 storey office bulding, 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	4	9	36,737,300	2014	May-19
Puri Indah Financial Tower Lt. 21, 23, 25 & 26 Jl. Puri Linglar Dalam Blok T8, Kembangan Jakarta Barat	29 storey office building, CIMB Niaga owned 4 Floors (21st, 23rd, 25th & 26th), used as CIMB Niaga Head office.	Freehold	n/a	-	34,071,506	2020	May-19
CIMB Niaga Kebon Sirih Jl. Kebon Sirih 33 Jakarta Pusat	CIMB Niaga Branch premises.	Leasehold expiring on 22 August 2031	11	36	32,052,171	2003	May-19

# Corporate Information

as at 1 March 2021

## BOARD OF DIRECTORS

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

**Dato' Abdul Rahman Ahmad**  
Group Chief Executive Officer/  
Executive Director  
(Appointed on 10 June 2020)

**Teoh Su Yin**  
Senior Independent Director

**Robert Neil Coombe**  
Independent Director

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

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

**Afzal Abdul Rahim**  
Independent Director

**Didi Syafruddin Yahya**  
Independent Director

**Shulamite N K Khoo**  
Independent Director  
(Appointed on 15 May 2020)

**Serena Tan Mei Shwen**  
Non-Independent Director  
(Appointed on 30 September 2020)

**YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz**  
Group Chief Executive Officer/  
Executive Director  
(Resigned on 9 March 2020)

**Ahmad Zulqarnain Che On**  
Non-Independent Director  
(Resigned on 30 June 2020)

## GROUP COMPANY SECRETARY

**Datin Rossaya Mohd Nashir**  
LS 0007591/PC No. 202008000361

## AUDIT COMMITTEE

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

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

**Teoh Su Yin**  
Member/Senior Independent Director

## BOARD RISK AND COMPLIANCE COMMITTEE

**Robert Neil Coombe**  
Chairman/Independent Director

**Teoh Su Yin**  
Member/Senior Independent Director

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

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

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

**Didi Syafruddin Yahya**  
Member/Independent Director  
(Appointed on 27 July 2020)

**Serena Tan Mei Shwen**  
Member/Non-Independent Director  
(Appointed on 30 September 2020)

**Ahmad Zulqarnain Che On**  
Member/Non-Independent Director  
(Resigned on 30 June 2020)

## GROUP NOMINATION AND REMUNERATION COMMITTEE

**Teoh Su Yin**  
Chairperson/Senior Independent Director

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

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

**Robert Neil Coombe**  
Member/Independent Director

**Didi Syafruddin Yahya**  
Member/Independent Director

**Shulamite N K Khoo**  
Member/Independent Director  
(Appointed on 15 May 2020)

**Serena Tan Mei Shwen**  
Member/Non-Independent Director  
(Appointed on 30 September 2020)

**Ahmad Zulqarnain Che On**  
Member/Non-Independent Director  
(Resigned on 30 June 2020)

## GROUP SHARIAH COMMITTEE

**Dr. Shafaai Musa**  
Chairperson/Independent Member

**Sheikh Professor Dr. Yousef Abdullah Al Shubaily**  
Independent Member

**Associate Professor Dr Aishath Muneeza**  
Independent Member

**Ahmed Baqar Rehman**  
Independent Member

**Dr Ahmad Sufian Che Abdullah**  
Independent Member

**Associate Professor Dr Muhamed Fairooz Abdul Khir**  
Independent Member  
(Appointed on 16 August 2020)

**Sheikh Dr Nedham Yaqoobi**  
Independent Member  
(Retired on 13 June 2020)

## REGISTERED OFFICE

Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
  
Tel: 603-2261 8888  
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**  
(199601006647 (378993-D))  
11th Floor Menara Symphony  
No. 5 Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya, Selangor  
Malaysia  
  
Helpdesk: 603-7890 4700  
Fax: 603-7890 4670  
E-mail address:  
[info.my@boardroomlimited.com](mailto:info.my@boardroomlimited.com)

## AUDITORS

**PricewaterhouseCoopers PLT**  
(LLP0014401-LCA & AF 1146)  
Chartered Accountants  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
PO Box 10192  
50706 Kuala Lumpur, Malaysia  
  
Tel: 603-2173 1188  
Fax: 603-2173 1298

## STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad since 3 November 1987

**Stock Code:** 1023

## GROUP MANAGEMENT

### **Dato' Abdul Rahman Ahmad**

Country Head, Malaysia  
Group Chief Executive Officer/Executive Director, CIMB  
Chief Executive Officer/  
Executive Director, CIMB Bank Berhad

### **Omar Siddiq**

Deputy Chief Executive Officer, CIMB Bank Berhad  
Chief Executive Officer, Group Wholesale Banking

### **Tigor M. Siahaan**

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

### **Paul Wong Chee Kin**

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

### **Victor Lee Meng Teck**

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

### **Samir Gupta**

Chief Executive Officer, Group Consumer Banking

### **Rafe Haneef**

Chief Executive Officer, Group Transaction Banking  
Chief Executive Officer, CIMB Foundation  
Group Chief Sustainability Officer

### **Effendy Shahul Hamid**

Chief Executive Officer, CIMB Digital Assets  
Group Chief Executive Officer, Touch 'n Go Group

### **Ahmad Shahriman Mohd Shariff**

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

### **Khairul Rifaie**

Group Chief Financial Officer

### **Gurdip Singh Sidhu**

Group Chief People Officer

### **David Richard Thomas**

Group Chief Risk Officer

### **Kwan Keen Yew**

Group Chief Legal & Compliance Officer

### **Amran Mohamad**

Group Chief Internal Auditor

### **Datin Rossaya Mohd Nashir**

Group Company Secretary

# Group Corporate Directory 2020

## CIMB Group Holdings Berhad

Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Tel : 603 2261 8888  
Fax : 603 2261 0099  
Website : [www.cimb.com](http://www.cimb.com)

## CIMB Bank Berhad

Level 17, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Tel : 603 2261 8888  
Fax : 603 2261 0099  
Website : [www.cimb.com](http://www.cimb.com)

## CIMB Investment Bank Berhad

Level 17, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Tel : 603 2261 8888  
Fax : 603 2261 0099  
Website : [www.cimb.com](http://www.cimb.com)

## CIMB Islamic Bank Berhad

Level 17, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Tel : 603 2261 8888  
Fax : 603 2261 0099  
Website : [www.cimb.com](http://www.cimb.com)

## 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](http://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](http://www.cimbthai.com)

## CIMB Bank Plc

20A/B, Corner Preah Norodom  
Boulevard & Street 118,  
Sangkat Phsar Chas,  
Phnom Penh 12203,  
Cambodia  
Tel : 855 23 988 388  
Fax : 855 23 988 099  
Website : [www.cimbbank.com.kh](http://www.cimbbank.com.kh)

## 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](http://www.cimbbank.com.vn)

## 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.sg](http://www.cimb.com.sg)

## 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](http://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](http://www.cimb.com)

## CIMB Bank Berhad HONG KONG BRANCH

Rooms 2501 & 2507-2510,  
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](http://www.cimb.com)

## 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  
Fax : NIL  
Website : [www.cimb.com](http://www.cimb.com)

## CIMB Bank (L) Limited

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

## 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](http://www.cimb.com)

## 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](http://www.cimb.com)

## CIMB Thai Bank Plc

### 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.cimb.com](http://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](http://www.touchngo.com.my)

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

**CIMB Islamic Trustee Berhad**

Level 21, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Tel : 603 2261 8888  
Fax : 603 2261 9887  
Website : [www.cimb.com](http://www.cimb.com)

**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 9887  
Website : [www.cimb.com](http://www.cimb.com)

**iCIMB (Malaysia) 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](http://www.cimb.com)

**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](http://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 8874  
Website : [www.cimbfoundation.com](http://www.cimbfoundation.com)

**CIMB Bancom Capital Corporation**

28th Floor, ORE Central Building  
9th Avenue Corner 31st Street  
Bonifacio Global City, Taguig  
1634 Philippines  
Tel : NIL  
Fax : NIL  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB Investment Bank (Private) Limited**

No.47, Alexandra Place,  
Colombo 07, Sri Lanka  
Tel : 94 11 269 5782  
Fax : 94 11 269 5410  
Website : [www.cimb.com](http://www.cimb.com)

**CGS-CIMB Holdings Sdn Bhd**

Level 6, Tropicana City Office Tower,  
No. 3, Jalan SS20/27,  
47400 Petaling Jaya, Selangor  
Tel : 603 2261 8888  
Fax : 603 2261 8899  
Website : [www.cgs-cimb.com.my](http://www.cgs-cimb.com.my)

**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.cgs-cimb.com](http://www.cgs-cimb.com)

**Principal Asset Management Berhad**

10th Floor, Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Tel : 603 2084 8888  
Fax : 603 2084 8899  
Website : [www.principal.com.my](http://www.principal.com.my)

**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.principal.com.my](http://www.principal.com.my)

**CIMB Bank Berhad  
YANGON REPRESENTATIVE OFFICE**

1219, Level 12-A, Sakura Tower,  
Kyauktada Township, Yangon,  
Myanmar  
Tel : 951 8 255 430  
Fax : 951 8 255 430  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB Bank Berhad  
MUMBAI REPRESENTATIVE OFFICE**

Plot No.G-59, G-Block, Platina  
Office No. 603a, 6th Floor  
Bandra Kurla Complex  
Bandra (East), Mumbai 400051  
Tel : 91 22 6671 1570/  
91 02 2650 0330  
Fax : NIL  
Website : [www.cimb.com](http://www.cimb.com)

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 64th Annual General Meeting ("AGM") of CIMB Group Holdings Berhad ("CIMB" or "the Company") will be held fully virtual at the broadcast venue at Level 31, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia on Thursday, 15 April 2021 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 2020 and the Reports of the Directors and Auditors thereon.  
Please refer to Explanatory Note 7
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 Mr. Robert Neil Coombe
  - 2.3 Encik Afzal Abdul Rahim
 Please refer to Explanatory Note 8
3. To re-elect the following Directors who retire pursuant to Article 88 of the Company's Constitution:
  - 3.1 Dato' Abdul Rahman Ahmad
  - 3.2 Ms. Serena Tan Mei Shwen
 Please refer to Explanatory Note 8
4. To approve the payment of Non-Executive Directors' fees with effect from the 64th AGM until the next AGM of the Company, as follows:

	<b>Retainer Fee – per annum (RM)</b>	<b>Chairperson's Premium – per annum (RM)</b>
Board		
– Chairperson	170,000	510,000
– Member	170,000	N/A
Board Committee		
– Chairperson	N/A	100,000
– Member	N/A	N/A

Please refer to Explanatory Note 9

5. To approve the payment of allowances and benefits payable to Non-Executive Directors of the Company up to an amount of RM3,895,000 from the 64th AGM until the next AGM of the Company.  
Please refer to Explanatory Note 9
6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration.  
Please refer to Explanatory Note 10

**Ordinary Resolution 1**  
**Ordinary Resolution 2**  
**Ordinary Resolution 3**

**Ordinary Resolution 4**  
**Ordinary Resolution 5**

**Ordinary Resolution 6**

**Ordinary Resolution 7**

**Ordinary Resolution 8**

# Notice of Annual General Meeting

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

7. **Proposed Renewal of the Authority for Directors to Allot and Issue Shares.**

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

Please refer to Explanatory Note 11

### Ordinary Resolution 9

8. **Proposed Renewal of the Authority for Directors to Allot and Issue New Ordinary Shares in the Company (CIMB Shares) in Relation to the Dividend Reinvestment Scheme that provides the Shareholders of the Company with the Option to Elect to Reinvest Their Cash Dividend Entitlements in New Ordinary Shares in the Company (DRS).**

**“THAT** pursuant to the DRS approved at the Extraordinary General Meeting held on 25 February 2013 and renewed at the Annual General Meeting held on 30 June 2020, approval be and is hereby given to the Company to allot and issue such number of new CIMB Shares for the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new CIMB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted 5-day volume weighted average market price (VWAMP) of CIMB Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and not less than the par value of CIMB Shares at the material time;

### Ordinary Resolution 10

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

Please refer to Explanatory Note 12

## Notice of Annual General Meeting

**9. Proposed Renewal of the Authority to Purchase Own Shares.**

"**THAT** 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 RM1.399 billion based on the Audited Financial Statements for the financial year ended 31 December 2020 be allocated by the Company for the Proposed Shares Buy-Back **AND THAT** the ordinary shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and/or retained as treasury shares and cancel the remainder of the shares **AND THAT** where such shares are held as treasury shares, the Directors of the Company may distribute the shares as dividends, re-sold on Bursa Securities, transfer the shares under the employees' share scheme or as purchase consideration or otherwise use the shares for such other purposes as the Minister may by order prescribe **AND THAT** the Board of Directors of the Company be and are hereby given full authority generally to do all acts and things to give effect to the Proposed Shares Buy-Back with the full power to assent to any conditions, modifications, revaluations and/or amendments (if any) as may be imposed by the relevant authority with full power to do all such acts and things thereafter on any part of the shares bought back in accordance with the Companies Act, 2016, Company's Constitution, Main Market Listing Requirements of Bursa Securities and any other rules and regulations that may be in force from time to time **AND THAT** such authority shall commence immediately upon passing of this ordinary resolution until:

- i. the conclusion of the next Annual General Meeting of the Company in 2022 at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii. the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the Shareholders of the Company in a general meeting;

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and/or any other relevant authorities."

Please refer to Explanatory Note 13

10. To transact any other business of which due notice shall have been duly given in accordance with the Companies Act, 2016.

**Ordinary Resolution 11**

BY ORDER OF THE BOARD

**Datin Rossaya Mohd Nashir**

Group Company Secretary  
LS 0007591/PC No. 202008000361

Kuala Lumpur  
18 March 2021

# Notice of Annual General Meeting

## EXPLANATORY NOTES

### VIRTUAL AGM

- As part of the initiatives to curb the spread of COVID-19, the 64th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities which are available on Boardroom Share Registrars Sdn Bhd's website at Boardroom Smart Investor Online Portal at [www.boardroomlimited.my](http://www.boardroomlimited.my). Please follow the procedures provided in the Administrative Details for the 64th AGM in order to register, participate and vote remotely.
- The venue of the 64th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the 64th AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/ proxy(ies) from the public will be physically present at the meeting venue.

### 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/her 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 appointer or his/her attorney duly authorised in writing or if such appointer 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., 11th Floor Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than twenty-four (24) hours before the time appointed for holding the meeting which is no later than 10.00 a.m. on Wednesday, 14 April 2021.
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 64th AGM 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 64th AGM, 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 9 April 2021. Only a depositor whose name appears on the Record of Depositors as at 9 April 2021 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 2020

- 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 AGM of the Company and be eligible for re-election. Three out of Eight Directors are to retire in accordance with Article 81 of the Company's Constitution. The Shareholders' approval is sought under **Ordinary Resolutions 1, 2 and 3**.

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. Any Director so appointed shall hold office until the next AGM and shall then be eligible for re-election. The Shareholders' approval is sought under **Ordinary Resolution 4 and 5**.

The suitability of a Director as a Board member is in accordance with the Bank Negara Malaysia (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 64th AGM:

- 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 GNRC has also conducted an assessment on the independence of the Independent Directors seeking re-election at this AGM based on the criteria set by the Company and guided by the definition of "Independent Director" as prescribed by the Main Market Listing Requirements of Bursa Securities and BNM 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 re-election have maintained their independence in the financial year ended 31 December 2020.

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, 3, 4 and 5**.

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 2020.

### NON-EXECUTIVE DIRECTORS FEES AND BENEFITS PAYABLE

- Section 230(1) of the Companies Act, 2016, provides amongst others, that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, Shareholders' approval is sought for the payment of fees and benefits payable to the Non-Executive Directors, in 2 separate Resolutions:
  - Ordinary Resolution 6:** To approve the payment of the Non-Executive Directors' fees with effect from the 64th AGM until the next AGM of the Company

# Notice of Annual General Meeting

The Board of Directors is recommending the Directors' fees for the Company and its subsidiaries as approved at the previous AGM of the Company, for Shareholders' approval. There is no revision to the amount proposed.

For the Company

	<b>Retainer Fee – per annum (RM)</b>	<b>Chairperson's Premium – per annum (RM)</b>
Board – Chairperson	170,000	510,000
– Member	170,000	N/A

	<b>N/A</b>	<b>100,000</b>	<b>N/A</b>
Board Committee – Chairperson	N/A	N/A	N/A
– Member	N/A	N/A	N/A

For Subsidiaries of the Company

<b>Name</b>	<b>Position Held</b>	<b>Fee Type</b>	<b>Amount</b>
Datuk Mohd	<b>CIMB Bank Berhad</b>		
Nasir		Fixed Fee:	
Ahmad	• Chairperson	Chairperson's premium – per annum	
		Board Retainer Fee – per annum	RM150,000
		Audit Committee Chairperson's premium – per annum	RM150,000
	• Audit Committee Chairperson	Audit Committee Chairperson's premium – per annum	RM90,000
	<b>CIMB Bank (Cambodia) PLC</b>	Fixed Fee:	
	• Chairperson	Board Retainer Fee – per annum	USD7,000
		Monthly Allowance	USD1,200
	• Audit Committee Member	Retainer Fee – per annum	USD4,500
Dato' Lee Kok Kwan	<b>CIMB Bank Berhad</b>	Fixed Fee:	
	• Director	Board Retainer Fee – per annum	RM150,000
Dato' Mohamed Ross Mohd Din	<b>CIMB Islamic Bank Berhad</b>	Fixed Fee:	
	• Chairperson	Chairperson's premium – per annum	RM140,000
		Board Retainer Fee – per annum	RM140,000
Encik Didi Syafruddin Yahya	<b>CIMB Investment Bank Berhad</b>	Fixed Fee:	
	• Director	Board Retainer Fee – per annum	RM140,000
	<b>PT Bank CIMB Niaga Tbk</b>	Fixed Fee:	
	• Board of Commissioner	Retainer Fee – per annum	IDR1,212,166,667

- (ii) **Ordinary Resolution 7:** To approve the payment of allowances and benefits payable to Non-Executive Directors of the Company up to an amount of RM3,895,000 from the 64th AGM until the next AGM of the Company.

The amount payable to Non-Executive Directors comprises allowances, benefits-in-kind and other emoluments payable to them by the Company and its subsidiaries, details of which are as follows:

For the Company

	<b>Meeting Allowance – per meeting (RM)</b>	<b>Benefits-in-kind</b>
Board – Chairperson	5,000	Club membership fees, driver, leave passage, company car & other claimable benefits
– Member	5,000	Includes benefits that are claimable including reimbursable expenses incurred in the course of carrying out their duties as Directors
Board Committee – Chairperson & Member	5,000	N/A

In determining the estimated amount of benefits payable for the Non-Executive Directors, various factors, including the number of scheduled meetings for the Board, Board Committees and Boards of subsidiaries as well as the number of Non-Executive Directors involved in these meetings were considered. The Board is hereby recommending up to an amount of RM3,895,000 as payment of allowances and benefits payable from the 64th AGM until the next AGM of the Company.

For the Subsidiaries

<b>Name</b>	<b>Position Held</b>	<b>Fee Type</b>	<b>Amount</b>
Datuk Mohd	<b>CIMB Bank Berhad</b>		
Nasir		Variable Fee:	
Ahmad	• Chairperson	Meeting allowance – per meeting	RM5,000
	• Audit Committee Chairperson		
	• Board Risk and Compliance Committee member		
	<b>CIMB Bank (Cambodia) PLC</b>	Variable Fee:	
	• Chairperson	Meeting allowance – per meeting	USD1,000
	• Audit Committee Member		
	<b>CIMB Bank Berhad</b>	Variable Fee:	
Dato' Lee Kok Kwan		Meeting allowance – per meeting	USD600
	• Director		
	• Board Risk and Compliance Committee member		
	<b>PT Bank CIMB Niaga Tbk</b>	Variable Fee:	
	• Board of Commissioner	Meeting allowance – per annum	RM5,000

# Notice of Annual General Meeting

Name	Position Held	Fee Type	Amount
Dato' Mohamed Ross Mohd Din	<b>CIMB Islamic Bank Berhad</b> • Chairperson • Board Risk and Compliance Committee Member • Board Investment Committee Member	<u>Variable Fee:</u> Meeting allowance – per meeting	RM5,000
Encik Didi Syafruddin Yahya	<b>CIMB Investment Bank Berhad</b> • Director • Board Risk and Compliance Committee member	<u>Variable Fee:</u> Meeting allowance – per meeting	RM5,000
	<b>PT Bank CIMB Niaga Tbk</b> • President Commissioner • Risk Oversight Committee Member • Nomination and Remuneration Committee Member	<u>Variable Fee:</u> Meeting allowance – per meeting	IDR30,000,000

Recognising escalating costs and in view of the ongoing pandemic, the Board had agreed in 2020, on temporary basis, to reduce the Retainer Fees and Chairperson's Premium for CIMB Group Directors by 10% and Meeting Allowance by 20%, which took effect on 1 June 2020. Thereafter, the Board would reassess the effectiveness of these temporary measures at the end of June 2021.

Subject to the shareholders' approval for Ordinary Resolutions 6 and 7, the payment for the fees and benefits for the period commencing from the 64th AGM until next AGM will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred. The Board is of the view that the payments to the Non-Executive Directors are just and equitable taking into account their roles and responsibilities towards the Group and the contribution and services they render to the Company and its subsidiaries.

In addition, 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 for the Group and the Company amounted to RM1,069,623 (2019: RM1,018,690) and RM Nil (2019: RM Nil).

Please refer to the Notes to the Financial Statements for the amount of Directors' Remuneration at the Group and the Company, for the Financial Year Ended 2020 comprising fees and benefits of RM8.958 million and RM3.354 million, respectively. The remuneration of each Director is set out in the Corporate Governance Overview on page 135 of the Company's Annual Report 2020.

## APPOINTMENT OF AUDITORS

- The Audit Committee (AC), at its meeting held on 26 January 2021 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
- (vii) The external auditor demonstrated unbiased stance when interpreting standards/policies adopted by the Company.

Being satisfied with Messrs. PricewaterhouseCoopers' (PwC) performance in 2020, 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 2021. The Board, at its meeting held on 29 January 2021, approved the AC's recommendation for the re-appointment of PwC as external auditors of the Company for the Financial Year Ending 31 December 2021. The Shareholders' Resolution is sought under

### **Ordinary Resolution 8.**

## **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES**

- Ordinary Resolution 9** 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 AGM 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 not issued new shares pursuant to Section 76 of the Companies Act, 2016 under the general mandate sought at the 63rd AGM held on 30 June 2020, which will lapse upon the conclusion of the forthcoming 64th AGM to be held on 15 April 2021.

## **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN RESPECT OF THE DRS**

- The proposed **Ordinary Resolution 10** 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 AGM. A renewal of this authority will be sought at the subsequent AGM.

## **AUTHORITY TO PURCHASE OWN SHARES**

- Ordinary Resolution 11**, 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 AGM.

## **ABSTENTION FROM VOTING**

- Any Director referred to in **Ordinary Resolutions 1, 2, 3, 4 and 5**, who is a Shareholder of the Company will abstain from voting on the resolutions in respect of his/her re-election at the 64th AGM.
- All Directors who are Shareholders of the Company will abstain from voting on **Ordinary Resolutions 6 and 7** concerning Directors' remuneration at the 64th AGM.

# 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 5 as stated in the Notice of Annual General Meeting) at the 64th Annual General Meeting of CIMB Group Holdings Berhad which will be held fully virtual at the broadcast venue at Level 31, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia on Thursday, 15 April 2021 at 10.00 a.m. are as follows:

### 1. DATUK MOHD NASIR AHMAD

(Chairperson/Independent Director)

**Nationality** | Malaysian

**Age** | 66

**Gender** | Male

**Date of Appointment** | 20 July 2015

**Length of Tenure** | 5

#### MEMBERSHIP OF BOARD COMMITTEES

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

#### QUALIFICATION

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

#### AREAS OF EXPERTISE

- Accounting and Finance, Operations, Governance, Strategy Development and Implementation

#### DIRECTORSHIP/RELEVANT APPOINTMENTS

##### Listed Entities (Other than CIMBGH)

- Nil

##### Public Companies

- Chairperson/Independent Director of CIMB Bank Berhad
- Chairperson/Independent Director of CIMB Bank PLC (Cambodia)
- Independent Director of SIRIM Berhad

#### RELEVANT EXPERIENCE

Datuk Mohd Nasir Ahmad was the President of Malaysian Institute of Accountants (MIA) from August 2011 to July 2013. In September 2013 he was elected as a Council Member of the Association of Chartered Certified Accountants (ACCA) UK and re-elected in September 2016 and November 2019.

He brings with him vast experience in the areas of leadership, management, finance and accounting which spans over 40 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 namely Prokhas Sdn Bhd and CIMB EOP Management Sdn Bhd and is a Trustee of Yayasan Canselor UNITEN.

The Board is of the view that Datuk Mohd Nasir's leadership and experience is invaluable to CIMB. He has extensive exposure and knowledge in the areas of audit, accounting and finance, all of which are complimentary to the diversity of skill sets of the Board of CIMB. Datuk Mohd Nasir constantly provides a balanced view of matters being discussed and is very professional in his approach. The Board and Committees have benefitted from his counsel, opinions and sound independent judgement.

The Board hereby recommends the re-election of Datuk Mohd Nasir Ahmad as Chairperson/Independent Director of the Company for the Shareholders' approval.

### 2. MR. ROBERT NEIL COOMBE

(Independent Director)

**Nationality** | Australian

**Age** | 57

**Gender** | Male

**Date of Appointment** | 16 April 2014

**Length of Tenure** | 6

#### 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

# Statement Accompanying Notice of Annual General Meeting

## AREAS OF EXPERTISE

- Accounting and Audit, Banking and Finance, Operations, Consumer Marketing and Human Resource

## DIRECTORSHIP/RELEVANT APPOINTMENTS

### Listed Entities (Other than CIMBGH)

- Non-Executive Chairperson of Generation Development Group, Australia

### Public Companies

- Nil

## RELEVANT EXPERIENCE

Mr. Robert Neil Coombe is currently the Non-Executive Chairperson of the Generation Development Group, a financial services business focused on generational financial solutions.

He was previously the Chairperson of Craveable Brands, the largest Australian owned Quick Service Restaurant business and was the CEO of Craveable Brands between 2013 and April 2017. Before joining Craveable Brands, Mr. Coombe was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Mr. Coombe 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, Mr. Coombe is also a Director of Tibra Capital, Surfing Australia and the Australian Indigenous Education Foundation.

Mr. Coombe has continuously shown commitment and professionalism as a Board member. The Board believes that with his vast experience in Australia and Asia as well as his extensive knowledge in the international banking and financial industry, Mr. Coombe will continue to provide insights and varied perspectives to the Board and respective committees, as well as provide the Board with the right mix and balance.

The Board hereby recommends the re-election of Mr. Robert Neil Coombe as Independent Director of the Company for the Shareholders' approval.

## 3. ENCIK AFZAL ABDUL RAHIM

(Independent Director)

**Nationality** | Malaysian

**Age** | 43

**Gender** | Male

**Date of Appointment** | 31 January 2019

**Length of Tenure** | 2

## MEMBERSHIP OF BOARD COMMITTEES

- Nil

## QUALIFICATION

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

## AREAS OF EXPERTISE

- Legal, Operations, Information Technology, Human Resource, Strategy Development and Implementation, Innovation and Transformation

## DIRECTORSHIP/RELEVANT APPOINTMENTS

### Listed Entities (Other than CIMBGH)

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

### Public Companies

- Nil

## RELEVANT EXPERIENCE

Encik Afzal Abdul Rahim is a technology entrepreneur who currently serves as the Commander-In-Chief of TIME dotCom Berhad, an ASEAN based telecommunications 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.

Encik 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. Encik Afzal is also a Licensed Commercial Pilot.

# Statement Accompanying Notice of Annual General Meeting

The Board is of the view that CIMB will benefit from having Encik Afzal on the Board given his various skill sets, especially his competencies in Technology. With his knowledge and experience, he provides insights on strategic and operational technology matters. Given the significance of technology in the current socio-environmental context and the transformation efforts being undertaken by CIMB, Encik Afzal's presence will add value and fulfil the mix and composition of the Board of CIMB.

The Board hereby recommends the re-election of Encik Afzal Abdul Rahim as an Independent Director of the Company for the Shareholders' approval.

## 4. DATO' ABDUL RAHMAN AHMAD

(Group Chief Executive Officer/Executive Director)

**Nationality** | Malaysian

**Age** | 51

**Gender** | Male

**Date of Appointment** | 10 June 2020

**Length of Tenure** | Less than 1 year

### MEMBERSHIP OF BOARD COMMITTEES

- Nil

### QUALIFICATION

- Chartered Accountant – Member of Malaysian Institute of Accountants, Malaysia
- Chartered Accountant – Institute of Chartered Accountants England and Wales (ICAEW), England
- Master of Arts (Economics), University of Cambridge, England

### AREAS OF EXPERTISE

- Corporate Leadership, Strategy Development and Execution, Asset Management, Private Equity, Corporate Advisory, Accounting and Audit

### DIRECTORSHIP/RELEVANT APPOINTMENTS

#### Listed Entities (Other than CIMBGH)

- Commissioner of PT Bank CIMB Niaga TBK
- Non-Independent Director of CIMB Thai Bank PCL

#### Public Companies

- Chief Executive Officer/Executive Director of CIMB Bank Berhad

### RELEVANT EXPERIENCE

Dato' Abdul Rahman Ahmad was appointed as Group Chief Executive Officer/Executive Director of CIMB Group Holdings Berhad and Chief Executive Officer/Executive Director of CIMB Bank Berhad on 10 June 2020.

He has more than 20 years of leadership experience across multiple industries where he held Chief Executive Officer positions in well-established organisations such as Malaysian Resources Corporation Berhad, Media Prima Berhad, Ekuiti Nasional Berhad and Permodalan Nasional Berhad. Prior to joining CIMB, Dato' Abdul Rahman was with Sime Darby Berhad and Velesto Energy Berhad as Non-Executive Non-Independent Chairman.

Dato' Abdul Rahman is currently a panel member of Kumpulan Wang Amanah Negara, Malaysia's natural resource fund managed by Bank Negara Malaysia. Besides being a member of the Association of Banks in Malaysia (ABM), he also sits on the Board of Finance Industry Collective Outreach (FINCO) and is a committee member of the Joint Committee on Climate Change (JC3).

Dato' Abdul Rahman is a leader who is highly intellectual, focused, decisive, firm and takes personal accountability. His analytical skills and passion for details will enable him to lead and execute CIMB's strategy going forward. Dato' Abdul Rahman's previous exposure in overseeing several companies as well as his execution and transformation skills will be critical especially in today's uncertain environment to drive CIMB to achieve its Forward23+ goals. The Board believes that Dato' Abdul Rahman's leadership skills will further drive the culture of excellence and accountability within CIMB's workforce.

The Board hereby recommends the re-election of Dato' Abdul Rahman Ahmad as Executive Director of the Company for the Shareholders' approval.

## 5. MS. SERENA TAN MEI SHWEN

(Non-Independent Director)

**Nationality** | Malaysian

**Age** | 42

**Gender** | Female

**Date of Appointment** | 30 September 2020

**Length of Tenure** | Less than 1 year

### MEMBERSHIP OF BOARD COMMITTEES

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

### QUALIFICATION

- Master of Business Administration, MIT Sloan School of Management, USA
- Bachelor of Commerce, Accounting & Finance, Macquarie University, Australia

# Statement Accompanying Notice of Annual General Meeting

## AREAS OF EXPERTISE

- Banking and Finance, International Experience

## DIRECTORSHIP/RELEVANT APPOINTMENTS

### Listed Entities (Other than CIMBGH)

- Nil

### Public Companies

- Non-Independent Director of CIMB Bank Berhad
- Independent Director of Aviva Ltd

## RELEVANT EXPERIENCE

Ms. Serena Tan was appointed as Non-Independent Director of CIMB Group Holdings Berhad on 30 September 2020.

Ms. Serena Tan joined Khazanah Nasional Berhad in 2005 and is currently an Executive Director of Investments where she heads Private Markets and Financial Services. She has over 20 years of experience covering the financial sector including secondments to Khazanah investee companies such as the then Bank Lippo (now PT Bank CIMB Niaga Tbk) in Indonesia. She currently sits on the Board of CIMB Bank Berhad as well as various other private companies.

Prior to Khazanah, Ms. Serena Tan was with Boston Consulting Group and McKinsey & Company.

Ms. Serena Tan's exposure, extensive experience and knowledge has provided the right balance and competencies to enhance and fulfil the mix and composition of the Board of CIMB. Her ability to look at matters from different perspectives and her leadership attributes have also helped CIMB towards addressing and managing challenges raised by various stakeholders, both in Malaysia and regionally where the Group operates.

The Board hereby recommends the re-election of Ms. Serena Tan Mei Shwen as Non-Independent Director of the Company for the Shareholders' approval.

The directors listed above do not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company.

The directors listed above have not been convicted of any offence within the past five (5) years nor have they been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## 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.

## 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 30 June 2020, 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 RM1.399 billion based on the Audited Financial Statements of the Company for the financial year ended 31 December 2020.

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 64th Annual General Meeting to be held on 15 April 2021, unless renewed by an ordinary resolution.

On 5 March 2021, the Company announced its intention to seek shareholders' approval at the forthcoming 64th Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

# Statement Accompanying Notice of Annual General Meeting

## 1.2 PURPOSE OF STATEMENT

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 64th Annual General Meeting. The Notice of Annual General Meeting together with the Proxy Form is set out herewith.

## 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 1 March 2021 of RM25,843,808,251 comprising 9,922,966,350 ordinary shares in the Company (CIMB Shares), a total of 992,296,635 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, will 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 2022 at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant authorities.

The Board proposed to allocate an amount of up to retained earnings of the Company for the purchase of its own shares subject to Section 127 of the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase (Prevailing Laws). The actual number of

CIMB Shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained earnings and financial resources available to the Company. The audited retained earnings of the Company as at 31 December 2020 was RM1.399 billion.

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.

# Statement Accompanying Notice of Annual General Meeting

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:

	<b>Before the Proposed Shares Buy-Back</b>	<b>After the Proposed Shares Buy-Back</b>
Public shareholding spread	50.22* <sup>1</sup>	55.80* <sup>2</sup>

#### Notes:

\*<sup>1</sup> As at 1 March 2021

\*<sup>2</sup> Based on the assumption that:

- (i) the Proposed Shares Buy-Back involves the aggregate purchase of 992,296,635 CIMB Shares (being 10% of issued and paid-up capital of the Company as at 1 March 2021) which are to be retained as treasury shares; and
- (ii) the number of CIMB Shares held by the Directors of CIMB, the substantial shareholders of CIMB and person connected to them remain unchanged.

## 3. RATIONALE FOR THE PROPOSED SHARES BUY-BACK

The Proposed Shares Buy-Back will enable CIMB to utilise its surplus financial resources to buy-back CIMB Shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the Shareholders of the Company.

The purchased shares can be held as treasury shares and re-sold on Bursa Securities to realise potential gain without affecting the total issued and paid-up share capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the Shareholders of the Company.

## 4. EVALUATION OF THE PROPOSED SHARES BUY-BACK

### 4.1 ADVANTAGES

The potential advantages of the Proposed Shares Buy-Back are as follows:

- (i) Allow the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) Allow the Company more flexibility in fine-tuning its capital structure;
- (iii) The resultant reduction of share capital base is expected to improve the Earnings Per Share and may strengthen the net tangible assets of the remaining shares as well as the probability of declaring a higher quantum of dividend in the future;
- (iv) To stabilise a downward trend of the market price of the Company's shares;
- (v) Treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board of Directors is confident 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.

# Statement Accompanying Notice of Annual General Meeting

## 5. EFFECTS OF THE PROPOSED SHARES BUY-BACK

Assuming that the Company buys back up to 992,296,635 CIMB Shares representing 10% of its issued and paid-up share capital as at 1 March 2021 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 1 March 2021 to be reduced from RM25,843,808,251 comprising 9,922,966,350 CIMB Shares to RM23,259,427,426 comprising 8,930,669,715 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:

	<b>As Per Audited Financial Statement as at 31 December 2020</b>	<b>As at 1 March 2021</b>	<b>After Share Purchase and Cancellation</b>
Issued and paid-up share capital (RM)	25,843,808,251	25,843,808,251	23,259,427,426* <sup>1</sup>

**Notes:**

\*<sup>1</sup> Assuming up to 10% of the issued and paid-up share capital of CIMB or 992,296,635 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.

# Statement Accompanying Notice of Annual General Meeting

## 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 1 March 2021 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	2,700,806,354	27.22	-	2,700,806,354	30.24	-
Employees Provident Fund Board	1,592,033,641*3	16.04	-	1,592,033,641	17.83	-
Kumpulan Wang Persaraan (Diperbadankan)	646,884,641	6.52	-	646,884,641	7.24	-

**Notes:**

\*1 Adjusted for the number of treasury shares held as at 1 March 2021.

\*2 Assuming that 10% of the issued and paid-up capital is purchased and retained as treasury shares.

\*3 Includes shares held through nominees.

Directors	Before the Proposed Shares Buy-Back*1		After the Proposed Shares Buy-Back*2	
	No. of CIMB Shares Held	%	No. of CIMB Shares Held	%
Dato' Lee Kok Kwan*4	1,293,720*4	0.01*3	1,293,720*4	0.01*3
Didi Syafruddin Yahya*5	45,262	0.00*3	45,262	0.00*3

**Notes:**

\*1 Adjusted for the number of treasury shares held as at 1 March 2021.

\*2 Assuming 10% of the issued and paid-up capital is purchased and retained as treasury shares.

\*3 Less than 0.1%.

\*4 Includes the shareholdings of his spouse.

\*5 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 64th Annual General Meeting.

# Statement Accompanying Notice of 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 2020 to 28 February 2021 are as follows:

<b>2020</b>	<b>High (RM)</b>	<b>Low (RM)</b>
March	4.46	3.14
April	3.77	3.37
May	3.77	3.41
June	4.05	3.53
July	3.81	3.53
August	3.60	3.30
September	3.28	3.05
October	3.16	2.95
November	3.83	2.90
December	4.50	3.75

<b>2021</b>	<b>High (RM)</b>	<b>Low (RM)</b>
January	4.30	3.84
February	4.33	3.86

**Note:** Based on the actual share price

## 8. PURCHASES, RESALE AND CANCELLATION OF TREASURY SHARES MADE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the financial year ended 31 December 2020, 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 2016 (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 any implications arising from the Proposed Shares Buy-Back under the provision 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' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by our Board, and our Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

## 13. DIRECTORS' RECOMMENDATION

If you are in any doubt as to the course of action to be taken, you should consult appropriate independent advisers immediately.

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 64th Annual General Meeting.

## 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the AGM:-

- i. The Constitution of the Company;
- ii. The audited consolidated financial statements of our Company for the FYE 31 December 2018 and the FYE 31 December 2019;
- iii. The latest available unaudited consolidated condensed interim financial statements of our Company for the FYE 31 December 2020 which was announced on 26 February 2021; and
- iv. Other related documents which is referred to in this statement.

# Administrative Details for 64th Annual General Meeting (AGM) of CIMB Group Holdings Berhad

Due to the unprecedented circumstances arising from the measures that have been implemented nationally to limit the spread of the COVID-19, and in particular, the Government of Malaysia ("Government")'s official guidance for practising social distancing, the Board of Directors of CIMB Group Holdings Berhad ("Board") has decided that the 64th Annual General Meeting ("64th AGM") of CIMB Group Holdings Berhad ("the Company" or "CIMB") shall be held fully virtual and entirely via Remote Participation and Electronic Voting ("RPEV") facilities on the date, time and at the Broadcast Venue, as follows:

Date	Thursday, 15 April 2021
Time	10.00 a.m.
Broadcast Venue	Level 31, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia
Meeting Platform	<a href="https://web.lumiagm.com">https://web.lumiagm.com</a>
Mode of Communication	<ol style="list-style-type: none"><li>1. Type text in the meeting platform. The Messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e. one (1) hour before the AGM, which is from 9.00 a.m. on Thursday, 15 April 2021</li><li>2. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2020 commencing from 18 March 2021 and in any event no later than Friday, 9 April 2021 at 5.00 p.m., via Boardroom's website at <a href="https://boardroomlimited.my">https://boardroomlimited.my</a> using the same user ID and password provided in Step 2 below, and select "<b>SUBMIT QUESTION</b>" to pose questions ("Pre-AGM Meeting Questions").</li></ol>

## PRECAUTIONARY MEASURES ON COVID-19

1. The Company invites shareholders to participate in the upcoming 64th AGM from their home or office and follow the entire proceedings as the AGM would be conducted via RPEV facilities. The AGM will be conducted in accordance with the practices that have already been adopted by other internationally developed capital markets. The AGM is transparent, has a high level of integrity and is environmentally friendly. Our approach also supports the Government's initiative to ban mass gathering as part of its safety measure to contain the spread of COVID-19, while concurrently observes AGM deadline as stipulated in the Companies Act, 2016. Furthermore, throughout the years, the resolutions in our AGM have been passed electronically, and the adoption of a fully online AGM is one step ahead for good corporate governance practice.

Please note that the Broadcast Venue is strictly for the purpose of compliance with Section 327 of the Companies Act 2016 and Article 57 of the Company's Constitution.

**NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES** should be physically present at or admitted to the Broadcast Venue on the day of the AGM.

## VOTING PROCEDURE

1. The voting procedure will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn. Bhd. ("Boardroom") as Poll Administrator to conduct the poll by way of electronic voting ("e-voting") and Deloitte as Scrutineers to verify and validate the poll results.
2. For the purposes of this AGM, e-voting will be carried out via the following voting devices:
  - a. Personal smart mobile phones , tablets  or Laptops
3. There are 2 methods for members and proxies who wish to use their personal voting device to vote. The methods are as follows:
  - a. Launch **Lumi AGM** by scanning the QR code given to you in the email along with your remote participation User ID and Password; or
  - b. Access to Lumi AGM via website URL <https://web.lumiagm.com>
4. The polling will only commence after the announcement of poll being opened by the Chairman and until such time when the Chairman announces the closure of poll.
5. The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman and the Chairman will declare whether the resolutions put to vote were successfully carried or not.
6. You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the 64th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the AGM is maintained. Kindly note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

# Administrative Details for 64th Annual General Meeting (AGM) of CIMB Group Holdings Berhad

## REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV")

7. Please note that the RPEV facilities is available to  
**(i) Individual Members; (ii) Corporate Shareholders; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**
8. If you choose to participate in the Meeting online, you will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the Meeting is in progress.
9. Kindly follow the steps below on how to request for login ID and password.

### Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password)

- a. Access website <https://boardroomlimited.my>
- b. Click <<**Login**>> and click <<**Register**>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG or PNG format.
- d. Please enter a valid email address and wait for Boardroom's email verification.
- e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

### Step 2 – Submit Request for Remote Participation User ID and Password

(Note: The registration for remote access will be opened on 18 March 2021)

#### Individual Members

- Login to <https://boardroomlimited.my> using your User ID and Password given above.
- Select "**VIRTUAL MEETING**" from main menu and select the correct Corporate Event "**CIMB GROUP HOLDINGS BERHAD 64TH VIRTUAL ANNUAL GENERAL MEETING**".
- Read and agree to the terms & conditions.
- Enter your CDS Account Number and thereafter submit your request.

#### Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
- Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or Passport in JPEG or PNG format as well as his/her email address.
- a. You will receive a notification from Boardroom that your request has been received and is being verified.
- b. Upon system verification against the AGM's Record of Depositories, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- d. Please note that the closing time to submit your request is at **10:00 am on 14 April 2021**.

### Step 3 – Login to Virtual Meeting Portal

(Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users)

- a. The Virtual Meeting portal will be open for login starting an hour (1 hour) before the commencement of AGM at **9:00 am on 15 April 2021**.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (*Refer to Step 2(c) above*).
- c. The steps will also guide you on how to view live webcast, ask questions and vote.
- d. The live webcast will end and the Messaging window (for asking questions) will be disabled the moment the Chairman announces the closure of the AGM.
- e. You can now logout from Virtual Meeting Portal.

# Administrative Details for 64th Annual General Meeting (AGM) of CIMB Group Holdings Berhad

## PARTICIPATION THROUGH LIVE WEBCAST, QUESTION AND VOTING AT THE 64TH AGM

1. The Chairman and the Board will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 64th AGM, as well as financial performance/prospect of the Company.
2. All modes of communications are accepted for the purpose of posting questions to the Chairman and Board before or during the AGM. Shareholders are however encouraged to post questions via the online platform during the AGM.
3. Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 64th AGM, after the Chairman has opened the poll on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.
4. Shareholders who participate in the AGM are able to view the Company's presentation or slides via the live webcast.

## ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on **9 April 2021** (General Meeting Record of Depositors) shall be eligible to participate in the AGM or appoint proxy(ies) to participate and/or vote on his/her behalf.

## FORM(S) OF PROXY

1. Shareholders are encouraged to go online, participate, and vote at the 64th AGM using remote participation and electronic voting facilities. If you are not able to participate in the online AGM, you can appoint the Chairman of the meeting as your proxy and indicate the voting instructions in the proxy form(s).
2. Please take note that you **must** complete the proxy form for the AGM should you wish to appoint a proxy(ies).
3. You may download the Proxy form(s) from our website at <https://www.cimb.com/en/investor-relations/annual-reports.html>.
4. Please ensure that the original form is deposited at the Share Registrar's office not less than 24 hours before the time appointed for holding the meeting at the following address:

Boardroom Share Registrars Sdn. Bhd.  
G Floor or 11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Office: +60 3 7890 4700  
Fax: +60 3 7890 4670

5. Alternatively, you may deposit your proxy form(s) by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal. Kindly follow the link at <https://www.boardroomlimited.my> to login and deposit your proxy form electronically, also 24 hours before the meeting. For further information, kindly refer to the "Electronic Lodgment of Form of Proxy" below:

## Step 1 - Register Online with Boardroom Smart Investor Portal (for first time registration only)

(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 on e-Proxy Lodgement)

- a. Access website <https://boardroomlimited.my>
- b. Click <>**Login**>> and click <>**Register**>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG or PNG format.
- d. Please enter a valid email address and wait for Boardroom's email verification.
- e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

## Step 2 - e-Proxy Lodgement

- a. Login to <https://boardroomlimited.my> using your user id and password above.
- b. Go to "**E-PROXY LODGEMENT**" and browse the meeting list for "**CIMB GROUP HOLDINGS BERHAD 64TH VIRTUAL ANNUAL GENERAL MEETING**" and click "**APPLY**".
- c. Read and agree to the terms & conditions and confirm the Declaration.
- d. Enter your CDS Account Number and indicate the number of securities.
- e. Appoint your proxy(ies) or the Chairman of the AGM and enter the required particulars of your proxy(ies).
- f. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
- g. Review and confirm proxy(ies) appointment.
- h. Click submit

6. If you wish to participate in the AGM yourself, please do not submit any proxy form for the AGM. You will not be allowed to participate in the AGM together with the proxy appointed by you.

## STAKEHOLDER INFORMATION

# Administrative Details for 64th Annual General Meeting (AGM) of CIMB Group Holdings Berhad

### REVOCATION OF PROXY

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy 24 hours before the meeting.

### ENQUIRY

If you have general administrative enquiries on the AGM, please contact the following during office hours:

#### Boardroom Share Registrars Sdn. Bhd.

Office Helpdesk	:	+60 3 7890 4700
Encik Mohamed Sophiee Ahmad Nawawi	:	+60 3-7890 4716
Puan Yusliana Md Yusof	:	+60 3-7890 4718
Fax No.	:	+60 3 7890 4670

E-mail : [BSR.Helpdesk@boardroomlimited.com](mailto:BSR.Helpdesk@boardroomlimited.com)  
: [mohamed.sophiee@boardroomlimited.com](mailto:mohamed.sophiee@boardroomlimited.com)  
: [yusliana.yusof@boardroomlimited.com](mailto:yusliana.yusof@boardroomlimited.com)

### CIMB

Datin Rossaya Mohd Nashir, Group Company Secretary  
Cik Farah Atikah Hasnan  
Telephone : +603-2261 0085  
Fax No. : +603 2261 0099  
Email : [cimbagm@cimb.com](mailto:cimbagm@cimb.com)

### ANNUAL REPORT 2020 – GO DIGITAL & PAPERLESS!

1. As part of our dedicated commitment to sustainable practices, the Annual Report 2020 can be downloaded from our website at <https://www.cimb.com/en/investor-relations/annual-reports.html> and also at Bursa Malaysia website under "Company Announcements".
2. Since the 64th AGM will be conducted electronically, there will be **NO DISTRIBUTION** of the Annual Report 2020 during the meeting.

### PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



**CIMB Group Holdings Berhad 195601000197 (50841-W)**  
(Incorporated in Malaysia)

# Proxy Form

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 64th Annual General Meeting (AGM) of the Company to be held fully virtual at the broadcast venue at Level 31, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia on Thursday, 15 April 2021 at 10.00 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

## RESOLUTIONS

1. Receipt of Audited Financial Statements and Reports of the Directors and Auditors.

2. Re-election of Directors pursuant to Article 81 of the Company's Constitution:

- 2.1 Datuk Mohd Nasir Ahmad
- 2.2 Mr. Robert Neil Coombe
- 2.3 Encik Afzal Abdul Rahim

FOR*	AGAINST*
Resolution 1	
Resolution 2	
Resolution 3	
Resolution 4	
Resolution 5	
Resolution 6	
Resolution 7	
Resolution 8	
Resolution 9	
Resolution 10	
Resolution 11	

3. Re-election of Directors pursuant to Article 88 of the Company's Constitution:

- 3.1 Dato' Abdul Rahman Ahmad
- 3.2 Ms. Serena Tan Mei Shwen

4. To approve the payment of Non-Executive Directors' fees with effect from the 64th AGM until the next AGM of the Company.

5. To approve the payment of allowances and benefits payable to Non-Executive Directors of the Company up to an amount of RM3,895,000 from the 64th AGM until the next AGM of the Company.

6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

7. Proposed Renewal of the Authority for Directors to Allot and Issue Shares.

8. Proposed Renewal of the Authority for Directors to Allot and Issue Shares in relation to the Dividend Reinvestment Scheme.

9. Proposed Renewal of the Authority to Purchase Own Shares.

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:**

1. 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.
2. 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.
3. This instrument duly completed must be deposited at the Registrar's office at Boardroom Share Registrars Sdn. Bhd. 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than twenty-four (24) hours before the time appointed for holding the meeting which is no later than 10.00 a.m. (Wednesday, 14 April 2021).
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, under its Seal or the hand of its attorney.
5. For the purpose of determining a member who shall be entitled to attend the 64th 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 9 April 2021. Only a depositor whose name appears on the Record of Depositors as at 9 April 2021 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

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AFFIX STAMP

The Share Registrars

**BOARDROOM SHARE REGISTRARS SDN. BHD. (1996010006647 (378993-D))**

11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor, Malaysia

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## MINIMALIST, EFFICIENT, INTELLIGENT DESIGN APPROACH

We worked with our creative agency to plan an optimal design that not only communicates effectively with the readers, but also minimises use of ink, energy for printing, and the associated costs, without compromising on the aesthetic value of the design elements.



### SIMPLICITY

We have gone sparse – replacing full scale and massive images with more icons, and limited the use of colours, keeping it rich.



### CLEAN LINES

We optimised use of line-drawings, non-filled bar graphs/charts, and clean lines for clarity and visually more pleasing and easier to decipher.



### MONOCHROMATIC COLOR PALETTE

By using a single base colour, and its variant shades and tones, we minimised the use of multiple colours that require more ink, with potential wastage.



### MINIMAL ART

Our design this year balances between a clever play of space, creative design, and icons and tighter leadings and margins for text to reduce number of pages.



### REDUCTIVISM

Where possible, we have avoided and reduced the need for heavy texts, fonts, and design elements including photographs etc.

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