

ASEAN CATALYST

 **CIMB**
ANNUAL REPORT 2016

PG 21

ASEAN EXPANSION

Opening of the first CIMB Vietnam branch, expanding our ASEAN franchise.

PG 37

INNOVATION

Launches of CIMB Pay and CIMB EVA expanding our range of digital services.

PG 36

CUSTOMER EXPERIENCE

Setting up GCXM to improve customer experience and across our regional sites.



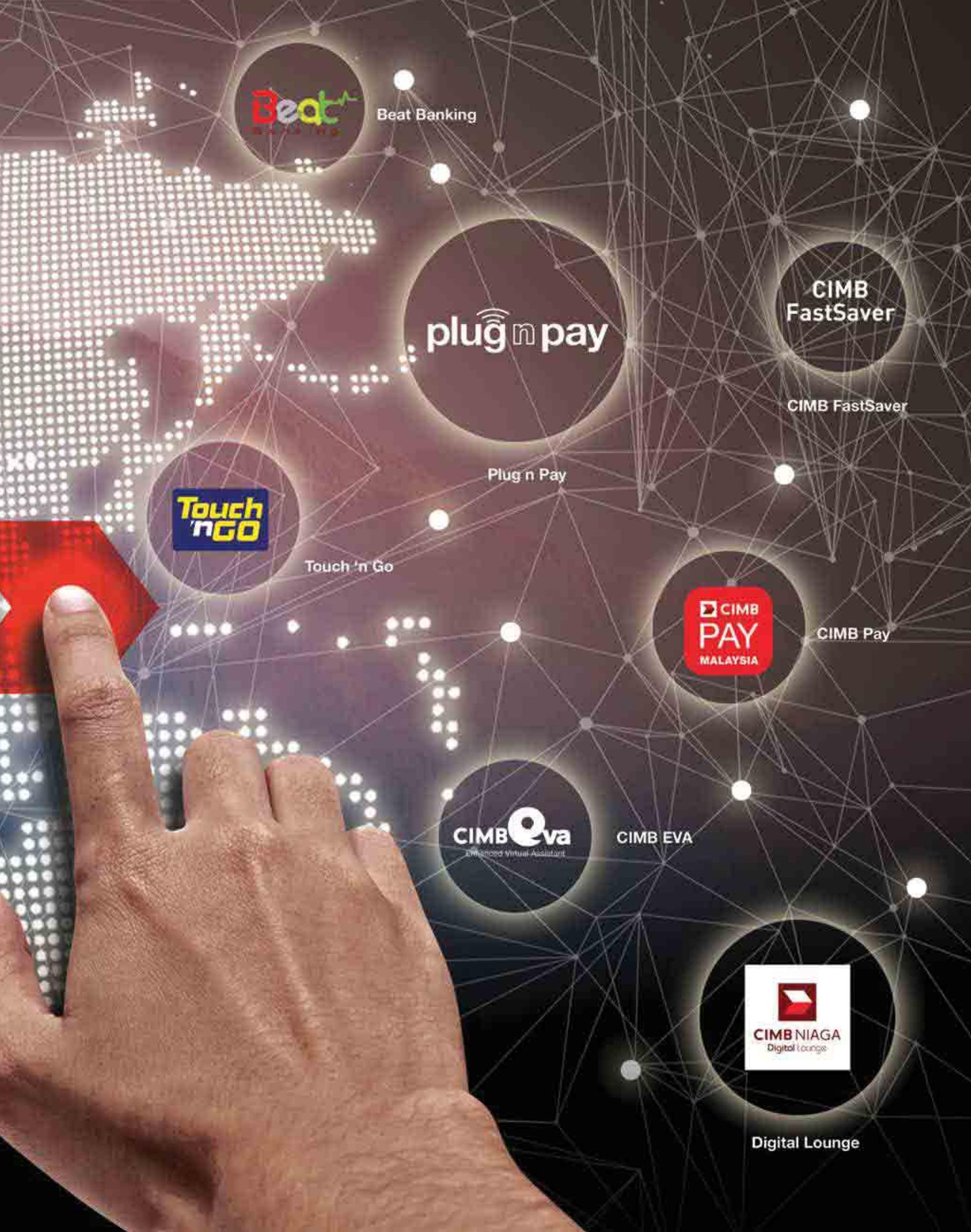
ASEAN CATALYST

THE COVER SHOWCASES FOUR YOUNG, SUCCESSFUL ENTREPRENEURS WHO REPRESENT THE ENERGETIC AND ASPIRATIONAL YOUTH OF TODAY'S ASEAN. THEIR JOURNEY FORWARD UNFOLDS INSIDE AND ACROSS OUR THREE PUBLICATIONS.



Rekening Ponsel

Rekening Ponsel



Beat

Beat Banking

Touch
'n GO

Touch 'n Go

Plug n pay

Plug n Pay

CIMB
FastSaver

CIMB FastSaver

CIMB
PAY
MALAYSIA

CIMB Pay

CIMB EVA
EMBEDDED VIRTUAL ASSET CARD

CIMB EVA

CIMB NIAGA
Digital Lounge

Digital Lounge

BE A TRAILBLAZER
WITH THE NEXT BIG IDEA.





• OVERVIEW

- MANAGEMENT DISCUSSION AND ANALYSIS
- OUR STRUCTURE & LEADERSHIP
- CORPORATE GOVERNANCE
- OUR PEOPLE
- HIGHLIGHTS & ACHIEVEMENTS
- STAKEHOLDER INFORMATION

OUR REPORTS

CIMB GROUP HOLDINGS BERHAD PRODUCES A RANGE OF CORPORATE REPORTS TO PROVIDE OUR DIFFERENT STAKEHOLDERS WITH THE INFORMATION THEY NEED TO FULLY UNDERSTAND THE MANY LEVELS OF OUR BUSINESS OPERATIONS.



2016



2015



2016



2015



2016



2015

Annual Report

This is the primary source of information about our Group and gives an easy and detailed overview of our financial and non-financial milestones and achievements for each year.

Our stakeholders can learn about our strategy, our businesses and performance, our approach to governance and risk and our future goals. It demonstrates our accountability and it strengthens the trust of our shareholders.

Annual Financial Statements

Throughout the year, we produce a range of financial statements, including quarterly financial statements and our full audited annual financial results.

These statements give our stakeholders a clear and full analysis of our financial affairs at the end of the financial year. They are prepared in accordance with international financial reporting standards with the engagement of external auditors.

Sustainability Report

The Sustainability Report is a recent addition to our stable of reports. It presents a clear picture of what we are doing outside our financial operations.

It showcases our activities in the community, the workplace, the marketplace and the environment. If we succeed in these areas, it will help to ensure our future sustainability.

ABOUT THIS REPORT

AS A LEADING PROVIDER OF FINANCIAL SERVICES, WITH PRESENCE IN NINE OF THE 10 ASEAN MARKETS, CIMB GROUP HOLDINGS BERHAD UNDERSTANDS THAT BUILDING A RELATIONSHIP BASED ON TRUST AND SUPPORT WITH ALL OUR STAKEHOLDERS IS A BUSINESS IMPERATIVE. IT IS CENTRAL TO OUR CONTINUED SUCCESS.

OUR ANNUAL REPORT ENHANCES OUR VISIBILITY AND OPENNESS AND GIVES US THE OPPORTUNITY TO CONNECT WITH OUR STAKEHOLDERS.

REPORTING SCOPE AND BOUNDARIES

Our Annual Report for 2016 covers the period 1 January 2016 to 31 December 2016. It tells our stakeholders what we have been doing over the past year in all the geographical regions in which we operate. It also tells our stakeholders what we plan to do in the year ahead.

The report details our financial and non-financial performance during 2016 and showcases our achievements and the challenges we faced during the year.

It also contains forward-looking statements on our strategies for our future success, and what we expect of our financial condition and performance.

Our report enables our stakeholders to stay abreast of our mid-term and long-term direction and reach an informed decision about the health of our operations.

Our report is particularly relevant for our stakeholders in the ASEAN markets of Malaysia, Indonesia, Singapore, Thailand, Brunei, Cambodia, Myanmar, Vietnam and Laos. A diverse 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. If we have restated comparable information, this is highlighted for your information.

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

MATERIALITY DETERMINATION

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

The issues and developments which we include in the 2016 iteration of this report were determined by a range of considerations, such as quantitative and qualitative criteria, issues likely to impact our ability to achieve our strategic objectives and remain sustainable, matters covered in reports presented to our Board of Directors, the risks identified by our risk management team, and the interests of our key stakeholders. We also consider factors that affect the economic and social environment in the countries and regions in which we do business.

We are confident that our Annual Report for 2016 identifies and discloses all material matters, and our Group Audit Committee presents the report to the Board for approval.

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 2016.

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

Nazir Razak —
Chairman

Tengku Zafrul Tengku Abdul Aziz —
Group Chief Executive Officer/Executive Director

60th

**Annual General Meeting
of CIMB Group Holdings
Berhad**



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

WHERE



Friday, 28 April 2017

WHEN



9.00 a.m.

TIME

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VISION

TO BE THE LEADING ASEAN COMPANY

MISSION

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



VALUES

ENABLING PEOPLE

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

CUSTOMER-CENTRIC

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

INTEGRITY

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

STRENGTH IN DIVERSITY

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

HIGH PERFORMANCE

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

CIMB PROFILE

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

The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2016, has around 39,000 staff and over 12 million customers. CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and as at 31 December 2016, market capitalisation of RM40.0 billion. Total assets at the end of 2016 were RM485.8 billion, with total shareholders' funds of RM45.3 billion and total Islamic assets of RM82.8 billion. Substantial shareholders at the end of 2016 were Khazanah Nasional with 29.34%, Employees Provident Fund (EPF) with 16.12% and Mitsubishi UFJ Financial Group with 7.07% (including direct interest of 4.65% via the Bank of Tokyo-Mitsubishi UFJ, Ltd).

OUR MARKET PRESENCE



ASEAN MARKETS

- Malaysia
- Indonesia
- Thailand
- Singapore
- Brunei
- Myanmar
- Cambodia
- Laos
- Vietnam



OTHER MARKETS

- China & Hong Kong
- United States of America
- United Kingdom
- India
- Sri Lanka
- Taiwan
- Korea

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KEY BUSINESS HIGHLIGHTS



ASEAN EXPANSION

Opening of the first CIMB Vietnam branch in Hanoi offering the full range of corporate, commercial and consumer banking products and expanding our ASEAN franchise.

Refer to Group CEO's Overview/Statement page 21.



INNOVATION

Launches of CIMB Pay, delivering secure payment on-the-go through mobile phones, and CIMB EVA, a secure two-way messaging application between customers and the bank.

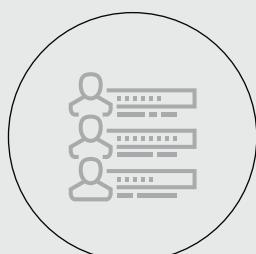
Refer to Integrating Digital Technology page 37.



CUSTOMER EXPERIENCE

Setting up of the Group Customer Experience Management (GCXM) team to improve customer experience and accelerate transformation across all our regional sites.

Refer to Group Customer Experience Management (GCXM) page 36.



NEW LEADERSHIP

The appointments of Mak Lye Mun as CEO, Group Wholesale Banking; Samir Gupta as CEO, Group Regional Consumer Banking; Kittipun Anutarasoti as CEO, CIMB Thai; and Hendra Lembong as CEO, Group Transaction Banking and to the GMC.

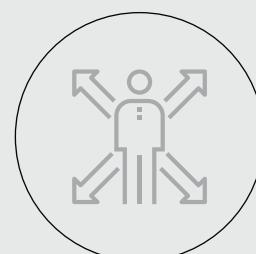
Refer to Group CEO's Overview/Statement page 31.



T18 STRATEGY

Cost-to-Income ratio improved to 53.9% for FY16 from 55.6% in FY15. Net profit grew 4.5% YoY to RM3.6 billion.

Refer to Our T18 Strategy page 34.

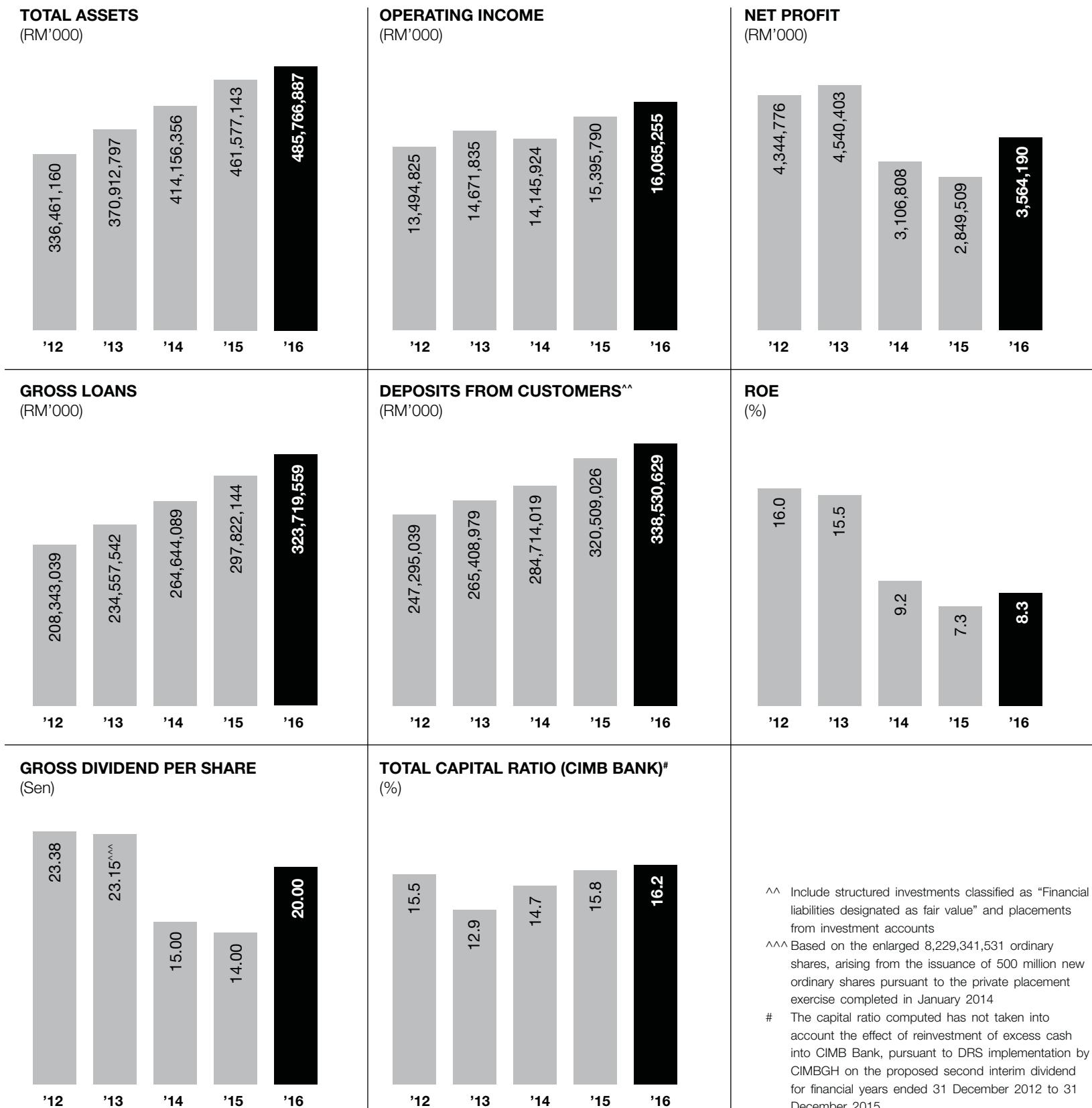


STRATEGIC PARTNERSHIP

Signed a Heads of Terms agreement with China Galaxy International Financial Holdings Limited beginning with a strategic partnership in stockbroking.

Refer to Group CEO's Overview/Statement page 21.

FINANCIAL HIGHLIGHTS



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CORPORATE MILESTONES AND OUR RICH HERITAGE

From 1974



From 2016

■ 1974

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

■ 1986

PBSM changes name to Commerce International Merchant Bankers Berhad (CIMB) after acquisition by Bank of Commerce.

■ 1987

Bank of Commerce successfully lists on Bursa Malaysia.

■ 1991

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

■ 1999

Bank of Commerce (Malaysia) Berhad merges with Bank Bumiputra Malaysia Berhad to form Bumiputra-Commerce Bank Berhad.

■ 2002

CAHB takes a majority stake in Indonesia's PT Bank Niaga Tbk.

■ 2003

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

■ 2005

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

■ 2006

CIMB acquires Southern Bank. The new-look CIMB Group launches in the presence of the Malaysian Prime Minister Dato' Sri Abdullah Ahmad Badawi.

■ 2008

CIMB Niaga established through a merger between Bank Niaga and Bank Lippo. CIMB Group acquires BankThai and the following year renames it CIMB Thai.

■ 2009

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

■ 2010

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

■ 2012

CIMB Group starts the acquisition of most of the Asia Pacific cash equities and associated investment banking businesses of the Royal Bank of Scotland, and expands or adds operations in Sydney, Melbourne, Hong Kong, London and New York. CIMB Group acquires SICCO Securities, a Thai stock-brokering company.

■ 2013

CIMB Group completes its Asia Pacific investment banking platform with new operations in Taiwan and India and Korea. The Group moves into its new 40-storey headquarters in Menara CIMB, located at the high-tech hub of Kuala Lumpur Sentral.

■ 2014

CIMB Group begins operations in Lao PDR with the opening of CIMB Thai – Vientiane Branch. This is CIMB Thai's first foreign branch and extends CIMB Group's presence to 9 of 10 ASEAN nations.

■ 2016

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



A photograph of a woman with long brown hair, wearing a light-colored top and a pink scarf, smiling while holding a coffee cup. She is seated at a wooden table in a modern cafe with warm lighting and a barista in the background.

REALISE YOUR ASPIRATIONS BY
CONNECTING WITH NEW OPPORTUNITIES.

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MESSAGE FROM THE CHAIRMAN



DEAR SHAREHOLDERS,

THIS TIME LAST YEAR, I WROTE THAT WE SHOULD “BRACE OURSELVES FOR A TOUGH 2016”. HOW GENIAL THOSE WORDS SOUND TODAY AS 2016 LEFT US ALL STUNNED BY MASSIVE POLITICAL SHOCKS – BREXIT, TRUMP’S PRESIDENTIAL VICTORY AND A SURGE IN SUPPORT FOR “NEO-POPULIST” LEADERS. THE DEFINING EVENTS OF 2016 NOW THREATEN TO REDEFINE OUR FUTURE. ARE WE WITNESSING THE END OF DOMINANCE OF FREE MARKETS, GLOBALISATION AND LIBERAL VALUES?



There is a whole host of crucial economic questions to ponder as new governments get under way in the US and the UK, and elsewhere, incumbent governments look to change course to avoid being changed. It is frustrating to note that while the outlook for the global economy is finally improving – the International Monetary Fund (IMF) recently upped its forecasts for the first time in six years – the downside risks are higher than ever due to policy and geopolitical uncertainties.

From the first few weeks of the Trump Presidency, we know that disruptive policy shocks will be a frequent feature and that “America First” does mean disbanding the Trans-Pacific Partnership (TPP) agreement, recalibration of trading relationships and tighter immigration rules. We worry about the implications of a disruptive US foreign policy on many fragile geopolitical situations, notably Iran, Syria, North Korea and the South China Sea.

In Europe, we know that “Brexit means Brexit”, but how Britain leaves the European Union and with what economic costs and policy shifts is still anyone’s guess. With elections taking place in several major European countries this year, we have to worry about the prospects of more leaders aligned against the status quo that we understand.

A general election is also expected to take place in Malaysia and, given structural links between politics and business, it will be a highly distracting event. Political developments in Indonesia and Thailand will also have a significant bearing on the business climate in our other two key markets.

I have never found it so difficult to forecast a year, even now when we are already two months into it. So, we must prepare ourselves for tremendous volatility all around - markets, policies, economic forecasts, politics and so

on. At the same time, despite all the noise, we must stay focused on implementing our transformation plan, our Target 2018 (T18).

2016 IN REVIEW

The good news is that CIMB has entered 2017 in better shape. We are leaner after our cost cuts and with new spend controls. We are better-capitalised; capital ratios overshot our end-2016 targets. Our earnings engine is still strong; revenues hit record levels in 2016. Last year’s main disappointment came from loan losses, which remained high in Indonesia, increased in Singapore and caught us by surprise in Thailand. Beyond the numbers, I would highlight that we performed well vis-à-vis market shares and accolades across the region.

What was most gratifying about 2016 though, was the progress of our T18 project. We were in full execution mode and there was a long list of initiatives that management pursued

While the outlook for the global economy is finally improving, the downside risks are higher than ever due to policy and geopolitical uncertainties.

methodically and energetically. I have observed that the level of collaboration within the firm’s leadership, as well as between divisions and across countries, is better than ever, and that makes me optimistic about our ambitious T18 implementation agenda. I have advised management that execution is always more challenging than planning, so we must stay the course when monotony and complacency set in, as they invariably do.

During the year, we announced two major China-related deals. The partnership with Galaxy Securities is a smart deal that



Participating in a panel discussion on ASEAN at the World Economic Forum annual meeting in Davos.

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MESSAGE FROM THE CHAIRMAN (CONT'D.)

combines the brokerage platform of two companies to improve economies of scale in a business where margins have been decimated by technology, disintermediation and re-regulation. The partnership will also better position us to capitalise on the growing flows of capital and trade between China and ASEAN. Conversely, we also announced the sale of our 19% stake in Bank of Yingkou, one of our most profitable investments. Unfortunately, regulatory capital charge on associate investments is becoming simply too punitive for banks, so the sale is important to our long-term capital accumulation agenda. We expect to complete both transactions this year.

Our long-term strategic agenda of building a truly ASEAN universal bank took yet another major step forward in December 2016 with the opening of CIMB Bank (Vietnam), a new digital consumer bank and platform to support our ASEAN customers. We are now present in all ASEAN markets, except the Philippines,

where we hope to commence operations this year. In ASEAN's 50th year, we expect to finally complete our ASEAN platform.

2017 PROSPECTS

ASEAN's gross domestic product (GDP) is expected to grow by 4.9% in 2017, higher than the 4.6% in 2016, riding on stronger growth in Indonesia and the Philippines. GDP growth for Malaysia, our largest market, is expected to be flat year-on-year at 4.2% in 2017. Capital markets are set to remain lacklustre, as capital flows will be wary of uncertainty, and attracted by the US economic recovery story. We expect the Group's revenues to continue to grow, albeit more slowly, but with costs under control and loan loss provisions coming down, our base case is of solid profit and return on equity (ROE) improvements this year.

We will remain focused on T18. Banking today is synonymous with transformation; all banks

are doing it, but which bank is doing it right? That is the fundamental question. The answer will only be known in the years to come, but our T18 is a good plan being well executed. McKinsey has described banks as facing a perfect storm - the combination of rapid technological advances, adverse global economic and political trends, banking re-regulation, and changing customer demographics and preferences. Where this useful analogy breaks down is that storms pass and calm returns, whereas banks face severe structural challenges and after the storm, it will not be business as usual for any bank. The golden era of banking is over, and banks like us that accept the fact, and are radically changing, stand the best chance of prospering in the long term.

Our Group CEO, Tengku Dato' Sri Zafrul Aziz, has prioritised 5Cs for 2017 – customer, capital, culture, cost and compliance. The Board is fully supportive of this framework to help focus staff on the most important T18 priorities. We have reminded management that staying focused itself will be a challenge in a year when external events provide an extremely loud and distracting backdrop.



Officiating the opening of the new Gleneagles Ampang branch.

I believe that as we go forward, there will be growing recognition that CIMB is making the right strategic plans and that they are being well executed.

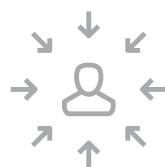


EMBEDDING 5Cs IN T18 PROGRAMMES



Customers

To focus on customers and place them at the heart of what we do



Culture

To work together to shape our culture for A Better CIMB



Compliance

To constantly act in compliance with rules and regulations



Capital

To use capital effectively and efficiently in every decision-making step



Cost

To create a sustainable, clean cost base

FINAL REMARKS & RECOGNITIONS

I believe that as we go forward, there will be growing recognition that CIMB is making the right strategic plans and that they are being well executed. As I have often reminded management and staff, our firm emerged from the Asian Financial Crisis a winner. If we get T18 right – the plan and its implementation – I believe the firm will emerge from the “perfect storm” a winner too.

In January 2016, Tengku Dato' Sri Zafrul assumed the additional role of CEO of CIMB Bank and Mohamed Rafe Mohamed Haneef joined us as CEO of CIMB Islamic. In March 2016, Dato' Kong Sooi Lin was appointed as CEO of CIMB Investment Bank. Later, in October, Kittiphan Anutarasoti commenced the new role as President and CEO of CIMB Thai. You recall that Tigor Siahaan was appointed as CEO of CIMB Niaga in June 2015. In other words, over a period of 15 months, we had appointed new principal executives for all of our major banking entities, a reflection of the scale of the T18 transformation that has to be driven by fresh perspectives and new energy levels. Nevertheless, the Group's senior management remains a good blend of new talents, internal promotions and experienced leaders.



Celebrating with Justin Thomas, winner of the CIMB Classic for a second consecutive year.

We have also refreshed the Boards of our key companies. We welcome Hiroaki Demizu and Rosely @ Mohamed Ross Mohd Din on the Board of CIMB Group, Afzal Abdul Rahim on the Board of CIMB Bank, Mohamed Ross on the Board of CIMB Islamic Bank and Didi Syafruddin Yahya on the Board of CIMB Investment Bank.

I would like to put on record our gratitude to Board members who have stepped down: Dato' Zainal Abidin Putih and Kenji Kobayashi for their services on the Board of CIMB Group, Datuk Dr. Syed Muhamad Syed Abdul Kadir for his services on the Board of CIMB Bank, Associate Prof. Dr. Mohamed Azam Mohamed Adil and Cik Habibah Abdul for their services on the Board of CIMB Islamic Bank, and Tengku Dato' Sri Zafrul and Dato' Chua Ming Huat for their services on the board of CIMB Investment Bank.

I would also like to express special appreciation to Subhak Siwaraksa, who served as the first CEO of CIMB Thai, and was instrumental in stabilising the distressed franchise we acquired in 2009 and integrating it into CIMB Group.

Yours sincerely

Nazir Razak

1 March 2017

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GROUP CEO'S OVERVIEW/STATEMENT



2016 MARKED THE SECOND YEAR OF OUR T18 STRATEGIC THRUST WITH SIGNIFICANT PROGRESS MADE IN THE AREAS OF COST, CAPITAL, CULTURE AND CUSTOMER EXPERIENCE. WE WILL LEVERAGE ON THIS POSITIVE MOMENTUM TO FACE THE CHALLENGING OPERATING OUTLOOK AND DRIVE THE REALISATION OF OUR VISION TO BE A LEADING UNIVERSAL BANK IN ASEAN.

DEAR SHAREHOLDERS,

The year 2016 was like no other. As I reflect on the Group's journey in 2016, I am pleased to share that despite the challenging economic headwinds, the Group ended the year in a much better position, both financially and operationally. Our earnings engine remained strong with revenue at record levels. We are leaner today thanks to our continued focus on cost management. The Group's capital levels exceeded our targets. Such outcomes were

only possible with the full support and trust of all our stakeholders – the Chairman and the Board, our regulators, my colleagues at #teamCIMB, our customers and you, our shareholders.

Having gained good traction in 2016, we remain committed towards achieving our vision of being a leading universal bank in ASEAN and look forward to continuing the Group's growth momentum in the years ahead.

THE YEAR IN REVIEW

The global economy slowed in 2016 with a continued weakening of trade flows and private investment. Productivity growth remained sluggish. The Brexit vote and US elections introduced greater policy uncertainty not only in 2016, but also in the coming years. Despite these challenges, most ASEAN economies posted respectable growth, with evidence of resilient wage growth and consumption. This was due partly to stabilising



commodity prices with coal and iron ore rallying, and oil rising significantly from its lows at the beginning of 2016, as well as supportive financial conditions with policy rates in major economies being either close to zero or negative.

While the economies of energy-exporting nations such as Malaysia and Indonesia slowed, we were encouraged by the Philippines' continued resilience, the growth rebound in Thailand and the strength of the Vietnamese economy.

Two key themes defined the financial sector in 2016: regulation and FinTech.

More than ever, regulators placed greater priority on compliance and sound risk management. Within ASEAN, regulators emphasised enhanced enforcement measures with higher penalties for non-compliance. Orders to close banking operations and fines for breaches of controls are two of the many examples of an increasingly regulated environment.

The year 2016 also saw financial institutions face greater competition not only from its traditional counterparts, but also from financial technology firms, or FinTechs. Nimble, lean, tech-savvy and in tune with changing consumer trends, many FinTech companies have proven to be a significant disruptor to the financial value chain. Hence, 2016 was also a year of reinvention for traditional banks with a move towards big data analytics, machine learning, artificial intelligence and open source development, all of which, if undertaken correctly, could be key differentiating factors for financial institutions for many years to come.

Despite the challenging macroeconomic environment and fast evolving operating landscape, I am heartened to report that the Group achieved record revenue of RM16.1 billion with strong growth shown by all business segments across our key operating

markets. We have maintained our discipline in cost management with operating expenses growing a mere 1.0% year-on-year (YoY) compared to Business As Usual ("BAU") expenses in 2015. Our bottom line was affected mainly by elevated provisions from the Commercial Banking segment in Thailand and Singapore. Finally, we ended the year better capitalised with a Common Equity Tier 1 Ratio of 11.3%.

In 2016, we were also running full steam on all T18 strategic programmes, comprising over 400 projects Group-wide, with most programmes on track to meet our stipulated objectives. Areas where we have seen notable improvements include cost, customer experience, capital, branch productivity, culture and footprint expansion.

CIMB Group initiated a few key M&A's in 2016. On 1 July 2016, we completed the divestment of the Group's 51.0% stake in PT CIMB Sun Life for a cash consideration of RM170 million (IDR550 billion) to Sun Life Assurance Company of Canada. We entered into a Master Distribution agreement with Sompo Japan Nipponkoa Holdings to establish a regional non-life bancassurance partnership in selected countries in Southeast Asia. On the North Asia front, we signed a Heads of Terms in October 2016, to explore a strategic partnership in the stockbroking business with China Galaxy International Financial Holdings Limited. In addition, CIMB Bank had decided to dispose its 18.2% stake in Bank of Yingkou Co., Ltd to Shanghai Guozhjie Investment Development Co., Ltd for a total of RMB1.507 billion (approximately RM972 million).



With Mr Gu Weiguo, Deputy Chairman and President of China Galaxy Securities Co. Ltd at the signing ceremony to mark the strategic partnership between CIMB Group and China Galaxy Securities.

With the launch of CIMB Vietnam in December 2016, the Group's footprint now extends to nine out of the 10 countries in ASEAN. The key priority in the coming years would be to establish a full universal banking presence in Vietnam spanning Wholesale, Commercial and Consumer Banking. On the Wholesale and Commercial Banking front, resources will be invested into exploring business opportunities with the Group's regional clients that already have a presence there. The team will also be working closely with Vietnamese corporations and financial institutions with a focus on innovating retail lending, and leveraging on the Group's digital platform to target Vietnam's young and IT-savvy population.

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With the new addition to the CIMB family, CIMB Vietnam. The first branch of CIMB Bank (Vietnam) Limited in Hanoi, Vietnam was officiated in December 2016.

In addition, the plan to complete the Group's ASEAN footprint through our presence in the Philippines is well underway. The strategy there will focus on digital banking and collaboration with local partners, partly replicating the model used for Vietnam.

Moving forward in 2017, we will remain focused on executing our T18 programmes anchored on our strategic priorities – Customer, Capital, Cost, Culture and Compliance. These measures form the bedrock in realising our vision of being a leading ASEAN universal bank.

FINANCIAL PERFORMANCE

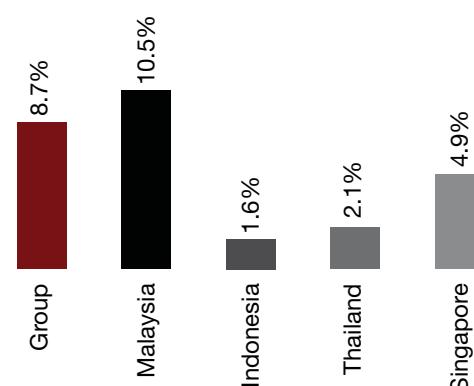
For comparative purposes, the YoY performance is based on BAU numbers for FY15. The Group reported a record operating income of RM16.1 billion representing a 4.4% YoY growth amidst a trying business

environment in 2016. Our overhead expenses remained well under control, increasing by only 1.0% YoY, contributing to the encouraging cost-to-income ratio (CIR) of 53.9% compared to 55.6% in 2015. This translated to an 8.6% YoY improvement in pre-provisioning operating profit. Profit before tax (PBT) registered a 6.2% growth with higher than expected provisions reported in Thailand and Singapore, and net profit grew at 4.5% YoY. This brought ROE to 8.3% (8.6% in FY15) and net earnings per share (EPS) of 41.0 sen (40.2 sen in FY15).

The Group's balance sheet continued to strengthen with a commendable 8.7% YoY growth in loans. We also see positive CASA momentum, particularly in CIMB Niaga. Our capital management efforts have strengthened our CET1 to 11.3% from 10.4% in 2015.

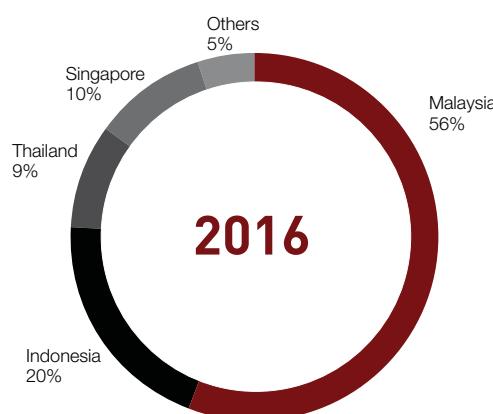
LOANS GROWTH BY COUNTRY

for FY2016



LOANS BY COUNTRY

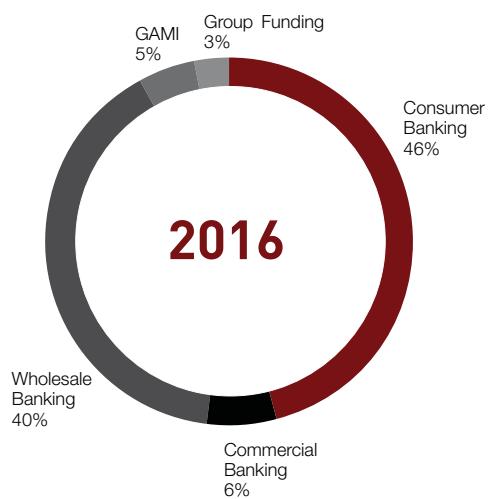
as at 31 December 2016



We reported a record operating income of RM16.1 billion in [REDACTED] 2016, with operating expenses growing by only 1.0% from [REDACTED] strict cost management controls.

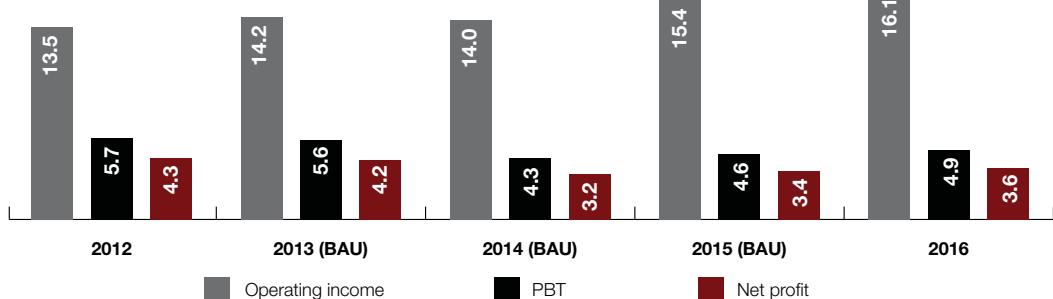


PBT BY SEGMENTS for FY2016



On a segmental basis, Consumer banking continued its good momentum and performed commendably with PBT growing 35.0% YoY, and is still the largest contributor to the Group's PBT at 46.4%, a 9.9% increase since FY15. CIMB Malaysia performed extremely well, with increased market share for both loans and deposits. CIMB Niaga showed improvements especially on its CASA accumulation efforts. CIMB Thai's consumer segment reported its first year of profits since acquisition and CIMB Singapore's performance was within expectations, in line with the

YEARLY EARNINGS TREND (RM'billion)



slower economic climate in the city state. Overall, it was a commendable performance from Consumer banking in FY16.

The topline for Commercial banking grew comfortably but due to higher provisions mentioned earlier, PBT decreased by 55.3%. Both Malaysia and Indonesia performed well, although this was tempered by higher provisions in Singapore and Thailand. We also reported healthy loans and deposits growth in Commercial banking.

Wholesale banking recorded a commendable 11.3% YoY growth on the back of higher net interest income, strict cost controls and declining provisions. Corporate banking

reported a PBT of 8.6% YoY whilst corporate loans grew at 9.0% YoY. Treasury and Markets and IB also performed better than previous year whilst maintaining market share.

CIMB's Group Asset Management and Investments (GAMI) segment focused on optimising capital with the disposal of a few key assets, and performed relatively well in spite of slower markets. The public markets' AUM rose by 8.3%, posting better results in 2H16. The private markets business did marginally better due to a higher contribution from Bank of Yingkou and Touch 'n Go but this was offset by impairments on various investments, resulting in a 2.5% lower PBT YoY.

2016 was a record year for CIMB Group's Islamic Banking operations with a 33.2% growth in PBT, underpinned by an 8.9% income expansion. Operating expenses fell by 5.1%, from strict cost management measures. The YoY provisions were also lower due to the 1Platform enhancements and auto-finance writebacks.



CIMB Bank was awarded the Best JomPAY Bank at the Malaysian e-Payments Excellence Awards (MEEA), an event that recognises contributions made by the business community in accelerating the development of electronic payments in Malaysia.

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Despite a fair amount of uncertainties, within both the external and domestic environment, Malaysia's economy maintained a steady GDP growth of 4.2% in 2016. The economy was mainly supported by consumer spending, underpinned by a low unemployment rate. Infrastructure spending, an area of focus under the 11th Malaysia Plan, also made a meaningful contribution. There was significant volatility in currency markets, especially late in the year. With speculation about rising US interest rates, and consequent capital outflows from Malaysia, the Ringgit touched a low of RM4.46 : USD1. Despite the macroeconomic headwinds, CIMB Malaysia contributed 77.7% to the Group's PBT and remained steady, posting a loan growth of 10.5%, above the industry's average coupled with benign asset quality which was partially offset by lower NIMs. Malaysia's CIR remained flat at 47.2%.

Structural reforms, a rebound in the prices of some of its commodity exports, improvements in infrastructure, and good governance saw the Indonesian economy post more than 5% growth in 2016. Our Indonesian entity, CIMB Niaga, improved its performance as fee-based income rose substantially and we saw lower provisions compared to FY15 which amplified PBT by

125.7% in FY16. CIR, in turn improved to 49.4% from 52.7%.

Thailand experienced a slow-paced economic recovery and on-going concerns over its political stability. The passing of His Majesty King Bhumibol Adulyadej cast a shadow over the economy in the fourth quarter and added further uncertainty to Thailand's political and economic environment. In spite of that, CIMB Thai's Consumer and Wholesale businesses did well. However, huge provisions in the Commercial segment (rice and steel industries), resulted in CIMB Thai reporting a loss of THB630 million in FY16. In January 2017, CIMB Thai announced a rights issue to raise approximately THB5.5 billion (RM693 million) to reinforce their capital position and balance sheet.

As an economy that is heavily reliant on facilitating trade regionally and globally, Singapore faced severe headwinds and GDP grew by only 1.8% in 2016. Besides sluggish global growth and trade, and China's structural rebalancing, issues in the oil and gas sector continued to plague its financial sector. In this regard, CIMB Singapore's deteriorating asset quality led to a 36.2% decline in PBT.

Below is a comparison of where we currently stand relative to our 2016 targets:



At a joint business forum between Malaysia External Trade Development Corporation (MATRADE) and Indonesia Chamber of Commerce and Industry (KADIN Indonesia) to create stronger trade and investment ties between the two nations. The event, led by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry Malaysia, and H.E. Enggartiasto Lukita, Minister of Trade Indonesia, was held in the Tournament Players Club (TPC) Kuala Lumpur during the CIMB Classic 2016.

2016 TARGET

	FY16 ACTUAL	FY16 TARGET
ROE	8.3%	10.0%
DIVIDENDS PAYOUT RATIO	49.5%	40.0
TOTAL LOANS GROWTH*	8.7%	10.0%
LOAN LOSS CHARGE	74bps	60-70bps
CET1 (CIMB GROUP)	11.3%	11.0%
COST-TO-INCOME RATIO	53.9%	<53.0%

* Excluding bad bank



T18 STRATEGY

T18 is the Group's mid-term strategy to reinforce our position in the regional banking space, drive new revenue growth areas, increase productivity and strengthen organisational foundations – e.g., customer experience, capital and culture.

The 18 programmes under T18 are illustrated below:



End-2016 marked the halfway point of our T18 journey, and I am heartened to report that notable progress had been made in several areas.

We delivered encouragingly well on the cost and productivity front. Various cost and productivity projects took place throughout the year across all countries and divisions, which collectively contributed to the improvement of our CIR. Under this programme, a Group Procurement Function was set up with full roll-out of a new procurement system expected by end-2017. However, even without the system, savings of about RM155 million were obtained from various tactical and strategic sourcing initiatives conducted by various business units.

Another focus area in 2016 was the Capital and Risk-Weighted Assets Optimisation (RWA) programme which is aimed at ensuring we are deploying our capital efficiently. Rigorous reviews were completed for both business units and clients with the aim to balance revenue growth with risk adjusted returns on capital (RAROC). Business processes involving

data quality improvements, account planning, as well as optimisation of collateral and credit limits were implemented.

The Culture programme represents the most important of all T18 programmes as it focuses on the Group's most crucial asset: its staff. In 2016, 'A Better CIMB' initiative focused on

further embedding our three critical behaviours into our day-to-day business. We appointed over 1,000 informal change agents on the ground to spread the three critical behaviours. Other HR initiatives included activities aimed at increasing employee engagement, designing policies to instil discipline in workforce planning, and enhancing the Group's performance management system.

Collectively, these efforts translated into encouraging results in the areas of cost, capital and income contribution from Consumer and Commercial Banking. The Group's CET1 ratio improved from 10.1% in 2014 to 11.3% in 2016, effectively exceeding our T18 target of 11.0% two years ahead of schedule. Our CIR also strengthened from 59.1% in 2014 to 53.9% in 2016. Additionally, income contribution from Consumer and Commercial Banking increased to 57.5% in 2016 from 54.5% in 2014. However, areas for improvement remain. In particular, ROE fell 100 bps from 9.3% in 2014 to 8.3% in 2016 amidst an expanded capital base and challenging macroeconomic environment resulting in higher than expected provisions. Moving forward, we will be analysing key industry trends, including more stringent capital requirements and the various changes to the banking landscape to recalibrate our mid- to long-term sustainable ROE target.



Expressing our gratitude for the contribution of Mr. Subhak Siwaraksa, CEO of CIMB Thai, during his farewell dinner, where Mr Kittiphan Anutarasoti was also welcomed as the new CEO of CIMB Thai.

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GROUP CEO'S OVERVIEW/STATEMENT (CONT'D.)

SUSTAINABILITY

As our success is directly linked to the prosperity of the communities and economies where we operate, our aim is to drive growth in all areas that are within our capability and capacity, and to empower our employees, customers and communities to drive their own success.

In terms of giving back to the society, we extended over RM7.6 million to various community-, education- and sports-related causes both through CIMB Foundation and via Group-wide initiatives.

One of the areas that is close to my heart is youth development, and I'm pleased to share that in 2016 we launched the CIMB ASEAN Scholarship, which fully sponsors 20 ASEAN students annually for their undergraduate studies; as well as CIMB's financial literacy programme, Be\$mart, of which at least 80 sessions would be organised in 2017 alone

for undergraduates at various higher-learning institutions. Another notable annual event is our Young ASEAN Leaders, which brings together 50 ASEAN students to comprehensively learn an important skill, which was 'disaster preparedness' in 2016.

In terms of sports, in addition to us promoting the growth of golf and squash, we are also involved in paralympic sports, with our CIMB Pan-Disability Football Academy reaching out to almost 200 beneficiaries, while our CIMB Junior Squash Development Programme benefitted over 2,500 youths in the last 10 years. In 2017, we also announced a four-year sponsorship of national track cyclists Azizulhasni Awang and Fatehah Mustapa as anchor members of the CIMB Pro-Cycling Team, with the goal of delivering Malaysia's first Olympic gold medal in Tokyo 2020. In addition to the two national Olympians, the CIMB Pro-Cycling team will also support two up-and-coming junior cyclists.

ENHANCING SHAREHOLDER VALUE

While macro and domestic economic concerns brought about a 3.0% decline in the FBMKLCI Index during the year, our share price performed commendably in 2016, rising 4.5% through the year and outperforming the FBMKLCI Index by 7.5%. This was attributed to a combination of the Group's gradually improved financial performance and better capital market activity. However, the Group's foreign shareholding declined to 25.8% as at end-2016 compared to 27.0% previously, in line with the withdrawal of foreign funds from emerging markets through the year.

We declared a total of 20 sen per share of dividend for the year, while the dividend payout for FY16 of RM1.76 billion is equivalent to 49.5% of the net profit for the year. The second interim net dividend payment of 12 sen per share will be made to shareholders via cash or our Dividend Reinvestment Scheme (DRS).

The Group's strong governance and financial management were recognised throughout the year by banking and finance publications of international repute. Such awards included:

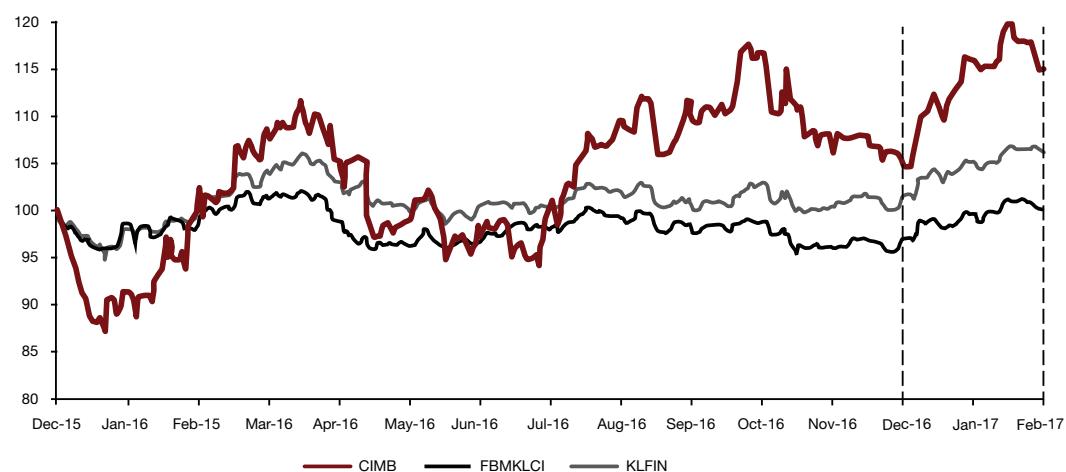
- Best Corporate and Institutional Bank in Malaysia by The Asset Triple A Country Awards 2016
- Best Liability Management (Onshore) in Thailand by The Asset Triple A Country Awards 2016
- Most Innovative Investment Bank from Asia-Pacific by The Banker's Investment Banking Awards 2016
- Best for Overall FX Services as voted by Financial Institutions – 1st by Asiamoney FX Poll 2016
- Best Bank in Malaysia by FinanceAsia Country Awards 2016
- Best Domestic Private Bank in Malaysia by FinanceAsia 20th Anniversary Platinum Awards



Spending time with children from Pusat Jagaan Rumah Kesayangan and Pertubuhan Kebajikan Anak Yatim Darul Ehsan Malaysia during the holy month of Ramadan as part of CIMB Foundation's Community Link programme.



Share Price Index



CIMB was awarded the prestigious “Most Innovative Investment Bank from Asia-Pacific” award by The Banker for the second time.

	1 Jan 2016 to 31 Dec 2016	1 Jan 2016 to 28 Feb 2017
CIMB Share Price	+4.5%	+15.2%
Against FBMKLCI	>7.5%	>15.1%
Against KLFIN	>3.0%	> 9.1%

INVESTING IN OUR PEOPLE

The Group recognises that our people are crucial to the sustainability of our operations and the effective execution of our strategies. In 2016, enhancing productivity and efficiency remained the thrusts of Group Human Resource's strategy.

To ensure market competitiveness, staff benefits for two countries were reviewed and enhanced: in Indonesia, a new fully-insured medical benefit scheme was introduced, while in Thailand, the staff medical scheme was revised to increase the coverage for personal accident. Our Human Resource team also looked into initiatives to improve employee recognition and solicit feedback from staff on the Group's areas of strength and opportunities.

To ensure that we continue to engage CIMBians, we conducted our Employee Engagement Survey INSIGHT 2016 which saw a record participation rate of 92%. Our Sustainability Engagement Index improved to 86% from 84% in 2014 where we continued to outperform our peers in Global Financial Services and High Performance Companies in a variety of categories. Most promisingly, the survey found that 68% of CIMBians expressed optimism that the firm will change for the better.

The year also saw several new talent development initiatives being introduced, including scholarship programmes and the creation of two new Programme Centres of Excellence on Risk and Commercial Banking under the CIMB University umbrella.



CIMB Group being presented with the ASEAN Excellence Award (Malaysia) at the ASEAN Business Awards Malaysia 2016 by YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia, YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry, Malaysia and Y.Bhg. Tan Sri Dato' Dr Munir Majid, Co-Chair of ASEAN Business Advisory Council and Chairman of ASEAN Business Advisory Council Malaysia.

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COMPLIANCE

Our compliance culture was strengthened via a few key initiatives such as increasing staff awareness, revising the Code of Ethics and Code of Conduct, implementing the Demerit Framework and incorporating Risk & Compliance KPIs for all employees. We have also set up an AML taskforce and Secrecy taskforce to address thematic issues across the Group. So far we have seen an increase in awareness on compliance and we are pleased with the progress made, but, of course, there is always room for improvement.

In 2017, we will continue our efforts to raise compliance awareness and monitor compliance more effectively, whilst implementing key projects such as the Conflict Management System to manage conflict of interest, information walls and personal account dealings as well as the set-up of the compliance surveillance teams to monitor trading and communications in Equities and Treasury.

CUSTOMER EXPERIENCE (CX)

CX will continue to be at the forefront of our priorities and will encompass every business unit and function. For example, the Group's Islamic banking arm will intensify the training of its frontliners to better position them as the face of the Group on Islamic products, enabling them to offer a more complete banking experience through better understanding of customer needs, and thereby recommending the best solutions. Similarly, Private Banking is in the midst of improving its suite of products, team configuration and systems.

A key achievement in the year under review was the setting up of the Group Customer Experience Management (GCXM) Department to make CX the key differentiator for the Group. This entailed the establishment of the Group CX Council that crafts the overall strategy for CX across the region and ensures that enhancing the satisfaction of customers, both internal and external, remains a top priority through service excellence, efficiency and effectiveness.

GCXM has a three-year strategy to become the industry's best in class for Net Promoter Scores, directly boosting customer retention. CIMB upholds three promises to customers:

that dealing with CIMB will be *Efficient*, *Easy*, and we always go the *Extra Mile* to serve our customers. We developed strategic imperatives that focus on treating customers fairly and delighting them, innovating processes, and simplifying the banking experience while ensuring basic standards are met within the existing framework.

GCXM is also inculcating "CX as a way of life" by empowering employees to drive continuous improvement, and providing tools and training for them to carry out their duties in a customer-centric way. To further develop and embrace the CX DNA, customer-centric KPIs have been embedded in staff's performance, depending on their roles. An e-learning module was also launched to introduce the concept of CX and Lean Six Sigma. As part of Lean Six Sigma implementation, a certification program was put in place to verify staff's command of the Six Sigma methods at the relevant skill level.

ENHANCING OUR RISK MANAGEMENT FOUNDATION

2016 provided ample opportunity for the Group to further improve its risk management policies, tools and frameworks. A challenging operating environment necessitated a deeper assessment of our internal stress tests and portfolio tools especially around the areas of credit risk, operational risk and liquidity risk. The Group's Risk Appetite Statement was discussed at the Board level on a monthly basis, allowing for dynamic, in-depth discussions on risk tolerance and mitigations that would be translated into practical frameworks, limits and policies for use by the business units.

While we are confident in the risk management foundation that we have established, we will further leverage on data and data analytics to further enhance our risk management agenda.



Morning run with #teamCIMB in Kota Kinabalu, Sabah, Malaysia.



Sharing our 1H16 Results with #teamCIMB in Jakarta.

MOVING FORWARD

Outlook

Going forward, the global economy is expected to improve in the next two years on the back of growth picking up in both advanced and emerging economies. According to the World Bank, global growth is expected to improve by 2.7% in 2017, with the US (2.2% in 2017; 1.6% in 2016) shouldering the load of bolstering growth in the Advanced Economies grouping (1.8% in 2017; 1.6% in 2016). Manufacturing activity and exports are both showing signs of a rebound, as are commodity prices. An expected fiscal stimulus in the US also provides a cause for optimism. However, there remains considerable uncertainty about future US trade and foreign policies and its ramifications on the global economy.

Growth in the emerging and developing economies should also strengthen to 4.2% (3.4% in 2016), although the expectations remain mixed. Structural and policy restructuring will see China henceforth posting a single-digit growth rate. On the other hand, the Indian economy has appeared resilient to the demonetisation measures, though the full extent of the impact is still unknown. The Indonesian and Thai economies are likely to be stable, while a modest uptick is expected

in Malaysia as trade flows improve. For the ASEAN-5 economies, growth should pick up marginally to 5.1% in 2017 (4.9% in 2016), with modest performance improvement expected across the board.

Over the medium term, the global economy's balance of risks appears tilted to the downside as Brexit and the US presidential elections reflect a growing propensity towards economic nationalism. As a region, ASEAN has greatly benefitted from these countries' more open trade policies, and protectionism would likely have adverse implications on future growth. Protectionist measures could also affect global market sentiment. Moreover, geopolitical tensions remain and, indeed, could be further aggravated by the US' most recent immigration policy.

There is potential upside, however, as policy stimulus in the US and China could produce greater-than-expected pickup of activity and stronger spillovers to their trading partners. More robust trade should bring about stronger investments and a recovery in global demand.

Banks and financial institutions would also need to contend with non-traditional players, in particular, FinTechs entering the fray to disrupt the financial services industry.

We remain committed to uphold the highest standards of compliance and risk management, whilst also endeavouring to provide best in class customer experience.

The fast-changing digital banking landscape makes it imperative for banks to also pursue growth in untapped and underserved markets, capitalise on digital innovations for better product offerings and cost controls, as well as establish effective partnerships with FinTechs to create and share the fruits of a digital product and services ecosystem.

To this end, our efforts to enhance our Digital Banking capabilities include our strategic investment in FinTech and Touch 'n Go (T'nG).

To remain on the leading edge of the digital banking revolution and to meet the ever changing expectation trends of consumers, one of our strategies for 2017 is to launch CIMB FinTech, a standalone unit to spearhead new digital initiatives across the Group. CIMB FinTech will ideate and co-create in collaboration with business divisions to develop new digital propositions for CIMB Group. Some of the ideas in the pipeline include the design and execution of the digital attacker play in our new markets. CIMB FinTech will also look to instill a more agile way of working. CIMB FinTech will emulate the start-up culture and embrace the right mindset and values required to thrive in this environment – which include being nimble, lean, entrepreneurial as well as open to experimentation.

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GROUP CEO'S OVERVIEW/STATEMENT (CONT'D.)



Showcasing our latest digital proposition, CIMB Pay to Y.Bhg. Datuk Muhammad Ibrahim, Governor of Bank Negara Malaysia and YB Brigadier General Khairy Jamaluddin, Minister of Youth and Sports Malaysia at the Karnival Kewangan organised by Bank Negara Malaysia.

T'nG is also positioning itself as a strong player in the development of electronic payments and supports the Malaysian government's initiative towards a cashless society. A new innovative network-based real-time RFID tolling system is currently being co-developed by Touch 'n Go and the highway concessionaires as the base platform to enable Single Lane Free Flow and Multi-Lane Free Flow. This new tolling system will utilise the Touch 'n Go Wallet account-based mobile payment system for private vehicles. Exciting features will also be added to the Touch 'n Go Wallet in the near future to extend its online capability to offer auto reload and also reload into Touch 'n Go cards.

We want to position CIMB as a leader in digital banking to meet the changing trends of consumers.

Forward

The year 2016 was spent Recharged and as we delve into 2017, we have announced our innovative, new brand promise to our customers with the expression of:

FORWARD ➤

This encapsulates and reinforces our value proposition to our customers which means empowering our customers to advance towards their ambitions, goals and dreams in every stage of their lives. We want to inculcate a culture of providing the right solutions that are innovative, ahead of the curve, simple and competitively priced. Basically, it is a promise to deliver solutions that our customers need where and when they need it most.

From the perspective of our employees, the new brand promise is about progressing and forwarding each member of #teamCIMB; to promote our employees' personal and career growth while providing a great place to work and network.

5Cs

In November 2016, we introduced the 5Cs; Customer, Culture, Compliance, Cost and Capital, that will define our future relevance in the banking industry. These 5Cs are embedded in the T18 programmes which will continue to run into 2017 and 2018.

Consistent with our new brand promise, the theme for #teamCIMB this year is "Forward Towards T18".

Forward will be the catalyst for CIMB to drive our key business pillars: premised upon the 5Cs to help us realise our ambitions to be a leading bank in ASEAN.

Our targets for FY17 are as follows:

2017 FORWARD ➤ T18 TARGET

ROE	9.5%
DIVIDENDS PAYOUT RATIO	40.0%-60.0%
TOTAL LOANS GROWTH*	7.0%
LOAN LOSS CHARGE	60-65bps
CET1 (CIMB GROUP)	>11.5%
COST-TO-INCOME RATIO	53.0%

* Excluding bad bank

I believe that T18 has helped build a stronger foundation across all businesses of the Group, and this is reflected in our key financials for 2016. I am excited to continue working with #teamCIMB in building on this momentum to create and deliver better value for all our stakeholders, from customers to shareholders, business partners to employees as well as the communities surrounding us.



ACKNOWLEDGEMENTS

In terms of changes in leadership and management, we welcomed the appointments of Samir Gupta as CEO of Group Consumer Banking, Mak Lye Mun as CEO of Group Wholesale Bank, Dato' Kong Sooi Lin as CEO of CIMB Investment Bank, Mohamed Rafe Mohamed Haneef as CEO of Group CIMB Islamic, Hendra Lembong as CEO of Group Transaction Banking and Kittiphun Anutarasoti as President and CEO of CIMB Thai. Blending new talents with internal promotions gives us experienced leaders that offer nothing less than fresh perspectives and new energy levels.

At the Board level, 2016 saw Hiroaki Demizu and Rosely @ Mohamed Ross Mohd Din appointed as Non-Independent Non-Executive Director and Independent Director of CIMB Group respectively. The Board of CIMB Investment Bank welcomed the appointments of Didi Syafruddin Yahya as Independent Director while Afzal Abdul Rahim stepped up as Independent Director for CIMB Bank. Finally, for CIMB Islamic Bank, we welcomed on board once again Rosely @ Mohamed Ross bin Mohd Din who serves as Independent Director. I am confident that their capabilities, vast industry experience and business acumen will help propel our T18 initiatives while contributing to the Group's good growth momentum.

Allow me to express my appreciation to Board members who stepped down in 2016 - Dato' Zainal Abidin Putih and Kenji Kobayashi for their services on the Board of CIMB Group, Datuk Dr. Syed Muhamad Syed Abdul Kadir for his services on the Board of CIMB Bank, Associate Prof. Dr. Mohamed Azam Mohamed Adil and Cik Habibah Abdul for their services on the Board of CIMB Islamic Bank, and Dato' Chua Ming Huat for his services on the board of CIMB Investment Bank. We cannot thank them enough for all the guidance and invaluable advice that helped the group navigate through some of the most challenging times. Also, special thanks to Subhak Siwaraksa for his contribution as CEO of CIMB Thai and who opted to retire in 2016.

On behalf of Group management, I extend my highest gratitude to all our Board of Directors for their unwavering support and trust,



Moving Forward Together with #teamCIMB at the 2016 Annual Management Summit.

particularly through the challenging environment that characterised 2016. Looking back at the progress the Group has made thus far, I remain humbled by the Chairman and the Board's trust in me. I would also like to thank our valued shareholders, clients, regulators and the communities in which we operate, for their faith in the CIMB leadership. Special thanks to the International Advisory Panel for their priceless insights and guidance.

Most importantly, I am grateful for the support and commitment demonstrated by everyone in #teamCIMB. In 2016, it was gratifying for me to have colleagues telling me how they felt Recharged with renewed vigour and an unquenchable thirst for improvements in their respective roles. This is decidedly the greatest achievement of our Culture project, which has

successfully instilled a deeper sense of accountability, cooperation and belonging among CIMBians.

Going Forward into 2017, let us be inspired by our T18 theme for the year to advance ourselves individually and professionally to take on the challenges that will undoubtedly come our way. I mentioned in the earlier part of my review that our T18 strategic thrust has, on balance, worked well for us with some targets having been achieved ahead of time. As such, we must remain focused on our role as a catalyst for ASEAN and on the realisation of our vision to be a leading universal bank in ASEAN.

Tengku Zafrul Tengku Abdul Aziz
1 March 2017

Let's move
FORWARD ➤ Together

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ECONOMIC AND BUSINESS REVIEW & OUTLOOK

ECONOMY

The year in review

The global economy weakened in 2016 on account of sustained deceleration in trade flows and private investment. Although productivity growth remained suppressed, wage growth and, by extension, consumption activity stayed resilient. Commodity prices achieved some semblance of stabilisation, with recovery seen in coal, iron ore and oil. Financial conditions remained accommodative with policy rates being either close to zero or negative in the advanced economies. The UK's Brexit vote and US presidential elections introduced greater policy uncertainty for the coming year.

US growth in 2016 took a hit from weak exports, sustained inventory drawdown, and lower private investment, while Euro Area growth slipped as domestic demand and export momentum lost steam, although confidence remained resilient in spite of Brexit. Japanese growth moderated due to weak exports and investment, while China's growth softened on account of ongoing economic rebalancing activities where growth was concentrated in services.

Global financial and currency markets experienced volatility from active capital movements towards the end of 2016. While emerging markets had generally recovered their ability to attract capital inflows (thanks to record-low advanced-economy interest rates and stabilising commodity prices), rapidly rising US bond yields (on account of growing long-term inflation expectations and prospects of quicker US monetary policy tightening) as well as the US dollar appreciation (on account of the US presidential elections) in the final quarter ignited a surge in portfolio outflows from the emerging markets and concomitant volatility in their currencies.

Prospects

Global growth is expected to improve over the next two years on the back of growth picking up in the emerging and developing markets as commodity prices and manufacturing activities gain traction. A widely expected fiscal stimulus in the US also makes the case for a more positive outlook for the world's largest economy.

According to the World Bank, global real GDP growth will pick up in 2017 to 2.7% (2.3% in 2016) with the US shouldering the load of bolstering growth in the advanced economies. Growth in the emerging markets and developing economies should rise modestly to 4.2% from 3.4% in 2016, although the growth story is mixed. Expectations of China's sustained policy support are being mitigated by its structural slowdown. India appears to have weathered its demonetisation measures well, but the full impact of this is yet to be seen. Indonesia and Thailand will likely experience stable growth, while Malaysia might see a modest improvement as trade flows recover. For the ASEAN-5 economies, growth should accelerate to 5.1% in 2017 from 4.9% in 2016, with reasonably improved broad-based growth performance on the cards.

However, nationalistic sentiments could gain further traction should global imbalances and volatile currency movements persist, presenting downside risks for global market sentiment. Geopolitical tensions and terrorism in various regions compound concerns for global growth.

Nevertheless, US and China policy stimuli could produce greater-than-expected improvement in growth, inducing stronger spillovers to their trading partners. Likewise, stronger investment activity could result if sentiment about the recovery in global demand turns more positive.

Banking Industry: Year in Review

In 2016, the operating environment became more challenging across the region with the slowing of global growth and international trade. In addition, risks emanated from the sustained increase in debt, as well as currency volatility and commodity prices that, though recovering, remained below the 2015 average.

The confluence of these factors periodically stirred up concerns about the potential exposure of vulnerabilities created in the ASEAN banking system, arising from years of high credit growth after the 2008 Global Financial Crisis. Of note, household debt continued to grow in Malaysia, Thailand and Singapore, whilst Vietnam's banking system faces elevated risk on account of its legacy problem assets and structural problems.

Also tilting the balance of risks for the regional banking industry to the downside were ASEAN's intricate trade and financial ties with China, whose significant dependence on credit growth to hit economic growth targets added to medium-term vulnerabilities.

The year also saw ASEAN member countries making slow and uneven progress towards the integration of the regional banking sector, due to the continued lack of a strong central authority to coordinate this initiative.

Banking Industry: Prospects

Notwithstanding the fact that banks' operating environments differ considerably from country to country, consensus holds that the banking industry in ASEAN will need to take steps to mitigate risks arising from several key developments.

Figure 1: Global Trade Growth

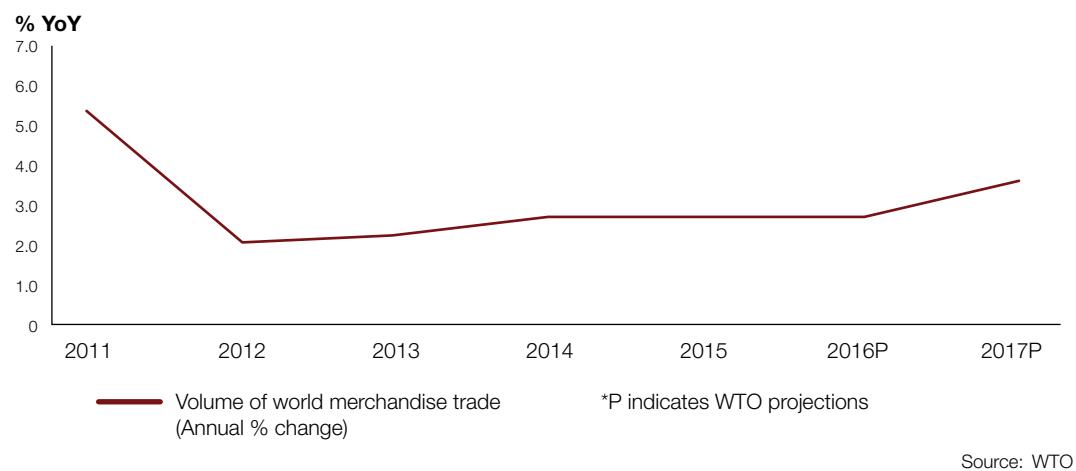
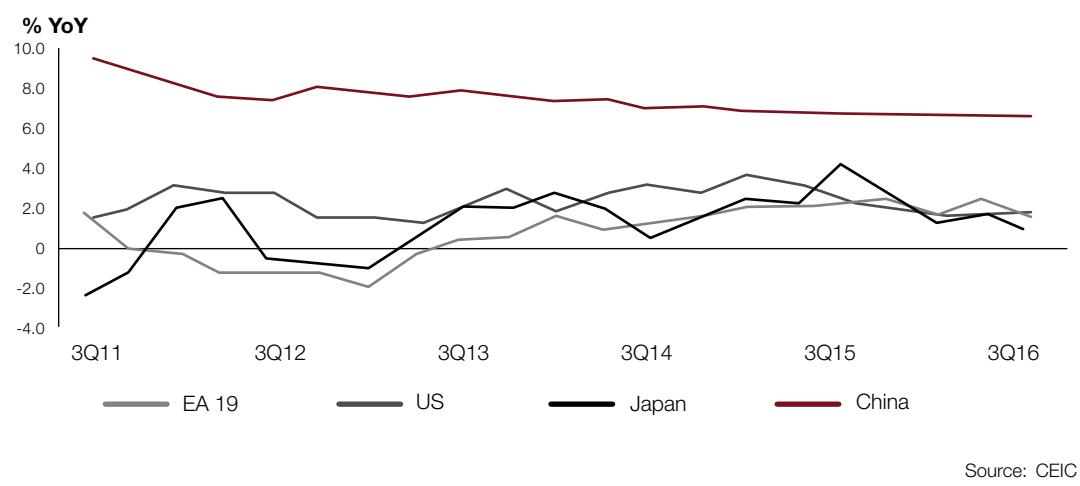
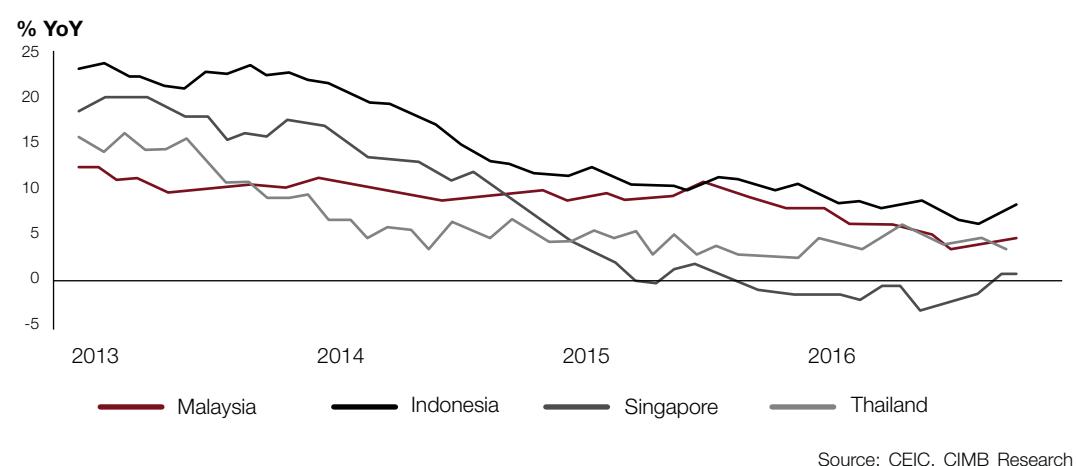


Figure 2: GDP Global in Selected Countries



MIST: Credit Growth



First, the modest growth momentum in ASEAN may continue to dampen consumer and business sentiment, impinging on demand for banking products and services. This could result in a marked deceleration in banking profit growth from 10% per annum in the 2011-2014 period to just 3% in the 2016-2021 period.

Second, the industry would need to contend with non-traditional players entering the fray to disrupt the financial services industry. In particular, FinTechs—start-up technology companies that market financial offerings like lending platforms and payment systems – together with established names that hitherto were outside the industry, are fast making a mark on the traditional playing field.

The above developments will make it imperative for banks to pursue focused growth in untapped and underserved markets, capitalise on digital innovations to upgrade internal systems and processes for better cost control, bolster their balance sheet strength through containing non-performing assets and improving risk management practices, as well as establish effective partnerships with FinTechs and other disruptive entities to create and enable a digital ecosystem. In addition to practices that foster innovation, the flexibility to respond to fast-changing external developments is another crucial enabler of continued profitability going forward.

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OUR T18 STRATEGY

T18 IS THE GROUP'S MID-TERM STRATEGY RESULTING FROM A STRATEGIC REVIEW EXERCISE THAT BEGAN IN 2014. T18 AIMS TO REINFORCE OUR POSITION IN THE REGIONAL BANKING AND FINANCE SPACE, BUILD RESISTANCE TO HEADWINDS IN THE MEDIUM TERM, AND CAPITALISE ON TECHNOLOGICAL INNOVATIONS TO DRIVE GROWTH. THESE OBJECTIVES ARE TARGETED FOR ACHIEVEMENT THROUGH 18 STRATEGIC PROGRAMMES.



The T18 programmes are focused on building up key areas of the business to drive revenue, streamlining processes to optimise the Group's cost structures, and strengthening the organisational culture of excellence as we realistically reduce our dependence on a high-growth operating environment, among others.

We are now at the halfway point of our four-year T18 journey, with notable progress made in several areas. With the "Recalibrate" theme for 2015, we pursued, inter alia, a group-wide reorganisation with new processes and guidelines for our Regional Operating Model (ROM). We also conducted a Mutual Separation Scheme (MSS) in Malaysia and Indonesia, introduced cultural transformation initiatives, and recalibrated our businesses to optimise internal synergies, sharpen our corporate client interface, attain greater cost efficiencies, and enhance our digital banking capability.

To accelerate this, we had in 2016, instituted several measures under the "Recharged #teamCIMB" theme, chief of which was the making of strategic movements within our

senior management team to drive T18 forward and take the Group towards our next phase of sustainable growth. In the past year, we have also expanded the scope of T18 into 18 programmes with more than 400 projects under execution across the region. Our T18 Oversight Committee and Group Programme Management Office (GPMO) rigorously drive the implementation of these projects and track their progress in real time.

A key achievement in the year under review was the setting up of the Group Customer Experience (CX) Management Department to make CX the key differentiator for the Group. This entailed the establishment of the Group CX Council that devises the overall strategy for CX across the region and ensures that enhancing the satisfaction levels of both internal and external customers remains a top priority through service excellence, efficiency and effectiveness. A business process re-engineering team was set up to help address this.

Another focus area in 2016 was the Capital and Risk-Weighted Assets Optimisation (RWA) programme which is aimed at ensuring we are effectively deploying our capital in an efficient

manner. Rigorous reviews were completed for both business units and clients with the aim to balance revenue growth with risk adjusted returns on capital (RAROC). Business processes involving data quality improvements, account planning, as well as optimisation of collateral and credit limits were implemented.

Encouraging progress was also made on the cost and productivity front. Various cost and productivity projects took place throughout the year in all countries and divisions, which collectively contributed to the improvement of our CI ratio from 59.1% in 2014 to 53.9% in 2016. Under this programme, a Group Strategic Procurement Function was set up with the creation of a Chief Procurement Officer position. Key category managers are now in place, with the new procurement system targeted to be up and running in 2017. However, it is noteworthy that even without the system, savings of about RM155 million were obtained from tactical and strategic sourcing initiatives, which were conducted with various business units.

Branch productivity in Malaysia and Indonesia improved on account of measures to recalibrate sales channels and rationalise branches. Sales productivity was strengthened through referrals from service staff, accelerated sales recruitment process, and a holistic development programme to boost sales capacity. Three key initiatives were identified to simplify processes, improve customer request handling, and migrate counter transactions to self-service terminals or online channels, in order to achieve greater synergy between our delivery channels.

The challenging regional markets in the year underscored the need for greater customer orientation. In this respect, Transaction Banking launched several new products such as the Corporate Card Solutions and a Credit Interest Aggregator application in Singapore for the Group's business clients. Business customers' account opening and onboarding processes were also enhanced for better overall customer experience.



T18 SCORECARD		2015	2016	2017	2018
		RECALIBRATE	RECHARGE	FORWARD	
RETURN ON EQUITY (ROE)	8.6%	8.3%	9.5%	15.0%	TARGET
COST-TO-INCOME RATIO (CIR)	55.6%	53.9%	<53.0%	~50.0%	TARGET
COMMON EQUITY TIER 1 (CET1)	10.4%	11.3%	>11.5%	>11.0%	
INCOME CONTRIBUTION FROM CONSUMER & COMMERCIAL BANKING	55.9%	57.5%	60.0%	60.0%	
PRESENCE IN NUMBER OF ASEAN COUNTRIES	8/10	9/10	10/10	10/10	

Getting our organisation culture right is arguably the most critical component in driving CIMB's T18 transformation. In 2016, the "A Better CIMB" initiative focussed on further embedding our three critical behaviours into our day-to-day business. We infused over 1000 informal change agents on the ground to spread the three critical behaviours group wide. Group Management Committee (GMC) members and their direct reports continued to conduct more "Tuesday Chat" sessions to engage with employees and set the right tone from the top with regards to culture. In addition to the Culture programme, Strategic Workforce Planning was another critical T18 programme to instil more discipline in headcount planning and personnel costs budgeting. Here, we managed our group wide headcount to ~39,000 as we continued to streamline our businesses and optimise our ROM structure. Aside from this, we are also enhancing our approach to managing performance moving forward.

There was heightened focus on the Group's digital endeavours in the year under review in response to changing consumer habits and the drive towards digitisation. In 2016, the Digital Sales Enablement strategy was successfully rolled out across multiple channels in Malaysia, Indonesia, Singapore and Thailand. Also launched were CIMB Pay, the first Near-Field Communications (NFC) wallet for both Visa and MasterCard in Malaysia, and CIMB EVA, a virtual assistant designed to help customers with their daily banking needs.

These efforts have collectively translated into the encouraging progress we achieved in 2016 in the dimensions of CET1, CIR, and income contribution from Consumer and

Commercial Banking. For CET1, this metric improved from 10.1% in 2014 to 11.3% in 2016, effectively exceeding our T18 target of 11.0%. Income contribution from Consumer and Commercial Banking increased 300 basis points (bps) to 57.5% in 2016 from 54.5% in 2014. CIR also trended towards our targeted outcome of 50%, falling 520 bps from 59.1% in 2014 to 53.9% in 2016. However, areas for improvement remain. In particular, ROE fell 100 bps from 9.3% in 2014 to 8.3% in 2016 amidst an expanded capital base and a challenging macroeconomic environment. Key industry trends will be analysed, including more stringent capital requirements, and the various changes to the banking landscape, in order to recalibrate our mid- to long-term sustainable ROE target.

GOING FORWARD

Plans are underway to establish CIMB FinTech, the Group's own digital hub, to develop digital propositions for an increasingly tech-savvy customer base. CIMB FinTech will also spearhead the development and adoption of more modern approaches to the Group's work processes.

Data governance and management will be another key focus area for CIMB in 2017, as data analytics will become increasingly important. With enhanced data analytics, we will be better informed and able to take a more targeted sales approach, and at the same time be able to advise our customers better. Data analytics will also aid in cost optimisation as well as better risk and compliance controls.

The Group's Islamic banking arm is working to expand our product suite in order to give our customers more choice and convenience. Systems are also currently being enhanced, and training for frontliners will be intensified, enabling a better understanding of customer needs, and a more wholesome banking experience.

The Private Banking team is, in the same manner, laying the foundation for further improvements to its product suite, team configuration, and system efficiencies. In Malaysia and Singapore, we will be further growing and optimising our current business proposition, whilst the teams in Thailand and Indonesia will be focused on laying out the foundations of our Private Banking business there.

Our Thailand Retail 2.0 programme has shown excellent progress, contributing to CIMB Thai's achievement of their financial targets ahead of time. They will be ramping up this year, focusing on optimising our branch network, refining our wealth proposition and building and growing our digital banking proposition in Thailand, among others.

With the launching of CIMB Vietnam in December 2016, which expands the Group's footprint to nine out of the 10 countries in ASEAN, a full universal banking presence in Vietnam will be established in the coming year with a suite of products covering Wholesale, Commercial, and Consumer Banking. On the Wholesale and Commercial Banking front, resources will be invested into exploring business opportunities with the Group's regional clients that already have a presence there.

The team in Vietnam is also building relationships with Vietnamese corporations and financial institutions, and will focus on innovating retail lending and leveraging on the Group's digital platform to target Vietnam's young and IT-savvy population. In addition, there are plans to complete the Group's ASEAN footprint via a presence in the Philippines. The strategy there will focus on digital banking and collaborations with local partners, leveraging on the model used for Vietnam.

With 2 years left to the end of 2018, #teamCIMB will be increasing efforts across all 18 programmes to ensure that we keep moving forward and ultimately achieve our T18 goals.

GROUP CUSTOMER EXPERIENCE MANAGEMENT (GCXM)

CUSTOMER EXPERIENCE HAS BEEN IDENTIFIED AS THE KEY SUCCESS FACTOR TO THE WINNING, GROWING AND RETAINING OF CUSTOMERS IN AN ULTRA-COMPETITIVE BANKING ARENA. INDEED, CUSTOMER EXPERIENCE IS PARAMOUNT IN DRIVING NOT JUST CUSTOMER TRUST, BUT ALSO THE AMOUNT OF BUSINESS THAT CUSTOMERS PLACE WITH US.



Embracing #cxmywayoflife, leveraging the strength of #teamCIMB in making Customer Experience the key differentiator for CIMB.

As part of the T18 initiative, the Group Customer Experience Management (GCXM) team was set up in August 2016 with the aim to improve customer experience through a holistic CX approach across all our regional offices and to accelerate transformation. A Group Customer Experience Council (GCXC) is also in place to provide leadership on the formulation and implementation of strategic Group wide CX initiatives.

Our endeavour is for CIMB to be **E**asy to bank with, be **E**fficient in our dealings and for us to go the **E**xtra mile for our customers. We believe that if we consistently deliver these 3Es, our customers will reward us with their loyalty, grow their business with us and be our advocates. Internally, this will steer us towards achieving Total Quality Management, resulting in increased productivity and reduced cost. Furthermore, there is always higher job satisfaction for #teamCIMB when we know we have happy customers.

Through 2016, GCXM team started 14 projects across the region, of which 8 have so far been completed successfully. These improvement projects cut across various segments of our consumer, commercial, and transaction banking businesses. Some early indicators of success include:

- Improved turnaround times for opening payroll accounts, i.e. 11 days to 3 days (Malaysia)
- Improved turnaround time for disbursing approved commercial loans, i.e. 78 days to 30 days for property loans and 45 days to 15 days for non-property loans (Malaysia)
- Faster and straight-through opening of BizChannel accounts, i.e. 10 days to 7 days (Malaysia)
- Improved end-to-end experience for new mortgage loan applications, resulting in significant increase in volume of business (Indonesia)
- Reduced turnaround time for opening business accounts; i.e. 51 minutes to 30 minutes and simplifying the documentation (Thailand)

Overall, these cross-functional projects have delivered very promising results and have encouraged us to identify further opportunities to improve CX and delight our customers.

The concept of Customer Journey Mapping (CJM) has also been introduced within CIMB, to equip our staff with the ability to identify customer pain points in processes, products, and services. This goes hand in hand with the Lean Six Sigma workshops which enables them to drive process improvement within their own capacities. The GCXM team has carried out a number of CJM and Lean Six Sigma workshops (Yellow Belt and Green Belt) in 2016, and intends to continue these throughout 2017.

We have also built a performance dashboard with an outside-in lens, which helps us measure customer experience components using vital key indicators. Some of the indicators we monitor are waiting times at branches, call handling times at our contact centres, complaint resolution times and quality and our overall time-to-market of our core products. For 2017, we have further challenged ourselves by setting targets using best in class benchmarks and are working towards achieving them.

To be customer-centric, we have introduced the discipline of CX Checklists and CX Audits, to streamline and enhance the roll out of new products, policies and campaigns. To measure the effectiveness of these efforts, a new framework for Voice of Customer will be introduced in 2017 to capture and react to customers' feedback in a timely, actionable, and visible way.

We want CX to be a way of life for #teamCIMB. We have started this by ensuring the availability of an e-learning module introducing the concepts of CX and Lean Six Sigma methodology. To cement the correct CX mindset and align with "A Better CIMB" culture, various campaigns will be launched in 2017 to promote the entrepreneurial mindset for continuous improvement and to recognise those who go the extra mile to delight our customers.

A robust strategic plan is in place to make Customer Experience a key differentiator for CIMB and we believe in the strength of #teamCIMB in embracing #cxmywayoflife.



INTEGRATING DIGITAL TECHNOLOGY

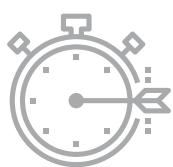
ENHANCING CUSTOMER EXPERIENCE GOES BEYOND THE TRADITIONAL BRICK-AND-MORTAR APPROACH. IN AN ERA DEFINED BY RAPID DIGITAL INNOVATIONS, DIGITISATION HAS BECOME A BUSINESS IMPERATIVE FOR SUSTAINED PROFITABILITY.



SECURITY



CONVENIENCE



SPEED

The Group is cognisant of this, having implemented digitisation efforts to simplify our product and service offerings and improve our accessibility to our customers. We have in recent years introduced applications that cater to the latest lifestyle needs of our customers who prefer the convenience of banking anywhere, at any time of day.

Indeed, our digital platforms are fast becoming the preferred means for our customers to bank with us. Our sustained efforts to employ analytics have enabled customers to benefit in

terms of security, convenience and speed when performing their banking transactions. Our CIMB Bank Kwik Account is a prime example of this innovation, where customers can open an account at any time from anywhere with Internet connectivity without having to visit a branch. This account also affords customers the convenience of online banking, in-store purchases, bill payments, and mobile reloads, amongst others.

The Group's digitisation of key channels and customer touch points has certainly facilitated our customers' timely and cost-effective decision making. In 2016, we enhanced this further with our '1View on the Go' service, which was launched to enable our sales teams 'to carry the bank' on mobile tablet devices to customers, helping less digital-savvy customers perform online banking transactions with ease and comfort. Our 1Platform offering replaces five core banking applications with an integrated, streamlined solution for our customers to easily view their investments and borrowings. With the service now active in Malaysia, Indonesia, Singapore, and Thailand, 1Platform has enhanced the Group's cross-selling abilities in these markets and produced considerable cost savings.

Another notable digital offering for enhanced customer experience is CIMB EVA (Enhanced Virtual Assistance). This mobile banking app is the first of its kind in the market, allowing two-way messaging between customers and the Group. The app can be used to check account balances, pay bills, make mobile reloads, and receive notifications on the Group's latest offers. Future enhancements are being planned to further improve customer experience of the app.

CIMB Pay is also another innovation that forms part of the Group's response to the increasing trend of customers going cashless. As the first mobile app to combine secure cashless payments with deals and offers by storing the particulars of customers' CIMB Mastercard and Visa credit cards as well as debit cards in their smartphones, customers can make payments by tapping their phones

on any contactless terminals with Near Field Communication (NFC) technology.

However, the Board at its offsite meeting in August 2016 on the Group's digital strategy and plans has determined that its strategic posture vis-à-vis digitisation should go beyond "Digitising the Core" (i.e. digitising existing systems and processes) to also take on a "New Attacker Bank" approach, which will see the Group adopting an aggressive stance to digitisation to achieve a superior cost position and closer customer relationships.

This "attacker" strategy entails the Group setting up a Digital Hub to spearhead aggressive "New Digital" efforts for the Group whilst supporting the continued digitisation of our existing "business as usual" systems and processes. This centralised hub will design, drive and coordinate the Group's overall digital strategy and roadmap, serve as a point of interface with stakeholders in our external ecosystem, originate and support partnership development, provide feedback on what fintech investments to consider, ideate and suggest to business pillars new ways of working, as well as incubate ideas that do not have a natural owner. These functions are summarised into two focal points: (i) strategy & oversight, and (ii) incubate & execute.

The Digital Hub, rebranded as "CIMB Fintech" at the Group's Annual Management Summit in November 2016, is overseen by the Digital Executive Committee that receives strategic guidance from the Digital Advisory Council. CIMB Fintech is tasked with: (i) exploring and establishing partnerships as a means to address the Group's speed and capability needs, (ii) improving access to and retention of customers to lower the Group's scale-up costs, (iii) emphasising optimal product and service designs and user experience, (iv) managing rapidly growing and increasingly pervasive customer data and analytics, (v) improving the Group's speed and agility in responding to market trends, as well as (vi) incorporating diverse talent (e.g. data science, UX, tech and business) effectively to make each CIMB Fintech venture successful.

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MATERIAL MATTERS IMPACTING OUR STRATEGY

MATERIAL MATTER - WHY THIS IS IMPORTANT	HOW WE REALISE OUR STRATEGY	FOR MORE INFORMATION
1 MANAGING ECONOMIC VAGARIES The Group is committed to expanding and deepening our business in the ASEAN region, which will remain the core of our operations.	<ul style="list-style-type: none"> Work closely with clients and regulatory authorities to protect our clients against regional headwinds. Align our strategy implementation and monitoring across ASEAN. 	 PG 20 on Group CEO's Review
2 APPRECIATING CLIENT REQUIREMENTS Clients form the backbone of the Group's existence. To better serve them, we must have an in-depth understanding of their requirements, circumstances and desired outcomes.	<ul style="list-style-type: none"> Make investments that boost our ability to respond to fast-changing client demands. Strengthen the Group's "customer first" culture that upholds ethical and fair conduct. Monitor the technical capabilities of our customer-facing teams, and promote learning and development to upgrade their competencies. 	 PG 28 on Group CEO's Review PG 36 on Strategic Review
3 MOVING FORWARD WITH OUR PEOPLE Strategies are mere statements without the skilful implementation of the Group's personnel. We actively seek out people who are able and motivated to live our values and produce value for our diverse stakeholders.	<ul style="list-style-type: none"> Ensure we have the required competencies for effective strategy execution. Empower staff to respond to rapidly changing client demands and work processes. Emphasise the importance of ethics and effective risk management. 	 PG 210-215 on Human Capital Growth and Talent Development Initiatives
4 RESPONDING RESPONSIBLY TO REGULATORY REQUIREMENTS Regulators devote significant resources to the regulation and protection of the financial services industry. As a responsible corporation, we work closely with all regulators in the region to ensure our effective response to an increasingly stringent regulatory framework.	<ul style="list-style-type: none"> Emphasise the importance of being in full compliance with regulations. Enhance process flows to encourage quick and cost-effective responses to changing regulations. 	 PG 20 on Group CEO's Review PG 39 on Key Risks
5 MAXIMISE EXISTING TECHNOLOGIES The Group has invested substantially in IT platforms that serve not just as conduits for financial transactions with our clients, but also provides critical competitive advantage in an era of increasing digitisation.	<ul style="list-style-type: none"> Institute proactive surveillance of our online banking systems to minimise cyber-attacks and criminal exploitation. Devise contingency plans to respond to the above threats in a timely and coordinated manner. Ensure that customer data repositories are adequately secured against unauthorised access, physical or otherwise, whilst upholding high client information privacy. 	 PG 20 on Group CEO's Review PG 98 on GIOD report
6 EMBRACE NEW INNOVATIONS While the Group currently possesses state-of-the-art systems and processes, innovations are happening at breakneck speed. To remain in lead position, the Group recognises the need to embrace new ideas and technology that can help us serve our clients better and gain competitive advantage from reduced costs.	<ul style="list-style-type: none"> Emphasise the importance of recognising and adapting to change. Encourage challenging the norm to find more cost-effective ways to expand market share. Closely monitor associated third parties that utilise our client information to ensure data security and client privacy. 	 PG 37 on Strategic Review PG 98 on GIOD report



KEY RISKS AND MITIGATION

TYPE OF RISK	HOW WE PERFORMED IN THIS RISK AREA
1 CREDIT RISK	<ul style="list-style-type: none"> The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and Group Risk Division, 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.
2 MARKET RISK	<ul style="list-style-type: none"> The Group maintained its proactive surveillance and management of interest rate risk, while enhancing our systems and processes that mitigate regional market risks. Trading and banking book positions were strictly maintained within our approved risk thresholds. Contributed to industry thought exchanges on material matters that affect trading and banking book positions.
3 OPERATIONAL RISK	<ul style="list-style-type: none"> Internal policies continued to underscore the need for effective business continuity management. These involved crisis-simulation exercises as well as fraud and information risk awareness initiatives being undertaken throughout the year. Existing capabilities for effective operational risk management were systematically enhanced to address gaps in the framework through combining the required skills with a deeper understanding of business and risk management. Cyber-security was emphasised through the institutionalisation of capabilities that mitigate online threats.
4 COMPLIANCE RISK	<ul style="list-style-type: none"> Compliance capabilities were enhanced throughout the region with resources systematically allocated. Existing measures to curb money laundering and terrorism financing were updated to account for prevailing operating conditions. Systems and processes were also tweaked to uphold the Group's business conduct and market integrity.
5 FUNDING AND LIQUIDITY RISK	<ul style="list-style-type: none"> The 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 (BAU) and stress conditions. The Group is measuring, monitoring and managing its liquidity positions to comply with the regulatory Basel III Liquidity Coverage Ratio (LCR) guidelines and limits. The Group also performs a consolidated stress test, including liquidity stress test, on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions.
6 COUNTRY RISK	<ul style="list-style-type: none"> The disparate nature of ASEAN member countries' economic fundamentals necessitates close monitoring of developments in each jurisdiction. Mechanisms for the judicious management of this exposure were enhanced.

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KEY PERFORMANCE INDICATORS – ACTUAL VS TARGETS FOR 2016

ROE

FY16 ACTUAL
8.3%

FY16 TARGETS
10.0%

DIVIDEND PAYOUT

RATIO

FY16 ACTUAL
49.5%

FY16 TARGETS
40.0%

TOTAL LOANS GROWTH*

FY16 ACTUAL
8.7%

FY16 TARGETS
10.0%

LOAN LOSS CHARGE

FY16 ACTUAL
74 bps

FY16 TARGETS
60-70 bps

CET 1 (CIMB GROUP)

FY16 ACTUAL
11.3%

FY16 TARGETS
11.0%

COST-TO-INCOME

FY16 ACTUAL
53.9%

FY16 TARGETS
<53.0%

Notes : * Excluding bad bank



CODE OF ETHICS AND BUSINESS CONDUCT

SUMMARY

CIMB Group and its employees adhere to Bank Negara Malaysia's Code of Ethics BNM/GP7, which promotes proper standards of conduct and sound and prudent business practices among financial institutions.

As a custodian of public funds, a financial institution has the responsibility to safeguard its integrity and credibility. In the business of banking, the vital ingredient is confidence:

confidence of the public in the safety of their deposits, and confidence in the integrity and professional conduct of their bankers.

The public trust placed on the managers of financial institutions involves a heavy responsibility. They owe it to customers to see to it that their institutions are professionally managed and soundly based. The directors, officers and employees of the financial

institution, thus, must be seen to conduct their business with the highest level of moral behaviour. While bankers may be guided by certain informal, time-tested and generally accepted code of ethics to attain a level of conduct expected of them, the diversity and complexity of today's banking world requires that these ethical rules be codified and issued as written guidelines in order to promote and maintain a uniform ethical standard.

SIX PRINCIPLES



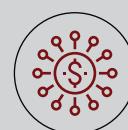
To avoid conflict of interest

Including outside financial interests, other business interests, other employment, entertainment and gifts, corporate directorships, trusteeships.



To avoid misuse of position

Including the use of the institution's name or facilities for personal advantage, or speculation in commodities, gold, silver, foreign exchange or securities.



To prevent misuse of information

Including a prohibition on dealing in securities of any company listed or pending listing where there is privileged information that would likely bring about a material change in the market price of the shares or other securities of the company if that information was publicly available. Also a prohibition on using insider information to influence another person to deal in the shares or securities concerned, and a prohibition on communicating such information to any other person who does not require such information in discharging their duty.



To ensure integrity of records and transactions

Including a responsibility that accounting records and reports must be complete and accurate, must not obscure the true nature of any transaction and must not mislead on true authorisation limits or approvals by relevant authorities. In addition, the spirit and letter of relevant legislation must be strictly observed, and all records and files of the financial institution must be accessed and used only for management-approved purposes.



To ensure confidentiality of communication and transactions

Including a responsibility to maintain the confidentiality of relations and dealings with customers and take every precaution to protect the confidentiality of customer information and transactions and ensure that secrets, copyrighted material, correspondence, accounts and dealings are not disclosed, except when disclosure is required by law, and are not used in any way for personal gain.



To ensure fair and equitable treatment

Including a responsibility that all business dealings with current and potential customers, with other members of staff or with those who may have cause to rely on the financial institution, be conducted fairly and equitably. Any transactions with insiders or related interests should be avoided, and if they go ahead, must be in full compliance with the law, judged on normal business criteria basis and be fully documented and duly authorised by the Board of Directors or an independent party.

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GROUP FINANCIAL REVIEW BY GROUP CHIEF FINANCIAL OFFICER



Shahnaz Jammal

Group Chief Financial Officer

THE GROUP REGISTERED COMMENDABLE PERFORMANCE WITH OUR RM3.56 BILLION NET PROFIT YIELDING A NET EARNINGS PER SHARE OF 41.0 SEN AND AN ROE OF 8.3%. THIS PERFORMANCE CAME ON THE BACK OF OUR PROACTIVE TOP-LINE AND BOTTOM-LINE MANAGEMENT THAT RESULTED IN INCREASED NET-INTEREST INCOME AND LOWER OPERATING EXPENSES. WHILST ASSET QUALITY CONTINUED TO BE IN FOCUS, THE GROUP ENDED THE YEAR ON A FIRMER FINANCIAL FOOTING, WITH A STRONGER CAPITAL BASE, RECORD ANNUAL REVENUE AND A LEANER COST STRUCTURE.

THE YEAR IN REVIEW

As it was in FY15, the year under review was a challenging one. Global and regional macroeconomic conditions remained subdued. And geopolitics continued to twist and turn. This led to significant developments and changes in our operating environment as 2016 progressed. As a result, the Group reassessed our 10% return on equity (ROE) and 10% loan growth targets. Whilst the official targets were maintained, we provided guidance to the market via investor meetings and the media for a lower ROE of 9% and loan growth of 6%, although there were no updates to the other financial targets, i.e. loan loss charge, Common Equity Tier 1 (CET1) and cost-to-income ratio (CIR).

This prudent and measured stance underpinned our commendable performance in FY16, with our RM3.56 billion net profit rising 25.1% YoY from the RM2.85 billion registered in FY15, yielding a net earnings per share (EPS) of 41.0 sen and an ROE of 8.3% (7.3% in FY15).

This performance is attributed to our proactive top-line and bottom-line management that resulted in increased net interest income (NII) and lower operating expenses:

- The Group's FY16 operating income were 4.4% higher at RM16.1 billion as compared with FY15 of RM15.4 billion.

The Group has made significant progress over the years in diversifying the spread of its earnings as it grew from a Malaysia-centric wholesale bank into a regional universal bank.

- Inclusive of net finance income and hibah from our Islamic Banking operations, NII increased by 5.3%, contributed mainly by Consumer Banking and Wholesale Banking.
- Non-interest income (NOII) rose by 2.2%, helped by gains from the disposal of PT CIMB Sun Life of RM150 million.
- Operating expenses fell by 6.5% to RM8.7 billion in FY16 (from RM9.2 billion in FY15) mainly due to termination costs that resulted from the restructuring of our Investment Banking business and provisions for our Mutual Separation Scheme of RM202 million and RM482 million, respectively that were incurred in FY15. Adjusting for these one-off costs, our operating expenses increased just 1.0% YoY.
- With the growth in operating income and decrease in operating expenses, the Group's profit before tax (PBT) was 24.8% higher at RM4.88 billion. This translated to a 25.1% YoY improvement in the Group's net profit to RM3.56 billion.
- The Group posted 8.7% YoY loan growth for the year, which translated to 6.4% YoY growth in local currency terms. This healthy showing was underpinned by 10.5% YoY growth in Malaysia.
- Group deposits grew 5.6% YoY, a moderation from the 12.6% recorded in FY15, giving the Group a loan-deposit ratio of 95.6% as at 31 December 2016 (92.9% as at 31 December 2015).
- The Group's capital adequacy remained on firm footing with its CET1 ratio rising to 11.3% as at end-December 2016 (10.4% as at end-December 2015).

ROE

8.3%

COST-TO-INCOME RATIO

53.9%

CET1 RATIO

11.3%

The commendable performance is attributed to our proactive topline and bottom line management that resulted in increased net interest income and lower operating expenses.

These outcomes were attained against the backdrop of impairment losses:

- Net impairment losses registered at RM2.65 billion in FY16 (RM2.32 billion in FY15) on account of higher loan impairments and impairment charges for investments and goodwill, partially offset by higher recoveries in Malaysia Consumer Banking.
- As a result, the Group's gross impaired loans ratio stood at 3.3% as at 31 December 2016 from 3.0% in 2015.

GROWTH DRIVERS

The Group registered a record annual operating income of RM16.1 billion in FY16, premised on a 5.3% expansion in NII and a 2.2% growth in NOII.

- Solid NII growth was underpinned by an 8.7% increase in gross loans, with only a 3bps compression in net interest margins (NIM).
- NOII performed reasonably well on account of stronger net trading income in the second half of 2016, which offset the weak capital markets in the first quarter of 2016. The transaction banking and foreign exchange businesses continued charting strong growth across all business units. In addition, NOII was buoyed by a RM150 million gain from the sale of the Group's 51% interest in PT CIMB Sun Life during the year.
- In terms of business units, Consumer Banking was the star performer with an 8.2% growth in revenue during the year, from strong performance in Malaysia, Indonesia and Thailand.

GROUP FINANCIAL REVIEW BY GROUP CHIEF FINANCIAL OFFICER (CONT'D.)

OVERVIEW OF BUSINESS-UNIT PERFORMANCE

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

- Consumer Banking PBT increased by 35.0% YoY to RM2.27 billion in FY16 from RM1.68 billion in FY15, mainly due to an increase in NII of 6.2% that was driven by loan and deposit growth of 8.9% and 12.5% respectively. This was coupled with an increase in NOII by 14.3% YoY which included some writebacks of bonus points-related loyalty expenses. This higher profitability is also attributed to lower impairment losses on loans, advances and financing in Malaysia and Thailand.
- Commercial Banking PBT decreased by 55.3% YoY from RM633 million in FY15 to RM283 million in FY16, attributed to higher impairment losses on loans, advances and financing in Thailand and Singapore of RM308 million and RM70 million respectively.
- Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury & Markets, Transaction Banking, Equities and Private Banking. Its PBT increased by 25.7% YoY to RM1.96 billion in FY16 from RM1.56 billion in FY15, mainly due to an increase in NII and lower operating expenses resulting from the non-recurrence of RM202 million in termination costs incurred in FY15, as well as cost savings generated by the restructuring of our Investment Banking operations in FY15.
- Group Asset Management & Investment (GAMI) consists of the Group's public and private asset management portfolios, inclusive of strategic investments. Its PBT decreased by 1.7% YoY from RM236 million in FY15 to RM232 million in FY16.

OVERVIEW OF COUNTRY PERFORMANCE

The Group has made significant progress over the years in diversifying the spread of its earnings as it grew from a Malaysia-centric wholesale bank into a regional universal bank. This diversification extends both by business and by geography. We believe in furthering this growth across ASEAN as we strengthen our franchise via extending the breadth and depth of our products and services.

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

Malaysia

Malaysia operations witnessed a 7.4% YoY improvement in PBT to RM4.14 billion. Gross loans expanded 10.5% YoY with all segments posting strong performances. The Malaysia Consumer Bank's 9.1% loan growth was underpinned by mortgage and ASB loans; There was better momentum in Commercial Banking loans (+13.2%) as the business grew on the back of its transaction banking initiatives; while Wholesale Banking loans (+14.0%) saw several large drawdowns during the year. Deposits grew 8.5% YoY predominantly driven by Consumer Banking (+10.5%). Malaysian asset quality remained solid with the gross impaired loans ratio declining to 1.8% from 1.9% in 2015.

Indonesia

Indonesia's PBT expanded by 134.6% YoY to RM922 million as CIMB Niaga's financial performance continued to improve. Gross loans was just 1.6% higher YoY with economic activity remaining fairly lackluster and as CIMB Niaga adopted a cautious growth approach with focus on higher-quality, shorter-term loans. Deposits grew 1.1% YoY from Consumer (+1.6%) and Commercial

Banking (+4.9%), with a strong expansion in CASA (+9.7%) and sharp improvement in NIM. CIMB Niaga's CASA ratio increased to 50.8% in 2016. Gross impaired loans stood at 5.2% in FY16 while loan provisions declined by 14.2% YoY.

Thailand

Thailand's PBT contribution of RM14 million was 90.8% lower YoY as a result of higher provisions in Commercial Banking, attributed to the agriculture sector. As such, CIMB Thai's gross impaired loans ratio increased to 6.3% in 2016. Nevertheless, CIMB Thai's operational performance was relatively steady given the operating environment, with a 2.1% growth in gross loans, from Consumer (+9.9%) and Wholesale Banking (+7.9%). Commercial Banking loans contracted 18.4% as the business underwent a recalibration during the year. Deposits grew 7.9% YoY from Consumer (+1.7%) and several large corporate deposits in Wholesale (+33.2%).

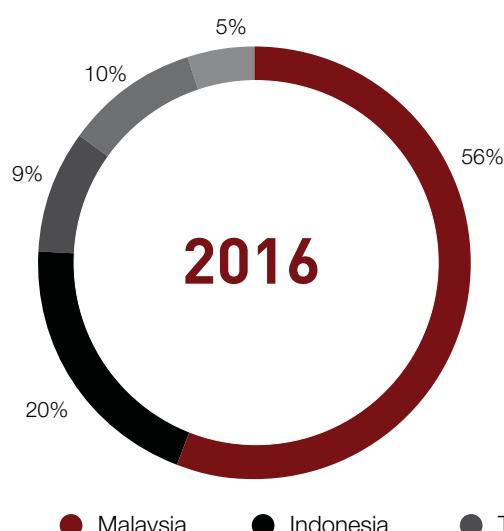
Singapore

PBT from Singapore was 36.2% lower at RM241 million. The gross loan growth of 4.9% YoY was respectable given the soft economic conditions, driven by Consumer (+4.5%) and Wholesale Banking (+8.0%). Deposits declined 4.9% YoY largely due to a sharp 44.8% drop in Wholesale Banking deposits as CIMB Singapore wound down its corporate deposit product. Gross impaired loans rose to 1.1% in FY16 in tandem with increased Commercial Banking provisions in the oil & gas industry.



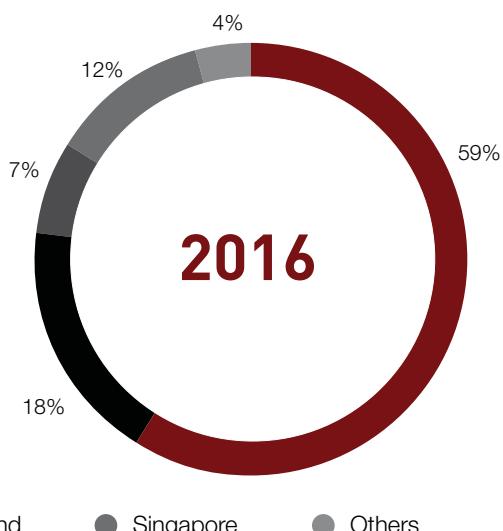
LOANS BY COUNTRY

as at 31 December 2016



DEPOSITS BY COUNTRY

as at 31 December 2016



COST-MITIGATING MEASURES

The Group's CIR stood at 53.9% in FY16 compared to the BAU 55.6% in FY15, the lowest in five years. It is a reflection of management's cost containment efforts and is commendable considering the difficult operating environment which curtailed operating income growth during the year.

- The Group's operating expenses declined by 6.5% YoY. However on a BAU basis, after excluding the one-off restructuring and reorganisation expenses in 2015, operating expenses rose by 1.0% in FY16. In local currency terms, our BAU costs were 1.7% lower YoY for the year.
- The Group adopted various cost management initiatives and promoted greater financial discipline across all business units and geographies. We ensured that each division committed to agreed-upon cost savings, rolled out revised delegated authorities across the region, and began implementing a strategic regional procurement system.
- Various branch productivity initiatives were undertaken in Malaysia, Indonesia and Thailand, as we recalibrated the business to be more digitally enabled. We streamlined our branch network by closing a total of 85 branches in the three countries throughout the year.
- Management incorporated greater hiring discipline and manpower management under the strategic workforce planning initiative. As a result, the Group's staff headcount reduced by about 4% during the year to approximately 39,000.

Although the Group sets aside sufficient funds for its annual capex plans, our heightened focus on cost management necessitates greater care in ensuring that such plans will only serve value-creating initiatives. In this respect, a large proportion of capex going forward will be on information-technology projects to propel the Group's digital initiatives.

Loans	YoY Growth
Malaysia	10.5%
Indonesia^	1.6%
Thailand^	2.1%
Singapore^	4.9%
Others	(2.9%)
Group*	6.4%

[^] In local currency

* Excluding FX translation

Deposits	YoY Growth
Malaysia	8.5%
Indonesia^	1.1%
Thailand^	7.9%
Singapore^	(4.9%)
Others	(22.3%)
Group*	3.7%

Revenue by Segments

(RM'mil)	FY16	FY15	YoY
Consumer Banking	7,198	6,655	8.2%
Commercial Banking	2,043	1,951	4.7%
Corporate Banking	3,098	2,986	3.8%
Treasury & Markets	1,532	1,526	0.4%
Investment Banking	1,068	1,051	1.6%
GAMI	524	650	(19.4%)
Group Funding	602	576	4.5%
Total Income	16,065	15,395	4.4%

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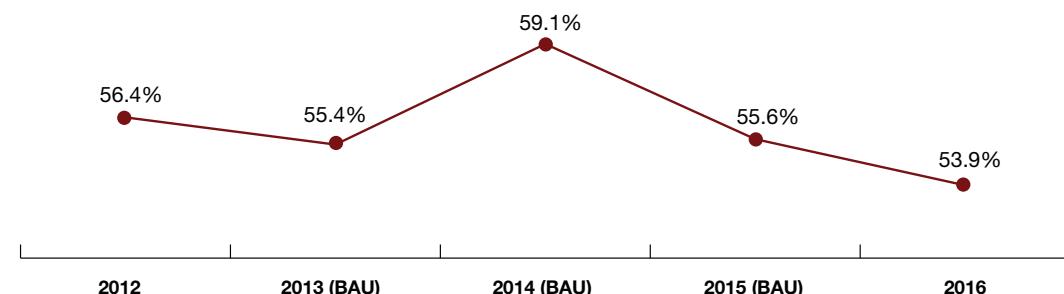
GROUP FINANCIAL REVIEW BY GROUP CHIEF FINANCIAL OFFICER (CONT'D.)

Operating Expenses

(RM'mil)	FY16	FY15 BAU	YoY
Personnel	4,821	4,771	1.0%
Establishment	1,927	1,942	(0.8%)
Marketing	311	359	(13.4%)
Admin & General	1,592	1,493	6.6%
Total	8,651	8,565	1.0%
Total (Actual)	8,651	9,249	(6.5%)

We have instituted substantial process improvements and risk measures, which should facilitate a reasonable improvement in provision levels this coming year.

COST-TO-INCOME RATIO



FINANCIAL POSITION

The Group ended the year on a firmer financial footing with a stronger capital base, record annual revenue, and with costs kept firmly under control. That said, we continue to focus on managing asset quality, given the increase in Thai provisions and the still-elevated provisions in Singapore and Indonesia. We have instituted substantial process improvements and risk measures, which should facilitate a reasonable improvement in provision levels this coming year.

- The Group's liquid assets grew 13% YoY in FY16, with liquidity remaining comfortably above internal targets as well as regulatory requirements.
- The Group's capital adequacy remained on firm footing with its CET1 ratio rising to 11.3% as at end-December 2016. The Group's Tier-1 and total capital ratios stood at 12.9% and 16.4%, respectively.
- The Group aims to remain focused on maintaining a strong and efficient capital base through: (i) prudent liability management with Basel III instrument initiatives, (ii) continuing with the dividend reinvestment scheme, (iii) exploring further disposals of non-core assets, (iv) ensuring more efficient deployment of capital based on RAROC, and (v) continuing with RWA-optimisation exercises.
- Other strategic plans will be driven by our T18 initiatives to boost revenue (e.g. by Transaction Banking and Digital Banking) while maintaining firm cost controls. Barring unforeseen circumstances, the Group expects to be in a stronger financial position by end-2017.



RETURNS TO SHAREHOLDERS

In view of the Group's commendable performance, the Board has proposed a second interim single-tier dividend of 12.00 sen per ordinary share. Coupled with the first interim single-tier dividend of 8.00 sen per ordinary share declared and paid within the year, this translates to a 49.5% dividend payout for 2016.

NON-FINANCIAL MEASURES OF PERFORMANCE

The Group also employs non-financial performance indicators to assess the activities that we deem important to the achievement of our strategic objectives. Key indicators include:

1) Customer experience (CX) metrics

- The Group is developing institutionalised processes to ensure the consistency and sustainability of CX improvements. The various initiatives include, but are not limited to, shortening loan processing turnaround times, enhancing the customer on-boarding process, improving customer service response times, and improving customer satisfaction ratings.

2) Culture and employee engagement

- Measuring staff engagement levels and developing initiatives to improve the Group's culture. Various employee engagement surveys, pulse checks, and culture roadshows have been undertaken to enhance productivity and increase cross-team collaborations.

With the Group intensifying its digitisation thrust (as covered in the Digital Initiatives section of this report), we will continue to develop this list of non-financial performance indicators to include measures that assess the broad effectiveness of our digital strategic objectives.

GOING FORWARD

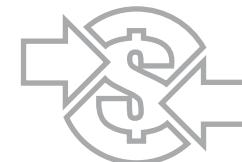
External developments will remain factors that can adversely impact the Group's performance and financial health. As detailed in the Key Risks section of this report, such factors come in the form of economic and political developments, regulatory changes and market volatility, amongst others.

Our balance sheet strategy for 2017 thus involves maintaining a cautiously optimistic approach to loan growth at around 7%, in view of the challenging regional economic growth and uncertainty surrounding US economic and monetary policies.

In terms of targets for 2017, we are aiming for a CET1 of above 11.5%, CIR of below 53%, with a loan loss charge of 60-65bps and ROE of 9.5%.



The Group adopted various cost management initiatives and promoted greater financial discipline across all business units and geographies.

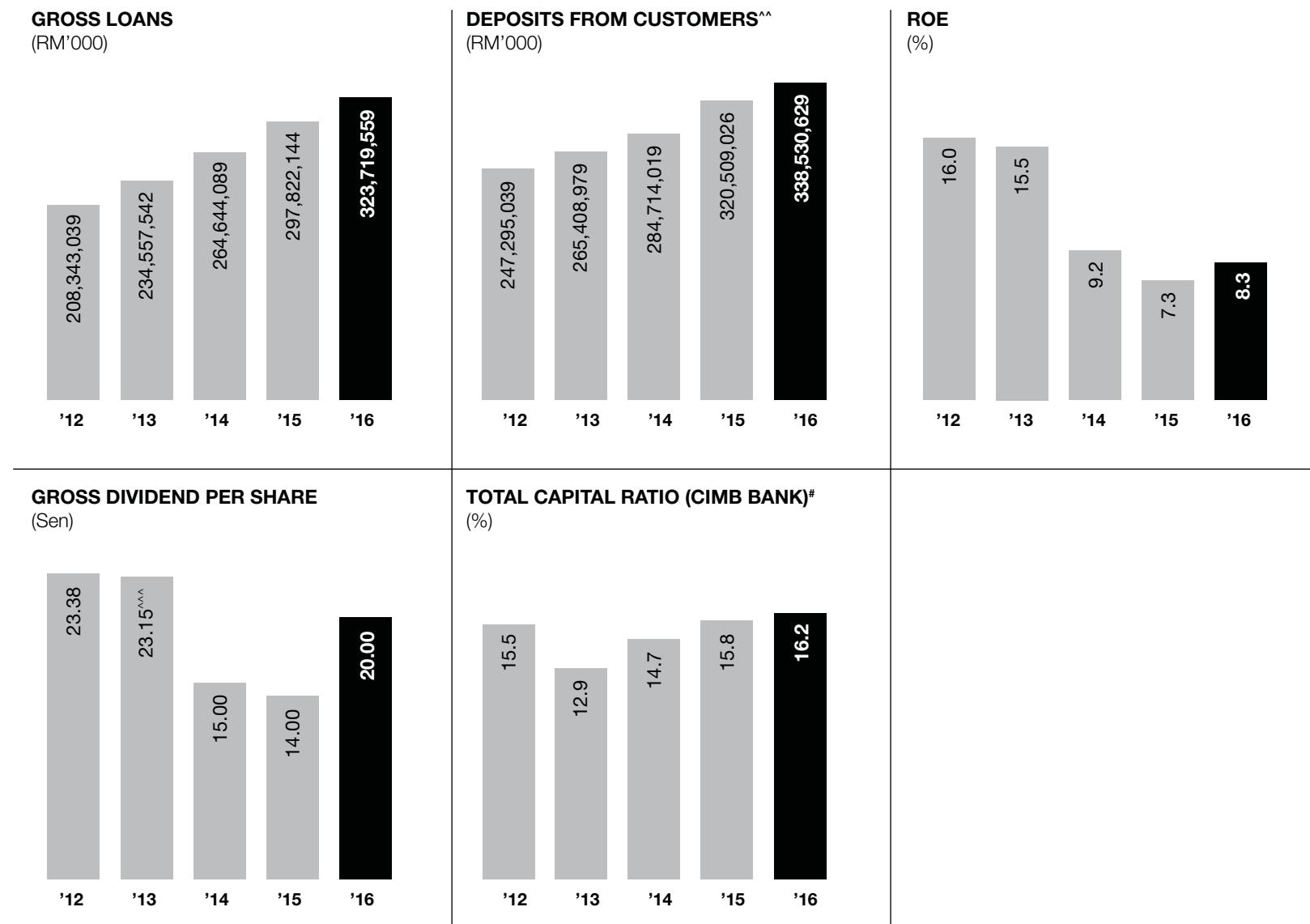


The Group ended the year on a firmer financial footing with a stronger capital base, record annual revenue, and with costs kept firmly under control.

A large proportion of capex going forward will be on [REDACTED] information technology projects to propel the Group's digital initiatives.

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FIVE YEAR GROUP FINANCIAL SUMMARY



^{^^} Include structured investments classified as "Financial liabilities designated as fair value" and "Investment accounts of customers"

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

The capital ratio computed has not taken into account the effect of reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH on the proposed second interim dividend for financial years ended 31 December 2012 to 31 December 2016



FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

Key Highlights	Financial Year Ended 31 December				
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012* RM'000
Consolidated Statement of Income					
Net interest income	9,825,926	9,336,744	8,655,548	7,954,146	7,395,880
Net non-interest income and income from Islamic banking operations	6,239,329	6,059,046	5,490,376	6,717,689	6,098,945
Operating income	16,065,255	15,395,790	14,145,924	14,671,835	13,494,825
Overheads	8,651,690	9,248,978	8,291,963	8,457,870	7,612,099
Profit before allowances	7,413,565	6,146,812	5,853,961	6,213,965	5,882,726
Allowance for impairment losses on loans, advances and financing	2,408,883	2,168,624	1,522,068	660,607	329,098
Profit before taxation and zakat [^]	4,884,144	3,913,993	4,276,423	5,849,229	5,677,893
Net profit for the financial year	3,564,190	2,849,509	3,106,808	4,540,403	4,344,776
Consolidated Statement of Financial Position					
Gross loans, advances and financing	323,719,559	297,822,144	264,644,089	234,557,542	208,343,039
Total assets	485,766,887	461,577,143	414,156,356	370,912,797	336,461,160
Deposits from customers ^{^^}	338,530,629	320,509,026	284,714,019	265,408,979	247,295,039
Total liabilities	438,687,729	419,344,515	375,765,233	339,684,237	307,194,841
Shareholders' funds	45,308,175	41,050,778	37,360,436	30,271,098	28,292,994
Commitments and contingencies	817,569,941	883,583,439	702,740,799	526,572,598	460,550,153
Financial Ratios (%)					
Common equity tier 1 ratio (CIMB Bank) [#]	11.5	11.5	11.2	9.6	n/a
Tier 1 ratio (CIMB Bank) [#]	13.1	12.7	12.6	11.6	n/a
Total capital ratio (CIMB Bank) [#]	16.2	15.8	14.7	12.9	n/a
Core capital ratio (CIMB Bank) [#]	n/a	n/a	n/a	n/a	12.4
Risk-weighted capital ratio (CIMB Bank) [#]	n/a	n/a	n/a	n/a	15.5
Return on average equity	8.3	7.3	9.2	15.5	16.0
Return on average total assets	0.75	0.65	0.79	1.28	1.37
Net interest margin	2.63	2.66	2.80	2.85	3.07
Cost to income ratio	53.9	60.1	58.6	57.6	56.4
Gross impaired/non-performing loans to gross loans	3.3	3.0	3.1	3.2	3.8
Allowance coverage ratio	79.8	84.7	82.7	84.8	82.8
Loan loss charge	0.74	0.73	0.58	0.28	0.16
Loan deposit ratio	95.6	92.9	93.0	88.4	84.2
Net tangible assets per share (RM)	3.92	3.63	3.28	2.67	2.47
Book value per share (RM)	5.11	4.81	4.44	3.92	3.81
CASA ratio	35.6	34.1	34.7	34.3	34.7
Other Information					
Earnings per share (sen)					
– basic	41.0	33.6	37.5	60.0	58.5
Gross dividend per share (sen)	20.00	14.00	15.00	23.15 ^{^^}	23.38
Dividend payout ratio (%)	49	42	40	40	40
Number of shares in issue ('000)	8,868,384	8,527,272	8,423,751	7,729,346	7,432,775
Weighted average number of shares in issue ('000)	8,689,362	8,475,522	8,288,256	7,570,924	7,432,772
Non Financial Highlights					
Share price at year-end (RM)	4.51	4.54	5.56	7.62	7.63
Number of employees	38,952	40,545	41,669	40,804	41,993

For financial years 2013 to 2016, CIMB Bank's capital adequacy ratios are based on revised guideline on capital adequacy framework issued by BNM on 28 November 2012, which took effect beginning 1 January 2013. The revised guideline is in compliance with BASEL III. The comparative capital adequacy ratios were based on capital adequacy framework which was in compliance with Basel II.

* The comparatives have been restated to reflect the adoption of MFRS10, MFRS11 and MFRS119

[^] Profit before taxation is inclusive of discontinuing operations

^{^^} Include structured investments classified as "Financial liabilities designated as fair value" and "Investment accounts of customers"

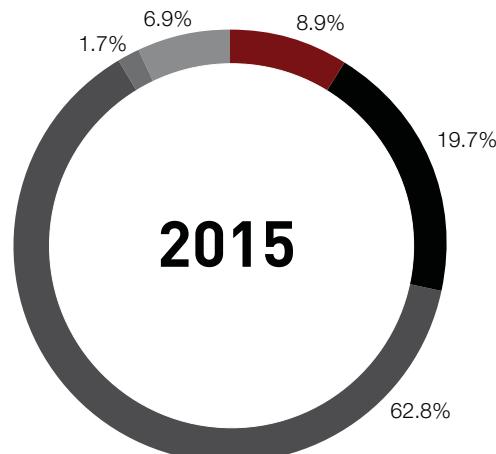
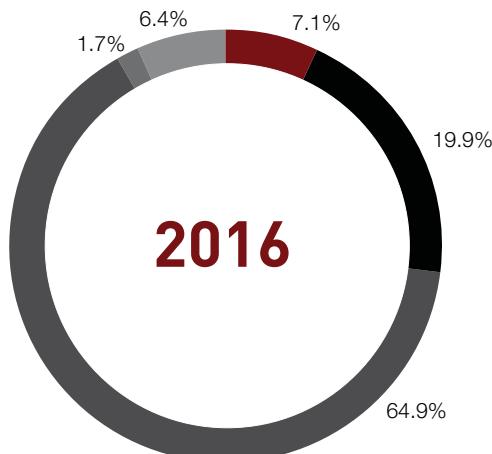
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SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

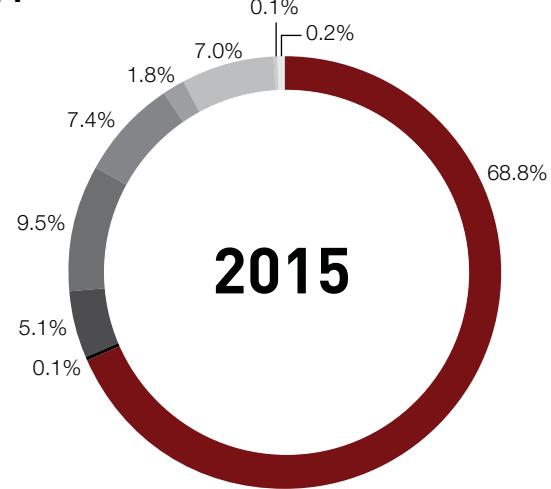
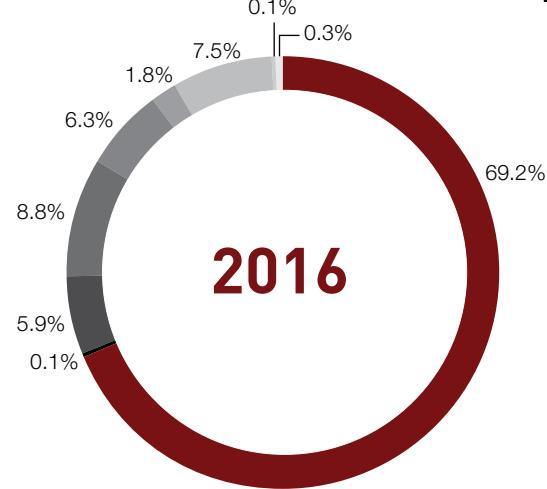
ASSETS



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

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

LIABILITIES & EQUITY



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

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

QUARTERLY FINANCIAL PERFORMANCE

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

RM'000	2015			
	Q1	Q2	Q3	Q4
Operating revenue	3,680,327	3,833,427	3,840,473	4,041,563
Net interest income	2,190,953	2,268,700	2,416,069	2,461,022
Net non-interest income and income from Islamic Banking operations	1,489,374	1,564,727	1,424,404	1,580,541
Overheads	(2,338,298)	(2,438,805)	(2,260,509)	(2,211,366)
Profit before taxation and zakat	823,580	883,744	1,074,508	1,132,161
Net profit attributable to equity holders of the Company	580,124	639,754	803,892	825,739
Earnings per share (sen)	6.89	7.55	9.52	9.72
Dividend per share (sen)	-	3.00	-	11.00

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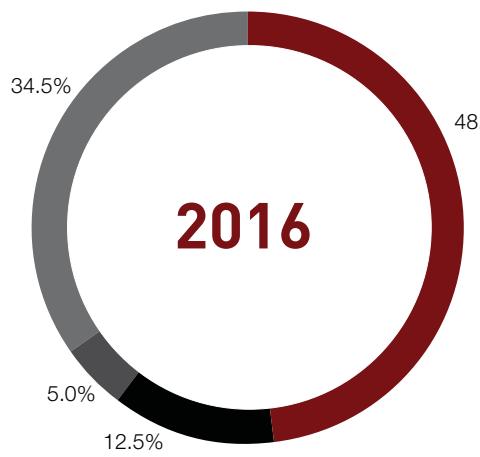
KEY INTEREST BEARING ASSETS AND LIABILITIES

	Financial Year Ended 31 December 2016		
	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	29,018	2.15	859
Financial assets held for trading	22,769	2.35	563
Financial investments available-for-sale	31,530	3.93	1,266
Financial investments held-to-maturity	30,381	4.04	1,137
Loans, advances and financing	315,373	6.13	17,944
Interest bearing liabilities:			
Total deposits*	369,604	1.77	8,873
Bonds, Sukuk, debentures and other borrowings	16,926	3.46	661
Subordinated obligations	13,725	5.65	801

	Financial Year Ended 31 December 2015		
	As at 31 December RM'million	Effective interest rate %	Interest income/ expense RM'million
Interest earning assets:			
Cash and short-term funds & deposits and placements with banks and other financial institutions	31,148	1.98	757
Financial assets held for trading	20,680	2.69	612
Financial investments available-for-sale	32,768	4.03	1,458
Financial investments held-to-maturity	25,759	4.05	845
Loans, advances and financing	290,296	6.32	17,116
Interest bearing liabilities:			
Total deposits*	346,301	2.03	8,641
Bonds, Sukuk, debentures and other borrowings	20,314	3.64	682
Subordinated obligations	13,695	5.47	695

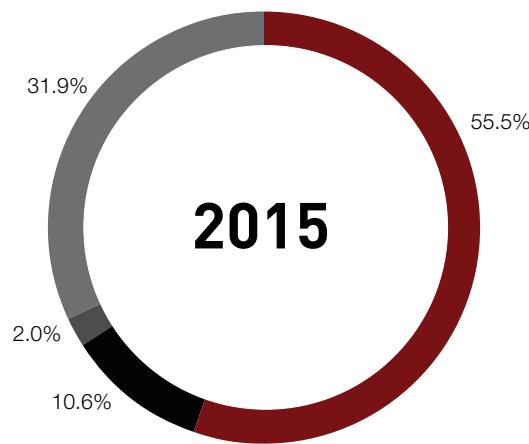
* Total deposits include deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions and financial liabilities designated at fair value.

VALUE ADDED STATEMENTS



● **To Employees:**
Personnel costs

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



- **To Providers of Capital:**
Cash dividends paid to shareholders
Dividend-in-specie to shareholders
Non-controlling interests
- **To Reinvest to the Group:**
Dividend reinvestment plan
Depreciation
Retained earnings

	2016 RM'000	2015 RM'000
Value added		
Net interest income	9,825,926	9,336,744
Income from Islamic banking operations	1,704,043	1,569,017
Non-interest income	4,535,286	4,490,029
Overheads excluding personnel costs and depreciation	(3,505,157)	(3,573,006)
Allowance for impairment losses on loans, advances and financing	(2,408,883)	(2,168,624)
Other allowances made	(236,226)	(149,829)
Share of results of joint ventures	4,236	(9,863)
Share of results of associates	111,452	95,497
Value added available for distribution	10,030,677	9,589,965
 Distribution of Value Added		
To employees:		
Personnel costs	4,820,659	5,321,958
To the Government:		
Taxation and zakat	1,251,187	1,018,048
To providers of capital:		
Cash dividends paid to shareholders	223,334	141,085
Dividend-in-specie to shareholders	205,048	—
Non-controlling interests	68,767	46,436
To reinvest to the Group:		
Dividend reinvestment plan	1,412,974	534,795
Depreciation	325,874	354,014
Retained earnings	1,722,834	2,173,628
Value added available for distribution	10,030,677	9,589,965

CAPITAL MANAGEMENT

OVERVIEW

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

- (1) To maintain a strong and efficient capital base for the Group and its entities to (a) always meet regulatory capital requirements; (b) realise returns to shareholders through sustainable return on equity and stable dividend payout; and (c) be able to withstand stressed economic and market conditions.
- (2) To allocate capital efficiently across the business units and subsidiaries to (a) support the organic growth of the Group’s business units and subsidiaries; (b) take advantage of strategic acquisitions and new businesses when opportunities arise; and (c) optimise the return on capital for the Group.
- (3) To maintain capital at optimal levels to meet the requirements of other stakeholders of the Group, including rating agencies and customers.

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

Capital Ratios (After Proposed Dividend)	Common Equity Tier 1 Capital		Tier 1 Capital		Total Capital	
	As at 31 December 2016	Minimum Regulatory Ratio	As at 31 December 2016	Minimum Regulatory Ratio	As at 31 December 2016	Minimum Regulatory Ratio
CIMB Bank	11.55%	4.50%	13.05%	6.00%	16.18%	8.00%
CIMB Islamic	14.71%	4.50%	15.53%	6.00%	18.02%	8.00%
CIMB Investment Bank	35.69%	4.50%	35.69%	6.00%	35.69%	8.00%
CIMB Niaga	16.32%	4.50%	16.32%	6.00%	17.71%	8.00%
CIMB Thai	10.16%	4.50%	10.16%	6.00%	15.58%	8.50%

KEY INITIATIVES

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

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

Key capital management initiatives that were undertaken during the 2016 financial year include as follows:

- (1) The DRS was continued with a reinvestment rate averaging 86.3% in the year, reflecting investor confidence in the Group and generating an additional RM1.4 billion of capital.
- (2) CIMB Group issued RM1.0 billion Basel III AT1 Capital Securities on 25 May 2016 and RM0.4 billion Basel III AT1 Capital Securities on 16 December 2016.

- (3) The continuing RWA optimisation initiatives during the year, largely through active loan portfolio rebalancing, system and data enhancements and parameter and methodology recalibrations.

CAPITAL DISTRIBUTION

On 30 August 2016, CIMB Group completed a special interim dividend-in-specie distribution of 1,366,988,057 existing CIMB Niaga Class B shares, representing approximately 5.44% equity interest in CIMB Niaga, to the shareholders of CIMB Group on a ratio of 1 CIMB Niaga share for approximately every 6.39 CIMB shares. The entitled shareholders were provided a monetisation option to receive cash instead of the dividend shares. The dividend-in-specie was successfully completed to meet the required minimum of 7.5% of total issued and paid-up shares held by public shareholders in order for CIMB Niaga to remain listed on the Indonesian Stock Exchange.

DIVIDENDS FOR 2016

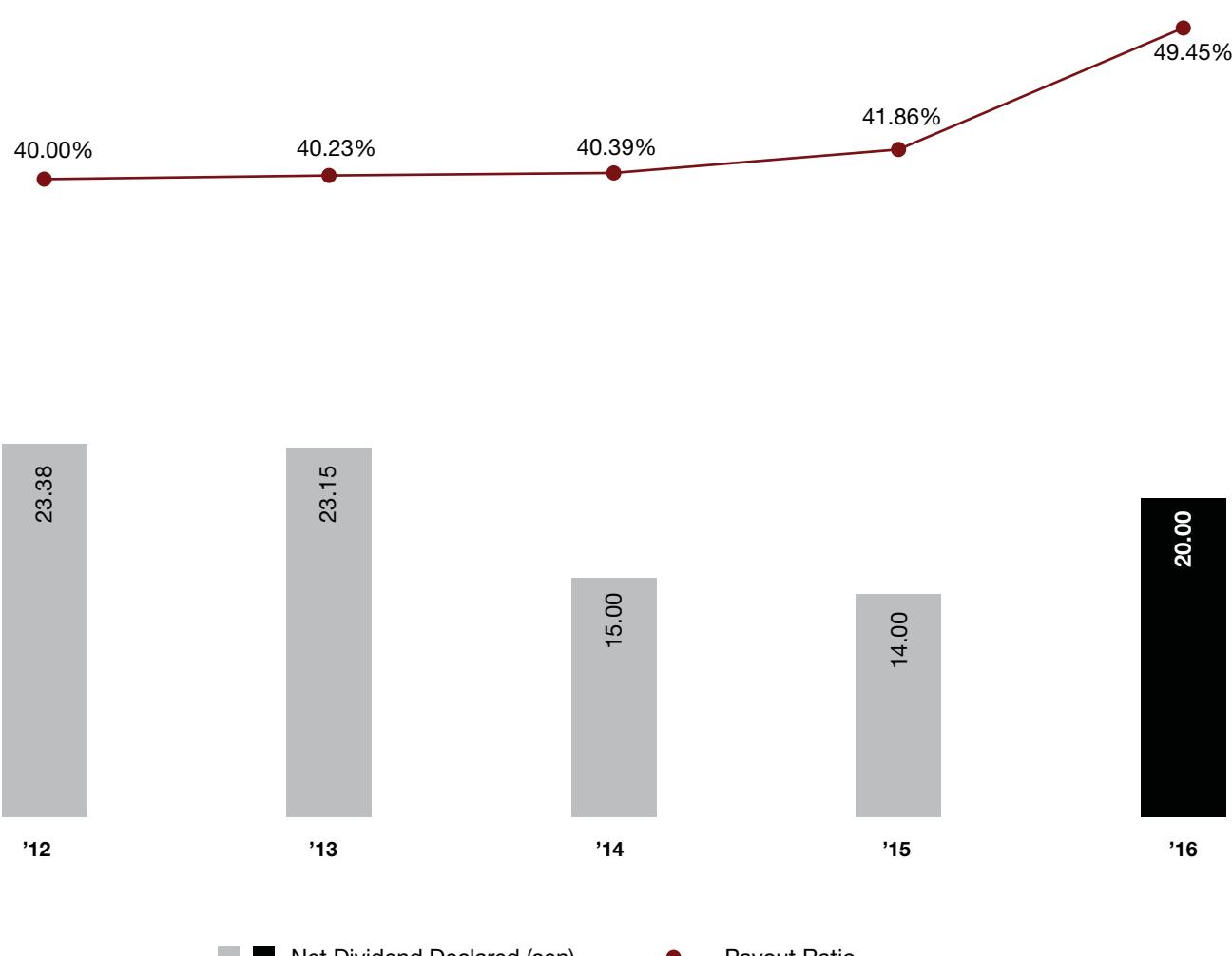
DIVIDEND POLICY

For the financial year ended 31 December 2016, the first interim single tier dividend of 8.00 sen per ordinary share, on 8,728,855,524 ordinary shares amounted to RM698,308,442 was approved by the Board of Directors on 8 August 2016. The dividend consisted of an electable portion of 8.00 sen per ordinary share which shareholders could elect to reinvest in new ordinary shares in accordance with the DRS. Following the completion of the DRS, a total cash dividend of RM99,751,580 was paid on 28 October 2016.

A second interim single tier dividend of 12.00 sen per ordinary share, on 8,868,379,268 ordinary shares amounting to RM1,064,205,512 in respect of the financial year ended 2016 was approved by the Board of Directors on 26 January 2017 and Bank Negara Malaysia on 27 February 2017. The second interim single tier dividend will be payable in May 2017 and will consist of an electable portion of 12.00 sen per ordinary share which shareholders can elect to reinvest in new ordinary shares in accordance with the DRS.

DIVIDEND REINVESTMENT SCHEME

The DRS was implemented in 2013 to provide shareholders with an option to reinvest dividends into new ordinary shares of CIMB and at the same time to help preserve the Group's capital. It was first applied to the Group's second interim dividend for the 2012 financial year. The dividend reinvestment rate has been encouraging, with an average rate of 80.5%.



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CREDIT RATINGS

CIMB BANK BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	October 2016	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. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme 6. USD350 million 5-year Senior Unsecured Notes 7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/Subordinated)	A3 P-2 A3 P-2 (P)A3 A3 (P)A3/(P)Ba1	Stable
Standard & Poor's Ratings Services (S&P)	December 2016	1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating 5. Long-term ASEAN Regional Scale Rating 6. Short-term ASEAN Regional Scale Rating 7. USD350 million 5-year Senior Unsecured Notes	A- A-2 A- A-2 axAA axA-1 A-	Stable
RAM Rating Services Berhad (RAM)	December 2016	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"> a. Issuances prior to 1 January 2016 with non-viability events linked to CIMB Bank Berhad 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 4. RM10.0 billion Additional Tier-1 Capital Securities Programme	AAA P1 AA ₁ AA ₂ A ₁	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2016	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 Basel III Compliant Subordinated Debt Programme 5. RM1.0 billion Innovative Tier 1 Capital Securities	AAA MARC-1 AA+/AA+ _{IS} AA+	Stable
Dagong Global Credit Rating Co. Ltd. (Dagong)	January 2015	1. Long-term Foreign Currency Rating 2. Long-term Local Currency Rating	AA- AA	Stable



CIMB GROUP HOLDINGS BERHAD

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	October 2016	1. Long-term Issuer Rating 2. Short-term Issuer Rating	Baa1 P-2	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2016	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)	December 2016	1. Corporate Credit Rating 2. Corporate Credit Rating 3. RM6.0 billion Conventional and Islamic Commercial Papers/Medium-term Notes Programme 4. RM3.0 billion Subordinated Notes Programme 5. RM6.0 billion Conventional and Islamic Commercial Paper Programme 6. RM10.0 billion Additional Tier-1 Capital Securities Programme	AA ₁ P1 AA ₁ /P1 AA ₃ P1 A ₁	Stable

CIMB INVESTMENT BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Standard & Poor's Ratings Services (S&P)	December 2016	1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating 5. Long-term Local ASEAN Regional Rating Scale 6. Short-term Local ASEAN Regional Rating Scale	A- A-2 A- A-2 axAA axA-1	Stable
RAM Rating Services Berhad (RAM)	December 2016	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating	AAA P1	Stable
Moody's Investors Service (Moody's)	February 2017	1. Long-term Issuer Rating 2. Short-term Issuer Rating	A3 P-2	Stable

CIMB ISLAMIC BANK

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	October 2016	1. Long-term Foreign Currency Bank Deposits Rating 2. Short-term Foreign Currency Bank Deposits Rating 3. Long-term Domestic Currency Bank Deposits Rating 4. Short-term Domestic Currency Bank Deposits Rating	A3 P-2 A3 P-2	Stable
RAM Rating Services Berhad (RAM)	December 2016	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating	AAA P1	Stable
Malaysian Rating Corporation Berhad (MARC)	November 2016	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2.0 billion Tier 2 Junior Sukuk Programme 4. RM5.0 billion Tier 2 Junior Sukuk Programme	AAA MARC-1 AA ₊ _{IS} AA ₊ _{IS}	Stable

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CREDIT RATINGS (CONT'D.)

CIMB THAI

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service (Moody's)	December 2016	1. Long-term Issuer Rating 2. Long-term Foreign Currency Bank Deposits Rating 3. Short-term Foreign Currency Bank Deposits Rating 4. Long-term Domestic Currency Bank Deposits Rating 5. Short-term Domestic Currency Bank Deposits Rating	Baa2 Baa2 P-2 Baa2 P-2	Stable
RAM Rating Services Berhad (RAM)	June 2016	1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme	AA ₂ P1 AA ₃	Stable
Fitch Ratings	August 2016	1. Long-term National Rating 2. Short-term National Rating 3. THB3.0 billion 4.80% Subordinated Lower Tier 2 4. THB10.0 billion Unsecured Subordinated Short-term Debenture Programme	AA(tha) F1+(tha) AA-(tha) F1+(tha)	Stable

CIMB NIAGA

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Fitch Ratings	November 2016	1. Long-term Issuer Default Rating 2. Short-term Issuer Default Rating 3. Long-term National Rating 4. Short-term National Rating 5. Senior Unsecured Bonds 6. IDR8.0 trillion Senior Unsecured Debt Programme 7. IDR1.6 trillion Subordinated Debt 8. IDR1.38 trillion Subordinated Debt	BBB F3 AAA(idn) F1+(idn) AAA(idn) AAA(idn) AA(idn) AA(idn)	Stable
Moody's Investors Service (Moody's)	December 2016	1. Long-term Issuer Rating 2. Long-term Foreign Currency Bank Deposits Rating 3. Short-term Foreign Currency Bank Deposits Rating 4. Long-term Domestic Currency Bank Deposits Rating 5. Short-term Domestic Currency Bank Deposits Rating	Baa3 Baa3 P-3 Baa3 P-3	Stable



BALANCE SHEET MANAGEMENT

Balance Sheet Management manages the structural funding and liquidity of the Group and maintains the funds transfer pricing (FTP) framework which is governed by the Group Asset Liability Committee (GALCO). The FTP mechanism is refined according to the market conditions or the relevant strategies approved by the management and it is guided to reflect regulatory principles.

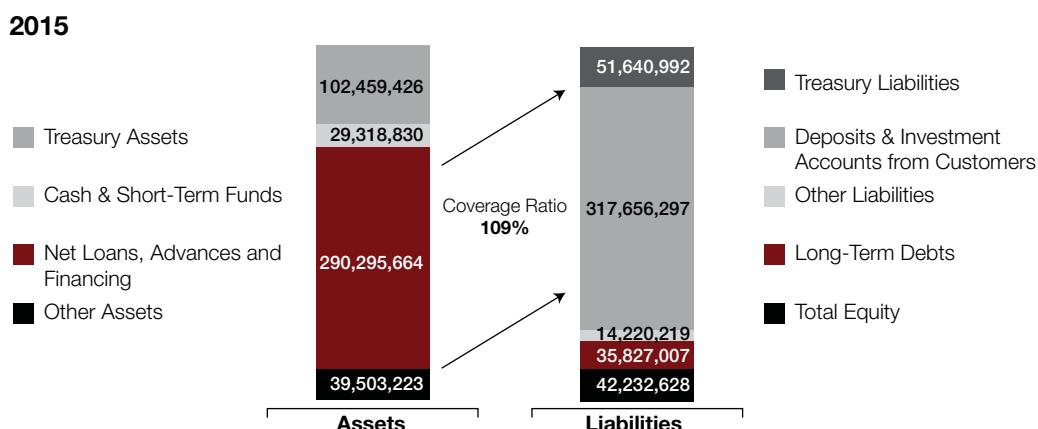
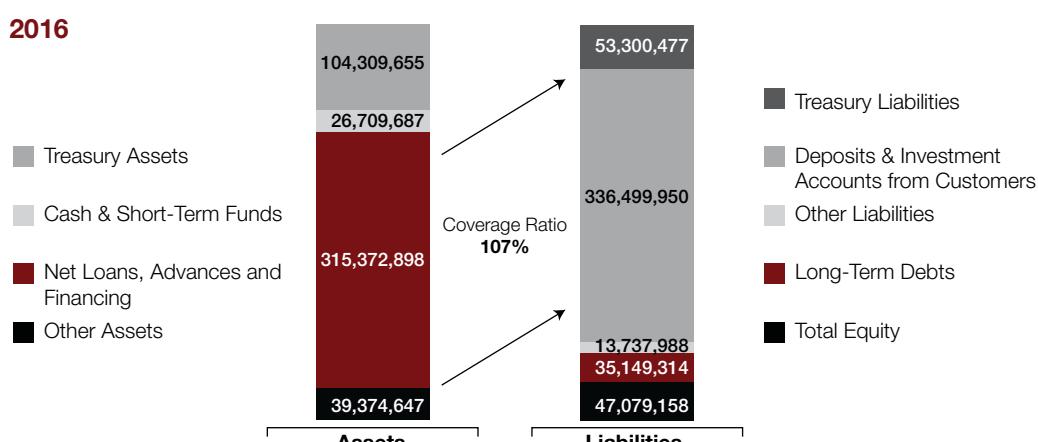
The FTP framework promotes a precise Group-wide allocation of funding costs to the business units by taking into account the interest rate and liquidity positions of the Bank. To fund our businesses, a liquidity premium is charged to the business units based on the contractual tenor of the transactions.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

provide the funding required for the retail and SME businesses that are beneficial to the economic livelihood of society.

To sustain a robust funding profile and monitor the liquidity risk of the Group, we are guided by the Basel III liquidity framework, namely the Liquidity Coverage Ratio (LCR), with a primary focus of ensuring a sufficient buffer of liquid assets to survive a significant stress scenario lasting 30 calendar days.

LOAN & DEPOSIT BOOK FUNDING STRUCTURE 2016

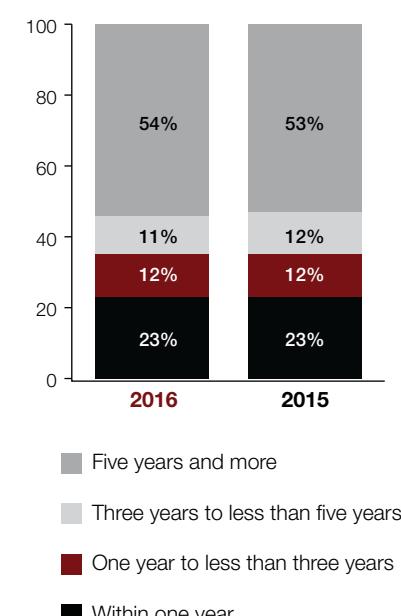
Loans are the largest component of the Group's assets and are generally funded by core customer deposits. In 2016, we saw excess coverage of 7%, down from 9% in 2015, but still reflecting a healthy buffer in funding the loan book. Our core customer deposits have increased by RM18.8 billion from RM317.7 billion in 2015 to RM336.5 billion in 2016, a 6% growth. We will continue to prioritise growth in core customer deposits, which is a stable and resilient source of funding.



GROSS LOANS, ADVANCES AND FINANCING BY RESIDUAL CONTRACTUAL Maturity

The Group's total gross loans, advances and financing have grown by RM25.9 billion or 9% from RM297.8 billion as at end 2015 to RM323.7 billion as at end 2016. Long-term loans, advances and financing formed the significant part of the balance sheet maturity profile where exposures with residual maturity of five years and more represent 54% of total gross loans in 2016.

Gross Loans by Residual Contractual Maturity



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INVESTOR RELATIONS

THE YEAR IN REVIEW

2016 proved to be relatively uneventful for the Investor Relations division compared to recent years. With fewer major internal developments, most investor attention was focused on global events like Brexit and the US Presidential elections, which resulted in uncertainties, not just within financial services but across all industries globally. Whilst these events did not have a direct impact on the Group, the Investor Relations role remained critical to keep all stakeholders reassured and updated on management's strategies and viewpoints to approaching the fast-moving external environment. Volatility in commodity prices and currencies also proved to be matters which affected investor sentiment, and this was another point of focus for the Investor Relations team throughout the year.

Internally, 2016 was a year of recalibration as the Group placed greater emphasis on streamlining operations, improving efficiencies and entrenching the T18 strategies. The more material developments for the year included the disposal of the Group's 51% interest in PT CIMB SunLife in Indonesia, signing of a regional bancassurance partnership with Sompo Holdings (Asia) and the distribution of a dividend-in-specie of CIMB Niaga shares to CIMB Group shareholders. Other announced proposals like the strategic partnership joint-venture with China Galaxy Securities for the stockbroking business, and disposal of our 18.21% stake in the Bank of Yingkou, remain in the works. The Group also announced the appointment of Kittiphun Anutarasoti as President CEO of CIMB Thai as well as the receipt of the bank operating license in Vietnam. While these developments were less dramatic than in previous years, it still required substantial attention and articulation to shareholders, stakeholders and the market in general.

The investment community was kept abreast of regulatory developments within our

operating geographies with continuous updates on Basel III capital requirements, discussions on potential Basel IV implications, the impending implementation of FRS9 as well as periodic changes in requirements and regulations from all regional central banks including fiscal and monetary policy movements. These issues required the Investor Relations team to stay up-to-date and in tune with regulatory happenings across ASEAN and globally.

The sequential improvement in the Group's financial performance through the year was taken positively by the investment community. We sustained a high level of interaction with both the sell- and buy-side community, providing constant updates and clarifications on operational and financial matters related to the Group and its listed entities. Some of the more pertinent issues addressed during the year included the Group's commodity exposures, in particular within the oil & gas

industry, the CIMB Thai provisions in 4Q16, net interest margin and asset quality trends in all countries, and elaborations on cost management initiatives.

CIMB Group remains strongly committed to stakeholder communication and continues to ensure fair and equal distribution of information and data in a timely and accurate manner. Investor Relations meetings are the main avenue by which senior management directly engages with institutional investors to outline the Group's strategic directions and to discuss financial matters. Investor Relations activities continue to be led by the Group CEO Tengku Dato' Sri Zafrul Aziz and the Group CFO Shahnaz Jammal. They continue to be supported by the Investor Relations team and selected members of senior management, as and when required. They include Tigor M. Siahaan (CEO of CIMB Niaga), Mak Lye Mun (CEO of CIMB Singapore) and David Richard Thomas (Group Chief Risk Officer).

Significant Events

Date	Event	
23 March 2016	CIMB Group enters into an agreement to divest its 51% stake in PT CIMB Sun Life to Sun Life Assurance Company of Canada	Bursa Announcement
3 June 2016	Announcement of proposed regional non-life bancassurance partnership between CIMB Group and Sompo Holdings (Asia) Pte. Ltd Group	Bursa Announcement
15 June 2016	Announcement of the proposed special interim dividend-in-specie of CIMB Niaga shares	Bursa Announcement
6 September 2016	Announcement of the receipt of the operating license from the State Bank of Vietnam to establish and operate a 100%-owned subsidiary in Vietnam	Bursa Announcement
14 September 2016	Appointment of Kittiphun Anutarasoti as President CEO of CIMB Thai	SET Announcement
17 October 2016	Announcement of the proposed strategic partnership between CIMB Group and China Galaxy International Financial Holdings Limited	Bursa Announcement
30 December 2016	Announcement of the proposed disposal of CIMB Group's 18.21% stake in the Bank of Yingkou Co., Ltd.	Bursa Announcement



ANALYST BRIEFINGS

The Group conducted live investor briefings and press conferences for the 2Q and 4Q financial results announcements. The briefings included a dial-in conference call facility to ensure that all external stakeholders and covering analysts from across the region were able to listen in to the CEO's presentation and provided with the opportunity to put forth pertinent questions about the Group's financial performance and strategic direction. We only conduct conference calls for the 1Q and 3Q financial results announcements. The Investor Relations team ensures that the financial statements and press releases are successfully uploaded to the Bursa Malaysia website before delivering them to interested parties prior to the briefings and conference calls. We also ensure that these documents are immediately made available on the Group's Investor Relations website.

Announcement of Financial Results

Date	Event	Type of Meeting
26 May 2016	CIMB Group 1Q16 Results	Conference Call
29 August 2016	CIMB Group 2Q16 Results	Analyst Briefing and Conference Call
16 November 2016	CIMB Group 3Q16 Results	Conference Call
28 February 2017	CIMB Group 4Q16 Results	Analyst Briefing and Conference Call

AGM/EGM

CIMB Group held its 59th Annual General Meeting (AGM) on 18 April 2016 where the CEO presented the 2015 financial performance and outlined the Group's strategies for 2016. Queries, opinions and feedback from shareholders present were duly taken note of by the Board of Directors as well as members of senior management, with responses provided as and where necessary and appropriate. The issues which were raised ranged from financial performance to operational matters during the year.

INVESTOR MEETINGS

The Group conducted a total of 120 investor meetings in 2016, where we met a total of 414 members of the sell- and buy-side community. There was a decline in the number of in-house meetings as the slower capital markets and lower interest from foreign funds in emerging markets resulted in a reduction in visitations by foreign investors to our corporate headquarters. We strived to meet as many interested investors as possible to provide clear guidance on the Group's strategic direction and financial performance. One of our efforts to uphold best practices includes updating both the domestic buy- and sell-side in pre-closed period meetings every quarter to ensure that the investment community is kept abreast of latest developments. Conversely, we saw increased investor attention at CIMB Niaga in line with its increased free float during the year.

CONFERENCES AND ROADSHOWS

With the slower equities market and challenging operating conditions, the Group only attended three conferences in 2016 compared to nine the previous year, two of which were in Malaysia. This is reflected in the 27 conference meetings during the year compared to 61 in 2015. Given this backdrop and with the lower number of in-bound



The Board of Directors addressing shareholders at the 59th AGM.

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INVESTOR RELATIONS (CONT'D.)

No. of Meetings/No. of FMs and Analysts

Date	2015		2016	
	Meetings	FM/Analysts	Meetings	FM/Analysts
CIMB Group				
In-house meetings	85	390	41	189
Conferences	61	180	27	100
Non deal roadshows	15	38	41	106
Teleconferences	20	61	11	19
Total	181	669	120	414
CIMB Niaga				
In-house meetings	7	16	11	34
Non deal roadshows	—	—	15	56
Total	7	16	26	90

investors, the Group CEO and CFO made the effort to reach out directly to our external stakeholders by engaging in more non-deal roadshows in Singapore, Hong Kong, Tokyo and London over the past 12 months. This is to ensure that the Group maintains the highest levels of investor engagement and disclosure and to keep all stakeholders continuously in-touch with strategic updates. In totality, we conducted 68 investor meetings globally (76 in 2015), meeting 206 sell-side investors (218 in 2015) during the year.

CIMB Niaga also engaged in its maiden non-deal roadshow in 2016 by meeting existing and potential shareholders in Malaysia and Singapore. CIMB Niaga was represented by its President Director, Tigor M. Siahaan and CFO, Wan Razly Abdullah.

To ensure that our engagements are targeted towards the right audience, we mine our shareholders register to focus our initiatives on the appropriate existing, potential and previous shareholders. This process allows for the best utilisation of senior management's efforts to deliver the updates and messaging to interested stakeholders. Our shareholder analysis has assisted us in keeping close track of shareholders' movements over recent years.

Conferences and Roadshows

Date	Event	Location	Organiser
6 January 2016	CIMB 8th Annual Malaysia Corporate Day	Kuala Lumpur	CIMB
11 March 2016	Non-Deal Roadshow	Singapore	JP Morgan
06-07 April 2016	Credit Suisse 19th Annual Asian Investment Conference	Hong Kong	Credit Suisse
13 April 2016	Invest Malaysia Kuala Lumpur 2016	Kuala Lumpur	Maybank and Bursa Malaysia
22-23 June 2016	Non-Deal Roadshow	Tokyo	Nomura
09-10 August 2016	CIMB Niaga Non-Deal Roadshow	Kuala Lumpur	CIMB
11 August 2016	CIMB Niaga Non-Deal Roadshow	Singapore	CIMB
30 August 2016	Non-Deal Roadshow	Singapore	Citi
13-14 September 2016	Non-Deal Roadshow	Hong Kong	Citi
21-22 November 2016	Non-Deal Roadshow	London	Credit Suisse

RESEARCH COVERAGE

Given the Group's position as the second largest financial institution in Malaysia and fifth largest in ASEAN, CIMB Group is closely followed by the investment community both in Malaysia as well as regionally. The stock continues to have a relatively high index weighting on the FBMKLCI and has a reasonably sizeable free float. As at end December 2016, CIMB Group had 26 analysts and research houses keeping the stock under core coverage.

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

CREDIT RATING

Credit Rating agencies play a pertinent part in the Group's everyday undertakings, with their ratings closely watched by members of the economic and investment community. The Investor Relations team remains committed to engaging with the domestic, regional and global rating agencies to ensure accurate delivery and analysis of the Group's messaging and financial performance. The rating agencies that the Group engages with on a continuous basis are: RAM Ratings, Malaysian Rating Corporation (MARC), Standard and Poor's (S&P), Fitch Ratings and Moody's Investors Services.

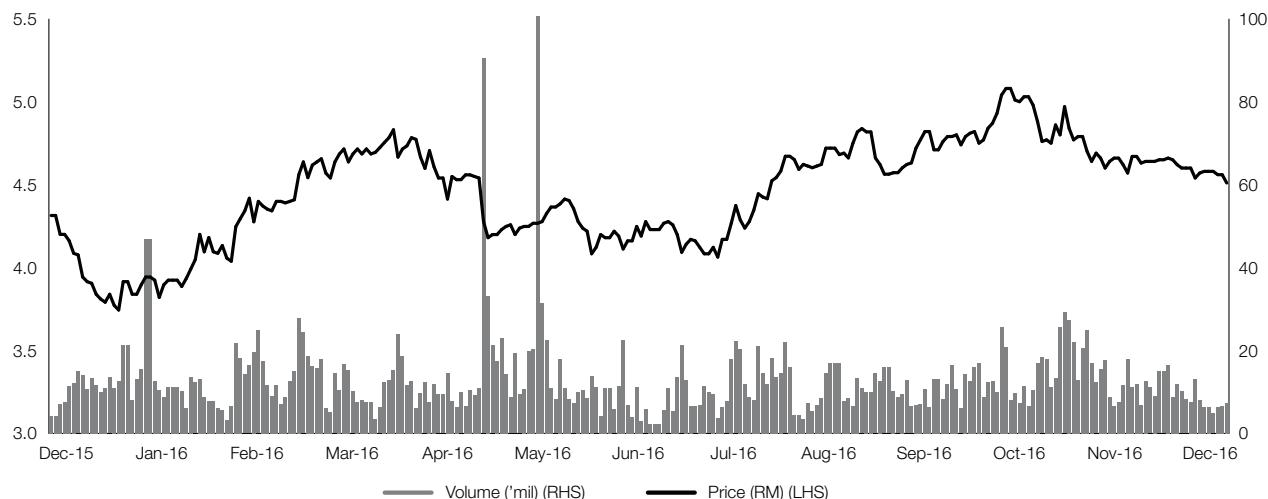
FOREIGN SHAREHOLDING AND SHARE PRICE PERFORMANCE

2016 was a better year for the Group's share price performance, with the stock outperforming the FBMKLCI by 7.5%. Macro developments and domestic concerns, coupled with withdrawal of foreign funds from the country, brought about a 3.0% decline in the FBMKLCI during the year. Our share price performed commendably in 2016, rising 4.5% through the year (based on the adjusted opening price) to end the year at RM4.51. The better performance was attributed to a stronger second half of the year with results

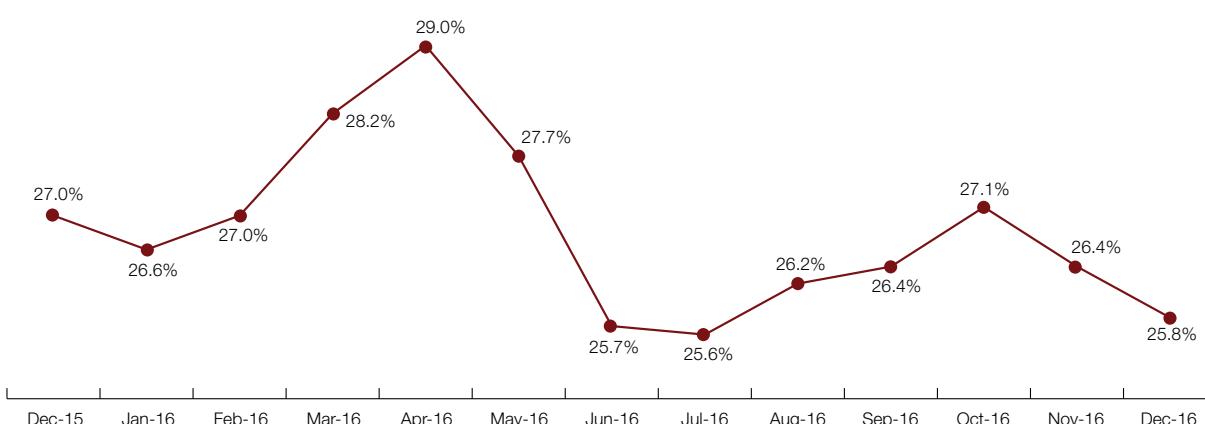
from operational rationalisations coming through, improvements in cost to income and capital ratios, a pick-up in capital market activity as well as progressively better financial performance at CIMB Niaga.

Whilst the share price improved in tandem with the operational and financial advances, the Group's foreign shareholding declined to 25.8% as at end-2016 compared to 27.0% previously. This was largely attributed to the foreign fund outflow from Malaysia in light of the weaker Ringgit and global funds flow from emerging markets back to developed markets in 2016.

CIMB Group Share Price and Volume



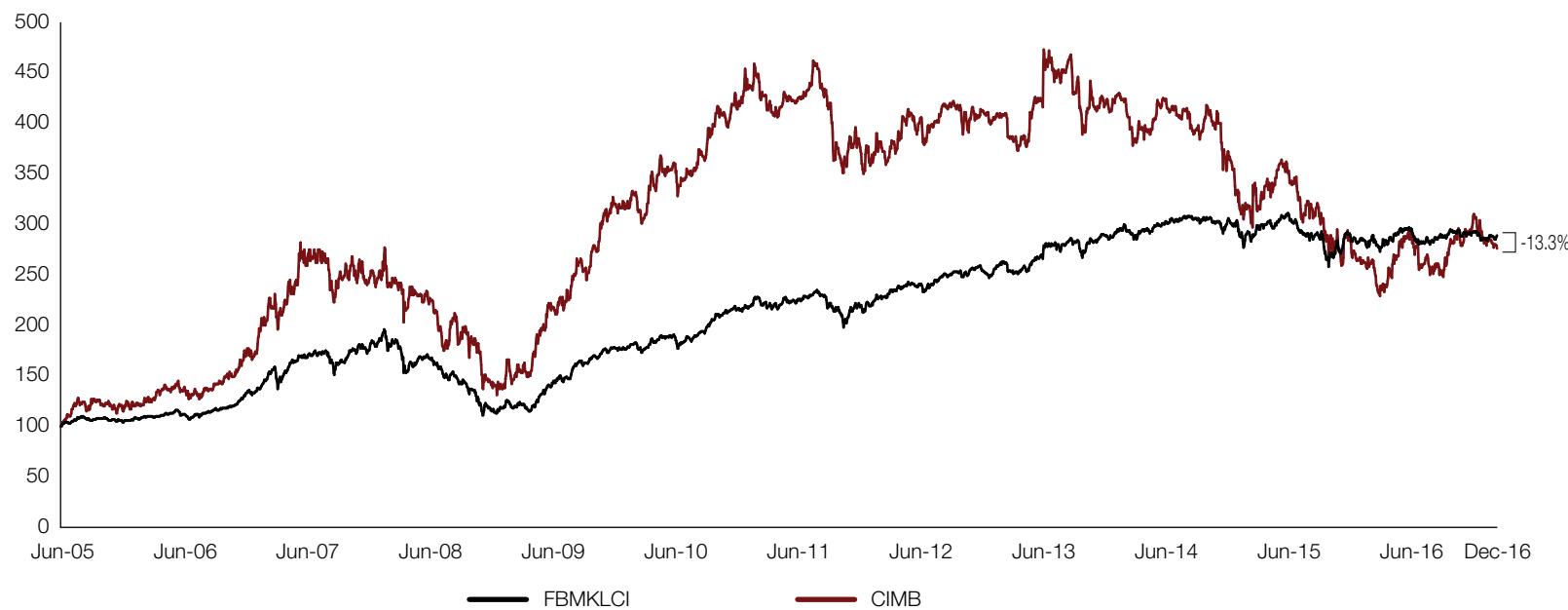
CIMB Group Foreign Shareholding



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- B PERFORMANCE REVIEW**
- OUR STRUCTURE & LEADERSHIP
- CORPORATE GOVERNANCE
- OUR PEOPLE
- HIGHLIGHTS & ACHIEVEMENTS
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LONG TERM VALUE CREATION

Shareholders' Returns (6 June 2005* – 31 December 2016)



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

	1 Year	11.5 Years
CIMB	4.5%	175.6%
FBMKLCI	0.1%	188.9%

Foreign Shareholding (December 2006 – December 2016)





FINANCIAL CALENDAR

25 FEBRUARY 2016 | THURSDAY

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2015

14 MARCH 2016 | MONDAY

Notice of book closure for single tier second interim dividend of 11.00 sen per share for the financial year ended 31 December 2015

21 MARCH 2016 | MONDAY

Notice of 59th Annual General Meeting

21 MARCH 2016 | MONDAY

Issuance of Annual Report for the financial year ended 31 December 2015

28 MARCH 2016 | MONDAY

Date of entitlement for the single tier second interim dividend of 11.00 sen per share for the financial year ended 31 December 2015

30 MARCH 2016 | WEDNESDAY

Notice of election in relation to the Dividend Reinvestment Scheme (DRS). The DRS provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of RM1.00 each

18 APRIL 2016 | MONDAY

59th Annual General Meeting

25 APRIL 2016 | MONDAY

Payment of the single tier interim dividend of 11.00 sen per share for the financial year ended 31 December 2015

25 APRIL 2016 | MONDAY

Additional listing of 201,588,194 new ordinary shares of RM1.00 each, via the DRS

26 MAY 2016 | THURSDAY

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2016

27 JULY 2016 | WEDNESDAY

Notice of book closure for the Special interim dividend-in-specie by way of distributing 1,366,988,057 existing Class B ordinary shares of par value IDR50 Each in PT Bank CIMB Niaga Tbk, a 97.94% indirect subsidiary of CIMB, to entitled shareholders of the Company

9 AUGUST 2016 | TUESDAY

Date of entitlement for the Special interim dividend-in-specie which are allocated on the basis of 1 Niaga share for approximately every 6.39 CIMB shares held as at 9 August 2016 for the financial year ending 31 December 2016

9 AUGUST 2016 | TUESDAY

Notice of election in relation to the monetisation option that provides the shareholders of CIMB the option to sell their entitlements to the dividend shares at a price of IDR504 per entitlement

29 AUGUST 2016 | MONDAY

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

30 AUGUST 2016 | TUESDAY

Payment for the Special interim dividend-in-specie which are allocated on the basis of 1 Niaga share for approximately every 6.39 CIMB shares held as at 9 August 2016 for the financial year ending 31 December 2016

14 SEPTEMBER 2016 | WEDNESDAY

Notice of book closure for the single tier first interim dividend of 8.00 sen per share for the financial year ending 31 December 2016

29 SEPTEMBER 2016 | THURSDAY

Date of entitlement for the single tier interim dividend of 8.00 sen per share for the financial year ending 31 December 2016

4 OCTOBER 2016 | TUESDAY

Notice of election in relation to the DRS. The DRS provides the shareholders with the option to elect to reinvest their cash dividend in new ordinary shares of RM1.00 each

28 OCTOBER 2016 | FRIDAY

Payment of the single tier interim dividend of 8.00 sen per share for the financial year ending 31 December 2016

28 OCTOBER 2016 | FRIDAY

Additional listing of 139,523,744 new ordinary shares of RM1.00 each, via the dividend reinvestment scheme

16 NOVEMBER 2016 | WEDNESDAY

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2016

2017 QUARTERLY RESULTS ANNOUNCEMENTS

TENTATIVE DATES

24 MAY 2017 | WEDNESDAY

1Q17 Financial Results

28 AUGUST 2017 | MONDAY

2Q17 Financial Results

21 NOVEMBER 2017 | TUESDAY

3Q17 Financial Results

FEBRUARY 2018 |

4Q17 Financial Results

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CONSUMER BANKING

BY SAMIR GUPTA

WE CONTINUED TO DRIVE OUR KEY FOCUS AREAS AND INVEST IN THE FUTURE WHILE KEEPING OPERATING EXPENSES CONTROLLED. WE ARE ON TRACK TO DELIVER OUR T18 PLANS AND HAVE MADE GOOD PROGRESS IN THE AREAS OF DIGITAL BANKING, INNOVATION, ANALYTICS AND BRANCH PRODUCTIVITY.

Group Consumer Banking achieved healthy loans and deposits growth which outperformed the industry and achieved strong profitability growth despite a challenging environment. Furthermore, we accelerated our efforts in digital banking, analytics, launched new innovations, reengineered processes to optimise productivity and enhance customer experience while keeping expenses contained. On the whole, we have made good progress and we will continue to innovate and drive key initiatives to achieve the Group's overall T18 objectives.



WHO WE ARE AND WHAT WE DO

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic.

CONSUMER PRODUCTS & SERVICES

Consumer Banking offers various consumer finance products which include deposit accounts; loans; personal financing; credit cards; wealth management and investments; bancassurance; remittance and FX; self service banking; internet banking and mobile banking.

CONSUMER TOUCH POINTS

These offerings can be accessed through the Group's multiple delivery channels, i.e. online banking, mobile banking, self-service banking via ATM terminals, phone banking, all of which allows financial transactions to be performed beyond normal banking hours. Products & services are also accessible over-the-counter at our branches & selected partner locations.

ACHIEVEMENTS/HIGHLIGHTS



Best Retail Bank in Malaysia as voted by The Asian Banker in The International Excellence in Retail Financial Services Awards



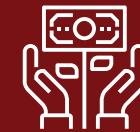
Launched CIMB EVA, Malaysia's 1st virtual assistant designed to help customers with their daily banking needs



Launched CIMB Pay, Malaysia's 1st first Near-Field Communications (NFC) wallet for Visa and MasterCards



Mobile Banking Initiative of the Year – Malaysia: CIMB TravelCurrency, ABF Retail Banking Awards 2016



Digital Banking Initiative of the Year – Malaysia: Digital Sales Enablement, ABF Retail Banking Awards 2016

FINANCIAL PERFORMANCE

Group Consumer Banking charted encouraging growth in 2016. Despite the challenging market conditions underpinned by intense competition and margin erosion, Group Consumer Banking achieved a healthy loans growth of 8.9% YoY and 12.5% growth in deposits.

Group Consumer Banking also continued to register strong profitability growth, i.e. 8.2% growth in operating income, 22.1% growth in pre-provision operating profit (PPOP) and 35.0% growth in PBT.

Regionally, cost-to-income ratio improved from 62.1% in 2015 to 57.3%. All countries saw improvement in their CI ratios and with revenues growing faster than expenses. This is attributed to prudent cost management & various cost savings initiatives that delivered RM349 million in cost savings. Our risk-adjusted return on capital (RAROC) was 22.4%.

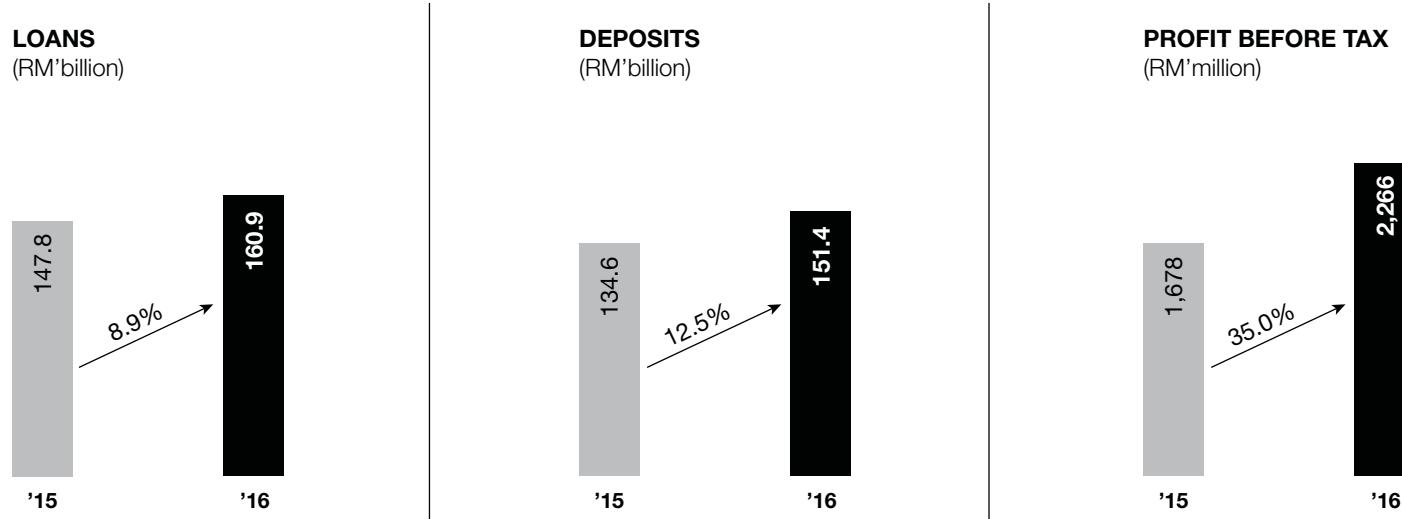
In terms of asset quality, provisions reduced by 3.7% from RM841 million in 2015 to RM810 million in 2016.

In Malaysia, our largest market, we managed to outperform industry growth in all balance sheet levers.

	Industry	CIMB MY
Mortgage Loan Base	9.2%	11.5%
Auto Loan Base	-1.2%	3.7%
Credit Cards		
Loan Base	3.8%	5.7%
Billing	5.0%	7.3%
Consumer Deposits		
CASA	5.1%	10.6%
FD	4.9%	14.7%
Total	4.7%	10.5%

We continued to register high double-digit growth for ASB loans at 12.1% to RM16.9 billion from RM15.1 billion. We also grew our Malaysian credit card loan base by 5.7% YoY to RM5.6 billion with the number of accounts exceeding one million – effectively charting a new milestone and enabling us to significantly outperform the industry on credit card billings.

GROUP CONSUMER BANKING INDICATORS



CONSUMER BANKING (CONT'D.)

KEY INITIATIVES

KEY INITIATIVES	RESULTS																				
<p>INCREASING DIGITAL DELIVERY</p> <p>Efforts were made to increase digital delivery through digitising customer-facing channels while creating a holistic and consistent digital multi-channel, multi-product sales experience.</p> <ul style="list-style-type: none"> • CIMB Pay and CIMB EVA (Enhanced Virtual Assistant) were launched, while CIMB Clicks was augmented with a “quick apply” feature for credit cards and personal loans. • Leveraged on analytics and propensity modeling for better targeting, customer acquisition & cross-selling. 	<ul style="list-style-type: none"> • Regionally, Digital Sales Enablement contributed RM37 million in revenue in 2016. • CIMB EVA is the first-in-market chat-based mobile banking application that allows two-way messaging between customers and the Bank for needs such as checking account balances, paying bills, perform mobile reloads, and receive our latest offers. This app, developed in-house, is compliant with stringent security standards to ensure customers' data safety and privacy. This innovation positions us at the forefront of digital banking and enhances customer experience as customers need to only download the app, activate it with their CIMB Clicks login credentials, and begin chatting to perform banking transactions. • CIMB Pay enables customers to make debit/credit card payments using their NFC-enabled smartphones and receive updates on the latest merchant deals. The app supports both Visa and Mastercard, and allows customers to check their card balances. All card details are tokenised and no information is stored on the devices. Users authenticate transactions with either their fingerprint or their six-digit PIN, giving customers peace of mind. • CIMB Clicks continues to be our fastest growing channel <table border="1"> <thead> <tr> <th>YoY Growth</th><th>Active Clicks Users</th><th>Active Mobile Clicks Users</th><th>Financial Transactions</th></tr> </thead> <tbody> <tr> <td>Malaysia</td><td>+26.0%</td><td>+50.4%</td><td>+38.6%</td></tr> <tr> <td>Indonesia</td><td>+16.1%</td><td>+10.6%</td><td>+42.0%</td></tr> <tr> <td>Singapore</td><td>+25.3%</td><td>+44.3%</td><td>+29.8%</td></tr> <tr> <td>Thailand</td><td>+19.0%</td><td>+42.1%</td><td>+15.0%</td></tr> </tbody> </table>	YoY Growth	Active Clicks Users	Active Mobile Clicks Users	Financial Transactions	Malaysia	+26.0%	+50.4%	+38.6%	Indonesia	+16.1%	+10.6%	+42.0%	Singapore	+25.3%	+44.3%	+29.8%	Thailand	+19.0%	+42.1%	+15.0%
YoY Growth	Active Clicks Users	Active Mobile Clicks Users	Financial Transactions																		
Malaysia	+26.0%	+50.4%	+38.6%																		
Indonesia	+16.1%	+10.6%	+42.0%																		
Singapore	+25.3%	+44.3%	+29.8%																		
Thailand	+19.0%	+42.1%	+15.0%																		
<p>BRANCH PRODUCTIVITY</p> <p>The productivity levels of our Malaysian and Indonesian branch networks were boosted through:</p> <ul style="list-style-type: none"> • Realignment of sales structure • Process simplification and improvement • Leveraging on partners for channel expansion and acquisition • Offloading of transactions to digital/alternate channels • Analytics based management of anti-money laundering (AML) alerts • Optimisation of branch network and SST footprint • Mobilising operations staff to be lead generators where operations staff now takes on customer referrals for leads generation 	<ul style="list-style-type: none"> • For MY, revenue per branch increased 12.7% YoY; branch cost-to-income ratio improved from 29.3% to 27.1%, sales productivity improved with monthly average CASA growth per sales staff increasing by 101.2% YoY; average fees per sales staff increasing by 27.9% • For ID, YoY; revenue per branch increased 29.5% YoY; branch cost-to-income ratio improved from 41.0% to 39.0%; monthly average CASA growth per sales staff improved by 10.1% YoY; average wealth fees per sales staff increasing by 35.7% • Improved sales structure efficiency • Account opening turnaround time was reduced via automation and straight-through processing • Improved AML alerting quality; reduced false positives • Improved acquisitions and revenue while containing costs 																				

KEY INITIATIVES	RESULTS
THAILAND RETAIL 2.0 <p>TH Consumer Banking excelled through its focus on improving productivity, reducing costs, wealth advisory and digital engagement model for the mass segment.</p>	<ul style="list-style-type: none"> • TH Consumer Banking achieved its first year of positive PBT. PBT grew strongly at 139.0% YoY. • Loans growth of 9.9% YoY; CASA 24.3% YoY. • Operating income grew 16.7% YoY, expenses fell 2.3% YoY, and CIR improved to 62.7% from 74.9%. • Now a meaningful player in the wealth management player in the market i.e. No.2 in structured products and bond underwriting.
PARTNERSHIPS FOR VALUE CREATION <p>We sought to build strategic alliances with best-in-class partners/service providers to scale and create new value-added products and services. This required leveraging on database sharing for the intelligent targeting and creation of joint integrated offers.</p>	<ul style="list-style-type: none"> • An exclusive five-year partnership with Tesco to produce the CIMB Tesco MasterCard and new CIMB Bank kiosks at 38 Tesco stores nationwide to provide shoppers with seamless access to a suite of CIMB Bank and CIMB Islamic products which will be continuously expanded over time. Thirty such kiosks have been opened to date. • Credit card offerings were expanded with key partners such as Malaysia Airlines (CIMB Enrich Platinum and Enrich World Mastercard with added benefits and rewards) and Petronas (relaunched CIMB Petronas Mastercard that offers higher cash rebates). • Partnership with 7-Eleven in Thailand to launch the country's first ever commercial bank branch located inside a convenience store to provide account-opening, deposit-taking, SpeedSend, foreign currency exchange, personal loan, debit and credit card services. This branch allows quick credit approval for customers, requiring them to present just their national ID cards. Our Beat Banking reach was also extended by leveraging on AIS (Advanced Info Service PLC:TH's leading telco) centres. • Continue expanding other partnerships with insurance providers, telcos, e-commerce companies, tech companies, airlines & others through usage & acquisition programs.
CUSTOMER EXPERIENCE <p>We are continuously improving our services to provide best-in-class services to all our customers. To that end, we have re-engineered and greatly improved certain processes to shorten turnaround time.</p>	<ul style="list-style-type: none"> • Improved our CASA account opening turnaround time from 20 minutes to 8 minutes via 1-View On-The-Go. • For bulk payroll account opening, a dedicated team for application processing was established, cutting account opening turnaround time from an average of 30 days to within the same day.

Meet EVA.

Your very own enhanced virtual assistant.

The first conversational banking app in ASEAN at your service.
Now you can securely text your bank to get things done.
Download now!

FORWARD ➔ Banking



Hi, I am EVA, your personal
assistant to help you with your
banking needs



What can I do for you?



Please select:

Account Balance

Mobile Reload

BILL Payment

JoinPAY

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CHALLENGES/RISKS

SYSTEM RESILIENCY, DATA SECURITY & ASSET QUALITY

As we continue to promote digital banking and increase our digital delivery, system resiliency and security is paramount to ensure credibility and reliability of our services to offer good customer experience. With macroeconomic uncertainties looming, prudence in asset acquisition is imperative to protecting margins and profitability.

RISK MITIGATION AND RESULTS

RISK MITIGATION	RESULTS
<p>To mitigate these challenges:</p> <ul style="list-style-type: none"> • We continued to improve our digital delivery by investing in and undergoing a tech infrastructure refresh. We also instituted a governance process of raising high-impact issues to senior management for prompt action. • We have put in place stringent security standards to safeguard customer data and privacy for CIMB Clicks, mobile CIMB Clicks, CIMB EVA and CIMB Pay. We also continued to educate customers on safe online banking practices. • We refined our risk models and scorecards, and rolled out risk-based pricing for key products like automotive loans and home financing. In addition, we consolidated our credit and collections operations and started a credit academy for training. 	<ul style="list-style-type: none"> • Improved uptimes and bandwidths on all our systems • Speedy escalation and resolution of issues • Continue to educate customers on internet banking safety & minimised online fraud occurrence • Improved risk evaluation leading to better acquisition quality and enhancement in risk adjusted returns

OUTLOOK AND PROSPECTS

We aspire to be the leading Consumer Bank in our home markets and a significant financial services provider in ASEAN.

Guided always by our principles to provide speed, ease of transaction, transparency and service excellence, CIMB aims to deliver superior customer experience, supported by an integrated regional universal banking franchise while being resilient and profitable in ensuring long-term sustainability. We also strive to create the best place to bank for our customers, the best place to work for our employees, and the best place to invest for investors.

To lead in the digital banking sphere, we will continue to build our digital delivery capabilities supported by advanced analytics, and be data-driven by leveraging on internal data and database-sharing with external partners for intelligent targeting. We will also expand the capabilities of our innovations and institutionalise Customer Experience to create greater customer satisfaction. This would involve tracking of vital indicators, mapping customer journeys, training employees, and soliciting feedback for continuous improvement from all service touchpoints.

Branch productivity will be improved by process re-engineering and offloading more over-the-counter transactions to digital channels. Staff would then be able to focus

more on sales and cross-selling. Focus will also be on deposit and CASA acquisition through drivers like New CASA accounts, Debit Cards, CIMB Clicks, CIMB@Work (Payroll), and CIMB Preferred, as well as the introduction of innovative deposit products and campaigns. Consumer Banking is also continually seeking out best-in-class partners or service providers to build strategic alliances with and create new value-added products and services.

Cost-mitigating efforts will continue through expense discipline and enforced accountability. We will also maintain a responsible balance sheet with emphasis on asset quality and optimising risk-adjusted returns while maintaining healthy growth levels.

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COMMERCIAL BANKING

BY YONG JIUNN RUN

I AM PLEASED THAT OUR TRANSFORMATIVE EFFORTS HAVE SHOWN GOOD PROGRESS ACROSS THE BOARD. THIS WAS ACHIEVED AGAINST A BACKDROP OF A CHALLENGING OPERATING ENVIRONMENT, PARTICULARLY IN SINGAPORE, THAILAND AND INDONESIA. WE WILL CONTINUE TO STRENGTHEN OUR PRODUCT OFFERINGS AND INVEST IN OUR PEOPLES' CAPABILITIES, AS WELL AS OUR RISK MANAGEMENT TO GROW OUR COMMERCIAL BANKING FRANCHISE AND ENHANCE CUSTOMER EXPERIENCE.



INTRODUCTION

2016 marks the second year of Group Commercial Banking's establishment as a unifying umbrella for the Group's commercial banking operations throughout the disparate geographical markets in ASEAN. This proactive alignment of business strategies for each market has helped ensure consistency in vision in the year under review that advances the achievement of the Group's T18 targets.

WHO WE ARE AND WHAT WE DO

Group Commercial Banking offers a wide range of customised conventional and Islamic Banking solutions to both growing and viable:

SMALL AND MEDIUM ENTERPRISES (SMES)

Acting as a one-stop solution for SME customers providing a wide range of financial offerings from working capital, to financing daily operations and asset financing

For the Small Business – to support their growing businesses and capture future winners

For the Medium Enterprises – to provide them, as they grow, with more sophisticated services and cross-border opportunities through our regional banking network

MID-SIZED CORPORATES

Catering to unique requirements specific to the industry and company with a wide range of customised financing options from investment management, foreign currency hedging, conventional loan facilities to Shariah-compliant Islamic banking solutions, capital and debt market financing options, as well as Corporate Finance Services for enterprises with IPO aspirations



FINANCIAL PERFORMANCE

Despite a challenging year, we recorded a good performance with operating income up 4.7% YoY. As a result of the challenging operating landscape in Thailand and Singapore, provisions were elevated. Economic headwinds from the oil and gas industry had generally affected all banks in Singapore. Thailand saw increased provisions in isolated commodities and agri-related industries.

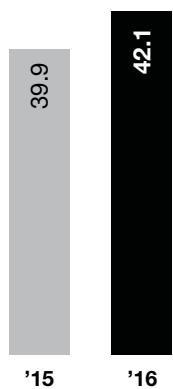
Malaysia experienced strong loans growth of 13.2% YoY, while earnings are well diversified with NOII experiencing an 18.1% YoY growth. Asset quality remained strong with an improvement in the impairment ratio.

The establishment of Group Commercial Banking has enabled the division to achieve better control over its asset quality, reposition its risk framework and processes, share best practices and capitalise on economies of scale across our presence countries.

Loans grew 5.5% YoY across the region to RM42.1 billion (RM39.9 billion in 2015), with deposits across ASEAN growing at a similarly encouraging rate of 7.0% YoY to RM45.9 billion (RM42.9 billion in 2015).

CIR fell 210 basis points from 56.4% in 2015 to 54.3% in 2016, reflecting the traction gained by our cost-mitigation efforts.

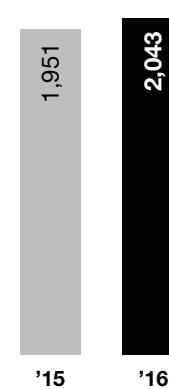
LOANS
(RM'billion)



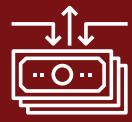
DEPOSITS
(RM'billion)



OPERATING INCOME
(RM'million)



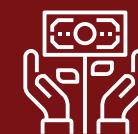
ACHIEVEMENTS/HIGHLIGHTS



- Best Trade Finance Bank for Malaysia 2016 – The Asset Asian Awards
- Best SME Trade Finance Solutions for Malaysia 2016 – The Asset Asian Awards



- Best Cash Management Bank in Malaysia 2016 – Global Finance
- Malaysia Domestic Cash Management Bank of the Year 2016 – Asian Banking and Finance



- Best JomPAY Bank 2016 – Malaysian e-Payments Excellence Awards
- JomPAY Innovation Award 2016 – Malaysian e-Payments Excellence Awards

COMMERCIAL BANKING (CONT'D.)

KEY INITIATIVES

KEY INITIATIVES	RESULTS
Efficiency and Process Improvements Focus for 2016: <ul style="list-style-type: none"> Introduced account planning to better cross sell and manage revenue recognition Various Risk-Weighted Asset (RWA) Optimisations initiatives such as minimising data related issues, collateral maintenance and rating reviews with identified potential savings One day booking process in Indonesia gained further traction, improving overall efficiency and turnaround time Introduced tools for internal analytics to improve critical information flow between teams – empowering teams to achieve T18 targets 	<ul style="list-style-type: none"> Malaysia Operating income increased by 11.8% YoY Achieved RWA savings via RWA optimisation initiatives 69% of loans booked within a day; remaining 31% booked within a week Implementation of Qlikview in monitoring daily loans and deposit positions
Sector Specialisation Growing Business Loans and Deposits <ul style="list-style-type: none"> Devised various loan and deposit growth strategies, such as segmenting customers into small business, medium enterprise, mid-corporation as well as non-borrowing customer segments for better customer focus. This led to trade finance growth, particularly in the fast-moving consumer goods (FMCG) industry and 1Prima contract financing projects Merchant Acquiring Business in Singapore <ul style="list-style-type: none"> Strong growth in partnership with Wireless AG in Singapore for the outsourcing of the acquisition of merchants, including processing, handling, and settlement of credit card receipts 	<ul style="list-style-type: none"> Malaysia loan growth increased 13.2% YoY against the industry's 5.5% Malaysia loan submissions increased 19% YoY Malaysia loan approvals increased 11% YoY Malaysia trade finance balances grew 3.8% YoY Deposits grew from RM42.9 billion in 2015 to RM45.9 billion in 2016 Number of merchants acquired in Singapore increased by 228% YoY Total deposits from the merchant portfolio increased by 149% YoY
CIMB Corporate Card Solutions <ul style="list-style-type: none"> Launched our virtual credit card in Malaysia on 30 May 2016 Through the corporate card, purchasing card and virtual card solutions, customers can enjoy convenience, control and transparency in their operational expenditure. Businesses can establish spending limits and customise merchant categories by individual cardholder, with real-time tracking of employees' travel and entertainment expenses 	<ul style="list-style-type: none"> Optimised cashflow; businesses empowered to function more cost-effectively through the value chain Reduced number of cheques in response to Bank Negara Malaysia's call to reduce usage from 207 million in 2011 to 100 million by 2020 Provide opportunity to grow trade finance facilities in line with the Group's T18 initiatives
Exclusive Sponsorship of "Sin Chew Business Excellence Awards" <ul style="list-style-type: none"> Remained the exclusive sponsor of the annual "Sin Chew Business Excellence Awards" that recognise outstanding SMEs that have excelled in key areas of business management, resulting in organisational growth and sustainability 	<ul style="list-style-type: none"> Increase our brand visibility within the Chinese business community
HR Initiatives <ul style="list-style-type: none"> Conducted regular staff engagements and training to build a committed and talented workforce for the timely achievement of our T18 targets Commercial Banking Business School set up to develop a pool of relationship managers who are committed to improving customer experience 	<ul style="list-style-type: none"> Talent development ramped up to secure the next generation of leaders for the Group as well as for the industry



CHALLENGES/RISKS

2016 was a challenging year in terms of:



MACROECONOMIC CONDITIONS

The evolving banking landscape, softness in the oil and gas sector, and the slowdown in China have negatively impacted our Singapore performance.

Asset quality came under considerable pressure in Thailand due to weaknesses within the commodity and agriculture industries, especially rice.

COMMERCIAL BANKING (CONT'D.)

RISK MITIGATION AND RESULTS

RISK MITIGATION	RESULTS
<p>To mitigate the risks and challenges:</p> <ul style="list-style-type: none"> • Stress tests were conducted in collaboration with Group Risk • Portfolios were reviewed periodically to identify weak sectors, for which remedial actions were taken • Early Warning Framework was implemented across the region to enable early problem recognition for effective loan loss management 	<p>Weak accounts were identified and remedial actions were taken to prevent further deterioration</p>

OUTLOOK AND PROSPECTS

Emerging markets and developing economies should experience modest growth of 4.5% in 2017 (4.1% in 2016). Specifically, ASEAN-5 growth would pick up slightly to 4.9% from 4.8% in 2016. The Indonesian and Thai economies will likely experience steady expansion, while Malaysia's growth could benefit from improving trade flows. Should these materialise, loan growth could receive some support as business and consumer sentiment improve.

We continue to see SMEs being the backbone of ASEAN economies, serving as crucial drivers of employment and economic growth

for the foreseeable future. There are still opportunities to serve this segment of the business community, especially as a significant number of these enterprises are looking to expand beyond their home countries.

To this end, Group Commercial Banking is working to provide the necessary connections and innovative banking service solutions to spur these enterprises on in their growth path in the coming years.

We will continue to deepen our market reach and broaden our product offerings.



WHOLESALE BANKING

BY MAK LYE MUN

WE FOCUSED ON COST AND PRODUCTIVITY AND CONTINUED TO MANAGE LOAN LOSS PROVISIONS. TOGETHER, THESE INITIATIVES HELPED CONTRIBUTE TO HEALTHY IMPROVEMENT IN OUR BOTTOM LINE. WE ALSO SCALED UP EFFORTS TO LEVERAGE ON THE CROSS-BORDER REGIONAL OPERATING MODEL (ROM) PLATFORM AND IMPROVE SYNERGIES AMONGST OTHER BUSINESS UNITS.



INTRODUCTION

Wholesale Banking has established a solid reputation as a specialist in the ASEAN equity and debt capital markets as well as treasury and advisory spheres, leveraging on the Group's unrivalled ASEAN universal banking platform whose strength is bolstered by our global market reach.

WHO WE ARE AND WHAT WE DO

We are a leading Wholesale Banking franchise in ASEAN that provides regional banking solutions, including but not limited to capital-market financing, corporate advisory services, hedging solutions, cash management, trade financing and structured financing to fulfil the banking needs of our corporate and institutional clients. We are also one of the leading brokers in ASEAN and carry out research analysis covering equities, fixed income and economics across ASEAN and beyond.

EQUITY CAPITAL MARKETS

Help fund business expansion by listing clients on the local and regional stock exchanges.

DEBT CAPITAL MARKETS

Help grow businesses by issuing bonds (including Sukuk) locally and in ASEAN countries.

ADVISORY SERVICES

Provide market-leading conventional and Islamic financial advice for a tailored delivery of banking solutions for our clients. Some of these services include structured financial solutions, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, Islamic capital market products and project advisory.

TREASURY & MARKETS

Provide comprehensive treasury solutions including foreign exchange, interest rates, equity and commodity hedging solutions for individuals, SMEs, corporations, multinationals and government agencies.

CORPORATE BANKING

Provide both conventional and Islamic funding solutions, ranging from traditional trade financing to structured trade financing, capital expenditure financing, value-chain financing, leverage financing, M&A financing and project advisory financing.

TRANSACTION BANKING

Offer complete range of conventional and Shariah-compliant transaction banking products covering trade finance and cash management. We provide customised and seamless solutions in meeting the diverse transactional requirements of customers.

- OVERVIEW
- MANAGEMENT DISCUSSION AND ANALYSIS
- C BUSINESS REVIEW 2016**
- OUR STRUCTURE & LEADERSHIP
- CORPORATE GOVERNANCE
- OUR PEOPLE
- HIGHLIGHTS & ACHIEVEMENTS
- STAKEHOLDER INFORMATION

WHOLESALE BANKING (CONT'D.)

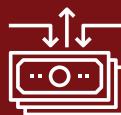
EQUITIES & RESEARCH

One of the leading brokers in ASEAN. Our research teams focus their research on industry sectors and listed companies across ASEAN and beyond.

PRIVATE BANKING

Provide professional, innovative solutions to meet the distinct financial needs and interests of high net worth individuals. Our suite of private banking services extends from investments to securities financing to trust services, all under one umbrella.

ACHIEVEMENTS/HIGHLIGHTS



Ranked as the top ASEAN Local Currencies Bonds underwriter and the top Global Sukuk underwriter in Bloomberg's Fixed Income League Tables for FY2016



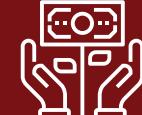
Best for overall FX services in Asia as voted by Financial Institutions – Asiamoney FX Poll 2016



Most Innovative Investment Bank from Asia Award – from The Banker; and Best Islamic Investment Bank Award in APAC – from The Asset Triple A

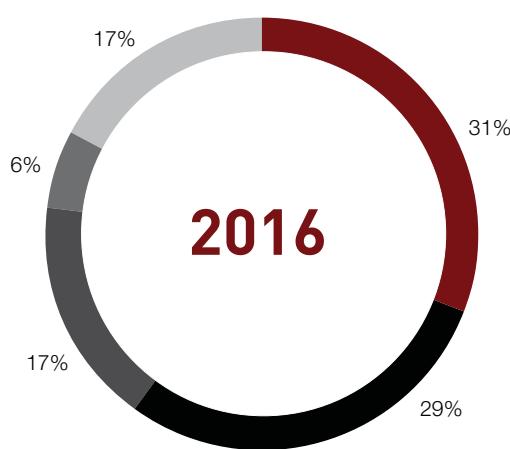


Best Investment Bank in Malaysia Award – from Finance Asia, Alpha Southeast Asia and Global Finance

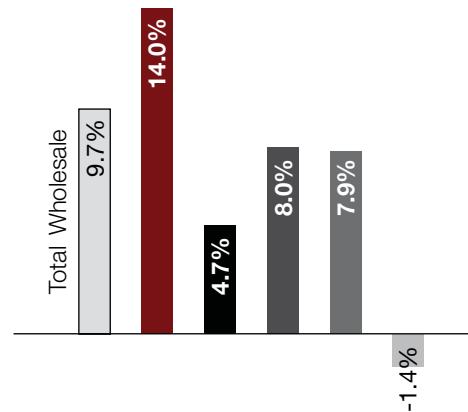


Best Trade Finance Bank, Malaysia Award and Best Cash Management Bank, Indonesia Award from The Asset Triple A

LOAN BREAKDOWN BY COUNTRY



LOAN GROWTH BY COUNTRY



FINANCIAL PERFORMANCE

Contribution from Wholesale Banking continues to be stable on a year-on-year (YoY) basis. Total Group Wholesale Banking revenue grew 2.4% YoY in 2016 to RM5.7 billion (2015: RM5.6 billion), with Corporate Banking and Treasury & Markets being the biggest contributors to the top line (54% and 27%, respectively).

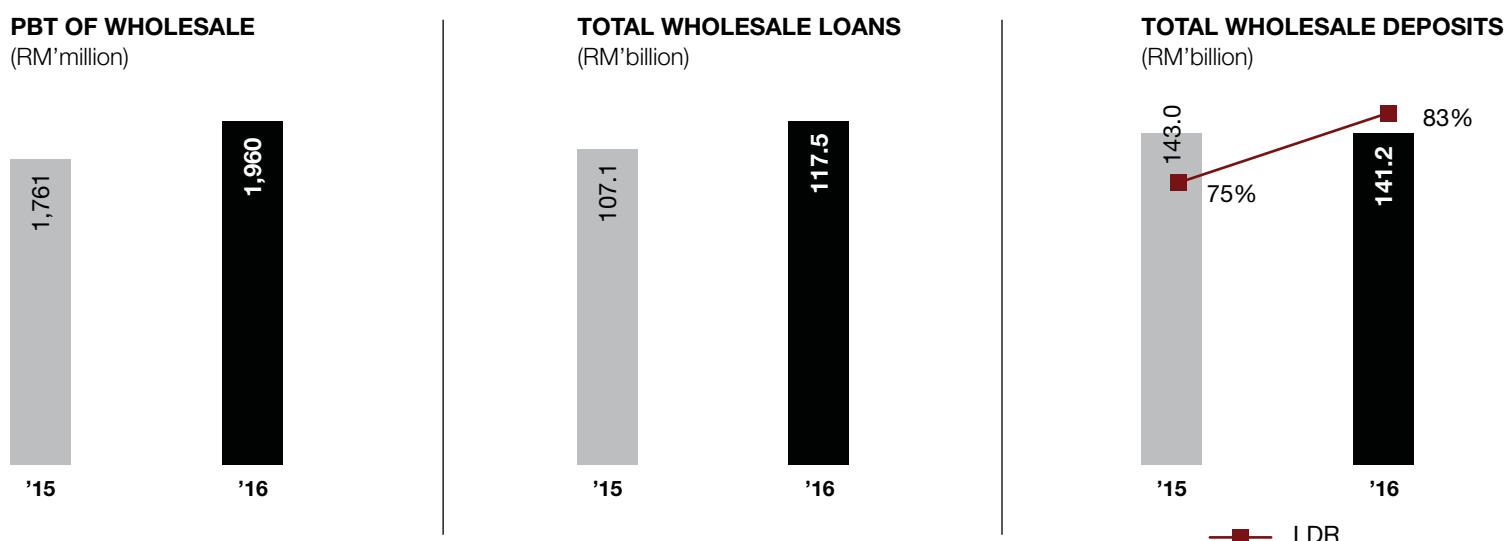
Loans balances expanded 9.7% YoY to stand at RM117.5 billion (2015: RM107.1 billion), but deposits balances dropped 1.3% YoY to stand at RM141.2 billion.

Operating expenditure came in at RM2.66 billion, 0.3% YoY lower than 2015's RM2.67 billion.

CIR stood at 46.8%, driven by positive JAW, an improvement of 1.2% from 48.0% in 2015.

In terms of provisions, RM1.1 billion had been made in 2016, RM57 million (-5% YoY) less than 2015.

PBT increased from RM1.8 billion in 2015 to RM2.0 billion in 2016, an 11.3% YoY growth from 2015, as a result of the encouraging performance of Corporate Banking, Private Banking, and Treasury & Markets.



Notable regional and cross border deals include:

- Sole principle adviser for Thailand's Ananda Development PCL's THB1,000 million Subordinated Perpetual Debentures
- Sole Global Coordinator, Joint Lead Manager and Joint Bookrunner for Fullerton Healthcare Corporation Ltd's SGD100 million CGIF-guaranteed Senior Unsecured Fixed Rated Bonds
- Lead Manager and Bookrunner for Hilal Services Ltd's USD300 million Sukuk Wakala
- Joint Lead Manager and Joint Bookrunner for IDB Trust Services Ltd's USD1.5 billion Sukuk Wakala

ACHIEVEMENTS/HIGHLIGHTS

- Secondary listing of Top Glove Berhad on Singapore Stock Exchange
- Adviser for the divestment of Samsung Corning Precision Materials by Samsung Malaysia Sdn Bhd
- Adviser on disposal of Genting Hong Kong Ltd by Resorts World Ltd
- Adviser for the acquisition of Century Logistics Berhad by CJ Logistics Korea
- Advised and led Axiata Group Berhad's USD500 million multi-currency Sukuk Programme

WHOLESALE BANKING (CONT'D.)

KEY INITIATIVES

KEY INITIATIVES	RESULTS
COST AND PRODUCTIVITY Focus on cost and productivity: <ul style="list-style-type: none"> Improved productivity achieved via strategic and tactical initiatives. Various cost-saving initiatives were carried out, yielding significant cost reductions through: <ul style="list-style-type: none"> – Process improvement – Inculcating a Cost-Conscious Culture and Mindset – Equities Business Streamlining – Rationalisation of Equities business: closing down or downsizing of offices in South Korea, Taiwan, India and the Middle East without impacting ability to grow the top line 	<ul style="list-style-type: none"> Wholesale Banking managed to reduce its direct operating expenses by 0.3% YoY in 2016 Improvement in Wholesale Banking's cost-to-income ratio from 48.0% in 2015 to 46.8% in 2016 2.4% YoY growth in the top line revenue businesses for the Group
LOAN LOSS PROVISIONS Continued to drive down loan loss provisions through efficient early warning indicators and a robust impairment process flow, on top of the stringent credit review process	<ul style="list-style-type: none"> Wholesale provisions are down by RM57 million in 2016
CLIENT PROFITABILITY AND WALLET SHARE OPTIMISATION Focused on cross-selling strategies in competitive markets, and improved capital efficiency by increasing share of flow income via institutionalised Account Planning processes that identify and focus on strategic and core clients	<ul style="list-style-type: none"> Improved profitability
STRATEGIC PARTNERSHIPS Sourced for partnerships to extend market reach whilst minimising costs <ul style="list-style-type: none"> Explored strategic partnerships in the stockbroking business <ul style="list-style-type: none"> The Group signed a Heads of Terms to explore a strategic partnership with China Galaxy Securities (CG) in October 2016. The JV will operate the stockbroking business, providing an extensive equity distribution platform and research services to complement and support the Group's fully owned investment banking and capital markets businesses Identified areas for cooperation in the relevant markets where CG operates 	<ul style="list-style-type: none"> This JV will see the two market leaders (the Group and CG) combining their expertise and reach to scale up and take the business to the next level Through this JV: <ul style="list-style-type: none"> The Group's stockbroking business will effectively be repositioned as a pure-play broker with the client base of a universal bank The Group will be able to capitalise on China-outbound M&As and other capital-market activities through enhanced synergies and cross-selling opportunities The Group can benefit from China's focus on infrastructure development ("One Belt, One Road" opportunities), which will facilitate growth, consumption and capital flows into the region
PRIVATE BANKING INITIATIVES <ul style="list-style-type: none"> Scaled up efforts to leverage on the cross-border regional operating model (ROM) platform and improved synergies with other Business Units. This includes strengthening our lending products, advisory and investment capabilities; increasing our cross-selling initiatives and cross-border collaborations; and enhancing our internal systems and processes 	<ul style="list-style-type: none"> Cross-border collaborations gained traction in 2016, particularly on the Singapore platform. Clients referred from Malaysia could receive solutions that were better tailored to their needs Regional AUM grew 10% YoY in 2016 as a result of cross-border collaborations



CHALLENGES/RISKS

2016 was a challenging year in terms of:

PROBLEMATIC LOANS

Continued weakness in industry such as oil and gas, shipping, logistics and commodities resulted in deterioration in asset quality

THE NEED TO IMPROVE THE DIVISION'S COMPLIANCE CULTURE

Compliance requirements from regulators within Malaysia and the region have steadily increased over the years and will continue to do so

RISK MITIGATION AND RESULTS

RISK MITIGATION	RESULTS
<p>To mitigate the above risks and challenges:</p> <ul style="list-style-type: none"> • The Risk Controls Officer (RCO) Framework was implemented <ul style="list-style-type: none"> – Embeds risk and control functions within the first line of defence; enables execution of the operational and compliance risk framework in a robust and disciplined manner • The Group's Compliance Culture was enhanced: <ul style="list-style-type: none"> – Group Wholesale Banking worked with other business units to strengthen the know-your-customer (KYC) on-boarding process, putting in place proper controls and accountability that are especially crucial for the prudent treatment of high-risk customers – The Group does not permit pass-through or nested account activities – The Group provides clearing services for its correspondent banks (no third-party banks) • An efficient early warning indicator process and a robust impairment process flow, in addition to the stringent credit review process in place, have enabled the early detection of problematic loans and minimise loan loss provision 	<ul style="list-style-type: none"> • RCO Framework helped improve the Division's risk culture as well as controls and processes • Achieved a reduction in operational losses in 2016 by 85% to RM6 million from RM39 million in 2015 • All fund movements involve KYC – cleared counterparts only • YoY improvement in loan loss provision (-5% YoY)

OUTLOOK AND PROSPECTS

Wholesale Banking's growth in 2017 will come primarily from Treasury & Markets, Debt Capital Markets and Private Banking, the last of which continues to scale up from a low base as the Group leverages on its crossborder ROM platform which we have not fully optimised. We are also working on implementing our FI and NBFI strategy through the Financial Institution Group (FIG) department which was formed in December 2016 to streamline the relationship management of our FI and NBFI clients.

New growth opportunities have been identified in Treasury and we will continue to accelerate the business. We will also continue the drive to achieve more effective cross-selling through close collaborations across divisions and

countries by capitalising on our ASEAN network to generate more flows and transactions. Costs will continue to be rationalised, especially for business segments that are not doing well.

The drive to increase capital efficiency through introducing value-based KPIs and instilling a capital-conscious mindset among our employees have resulted in commendable improvements to Wholesale Banking's RAROC. Initiatives to improve capital efficiency will continue to be carried out as this is one of our focus areas in 2017.

Our nascent collaborations with CG through our JV with the China-based firm have been promising. We will continue to grow our

equities business in the region, with the JV to enable us to cross-sell our financial products to the Chinese market and grow our Private Banking network, whilst capitalising on "One Belt, One Road" opportunities. CG's investment in our equities business will also help to improve Wholesale Banking's cost-to-income ratio.

Group Transaction Banking has been reorganised to become a standalone business unit. This will help accelerate its growth as Transaction Banking products cut across Corporate, Commercial & Enterprise Banking. Our Private Banking team, meanwhile, is instituting plans to make it into the Top 20 list of Asia-based private banks in terms of assets under management.

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GROUP ASSET MANAGEMENT & INVESTMENTS

BY EFFENDY SHAHUL HAMID

WE CONTINUED TO STAY STRONG IN OUR AREAS OF GROWTH AND OPTIMISED OUR BALANCE SHEET HOLDINGS IN LINE WITH CAPITAL REQUIREMENTS. ALL OUR T18 PLANS ARE IN FULL IMPLEMENTATION MODE AND THE TEAMS ARE MOTIVATED AS WE CONTINUE TO BUILD A VALUE ACCRETIVE ASSET MANAGEMENT AND INVESTMENTS BUSINESS FOR THE FRANCHISE.

INTRODUCTION

2016 was again a very busy year for Group Asset Management & Investments (GAMI). The Public Markets business, our CIMB-Principal Asset Management (CPAM) franchise, navigated difficult market conditions to perform commendably across the region. At the same time, the Private Markets business continued its portfolio reorganisation exercise through a number of disposals to support Group-wide capital optimisation plans. All in all, we believe efforts in 2016 have allowed us to create value across the GAMI businesses, and at the same time, achieve desired profitability levels.



WHO WE ARE AND WHAT WE DO

A leading ASEAN public markets asset management franchise (CIMB-Principal) and a sustainable and capital efficient private markets investments practice

PUBLIC MARKETS

Our Public Markets businesses comprise the CPAM franchise across the region, with core operations in Malaysia, Indonesia, Singapore and Thailand. We also operate CIMB-Principal Islamic Asset Management, which positions itself as a global Islamic asset management franchise serving the institutional and corporate segments.

PRIVATE MARKETS

Our Private Markets business is divided into three distinct categories – Private Equity Fund Management (PEFM), Strategic Investments (SI), and Passive Fund Investments (PFI), and 2016 saw numerous activities across these categories, with balance sheet optimisation and value creation as their common themes.



FINANCIAL PERFORMANCE

Public Markets

2016 was a challenging year for the CPAM Group. Global markets were influenced by many defining moments, leading to anxious investors across both the institutional and retail spaces. Despite slower sales, we are pleased to report that we closed the year with a record Assets Under Management (AUM) of approximately RM67 billion, an 8% YoY growth. This continues our trend of strong expansion in the Public Markets asset management space, with five-year AUM and PBT CAGR in excess of 15%.

Private Markets

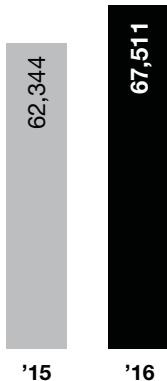
The year also saw us moving forward in creating value where the Group's strategic investments were concerned. We announced the disposal of our stake in Bank of Yingkou, one of the Group's best

investments (since entry in 2009, this investment has yielded an IRR of 17.4% and a money multiple of 3.28 times). Regulatory approval is being sought to complete this transaction, and we are hopeful for this to be obtained by the third quarter of 2017.

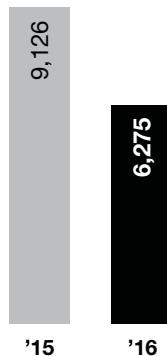
Much was also said and done at our 52% subsidiary, Touch 'n Go (TnG). We started to see results from the management changes we made in 2015 as TnG continued its dominance in the payments space in Malaysia. TnG has also begun charting its own future, and have laid down bold plans to enter the retail payments space in a very big way.

The PEFM area saw us exiting the Australian real estate space at a profit through the disposal of CIMB-TCA and its associated funds. We also exited our investments in MakroKiosk and REAL Education, producing commendable returns for shareholders of the CNEF Fund.

PUBLIC MARKETS AUM
(RM'million)



PRIVATE MARKETS AUM/CV
(RM'million)



ACHIEVEMENTS/HIGHLIGHTS



AsianInvestor Asset Management Awards
2016 – Fund House of the Year, Malaysia



Alpha Southeast Asia 10th Annual Best
Financial Institution Awards in Southeast
Asia – Best Asset & Fund Manager
(2007-2016), Malaysia



The Asset Triple A Asset Servicing,
Investor and Fund Management
Awards 2016 – Asset Management
Company of the Year, Malaysia

Awarded top honours by AsianInvestor, Alpha Southeast Asia and Asset Triple A

GROUP ASSET MANAGEMENT & INVESTMENTS (CONT'D.)

KEY INITIATIVES

KEY INITIATIVES	RESULTS
<p>PUBLIC MARKETS</p> <p>Operational Excellence and Sustainability</p> <p>Implemented a more robust regional operating model that brought with it a pool of talent to ensure the business stays sustainable. New leadership appointments announced to the following positions:</p> <ul style="list-style-type: none"> • Regional Chief Operating Officer, CPAM Group • Head of Institutional and Corporate Business, CPAM Group • Chief Compliance Officer, CPAM Group • Chief Executive Officer, CPAM Indonesia together with a new management team <p>Shaping the Future of Asset Management</p> <p>Institutionalised processes for CPAM Group to deal with digital disruptions and capitalise on opportunities that will arise.</p>	<p>Achieved significant breakthroughs in 2016:</p> <ul style="list-style-type: none"> • Regional structure has created better accountability metrics and fostered closer collaborations. • Singapore team won its first ever institutional mandate. • Thailand team broke new ground on winning provident-fund-provider mandates. • Redefined the distribution model in Malaysia. <p>This multi-year effort will redefine distribution, advisory and customer service.</p>
<p>PRIVATE MARKETS</p> <p>Investment Management</p> <ul style="list-style-type: none"> • Exited the Australian real estate space. • Entered into a Share Transfer Agreement to sell the Group's 18.21% stake in Bank of Yingkou to Shanghai Guozhijie Investment Development Co., Ltd. • Executed two highly contested-for investments in the retail consumer space in Malaysia and Thailand through a private equity joint venture with Mitsubishi Corp, AIGF. <p>Touch 'n Go</p> <ul style="list-style-type: none"> • Leadership changes in Touch 'n Go (TnG) made in 2015/16 showing results. • Continued to accelerate its efforts in the urban mobility space. • Laid down bold plans to enter the retail payments space. <p>FinTech Collective</p> <ul style="list-style-type: none"> • Operationalised a plan for the Group to make optimised investment decisions in the FinTech space. 	<ul style="list-style-type: none"> • The disposal of CIMB-TCA and its associated funds returned an IRR of 6.81%. • Yielded a 17.4% IRR. • Continued to make a mark in the growth funding space. • TnG continued its dominance in the payment space in Malaysia. • TnG will be a key enabler of urban mobility as the public transportation systems in Malaysia mature. • Implemented next-generation technology and business development plans to launch a host of new products and propositions to the market. • Ensures the Group remains at the forefront of our ever-evolving marketplace.



PRS Live 2016, a public education collaboration with CIMB-Principal, PPA and The Star on 3 September 2016 at Cybertorium, Menara Star.

CHALLENGES/RISKS

2016 came with several challenges for both Public Markets and Private Markets

MARKET MOVEMENTS AND MAJOR GLOBAL EVENTS

Political events in the US and Europe greatly impacted markets and currencies. Volatile pricing and valuations inevitably affected assets held by the Division. However, the adverse impact was mitigated by the continuous monitoring and quick action of the relevant teams.

CHANGES IN GOVERNMENT POLICIES, REGULATIONS AND TAX IMPLEMENTATION

Whilst policy and regulatory changes had altered the demand for some Public Markets products, we capitalised on the opportunity to reposition our fund strategies accordingly.

CAPITAL REQUIREMENTS

With the sustained increase in capital requirements, portfolios had to be optimised accordingly.

GROUP ASSET MANAGEMENT & INVESTMENTS (CONT'D.)

RISK MITIGATION AND RESULTS

RISK MITIGATION	RESULTS
<p>To mitigate the above risks and challenges:</p> <p>Public Markets</p> <ul style="list-style-type: none"> • Portfolios are diversified across various industries and where allowed, across different geographical regions. • Compliance culture was prioritised with the enhancement of compliance and risk policies, adoption of systems and controls for better monitoring. 	<ul style="list-style-type: none"> • CPAM's investment performance was not greatly impacted despite the challenging conditions in 2016. • Compliance awareness showed improvement, as measured by the reduction in findings. Governance improved with the appointment of the Regional Chief Compliance Officer. Additional support from GIOD was procured to increase staff strength in this area.
<p>Private Markets</p> <ul style="list-style-type: none"> • The investment team conducts monitoring, reporting and periodic reviews on each investment valuation. • Portfolios are optimised to ensure value creation. 	<ul style="list-style-type: none"> • The Private Markets business exited several positions in a timely manner. • Disposal of some investments to lighten the capital impact to the Group.

OUTLOOK AND PROSPECTS

GAMI's businesses remain anchored on the sustained growth of the Public Markets CPAM Group businesses and the optimisation of our numerous Private Markets holdings.

The CPAM Group will continue on its growth path. We will focus heavily on defining a digital proposition to put us ahead of the competition and sustain our performance in institutional asset management. Effective compliance and risk management remain priorities. Therefore, aside from adopting industry best practices and recruiting top talent, CPAM will take calculated risks to tap opportunities in Indonesia and continue our steady growth path in Thailand.

The Private Markets business will continue to be optimised. AIGF will be positioned as our leading PEFM franchise as we continue to operate it with our partners Mitsubishi Corp. On the SI side of the equation, we continue to have stakes in several non-core and non-banking related business and will continue to look at opportunities to monetise those.



CIMB ISLAMIC

■ BY RAFE HANEEF

IN MY FIRST YEAR WITH CIMB, THE ISLAMIC BANKING TEAM HAS FOCUSED TO DRIVE TRANSFORMATION EFFORTS IN HOW WE WORK ACROSS THE GROUP TO BETTER POSITION THE ISLAMIC BUSINESS FOR FUTURE GROWTH. I AM PLEASED THAT TRANSFORMATION EFFORTS HAVE RESULTED IN A REENERGISED ALIGNMENT WITHIN THE BUSINESS UNITS TO COHESIVELY PUSH FORWARD ON BUSINESS INITIATIVES AND CUSTOMER EXPERIENCE REGIONALLY. WE WILL CONTINUE TO DEVELOP AND ENABLE OUR PEOPLE THROUGH IMPROVED TRAINING AND GOVERNANCE EFFORTS TO ENSURE WE HAVE AN EFFECTIVE WORKFORCE THAT IS WELL EQUIPPED TO LEAD THE ISLAMIC FINANCE INDUSTRY.



INTRODUCTION

2016 was focused on enhancing our operating model, which extensively leverages on CIMB's network across ASEAN, to further deepen CIMB Islamic's reach and broaden its product offerings. As ASEAN's leading universal Islamic banking franchise, we are committed to delivering innovative and practical Islamic financing solutions that create value for our customers.

WHO WE ARE AND WHAT WE DO

CIMB Islamic is the global Islamic banking and financial services franchise of CIMB with an extensive suite of innovative Shariah-compliant products and services.

BUSINESS SCOPE

Encompasses financing, sukuk, investment banking, transaction banking, asset management, banca-takaful and securities services for individual, commercial, corporate and institutional customers across ASEAN.

SHARIAH AND GOVERNANCE RESPONSIBILITIES

Manage and direct activities of the Group's Islamic business by ensuring consistency and enforceability with Shariah and relevant regulations, providing Shariah and governance support to business units, and monitoring and overseeing enterprise-wide Shariah governance functions within the Group.

ACHIEVEMENTS/HIGHLIGHTS



Remained No. 1 in Bloomberg's "Global Sukuk League Table", topping the table for 8 of the last 10 years



CIMB Islamic Bank awarded "Islamic Bank of the Year for Global, Asia and Malaysia" by The Banker



CIMB Islamic Finance awarded "Sukuk House of the Year for the Asia Pacific, Malaysia and Indonesia" by The Asset

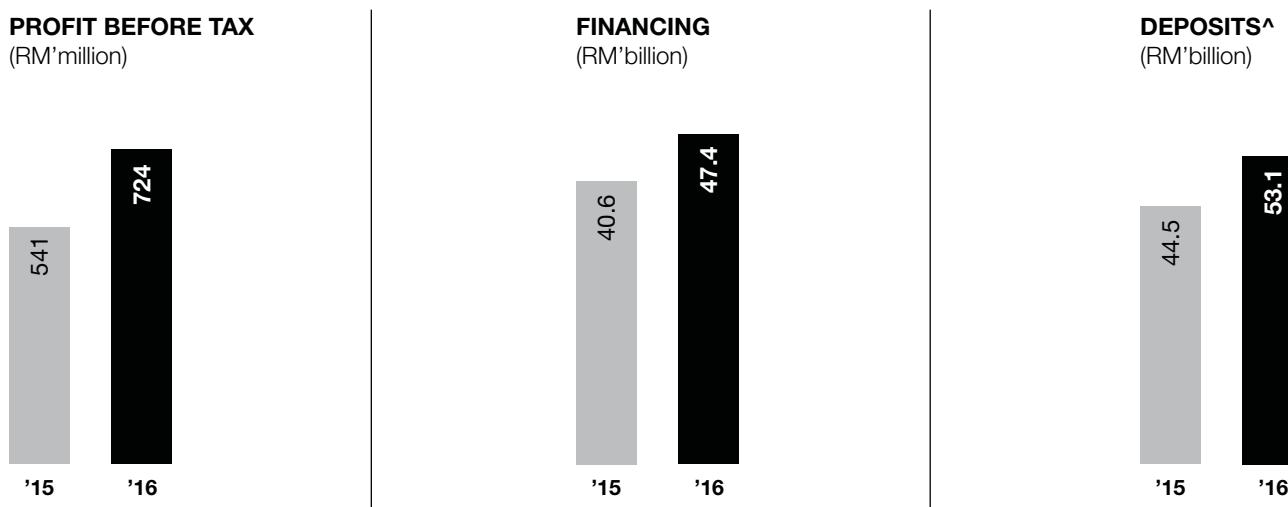


Best Islamic Trustee/Custodian (for the third consecutive year) by Islamic Finance News



Involved in high-profile transactions, including landmark issuances by DanalInfra Nasional Berhad, Tenaga Nasional Berhad, and the Government of Indonesia and Government of Malaysia

CIMB ISLAMIC (CONT'D.)



FINANCIAL PERFORMANCE

Group Islamic Banking

CIMB Group's Islamic Banking business recorded solid growth in 2016. Its main operating entity, CIMB Islamic Bank Berhad, posted a profit before tax (PBT) of RM724 million, a year-on-year (YoY) increase of 33.8%, mainly through growth in the consumer and corporate financing businesses. Islamic financing and deposits[^] from customers grew by 16.7% and 19.3% respectively from the previous year.

As one of the largest Islamic banking groups in Malaysia, CIMB Islamic's domestic operations continued to be a significant contributor, accounting for 80.5% of the Group's Islamic banking assets in 2016. Singapore and Indonesia, meanwhile, contributed 10.2% and 5.4% respectively.

Islamic Wholesale Banking had a strong year, supported by the growth in corporate financing, sukuk and the treasury business. Profit before tax grew 37.3% YoY to RM438 million (2015: RM319 million). Globally, CIMB Islamic commanded a 12.8% market share with sukuk issuances valued at USD5,329.48 million. Islamic Treasury as a whole recorded a growth rate of 131.9% with a profit of RM109 million for 2016 (2015: RM47 million).

Islamic Consumer Banking had a good year with strong growth in both financing and deposit[^]. Regionally, financing grew 19.9% YoY and deposit grew 49.3% YoY. Malaysia continued to be the biggest contributor with stellar performance from term financing for Amanah Saham Berhad (ASB) units; its RM3.8 billion new financing issued fueled 80% of the financing growth. In deposits, Retail Banking took the lead with 60.9% YoY growth and Enterprise Banking registered a high double-digit growth of 15.1% YoY. Profit before tax grew 59.8% YoY to RM401 million (2015: RM251 million).

Islamic Commercial Banking overall financing and deposits[^] growth remained positive in 2016. Financing grew at 6.9% across the region to RM6,834 million (2015: RM6,394 million) and deposits[^] grew slightly higher at 9.7% to RM4,908 million (2015: RM4,475 million).

CIMB Islamic Trustee Berhad serves as a fund trustee for unit trust funds, wholesale funds and private retirement scheme funds totalling RM6.7 billion as at end-December 2016, whilst Islamic Securities Services won 13 mandates to serve as either custodian or trustee.

[^] Include investment accounts of customers



KEY INITIATIVES

KEY INITIATIVES	RESULTS
<p>Change Management and T18 Initiatives</p> <ul style="list-style-type: none"> Focused on improving customer experience across the Group's Islamic business by ensuring parity between Islamic and conventional products and services in Malaysia across wholesale, commercial and consumer banking. Product offerings were also simplified. Relevant Islamic banking team members were assigned to the wholesale, commercial and consumer business units under the 1-Team Approach. Business performance targets were aligned between the business units. Projects were identified, executed and actively monitored under the T18 Islamic 2.0 Programme across the wholesale, commercial and consumer banking businesses in Malaysia, Indonesia and Singapore to govern and track these transformation initiatives. Regular staff engagement and training exercised throughout the year to build a strong and talented workforce, to deliver Group's T18 targets. 	<ul style="list-style-type: none"> The team addressed and resolved numerous issues which involved product and process simplification, enhancements, as well as future product development. Where full product and customer experience parity existed between Islamic and conventional offerings, the offering of selected Islamic consumer financing products was made to all potential customers of CIMB Bank. To enhance customer experience and build scale to drive cost effectiveness. Dual reporting lines to the business units within CIMB Group and CIMB Islamic were formalised to further tighten the coordination and alignment of goals. Positive growth for Islamic share-of-book for financing, deposits[^] from customers and PBT growing by 16.0%, 21.2%, and 33.2% YoY, respectively. Staff retention and talent development to secure the next generation of leaders for the Group, as well as for the Islamic finance industry.
<p>Client Engagement</p> <ul style="list-style-type: none"> Direct client education and engagement via client events held in five regions in Malaysia throughout the year. High level engagement with selective corporate CFOs on the wide range of Islamic banking and finance offerings. 	<ul style="list-style-type: none"> Grew Islamic commercial financing by 6.9% which resulted in maintaining a 32% share of total commercial banking loans/financing. Educational and marketing roadshows with those companies' workforces on the wide range of available Islamic banking and finance offerings.
<p>Product Innovation and Market Adoption</p> <ul style="list-style-type: none"> Introduced a new structure for exchangeable sukuk which allows Islamic investors to participate even if the reference shares do not meet the financial ratio requirements for Shariah compliance on the date of the exchange, as any exchanges would be satisfied via a cash settlement. Takaful Suria, Malaysia's first universal takaful hajj product that provides protection, savings and financial flexibility to assist Muslims in fulfilling their religious aspirations and obligations, was launched. Focused on crafting compelling products and solutions for the diverse Malay market. The Global Sukuk Fund was launched in Ireland by CIMB-Principal Islamic Asset Management (Ireland) PLC. Promotions continued for the iB X-tra Flexi Mortgage, a home financing product launched in Indonesia in 2015. 	<ul style="list-style-type: none"> Widens the universe of shares that may be used as reference shares for an exchangeable sukuk, and the precedent established opens up wide-ranging possibilities for Islamic finance as a whole. Takaful Suria exceeded its 2016 sales targets, accelerating the expansion of Takaful products' share of the total pool of Bancassurance/Bancatakaful products within CIMB from 4% to 27%. Malay depositors drove the increase in the number of Islamic current and savings accounts. Islamic financing for ASB (Amanah Saham Berhad) also grew to RM5.12 billion. This Fund is aimed to better serve the international investor community. Sales of the product doubled in just a year.
<p>Strategic Partnerships</p> <p>CIMB Islamic established strategic partnerships in 2016 to better serve emerging needs in the consumer and retail segments.</p> <ul style="list-style-type: none"> Sijil Waqf was launched on 31 October in partnership with Yayasan Waqf Malaysia. In collaboration with Pusat Pungutan Zakat (Zakat Collection Centre) of Wilayah Persekutuan, CIMB Islamic went on an educational roadshow with employees of existing corporate clients to heighten awareness on Zakat. 	<ul style="list-style-type: none"> Enabled waqf payments via CIMB Clicks. A "Bicara Mufti" CIMB Preferred event was held, featuring the Mufti of Wilayah Persekutuan who spoke on the importance of making regular Zakat payments.

[^] Include investment accounts of customers

CIMB ISLAMIC (CONT'D.)

KEY INITIATIVES	RESULTS
<p>Digital Initiative Straight-through e-forms were created in Singapore.</p>	<ul style="list-style-type: none"> These forms enable new-to-bank customers to open Islamic and conventional bank accounts online and receive their account numbers instantaneously, resulting in significant time savings. Customers opening accounts at the branches were similarly able to receive their ATM card and CIMB Clicks Internet Banking access immediately (instead of within seven business days).

OUTLOOK AND PROSPECTS

Looking ahead, competition will remain rife as banks intensify their focus on growing customer deposits. More consolidation and regulatory changes are expected as the ASEAN banking and finance arena undergoes further liberalisation.

Economic uncertainty will likely continue to be predicated on unstable oil price movements, geopolitical developments and decelerating momentum of the major economies. Attracting, developing and retaining Islamic finance experts within local markets will remain a challenge.

CIMB Islamic is cautious on the business outlook for 2017 given the continued challenging operating environment. The financing book is expected to grow in line with 2016 despite the slower consumer spending amid volatile currencies, commodity and oil prices.

Nevertheless, CIMB Islamic sees opportunities to increase market share further, as Malaysia moves towards a deeper and wider adoption of Islamic finance on the back of growing demand from Islamic institutional investors, further internationalisation of Islamic finance, and increased needs for infrastructure funding. The size of the Malaysian Islamic banking assets is approximately 27% of the total banking industry, but developments such as Securities Commission Malaysia's five-year Islamic Fund and Wealth Management Blueprint to grow the Islamic fund and wealth management markets look set to catalyse further growth of the country's Islamic capital market. Additionally, the Employees Provident Fund (EPF) expects to invest RM25 billion in Shariah-compliant assets per year on average, to maintain a minimum 45% Shariah-compliant asset allocation. Furthermore the EPF had in

August 2016 launched its Simpanan Shariah scheme to give members the option to convert their conventional EPF account to an Islamic one. A strong case is being made for the expansion of the domestic Islamic finance market in the near term.

Banks will continue competing for lower cost and stable deposits to maximise margins and fully meet Basel III capital requirements by 1 January 2019. Wholesale deposits should grow steadily in line with the push for Islamic financing by the government, government agencies and government-linked companies. Listed companies will likely shift to Islamic deposits to maintain their Shariah-compliant status. Our Islamic Treasury will continue to drive the growth of its innovative and comprehensive Shariah-compliant financial solutions, including the hedging and foreign exchange businesses.

In 2017, ringgit sukuk issuances are expected to surpass the level of 2016. Indeed, the sustained drop in oil prices could compel government-linked entities and corporates worldwide to turn to the sukuk market to bridge their funding gaps. In this respect, the prevailing prominence of the CIMB Islamic brand in the global sukuk market enables it to enjoy top-of-mind recall among clients and potential clients, paving the way for further growth and profitability as clients turn to the Bank for their issuance needs.

Commercial banking will strive to grow its business and market share by focusing on identified segments within the priority sectors, particularly companies and enterprises in the Halal Economy (this also applies to our business in Indonesia). It will also focus on enhancing customer experience by simplifying

existing offerings and expanding its product suite to meet increasingly sophisticated customer needs.

Consumer banking will offer more innovative products and features to grow its market share. Specific focus will be on the mass affluent segments, with cutting-edge offerings to grow their wealth and fulfil their lifestyle needs. Attention will also be devoted to channel expansion, especially through digital sales enablement and online banking for better market reach, whilst efforts will be made to improve delivery and customer experience through simplified processes and straight-through processing. In Indonesia, efforts will be intensified to acquire lower-cost, stable consumer deposits to compensate for thin financing margins. In Singapore, enhancements to Islamic offerings will be emphasised to meet consumer demand and regulatory requirements.

CIMB Islamic's strategies to grow its Islamic banking business in the region include reasserting profitability from core businesses, driving further product innovation, developing new fee-income segments, deepening customer relationships, growing ancillary businesses, and increasing the deposit franchise.



GROUP STRATEGY

GROUP STRATEGY CONCEPTUALISES AND DEFINES GROUP-LEVEL STRATEGY, AND IS ENTRUSTED WITH THE ESTABLISHMENT OF STRATEGIC PARTNERSHIPS, ALLIANCES AND JOINT VENTURES FOR THE GROUP TO EXTRACT SYNERGIES AND GENERATE NEW GROWTH OPPORTUNITIES. IT IS ALSO RESPONSIBLE FOR FRANCHISE EXPANSION AND THE OPENING OF NEW MARKETS.

The Division facilitates and oversees Group-wide business planning activities, including the Group's overall digital strategy and management of T18 transformation initiatives (including the relevant change management and communication plans). The Division also undertakes other business development and internal corporate exercises.

In 2016, Group Strategy took steps to accelerate the growth of fee income through bancassurance partnerships that unlocked synergies from our ASEAN distribution platform. The Group entered into a Master Distribution Agreement with Sompo Japan Nipponkoa Holdings ("Sompo") in June 2016 to provide non-life bancassurance in the four countries of Malaysia, Indonesia, Singapore and Thailand on a staggered-rollout basis. This agreement was made after a comprehensive review of Sompo's track record and strategic fit with the Group's vision and aspirations. In terms of revenue growth, this partnership stands to contribute RM1 billion to the Group's top line in the first five years of this partnership.

With regards to the Group's life insurance partnership in Indonesia, the Group and Sun Life Assurance Company of Canada ("Sun Life") had in March 2016, via their respective subsidiaries, entered into a Sale and Purchase Agreement in respect of the disposal of the Group's remaining 51.0% stake in PT CIMB Sun Life ("CSL") for a total cash consideration of IDR550 billion (approximately RM169 million). Completed in July 2016 with the Group recognising a gain of approximately RM150 million, this divestment was primarily done to comply with Sun Life's single-presence policy in Indonesia, and was also in fulfillment of the Group's objective to streamline its insurance portfolio by fully exiting the non-core business of manufacturing insurance products and focusing on our distribution capabilities. This allowed the Group to optimise capital and other resources by focusing on its core banking businesses.

In terms of our footprint expansion, the Group expanded its banking presence into Vietnam via a 100% foreign-owned subsidiary and launched our Hanoi branch operations on 9 December 2016.

Group Strategy also facilitated the entry into a strategic partnership with Fajr Capital to harness their expertise and facilitate deal origination. This partnership will also promote the cross-distribution and collaborative marketing of both parties' core products and services through our combined networks in the Asia Pacific and the Middle East. This partnership will enable the Group to reposition itself in the Middle East and leverage Fajr Capital's strong network in the region.

The Group's digital pivot was a key focus area in 2016. Group Strategy has been involved in developing's and driving the Group's overall digital strategy including setting up CIMB Fintech to spearhead new digital plays across the region.

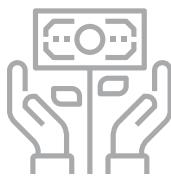
Under the 'Recharged #teamCIMB' theme, we expanded the scope of T18 to encompass 18 programmes with more than 400 projects for execution across the region. Our T18 Oversight Committee and Group Programme Management Office, being part of Group Strategy, rigorously drive the implementation of these projects and track their progress in real time. We are on track to achieve our T18 goals with CET1 already exceeding our 2018 target in advance. However, our ROE has fallen from 9.3% in 2014 to 8.3% in 2016 amidst an expanded capital base and challenging macroeconomic environment. We will actively monitor developments in the industry to re-strategise for our mid- to long-term ROE targets, in view of the more stringent capital requirements and impending changes to the banking landscape. The cost-management initiatives and better Group-wide financial discipline yielded positive results, with the Group's cost-to-income ratio ("CIR") further declining from 55.6% in 2015 (BAU, excluding restructuring costs) to 53.9% as at end-2016. 2016 was the second consecutive year of reduced CIR from a high of 59.1% in 2014.

Going forward, Group Strategy will continue to play a key role in driving and optimising the business as well as concurrently exploring and nurturing new opportunities of growth.

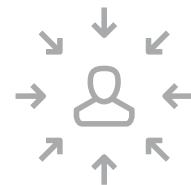
OUR BUSINESS ENABLERS

CIMB ASEAN RESEARCH INSTITUTE (CARI)

KEY ROLES



To provide research and policy advocacy in support of ASEAN's programme of economic integration, the ASEAN Economic Community (AEC)



To contribute to ASEAN by providing thought leadership on ASEAN issues and engaging with high level policy-makers to channel the viewpoints of the private sector on ASEAN integration

The CIMB ASEAN Research Institute (CARI) was established to support the ASEAN integration agenda through the provision of research and policy advocacy. The Institute serves as a conduit for private-sector to share their perspectives on ASEAN integration with high-level policymakers, while acting as secretariat of the ASEAN Business Club (ABC) to mobilise the support of the private sector for the AEC.

In 2016, CARI co-organised the AEC 2025 Dialogue with the Ministry of International Trade and Industry (MITI) and the ABC. Held on 24 May 2016 at MITI Tower, Kuala Lumpur, the dialogue involved more than 150 participants from more than 10 countries who gathered to understand the new policy direction of the new AEC Blueprint 2025 and how the private sector can best position itself for the next 10 years of integration.

CARI and ABC co-organised the ASEAN Roundtable Series (ARS), which comprise multi-stakeholder roundtable discussions on pressing issues related to ASEAN Integration. The three ARS sessions held in 2016 were chaired by Tan Sri Dr. Munir Majid, Chairman of CARI.

- ARS #1: South China Sea ruling and repercussions: How geopolitics impact ASEAN integration (held on 30 August 2016, Menara CIMB, Kuala Lumpur)
- ARS #2: Growth drivers for ASEAN in a stagnating global economy (held on 29 September 2016, Menara CIMB, Kuala Lumpur)
- ARS #3: Connecting the region through Master Plan on ASEAN Connectivity 2025 (held on 22 November 2016, Menara CIMB, Kuala Lumpur)

From these discussions, CARI produced CARI Viewpoints, a new publication which recapitulates the speakers' perspectives and presents the Institute's viewpoints. This

publication has been made available to all CARI subscribers and is featured on CARI's webpage. These were the topics published in 2016:

- CARI Viewpoints #1: A unified multilateral solution to the South China Sea in ASEAN may not exist.
- CARI Viewpoints #2: ASEAN integration can be the biggest chance to compensate for a slowing global economy.
- CARI Viewpoints #3: Implementation – the key to success of ASEAN Master Plan on Connectivity 2025.

CARI's partnership with ABC in the flagship Lifting-the-Barriers (LTB) initiative continues to attract regional recognition and affirmation.

Launched in 2013, CARI's LTB reports on 12 clusters of sectors have been distributed to ASEAN bodies and policymakers to facilitate informed policymaking. In August 2016, findings of the LTB reports for four prioritised sectors were submitted as baseline recommendations to the 48th ASEAN Economic Ministers meeting in Laos.

In addition, CARI provided direct policy recommendations to the Master Plan on ASEAN Connectivity 2025 at five policy labs in Singapore organised by the ASEAN Secretariat in February 2016. CARI's ideas were incorporated into some of the initiatives listed in the official document released in September 2016, notably the initiative to facilitate visa applications for visitors travelling into ASEAN through the development of a one-stop shop for e-visa applications. This portal will enable visitors to apply to all the countries they wish to travel to within ASEAN with just one application form, although the right to grant the visa would remain with individual countries.



As a member of the Non-Tariff Barriers (NTBs)/Non-Tariff Measures (NTMs) Removal Steering Committee of the ASEAN Business Advisory Council, CARI also continued to contribute to the removal of non-tariff barriers in ASEAN. CARI attended two meetings with the Joint Business Council in Singapore and Laos, while CARI's LTB reports on Agri-Food, Healthcare and Retail formed the baseline recommendations for three of the four priority sectors of the ASEAN Business Advisory Council (ASEAN-BAC), whose Technical Working Group (TWG) was formed in December 2016 with representation from national chambers and business organisations tasked to address NTBs/NTMs issues and facilitate resolutions. Ms. Hong Ju Khee, Director of Operations, CARI was nominated to seat as a member in the TWG representing Malaysia.

With respect to the signing of a Memorandum of Understanding with the United States Agency for International Development in 2015 to help expand SME access to finance, four grantees had been selected to carry out research projects under the ASEAN SME Access to Finance Research Grant programme until the end of 2016:

- “The Importance of Credit Guarantee Scheme as a Financing Alternative for MSMEs in ASEAN in the Era of ASEAN Economic Community”
- “Promoting ASEAN SME Private Finance through Enhancing Regional Investor Networks”
- “Warehouse Receipts as Collateral for Bank Credit Application and SME Lending in Cambodia”
- “An Assessment of Preference of Equity Crowdfunding from the Investment Perspective: The Case of Malaysia”

Separately, following the Dialogue Session held in August 2015 with the Prime Minister of Vietnam to strengthen trade relations between Vietnam and Malaysia, ABC collaborated with the Kuala Lumpur Business Club (KLBC) to lead a joint business mission to Hanoi from 7-9 December 2016 to explore trade and investment opportunities with the new government administration. The delegation, led by MITI Minister YB Dato' Seri Mustapa Mohamed, was received by the President of Vietnam, H.E. Tran Dai Quang, the Prime Minister of Vietnam, H.E. Nguyen Xuan Phuc, and other Vietnamese cabinet ministers.

In 2017, CARI aims to strengthen its output volume by streamlining its publication campaigns. CARI targets to achieve at least 200 total campaigns for various publications this year (publications increased by 67% YoY in 2016 in number of campaigns, while ABC campaigns jumped 1,000%). CARI will also enhance its research capabilities to provide more in-depth, organic and proprietary analysis on ASEAN issues.

GENERAL COUNSEL DIVISION

In 2016, the General Counsel Division continued to work closely with various business unit and business enabler divisions, successfully completing numerous important transactions, projects and initiatives undertaken by the Group, and in particular those relating to T18 Initiatives.

In that regard, increased focus was given to our Consumer Banking, Commercial Banking and Transaction Banking divisions – some of the key businesses which are being accelerated as part of the Group's T18 strategy. For Consumer Banking, these include the various digital sale enablement initiatives as well as the bancassurance arrangement with Sompo.

We were also actively participating in our Group Customer Experience Council and the various projects undertaken to improve customers' experience when dealing with CIMB, as well as other T18 Initiatives which relate to equity business optimisation, capital

and RWA optimisation, Islamic Banking 2.0, our footprint expansion in Vietnam and various projects undertaken by Group Asset Management and Investments division.

For Group Human Resource division, we assisted in the review of the Code of Ethics and Conduct, and the no gift policy, in addition to our participation in the various cultural transformation initiatives driven by that division.

In line with the Group's emphasis on governance framework and the streamlining of processes, we participated in various initiatives relating to policies and procedures, including the delegated authority framework, the Group Credit/Financing Documentation Provisions Standard, and the Document Standard for Derivatives ISDA and IDMA. We also continued to work with the relevant local and regional business divisions to standardise legal documents within the Group, including those for Group Procurement department.

OUR BUSINESS ENABLERS (CONT'D.)

Our colleagues in the division remained a key focus for us in 2016. We emphasised the development of technical knowledge and soft skills as we strive to nurture the right talent to support the Group's T18 targets. In line with the T18 strategy's emphasis on cultural transformation, we encouraged continuous learning and the importance of building stronger relationship by our colleagues in the division, both internally and externally. In that regard, we continued to train our colleagues and enhance their knowledge of the industry, recognising that this expertise enables us to provide a better service to our customers.

For 2016, we conducted more than 20 training sessions for our colleagues across various divisions, covering subject matters such as the Financial Services Act, International Swaps and Derivatives Association and Credit Support Annex documentation, cash management and treasury products, foreign exchange and foreign exchange option master agreements, companies law, banking law, competition law, land law, types of borrowers and security, issues relating to taking security, non-disclosure agreements, professional services agreements, contract management, credit management, mandate letters, and compliance and operational risk awareness.

We also organised presentations by local and international law firms to enable our colleagues to stay abreast of the changes affecting the legal landscape. These presentations covered a broad spectrum of topics such as Indonesian investment laws, financing acquisition, regulatory reforms and development, taking land as security, trust law 101 and discretionary trust, companies law, take overs and mergers code, garnishee proceedings, receivership, judicial management, corporate voluntary arrangement and scheme of arrangement, enforcement of judgements, personal data protection law, intellectual property, limitation of liability, indemnities, delay/liquidated ascertained damages, choice of law and competition law.

Our colleagues' leadership and soft skills are continuously strengthened via among others participation in various CIMB programs such as the Leadership Program with INSEAD, the Accelerated Universal Bankers Program with Nanyang Technological University of Singapore and the Junior Management Development Program.

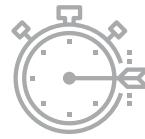
In addition, we also provided feedback to various proposed laws, guidelines and changes by the regulatory authorities, including taking part in discussions and working groups organised by associations such as the Association of Banks in Malaysia and the Malaysian Investment Banking Association. Our colleagues were also speakers at various external conferences such as the In-House Community's legal conference and Corporate Counsel Asia Summit.

Moving forward, talent management would continue to be a key focus for the division in order to support the Group's T18 Initiatives.

KEY ROLES



To provide legal advice on a broad spectrum of issues encountered and transactions participated by the Group



Accelerating and actively participating in Key Initiatives of Group's various business units and T18 Initiatives/Programs



GROUP COMPANY SECRETARY

KEY ROLES



Responsible for protecting and building on CIMB's reputation for excellent governance to enhance the stakeholders' confidence



To ensure that the Board complies with relevant regulatory requirements and international best practice

The Group Company Secretary assists the Board to navigate the many different jurisdictions in which CIMB operates. The role is also responsible for protecting and building on CIMB's reputation for excellent governance to enhance the stakeholders' confidence. The Group Company Secretary ensures that the Board complies with relevant regulatory requirements and international best practice. The Group Company Secretary also ensures that Board members have adequate resources to fulfil their fiduciary duties. This includes ensuring that the Directors have access to the information, knowledge and training that they need, ensuring that information flows smoothly between Management and the Board and highlighting any issues to the Board for its advice and counsel. As CIMB expands throughout ASEAN, the Group Company Secretary's role becomes more dynamic. The diversity of the ASEAN regulatory environment means that each jurisdiction has different standards, regulatory requirements and different governance frameworks. The Boards in the respective countries are independent, but still work closely with our headquarters in Malaysia to realise synergies.

In 2016, key achievements for the Group Company Secretary includes the successful implementation of a standard delegated authority policy across the region, namely Malaysia, Singapore, Indonesia, Thailand, Cambodia and Vietnam. It proved to be a challenging year, with the introduction of the new Bank Negara Malaysia Corporate Governance Policy and ensuring CIMB takes steps to comply with it. The Group Company Secretary looks forward to the challenges and dynamics of the new corporate landscape going forward through the implementation of the new Companies Act 2016.

Looking ahead, the Group Company Secretary will continue to ensure that CIMB operates efficiently and with synergy across the Group and the various jurisdictions to bring value to all our stakeholders.

GROUP COMPLIANCE

Group Compliance responsibilities include identifying, assessing and monitoring compliance risk and managing compliance issues associated with the business and support units or entities, and advise the Board, Management and officers of the business and support units or entities on relevant laws and regulations. Our Compliance Framework requires all business and support units or entities to review, assess and establish necessary controls to ensure compliance with the relevant laws and regulations. Group Compliance will conduct compliance reviews on such business and support units or entities to provide assurance that the controls are robust and effective.

Group Compliance comprises Centres of Excellence ("COEs") in Wholesale Banking Compliance which includes Equities Compliance, Treasury Compliance, Corporate Banking Compliance, Control Room and Research Compliance; Consumer and Commercial Banking Compliance, IT and AML Compliance and Compliance Monitoring. Each of the COEs work together with the in-country Heads of Compliance and compliance teams to ensure the management of compliance risks and issues across the CIMB Group.

2016 was a busy and exciting year for Group Compliance. In continuing to implement the T18 Strategy, CIMB Group also embedded the 5C's – capital, cost, culture, customer experience and compliance in the strategy. Compliance was identified as one of the key programmes to ensure a more resilient CIMB Group. The Group Compliance Strategy was launched in June 2016 emphasising on compliance awareness, compliance culture and strengthening of the compliance function.

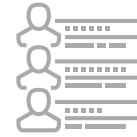
OUR BUSINESS ENABLERS (CONT'D.)

Following that, Group Compliance launched group-wide communications on AML/CFT risk and the bank's customer confidentiality obligations. Group Compliance also launched a Group Management Committee video on compliance – setting the tone from the top. Further compliance communications are expected to be rolled out in 2017 including an animated video on compliance and a compliance handbook, to continue to create the compliance awareness across CIMB Group.

To strengthen the compliance culture, Group Compliance has worked with Group HR to refresh the Code of Conduct and Code of Ethics and to develop the Demerit Framework which is expected to be launched group-wide in early 2017.

Following the issuance of Bank Negara Malaysia's Guidelines on Compliance in October 2015, Group Compliance had implemented a revised Compliance Framework with the corresponding policy, procedures and methodology changes including a revised compliance risk assessment. The Compliance Framework was validated by an independent consultant in 2016 and a revised Group Compliance Policy & Procedures incorporating Bank Negara Malaysia's requirements was approved by the Board of Directors.

A new Internal Information Sharing Policy & Procedures was also introduced in 2016, setting clear guidelines on the types of information sharing that are permitted by regulations and law; and the consolidated Conflict Management & Chinese Wall Policy & Procedures was revised to set out the new process of the clearance of conflicts going forward. In parallel, we also launched the Conflict Management System, ensuring that we better manage such conflicts and staff personal account dealings.

KEY ROLES
 <p>Responsibilities to identify, assess and monitor compliance risk and managing compliance issues. Advise on relevant laws and regulations</p>
 <p>To conduct compliance reviews on business and support units or entities to provide assurance that the controls are robust and effective</p>
<p>The Risk Control Officer (RCO) Framework was introduced in September 2016 and 26 RCOs had been formally appointed and trained since then. The RCO Framework was developed in collaboration with Group Operational Risk to strengthen the resources in the first line of defence. In Group Compliance, we also increased the placement of compliance resources with specialised skills and knowledge in view of the broadening compliance strategic mandate and responsibilities.</p> <p>In view of the increasing money-laundering and terrorism financing risk, Group Compliance re-assessed the customers' risk profile and enhanced CIMB Group's risk appetite on customer on-boarding and payment process for high-risk customers, and the handling of Politically Exposed Persons (PEPs), their Family Members (FMs) and Close Associates (CAs).</p> <p>In 2017, we expect regulators to intensify their scrutiny by focusing on effective governance, risk management and eventually, safeguarding the stability of the overall financial system. In response, we will be taking additional measures on compliance monitoring including communication surveillance, trade surveillance, equities surveillance, to better manage the compliance risk across the CIMB Group.</p>
<p>Under the revised Compliance Framework, a Group-level centralised compliance monitoring unit was set-up to facilitate thematic and targeted monitoring reviews and compliance risk themes assessment will be introduced. Further, we will be developing a business related code of conduct and code of ethics, to guide the businesses of the appropriate conduct standards.</p> <p>The gap analysis refresher exercise which has been rolled out in 2016 to all business and support units or entities will continue in 2017 in phases, to ensure that compliance and regulatory risks are comprehensively identified and mitigated in all the Group's business activities. We expect to continue to implement various measures set out in the Group Compliance Strategy, to strengthen the compliance culture in CIMB Group.</p>



GROUP HUMAN RESOURCE

In 2016, enhancing productivity and efficiency remained the thrusts of Group Human Resource Division.

Group Human Resource recognises that having a fair and just compensation system is an effective contributor to employee job satisfaction levels. In 2016, staff benefits for two countries were reviewed and changes implemented with effect from July 2016 to ensure market competitiveness. In Indonesia, a new fully insured medical benefit scheme was introduced. Annual limits for outpatient treatment were raised, while the inpatient room and board daily rate was hiked to P50. In Thailand, the Group's staff medical scheme was revised to increase the coverage for accident insurance. The medical insurance plan for inpatient and outpatient treatments was improved to P50, while allowances for dental care and annual physical checkups were raised further.

Recognition forms another crucial pillar for job satisfaction. In 2016, Group Human Resource undertook corporate title changes to achieve a greater competitive edge. The corporate titles of job grades U1 to U3, i.e. Executive Vice President, Senior Vice President and First Vice President respectively were upgraded to Senior Executive Vice President, Executive Vice President and Senior Vice President respectively. With these changes, CIMB Niaga will be aligned and more competitive in attracting senior hires in the market. Notably, these changes incurred no increments in the existing compensation and benefit schemes, in line with the Group's other cost-containment efforts.

Group Human Resource also completed the 4th Employee Satisfaction Survey to solicit feedback from staff on the Group's areas of strength and opportunities. The survey, running from 25 July to 12 August 2016, targeted 35,748 employees and was made available in four languages (English, Bahasa Malaysia, Bahasa Indonesia and Thai). Response to this survey improved by two percentage points to 92% from the one that took place in 2014, with the Engagement Score rising by the same quantum to 86 points.

The 7th CIMB ASEAN Stock Challenge saw increased participation from its target audience – there were 43% more registered teams in 2016 from the 2015 iteration of this competition, with four out of five countries registering more participants. Malaysia saw a 51% rise (1,526 to 2,308 pax), Indonesia 23% (529 to 638 pax), Singapore 202% (93 to 281 pax), and Thailand 39% (107 to 149 pax). Only Cambodia saw a 43% decline (199 to 113 pax).

KEY ROLES



Functions as a strategic business partner and enabler to the Group ensuring the people strategies evolve accordingly with the Group's growth, industry trends and operating environment

Group Human Resource also successfully set up in December 2016 the country operations for CIMB Bank (Vietnam) Ltd in Hanoi.

The year also saw several new talent development initiatives being introduced. Two scholarships for ASEAN students were created in reflection of Group Human Resource's commitment to developing the region's future leaders. This also has the benefit of raising the Group's profile as a progressive, people-oriented regional employer. The first of these scholarship programmes, called the CIMB ASEAN Scholarship, is open to citizens of five ASEAN countries (i.e. Malaysia, Indonesia, Singapore, Thailand and Cambodia) who are pursuing their undergraduate studies on a full-time basis at any reputable university in the world. In 2016, 16 scholarships were given out (from a total of 5,351 applications received) to students from Malaysia (12), Indonesia (1), Singapore (1), Thailand (1) and Cambodia (1).

The second scholarship is called the Chevening-CIMB ASEAN Scholarship, which was established in partnership with the UK's Foreign and Commonwealth Office. This programme sponsors five students per year to pursue a one-year Master's degree programme at prestigious university partners of Chevening in the UK. In 2016, five scholarships were given out to students from Malaysia (2), Indonesia (1), Thailand (1) and Cambodia (1).

Group Human Resource also facilitated the creation of two new Programme Centres of Excellence (PCoE) that were launched under the CIMB University, i.e. Leadership & Management (September 2016) and Risk (December 2016).

OUR BUSINESS ENABLERS (CONT'D.)

GROUP INFORMATION AND OPERATIONS DIVISION (GIOD)

KEY ROLES



To deliver software development and maintenance for the Group's applications:

- Devise economical IT solutions aligned to Group's business needs
- Manage the IT infrastructure of the Group
- Enable business units to serve their customers consistently by deploying innovative, new products across ASEAN in a timely and efficient manner
- Provide back-office fulfilment across the Group's businesses

With over 6,000 personnel in the Division, GIOD is tasked to deliver a unified, seamless financial services value proposition across our footprint. GIOD comprises operations, information technology, transformation, business process development and operational governance & assurance function for the Group's businesses. One of our key focus area is to partner with the business in digitising the bank by applying technology innovation to radically enhance customer experience.

In the year under review, we completed our regional standardised core-banking and cross product aggregation program by successfully deploying our 1Platform journey in Indonesia. We are now on the next phase of a journey to synergise product development standardisation and extract cost efficiency.

Key programmes and projects across the region were also closely tracked to ensure on-time delivery during the year.

To simplify internal processes and organisation, GIOD successfully delivered 18 key initiatives

across Malaysia, Indonesia, Singapore and Thailand as part of the Digital Sales Enablement (DSE) programme that is in line with the T18 Digital Banking strategy. These initiatives diverted existing branch activities into digital channels like CIMB Clicks, the corporate website, ATMs, telesales, and kiosks. Key capabilities introduced in this endeavour were Instant Decisioning, Instant Disbursement, Negative Checks, Customer Digital Acceptance, i.e. online signature, Cross Selling and Targeted Promotions, and Online Document Uploads. The 1View On-the-Go (OTG) platform was also launched to establish a top-class digital experience in all branches by enabling current and savings accounts to be opened in just over five minutes, with zero paper.

Malaysia's Bangi Data Centre was successfully upgraded to Tier 3 Ready standard with the smooth installation of a second power source. GIOD is presently implementing Data Center network re-engineering, adopting technical infrastructure "pay per use", "utility" and "as a service" model, and implementing real-time user-experience monitoring for agility and

flexibility. It is also implementing common IT service management capabilities regionally to achieve consistent SLAs (Service Level Agreements), enable faster IT problem resolution, and establish a more proactive incident management system. This standardisation of technical and application architecture and infrastructure was also intended to achieve cost optimisation and desired technical support levels.

GIOD's Digital Banking initiative saw the Division focusing on developing solutions that directly responded to the increasing use of digital platforms and mobile apps, combining a fully integrated offer of banking services through a direct, multi-channel approach. Dedicated teams were set up through COEs to support business transformation and digital initiatives across the region. GIOD also strove to maximise the use of existing technology, retire old platforms, selectively deploy new digital solutions, and embrace the Regional Operating Model to increase productivity and efficiency.

In November, we had deployed the Samsung Pay program into production. Another notable digital offering for enhanced customer experience is CIMB EVA (Enhanced Virtual Assistance). This mobile banking application allows a two-way messaging between customers and the Group. It can be used to check account balances, pay bills, make mobile reloads, and receive notifications on the Group's latest offers. We also introduced CIMB Pay which is also another innovation response to the increasing trend to respond to customers going digital. Customers can make payments by tapping their phones on any contactless terminals with Near Field Communication (NFC) technology.

GIOD COEs deliver business values rapidly through internally developed capabilities, enabling shorter turnaround times and more cost-effective solutions. Regulatory requirements were also swiftly implemented



In Singapore, our Instant Disbursement capability for Cash Lite loans was first in the market. Working relationships with key FinTech players, telecommunication providers (Advanced Info Service) and retail chains (7-Eleven) will also rapidly evolve allowing GIOD to facilitate the provision of new offerings, increase the Group's market share, and generate new revenue streams in Thailand.

CHALLENGES, RISKS AND MITIGATION

Mobile technology and big data analytics will create a big push in the near future to provide real-time interactions with customers. What this means to GIOD is that we have to become experts in real-time data analysis and reimagine digital ways of accessing financial services to be able to provide the right products, to the right customers at the right time. To gear up we are actively converging the core platforms that run internet and mobile banking to allow us to release next generation banking functionality faster into both platforms. We are also enhancing the way we manage and process customer data (including Big Data) and focusing on real-time, event-based marketing engines.

In order to be more nimble, GIOD together with our stakeholder are adopting a two-speed IT model where digital initiatives are executed in a more agile environment. While digital initiatives may function today in a two-speed model, over time, the culture of agility and extreme customer-centricity needs to be permeated across the enterprise. At CIMB, we believe that creating an environment conducive to ideating and bringing ideas to fruition, coupled with the opportunity to develop one's full potential will be effective at managing talent.

This will call for higher resiliency as banking anywhere anytime will be the norm moving forward.

GROUP INTERNAL AUDIT DIVISION (GIAD)

KEY ROLES



To provide independent appraisals of the adequacy, efficiency and effectiveness of the Group's internal control systems through regular evaluation of the Group's control environment, risk assessment practices, information sources, communication effectiveness and monitoring practices throughout the Group's regional network of operations



To ensure consistency in the deployment of best practices throughout this network by maintaining close working ties with the internal audit heads of CIMB Niaga in Indonesia, CIMB Singapore, CIMB Thai and CIMB Cambodia

The operating environment in 2016 was as challenging as it was in the previous year, with increasing stringency in the regulatory space going hand in hand with growing stakeholder calls for more robust, effective and efficient audits. Group Internal Audit Division (GIAD) thus continues to intensify its identification of control gaps before they cause loss or damage to the Group, or before the regulatory authorities identify them.

However, resource constraints faced by GIAD in the year under review posed some challenges to its audit plan delivery. Indeed, in 2016, GIAD had an average headcount of

only 132, 23 fewer personnel than the budgeted headcount of 155, and yet had to take on unbudgeted adhoc compliance and validation reviews required by regulators. It was nevertheless able to complete 23 unbudgeted reviews requested by regulators that required approximately 1,900 man-days (or a headcount of 9), and had issued 336 reports within the year. Recruitment and retention of suitably skilled and qualified auditors, subject to budgetary allowances, thus forms one of GIAD's current priorities to expand its operational capacity.

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OUR BUSINESS ENABLERS (CONT'D.)

With the banking environment's increasing complexity and its attendant expansion of internal audit's scope by regulators, it was imperative for GIAD staff to stay abreast of industry developments through training and development initiatives. In 2016, 14 auditors attained the Islamic Finance certification (a programme supported by the Islamic Banking & Finance Institute of Malaysia (IBFIM)), while the second batch of 11 staff had passed the intermediate level in December 2016 to progress onto the advanced level in 2017.

In September 2016, GIAD had also passed a surveillance audit by SIRIM QAS International under the ISO9001:2008 Certification for Internal Audit Services, a recognition of its adherence to the highest standards of quality management, for the third consecutive year. In 2017, GIAD will prepare to adopt the ISO 9001:2015 Standard, an upgraded version of ISO9001:2008.

In an effort to promote risk and control culture in the first line of defence, GIAD continues to run the Branch Manager Attachment Program (BMAP) that has received the participation of 77 Branch Managers (BMs) since its rollout in 3Q2013, 6 of whom graduated in 2016. A further 22 BMs completed this programme in 2016 and have graduated in February 2017, while another 24 will complete it in 2017. Such programme has also been extended to other business and support units in the year under review.

GIAD's audits and investigations during the year had contributed to cost savings and income leakage preventions totalling around RM3.0 million.

GROUP MARKETING AND COMMUNICATIONS (GMCD)

KEY ROLES



Entrusted with the positioning, marketing and communications agenda of the Group



To enable the sustainable growth of the CIMB brand

Group Marketing and Communications (GMCD) is entrusted with the positioning, marketing and communications agenda of the Group. It enables the sustainable growth of the CIMB brand and works closely with the Group's business units throughout the region. GMCD comprises four main departments, i.e. marketing, brand and sponsorship management; corporate events; group content, digital marketing platforms & channels; and marketing analysis, business enablement and project management office, and also the marketing divisions of all operating markets.

In 2016, the Group continued to strengthen the CIMB brand in the region, resulting in it retaining its position in the list of Top 10 Strongest ASEAN Banking Brands. CIMB's brand value improved to USD1.9 billion from USD1.7 billion in 2015, while our global rank has moved up to 108 from 110. These outcomes were predicated on the host of branding activities undertaken throughout the year.

The Group continued to play host to international events in 2016, strengthening brand equity and positioning the brand in the eyes of the world. The year saw CIMB Classic featuring one of the strongest lineups in the

tournament's history, with nine out of the top 13 hailing from the final 2015-16 FedExCup rankings. Justin Thomas, 23 years old, defended his title by three strokes over Hideki Matsuyama to claim his second career PGA TOUR victory. Both Thomas and Matsuyama have gone on to win multiple events in the subsequent months, both entering career-high top-10 positions in world rankings, and rivaling each other for the top spot early in the 2016-17 FedExCup season. The Fairway Fest, meanwhile, is a lifestyle extension of the tournament that debuted this year, showcasing legendary ASEAN songstress Sheila Majid, SonaOne, Dasha Logan and De Fam. The Public Village also saw fan enhancements to the food pavilion and family fun zone activities. An estimated 35,000 people attended the four competition days, with the tournament broadcasted to over one billion households in 225 countries and territories in 32 languages globally.

Our celebrity endorsement efforts continued in the year, helping our campaigns achieve better client engagement through social media sensations like Elizabeth Tan, Shaheizy Sam, Yana Samsudin, Shuib (Sepahtu), and Rahim (Sepahtu), whose collective 15-million-strong follower base netted 7.8 million video views.



The marketing team in Indonesia championed sports and community engagement in Indonesia through The Color Run Indonesia, the most participated “fun run” event in Indonesia with over 12,000 runners signing up. This event registered a PR value of IDR18.9 billion and 89.4 million social media impressions. Additionally, the division organised the Khatulistiwa Drama Musikal to showcase the national history of Indonesia through musical play and video production/film that will be distributed to 5,000 schools throughout the Republic. The event also helped establish the reputation of CIMB Niaga as the business citizen that cares about national history and education, and served to strengthen CIMB Niaga’s bonds with its key stakeholders, including clients, government authorities, and the local communities.

Marketing programmes were planned throughout the year to maximise the Group’s branding impact on our diverse customer segments throughout ASEAN. The marketing team in Malaysia collaborated with Astro to more effectively engage the Malay segment through our sponsorship of Astro’s key assets like “Oh My Budget”, a series of educational capsules to deliver messages about responsible spending and saving in an engaging and facetious way.

CIMB Islamic’s position as the No. 1 Sukuk arranger in the world was reinforced through our active involvement in forums, key publications and profiling. Among the forums that CIMB Islamic participated in were the Organisation of Islamic Countries Forum 2016; the Bond, Loans and Sukuk Middle East Summit 2016; and the Islamic Finance News Asia Forum. In line with the Group’s 1Drive initiatives, CIMB Islamic also enhanced its brand affinity through festive campaigns and a flagship sponsorship of Malaysia Agriculture, Horticulture & Agrotourism 2016 (MAHA 2016) International Exposition, which was a runaway success with over four million visitors, and agricultural produce sales and signings worth

RM380 million. CIMB Islamic also won a number of awards that solidified its longstanding position as the world’s top Sukuk arranger.

Business awareness of the Group’s commercial banking operations was enhanced via our engagement with professional associations and vernacular media platforms. The year-long arrangement with the Branding Association of Malaysia via a sponsorship agreement generated strong brand equity with commercial banking customers in key sectors. Our sponsorship of the Sin Chew Business Excellence Awards provided a national media platform consisting of events, publicity and exposure to Malaysia’s leading businesses in the Chinese community. GMCD also facilitated the provision of differentiated propositions and value to customers, such as our concerted RM1 dining deal across the Group’s merchant network to reward our loyal card base.

During the year, we maintained frequent customer engagement through corporate events held nationwide. One such event was our 100th Preferred Financial Advisory Series (FAS) in May 2016 comprising closed-door events organised to help Preferred customers stay abreast of the latest developments in the global economy, financial markets and our suite of products. Approximately 400 clients turned up at the Shangri-La, Kuala Lumpur to listen to local and international speakers who are leaders in their fields. The keynote speaker of the wealth advisory and legacy planning-themed event was Mark Mobius, executive chairman of renowned emerging-markets fund manager Templeton Emerging Markets Group.

We also entered into strategic partnerships to deliver better propositions to our customers. In March 2016, the CIMB Tesco credit card and kiosk were launched. We also introduced two new CIMB ambassadors, Yana Samsudin and Shaheizy Sam, to the media and public. In Thailand, we held the Money Expo in May 2016, an annual event that attracted the

participation of 17 banks, financial institutions and asset management companies. Almost 900,000 guests participated in the four-day event to create more awareness on financial literacy, and introduce wealth products to the public. CIMB Thai operated a booth bearing the theme “Financial Trainer”.

In Indonesia, the Jakarta Fashion Week was held in October 2016 to establish Jakarta as the regional fashion hub of ASEAN and develop a platform for engaging the affluent segment. CIMB Niaga took part in this event, Indonesia’s biggest fashion-oriented programme, to support the creative industry and boost the exposure of young local designers. This event showcased 40 local and international designers and was well attended by more than 35,000 people. CIMB Niaga also continued to support the tourism industry in Jakarta by sponsoring two double-decker buses in August 2016. These two buses will serve tourists by ferrying them, free of charge, to iconic and historical places in Jakarta, such as Monumen Nasional, the National Museum, Old Town Tourism, Masjid Istiqlal and the Cathedral Church. Tourists can also enjoy free Internet access on these buses.

The opening of CIMB Vietnam in December 2016 was attended by a 60-strong delegation from Malaysia headed by the Minister of International Trade & Industry, Dato’ Seri Mustapa Mohamed. Also present were the Malaysian Ambassador to Vietnam, as well as members of the Kuala Lumpur Business Club and ASEAN Business Club.

We continue to lead in digital marketing practices as a financial institution with the largest Facebook community in the region, on the back of effective campaigns that consistently netted more than two million views. Our Facebook fan base grew 14.7% YoY from 2,811,183 in December 2015 to 3,224,711 fans in December 2016. Key opinion leaders and celebrities have also been tapped to promote our key products and

OUR BUSINESS ENABLERS (CONT'D.)

services, such as CIMB Clicks, CIMB Petronas credit card, CIMB Tesco credit card, and Takaful Suria. The videos that were produced for these campaigns garnered a total of 6.1 million views (14.0 million if including Facebook).

Going forward, GMCD will continue to enhance our digital marketing initiatives through the new websites of CIMB Bank Cambodia, CIMB Classic, CIMB Preferred, and CIMB Cycle. We have also undertaken search-engine optimisation for cimbbank.com.my, and launched a new car and house auction website called apmart.cimbbank.com.my.

On the intranet front, CIMBNET, an internal platform that connects all staff and promotes

communication efficiencies, saw an overall increase of 8% YoY in 2016 in the number of unique visitors accessing the one-stop centre for #teamCIMB to connect to important sites and pages that are essential to their daily work. Providing round-the-clock access to critical content, it is an important tool in educating staff on the goals and direction of the Group, whilst boosting morale with initiatives that keep them engaged and involved.

GMCD's branding work was recognised by several external institutions in the year. Our CIMB Petronas Dubsmash Campaign won the Silver Award for Best Innovative Idea or Concept at the 2016 PMAA DRAGONS OF MALAYSIA (Promotion Marketing Award Of

Asia), while at the Putra Brand Awards 2016, the Group received the Silver Award in the Banking, Investment and Insurance category. At the National Annual Corporate Report Awards (NACRA) 2016, the Group's 2015 Annual Report was accorded the Silver Overall Excellence Award for Most Outstanding Annual Report of the Year, whilst our Bahasa Malaysia edition won the Platinum Award for Best Annual Report in Bahasa Malaysia.

In terms of cost management, stringent monitoring of marketing costs took place within GMCD and across various Business Units in 2016. This initiative successfully lowered 2016 marketing costs, which helped the Group's overall cost-to-income performance.

GROUP RISK

Group Risk assists the Group's management and stakeholders in monitoring and controlling the Group's risk exposures within the Board-approved Risk Appetite. Independent of business units, the Division identifies, analyses, measures, monitors, manages and controls the Group's risk across all its platforms. The Group Chief Risk Officer, who is appointed by the Board to lead the Group-wide risk management functions, including the implementation of its Enterprise-Wide Risk Management (EWRM) framework, heads the Division.

Group Risk's structure comprises two major components, namely the Chief Risk Officers (CROs) and the Risk Centres of Excellence (COEs). The former's main function is to assess and manage the enterprise risk of a country or legal entity, as well as to serve as the main risk interface to the local chief executives, board and regulators. The Risk COEs are specialised teams of risk officers

responsible for the active oversight of designated group-wide risk pillars that include Risk Analytics and Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk (Retail and Non-Retail), and Shariah Risk Management.

A significant amount of effort was dedicated throughout 2016 to translating the Board-approved Risk Appetite Statement into practical frameworks, limits and policies for use by the business units and Group Risk. The Division enhanced its sector limit framework, improved the processes and governance of its early-warning indicators and watch list, refined its risk acceptance criteria, and further enhanced various documentation and measurement standards. Additionally, the Division strengthened its retail risk, operational risk and Shariah frameworks.

KEY ROLES



To assist in monitoring and controlling the Group's risk exposures

As Group Risk implemented such changes, it also organised trainings and workshops for the relevant stakeholders to create smooth transitions and sufficient buy-in for the changes. The Division aims to back-test the effectiveness of its various change agendas to ensure its desired outcomes can be realised.



In 2016, the macroeconomic environment in all the key markets of the Group remained a veritable challenge. With the end of the commodities super cycle, weaker economic growth, volatile currency markets and China's economic rebalancing taking a toll on consumer and business sentiment, headwinds abounded.

However, such conditions also enabled Group Risk to assess the efficacy of its stress testing and other enhanced portfolio tools designed to manage the risks associated with such changes in the operating arena. The Group's Risk Appetite Dashboard was discussed at board level on a monthly basis, allowing for dynamic yet in-depth discussions on the effective mitigation of risks to the Group.

Group Risk anticipates the challenging macroeconomic backdrop to continue into 2017. This will necessarily be accompanied by evolving regulatory requirements. While a sound risk management foundation has been laid across the Group, the Division intends to further leverage on data and technology to drive its risk management agenda and thereby help enhance the risk culture of the Group.

GROUP FINANCE

Group Finance provides overall financial control, reporting and analysis for CIMB Group. We are also responsible for managing the Group's capital and balance sheet. And we serve as an essential partner to the Group's businesses, as well as external stakeholders including regulators, shareholders and analysts. Group Finance is a dynamic division that plays a pivotal role in driving and protecting the Group by delivering financial information, maintaining relationships with and meeting the requirements of stakeholders, and being a crucial advisor to businesses and the senior management team. Organisationally, country Chief Financial Officers across the Group are complemented by four broad Centres of Excellence: 1. Financial Control, which is responsible for planning and managing the Group's finances and expenditures to drive growth and efficiencies, maintain financial and regulatory reporting, and serves as an essential partner to our business and stakeholders; 2. Capital & Balance Sheet Management, which manages capital to meet the Group's business needs and the requirements of regulators, shareholders, credit rating agencies, and other stakeholders, as well as assuming responsibility for the balance sheet strategy of the Group; 3. Investor Relations, which acts as the key communication channel between the Group's senior management and all material external stakeholders including the institutional

investment community, strategic shareholders and credit rating agencies, ensuring the timely and accurate dissemination of the corporate message, developments, strategy and financials; and 4. Finance Technology, which is responsible for the delivery of reliable and timely information to Group Finance for the facilitation of analysis, reporting and decision making.

Although 2016 proved to be another challenging year for the financial industry, CIMB Group performed commendably and continued to make significant progress towards achieving our T18 targets. In 2016, Group Finance undertook, managed and/or facilitated a number of initiatives which helped improve cost management as well as financial discipline and controls of the Group, in line with our T18 target to reduce our Cost-Income ratio. Similarly, Group Finance worked in partnership with businesses as well as other enablers to further strengthen our capital and balance sheet position, in line with our T18 target to enhance our prudential ratios. Group Finance also continued to upgrade the financial and performance metrics of the Group, through the work of our Finance Technology team, to aid more sophisticated analysis and decision-making. The ability of Group Finance to provide appropriate support to the Group ultimately depends on the people in our division. Hence, in 2016, we

continued to invest time and resources in our people, including social events, teambuilding, training, succession planning, mobility, etc. to ensure we continue to attract, retain and develop the best finance professionals.

Going forward, Group Finance will continue to dynamically drive, strengthen and protect the Group, by providing and further enhancing key financial information and analytics, partnering businesses, and meeting requirements of external stakeholders, whilst ensuring overall financial control and discipline as we strive towards T18.

KEY ROLES



To dynamically drive and protect the Group through the delivery of financial information to facilitate business strategy and decisions, whilst ensuring appropriate controls and discipline

ACCELERATE AND INNOVATE YOUR
BUSINESS TO A WORLD OF
POSSIBILITIES.





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CORPORATE INFORMATION

as at 1 March 2017

BOARD OF DIRECTORS

Dato' Sri Nazir Razak Chairman/ Non-Independent Non-Executive Director	Glenn Muhammad Surya Yusuf Independent Director Watanan Petersik Independent Director Robert Neil Coombe Independent Director Datuk Joseph Dominic Silva Non-Independent Non-Executive Director Teoh Su Yin Independent Director	Dato' Lee Kok Kwan Non-Independent Non-Executive Director Hiroaki Demizu Non-Independent Non-Executive Director Mohamed Ross Mohd Din Independent Director (Appointed on 19 April 2016) Dato' Zainal Abidin Putih Senior Independent Director (Retired on 18 April 2016)
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AUDIT COMMITTEE

Datuk Mohd Nasir Ahmad Chairman/Senior Independent Director (Redesignated on 19 April 2016)	Dato' Lee Kok Kwan Non-Independent Non-Executive Director
Glenn Muhammad Surya Yusuf Independent Director	Hiroaki Demizu Non-Independent Non-Executive Director
Mohamed Ross Mohd Din Independent Director (Appointed on 19 April 2016)	Mohamed Ross Mohd Din Independent Director (Appointed on 19 April 2016)
Dato' Zainal Abidin Putih Chairman/Senior Independent Director (Retired on 18 April 2016)	Dato' Zainal Abidin Putih Senior Independent Director (Retired on 18 April 2016)

BOARD RISK COMMITTEE

Glenn Muhammad Surya Yusuf Chairman/Independent Director	Teoh Su Yin Chairman/Independent Director (Redesignated on 19 April 2016)
Datuk Mohd Nasir Ahmad Senior Independent Director	Glenn Muhammad Surya Yusuf Independent Director
Dato' Sri Nazir Razak Non-Independent Non-Executive Director	Datuk Joseph Dominic Silva Non-Independent Non-Executive Director
Datuk Joseph Dominic Silva Non-Independent Non-Executive Director	Watanan Petersik Independent Director
Robert Neil Coombe Independent Director	Mohamed Ross Mohd Din Independent Director (Appointed on 19 April 2016)
Teoh Su Yin Independent Director	Dato' Zainal Abidin Putih Chairman/Senior Independent Director (Retired on 18 April 2016)
Watanan Petersik Independent Director	

GROUP NOMINATION AND REMUNERATION COMMITTEE

Glenn Muhammad Surya Yusuf Independent Director	Dato' Lee Kok Kwan Non-Independent Non-Executive Director
Datuk Mohd Nasir Ahmad Senior Independent Director	Hiroaki Demizu Non-Independent Non-Executive Director
Dato' Sri Nazir Razak Non-Independent Non-Executive Director	Mohamed Ross Mohd Din Independent Director (Appointed on 19 April 2016)
Datuk Joseph Dominic Silva Non-Independent Non-Executive Director	Dato' Zainal Abidin Putih Senior Independent Director (Retired on 18 April 2016)
Robert Neil Coombe Independent Director	
Teoh Su Yin Independent Director	
Watanan Petersik Independent Director	

GROUP COMPENSATION REVIEW COMMITTEE

Dato' Sri Nazir Razak Chairman/ Non-Independent Non-Executive Director
Datuk Dr Syed Muhamad Syed Abdul Kadir Non-Independent Non-Executive Director/ Chairman, CIMB Islamic Bank
Tengku Dato' Sri Zafrul Tengku Abdul Aziz Group Chief Executive Officer/ Executive Director

GROUP BOARD OVERSIGHT COMMITTEE

Dato' Sri Nazir Razak Chairman/ Non-Independent Non-Executive Director
Tengku Dato' Sri Zafrul Tengku Abdul Aziz Group Chief Executive Officer/ Executive Director
Teoh Su Yin Independent Director
Dato' Lee Kok Kwan Non-Independent Non-Executive Director



GROUP COMPANY SECRETARY

Datin Rossaya Mohd Nashir
LS 0007591

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Website: www.cimb.com
Investor Relations: ir@cimb.com
Senior Independent Director: cimbSID@cimb.com

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www.twitter.com/CIMB_Assists
www.instagram.com/cimbmalaysia/
www.linkedin.com/company/cimb

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Selangor Darul Ehsan
Malaysia
Tel: 603-7841 8000
Fax: 603-7849 0777

AUDITORS

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Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
PO Box 10192
50706 Kuala Lumpur

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia
Securities Berhad since 3 November 1987

GROUP MANAGEMENT COMMITTEE

Tengku Dato' Sri Zafrul Tengku Abdul Aziz

Group Chief Executive Officer/
Executive Director
Chief Executive Officer, CIMB Bank

Dato' Kong Sooi Lin

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

Rafe Haneef

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

Renzo Christopher Viegas

Adviser, Group Consumer Banking

Yong Jiunn Run

Chief Executive Officer,
Group Commercial Banking

Effendy Shahul Hamid

Chief Executive Officer,
Group Asset Management & Investments

Mak Lye Mun

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

Tigor M. Siahaan

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

Shahnaz Jammal

Group Chief Financial Officer

Dato' Hamidah Nazaadin

Group Chief People Officer

David Richard Thomas

Group Chief Risk Officer

Mohamed Adam Wee Abdullah

Group Chief Marketing Officer/
Group Chief Customer Experience Officer

Lim Tiang Siew

Group Chief Internal Auditor

Lee Chin Tok

Group General Counsel

Kwan Keen Yew

Group Chief Compliance Officer

Gurdip Singh Sidhu

Group Chief Strategy Officer

Thomas Meow Yoke Nean

Adviser, Group Wholesale Banking

Chu Kok Wei

Group Head, Treasury and Markets

Samir Gupta

Chief Executive Officer,
Group Consumer Banking
(Appointed on 1 July 2016)

Kittiphun Anutarasoti

Country Head, Thailand
President & Chief Executive Officer,
CIMB Thai Bank
(Appointed on 19 October 2016)

Hendra Lempong

Chief Executive Officer,
Group Transaction Banking
(Appointed on 1 January 2017)

Subhak Siwaraksa

Country Head, Thailand
President & Chief Executive Officer,
CIMB Thai Bank
(Resigned on 19 October 2016)

Datuk Iswaraan Suppiah

Group Chief Information & Operations Officer
(Resigned on 28 October 2016)

GROUP SHARIAH COMMITTEE

Sheikh Associate Professor Dr Mohamed Azam Mohamed Adil

Chairman

Sheikh Professor Dr Mohammad Hashim Kamali

Sheikh Dr Nedham Yaqoobi

Sheikh Yang Amat Arif Dato' Dr Haji Mohd Nai'm Haji Mokhtar

Sheikh Associate Professor Dr Shafaai Musa

Sheikh Dr Yousef Abdullah Al Shubaily

Sheikh Muhammad Taufik Ridlo

(Retired on 31 March 2016)

Professor Dato' Dr Noor Inayah Yaakub

(Retired on 31 December 2016)

Sheikh Professor Dato' Dr Sudin Haron

(Retired on 31 December 2016)

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BOARDS OF MAJOR SUBSIDIARIES

CIMB BANK BERHAD

Chairman

Dato' Zainal Abidin Putih

Non-Independent Non-Executive Director
(Redesignated on 19 April 2016)

Members

Dato' Sri Nazir Razak

Deputy Chairman/
Non-Independent Non-Executive Director

Tengku Dato' Sri Zafrul Tengku Abdul Aziz

Chief Executive Officer/Executive Director

Datuk Dr Syed Muhamad Syed Abdul Kadir

Non-Independent Non-Executive Director
(Resigned on 30 June 2016)

Rosnah Dato' Kamarul Zaman

Independent Director

Datin Grace Yeoh Cheng Geok

Independent Director

Venkatachalam Krishnakumar

Independent Director

Dato' Sri Amrin Awaluddin

Independent Director

CIMB BANK

Ahmad Zulqarnain Che On

Non-Independent Non-Executive Director

Datuk Mohd Nasir Ahmad

Independent Director

Dato' Lee Kok Kwan

Non-Independent Non-Executive Director

Afzal Abdul Rahim

Independent Director
(Appointed on 29 June 2016)

Secretary

Datin Rossaya Mohd Nashir

CIMB INVESTMENT BANK BERHAD

Chairman

Dato' Robert Cheim Dau Meng

Chairman/
Non-Independent Non-Executive Director

Members

Nadzirah Abd Rashid

Independent Director

Manu Bhaskaran

Independent Director

Dato' Kong Sooi Lin

Chief Executive Officer/Executive Director

Didi Syafruddin Yahya

Independent Director
(Appointed on 10 January 2017)

CIMB

Dato' David Chua Ming Huat

Independent Director
(Resigned 10 January 2017)

Secretary

Datin Rossaya Mohd Nashir

CIMB ISLAMIC BANK BERHAD

Chairman

Datuk Dr Syed Muhamad Syed Abdul Kadir

Chairman/
Non-Independent Non-Executive Director

Members

Rafe Haneef

Chief Executive Officer/Executive Director

Rosnah Dato' Kamarul Zaman

Independent Director

Professor Dato' Dr Sudin Haron

Independent Director

Mohamed Ross Mhd Din

Independent Director
(Appointed on 19 April 2016)

Habibah Abdul

Independent Director
(Resigned on 12 April 2016)

CIMB ISLAMIC

Associate Professor Dr Mohamed Azam bin Mohamed Adil

Independent Director
(Resigned on 4 November 2016)

Secretary

Datin Rossaya Mohd Nashir



PT BANK CIMB NIAGA TBK

President Commissioner

Dato' Sri Nazir Razak
Non-Independent Commissioner

Members

Glenn Muhammad Surya Yusuf
Vice-President Commissioner
Non-Independent Commissioner

Zulkifli M. Ali
Independent Commissioner

Pri Notowidigdo

Independent Commissioner

Ahmad Zulqarnain Onn

Non-Independent Commissioner

David Richard Thomas

Non-Independent Commissioner

Armida S. Alisjahbana

Independent Commissioner
(Appointed on 15 April 2016)



Jeffrey Kairupan

Independent Commissioner
(Appointed on 15 April 2016)

Roy Edu Tirtadji

Independent Commissioner
(Retired on 15 April 2016)

Sri Hartina Urip Simeon

Independent Commissioner
(Retired on 15 April 2016)

Corporate Secretary

Fransiska Oei

CIMB THAI BANK PCL

Chairman

Chakramon Phasukavanich
Non-Independent Non-Executive Director
(Appointed on 1 May 2016)

Members

Dato' Robert Cheim Dau Meng
Non-Independent Non-Executive Director
Vice Chairman
(Redesignated on 1 May 2016)

Mr Sukont Kanjana-Huttakit
Independent Director

Dato' Shaarani bin Ibrahim

Independent Director

Watanan Petersik

Independent Director

Chitrapongse Kwangsukstith

Non-Independent Executive Director

Serena Tan Mei Shwen

Non-Independent Non-Executive Director

Dato' Lee Kok Kwan

Non-Independent Non-Executive Director



Pravej Ongartsittigul

Independent Director
(Appointed on 1 May 2016)

Kittiphun Anutarasoti

President and Chief Executive Officer
(Appointed on 19 October 2016)

Subhak Siwaraksa

President/Chief Executive Officer
(Resigned on 19 October 2016)

Secretary

Thaphop Kleesawan

CIMB BANK PLC, CAMBODIA

Chairman

Dato' Shaarani Ibrahim
Independent Director

Members

Dato' Wira Zainal Abidin Mahamad Zain
Independent Director

Dr Mey Kalyan

Independent Director

Kua Wei Jin

Non-Independent Non-Executive Director

Bun Yin

Non-Independent Executive Director



Joint Secretaries

Ly Sophea
Datin Rossaya Mohd Nashir

CIMB BANK (VIETNAM) LIMITED

Chairman

Dato' Wira Zainal Abidin Mahamad Zain
Chairman/Independent Non-Executive

Members

Dato' Shaarani Ibrahim
Independent Director

Mr Kua Wei Jin

Non-Independent Non-Executive

Mr Quan Trong Thanh

Non-Independent Non-Executive

Mr Yew Wan Kup

Non-Independent Executive



Joint Secretaries

Tran Hai Long
Datin Rossaya Mohd Nashir

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KEY BUSINESS UNITS/ENTITIES



CIMB GROUP

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

As the fifth largest banking group in ASEAN, CIMB has around 39,000 staff in 16 countries across ASEAN, Asia and beyond. CIMB Investment Bank provides market-leading conventional and Islamic financial advice for a tailored delivery of banking solutions to its clients. CIMB has structured and executed award winning deals which showcase its ability to innovate and help clients to achieve their

goals. CIMB also has an extensive retail banking network of over 900 branches serving over 12 million customers. Beyond ASEAN, CIMB also has presence in China & Hong Kong, India, Sri Lanka, Taiwan, Korea, the US and the UK.

CIMB is ranked among the top banks in ASEAN, garnering numerous awards across the years such as the 2016 Islamic Bank of the Year – Global award by The Banker magazine, Best Bank 2016 and Best Investment Bank in Malaysia 2016 by FinanceAsia Country Awards and many others.

CIMB has been listed on the Main Market of Bursa Malaysia since 1987 and was one of the largest companies at the end of 2016 with a market capitalisation of RM40.0 billion. Total assets at the end of 2016 were RM485.8 billion, with total shareholders' funds of RM45.3 billion and total Islamic assets of RM82.8 billion.

Substantial shareholders at the end of 2016 were Khazanah Nasional with 29.34%, Employees Provident Fund with 16.12% and Mitsubishi UFJ Financial Group with 7.07% (including direct interest of 4.65% via the Bank of Tokyo – Mitsubishi UFJ, Ltd).



CIMB BANK

CIMB Bank is the Group's commercial bank in Malaysia. It also has branches in Singapore, London and Laos and representative offices in Shanghai, Yangon and Mumbai.



CIMB INVESTMENT BANK

CIMB investment banking franchise operates in 16 countries across Asia Pacific. CIMB Securities International serves institutional clients throughout the Asia Pacific region as well as global investors in the Asia Pacific equity markets.



CIMB ISLAMIC

CIMB Islamic is the Group's global Islamic banking and finance franchise. It operates in parallel with the Group's universal banking platform.



CIMB NIAGA

CIMB Niaga is the Group's banking franchise in Indonesia. It has been listed on the Indonesia Stock Exchange since 1989 and was the fifth largest bank in Indonesia by assets at the end of 2016.



ซีเอ็มบี ไทย

CIMB THAI BANK

CIMB Thai is the Group's banking franchise in Thailand. It has been listed on the Stock Exchange of Thailand and is the 8th largest commercial bank in Thailand by assets with over 92 branches nationwide and 1 overseas branch in Vientiane, Laos.



CIMB BANK PLC

CIMB Cambodia is the Group's banking franchise in Cambodia. CIMB Cambodia has 12 branches in Phnom Penh, Siem Reap, Sihanoukville, Battambang and Kampong Cham, offering a wide range of banking products and services for individuals, businesses and corporates.

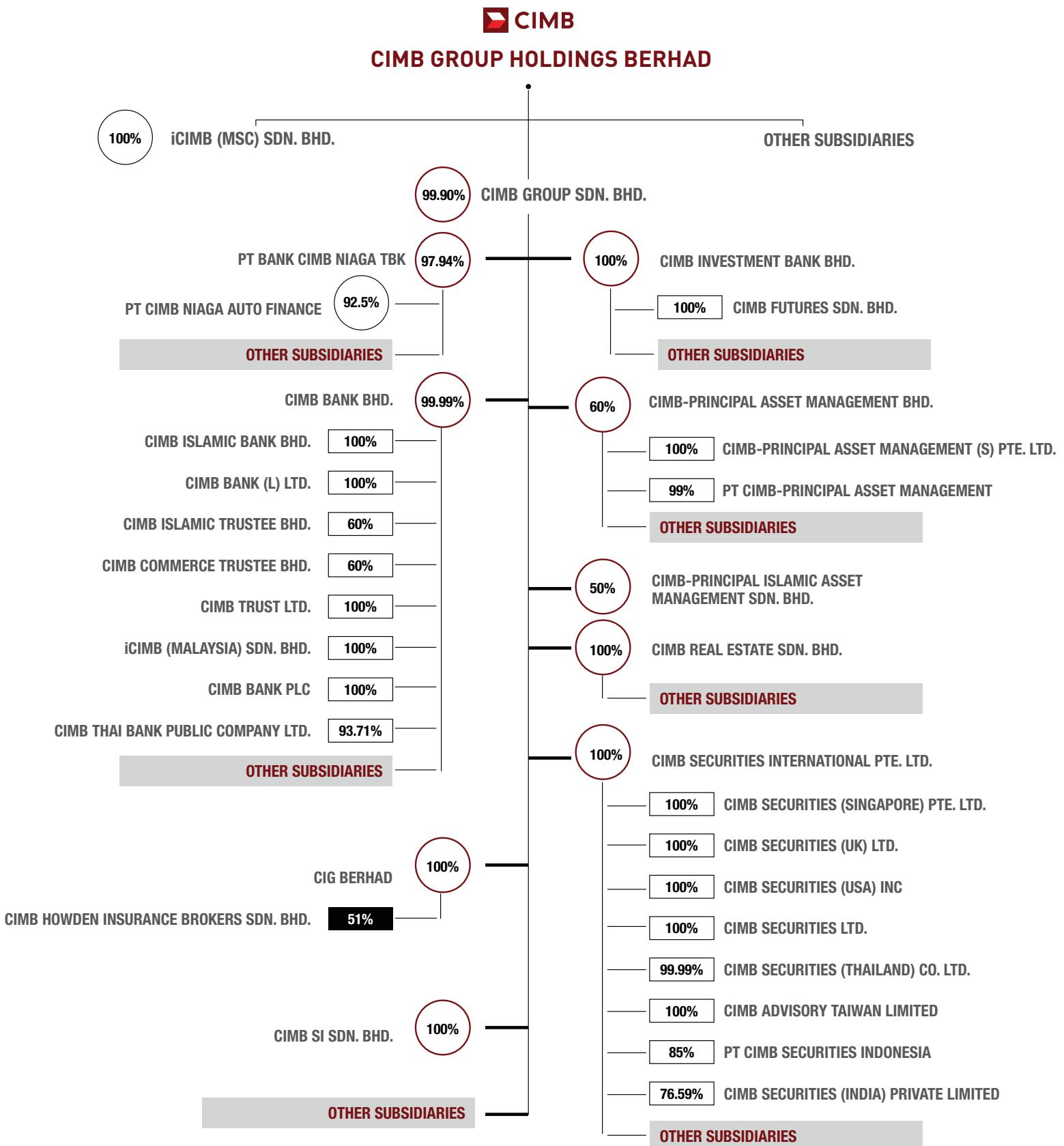


CIMB VIETNAM

In 2016, CIMB Group began banking operations in Vietnam through its wholly-owned subsidiary, CIMB Bank (Vietnam) Limited. Headquartered in Hanoi, CIMB Bank Vietnam offers a wide range of banking products and services for individuals, businesses and corporates.

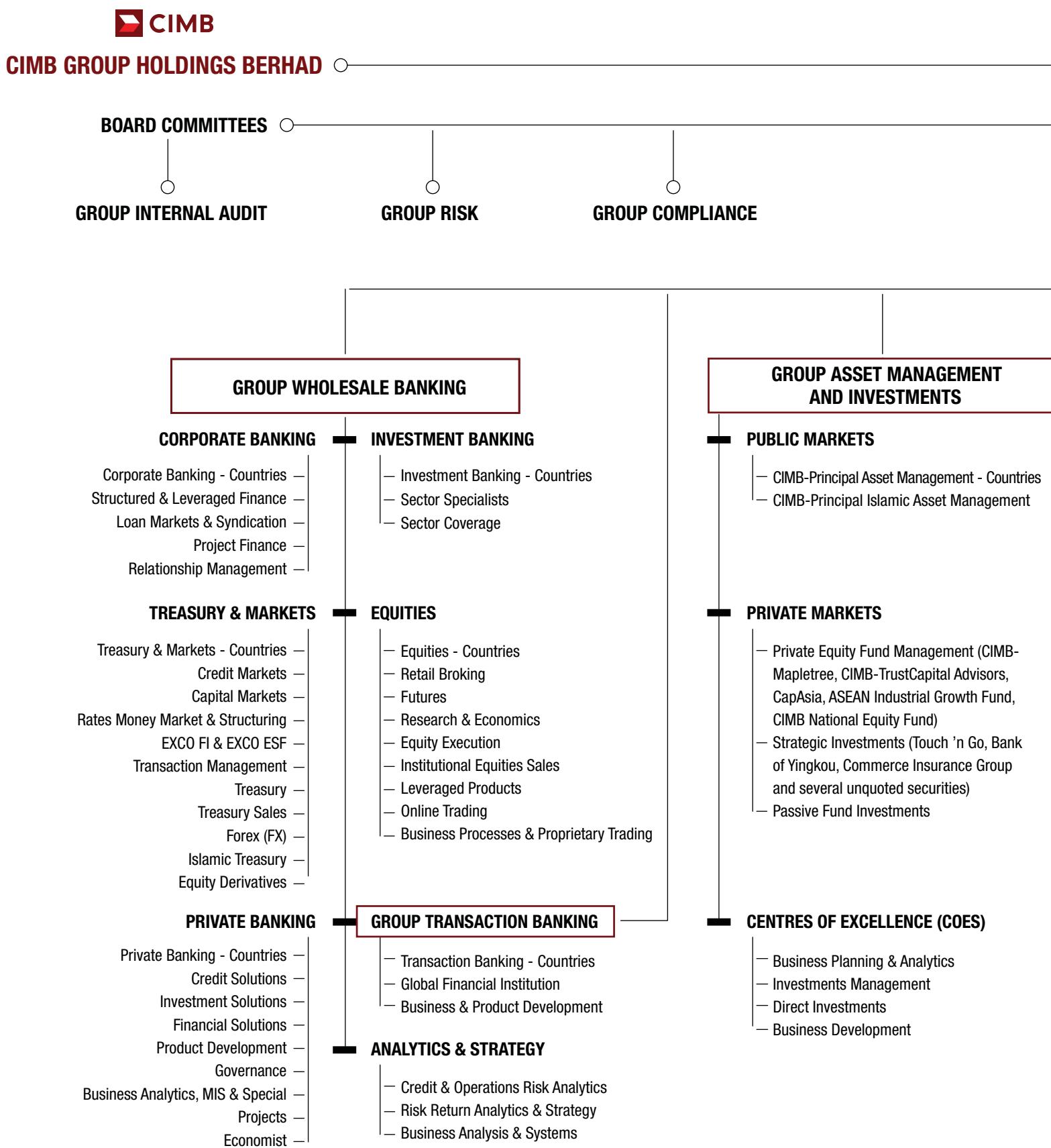


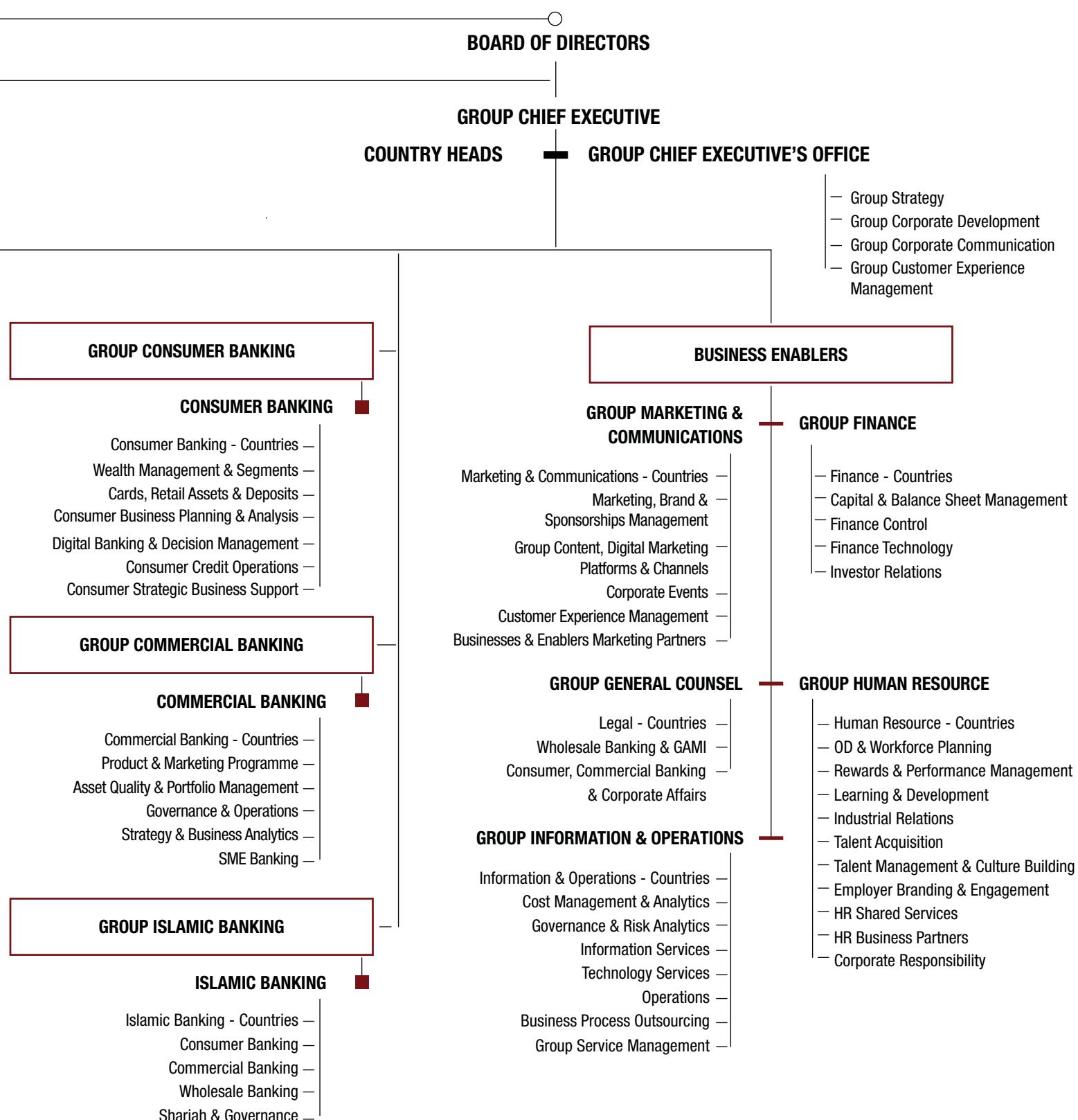
CORPORATE STRUCTURE



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CIMB GROUP ORGANISATION STRUCTURE





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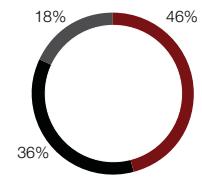
BOARD OF DIRECTORS



BOARD BALANCE AND COMPOSITION

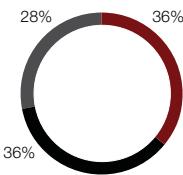
- | | |
|----------|---|
| 1 | Senior Independent Director |
| 6 | Independent Directors |
| 4 | Non-Independent Non-Executive Directors |

AGE GROUP



- 50 Years & Below
- 51 Years – 60 Years
- 61 Years – 70 Years

LENGTH OF TENURE AS DIRECTOR



- 5 Years & Above
- 2 Years – 5 Years
- 0 Year – 2 Years

**GENDER****9****2**

Male & Female

NATIONALITY**7**

Malaysian

4

Non-Malaysian

From left to right:

- Hiroaki Demizu • Dato' Lee Kok Kwan • Robert Neil Coombe
- Watanan Petersik • Tengku Dato' Sri Zafrul Tengku Abdul Aziz
- Dato' Sri Nazir Razak • Teoh Su Yin • Datuk Joseph Dominic Silva
- Glenn Muhammad Surya Yusuf • Datuk Mohd Nasir Ahmad
- Mohamed Ross Mohd Din

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BOARD OF DIRECTORS PROFILE



RELEVANT EXPERIENCE

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

During his tenure as Group Managing Director/Chief Executive Officer of CIMB, Dato' Sri Nazir was recognised as Malaysia's top executive/CEO on several occasions. He was the youngest recipient of FinanceAsia's 'Lifetime Achievement Award' in 2009 and was also awarded Euromoney's 'Outstanding Achievement Award' in 2012 in recognition of his outstanding contribution to the Asian financial markets. In 2015, he was conferred the prestigious Asia House's 'Asian Business Leaders Award' for his overall contribution to economic success, professional excellence, moral leadership and service to society.

Dato' Sri Nazir is a Member of Investment Panel of the Employees' Provident Fund (EPF) and the International Advisory Board of the Blavatnik School of Government at the University of Oxford. He is Chairman of EPF's Investment Panel Risk Committee, and the World Economic Forum's ASEAN Regional Strategy Group and ASEAN Regional Business Council. He is a Member of the Advisory Board of the Centre for Asian Philanthropy and Society, and a Trustee of CIMB Foundation, the Rahah Foundation and the Pride Foundation.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRG	GNRC	GCRC
Chairman 12/12*	-	Chairman 10/10	Member 5/6	-	Chairman 6/6

Note: * Leave of absence from 19 April to 19 May 2016

DATO' SRI NAZIR RAZAK

Chairman, Non-Independent Non-Executive Director

Nationality	Malaysian
Age/Gender	50/Male
Date of Appointment	27 January 2006
Length of Tenure as Director	11 years

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Group Board Oversight Committee (GBOC) and Group Compensation Review Committee (GCRC)
- Member of the Board Risk Committee (BRC)

QUALIFICATIONS

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

AREAS OF EXPERTISE

- Management, Finance and Banking

DIRECTORSHIP

Listed Entities

- President Commissioner of PT Bank CIMB Niaga Tbk

Public Companies

- Director of Khazanah Nasional Bhd
- Deputy Chairman/Non-Independent Non-Executive Director of CIMB Bank Berhad

Declaration

- He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company, except being a Director of Khazanah Nasional Berhad and the brother of Dato' Sri Mohd Najib Tun Hj Abdul Razak, the Chairman of Khazanah Nasional Berhad
- He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2016



TENGKU DATO' SRI ZAFRUL TENGKU ABDUL AZIZ

Group Chief Executive Officer/Executive Director

Nationality	Malaysian
Age/Gender	43/Male
Date of Appointment	27 February 2015
Length of Tenure as Director	2 Years

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Group Compensation Review Committee (GCRC) and Group Board Oversight Committee (GBOC)

QUALIFICATIONS

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

AREAS OF EXPERTISE

- Finance and Banking, Leadership, Corporate

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Chief Executive Officer/Executive Director of CIMB Bank Berhad

Declaration

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



RELEVANT EXPERIENCE

Tengku Dato' Sri Zafrul Tengku Abdul Aziz is the Group Chief Executive Officer/Executive Director of CIMB Group Holdings Berhad, a leading ASEAN universal bank and a world leader in Islamic finance with presence in 16 countries worldwide. He is also the Chief Executive Officer/Executive Director of CIMB Bank Berhad.

With over 20 years of experience in the financial services sector, specialising in Investment Banking, Zafrul's last position was with Maybank Investment Bank Berhad and Maybank Kim Eng Holdings as Chief Executive Officer. He also held senior positions in Citigroup Malaysia, Kenanga Holdings Berhad and Avenue Securities (now known as ECM Libra). He also experienced being an entrepreneur by setting up Tune Money Sdn Bhd, Asia's first "no-frills" online financial service provider.

Outside of CIMB, Zafrul is an advocate of Malaysia's socioeconomic development and currently heads the Kuala Lumpur Business Club. He is on the boards of the Malaysian Investment Development Authority (MIDA) and Perbadanan PR1MA Malaysia. Zafrul is also actively involved in developing the youth of the nation – he is on the Advisory Board of the Young Corporate Malaysians and was also appointed by the Ministry of Education Malaysia as an Adjunct Professor at University Sains Islam Malaysia under the CEO Faculty Programme. He is also the Chairman of Enactus Malaysia Foundation, an international non-profit organisation aimed at grooming university students into future leaders. Zafrul is also an Honorary Commander of the Navy Volunteer Reserve under the Royal Malaysian Navy.

Zafrul graduated from the University of Bristol, United Kingdom with a Bachelor of Science (Hons) Economics and Accounting and obtained a Master of Arts (MA) in Finance and Management from the University of Exeter, United Kingdom. He also holds a fellowship with the Asian Institute of Chartered Bankers.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRG	GNRC	GCRC
Member 18/18	–	Member 10/10	–	–	Member 6/6

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BOARD OF DIRECTORS PROFILE (CONT'D.)



RELEVANT EXPERIENCE

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

He brings with him vast experience in the areas of finance, accounting and management which spans 37 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 2011, he was appointed CEO of Perbadanan Usahawan Nasional Berhad, a position he held until his retirement on 1 June 2011.

DATUK MOHD NASIR AHMAD

Senior Independent Director

Nationality	Malaysian
Age/Gender	62/Male
Date of Appointment	20 July 2015
Length of Tenure as Director	2 Years

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of Audit Committee (AC)
- Member of the Board Risk Committee (BRC)

QUALIFICATIONS

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

AREAS OF EXPERTISE

- Finance, Accounting, Management

DIRECTORSHIP

Listed Entities

- Senior Independent Director of Media Prima Berhad

Public Companies

- Independent Director of MIMOS Berhad
- Independent Director of SIRIM Berhad
- Independent Director of Sistem Television Malaysia Berhad

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 2016*

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 17/19	Chairman 18/18	-	Member 6/6	-	-



GLENN MUHAMMAD SURYA YUSUF

Independent Director

Nationality	Indonesian
Age/Gender	61/Male
Date of Appointment	25 January 2010
Length of Tenure as Director	7 Years

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Risk Committee (BRC)
- Member of the Audit Committee (AC) and Group Nomination and Remuneration Committee (GNRC)

QUALIFICATIONS

- Bachelor of Economics, University of the Philippines
- Masters in Business Management, Asian Institute of Management, Manila, Philippines

AREAS OF EXPERTISE

- Finance and Banking, Investment Banking, Leadership

DIRECTORSHIP

Listed Entities

- Vice President Commissioner of PT Bank CIMB Niaga TBK

Public Companies

- Nil

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 2016



RELEVANT EXPERIENCE

Glenn Muhammad Surya Yusuf has served on CIMB's International Advisory Panel since 2006 and was Deputy Chairman of the Bank Niaga – Bank Lippo Integration Steering Committee in 2008.

He has been a Commissioner of PT Bank CIMB Niaga Tbk since April 2010 and assumed his current position as Vice President Commissioner in June 2012.

Glenn is a prominent figure in the Indonesian corporate scene, having over 30 years of experience in the corporate and financial sectors, including a tenure at the then PT Bank Niaga Tbk (1985-1994) where he rose to the position of Finance Director, Director General Financial Institutions, Ministry of Finance in 1998 and served as the third Chairman of the Indonesian Bank Restructuring Agency (IBRA) from 1998 to 2000.

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

In government service, Glenn was the Head of the Minister of Finance Assistance Team for Financial Sector Restructuring, Department of Finance, Republic of Indonesia from October 2001 to October 2002.

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

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

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 16/19	Member 15/18	-	Chairman 6/6	Member 9/9	-

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BOARD OF DIRECTORS PROFILE (CONT'D.)



RELEVANT EXPERIENCE

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

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

WATANAN PETERSIK

Independent Director

Nationality	Thai
Age/Gender	56/Female
Date of Appointment	25 January 2010
Length of Tenure as Director	7 Years

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Board Risk Committee (BRC) and Group Nomination and Remuneration Committee (GNRC)

QUALIFICATION

- Bachelor of Arts (Magna Cum Laude), Bryn Mawr College, Pennsylvania, USA

AREAS OF EXPERTISE

- Finance and Banking

DIRECTORSHIP

Listed Entities

- Independent Director of CIMB Thai Bank PCL

Public Companies

- Nil

Declaration

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

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 17/19	-	-	Member 6/6	Member 9/9	-



ROBERT NEIL COOMBE

Independent Director

Nationality Australian

Age/Gender 53/Male

Date of Appointment 16 April 2014

Length of Tenure as Director 3 Years

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Board Risk Committee (BRC)

QUALIFICATION

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

AREAS OF EXPERTISE

- Corporate, Leadership, Management Operations, Finance and Banking

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Nil

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 2016



RELEVANT EXPERIENCE

Robert Neil Coombe has over 35 years of corporate experience in Australia and Asia including over 10 years in a Chief Executive Officer (CEO) capacity. He is currently the CEO of QSRH Ltd which owns and operates three iconic brands in the Quick Service Restaurant Sector with 12,000 people employed throughout 570 restaurants in Australia and New Zealand.

Prior to joining GSRH Ltd, Robert spent two years running Westpac's Retail, Business and Agri banking operations throughout Australia. For the six years before that, he was the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation business in Australia.

Robert holds directorships in various private companies and is also a founding Director and Deputy Chairman of the Australia Indigenous Education Foundation, Deputy Chairman of Surfing Australia and a member of the Advisory Board of the UTS Faculty of Law.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 16/19	–	–	Member 5/6	–	–

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BOARD OF DIRECTORS PROFILE (CONT'D.)



RELEVANT EXPERIENCE

Datuk Joseph Dominic Silva joined Khazanah Nasional Berhad in August 2008 and is currently Executive Director and Head of Investments at Khazanah Nasional Berhad.

Prior to joining Khazanah Nasional Berhad, he spent 18 years in the banking sector in regional and international roles across the areas of relationship management, structured finance, capital markets, risk and portfolio management and strategic business development.

Datuk Joseph also serves as a Director on various other private companies.

DATUK JOSEPH DOMINIC SILVA

Non-Independent Non-Executive Director

Nationality	Malaysian
Age/Gender	52/Male
Date of Appointment	30 June 2014
Length of Tenure as Director	2 Years

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Board Risk Committee (BRC) and Group Nomination and Remuneration Committee (GNRC)

QUALIFICATIONS

- Senior Management Programme, Henley Management College, United Kingdom
- Bachelor of Finance, University of Wales, United Kingdom

AREAS OF EXPERTISE

- Finance and Banking (Investment, Relationship Management, Structured Finance, Capital Markets, Risk)

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Nil

Declaration

- *He does not have any conflict of interest or any family relationship with any other Director and/or major shareholders of the Company, except by virtue of being a representative of Khazanah Nasional Berhad*
- *He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2016*

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 18/19	-	-	Member 6/6	Member 9/9	-



TEOH SU YIN

Independent Director

Nationality	Malaysian
Age/Gender	46/Female
Date of Appointment	8 October 2014
Length of Tenure as Director	2 Years

MEMBERSHIP OF BOARD COMMITTEES

- Chairperson of Group Nomination and Remuneration Committee (GNRC)
- Member of the Board Risk Committee (BRC) and Group Board Oversight Committee (GBOC)

QUALIFICATIONS

- Diploma, Chartered Institute of Marketing, United Kingdom
- Licensed Investment Adviser by Securities Commission of Malaysia
- Bachelor of Arts (Hons) Business Studies, Sheffield Hallam University, United Kingdom

AREAS OF EXPERTISE

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

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Nil

Declaration

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



RELEVANT EXPERIENCE

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

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

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

She currently serves on the Board of Albizia ASEAN Opportunities Fund in Singapore and holds directorships in various other private companies.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 17/19	-	Member 9/10	Member 5/6	Chairperson 9/9	-

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BOARD OF DIRECTORS PROFILE (CONT'D.)



RELEVANT EXPERIENCE

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

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

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

DATO' LEE KOK KWAN

Non-Independent Non-Executive Director

Nationality	Malaysian
Age/Gender	51/Male
Date of Appointment	20 July 2015
Length of Tenure as Director	2 Years

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Board Risk Committee (BRC) and Group Board Oversight Committee (GBOC)

QUALIFICATIONS

- BBA Joint Honours (First Class), Simon Fraser University, Canada
- Masters in Business Administration, Simon Fraser University, Canada

AREAS OF EXPERTISE

- Finance and Banking (Treasury, Risk)

DIRECTORSHIP

Listed Entities

- Non-Independent Non-Executive Director of CIMB Thai Bank PCL.

Public Companies

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

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 2016*

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 18/19	-	Member 9/10	Member 5/6		



HIROAKI DEMIZU

Non-Independent Non-Executive Director

Nationality	Japanese
Age/Gender	50/Male
Date of Appointment	8 March 2016
Length of Tenure as Director	1 Year

MEMBERSHIP OF BOARD COMMITTEES

- Member of Board Risk Committee (BRC)

QUALIFICATION

- Bachelor of Engineering Science, Osaka University, Japan

AREAS OF EXPERTISE

- Finance and Banking (Compliance & Risk), Risk Management

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Nil

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 2016*



RELEVANT EXPERIENCE

Hiroaki Demizu is the Chief Risk Officer for Asia and General Manager of Bank of Tokyo-Mitsubishi UFJ, Ltd and Mitsubishi UFJ Financial Group, Inc., heading Asian Risk Management and Compliance Division.

He is responsible for planning, promotion, guidance, support, and overall control of comprehensive management/operation of various risks including Credit risk, Market risk, Funding Liquidity risk and Operational risk in the Asian regions.

He also provides Risk Management guidance to BTMU Asia & Oceania and East Asia, Mitsubishi UFJ Trust & Banking in Asia, Mitsubishi UFJ Securities Holdings in Asia.

As a member of the key risk management committees, he contributes to the short to long term business planning within the region and globally.

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRC	GNRC	GCRC
Member 15/17	–	–	Member 4/4	–	–

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BOARD OF DIRECTORS PROFILE (CONT'D.)



RELEVANT EXPERIENCE

Mohamed Ross Mohd Din joined HSBC Bank Malaysia Berhad (HSBC) in early 1972 and served in various capacities ranging from Corporate and Retail Banking to Area 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, 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 Bhd, where he sat as Chairman of the Risk Committee and was a member of the Audit Committee and Nomination Committee.

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

BOARD COMMITTEE AND ATTENDANCE

BOD	AC	GBOC	BRG	GNRC	GCRC
Member 14/14	Member 12/13	-	Member 3/3	Member 7/7	-

MOHAMED ROSS MOHD DIN

Independent Director

Nationality	Malaysian
Age/Gender	64/Male
Date of Appointment	19 April 2016
Length of Tenure as Director	1 Year

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Audit Committee (AC), Board Risk Committee (BRC) and Group Nomination and Remuneration Committee (GNRC)

QUALIFICATION

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

AREAS OF EXPERTISE

- Finance and Banking

DIRECTORSHIP

Listed Entities

- Independent Director of Kumpulan Perangsang Selangor Bhd

Public Companies

- Independent Director of CIMB Islamic Bank Berhad
- Board Member of Cash Band (M) Berhad

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 2016*



GROUP COMPANY SECRETARY



RELEVANT EXPERIENCE

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

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

She is also an affiliate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and serves as a member of the Companies Commission of Malaysia's Corporate Practice Consultative Forum, representing the interests of Government-Linked Companies under Khazanah Nasional Berhad. She is a Director of several subsidiaries in the CIMB group and actively advocates greater participation of women in the boardroom.

DATIN ROSSAYA MOHD NASHIR

Group Company Secretary

Nationality	Malaysian
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Age/Gender	48/Female
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Date of Appointment	2002
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Length of Service	15 Years
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QUALIFICATIONS

- Bachelor of Laws (majoring in Business Law), Coventry University, United Kingdom
- Licensed Secretary, Companies Commission of Malaysia

AREAS OF EXPERTISE

- Corporate Secretarial Practice, Corporate Governance

DIRECTORSHIP

Listed Entities

- Nil

Public Companies

- Nil

Declaration

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

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GROUP SHARIAH COMMITTEE



**From left to right**

- Sheikh Professor Dato' Dr Sudin Haron
- Professor Dato' Dr Noor Inayah Yaakub
- Sheikh Dr Nedham Yaqoobi
- Sheikh Dr Yousef Abdullah Al Shubaily
- Sheikh Professor Dr Mohammad Hashim Kamali
- Sheikh Associate Professor Dr Mohamed Azam Mohamed Adil (*Chairman*)
- Sheikh Associate Professor Dr Shafaai Musa
- Sheikh Yang Amat Arif Dato' Dr Haji Mohd Nai'm Haji Mokhtar

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GROUP SHARIAH COMMITTEE PROFILE



SHEIKH ASSOCIATE PROFESSOR DR MOHAMED AZAM MOHAMED ADIL

Chairman

Nationality	Malaysian
Age/Gender	50/Male
Date of Appointment	1 November 2014
Length of Service	2 Years

QUALIFICATIONS

- Degree in Shariah and Law, UM
- Master of Laws and PhD degrees, School of Oriental and African Studies, University of London, UK
- Fellow of the Centre for Human Rights Research and Advocacy, the Accounting Research Institute and UiTM's Institute of Zakat Studies

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Independent Director of CIMB Islamic Bank Berhad (resigned on 4 November 2016)

RELEVANT EXPERIENCE

- Currently: Deputy CEO cum Principal Fellow of the International Institute of Advanced Islamic Studies (IIAS) Malaysia and the President of the Academy of Islamic Studies, University of Malaya's Alumni
- 2011-2012 – Head of Programme for Minor, Elective and Postgraduate Studies
- 2007-2009 – Served as a panel member of the Industrial Court of Malaysia. In 2007, he received the Fulbright Visiting Award from the Council for International Exchange of Scholars, Washington DC, USA
- 2006-2011 – Coordinator for Minor and Elective Programmes the Academy of Contemporary and Islamic Studies
- 1997-2001 – Head of Islamic Studies Unit, Centre for Preparatory Studies
- Serves on Advisory and Editorial boards of several publications including the University of Malaya's (UM) Shariah Journal, Global Journal Al-Thaqafah, published by Kolej University Islam Sultan Azlan Shah, UiTM's Journal of Contemporary Islamic Studies, University Teknologi Malaysia's International Journal of Islamic and Civilisational Studies, UM's Journal of Shariah and Law Research, the Malaysian Accounting Review, published by UiTM, Islam and Civilisational Renewal published by IIAS Malaysia and the ESTEEM Academic Journal published by UiTM, Penang
- Member of UiTM's Research Ethics Committee
- Member of Selangor Religious Council Legal Committee
- Member of Shariah Community of the Attorney General's Chambers



SHEIKH PROFESSOR DR MOHAMMAD HASHIM KAMALI

Nationality	Canadian (Malaysian Permanent Resident)
Age/Gender	72/Male
Date of Appointment	1 April 2005
Length of Service	11 Years

QUALIFICATIONS

- First Class, Bachelor of Arts (Hons) degree in Law and Political Science, Kabul University, Afghanistan
- Master of Laws degree, London School of Economics, UK
- PhD in Islamic Law, School of Oriental and African Studies, University of London, UK
- Senior Fellow of the Royal Academy of Jordan, the Institute for Advanced Study Berlin, Germany and the Afghanistan Academy of Sciences

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Founding Chief Executive Officer, International Institute of Advanced Islamic Studies, Malaysia
- 2004-2006 – Dean of the International Institute of Islamic Thought and Civilisation
- 1985-2004 – Professor of Islamic Law and Jurisprudence at the Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia
- Serves on the International Advisory Board of 13 local and international academic journals
- Addressed over 200 national and international conferences
- Published 31 books and more than 190 academic articles
- His works have been translated into Bahasa Malaysia, Bahasa Indonesia, Farsi, Pashto, Dari, Arabic, Bengali, Bosnian, German, Italian, Turkish and Japanese
- He is listed in a number of leading Who's Who in the World



SHEIKH DR NEDHAM YAQOOBI

Nationality	Bahraini
Age/Gender	57/Male
Date of Appointment	14 June 2006
Length of Service	10 Years

QUALIFICATIONS

- Bachelor of Arts degree in Economics and Comparative Religion and PhD in Islamic Law, University of Wales, UK
- Renowned Shariah Scholar

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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



SHEIKH YANG AMAT ARIF DATO' DR HAJI MOHD NAI'M HAJI MOKHTAR

Nationality	Malaysian
Age/Gender	49/Male
Date of Appointment	26 September 2006
Length of Service	10 Years

QUALIFICATIONS

- Bachelor of Laws degree, IIUM
- Master of Laws degree, University of London, UK
- PhD in Shariah, University Kebangsaan Malaysia
- Diploma in Shariah Law and Practice, IIUM
- Diploma in Administration and Islamic Judiciary, IIUM
- Visiting Fellow, Islamic Legal Studies Programme at Harvard University's Law School in the USA
- Chevening Visiting Fellow at Oxford University's Centre for Islamic Studies

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Currently Chief Judge of the Selangor Shariah Court
- 2009 – Director, Family Support Division at the Shariah Judiciary Department of Malaysia
- Selangor Shariah Chief Judge
- 2007-2008 – Shariah Subordinate Court Judge for Federal Territory and a Shariah Prosecutor, Federal Territory
- 2008 – Shariah Officer
- 2003-2004 – Research Officer at the Malaysian Shariah Judiciary Department, Prime Minister's Department
- 1998 – Shariah lawyer at Zulkifli Yong Azmi before being appointed a Shariah Judge
- 1990-1997 – Lecturer at The Ahmad Ibrahim Kulliyah of Laws at the International Islamic University Malaysia (IIUM)

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GROUP SHARIAH COMMITTEE PROFILE (CONT'D.)



**SHEIKH ASSOCIATE PROFESSOR
DR SHAFAA'I BIN MUSA**

Nationality	Malaysian
Age/Gender	49/Male
Date of Appointment	9 January 2006
Length of Service	10 Years

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Currently the Associate Professor at the Ahmad Ibrahim Kulliyah of Laws at the International Islamic University Malaysia (IIUM)
- Chairman of the Shariah Committee at Sun Life Malaysia Takaful Berhad
- Formerly the Chief Executive Officer of the Johor Institute of Integrity, Leadership and Training
- Executive Director of IIUM's Centre for Continuing Education
- Chief Executive Officer of the International Islamic College cum Chief Executive Officer, International Islamic University Malaysia Higher Education Sdn Bhd
- More than fifteen years of experience in teaching Islamic law and jurisprudence and has written several research papers and articles
- Executive Director of IIUM's Centre for Continuing Education
- Served on the Shariah Expert Panel for the Department of Islamic Development Malaysia since 2005



SHEIKH DR YOUSEF ABDULLAH AL SHUBAILY

Nationality	Saudi Arabian
Age/Gender	45/Male
Date of Appointment	28 October 2008
Length of Service	8 Years

QUALIFICATIONS

- Bachelor's degree from Faculty of Shariah and Fundamentals of Islam, Department of Comparative Jurisprudence at Imam Muhammad ibn Saud Islamic University in 1993
- Master's degree from the Department of Comparative Jurisprudence at Imam Muhammad ibn Saud Islamic University in 1996
- 2001 – Awarded a PhD in Islamic Jurisprudence from Imam Muhammad ibn Saud Islamic University

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

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
- Participates in religious and economic programmes on television and radio in Saudi Arabia and abroad



PROFESSOR DATO' DR NOOR INAYAH YAAKUB

Nationality	Malaysian
Age/Gender	47/Female
Date of Appointment	1 April 2011
Length of Service	5 Years

QUALIFICATIONS

- Bachelor of Shariah Laws (Hons)
- Bachelor of Laws (Hons) degrees, International Islamic University Malaysia
- Master of Comparative Conventional and Banking Laws, University of Bristol, UK
- PhD in Comparative Conventional and Islamic Banking Law of Guarantee, University of Manchester, UK
- Certificate of Product Management, University of Oxford's Isis Innovation Centre
- 1996 – Admitted to Malaysian Bar as Advocate and Solicitor of the High Court of Malaya and obtained her Shariah Lawyer Certificate

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Head of the International Institute of Waqf and Islamic Finance Management at University Islam Malaysia
- Professor in the university's Pusat Kebajikan Sejagat (Global Wisdom Centre)
- 1996-1997 – Practised Law with Abraham Ooi and Partners
- 1998 – Lecturer at Universiti Kebangsaan Malaysia
- More than 18 years' experience in teaching Islamic Law, Islamic and Conventional Banking Law, Takaful and Insurance Law, Equity and Trust Law and Business Law and Ethics
- Produced several academic research papers and articles, mainly focussing on Islamic and Conventional Banking Law and Takaful and Insurance Law of which some have been presented in Islamic banking and finance proceeding and conferences and published in Malaysian and international high refereed impact journals



SHEIKH PROFESSOR DATO' DR SUDIN HARON

Nationality	Malaysian
Age/Gender	62/Male
Date of Appointment	1 November 2014
Length of Service	2 Years

QUALIFICATIONS

- Bachelor's (Hons) degree in Economics, University Kebangsaan Malaysia
- MBA, Northrop University in Los Angeles, USA
- PhD in Economic Studies, Finance and Banking, awarded by University of New England, Australia

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Appointed Independent Director of CIMB Islamic Bank Berhad on 5 November 2014
- Independent Director of Melati Ehsan Holdings Berhad

RELEVANT EXPERIENCE

- Member of the Group Shariah Committee of CIMB Islamic Bank
- Currently the Chief Executive Officer of the Malaysian Waqaf Foundation
- Founding Chief Executive Officer of Perbadanan Tabung Pendidikan Tinggi Nasional
- Appointed Deputy Chief Executive of the International Centre for Education in Islamic Finance in 2006
- Sits on the Shariah Advisory Committee for Bank Persatuan Malaysia Berhad
- Chairman of the International Advisory Panel of the Russian International Centre for Islamic Economics and Finance
- World's renowned scholars in Islamic banking and finance and business and management
- Published more than 10 books and 70 articles in international journals
- Specialist in the Islamic Banking and Takaful Department, Bank Negara Malaysia during his attachment from 2005 – 2006
- Served in various capacities as an academician and administrator at The University Utara Malaysia
- Consultant with the Asian Institute of Finance, an organisation established by BNM to elevate human capital in Malaysia's finance industry
- Appointed by the Islamic Development Bank in Jeddah as their resource person for training related to Islamic banking and finance
- Contributed to the world by writing a landmark textbook entitled "Islamic Banking and Finance System". The book has been translated into Russian, Mandarin and Uzbek

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GROUP MANAGEMENT COMMITTEE



From left to right:

- Thomas Meow Yoke Nean • Effendy Shahul Hamid • Tengku Dato' Sri Zafrul Tengku Abdul Aziz
- Dato' Hamidah Naziadin • Kittiphun Anutarasoti • Samir Gupta



From left to right:

- Renzo Christopher Viegas • Shahnaz Jammal • Gurdip Singh Sidhu • Yong Jiunn Run • David Richard Thomas

**From left to right:**

- Lee Chin Tok • Dato' Kong Sooi Lin • Rafe Haneef • Lim Tiang Siew • Kwan Keen Yew • Tigor M. Siahaan

**From left to right:**

- Chu Kok Wei • Mohamed Adam Wee Abdullah • Mak Lye Mun • Hendra Lembong

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GROUP MANAGEMENT COMMITTEE PROFILE

DATO' KONG SOOI LIN

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



Nationality Malaysian

Age/Gender 56/Female

QUALIFICATION

- Honours degree in Commerce, University of New South Wales, Australia

DIRECTORSHIP/RELEVANT APPOINTMENTS

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

RELEVANT EXPERIENCE

- CEO of CIMB Investment Bank, entrusted with the Group's stewardship of the investment banking franchise as a major regional player with an established brand name and market share
- Head of Senior Bankers Group that provides group-wide corporate client coverage across Asia Pacific. Oversees key client relationships in terms of origination and execution of transactions in predominantly debt and equity capital markets and multiple products and services of the Group
- Group Head of Investment Banking responsible for the origination of advisory transactions in both debt and equity capital markets, and innovative financing solutions for our clients
- Group Head of Private Banking in charge of the group's regional private banking business expansion as a profitable franchise across ASEAN
- 28 years of investment banking experience with extensive advisory expertise in both equity and debt capital market transactions having advised on numerous high profiled and industry shaping corporate exercises across Asia Pacific
- Joined CIMB Investment Bank in 1994 from Bumiputra Merchant Bankers Berhad where she was actively involved in debt capital market, project financing and corporate banking transactions
- Began her career at Ernst and Young and Arthur Andersen

RAFE HANEEF

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



Nationality Malaysian

Age/Gender 47/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

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

RELEVANT EXPERIENCE

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



TIGOR M. SIAHAAN

*Country Head, Indonesia/
President Director & Chief Executive Officer, CIMB Niaga*



Nationality Indonesian

Age/Gender 45/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chairman – 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 JIS (Jakarta International School)
- Mentor in Endeavor Indonesia
- Member of YPO (Young Presidents Organisation) Indonesia
- National Board Member of PJI (Prestasi Junior Indonesia)

RELEVANT EXPERIENCE

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

KITTIPHUN ANUTARASOTI

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



Nationality Thai

Age/Gender 46/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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

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GROUP MANAGEMENT COMMITTEE PROFILE (CONT'D.)

MAK LYE MUN

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



Nationality Malaysian

Age/Gender 59/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

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

RELEVANT EXPERIENCE

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

SAMIR GUPTA

Chief Executive Officer, Group Consumer Banking



Nationality Singaporean

Age/Gender 54/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Chief Executive Officer of Group Consumer Banking
- Over 29 years' experience in the banking industry including retail, wealth management, consumer finance, cards, risk, operations and audit
- 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 based out of Singapore, Thailand, Dubai and Indonesia
- Joined CIMB Group as Consumer Banking Director of CIMB Niaga in 2010



YONG JIUNN RUN

Chief Executive Officer, Group Commercial Banking



Nationality Singaporean

Age/Gender 53/Male

QUALIFICATION

- Bachelor of Arts in Economics and Political Science, National University of Singapore

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

- Chief Executive Officer of Group Commercial Banking, Jiunn Run oversees the Group's banking activities for small and medium-sized corporates and is involved in the planning and execution of long-term strategies to grow the segment across ASEAN
- Head of Commercial Banking, CIMB Singapore (2011-2015), where he played a critical role in the rapid expansion of the franchise
- Business Head of the Global Enterprise Banking Division at OCBC Bank from 2004 to 2011 prior to joining CIMB Bank
- Accumulated a wealth of experience in corporate and commercial banking business over the last 27 years
- Started his career in the front line and progressed to take on several key assignments and management responsibilities in his previous tenures with Maybank, BNP Paribas and Oversea-Chinese Banking Corporation

EFFENDY SHAHUL HAMID

Chief Executive Officer, Group Asset Management and Investments



Nationality Malaysian

Age/Gender 44/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Chairman, CIMB-Mapletree Management Sdn Bhd
- Director, CIMB-Principal Asset Management Berhad, PT CIMB-Principal Asset Management, CIMB-Principal Asset Management Company (Thailand) Limited and CIMB-Principal Islamic Asset Management Sdn Bhd
- Director of Touch 'n Go Sdn Bhd

RELEVANT EXPERIENCE

- Oversees all of the Group's asset management and investments business across both public and private markets, including the Group's regional asset management business (CIMB-Principal), its private equity fund management business and the Group's strategic investments portfolio in companies such as Touch 'n Go and Bank of Yingkou
- Managed 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
- Director in the Group's Investment Banking Division, primarily focusing on corporate advisory and origination
- Career in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives
- Experience in a regional operating environment, working in Hong Kong, Singapore and Malaysia

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GROUP MANAGEMENT COMMITTEE PROFILE (CONT'D.)

HENDRA LEMBONG

Chief Executive Officer, Group Transaction Banking



Nationality Indonesian

Age/Gender 45/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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

SHAHNAZ JAMMAL

Group Chief Financial Officer



Nationality Malaysian

Age/Gender 42/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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



DATO' HAMIDAH NAZIADIN

Group Chief People Officer



Nationality Malaysian

Age/Gender 53/Female

QUALIFICATION

- Bachelor of Laws, University of Wolverhampton, United Kingdom

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Independent Non-Executive Director, Maxis Berhad

RELEVANT EXPERIENCE

- Provides overall strategic leadership for HR of CIMB Group across ASEAN
- Transformed HR from an administrative function into a key business enabler, contributing to the Group's rapid growth into a leading ASEAN financial institution that it is today
- Strategised the resource integration, ensuring a successful consolidation in various mergers and acquisitions over the years, within Malaysia, and across ASEAN and APAC regions
- Implemented strategic HR programs to fuel CIMB's differentiation in the market and gain a competitive advantage, which have earned peer and industry recognition through numerous awards
- Spearheads corporate responsibility initiatives for the Group, focusing on community development, sports and education
- Has nearly 30 years of experience in HR in the financial industry, of which 25 years were with the Group

DAVID RICHARD THOMAS

Group Chief Risk Officer



Nationality American

Age/Gender 57/Male

QUALIFICATION

- Bachelor's Degree, Whitman College, Washington USA

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Commissioner, PT Bank CIMB Niaga Tbk
- Commissioner, PT Synergy Dharma Nayaga

RELEVANT EXPERIENCE

- Oversees the risk management function of CIMB Group, including Credit, Market, Operational, Shariah, Asset Liability Management Risk and Risk Analytics & Infrastructure
- Responsible for ensuring the consistent implementation of the Group's risk management policies and frameworks, including operationalising the Risk Appetite Statement. The Division identifies, assesses, measures, controls and reports the material risks that may impact the Group's business operations, profitability, capital and reputation
- Serves on the Board of Commissioners of CIMB Niaga
- Was with Bank of America in Los Angeles, California as a sector Banker, covering the Fortune 500 Aerospace & Defense sector
- Served as the Chief Risk Officer – Asia Pacific for the Royal Bank of Scotland (RBS). Prior to RBS, he served as the Chief Credit Officer – Asia Pacific for Bank of America
- Held various senior level risk positions based in Singapore, Hong Kong, Thailand and Taiwan throughout his 23-year tenure in Asia

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GROUP MANAGEMENT COMMITTEE PROFILE (CONT'D.)

MOHAMED ADAM WEE ABDULLAH

*Group Chief Marketing Officer/
Group Chief Customer Experience Officer*



Nationality Malaysian

Age/Gender 48/Male

QUALIFICATION

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, Premier Fidelity Sdn Bhd

RELEVANT EXPERIENCE

- Oversees CIMB's Group-wide marketing and brand management function across all its geographies and business
- A veteran in the marketing field with a career spanning more than 25 years. He brings diversity, depth and breadth of experience across the entire marketing value chain from sales, advertising, strategic planning, branding and marketing management
- Almost half of his career was spent in multinational advertising and brand agencies where he held senior and regional positions working on a diverse range of categories which included financial services, fast moving consumer goods (FMCG), hospitality and travel, automotive, property and telecommunications sectors, as well as managing category leading brands
- Group Chief Marketing Officer in Maybank Group from 2011 to 2015
- Chief Marketing Officer of Sunrise Berhad in 2010
- His marketing experience also includes regional marketing management for BMW Group's regional headquarter based in Singapore, where he was responsible for directing marketing strategies and activities for BMW Group distribution partners in 17 countries across India, China, Southeast Asia and the South Pacific Islands nations

LIM TIANG SIEW

Group Chief Internal Auditor



Nationality Malaysian

Age/Gender 61/Male

QUALIFICATION

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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



LEE CHIN TOK

Group General Counsel



Nationality Malaysian

Age/Gender 51/Male

QUALIFICATION

- Bachelor of Law (Hons) degree and Bachelor of Commerce degree, University of Melbourne, Australia

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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

KWAN KEEN YEW

Group Chief Compliance Officer



Nationality Malaysian

Age/Gender 43/Male

QUALIFICATION

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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

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GROUP MANAGEMENT COMMITTEE PROFILE (CONT'D.)

GURDIP SINGH SIDHU

Group Chief Strategy Officer



Nationality Malaysian

Age/Gender 43/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

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

RELEVANT EXPERIENCE

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

CHU KOK WEI

Group Head, Treasury & Markets



Nationality Malaysian

Age/Gender 43/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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



RENZO CHRISTOPHER VIEGAS

Adviser, Group Consumer Banking



Nationality Indian

Age/Gender 55/Male

QUALIFICATIONS

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Director, Sun Life Malaysia Assurance Berhad
- Director, Sun Life Malaysia Takaful Berhad

RELEVANT EXPERIENCE

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

THOMAS MEOW YOKE NEAN

Adviser, Group Wholesale Banking



Nationality Malaysian

Age/Gender 52/Male

QUALIFICATION

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

DIRECTORSHIP/RELEVANT APPOINTMENTS

- Nil

RELEVANT EXPERIENCE

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

Declaration

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

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INTERNATIONAL ADVISORY PANEL (IAP)

THE GROUP'S INTERNATIONAL ADVISORY PANEL (IAP) MET IN HANOI ON 10 DECEMBER 2016 TO DISCUSS A BROAD RANGE OF TOPICS, INCLUDING THE MACROECONOMIC LANDSCAPE, THE GROUP'S DIGITAL PIVOT, POLITICS, AS WELL AS THE GROUP'S OVERALL STRATEGY AND POSITIONING IN LIGHT OF THESE DEVELOPMENTS.

The macroeconomic landscape and its impact

The general consensus was that we are living in highly unpredictable times, with the landscape being defined by new economic constructs as well as geopolitical and military developments. The economies and markets that we operate in will therefore continue to be under considerable stress in the coming year.

Overall strategy and key focus areas

After Management shared some highlights on the Group's progress and focus areas, the IAP suggested that more resources be devoted to understanding the competition, and new operating paradigm. The IAP also called for continued flexibility in adapting our business models to the different markets in ASEAN.

In terms of our SME strategy, the IAP advocated providing more broad-based, value-added services. The Group also should focus more on cross selling activities and adopting sustainable and inclusive finance ideas.

Digital thrust

The survival of banks of the future is predicated on the robustness of their digital strategies. The IAP believes that the Group's digital aspirations would be better served by not actually owning digital ecosystems, but by riding on open ecosystems to yield greater synergies. More online engagements would also be key to engaging with our increasingly tech-savvy stakeholders.

Venturing into Vietnam

The IAP maintains its stand on Vietnam being a market with significant potential on account of its sizeable young population. The country will also remain an attractive destination for foreign direct investments, the composition of which would become more Asian as FDI flows from western nations will decelerate.

While the Group builds its scale and assets in an organic manner, the IAP recommends enhancing further the interconnectivity between SMEs and the end users of our products and services.

Branding

The IAP recommends Management ensures proper calibration between our brand values and what our external audiences perceive, e.g. how effectively our translations get our messages across, and how people from different strata of society respond differently to the same messages.

The IAP also called for a review of how branding initiatives and culture are being reinforced by employees and internal processes.

ABOUT THE IAP

The IAP was established in 2006 to assist the Board and top management in devising strategies and generating ideas to support the Group's international business operations and expansion. With Tun Musa Hitam at its helm as Chairman, the IAP is composed of members of various nationalities whose combined experience spans a broad spectrum, including the financial markets, industry, policy formulation and academia, both domestically and internationally.



1st row from left to right:

- Tun Musa Hitam • Tan Sri Andrew Sheng
- Datuk Tong Kooi Ong • Glenn Yusuf

2nd row from left to right:

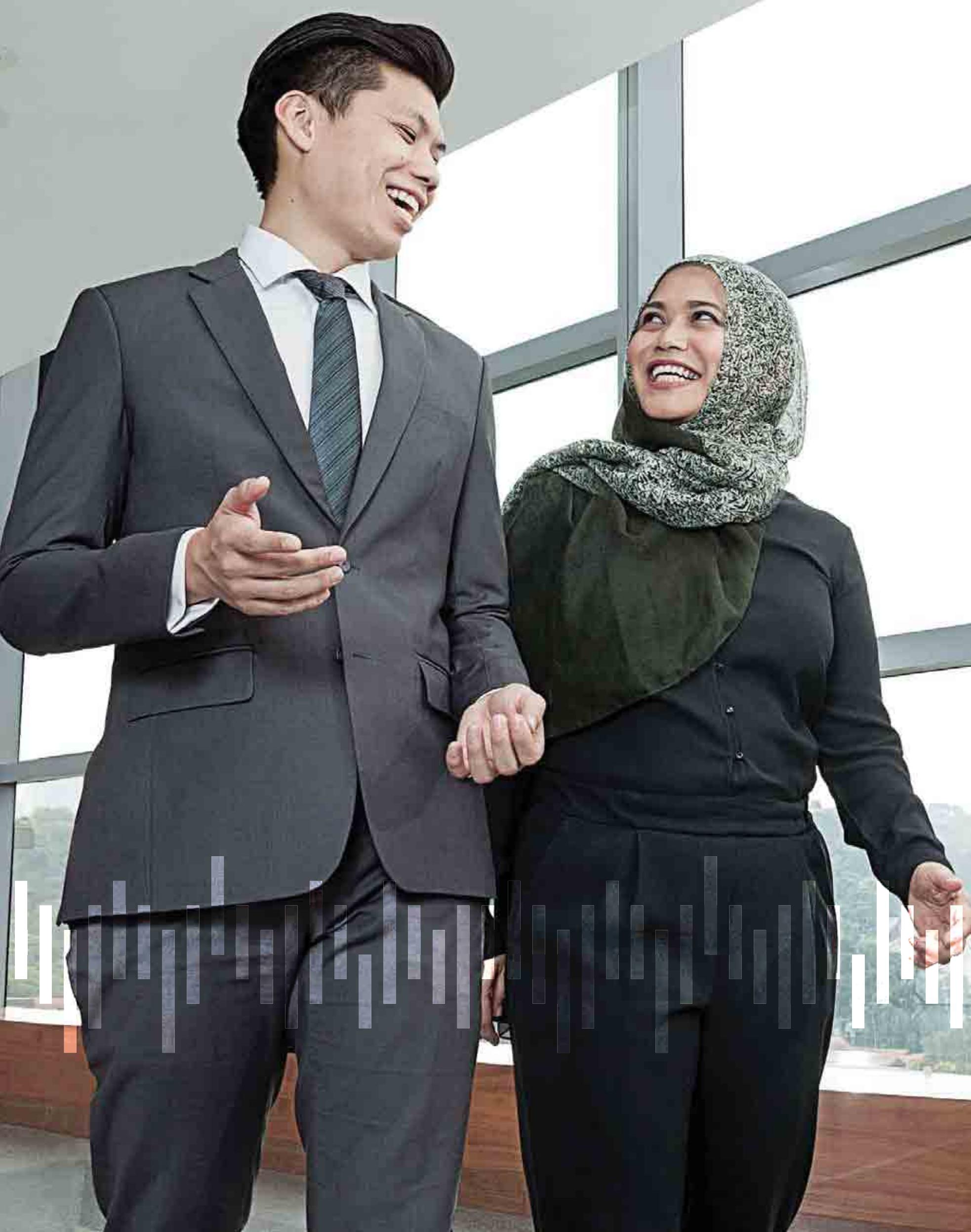
- Tira Wannamethee • Tan Sri Rainer Althoff
- Watanan Petersik • Rex Auyeung

3rd row from left to right:

- Nicholas RH Bloy • Dr. Roberto F. de Ocampo
- Goh Geok Khim • Tan Sri Md Nor Yusof

Members of the Panel

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



ADVANCE TO THE NEXT LEVEL,
REDEFINE YOUR FUTURE.



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CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

DEAR SHAREHOLDERS,

I AM PLEASED TO
PRESENT OUR
CORPORATE
GOVERNANCE REPORT
FOR OUR 2016 FINANCIAL
YEAR.

THIS REPORT LAYS OUT
OUR METHODS FOR
ACHIEVING THE HIGHEST
STANDARDS OF
CORPORATE
GOVERNANCE, INTEGRITY
AND PROFESSIONALISM
IN ALL ASPECTS OF OUR
BUSINESS.

BY NAZIR RAZAK
Chairman

As we continue to consolidate our position as a leading bank in and for ASEAN, we remain cognisant of the fact that our growing prominence entails additional responsibilities. We take into serious consideration the high expectations of all our stakeholders, and as we continue to move forward, we constantly re-assess our performance and delivery in order to match those ideals.

Our sustainable success depends on our stakeholders knowing that we are conducting our business in the right way and that we are promoting the right values in all that we do.

We are confident that throughout 2016, our Boards continued to meet their key targets and carried out their responsibilities diligently. To further strengthen our governance, we also initiated several changes at the Board and Senior Management levels across the Group.

The Boards of our key companies had several fresh faces. We welcomed Hiroaki Demizu and Rosely @ Mohamed Ross Mohd Din on the Board of CIMB Group, Tengku Dato' Sri Zafrul Tengku Abdul Aziz and Afzal Abdul Rahim on the Board of CIMB Bank, Mohamed Rafe Mohamed Haneef and Mohamed Ross on the Board of CIMB Islamic Bank, and Dato' Kong Sooi Lin and Didi Syafruddin Yahya on the Board of CIMB Investment Bank.

The year also saw Tengku Dato' Sri Zafrul assuming the additional role of CEO of CIMB Bank in January, Mohamed Rafe joining us as CEO of CIMB Islamic Bank also in January, and Dato' Kong being appointed as CEO of CIMB Investment Bank in March. In October, Kittiphun Anutarasoti started his new role as President and CEO of CIMB Thai in a first leadership transition since CIMB took over Bank Thai in 2009.

We also continued using the ASEAN Corporate Governance Scorecard throughout our regional businesses to enable our entities to share and benefit from international best practices, so that we can further improve our corporate disclosure and transparency to the general investing public.

We continued adapting our regional operating model (ROM) guidelines to suit the business realities faced by our regional entities, thereby strengthening our lines of reporting and communication among the different regions. This enables us to tap into a far larger talent pool from across the region.

Implementing these measures across the region was not without challenges. The biggest hurdle we faced was addressing the diversity in language and culture as we communicated across national boundaries, as well as regulatory limitations which restricted the full cascading of our ROM initiative.

As we progress to complete our operational footprint in all 10 ASEAN countries in the coming year, we uphold our commitment to building on our corporate governance framework to continue engendering the trust and confidence of our stakeholders, and further strengthen our reputation as the leading universal bank in ASEAN.

We are immensely grateful to all our stakeholders for your support throughout last year, and look forward to continuing to serve you with pride this year.

Yours sincerely

Nazir Razak
Chairman



STATEMENT ON CORPORATE GOVERNANCE

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

CIMB GROUP HOLDINGS
BERHAD (CIMB)
STRONGLY SUPPORTS
THE PRINCIPLES OF
GOOD CORPORATE
GOVERNANCE, AND IS
COMMITTED TO
CONDUCTING BUSINESS
IN AN ETHICAL, FAIR,
TRANSPARENT AND
RESPONSIBLE MANNER,
BUILDING ON THE
GROUP'S STRONG
REPUTATION ON
INTEGRITY.

The governance arrangements adopted by the Group are reflective of a high performing well governed organisation. These arrangements enable the Board and Management to make well informed decisions, provide appropriate accountability and transparency, and establish the proper culture and behaviours. For CIMB it is also important to maintain leading governance practices given the highly regulated industry in which the Group operates, and is essential for increasing our opportunities and for the long-term sustainability of our business. The Board Committees help the Board fulfil its governance role effectively.

This Corporate Governance Statement outlines the main corporate governance practices and policies in place during the 2016 financial year and at the date of this statement relating to the consolidated entity comprising CIMB and its subsidiaries (the Group). The Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Group and taking into account global best practices and guidelines.

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

- Malaysian Code of Corporate Governance 2012 (MCCG 2012).
- Bank Negara Malaysia (BNM)'s Corporate Governance Policy (BNM CG Policy 2016).
- The Green Book, Enhancing Board Effectiveness (Green Book) by the Putrajaya Committee on Government-Linked Companies (GLC)'s High Performance.
- Corporate Governance Guide Towards Boardroom Excellence 2nd Edition (CG Guide) by Bursa Malaysia.

- Minority Shareholder Watchdog Group (MSWG)'s Malaysia-ASEAN Corporate Governance Scorecard.
- Developments in market practice and regulations.

In 2016, CIMB received the following awards for our group-wide efforts in enforcing our commitment to upholding the highest standards of corporate governance and ethical conduct:

Corporate Governance

- Best Bank in Malaysia – FinanceAsia Country Awards 2016
- ASEAN Excellence Award – Malaysia ASEAN Business Awards Malaysia 2016
- Islamic Bank of the Year – Global – The Banker
- Platinum Award for Best Annual Report in Bahasa Malaysia – National Annual Corporate Report Awards
- Gold Award for Best Inclusiveness and Diversity Reporting – National Annual Corporate Report Awards
- Excellence Award for ESG Practices – Minority Shareholder Watchdog Group (MSWG)

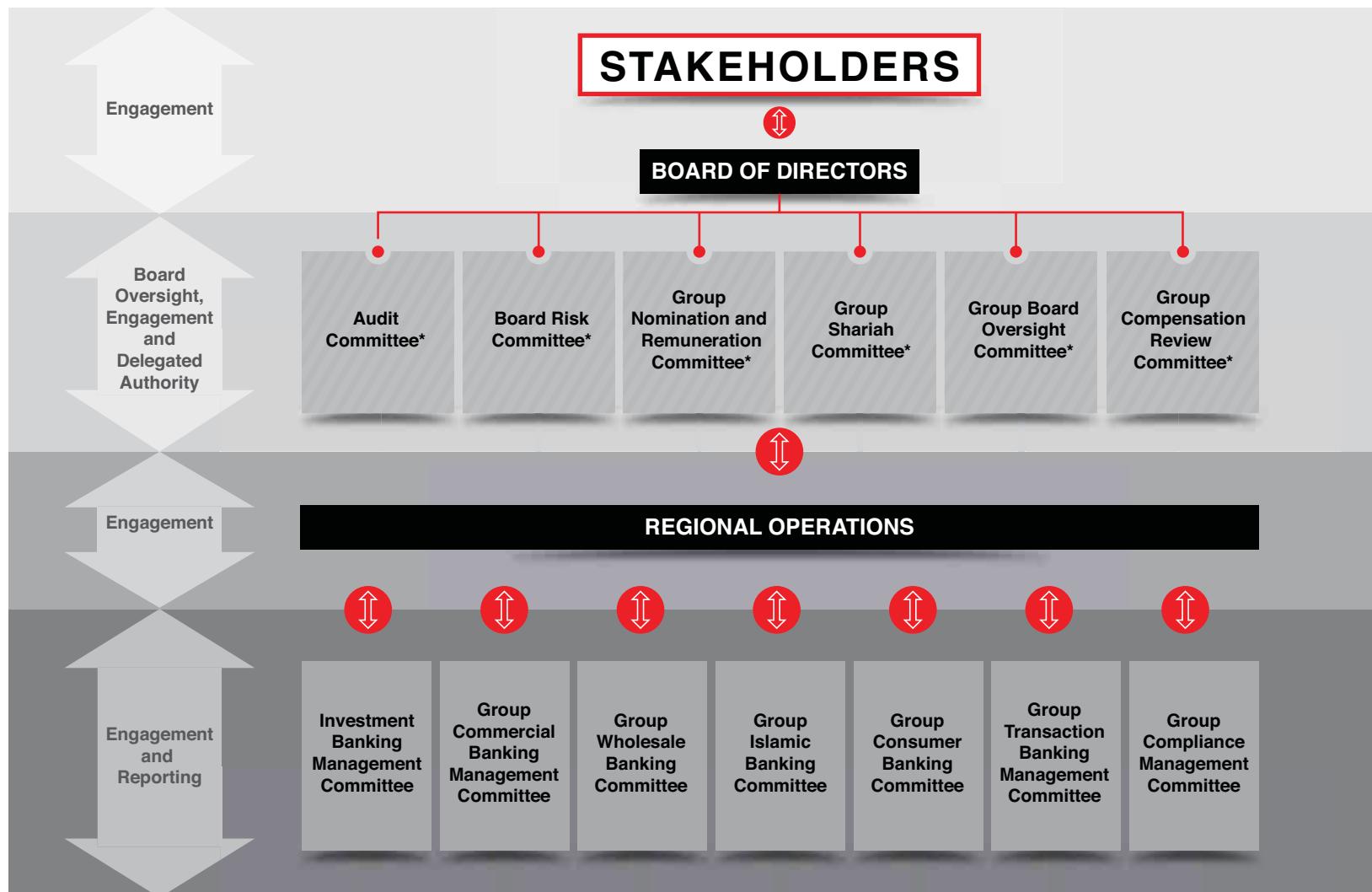
Leadership

- Achievement Award for contribution to local bond market in ASEAN: Lee Kok Kwan – Alpha Southeast Asia

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STATEMENT ON CORPORATE GOVERNANCE (CONT'D.)

CIMB'S GOVERNANCE FRAMEWORK



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

CIMB has a robust corporate governance framework in place and the Group is committed to fostering a culture of compliance that values personal and corporate integrity, accountability and continuous improvement. The Board and its Committees regularly review the Group's governance framework and associated practices to ensure that they keep pace with regulatory change. The regulatory environment continues to evolve with major changes in 2016, in particular the

amendments to the Bursa Malaysia Main Market Listing Requirements on 24 March 2016 and BNM CG Policy which came into effect on 3 August 2016.

Shareholders and Board of Directors jointly provide oversight of the control and management of CIMB. The ultimate decision-making authority rests with the shareholders at the Annual General Meeting where the re-appointment of the Board of Directors and

appointment of External Auditors are approved, amongst others. The Board of Directors is accountable to shareholders for the performance of the Company. It directs and monitors the business and affairs of the Company on behalf of shareholders and is responsible for the Company's overall corporate governance. It oversees and appraises CIMB's overall strategic objectives, direction and performance, some of which are delegated to the Board Committees.



The Group Chief Executive/Executive Director (Group CEO), who also sits on the Board as the sole Executive Director, is responsible for the development and implementation of strategy and the overall day-to-day running of the Company. Consistent with CIMB's primary objective to enhance long-term shareholder value, this includes operational, financial and strategic delivery, risk management and compliance, leadership and organisational culture. The Board of Directors delegates to the Group CEO, together with other key senior management of CIMB, the authority for managing the business of the Company to achieve CIMB's corporate targets and plans.

Subsidiary Governance

The Board operates on the basis that each subsidiary is a separate and distinct legal entity, which is required to comply with the local laws and regulations that it operates within. Notwithstanding any provision in contravention of those laws, CIMB's Corporate Governance Framework is applied to each subsidiary based on their respective risk exposure. Subsidiaries with lower risk exposure such as dormant companies only apply certain standards and policies, while regulated, and significant subsidiaries or group of subsidiaries apply the whole framework, which includes the establishment of a separate Board of Directors, or its equivalent.

The Board of Directors plays the role of a shareholder and maintains control and oversight through the appointment and removal of the Directors on the Board of the subsidiary. The Board may appoint a member of the Board as Director on each major subsidiary, which ensures continuous flow of information and promotes alignment to the Group's strategic direction.

Throughout 2016, CIMB had reviewed the Group's Delegated Authority Policy, seeking to streamline and standardise the scope and limits of the authority that the CEO of the respective entities delegates down to the

management of the organisation. It was then implemented across the region, namely Malaysia, Singapore, Indonesia, Thailand, Cambodia and Vietnam, with adjustments made for local regulations and culture. While lines of reporting are maintained to the Group, the Boards of each entity remain as the final approving authority.

ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES

Board of Directors

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

The role of the Board of Directors is contained in its Terms of Reference which forms part of the Board Charter. The Terms of Reference also prescribe matters specifically reserved for the Board of Directors, amongst others, covering areas such as strategy, business planning and budget, financial management, investments, divestments, mergers, acquisitions and corporate restructuring, acquisition and disposal of significant assets, risk and controls, human capital including succession planning, related party transactions and capital financing.

The Board Charter also includes a section on the role of the Group CEO, who is responsible for implementing action plans to achieve CIMB's goals and vision in accordance with the strategies, risk appetite, policies and performance requirements approved by the Board of Directors. The Group CEO leads the Management team in carrying out the strategy

and vision of the Group and is accountable to the Board of Directors for the day-to-day management and operations of the Group.

In 2016, the Board of Directors had met with Management to deliberate and set the Group's strategy for 2017 and beyond. The annual strategy planning process for 2017 started with a Board Offsite meeting on 2 and 3 September 2016 which was held in Bangkok, Thailand. The Board Offsite had discussed on the progress of the T18 initiatives, deliberating on the next steps to be taken by each Business Unit, as well as the strategy on 4 critical areas; Digital Banking, Technology, Compliance and Rebranding. Management then presented their proposed strategy and business plans that was decided during the Board Offsite at the Annual Management Summit (AMS) held on 11 and 12 November 2016. The AMS is a yearly offsite meeting for the Board of Directors to interact directly with senior leaders across the Group, where various key messages and business strategies were deliberated to determine the key thrusts for CIMB's 2017 business plan and budget. Subsequent to the AMS, the Board of Directors met on 13 December 2016 and the Group's detailed business plan and budget for 2017 were deliberated at length.

The AMS is a key highlight of the Board's activities. This event gives the Directors the opportunity to interact with CIMB's Senior Management and vice versa. More information on the AMS is detailed on page 37.

Board Committees

The Board has established an Audit Committee, Board Risk Committee, Group Nomination and Remuneration Committee, Group Board Oversight Committee and Group Compensation Review Committee. Each committee's Terms of Reference sets out its role, responsibilities, composition and structure. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on

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certain key and operational matters, the ultimate responsibility and the final decision on specific matters lies with the Board. The Audit Committee, the Board Risk Committee and the Group Nomination and Remuneration Committee are chaired by Independent Directors. The Group Board Oversight Committee and the Group Compensation Review Committee are chaired by the Chairman of the Board who is a Non-Independent Director. The Chair of the respective Committees is responsible for the effective operations of that Committee and the fulfilment of their duties which are clearly outlined in the Terms of Reference approved by the Board. The Terms of Reference of the

Board Committees are regularly reviewed to ensure that they remain relevant and aligned with CIMB's corporate mission and vision, and is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees.

Board Committee members are appointed by the Board on the recommendation of the Group Nomination and Remuneration Committee. The Committee memberships are structured to spread responsibility and make best use of the range of skills across the Board. Membership of the various Committees is reviewed regularly and is structured to provide the appropriate overlap of membership

to ensure cohesive information flow between the Committees. The Committee members are expected to attend each Committee meeting, unless there are exceptional circumstances that prevent them from doing so.

The Chair of the Committees reports on matters dealt with at their respective Committee Meetings to the Board, with the exception of the Group Shariah Committee, whose Chairman reports to the Board of CIMB Islamic Bank Berhad. Minutes of the Audit Committee, Board Risk Committee, Group Nomination and Remuneration Committee and Group Board Oversight Committee meetings are also presented at Board meetings for further discussion and direction, if any.

The Board Committees are as follows:

Board Committee	Main Areas of Oversight	Number of Meetings in 2016
Audit Committee (AC) <ul style="list-style-type: none"> • Comprises three members, all of whom are Independent Directors. 	<ul style="list-style-type: none"> • Financial Reporting • Internal controls • Internal audit function • External audit • Related Party Transactions 	18 meetings held to discuss the following: <ul style="list-style-type: none"> • Matters relating to CIMB. • Matters relating to the three Malaysian banking institutions and regional subsidiaries. • Matters relating to other non-banking subsidiaries of the Group. • Matters relating to demerit framework for the Group. • Annual Performance Review for Group Chief Internal Auditor. • 3 meetings with the External Auditors without the presence of Key Senior Management.
Board Risk Committee (BRC) <ul style="list-style-type: none"> • Comprises 10 members of whom six members (including the BRC Chairman) are Independent Directors. <p>All members are Non-Executive Directors.</p>	<ul style="list-style-type: none"> • Risk appetite • Risk governance • Risk frameworks • Risk management practices and policies • Compliance Risk • Risk strategy 	Six meetings to deliberate amongst others, on the following: <ul style="list-style-type: none"> • Risk Management Policies • Risk Appetite • Risk Profile • Risk Strategy • Risk Management Objectives • Economics Position and updates • Compliance to Risk Posture • Annual Performance Review for Group Chief Risk Officer and Group Chief Compliance Officer • Demerit framework on Performance Ratings



Board Committee	Main Areas of Oversight	Number of Meetings in 2016
Group Nomination and Remuneration Committee (GNRC) <ul style="list-style-type: none"> • Comprises five members of whom four members (including the GNRC Chairperson), are Independent Directors. <p>All members are Non-Executive Directors.</p>	<ul style="list-style-type: none"> • Membership and performance of Board and Board Committees • Independence of Directors • Fit and Proper Assessment of Directors, Group CEO/ED and Group Shariah Committee Members • Succession planning for Key Senior Management • Review of the performance of the Audit Committee and its members 	9 meetings to deliberate on the following: <ul style="list-style-type: none"> • Board Composition • Board Effectiveness Assessment • Board and Group CEO/EDs Remuneration • Board Nomination • Setting of KPIs for Group CEO/ED
Group Board Oversight Committee (GBOC) <ul style="list-style-type: none"> • Comprises four members of whom one member is an Independent Director. • The Chairman of the Board and the Group CEO are members. 	<ul style="list-style-type: none"> • Review and provide input and guidance on the implementation and monitoring of strategy • Review strategy, business plans and budget of the Group • Review potential investments, mergers, acquisitions and divestments of businesses and other assets of the Group • Review Management Reports from Business and Support units on key initiatives undertaken by the Group 	10 meetings to deliberate on the following: <ul style="list-style-type: none"> • T18 Strategy & T18 Governance • Cost Saving and Efficiency Measures • Regional Expansion • Company Culture and Talent Acquisition • Innovation and Strategic Initiatives • IT Infrastructure and Initiatives • Regulatory Compliance
Group Compensation Review Committee (GCRC) <ul style="list-style-type: none"> • Comprises five members all of whom are Non-Independent Directors. Three are Chairman of the 3 Malaysian FI's in CIMB Group. 	<ul style="list-style-type: none"> • Compensation policies • Remuneration framework for employees • Fit and Proper Assessment of Key Responsible Persons • Management development and succession planning 	6 meetings to deliberate on the following: <ul style="list-style-type: none"> • Group Remuneration Policy • Employees' Remuneration Framework and Arrangements • Provision and Allocation of Variable Remuneration and Salary Increments

Notes:

Further information on the Committees can be found in their respective Terms of Reference, available at www.cimb.com, Who We Are – Overview – Corporate Governance – Board Committees.

The members of the Committees can be found within the table that details the Directors attendance at Meetings on pages 167 to 168.

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Audit Committee

The Audit Committee is chaired by Datuk Mohd Nasir Ahmad and the members are Glenn Muhammad Surya Yusuf and Mohamed Ross Mohd Din, all of whom are Independent Directors. They met for a total of 18 times in 2016.

All members have the relevant accounting or related financial management experience or expertise, with the Chairman having more than 37 years of experience in finance, accounting and management. The Audit Committee assists the Board in relation to the external audit function (including external audit engagement, independence and prudential audit requirements), the assurance function (internal audit and credit risk review), CIMB's financial and prudential reporting requirements (including the integrity of statutory financial reports) and the effectiveness and relevance of the Group's internal control framework.

A summary of the activities undertaken by the Audit Committee during the financial year under review are set out in the Audit Committee Report on pages 200 to 204 of the Annual Report.

Its Terms of Reference is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees.

Board Risk Committee

The Board Risk Committee is chaired by Glenn Muhammad Surya Yusuf. They met for a total of 6 times in 2016. The Board Risk Committee is responsible for formulating and reviewing the risk management policies and risk appetite of CIMB.

The Board Risk Committee, together with the Group Chief Risk Officer, defines the risk management objectives across risk categories and business lines with a view to setting CIMB's risk appetite. The Board Risk Committee assists the Board by providing oversight of the implementation and operation of CIMB's risk management framework and advising the Board on CIMB's risk position,

risk appetite, risk culture and risk management strategy. The Board Risk Committee receives information on material risks and external developments that may have an impact on the effectiveness of the risk management framework.

Details of CIMB's Risk Management Framework are elaborated on pages 182 to 183 of this Annual Report.

The Board Risk Committee's Terms of Reference is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees.

Group Nomination and Remuneration Committee

The Group Nomination and Remuneration Committee is chaired by Teoh Su Yin. They met 9 times in 2016. The Group Nomination and Remuneration Committee recognises the importance of an appropriate balance and diversity of knowledge, skills, backgrounds, experience, professional qualifications, gender and nationalities in building an effective Board. It has established policies, criteria and a clear methodology in accordance with its Terms of Reference and the relevant regulatory requirements which provide the guidelines and framework for the Committee in discharging its duties. The Group Nomination and Remuneration Committee also oversees the nomination process and remuneration framework of Non-Executive Directors and Key Senior Management of the local and regional subsidiaries of CIMB. This is to ensure that they are fairly rewarded for their individual contributions to the overall performance and that the remuneration package is sufficiently competitive to attract and retain leadership talent.

In 2016, the activities of the Group Nomination and Remuneration Committee included the following:

Nomination Matters

- Reviewing the Board Effectiveness Assessment process and supervising the Independent Third Party that was

appointed to conduct the Board Effectiveness Assessment for 2016.

- Conducting individual Assessment of Directors eligible for appointment and re-appointment by BNM.
- Conducting Annual Assessment of Directors of CIMB eligible for re-appointment at the Annual General Meeting.
- Reviewing the composition of the Board of CIMB Islamic Bank Berhad, the Board of CIMB Investment Bank Berhad and the Group Shariah Committee.
- Evaluating new candidates to be appointed as Directors, Group Shariah Committee members and Key Senior Management positions.

Remuneration Matters

- Setting of Key Performance Indicators and assessing the performance of the Group CEO and other Executive Directors in the Group.
- Reviewing and determining the compensation and remuneration package of Non-Executive Directors of CIMB.

The Group Nomination and Remuneration Committee's Terms of Reference is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees.

Group Board Oversight Committee

The Group Board Oversight Committee is chaired by Dato' Sri Nazir Razak. The Group Board Oversight Committee had 10 meetings in 2016. The primary role of the Group Board Oversight Committee is to oversee the implementation and monitoring of the Board's decisions and to provide strategic guidance for the Group as delegated by the Board in its Terms of Reference.



In 2016, the activities of the Group Board Oversight Committee included, amongst others, monitoring on the following matters:

- Capital and Risk Weighted Average Optimisation
- Cost Saving and Efficiency Measures
- Regional Expansion
- Company Culture and Talent Acquisition
- Innovation and Strategic Initiatives
- Regulatory Compliance
- Customer Experience

The Group Board Oversight Committee's Terms of Reference is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees.

Group Compensation Review Committee

The Group Compensation Review Committee is chaired by Dato' Sri Nazir Razak. The Committee assists the Board in ensuring that there is a common oversight on all remuneration matters across the Group. The scope covered by the Group Compensation Review Committee also includes the approval of individual remuneration for senior management and Material Risk Takers, provision and allocation of variable remuneration, as well as salary increments.

The Group Compensation Review Committee's Terms of Reference is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees.

Other Group Committees

CIMB has also established other Board and Management Committees to assist the Board of Directors and Management in managing CIMB's activities and operations. The composition of the Group Committees is regularly reviewed and revised to ensure the Committees operate effectively.

Group Shariah Committee

The Group Shariah Committee was established to ensure that the operations of the Islamic banking and capital markets businesses of CIMB are Shariah-compliant. The Group

Shariah Committee resides at CIMB Islamic Bank Berhad and is leveraged by the Islamic businesses in Malaysia and Singapore.

This structure is in compliance with BNM's Shariah Governance Framework for Islamic Financial Institutions, the Guidelines on the Governance of Shariah Committee for Islamic Financial Institutions (BNM/RH/GL 012-1), and Islamic Financial Services Act 2013. In advising on Shariah matters, the Group Shariah Committee ensures that the rulings relating to Islamic banking and capital markets products and services comply with the judgements or the ijтиhad of the relevant Shariah authorities, including the Shariah Advisory Council of BNM and Securities Commission in Malaysia, the Fatwa issued by Dewan Syariah Nasional – Majlis Ulama Indonesia and the Brunei Monetary Authority's Shariah Advisory Council, wherever applicable. The Group Shariah Committee also takes into consideration Shariah Courts' judgements and rulings published by the National and State Fatwa Councils, and the Brunei State Mufti's Office.

Any non-compliance with Shariah matters is reported to the Group Shariah Committee and deliberated before reports are presented to the Board of Directors via the Board Risk Committee. The Group Chief Compliance Officer presents a periodic report on Shariah non-compliance and highlights rectification plans undertaken to address any non-compliance.

The members of the Group Shariah Committee and their attendance at meetings held in 2016 are as follows:

Members	Nationality	Attended/Held
Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil (Chairman)	Malaysian	6/6

Members	Nationality	Attended/Held
Professor Dr. Mohammad Hashim Kamali	Canadian (Malaysian Permanent Resident)	6/6
Sheikh Dr. Nedham Mohamed Saleh Abdul Rahman Yaqoobi	Bahraini	6/6
Sheikh YAA Dato' Dr. Haji Mohd Nai'm Haji Mokhtar	Malaysian	5/6
Sheikh Associate Professor Dr. Shafaai Musa	Malaysian	5/6
Sheikh Dr. Yousef Abdullah Al Shubaily	Saudi Arabian	6/6
Sheikh Muhammad Taufik Ridlo*1	Indonesian	1/1
Professor Dato' Dr. Noor Inayah binti Yakub*2	Malaysian	6/6
Sheikh Professor Dato' Dr. Sudin bin Haron*2	Malaysian	5/6

*1 Retired on 31 March 2016

*2 Retired on 31 December 2016

The Group Shariah Committee's Terms of Reference is available at www.cimb.com; Who We Are – Overview – Corporate Governance – Board Committees

International Advisory Panel

The International Advisory Panel acts as an advisory body to CIMB's Senior Management in the formulation and implementation of its international expansion policies. The Panel meets annually to review CIMB's international expansion strategies and plans. The Panel comprises members of various nationalities whose combined experience span a broad spectrum including the financial markets,

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industry, policy formulation and academia, both domestically and internationally. The members are as follows:

- Tun Musa Hitam (Chairman)
- Tan Sri Andrew Sheng
- Datuk Tong Kooi Ong
- Glenn Muhammad Surya Yusuf
- Goh Geok Khim
- Tan Sri Rainer Althoff
- Tira Wannamethee
- Watanan Petersik
- Auyeung, Rex Pak Kuen
- Nicholas Rupert Heylett Bloy
- Dr. Roberto F. de Ocampo
- Tan Sri Dato' Md Nor Yusof

Detailed explanation of the activities of the International Advisory Panel and its focus in 2016 are set out on pages 146 to 147 of the Annual Report.

Management Committees

The following management committees have been established to assist the Group CEO and Management in managing the various businesses and support activities in CIMB:

Group-wide Committees

- Group Management Committee
- Group Executive Committee
- Group Information Technology Strategy Committee
- Group Human Resource Committee
- Group Crisis Management Committee
- Group Data Governance Committee
- Group Risk Committee
- Group Operational Risk Committee
- Group Asset Liability Management Committee
- Group Market Risk Committee
- Group Credit Committee
- Group Asset Quality Committee
- Group Customer Experience Council – New
- Digital Executive Committee – New

Divisional Committees

- Group Wholesale Banking Committee
- Group Consumer Banking Committee
- Group Commercial Banking Management Committee
- Group Islamic Banking Committee
- Group Transaction Banking Management Committee – New
- Group Compliance Management Committee – New

Succession Planning

The Group Nomination and Remuneration Committee has oversight of the succession planning of Key Senior Management positions across CIMB. Part of this authority on succession planning has been delegated to the Talent Review Board of CIMB. The Talent Review Board comprises the following members:

- Dato' Sri Nazir Razak
- Dato' Zainal Abidin Putih (*Chairman of CIMB Bank*)
- Datuk Dr. Syed Muhammad Syed Abdul Kadir (*Chairman of CIMB Islamic Bank*)
- Dato' Robert Cheim Dau Meng (*Chairman of CIMB Investment Bank*)
- Tengku Dato' Sri Zafrul Tengku Abdul Aziz (*Group CEO*)
- Renzo Christopher Viegas (*Management*)
- Tigor M. Siahaan (*Management*)
- Dato' Hamidah Nazaadin (*Management*)
- David Richard Thomas (*Management*)

The Terms of Reference of the Talent Review Board are as follows:

- Review and endorse strategic talent management-related policies that ensure the right managers and leaders are in the right roles at the right time, and that the Group has the talent required to grow the organisation in order to meet its mission, vision and strategic plan.

- Ensure issues related to talent management are undertaken with a strategic perspective that is in line with the business objectives and expectations of the various stakeholders across the region.
- Endorse key strategic decisions regarding the acquisition, development and retention of key talents of our Group's leadership team.
- Provide oversight on leadership development initiatives for building a 'leadership succession pipeline' in the short, medium and long-term period (immediate, one to two years, three to five years).
- Mandate a coaching and mentoring culture across the Group to institutionalise CIMB and to engage leaders to contribute to the future success and sustainability of the Group.

In terms of leadership development, CIMB continues to groom its future leaders through its flagship leadership programme, the CIMB-INSEAD Leadership Programme, which was launched in 2010. The programme boasts 170 alumni.

Core leadership development initiatives transcend beyond the Senior Leadership group to permeate every level of Management to build and develop a deep pool of talent across the organisation. Regional team building programmes and universal banking capabilities are core focus areas for developing the next generation of CIMB leaders.

Further details on CIMB Group's Human Capital and Talent Development initiatives are set out on pages 210 to 215 of the Annual Report.



Remuneration Policy

The CIMB Group Remuneration Policy, which has been reviewed by the Group Compensation Review Committee (GCRC) and approved by the Board, applies to all subsidiaries and overseas offices within the Group and acts as a guiding principle in relation to the design and management of our remuneration programmes.

3 key principles of our Remuneration Policy:

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

Components of Remuneration

The Group's employee remuneration is made up of two main components – fixed and variable:

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

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

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

Shares under the plan are released progressively to the participants over 3 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. The Group currently tracks two risk-adjusted performance measures – risk-adjusted return on capital (RAROC) and economic profit, which are adopted in phases across the Group.

The Group's key measures are cascaded to the business units and functions accordingly, and subsequently to the KPI scorecards of individuals. In 2016, the RAROC measure has been cascaded to the KPI scorecards of key individuals in the organisation across the Group.

For each employee in the Group, 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

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

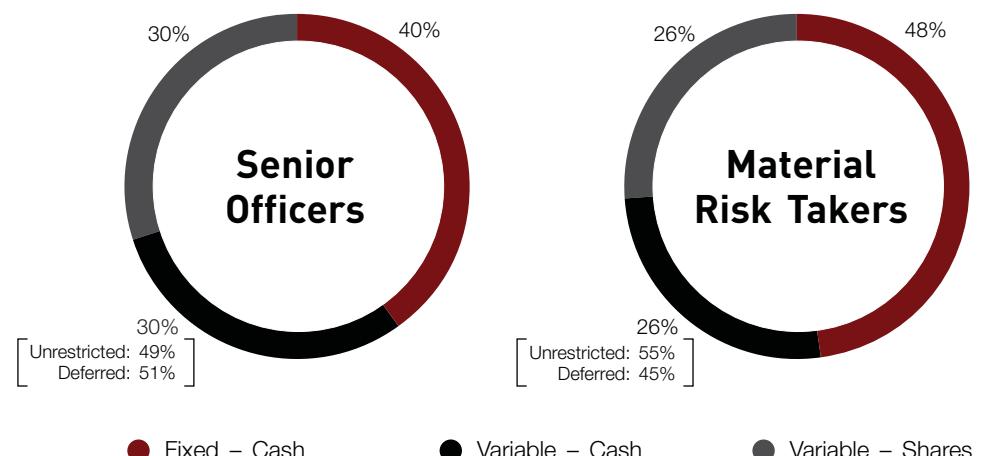
The Group pool will be allocated by the GCRC to the business units and functions based on their respective performance, measured through balanced scorecards and guided by the Group CEO. The allocation will also take into consideration inputs from the control functions such as Audit, Compliance and Risk.

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

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

Summary of 2016 Remuneration Outcomes

Breakdown of remuneration awarded to Senior Officers and Material Risk Takers for 2016



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

Total remuneration awarded to 20 SOs for the financial year 2016 was RM80.9 million.

Material Risk Takers (MRTs) are defined as employees whose responsibilities have a material impact on the Group's performance and risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Group.

Total remuneration awarded to 36 MRTs for the financial year 2016 was RM83.1 million.

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

Category	SOs	MRTs
Number of guaranteed bonuses	–	–
Number of sign-on bonuses	1	2
Number of severance payments	–	–
Total amount of above payments made during the financial year 2016	RM 2.76 million*	

* Due to data confidentiality, the total amount of payments for SOs and MRTs have been aggregated for reporting

Table 2: Breakdown of deferred remuneration

Category	SOs (RM'000)	MRTs (RM'000)
Total amount of outstanding deferred remuneration	–	–
• Cash	48,591	46,737
• Shares		
Total amount of deferred remuneration paid out during the financial year	9,593	12,278
• Cash	21,051	23,014
• Shares		
Outstanding deferred remuneration (performance adjustments):	100%	100%
• 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)	–	–
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, clawbacks or similar reversals or downward revaluations of awards. Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.

**Table 3: Breakdown of Group CEO's remuneration**

Name	Category	Cash (RM'000)	Shares (RM'000)	Total (RM'000)
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	Fixed remuneration	2,199	–	2,199
	Variable remuneration	866	–	866
	• Non-deferred	1,299	3,247	4,546
	• Deferred	4,364	3,247	7,611
	Total remuneration award for financial year 2016			

Code of Conduct

The core philosophy of the Group's Code of Conduct is "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 the Group and Board of Directors when dealing with customers, business associates, regulators, colleagues and other stakeholders. It gives guidance in areas where employees may need to make personal and ethical decisions, and goes beyond compliance with laws, regulations and basic standards of personal conduct.

The Code of Conduct includes, amongst others, references to specific Group policies regarding bribery, corruption, money-laundering/counter-financing of terrorism, customer management, whistle-blowing and fraud management. CIMB employees and Directors are individually responsible for ensuring they are familiar with the Code of Conduct as well as complying with it.

Details of the Code of Conduct can be found in CIMB's website at www.cimb.com, Who We Are – Overview – Corporate Governance.

Promoting Sustainability

CIMB is committed to the long-term sustainability of its operations and business, and aims to optimise social, environmental, workplace and economic impact of its operations for the benefit of all stakeholders, including implementing Bursa Malaysia's requirements on Sustainability Reporting. CIMB publishes a comprehensive Sustainability Report

which outlines in detail the efforts and initiatives of CIMB as a responsible corporate citizen for the benefit of its stakeholders. CIMB's Sustainability Report is guided by the Global Reporting Initiative 4.0 standards of reporting and forms part of this Annual Report.

Board Access to Information

The Board of Directors and Committees have unrestricted access to internal records and to Senior Management, and receive complete, relevant and timely information concerning financial performance, updates on corporate development, business progress, risk, compliance and proposals. The Board of Directors also requires sufficient time to evaluate reports and proposals and has a right to request additional information to enable the Board to discharge its duties effectively.

The Board of Directors may communicate directly with Senior Management to seek advice and request further information on any aspect of CIMB's operations and business concerns. This will enable the Board of Directors to effectively discharge their duties with adequate input from Senior Management and access to legal, accounting and financial advice, where necessary.

The Board of Directors has unrestricted and independent access to the advice and services of the Group Company Secretary. The Group Company Secretary is responsible for providing support and guidance to the Board on policies and procedures, rules and regulations and relevant laws as well as best practices on governance.

In addition, the Board of Directors is entitled to obtain independent professional advice on specific matters that in their opinion requires unbiased evaluation, at the expense of CIMB. A formal procedure is in place to facilitate the Board of Directors in seeking independent professional advice as detailed in the Board Charter.

In 2016, the Board had exercised its rights to seek independent advice on 2 separate matters.

Board Charter

In order to promote high standards of corporate governance and to clarify the roles and responsibilities of the Board, the Board of Directors has formalised its roles and responsibilities in a Board Charter. The Charter also elaborates on the fiduciary and leadership functions of the Directors and serves as a primary induction literature on the functions of the Board. The Board Charter is subject to review by the Board of Directors every two years to ensure CIMB remains at the forefront of best practices in governance.

The current Board Charter is available at www.cimb.com, Who We Are – Overview – Corporate Governance.

Group Company Secretary

The Board is assisted by the Group Company Secretary who, under the direction of the Chairman, is responsible for facilitating effective information flows within the Board and its Committees and between Senior Management and Non-Executive Directors, as well as the induction of new Directors and the ongoing professional development of all Directors. The

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Group Company Secretary is responsible for monitoring compliance with the Board's procedures and for advising the Board, through the Chairman, on all governance matters. Under Section 236(1) and 239 of the Companies Act, 2016, the appointment and removal of the Group Company Secretary is a matter reserved for the Board. The Board ensures that all its Directors have access to the advice and services of the Group Company Secretary who is qualified and competent, in line with Recommendation 1.6 of the MCCG 2012 and Section 235 of the Companies Act 2016.

The office of the Group Company Secretary is responsible for the systems and processes that enable the Board to perform its role and provides secretariat services for each of the Board Committees. The Board and Committee agendas, papers and minutes are available to all members of the Board.

The Group Company Secretary, Datin Rossaya Mohd Nashir, was appointed to her role in 2002. She has more than 20 years' experience in corporate secretarial practice. She holds a Bachelor of Laws degree from Coventry University, United Kingdom, is an affiliate of the Malaysian Institute of Chartered Secretaries and Administrators and has been active in the Companies Commission of Malaysia's Corporate Practice Consultative Forum.

Datin Rossaya's main duties include ensuring that the Board of Directors, Board Committees and shareholders' meetings are properly convened in accordance with the laws and best practices, and that records of proceedings at these meetings are duly minuted and kept. She also oversees the corporate secretarial practices of local and regional subsidiaries, with support from the respective regional Company Secretaries. The Group Company Secretary facilitates the communication of key decisions of the Board of Directors and Board Committees to Senior Management for their further action.

Apart from assisting the Chairman in formulating the agenda and conduct of meetings, the Group Company Secretary also undertakes the following roles in three key areas:

Company

- Facilitating the highest standards of governance practices among CIMB entities and identifying areas for enhancements.
- Ensuring that CIMB complies with the statutory obligations under the relevant laws and regulations.
- Monitoring and ensuring that CIMB's governance framework complies with the Financial Services Act 2013, the Islamic Financial Services Act 2013, the MCCG 2012, BNM Corporate Governance Policy, the Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements (MMLR) and the relevant laws, regulations and guidelines.
- Maintaining the safe keeping of statutory records of the companies within CIMB in compliance with applicable laws and regulations.

Board

- Managing Board processes Group-wide.
- Ensuring procedures for the appointment of Directors are adhered to.
- Organising induction programmes for new Directors.
- Organising and assisting in Directors' Training.
- Updating the Board of Directors on any developments and changes in relevant laws, regulations and guidelines, and the impact on CIMB's business in the jurisdictions within which CIMB operates.
- Assisting Directors and Senior Management in the execution of various corporate proposals by ensuring Board decisions and instructions are properly carried out and communicated.

- Point of contact for source of information in assisting the Board in its decision-making processes.

Shareholders

- Assisting in managing shareholders' communication and resolving their enquiries.
- Organising shareholders' meetings as well as the preparing of meeting agendas, invitations and documents required for the meetings,
- Managing CIMB's relationship with external stakeholders.

In ensuring the uniformity of Board conduct and effective boardroom practices throughout CIMB, the Group Company Secretary has oversight on the overall corporate secretarial functions of CIMB, both in Malaysia and in countries where CIMB operates. The Group Company Secretary also serves as an adviser and support centre to the regional secretaries on matters pertaining to governance and facilitates the flow and sharing of information among the regional Boards and Committees.

In 2016, the Group Company Secretary facilitated the following:

- Review of the Board of Directors' and Board Committees' remuneration framework
- Review the composition of the Board of Directors and Board Committees
- Strengthened lines of reporting and communication between subsidiaries in the region through the implementation of the Regional Operating Model
- Implemented a common delegated authority framework throughout the Group including regional subsidiaries as part of CIMB's financial discipline on-going efforts.
- Compliance with BNM's new Corporate Governance Policy that was effective on 3 August 2016.



STRENGTHENING COMPOSITION

Board Composition and Balance

CIMB is committed to ensuring that the composition of the Board of Directors continues to comprise directors, who as a whole possess the diversity of skills (including gender diversity) and experience required to fulfil the roles and responsibilities of the Board. The Board strives to retain a balance between long-serving Directors with established experience and knowledge of CIMB Group's business and history, and new Directors who bring an external perspective and unique insights. The Board comprises 11 Directors, of whom six are independent. The Group CEO is a Non-Independent Director by virtue of his position as the Executive Director. Similarly, the Chairman and one other Director is Non-Independent due to their previous executive positions in the Group. The other Non-Independent Directors represent Khazanah Nasional Berhad and The Bank of Tokyo-Mitsubishi UFJ, Ltd/Mitsubishi UFJ Financial Group, Inc.

The composition of the Board of Directors saw the following changes in 2016:

- Dato' Zainal Abidin Putih retired from the Board on 18 April 2016
- Hiroaki Demizu was appointed as Non-Independent Non-Executive Director on 8 March 2016
- Mohamed Ross Mohd Din was appointed as Independent Director on 19 April 2016
- Datuk Mohd Nasir Ahmad was re-designated as Senior Independent Director on 19 April 2016

Appointments to the Board

As part of the Group Nomination and Remuneration Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board and Key Senior Management vacancies as and when they arise, or to identify candidates to

complement the existing Board, and make recommendations to the Board on their appointment. It also oversees the remuneration package of the Board of Directors and Key Senior Management of subsidiaries within the Group and undertakes Individual Assessment of Directors eligible for new appointment and re-appointment prior to submission to regulators for approval.

The Group Nomination and Remuneration Committee assesses candidates against a range of criteria, which among others, include background, experience, professional qualifications, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's ability to commit to the Board's activities. The appointment process is conducted in accordance with the new BNM Corporate Governance Policy and the Group's Fit and Proper Policies and Procedures for Key Responsible Persons. The policy sets out a formal and transparent process for the appointment, re-appointment and annual assessment of Chairman, Directors, CEOs/Executive Directors, Group Shariah Committee members and Key Senior Management. The appointment and re-appointment of Directors are subject to BNM's vetting and prior approval.

In 2016, the Board of Directors approved the nominations of Hiroaki Demizu and Mohamed Ross Mohd Din which were duly approved by BNM.

Before recommending a candidate, the Group Nomination and Remuneration Committee undertakes a thorough and comprehensive evaluation based on a set of criteria adopted by the Board of Directors. The set of criteria that guides the Group Nomination and Remuneration Committee when proposing candidates to the Board of Directors is as follows:

- Relevant skills and expertise

- Competence in specialised areas of practice, for example accounting, finance, law, banking and investment
- Demonstrated a track record of success
- Independence (where relevant) and objectivity
- Willingness to challenge prevailing opinion
- Sufficient time committed for meetings of Board of Directors and Board Committees
- Able to bring different perspective and enhance diversity of the Board

New Directors are provided with a formal letter of appointment that sets out the key terms and conditions of the appointment including, among other things, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding involvement with Board Committee work. New Directors also participate in a formal induction programme which includes meetings with relevant members of Senior Management and provision of relevant policies, Board Charter and other materials.

The selection criteria and process for appointments and re-appointments to the Board of Directors are detailed under item 4 in the Board Charter available at www.cimb.com: Who We Are – Overview – Corporate Governance – Board Charter.

Re-appointment and Re-election

In 2016, the Board of Directors recommended the re-appointment of the following Directors which were duly approved by the shareholders at the Annual General Meeting held on 18 April 2016:

- Dato' Sri Nazir Razak
- Glenn Muhammad Surya Yusuf
- Watanan Petersik
- Datuk Mohd Nasir Ahmad
- Dato' Lee Kok Kwan
- Hiroaki Demizu

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STATEMENT ON CORPORATE GOVERNANCE (CONT'D.)

For the forthcoming Annual General Meeting, the Board of Directors has recommended the re-appointments of the following Directors for approval by the shareholders:

(1) Pursuant to Article 76 of the Company's Articles of Association and Paragraph 7.26(2) of the MMLR, whereby no Director should serve more than 3 years without seeking re-election at the Annual General Meeting, and after considering any Directors that are retiring due to age and any newly appointed Directors, one-third of the Directors shall retire from office at the Annual General Meeting.

Based on the above, Robert Neil Coombe, Joseph Dominic Silva and Teoh Su Yin, shall be retiring at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-election.

(2) Mohamed Ross Mohd Din who was appointed to the Board on 19 April 2016, shall be retiring at the forthcoming Annual General Meeting and being eligible, has offered himself for re-election pursuant to Article 83 of the Articles of Association and Paragraph 7.26(2) of the MMLR.

The election of each director will be conducted separately.

Board Diversity

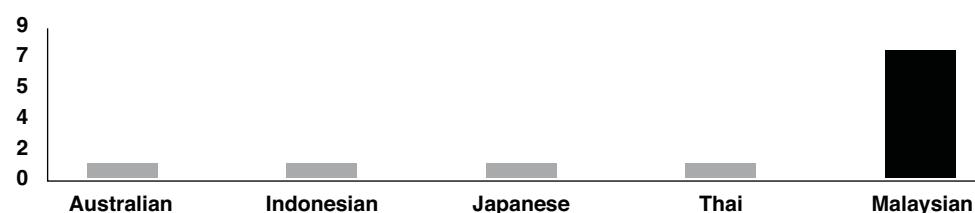
The Board of Directors promotes and welcomes diversity and gender mix in its composition and gives due recognition to the financial, technical and business experience of the Directors.

The Board believes that having a range of different skills, backgrounds, experience and diversity ensures a broad range of viewpoints which facilitate effective governance and decision making.

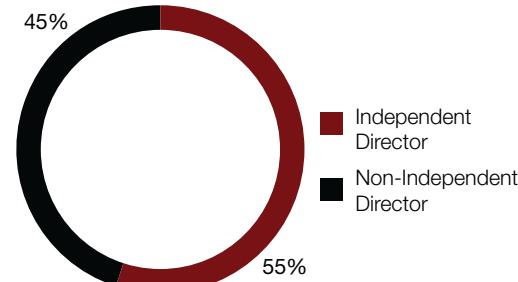
The experience and background of Directors are described in their profiles as set out in pages 114 to 126.

The following diagram gives a brief overview of the Board of Directors' diversity in terms of age, ethnicity/nationality, tenure, independence and skills/experience.

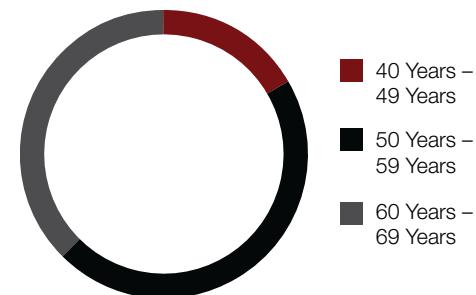
Board Member's Nationality



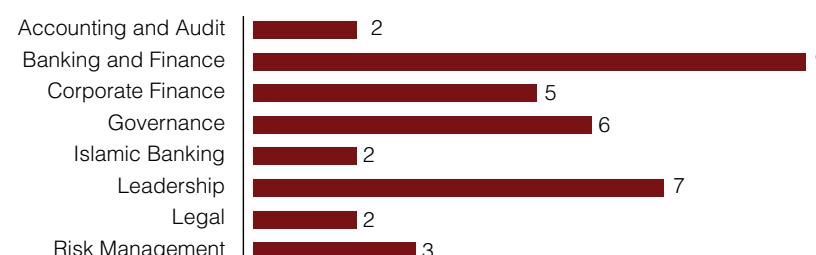
Board Composition of Independent Directors



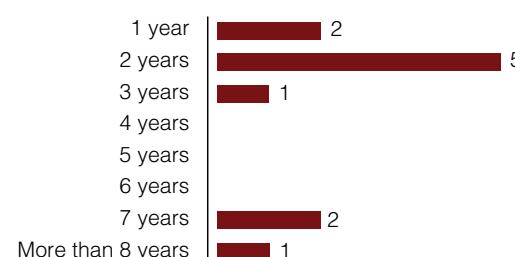
Age Diversity



Board Member's Industry/Background Experience



Length of Tenure as Director





Directors' Remuneration

CIMB had previously established a remuneration framework for its Board of Directors and Key Senior Management. This framework included fees, monthly and meeting allowances for Non-Executive Directors which were based on industry standards and set by reference to the responsibilities assumed by them.

In order that the remuneration framework remains competitive and consistent with CIMB's high performance culture, objectives and strategy, the framework for Non-Executive Directors were reviewed in 2016 to ensure that it remains market-competitive.

In reviewing the remuneration framework, the criteria for determining the fee quantum is based on the Directors' responsibilities, contribution level and time commitment required. CIMB recognises the different expertise and roles played by each and every member of the Board which at the same time, reflects the size and complexity of CIMB's operations. Where necessary, independent advisers or consultants are engaged to provide independent advice to the Group Nomination and Remuneration Committee on specific areas. To avoid any conflicts of interest, no individual Director has any influence on the decision pertaining to his or her own remuneration. The remuneration of the Directors in office during the financial year is also disclosed in CIMB's Financial Statements.

In 2016, the GNRC reviewed the Non-Executive Directors remuneration framework, which would be tabled to the shareholders at the 60th Annual General Meeting on 28 April 2017 for approval.

The remuneration paid to the Directors by CIMB in 2016, is as follows:

Directors	Fees RM'000	Monthly and Meeting Allowance RM'000	Remuneration from Subsidiaries RM'000	Total RM'000	Benefits
Non-Executive Directors					
Dato' Sri Nazir Razak	100	614	680	1,394	Claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors
Datuk Mohd Nasir Ahmad	114	118	277	509	
Dato' Lee Kok Kwan	114	115	385	614	
Glenn Muhammad Surya Yusuf	126	108	730	963	
Joseph Dominic Silva	114	78	13	205	
Robert Neil Coombe	102	61	13	176	
Teoh Su Yin	126	124	13	263	
Watanan Petersik	114	71	164	349	
Mohamed Ross Mohd Din ^{*1}	85	79	107	271	
Hiroaki Demizu ^{*2}	102	53	—	155	
Kenji Kobayashi ^{*3}	19	10	2	31	
Dato' Zainal Abidin Putih ^{*4}	38	35	258	330	
Group CEO					
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	—	—	7,611	7,611 ^{*5}	Club membership fees, driver & other claimable benefits
Grand total	1,154	1,466	2,642	12,874	

Notes:

^{*1} Appointed on 19 April 2016

^{*2} Appointed on 8 March 2016

^{*3} Resigned on 8 March 2016

^{*4} Resigned on 18 April 2016

^{*5} Please refer to the Remuneration Policy on page 159 of this Annual Report for details on the Group CEO's compensation

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Board Effectiveness Assessment

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

The Group Nomination and Remuneration Committee reviews annually, the effectiveness of the Board of Directors and Committees as well as the performance of individual Directors. Since 2006, CIMB has implemented the Board Effectiveness Assessment (BEA) exercise to evaluate the performance of the Board of Directors and Committees.

In 2016, the Board of Directors engaged an independent external consultant to perform the BEA for 2016. The independent external consultant was selected through a formal and transparent process, complying with CIMB's procurement policy and procedures.

The results of the comprehensive assessment were reported to the Group Nomination and Remuneration Committee on 19 January 2017 and subsequently, to the Chairman of the Board. The key areas for improvement that was identified will be presented in the Annual Report 2017 along with the actions that were taken by the Board as part of its improvement plan.

The Group Nomination and Remuneration Committee also conducts Individual Assessment of Directors, CEOs/Managing Directors, Group Shariah Committee members and Key Senior Management annually to determine the fitness and propriety of key responsible persons.

Individual assessments are set out in CIMB's Fit & Proper Policy for Key Responsible Persons, based on the following framework:

1. Individual assessments are conducted for Directors, Committee members and Key Senior Management whose tenure of appointments are expiring and seeking re-appointments from BNM

2. Assessments are based on both quantitative and qualitative parameters, comprising the following:
 - Attendance at Board and Committee Meetings
 - Level of Participation at Board and Committee meetings including Contribution of Ideas, Teamwork Spirit, Knowledge and Competency in Subject Matter, Sound Judgement and Broad Perspective and Willingness to Challenge Prevailing Opinion
 - Subjective Assessment on the Director's character, personality, communication and interpersonal skills, commitment to CIMB events and peer relationship, amongst others
3. The Group Nomination and Remuneration Committee ensures that inputs on the Director being assessed are also obtained from the respective Chairman of each Board or Committee, if necessary.

REINFORCING INDEPENDENCE

Directors' Independence

The Board of Directors recognises that Independent Directors have an important role in assuring the shareholders that the Board is able to act in the best interests of CIMB and independently of Management. Independent Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interests of CIMB as a whole. In 2016, none of the Independent Directors engaged in the day-to-day management of CIMB, participated in any business dealings or were involved in any other relationships with the Group, other than in situations permitted by the applicable regulations.

In line with Recommendation 3.2 of the MCCG, CIMB has adopted a policy that limits an Independent Director's tenure of service to a maximum of nine years or upon reaching the age of 70 years, whichever is earlier. An Independent Director who has served the Group for nine years or who has reached the age of 70 years may, subject to the Group Nomination and Remuneration Committee's recommendation and shareholders' approval, continue to serve the Group in the capacity of Independent Director.

Over time, the Board also recognises that material relationship with CIMB other than solely as a result of being a Director may occur. A Director's interest, position, associations or relationships will be considered relevant when assessing independence if the individual circumstances materially interfere with (or could reasonably be perceived to materially interfere with) a Director's ability to exercise independent judgement across certain or all aspects of their role as a Director. The Board of Directors, through the Group Nomination and Remuneration Committee therefore, assesses the independence of its Independent Directors annually, using the BEA questionnaire, in line with Recommendation 3.1 of the MCCG 2012. Additional criteria that are assessed to determine each individual Director's ability to exercise independent judgement are:

- The individual is free from any significant business or other relationship which can materially pose any conflict of interest or interfere with the exercise of Director's judgement or will be disadvantageous to CIMB or CIMB's interest
- The individual's ability to provide objective challenges and constructive feedback to Management, focusing on root cause of issues and potential actions required to rectify the matters discussed
- The individual's willingness to challenge others' assumptions, beliefs or viewpoints for the good of CIMB



The Board of Directors is satisfied with the level of independence demonstrated by all of its Independent Directors and that they are free from business relationships or other circumstances that could materially interfere with their exercise of objective, unfettered and independent judgement.

Any Director who considers that he or she has or may have a conflict of interest or a material personal interest in any matter concerning CIMB, is required to give the Board and/or the Group Company Secretary immediate notice of such interest. Determinations regarding independence do not change any Director's obligation to manage a conflict of interest that may arise between carrying out their duties as a Director of the company and their other interests and duties.

As an additional measure to reinforce the independence of the Board, CIMB constantly ensures that Independent Directors constitute a majority of the Board at all times, in line with BNM Corporate Governance Policy and Recommendation 3.5 of the MCGC 2012.

Details on the independent status of the Board of Directors, their roles in Board Committees and their attendance at meetings in 2016 are as follows:

	Position	Independent of the Company/ Major Shareholder	Directorship in Subsidiaries	Attendance at Meetings					
				Board	AC	BRC	GNRC	GCRC	GBOC
Dato' Sri Nazir Razak • Appointed to the Board on 27 January 2006	Chairman/ Non-Independent Non-Executive Director	No	• CIMB Niaga • CIMB Bank	12/12*		5/6		6/6 Chair	10/10 Chair
Tengku Dato' Sri Zafrul Tengku Abdul Aziz • Appointed to the Board on 27 February 2015	Executive Director	No	CIMB Bank	18/18				6/6	10/10
Glenn Muhammad Surya Yusuf • Appointed to the Board on 25 January 2010	Independent Director	Yes	CIMB Niaga	16/19	17/18	6/6 Chair	9/9		
Watanan Petersik • Appointed to the Board on 25 January 2010	Independent Director	Yes	CIMB Thai	17/19		6/6	9/9		
Robert Neil Coombe • Appointed to the Board on 16 April 2014	Independent Director	Yes		16/19		5/6			
Hiroaki Demizu • Appointed to the Board on 8 March 2016	Non-Independent Non-Executive Director	No		15/17		4/4			
Joseph Dominic Silva • Appointed to the Board on 30 June 2014	Non-Independent Non-Executive Director	No		18/19		6/6	9/9		
Teoh Su Yin • Appointed to the Board on 8 October 2014	Independent Director	Yes		17/19		5/6	9/9 Chair		9/10

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	Position	Independent of the Company/ Major Shareholder	Directorship in Subsidiaries	Attendance at Meetings					
				Board	AC	BRC	GNRC	GCRC	GBOC
Datuk Mohd Nasir Ahmad • Appointed to the Board on 20 July 2015	Senior Independent Director	Yes	CIMB Bank	17/19	18/18 Chair	6/6			
Dato' Lee Kok Kwan • Appointed to the Board on 20 July 2015	Non-Independent Non-Executive Director	No	• CIMB Niaga • CIMB Bank • CIMB Bank Labuan	18/19		5/6			9/10
Mohamed Ross Mohd Din • Appointed to the Board on 19 April 2016	Independent Director	Yes	CIMB Islamic Bank	14/14	12/13	3/3	7/7		

Note:

* Leave of Absence from 18 April to 19 May 2016 and pending BNM approval on re-appointment from 4 June 2016 to 14 August 2016.

Segregation of the Positions of Chairman and Group Chief Executive/Executive Director

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

Chairman

Dato' Sri Nazir Razak helms the Board of Directors as Chairman. He is responsible for leading the Board which includes ensuring the efficient organisation and conduct of the Board's functions, facilitating effective contribution by all Directors and promoting constructive relations between the Board and Senior Management. He also oversees, guides, advises and provides support to the Group CEO, particularly in strategic matters with respect to the Group's long-term growth. The Chairman's role also includes ensuring that the Board is provided with all information relevant

to CIMB's operations and strategies to assist in the discharge of the Board's duties, reviewing corporate governance matters with the Group Company Secretary and reporting on those matters to the Board. The Chairman also encourages constructive relations within the Board, and between the Board and Senior Management. He encourages effective dialogues between the shareholders, Board members and Management.

Group Chief Executive/Executive Director

Tengku Dato' Sri Zafrul Tengku Abdul Aziz is the Group CEO and chairs the Group Management Committee, which is the highest Management Committee within CIMB. He is tasked with leading the development and execution of CIMB's long-term strategy with a view to creating shareholder value. The Group CEO is ultimately responsible for all the day-to-day management decisions and for implementing the long and short-term plans for the Group. Tengku Dato' Sri Zafrul also acts as a direct liaison between the Board

and Management; and communicates to the Board on behalf of Management and to shareholders, employees and other stakeholders on behalf of CIMB.

Senior Independent Director

Datuk Mohd Nasir Ahmad was appointed to the Board on 20 July 2015 and assumed the role of Senior Independent Director on 19 April 2016.

He serves as the point of contact between Independent Directors and the Chairman on sensitive issues and acts as a designated contact to whom stakeholders' concerns or queries may be raised, as an alternative to the formal channel of communication with stakeholders. The role of the Senior Independent Director is included in the Board Charter which is accessible on CIMB's website.



In 2016, the Board decided that the Senior Independent Director would be the most suitable Non-Executive Director to be responsible for the effective implementation of CIMB's Whistleblowing Policy as required under paragraph 18.2 (d) of BNM Corporate Governance Policy.

Stakeholders' queries can be e-mailed directly to the Senior Independent Director at cimbSID@cimb.com or directed to the following address:

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

FOSTERING COMMITMENT

Each Board member is expected to commit sufficient time to carry out his or her role as a Director and if applicable, as a member of the Board Committee. In any given situation, in accordance with the MMLR and the Green Book, the number of directorships for each Director is limited to 5 in public-listed companies and 10 in non-listed companies. This is to ensure the Directors have the time to focus and fulfil their responsibilities effectively. For 2016, none of the Directors serve on the boards of more than five other public-listed companies. The Group CEO adheres strictly to the limit of directorships as stated in the BNM Guidelines. He currently holds two other directorships within the Group; CIMB Bank Berhad and CIMB Group Sdn. Bhd.

The Board of Directors values the experience and perspective gained by Directors from their services on the Board of other companies, organisations and association. Directors, however, are expected to advise the Chairman of the Board and the Group Nomination and Remuneration Committee of their intention to join the Board of another public-listed

company outside the Group, and indicate the time commitment of the new appointment.

The Board of Directors is informed of changes to the directorships held by its members on a quarterly basis and is satisfied that the current external directorships held by the Directors would not impair their ability to contribute to CIMB and that they are able to devote sufficient time in discharging their duties effectively.

Board Meetings

The Board of Directors meets as often as necessary to fulfil its roles and responsibilities. There were 9 scheduled Board meetings and 10 Special Board meetings held in 2016. Key matters deliberated in 2016 include:

- Budget, Financial and Performance Review
- Capital Management
- Divestments and Expansions
- Risk Appetite and Posture

Any Director with a material personal interest, either direct or indirect, in any proposal or transaction being considered by the Board must declare his or her interest and abstain from participating in discussions and any decision-making on that proposal. The minutes of the meeting will reflect as such.

The calendar for Board meetings providing scheduled dates for meetings of the Board of Directors and Committees are fixed in the Third Quarter of the preceding year, to enable the Directors to plan ahead. Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decision. Every Fourth Quarter of the year, a Special Board meeting is held to plan and discuss CIMB's strategy, together with the Business Plan and Budget for the ensuing year.

Participation in Board meetings is expected to be in person. Article 99 of the Company's Articles of Association, however, allows the use of tele-conference and tele-presence facilities if Directors are unable to attend physically. In the event Directors are still unable to participate, they are encouraged to provide feedback to the Chairman/Group Company Secretary on matters to be deliberated for their views to be given due consideration at the meeting.

Board approvals for routine matters in the ordinary course of business are permitted under the Articles of Association of CIMB to be obtained through resolutions approved by circulation.

Dealings in Securities

The Board of Directors recognises CIMB's role in preserving the integrity of the capital market and the risks of insider trading for financial institutions, particularly for investment banks. Therefore, the Board of Directors has adopted a more stringent policy in relation to dealings in securities by Directors and Key Senior Management than that required by the MMLR. No dealing in the securities of CIMB by Directors and Key Senior Management is permitted during closed periods, which commences 30 calendar days before the targeted date of the announcement of the quarterly results up to the date of the announcement.

Dealings by Directors and Key Senior Management are reported to the Group Company Secretary within three business days and announced immediately through Bursa Malaysia upon receipt of such notice. Dealings by Directors and Key Senior Management in the Company's shares are disclosed to the Board of Directors on a quarterly basis.

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Training and Development of Directors

Directors have a duty to perform their statutory obligations and to act in good faith in a way most likely to promote the success of CIMB.

Every newly appointed Director receives an information pack comprising relevant updated corporate information on CIMB and the Board Charter. As part of a comprehensive induction programme which amongst others covers CIMB's businesses, governance practices and arrangement, financial, strategic, operational and risk management position, a new Director meets with the relevant Head of Divisions to gain valuable insights into relevant operational matters and matters of corporate strategy. These sessions are held soon after a Director's appointment. This serves a dual function, which is to acquaint the Directors with the operations and organisational structure of CIMB, as well as serve as a platform to establish an effective channel of communication and interaction with Key Senior Management. Directors are also encouraged to

visit CIMB's regional entities to familiarise themselves and have a holistic view of the Group's regional businesses.

On-going Director education is provided through regular management presentations on key functions or activities. Directors are also offered access to external education and professional development training at the Group's expense, as these will serve to enhance their knowledge and performance. The role to review the training needs and professional development of Directors is delegated to the Group Nomination and Remuneration Committee.

In 2016, the Group Nomination and Remuneration Committee undertook a review of the Director's Development plan, focusing on a structured framework comprising a formal budget for both mandatory and voluntary training programmes. The Group Company Secretary works with Regional Learning and Development Department to facilitate the Directors' attendance in training

programmes, briefings, workshops and seminars that are conducted in-house or by external providers.

A comprehensive list of training programmes covering topics relevant to the Directors is sent to all Directors at the beginning of the financial year. CIMB's Directors have actively participated in programmes organised by regulators and industry associations such as the BNM/Financial Institutions Directors' Education (BNM/FIDE) programme, Malaysian Directors' Academy (MINDA) programme, as well as training and conferences organised by Bursa Securities and the Securities Commission.

Directors that have never been appointed to a public-listed company are required under Practice Note 5 of the MMLR to attend the Mandatory Accreditation Programme (MAP) organised by an approved body corporate within four months of their appointment. Hiroaki Demizu has complied with the MAP requirement in 2016.

Details of training programmes attended by the Directors in 2016 and time spent by each Director are summarised below:

Titles/Topics	Mode of Training	Duration
Banking and Finance		
• Transition Process for discontinuation of 9-month KLIBOR Tenor by Bank Negara Malaysia	Course	1 Day
• 2016 Invest In China, Interbank Market Seminar	Course	1 Day
• 10th Financial Services CEO Round Table	Workshop	1 Day
• ASIFMA's 10th Anniversary Event and Annual Conference 2016	Forum	2 Days
• Avoiding Financial Myopia Seminar by FIDE FORUM	Course	1 Day
• Innovation Executive Workshop – Fintech	Workshop	1 Day
• FIDE 2016 CORE Programme	Course	4 Days
• Superannuation Seminar	Course	1 Day



Titles/Topics	Mode of Training	Duration
Compliance and Regulatory		
• Directors' Remuneration Report 2015: Special Briefing on the Implementation of the Recommendations by FIDE FORUM	Seminar	1 Day
• FIDE FORUM's Directors "Identify the Right Board Talent"	Course	1 Day
• Inter Pacific Bar Association Conference	Forum	1 Day
• International Malaysian Law Conference (IMLC 2016)	Forum	1 Day
Corporate Governance		
• Financial Communications Seminar by Association of Stockbroking Companies Malaysia	Course	1 Day
• Mandatory Accreditation Programme for Directors of Public Listed Companies	Course	2 Days
• CIMB Group Director Induction Programme	Course	1 Day
• Conversations@SC with Lord Adair Turner	Course	1 Day
• Implementation of FIDE FORUM's Directors Register	Course	1 Day
• Thought Leadership Forum: "A question of Ethics" by Chartered Accountants Australia and New Zealand	Forum	1 Day
• Bank Negara Engagement Session with Directors	Course	1 Day
• MSWG-IIC Governance Week	Forum	1 Day
• GCG Training based on Asean Corporate Governance Scorecard	Workshop	1 Day
Economics		
• Bursa M'sia Derivatives Bhd's 27th Annual Palm & Lauric Oils Conference & Exhibition Price Outlook (POC 2016)	Forum	1 Day
• St. Petersburg International Economic Forum	Forum	3 Days
• Global Emerging Markets Programme by Securities Commission	Course	1 Day
Leadership and Business Transformation Management		
• Khazanah Megatrends Forum 2016	Forum	1 Day
• High Performance Environment Structure (HPES) Masterclass	Workshop	1 Day
• FIDE Forum – "Technology-based Innovation that counts"	Forum	1 Day
• 12th Khazanah Global Lecture: An Evening with Dame Dr Jane Goodall	Course	1 Day
• FIDE Forum – "Strategy to Leverage Technolgy for Business Solutions"	Course	1 Day
• World Economic Forum	Forum	1 Day
Audit, Compliance and Risk Management		
• CIMB Risk Workshop Series	Workshop	3 Days
• ACCA Annual Conference	Forum	1 Day
• Forum on Accounting 2. Chartered Accountants Australia and New Zealand	Forum	1 Day
• Composite Risk Rating Meeting with Bank Negara	Course	1 Day
• Securities Commission's "New Auditor's Report – Sharing the UK Experience"	Course	1 Day

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Time Spent on Training

Directors	Time Spent
Dato' Sri Nazir Razak	38 Days
Datuk Mohd Nasir Ahmad	14 Days
Dato' Lee Kok Kwan	20 Days
Glenn Muhammad Surya Yusuf	5 Days
Joseph Dominic Silva	7 Days
Hiroaki Demizu* ¹	7 Days
Robert Neil Coombe	9 Days
Teoh Su Yin	2 Days
Watanan Petersik	2 Days
Mohamed Ross Mohd Din* ²	6 Days
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	22 Days

Note:

*1 Appointed on 8 March 2016 and *2 Appointed on 19 April 2016

Based on the Audit Committee's recommendation and confirmation, the Board of Directors is satisfied that it has met its obligation to present a balanced and understandable assessment of CIMB's position and prospects in the Annual Audited Financial Statements, as reflected in the Directors' Report as set out on pages 13 to 21 of the Financial Statements section of the Annual Report.

Relationship with Internal and External Auditors

Group Internal Audit Division (GIAD) reports independently to the Audit Committee of CIMB and provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. The internal audit function is reviewed periodically by the Audit Committee to ensure its adequacy in performing its role.

GIAD reports significant findings to the Audit Committee with recommended corrective actions. Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by Management on corrective actions are closely monitored and undue delays have to be explained to the Audit Committee.

The External Auditors' primary responsibility is to assess whether the financial statements prepared by the Management are in accordance to the applicable accounting standards and legislation. Any significant matter of governance interest and material internal control weakness noted during the audit are reported to the Audit Committee. The Audit Committee ensures that high risk audit issues are given top priority for Management's action.

For the period under review, the Audit Committee had 3 meetings with the External Auditors without the presence of Management.

UPHOLDING INTEGRITY IN FINANCIAL REPORTING

Financial Statements

Pursuant to the Companies Act, 2016, the Financial Services Act, 2013 and the Islamic Financial Services Act, 2013, Financial Statements for each financial year are prepared in accordance with the Malaysian Accounting Standards Board's (MASB) Approved Accounting Standards and the BNM Guidelines. The Annual Audited Financial Statements are prepared on a going concern basis and give a true and fair view of the state of affairs of CIMB as at 31 December 2016.

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements. The Audit Committee assists the Board of Directors by providing oversight of the Group's financial reporting responsibilities, internal control, risk management and governance processes. In 2016, the Audit Committee reviewed the quarterly, semi-annual and year-end financial

results, audit plan, audit investigation reports, related party transactions, conflict of interest situations and the independence of External Auditors. Within three months of the close of the financial year, the Audit Committee submits a written confirmation to BNM that CIMB has complied with BNM's requirements on financial reporting.

The Group Chief Financial Officer provided assurance that appropriate accounting policies have been applied consistently in preparing the Financial Statements for 2016, supported by reasonable and prudent judgement and estimates. The Board of Directors has been assured that proper accounting records are kept so as to enable the preparation of the Financial Statements with reasonable accuracy. The Board of Directors has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of CIMB and have ensured that CIMB's financial reporting presents a balanced and comprehensive assessment of its financial position and prospects.



This facilitated a greater exchange of independent, open views and opinions/dialogue between both parties. The External Auditors are also invited to attend CIMB's General Meetings.

The Audit Committee approves the provision of non-audit services by the External Auditors and evaluate whether such non-audit services would impair their independence. The approval process is governed by established procedures, which contain the relevant approval thresholds and the list of permitted non-audit services.

CIMB has in place a process to consider the appointment/re-appointment of External Auditors, which is in line with BNM's Guidelines on External Auditors. The process requires the Audit Committee to assess the External Auditor's compliance with qualification criteria set out by BNM, which includes evaluating the independence, objectivity and performance of the auditor. GIAD, together with Group Finance, assists the Audit Committee and in the assessment, which amongst others, covers the following areas:

- Level of knowledge, capabilities, experience and quality of previous work
- Level of engagement with the Audit Committee
- Ability to provide constructive observations, implications and recommendations in areas requiring improvements
- Adequacy in audit coverage, effectiveness in planning and conduct of audit
- Ability to perform audit work within agreed timeframe
- Non-audit services rendered by the External auditor so that it does not impede their independence

PwC was appointed by the shareholders at the last Annual General Meeting held on 18 April 2016, and their tenure of appointment

would lapse at the conclusion of the forthcoming Annual General Meeting. The Audit Committee had on 19 December 2016, completed the assessment on the current External Auditors, Messrs. PricewaterhouseCoopers (PwC).

The Board of Directors, having assessed the objectivity, performance and independence of the External Auditors based on the input by the Audit Committee, is satisfied that PwC has met the relevant criteria and recommends their re-appointment for the financial year ending 31 December 2017.

Related Party Transactions

CIMB has established policies and procedures on related party transactions (RPTs). This includes definitions of relatedness, interests, types of related party transactions, and the authorities and procedures for approving and monitoring the transactions. This policy ensures that RPTs are undertaken in the best interest of CIMB and its shareholders. The Group Company Secretary, together with Group Strategy and Corporate Finance, assists Management in ensuring RPTs are conducted in line with the Policy and the relevant laws and requirements, before it is submitted to the Audit Committee. The Audit Committee reviews material related party transactions to consider if they are undertaken on an arm's length basis, prior to obtaining Board approval.

Details of the RPTs are set out under Notes 44 to the Financial Statements which are in the Financial Statements section of the Annual Report.

RECOGNISING AND MANAGING RISKS

Internal Control

The Board of Directors is responsible for establishing a sound system of internal control, determining CIMB's level of risk tolerance and for continuously identifying, assessing and monitoring key business risks to safeguard shareholders' interest. The Audit

Committee and the Board Risk Committee are responsible for risk management functions, financial reporting, disclosures, regulatory compliance and internal control processes. The Board of Directors ensures that the business processes, risk management, policies and procedures, and control mechanisms are adequate and appropriate through periodic testing and assessments.

The size, geographical presence and complexity of CIMB's business as well as the dynamic operating environment require the Board of Directors to constantly review and monitor the effectiveness of its system of internal control. Regular self-testing and high-level risk assessments are conducted, followed by reviews and updates on a periodic basis. In 2016, CIMB invested considerable time in areas of system replacement, security monitoring and data loss prevention, anti-money laundering, data secrecy and protection.

Based on the reviews and oversight undertaken throughout 2016, the Board of Directors concluded that CIMB's system of internal control is adequate in meeting its needs and the regulatory requirements.

The Statement on Risk Management and Internal Control on pages 180 to 190 of the Annual Report sets out the various internal control processes and explains the control mechanisms in place in CIMB.

Matters pertaining to Internal Controls can be addressed to the following persons overseeing Internal Control matters:

Internal Control:

Lim Tiang Siew

Group Chief Internal Auditor

Tel: 603-2619 3288

Email: tiangsiew.lim@cimb.com

Risk Management:

David Richard Thomas

Group Chief Risk Officer

Tel: 603-2261 7180

Email: david.thomas@cimb.com

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Compliance:

Kwan Keen Yew

Group Chief Compliance Officer
Tel: 603-2261 0200
Email: keenyew.kwan@cimb.com

Operational Control and Information Technology Security:

Adrian Seow Chin Hwee

Acting Group Chief Information and Operations Officer
Tel: 603-2261 7766
Email: adrian.seowch@cimb.com

Whistle-Blowing Policy

A well-disciplined and professional workforce is the cornerstone of the success of CIMB. All employees of CIMB are expected to be vigilant about any wrongdoings, malpractices or irregularities at the workplace and report such instances promptly through designated channels for immediate rectification or for other necessary measures in minimising potential financial or reputational loss.

The whistle-blowing policy provides a framework by which employees of CIMB with an accessible avenue to escalate reportable conduct, which is conduct that is dishonest, fraudulent, corrupt, illegal and in breach of local laws, unethical and unsafe work practices. It aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

Reporting may be made by telephone call or e-mail to the Senior Independent Director or the Group Chief Internal Auditor or in the event that it is associated with the Group Chief Internal Auditor, to the Group CEO.

ENSURING TIMELY AND HIGH QUALITY DISCLOSURE

The corporate website at www.cimb.com plays a crucial part in the Group's environmental awareness initiatives and is utilised as another public communication tool, with a dedicated Corporate Governance section consisting of various materials including the Code of Conduct and Board Charter. Pertinent notifications and publications like the quarterly financial results, Annual Reports, notices of general meetings, circulars to shareholders, notification of change in substantial shareholders, and other notable information which are announced via BursaLINK are made available at the corporate website. Corporate news, Stock Information and Analyst Coverage are also made available under the Investor Relations section for the information of the investing community. CIMB ensures that its website is current, informative and contains information relevant to all stakeholders.

STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Rights

CIMB attaches importance to protection of shareholders' rights and promotion of exercising such rights. The basic legitimate rights of shareholders include the right to participate in shareholders' meetings, the right to appoint a proxy to participate in and vote at shareholders' meetings, the right to vote the appointment and removal of individual directors, the right to vote on the annual appointment of external auditors and the setting of audit fees, and the right to vote on various other business of CIMB. Shareholders' rights also include eligibility to receive dividend payments, the right to buy, sell, or transfer securities held, and the right to give opinions and enquire into the business matters of CIMB during shareholders' meetings, and the right to receive sufficient information in a timely manner.

In accordance with the Companies Act, 2016, CIMB's shareholders exercise their decision-making powers at general meetings. Shareholders attend meetings in person or through an appointed proxy or authorised representative. Each share entitles the holder to one vote on important meeting agenda items set forth by the Board of Directors.

Matters reserved for shareholders' approval at the Annual General Meeting include the following:

- Distribution of final dividend, if any
- The election and re-election of Directors
- Payment of fees to Directors
- Appointment/re-appointment of External Auditors
- Amendments to the company's constitution
- Authorisation of additional shares
- Transfer of substantial assets

When considered necessary by the Board of Directors, or when requested in writing by the shareholders representing at least one-tenth of all of CIMB's shares, an Extraordinary General Meeting is convened to address specific matters.

In 2016, CIMB held its Annual General Meeting on 18 April 2016, which was attended by all the Directors, Group Management Committee members and 2,365 shareholders. The Chairman, who chaired the proceedings at the Annual General Meeting, provided fair opportunity and time to all shareholders in exercising their rights to raise questions and make recommendations. The proceedings at the Annual General Meeting were recorded in the minutes of the meeting and disclosed to shareholders on CIMB's website within two weeks after the meeting.



In accordance with Part B.1.1 (B) of the ASEAN Corporate Governance Scorecard, Notice and Agenda of the Annual General Meeting was delivered to the shareholders 28 days before the meeting.

The Notice and Agenda were also published in the local English and Bahasa Malaysia newspapers and made available on CIMB's website at www.cimb.com. The Notice and Agenda were accompanied by explanatory notes and a statement explaining the rationale behind each Agenda item requiring shareholders' approval.

Voting at the Annual General Meeting is conducted by poll in accordance with paragraph 8.29A of Bursa Malaysia's Main Market Listing Requirements and in line with Recommendation 8.2 of MCGC 2012.

Proactive Communication with Stakeholders

CIMB is committed to open, clear and timely communications with its stakeholders, both internally and externally.

The Board of Directors values effective two-way communication with stakeholders and recognises that it is important not only to provide relevant information as quickly and as efficiently as possible, but to listen, understand and respond to the perspectives of those shareholders. To promote the two-way dialogue, shareholders are encouraged to attend and ask questions at the Annual General Meeting to ensure accountability and identification with CIMB's strategy and goals.

In an effort to raise the level of corporate credibility and governance as well as investor confidence, CIMB has designed a structured approach in the CIMB Group Communication Policy. This Policy clearly sets out the principles of communication, the various mediums of communication, policies and procedures relating to dissemination of information to the shareholders, media and

other stakeholders, a step-by-step approach in handling material information and the mechanism used to gauge external opinions. It is CIMB's policy to ensure dissemination of information which is factual, accurate and clear in a timely manner. Material information is to be accessed equally by all stakeholders through broad public dissemination and the Policy strictly prohibits individual or selective dissemination. Contact and communication with stakeholders are conducted through the designated spokespersons approved by the Board or the Group CEO.

CIMB embraces social media as an important communication channel with stakeholders that allow immediate and easy access to information as well as a platform to gain feedback from the stakeholders. CIMB uses various social media channels such as Facebook, Instagram, Twitter, LinkedIn and YouTube to engage with stakeholders and monitors these social media conversations to improve the way CIMB operates.

Investor Relations

The Investor Relations department has the primary responsibility of managing and engaging institutional shareholders, led by the Group CEO and the Group Chief Financial Officer, and supported by the Head of Investor Relations as well as selected members of Key Senior Management. This is conducted via a combination of (i) direct one-to-one meetings and teleconferences with institutional shareholders; (ii) participation in investor conferences and non-deal roadshows in Malaysia and major global finance centres; (iii) quarterly analyst briefings and conference calls for the sell and buy side for the announcement of the Group's financial results, as well as (iv) situational briefings and/or conference calls for material developments within the Group. These meetings allow Management to engage and update all external institutional stakeholders, be it existing, former or prospective shareholders. The Group Company Secretary maintains the

relationship with individual and non-institutional stakeholders, and engages them prior to shareholders' meetings to facilitate more effective communication of their views and feedback to the Board of Directors. Opinions and views of major shareholders are also sought and the Board is kept informed through regular Board of Directors and Committee meetings.

The Annual Report is a crucial shareholders' communication document containing comprehensive information on the Group including review of the year's financial performance, operational updates, corporate developments and management's strategic directions and initiatives.

Shareholders are provided the opportunity to meet CIMB's Directors and Key Senior Management at its Annual General Meeting to raise their queries and comments. The Annual General Meeting also provides individual shareholders an opportunity to view CIMB up close as the Group CEO presents CIMB's performance for the year which includes an overview of the financials, key operational developments, strategic overview, future prospects, the Group's priorities and targets for the year ahead. From CIMB's perspective, the Annual General Meeting serves as a forum for Directors and Key Senior Management to personally engage with shareholders, to listen and understand their opinions and views. The Board of Directors welcomes questions and feedback from shareholders during and at the end of the Annual General Meeting and ensures that their queries are responded to in a proper and systematic manner.

CIMB's Annual General Meeting held on 18 April 2016 had a turnout of 2,365 shareholders, maintaining the high attendance seen in the previous year. This is a result of CIMB's continued efforts to encourage increased shareholder participation and interaction. With this in mind, the Board of Directors makes an effort to serve a longer

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notice period for the Annual General Meetings than the statutory minimum notice period. The Chairman, together with the Senior Independent Director, ensures that the Board is accessible to shareholders and an open channel of communication is cultivated.

Release of Annual Reports and Quarterly Financial Results

Annual Report	Date of Issue/Release
Annual Report 2016	(Date of notice of AGM) 31 March 2017

2016 Quarterly Results	Date of Issue/Release
First Quarter	26 May 2016
Second Quarter	29 August 2016
Third Quarter	16 November 2016
Fourth Quarter	28 February 2017

The primary contact for Investor Relations is as follows:

Steven Tan

Head of Investor Relations
Tel: 603-2261 9696
Email: steven.tan@cimb.com

Investor Relations Activities in 2016

	Number of meetings/roadshows	Number of fund managers/analysts met
Conference meetings	27	100
Non-deal road show meetings	56	162
Direct one-on-one meetings	41	189
Teleconferences	11	19

CIMB's Investor Relations activities are set out on pages 60 to 63 of the Annual Report.

EMPLOYEE ENGAGEMENT AND INCLUSIVENESS

As a responsible and caring employer, CIMB realises and appreciates the immense contribution of its employees who form the core driving force of the organisation. With this in mind, CIMB gives due regard to the importance of employee engagement and talent development and at the same time provides opportunities to create inclusiveness in the workplace. CIMB believes that creating an engaged workforce and inclusive culture will not only add value by boosting the overall productivity, but will also reduce risks that may damage CIMB's reputation.

Further details on Employee Engagement are in the Corporate Citizenship section of this Annual Report.

CITIZENSHIP STATEMENT

Corporate Social Responsibility (CSR) continues to remain a high priority agenda at CIMB, with many socially beneficial projects and programmes being underwritten by the Group in line with the 17 United Nation's Sustainable Development Goals 2015 – 2030. In 2016, CIMB contributed approximately RM9.7 million through its philanthropic arm, CIMB Foundation, towards the development of the community. This was broken down to CIMB Foundation's three core areas of focus: Community Development (RM3.16 million), Sports (RM2.1 million) and Education (RM2.03 million) with Humanitarian Relief and donations taking up the rest of the budget.

2016 saw the launch of Be\$MART – CIMB Foundation's new flagship programme on financial literacy education targeted at college and university youths in a bid to provide them with fundamental financial management skills to set them on a successful life journey and to mitigate the growing number of bankrupt youths today.

In Sports, CIMB's Junior Development Programme for squash brought our trainees to new heights securing the Championship title for Boys Under 19, and 3rd place for Girls Under 19 at the World Junior Championship 2016. CIMB's junior footballers have played against and beaten top clubs in the region with three more players graduating to the Harimau Malaya team.

CIMB continues to work closely with all our stakeholders in the realm of CSR and this includes customers, Government agencies, regulators, consumer groups, non-Governmental organisations, neighbourhood associations, suppliers and the media. These close relationships keep CIMB at the forefront of the CSR world in Malaysia and the region.

The Audited Annual Financial Statements of CIMB Foundation are published in this Annual Report and are also contained in the Citizenship Report which outlines the initiatives undertaken by CIMB Foundation.

CONCLUSION

The Board is fully satisfied that in 2016, CIMB had taken additional steps and observed good governance practices in accordance with the principles and recommendations of MCGC 2012, the MMLR, BNM Corporate Governance Policy, the Green Book, MSWG's Malaysia-ASEAN Corporate Governance Scorecard and Bursa Malaysia's 2nd Edition CG Guide.

This Statement on Corporate Governance was approved by the Board of Directors on 27 February 2017.



COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

The table below outlines CIMB's compliance with the MCCG 2012:

Principle 1 – Establish Clear Roles and Responsibilities

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 1.1 – The Board should establish clear functions reserved for the Board and those delegated to management.	Complied	<ul style="list-style-type: none"> The Terms of Reference of the Board and Board Committees have been established. Schedule of Matters Reserved for the Board is incorporated in the Board Charter.
Recommendation 1.2 – The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions.	Complied	<ul style="list-style-type: none"> Roles and Responsibilities of the Board are incorporated in the Board Charter. Roles and Responsibilities of the Board Committees in discharging its functions, as well as the authority that has been delegated by the Board are incorporated in its Terms of Reference.
Recommendation 1.3 – The Board should formalise ethical standards through a Code of Conduct and ensure its compliance.	Complied	<ul style="list-style-type: none"> The Board has approved its Code of Ethics which is incorporated in the Board Charter and Code of Conduct for employees, and is available in the Company's website.
Recommendation 1.4 – The Board should ensure that the company's strategies promote sustainability.	Complied	<ul style="list-style-type: none"> Sustainability strategies are encapsulated in CIMB's Vision and Mission and forms part of the published Corporate Responsibility Report.
Recommendation 1.5 – The Board should have procedures to allow its members access to information and advice.	Complied	<ul style="list-style-type: none"> Procedure for Directors to seek Independent Advice has been established and is detailed in the Board Charter.
Recommendation 1.6 – The Board should ensure it is supported by a suitably qualified and competent Company Secretary.	Complied	<ul style="list-style-type: none"> The Board is supported by a qualified and competent Company Secretary. The profile of the Company Secretary is available on page 127 of this Annual Report.
Recommendation 1.7 – The Board should formalise, periodically review and make public its Board charter.	Complied	<ul style="list-style-type: none"> The Board Charter reviewed and approved by the Board on 27 February 2017.

Principle 2 – Strengthen Composition

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 2.1 – The Board should establish a Nominating Committee which should comprise exclusively of Non-Executive directors, a majority of whom must be independent.	Complied	<ul style="list-style-type: none"> Members of the Group Nomination and Remuneration Committee comprise only Non-Executive Directors. Four (4) of the total five (5) members of the Group Nomination and Remuneration Committee are Independent Directors.
Recommendation 2.2 – The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.	Complied	<ul style="list-style-type: none"> The Terms of Reference of the Group Nomination and Remuneration Committee is in line with this recommendation. The criteria on the recruitment process and annual assessment of Directors is contained in the Policy and Procedures Manual on Fit and Proper Test for Key Responsible Persons.
Recommendation 2.3 – The Board should establish formal and transparent remuneration policies and procedures to attract and retain Directors.	Complied	<ul style="list-style-type: none"> The Terms of Reference of the Group Nomination and Remuneration Committee is in line with this recommendation. The Remuneration Framework was reviewed and approved by the Board on 27 February 2017.

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Principle 3 – Reinforce Independence

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 3.1 – The Board should undertake an assessment of its Independent Directors annually.	Complied	<ul style="list-style-type: none"> The Group Nomination and Remuneration Committee undertakes assessment of all Directors' annually via the Board Effectiveness Assessment exercise.
Recommendation 3.2 – The tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.	Complied	<ul style="list-style-type: none"> The tenure of an Independent Director is capped at nine years and this is incorporated in the Terms of Reference of the Group Nomination and Remuneration Committee and the Board.
Recommendation 3.3 – The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine years.	Complied	<ul style="list-style-type: none"> The Terms of Reference of the Group Nomination and Remuneration Committee and the Board is in line with this recommendation.
Recommendation 3.4 – The positions of Chairman and Group CEO should be held by different individuals, and the Chairman must be a Non-Executive member of the Board.	Complied	<ul style="list-style-type: none"> The positions of Chairman and Group Chief Executive are held by different individuals. The Chairman is a Non-Independent Non-Executive member of the Board.
Recommendation 3.5 – The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.	Complied	<ul style="list-style-type: none"> The Chairman is a Non-Independent Non-Executive member of the Board. The Independent Directors make up 55% of the total Board composition.

Principle 4 – Foster Commitment

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 4.1 – The Board should set out expectations on time commitment for its members and protocols for accepting new directorships.	Complied	<ul style="list-style-type: none"> This recommendation is incorporated in the Terms of Reference of the Group Nomination and Remuneration Committee and Policy and Procedures Manual on Fit and Proper Test for Key Responsible Persons.
Recommendation 4.2 – The Board should ensure its members have access to appropriate continuing education programmes.	Complied	<ul style="list-style-type: none"> The Company Secretary facilitates the Directors' participation in training programmes and ensures the Directors undergo ongoing training.



Principle 5 – Uphold Integrity in Financial Reporting

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 5.1 – The Audit Committee should ensure financial statements comply with applicable financial reporting standards.	Complied	<ul style="list-style-type: none"> Directors' Responsibility Statement in relation to financial reporting standards is tabled to the Audit Committee during presentation of Annual Audited Financial Statements.
Recommendation 5.2 – The Audit Committee should have policies and procedures to assess the suitability and independence of external auditors.	Complied	<ul style="list-style-type: none"> Procedures to assess the suitability, independence and performance of external auditors have been established.

Principle 6 – Recognise and Manage Risks

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 6.1 – The Board should establish a sound framework to manage risks.	Complied	<ul style="list-style-type: none"> The long-term (3-5 years) Risk Appetite Statement and the annual Risk Appetite Review forms part of the Terms of Reference of the Board. Through the Board Risk Committee the Board has established a framework to formulate and review risk management policies and risk strategies.
Recommendation 6.2 – The Board should establish an internal audit function which reports directly to the Audit Committee.	Complied	<ul style="list-style-type: none"> The Group Internal Audit Division reports directly to the Audit Committee.

Principle 7 – Ensure Timely and High Quality Disclosure

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 7.1 – The Board should ensure the Company has appropriate corporate disclosure policies and procedures.	Complied	<ul style="list-style-type: none"> This recommendation is reflected in the Group Communication Policy.
Recommendation 7.2 – The Board should encourage the Company to leverage on information technology for effective dissemination of information.	Complied	<ul style="list-style-type: none"> Information is disseminated via the Company's website, announcements made via Bursa LINK and social media such as Twitter and Facebook.

Principle 8 – Strengthen Relationship between Company and Shareholders

MCCG Recommendations	Status of Compliance	Remarks
Recommendation 8.1 – The Board should take reasonable steps to encourage shareholder participation at general meetings.	Complied	<ul style="list-style-type: none"> Serve longer than the required minimum notice period for shareholders' meetings when possible, and engage stakeholders prior to each meeting.
Recommendation 8.2 – The Board should encourage poll voting.	Complied	<ul style="list-style-type: none"> Poll voting is required for all resolutions since the 59th Annual General Meeting on 18 April 2016.
Recommendation 8.3 – The Board should promote effective communication and proactive engagements with shareholders.	Complied	<ul style="list-style-type: none"> Communication and engagement with shareholders are through Investor Conferences, Roadshows, Direct one-on-one meetings and Tele-conferences.

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BOARD RESPONSIBILITY

The Board is cognisant of its overall responsibility and oversight of CIMB Group's system of internal control and is constantly keeping abreast with developments in areas of risk and governance. To this end, the Board continues to be involved in determining CIMB Group's level of risk appetite and identifying, assessing and monitoring key risks to safeguard shareholders' investments and CIMB Group's assets, in a manner which enables CIMB Group to meet its strategic objectives. For this purpose, the Board has ensured the establishment of governance and processes for reviewing the effectiveness, adequacy and integrity of CIMB Group's system of internal control and risk management. Whilst it is not possible to completely eliminate risks of failure in achieving CIMB Group's objectives, the system of internal control is designed to mitigate these risks by identifying, managing and controlling risks, including operational risk.

The Board is satisfied that CIMB Group has a sound system of internal control in place that is functioning adequately and that integrity is maintained throughout CIMB Group's business. A number of policies and procedures have been formalised to further enhance the system of internal control and mitigate risks. In 2016, CIMB Group reviewed and updated the Delegated Authority Framework across the region to enhance financial control and ensure consistency of operations. Delegated authority limits are established and periodically reviewed to facilitate smooth daily banking and financing operations, trading activities, extension of credit facilities, restructuring, investments as well as acquisitions and disposals of assets. Continual testing of the adequacy, effectiveness, efficiency and integrity of the internal control systems and processes is conducted to ensure they are viable and robust, in line with the requirements of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad.

The Board has also obtained assurance from the Group Chief Executive Officer and Group Chief Financial Officer that CIMB Group's risk management and internal control system is operating adequately and effectively.

MANAGEMENT RESPONSIBILITY

The Management is overall responsible for the effective implementation of the Board's policies and procedures on risks and controls, and its roles include but not limited to:

- Identifying and evaluating the risks faced, and the achievement of business objectives and strategies,
- Bringing to the attention of the Board, well-documented recommendations and information to support the Board's policy-making, decision-making and oversight responsibilities,
- Formulating relevant policies and procedures to manage risk and compliance,
- Designing, implementing and monitoring the implementation of risk management frameworks 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 any changes to the risk and compliance frameworks and the corrective actions taken.

KEY INTERNAL CONTROL PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, including compliance with applicable laws, regulations, rules, directives and guidelines, are as follows:

- **Internal Audit**

The Group Internal Audit Division (GIAD) reports independently to the CIMB Group Audit Committee (AC) and the Banking Group AC and is independent of the activities and operations of the business and other support units. The principal responsibility of GIAD is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. In evaluating internal controls, GIAD adopts the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by CIMB Group AC and the Banking Group AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of CIMB Group. Areas that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit.



Notwithstanding the risk assessment, the annual audit plan will include areas that must be audited annually due to regulatory requirements, and other established criteria such as recent incidence of fraud, previous adverse audit rating or recent action by regulators. GIAD also undertakes investigations into alleged frauds by staff, customers or third parties, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

GIAD has unrestricted access to information required in the course of its work. GIAD's scope of work is established in accordance with The Institute of International Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal control together with detailed audit observations, response of management, comments and recommendations by GIAD for improvement, and deadline to implement GIAD'S recommendations. CIMB Group AC or Banking Group AC (as appropriate) reviews any exceptions or non-compliance raised and ascertains that appropriate and prompt remedial actions are taken by the management.

The total costs incurred for maintaining the GIAD function in Malaysia for financial year ended 31 December 2016 is RM25.7 million, comprising personnel costs, establishment expenses, admin & general expenses and marketing expenses.

GIAD conducts training routinely for relevant staff on governance and internal control matters, including attachment of certain staff with GIAD for both classroom and on-the-job training.

The foreign banking subsidiaries have their own Audit Committees and their own internal audit divisions. While the asset management subsidiaries of CIMB Group and Touch 'n Go also have their own respective Audit Committee, the internal audit function for these subsidiaries is carried out by GIAD. CIMB Group AC and Banking Group AC meet with the relevant subsidiary's Audit Committee once a year to discuss governance and audit matters. The internal audit divisions of the foreign banking subsidiaries submit a report to CIMB Group AC once every quarter. These internal audit divisions follow the same audit planning and standards, and same audit rating methodology as GIAD with such modifications as necessary to suit local environment and regulations.

As a means to objectively evaluate its service quality and to ensure it continues to improve its service delivery, GIAD had obtained ISO 9001:2008 Certification for its quality management system in 2014, awarded by a leading certification body in Malaysia. Such certification on the internal audit services is the first for a financial institution in Malaysia. GIAD has subsequently passed the annual ISO 9001:2008 surveillance audits in 2015 and 2016, and will prepare for the re-certification in 2017.

In addition, periodic external assessment of GIAD's internal audit activity is conducted by qualified external independent reviewer to assess its conformance with The Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing.

• **Audit Committee (AC)**

CIMB Group AC comprises of three Independent Non-Executive Directors. It is a Board-delegated committee charged with oversight of financial reporting, disclosure, regulatory compliance, risk management,

governance practices and monitoring of internal control processes in CIMB Group. CIMB Group AC leverages on the work of the Banking Group AC and the respective Audit Committee of the foreign banking subsidiaries, asset management companies of CIMB Group, and CIMB Group's electronic collection system subsidiary, Touch 'n Go.

The Banking Group AC comprises of five Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The responsibility of the Banking Group AC is limited to CIMB Bank, CIMB Islamic Bank and CIMB Investment Bank and their subsidiaries. Save for Datuk Mohd Nasir Ahmad, who is chairman of both CIMB Group AC and the Banking Group AC, the two other members of CIMB Group AC are not members of the Banking Group AC. Senior Management, internal auditors and external auditors report to CIMB Group AC and the Banking Group AC (as appropriate) on the effectiveness and efficiency of internal controls.

All significant and material findings by the internal auditors, external auditors and regulators are reported to CIMB Group AC and the Banking Group AC (as appropriate) for review and deliberation. CIMB Group AC and the Banking Group AC (as appropriate) review and ascertain that mitigation plans are implemented by senior management to safeguard the interests of CIMB Group and upkeep proper governance. Management of business and support units that are rated as 'Unsatisfactory' or 'Unacceptable' by internal audit are counselled by the respective Audit Committee.

CIMB Group AC also reviews all related party transactions, and audit and non-audit related fees proposed by the external auditors of CIMB Group.

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Presentations of business plans, current developments, operations, risks of the business and controls to mitigate risks are made by the relevant business and support units as and when deemed necessary by CIMB Group AC or the Banking Group AC.

Group AC and the Banking Group AC members are invited to attend CIMB Group's Annual Management Summit where key business and support divisions review their operations for the year, present and discuss strategies and plans for the coming year.

• Risk Management and Control Framework

The Board recognises that sound risk management and internal control are integral parts of CIMB Group's business and operations, and are critical in ensuring CIMB Group's success and sustainable growth.

The emphasis of a strong risk management culture is the foundation of the control mechanisms within CIMB Group's Enterprise-Wide Risk Management (EWRM) framework. The framework involves an on-going process of identifying, assessing, controlling, monitoring and reporting material risks affecting the achievement of CIMB Group's strategic business objectives. It provides the Board and Management with tools to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profile and CIMB Group's business strategies and risk appetite.

In order to further enhance the cultivation of the risk management culture, CIMB Group adopts the three lines of defense model in implementing the EWRM framework, which provides clear accountability of risk management across the CIMB Group. The business units as

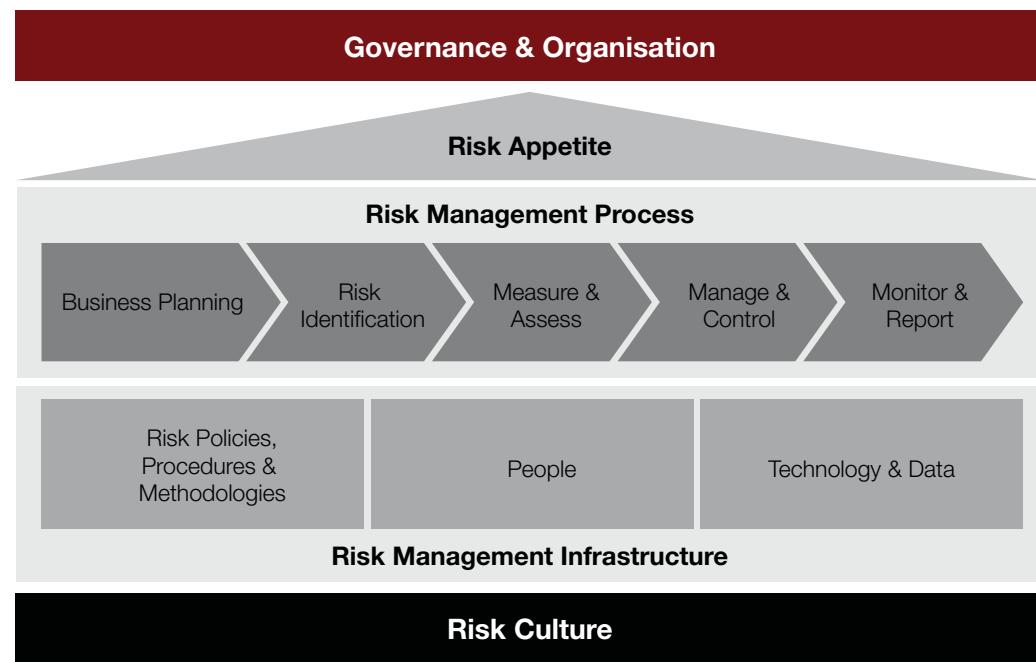
the first lines of defense is primarily responsible for the identification and management of risks within their day-to-day operations. Group Risk, Group Finance, Group Compliance and other control functions, within the second line of defense provide oversight functions; including measuring, performing independent evaluation and monitoring and reporting to the Board and Management, to ensure that CIMB Group is conducting business and operating within the approved risk appetite and in compliance with the relevant regulations. GIAD, as the third line of defense, provides independent assurance to the Board that internal controls and risk management activities are

functioning as designed. The Board has also established the Board Risk Committee, whose responsibilities, amongst others, include overseeing the effective implementation of the EWRM framework.

• Enterprise-Wide Risk Management Framework

CIMB Group employs an EWRM framework as a standardised approach to manage its risks and opportunities across the CIMB Group. The EWRM framework is consistently adopted by all risk management teams across all jurisdictions, save for some necessary adjustments as required by local regulations.

The key components of the EWRM framework are represented in the following diagram:



The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risk for CIMB Group.



The key features of the EWRM framework includes:

- i. Governance & Organisation: A strong governance structure is important to ensure an effective and consistent implementation of the EWRM framework. The Board is ultimately responsible for CIMB Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies and procedures. The Board is assisted by various risk committees and control functions in ensuring that CIMB Group's risk management framework is effectively maintained.
- ii. Risk Appetite: It is defined as the amount and types of risk that CIMB Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.
- iii. Risk Management Process:
 - Business Planning: Risk is a stakeholder in the business planning process, including setting frameworks for risk appetite, risk posture and new product or new business activities.
 - Risk Identification: Risks are systematically identified through the robust application of CIMB Group's risk frameworks, policies and procedures.
 - Measure and Assess: Risks are measured and aggregated using CIMB Group-wide methodologies across each of the risk types, including stress testing.
 - Manage and Control: Control and limits are used to manage risk exposures within the risk appetite set by the Board. Control and limits are regularly monitored and

reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.

- Monitor and Report: Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within CIMB Group's risk appetite.
- iv. Risk Management Infrastructure
 - Risk Policies, Procedures and Methodologies: Well-defined risk policies by risk type provide the principles by which CIMB Group manages its risks. Procedures provide guidance for day-to-day risk taking activities.
 - People: Attracting the right talent and skills are the key to ensuring a well-functioning EWRM

Framework. The organisation continuously evolves and proactively responds to the increasing complexity of CIMB Group as well as the economic and regulatory environment.

- Technology and Data: Appropriate technology and sound data management are enablers to support risk management activities.
- v. Risk Culture: CIMB Group embraces risk management as an integral part of its culture and decision-making processes. CIMB Group's risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across CIMB Group.

• Risk Government Structure

The structure of CIMB Group Risk Committees is depicted as follows:



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• Board Risk Committee

At the apex of the governance structure are the respective Boards, which decide on the entity's risk appetite corresponding to its business strategies. In accordance to CIMB Group's risk management structure, the Board Risk Committee (BRC) reports directly into each Board and assumes responsibility on behalf of the Boards for the supervision of risk management and control activities. The BRC determines CIMB Group's risk strategies, policies and methodologies, keeping them aligned with the principles within the risk appetite. The BRC also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of CIMB Group Risk Committee.

In order to facilitate the effective implementation of the EWRM framework, the BRC has established various risk committees within CIMB Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

• Group Risk Committee

The Group Risk Committee (GRC) which reports to the BRC, performs the oversight function on overall risks undertaken by CIMB Group in delivering its business plan vis-à-vis the stated risk appetite of CIMB Group. In this regard, the GRC reviews the Internal Capital Adequacy Assessment Process annually to ensure that all relevant risks have been identified and captured, and that CIMB Group has sufficient capital resources to undertake such risks in normal and under stressed business conditions.

The GRC supervises the periodic group wide stress testing exercises by endorsing the appropriate scenarios based on the projected macroeconomic conditions and recommending the results of the Stress Test exercise for the BRC's approval.

The GRC is also responsible to recommend CIMB Group's Risk Appetite Statement to the BRC taking into consideration the budget, annual business plans and expected macroeconomic conditions. In implementing the Risk Appetite Statement across CIMB Group, GRC, supported by CIMB Group Risk, encourages timely escalation of all events which may materially impact CIMB Group's financial condition or reputation to the GRC for appropriate action.

The GRC is further supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, with each committee providing oversight and responsibility for specific risk areas namely, credit risk, market risk, operational risk, liquidity risk and capital risk.

Similar risk committees are set-up in each of CIMB Group's overseas subsidiaries in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, CIMB Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across CIMB Group as regulators allow. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities in CIMB Group.

• Compliance Framework

The Board recognises that the Compliance function forms an integral part of CIMB Group's risk management and internal control framework, and that a strong

compliance culture reflects a corporate culture of high integrity and ethics.

CIMB Group Compliance Division (GC) reports independently to the Board. Appropriate governance has also been established with clear reporting lines by the local and regional compliance officers to CIMB Group Chief Compliance Officer and the respective local entity Boards, to the extent permitted by the regulations of the local jurisdictions.

GC responsibilities include identifying, assessing and monitoring the compliance risk associated with the business and support units or entities; and advise the Board, Management and officers of the business and support units or entities on relevant laws and regulations. All business and support units or entities must act in accordance with relevant laws, regulations and internal GC policies and procedures. Under the Three Lines of Defence Approach, all business and support units or entities as the first line of defence, are required to review, assess and establish the necessary control to ensure compliance to applicable laws and regulations. The entities or units are required to carry out periodic self-assessment on the adequacy of control and level of adherence to regulatory requirements. GC will also conduct compliance reviews on business and support units/entities as part of the second line of defence assurance that regulatory requirements are in place. GC has unrestricted access to all information, records and business premises of CIMB Group and has the authorisation to speak to any employee of CIMB Group about any conduct, business practice, ethical matter or other issue relevant to discharging GC's duties.

The respective entity Boards, as well as the CIMB Group Holdings Berhad Board, are provided with compliance reports on a regular basis the findings and analyses of compliance risk including compliance risk



assessment, incidences of non-compliance and deficiencies, corrective measures and information to facilitate the Boards having a holistic and overall view of all compliance matters across CIMB Group.

GC's scope of coverage encompasses all business and support units including subsidiaries in Malaysia as well as outside of Malaysia including activities which are carried out by CIMB Group or on behalf of CIMB Group by third parties.

As it is vital to have a robust and effective compliance framework in place to safeguard the interest of CIMB Group, stakeholders, customers/clients and employees, CIMB Group has in place compliance policies and standards with appropriate mechanisms and tools are driven at CIMB Group level to ensure consistency in managing compliance risk within CIMB Group. GC requires all local and regional entities within CIMB Group to adopt and implement the GC Compliance policies and procedures, Group Conflict Management and Chinese Walls policies and procedures, which are reviewed on a periodic basis or as and when required to reflect current practices and the applicable legal/regulatory requirements. Training are conducted regularly to create compliance awareness and to facilitate its implementation laws, regulations and internal GC compliance policies within CIMB Group.

• Anti-Money Laundering/Counter Financing of Terrorism

CIMB Group is committed to enforcing an effective internal control system for Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) in compliance with all related laws, regulations, guidelines and industry leading practices.

CIMB Group's AMLCFT compliance programme to meet the relevant laws, regulations and guidelines, which is overseen by specially designated AMLCFT

compliance officer in CIMB Group's local and regional Reporting Institutions (RIs), is underpinned by CIMB Group AML/CFT Policies and Procedures.

CIMB Group's global policy is to comply with the standards of AML/CFT practice in all markets and jurisdictions in which it operates and to comply with both the specific provisions and the spirit of all relevant laws and regulations.

• Shariah Risk Management

As part of the EWRM framework, Shariah Non-Compliance (SNC) risk is identified as one of the material risks for CIMB Group, specifically under its Islamic banking business. In this regard, CIMB Group has established a dedicated Shariah Risk Management (SRM) team to facilitate a systematic and consistent approach in managing SNC risk.

The Shariah Risk Management Framework (SRMF) was revised in July 2016 and it has been renamed as Shariah Risk Management Policy (SRMP). The SRMP articulates the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by CIMB Group in managing SNC risk. The SRMP defines SNC risk as CIMB Group's possible failure to comply with Shariah requirements as determined by the relevant Shariah Committees and as prescribed in CIMB Group's internal policies and procedures. The SRMP also lists out incidences of SNC and illustrates the cause and impact of non-compliance with Shariah requirements as well as control that have been put in place by CIMB Group to mitigate SNC risk. The SRMP provides guidance and enables the first line of defense to systematically identify, monitor and control SNC risks in their respective areas, thus minimising potential SNC events.

In addition, to facilitate SNC reporting to the Management and the Board, Risk Appetite Statement (RAS) on SNC was developed in March 2016. RAS for SNC is monitored on monthly basis and it is incorporated in the RAS Dashboard for the CIMB Group.

In 2016, SRM team had initiated several training programs including for staff at branches with a view to increase the level of awareness on SNC risks.

• Shariah Research

The Shariah Research function is undertaken by Advisory & Research unit of Shariah & Governance Department which comprises qualified Shariah officers who conduct the pre-product approval process, advisory, research, vetting of issues for submission to the Shariah Committee. This unit is divided into two functions:

• Research

Responsible for performing in-depth research and studies on Shariah issues, preparing Shariah papers for all product proposal to be submitted to the Shariah Committee for approval as well as reviewing documentation to ensure consistency with Shariah requirements.

• Advisory

Responsible for providing day-to-day Shariah advice and consultation to the business and support units and/or those involved in the product development process. This includes conducting assessment, endorsement and evaluation of end to end product development process from structuring to product offerings and related activities in order to ensure no compromise on Shariah requirements that governs CIMB Group's Islamic business operations.

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Additionally, Advisory and Research unit is supported by Governance and Review unit that oversee secretariat, review, governance and training functions. The details of this support functions are described as follows:

• Secretariat

Responsible for coordinating meetings, compiling proposal papers, disseminating Shariah decisions to relevant stakeholders and engaging with relevant parties who wish to deliberate issues with the Shariah Committee.

The responsibility also includes coordinating submission of proposals to CIMB Group Nomination and Remuneration Committee, the respective Bank Boards and Bank Negara Malaysia on the appointment and reappointment of the Shariah Committee members.

• Review

Responsible for conducting post implementation review for all approved products and services launched and offered by the bank to ensure compliance with Shariah. The responsibility also comprises assisting Group Compliance in performing Shariah compliance review function in the most effective manner, including but not limited to supporting Group compliance's regular assessment on Shariah compliance in the Islamic businesses and operations of CIMB Group, supplying manpower for Group Compliance's field review and providing input for remedial rectification measures and control mechanisms to ensure holistic approach is taken in resolving non-compliance and avoiding non recurrence of the same.

• Training

Responsible for providing periodic in-house training to all CIMB Group staff on Shariah Governance Framework, Shariah awareness, application of Shariah concepts in

Islamic product and services and any other Shariah related training as and when requested by the business units and entities across CIMB Group.

• Governance

Responsible as coordinator for all Shariah organs namely Shariah & Governance Department, Shariah Compliance Review unit of Group Compliance, Shariah Risk Management COE of Group Risk and Shariah Audit of Group Audit in the management and overall oversight on the governance of Islamic business of CIMB Group including without limitation the implementation of the Shariah Governance and the review of structures, mechanism, techniques and process for the purpose of end-to-end products development and other processes related to Islamic business of CIMB Group.

In carrying out the above roles and responsibilities, the Shariah & Governance Department is guided by CIMB Group Shariah Compliance Policy and General Procedures Manual. All communication between CIMB Group and the Shariah Committee will be facilitated by this department.

• Shariah Compliance Review

In line with the Bank Negara Malaysia's Shariah Governance Framework for Islamic Financial Institutions, the Shariah Compliance Review Unit of CIMB Group Compliance Department, comprising qualified Shariah officers, is responsible for conducting the Shariah compliance review function.

The Shariah Compliance Review unit has established CIMB Group Shariah Compliance Review Policy and Procedures Manual which sets out the Shariah compliance review function, encompassing regular assessment on Shariah compliance in the activities and operations of CIMB

Group, including examining and evaluating CIMB Group's level of compliance to the Shariah, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences.

In ensuring the activities and operations of CIMB Group are Shariah compliant, the Shariah compliance review officer conducts pre and post-review of CIMB Group's activities and operations as per the Shariah compliance review work plan approved by the Shariah Committee and the respective Boards. In addition to that, the necessary trainings i.e., Shariah Non-compliance Reporting, Tawarruq, etc. has been conducted to educate CIMB Group's staff on the importance of complying with Shariah requirements.

• Shariah Audit

Shariah audits of the Malaysian banking and asset management subsidiaries are under the purview of Group Internal Audit Division (GIAD), which reports independently to both the Banking Group Audit Committee and the Shariah Committee on Islamic business operations and activities, particularly on Shariah compliance related matters. The principal objective is to provide an independent assessment and assurance designed to add value and improve the degree of compliance in relation to CIMB Group's Islamic business operations, as well as ensuring a sound and effective internal control system for Shariah compliance.

A similar audit methodology is implemented by GIAD in carrying out Shariah audits as with non-Shariah audits, and includes audit planning, test of control, substantive procedures, reporting and follow-up on remedial actions. The scope of a Shariah audit is established in line with the areas stipulated in BNM's Shariah Governance Framework.



- **Board Shariah Committee**

The Board Shariah Committee (Shariah Committee) is responsible for overseeing all Shariah matters of CIMB Group in accordance with the relevant regulatory frameworks in the jurisdictions where CIMB Group operates in. The Shariah Committee, amongst others, ensures that the Shariah rulings relating to Islamic banking and capital market products and services comply with the fundamental Shariah precepts and resolutions by the relevant Shariah authorities.

The Shariah Committee is assisted by the Shariah and Governance department that functions as an internal adviser on Shariah matters to all business and support units within CIMB Group in carrying out their Islamic banking, capital market and finance activities. It serves as the intermediary between such units and the Shariah Committee. In addition to recommending the relevant and appropriate Shariah policies and procedures for the Shariah Committee's approval, the Shariah and Governance department also provides training across CIMB Group on the Shariah Governance Framework (SGF).

The SGF is the enterprise-wide Shariah management plan consisting of Shariah governance mechanisms to be undertaken by relevant sections across CIMB Group. CIMB Group Shariah Compliance Policy and General Procedures Manual serves as a solid platform for all the processes under the SGF. The implementation of the SGF is effected through the following functions:

- a) Shariah Research;
- b) Shariah Compliance Review;
- c) Shariah Risk Management;
- d) Shariah Audit.

The Shariah and Governance department facilitates the implementation of Shariah Research and coordinates the overall Shariah governance, whilst Shariah Compliance Review, Shariah Risk

Management and Shariah Audit functions are performed by CIMB Group Compliance, Group Risk and Group Internal Audit respectively.

As the function requires auditors to possess adequate Shariah-related knowledge and training, they are required to attend various related training programmes conducted internally and externally. In 2014, GIAD, in collaboration with Group Human Resource, made an arrangement with a reputable Islamic banking association to provide relevant Islamic banking certification to its auditors. The first batch of 13 auditors had completed the certification programme in 2015, and a subsequent batch of 15 auditors is undergoing the similar programme that is expected to be completed in 2017. The programme encompasses 3 stages, namely Associate Qualification in Islamic Finance, Intermediate Qualification in Islamic Finance and Advance Qualification in Islamic Finance.

- **Group Board Oversight Committee**

The Group Board Oversight Committee was established by the CIMB Group Holdings Board in 2014 with the delegated authority to act on the Board's behalf to ensure that the decision of the Board, strategic matters, business plans, budgets, daily business and operational issues are carried out, implemented and/or monitored efficiently and effectively by Management and that the requirements of good corporate governance practices are observed.

The primary role of the Group Board Oversight Committee is to oversee the implementation and monitoring of the Board's decisions and to provide strategic guidance for CIMB Group as delegated by the Board in its terms of reference.

- **Group Management Committee**

CIMB Group Management Committee (GMC) assists CIMB Group Chief Executive Officer in ensuring that the daily operations of CIMB Group are conducted in accordance with the corporate objectives, strategies, approved annual budget, applicable laws and regulations as well as CIMB Group's internal policies and procedures, that goes to the heart of how CIMB Group conducts business. The results of core divisions and operating units are reported monthly at the GMC meetings and compared with the approved budget.

The GMC members review their respective business plans and report to CIMB Group Chief Executive Officer the performance of their respective business divisions in line with CIMB Group's strategy and other matters as directed by the Board and CIMB Group Chief Executive Officer.

- **Internal Policies and Procedures**

Policies are formulated to govern standard day-to-day operations and to manage the expected risks of CIMB Group. As such, CIMB Group's policies are developed from the baseline of current regulatory requirements and industry best practices to govern the business and operations of CIMB Group. The policies of the business and support units are documented, endorsed by the GRC or its sub-committee(s) and approved by the relevant Boards or Board Risk Committee for implementation across CIMB Group, where applicable. Operational procedures, on the other hand, are approved by CIMB Group Policy & Procedure and Outsourcing Committee (GPOC) for implementation. The approved policies and procedures are timely disseminated to stakeholders. Reviews and updates are performed regularly on approved policies and procedures with the intent to ensure continuous improvements in operational efficiency while taking into consideration the changing industry profile on regulatory

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requirements, risks and internal control measures for mitigation, and new products and services.

The Group's key policies and procedures are listed in pages 251 to 255.

• Performance Review

The Boards of CIMB Group and its major subsidiaries receive periodic management reports which highlight the key financial and operating statistics, including legal and regulatory matters. The Boards deliberate on these matters and where necessary, ensure that prompt actions are taken in executing and resolving the matters in a timely and satisfactory manner. Each core division presents its respective management report at the monthly GMC meetings. The performance of each division is assessed against the approved budgets and corporate objectives; and justification is required for significant variances. The reviews cover, amongst others, monthly financial performance, new business proposals and listing of defaulted accounts as well as discussions on pertinent issues, strategy and corrective/improvement measures, if required.

• Information Technology Security

Information Security requires integrated strategy governing discipline over people, process and technology. In 2015, CIMB Group enhanced its Information Security strategies planning on each of the three components for adequate overall risk mitigations.

In order to strengthen and enhance the level of information security management, in addition to adhering to Bank Negara Malaysia's Guidelines on Management of IT Environment, CIMB Group had developed a security architecture that integrates the technology processes by referencing the following renowned and recognised international technology, process and management standards. The standards include:

a) ISO 27001 – Information security management system standard defined by ISO and internationally accepted best practice to demonstrate regulatory, compliance and effective risk management on information security;

In line with the banking business growth and IT Infrastructure expansions, our technology design was constantly reviewed in 2016 and improved to effectively mitigate both internal and external risks and threats. The improvement is evidenced by completion of projects to strengthen security control according to our IT Security Blueprint roadmap. We have also enhanced our Security Operation Center to monitor and respond to potential cyber-attacks in a more effective manner. In addition, we have expanded our security intelligence sources for early warning of threats. This allows us to strengthen our control before the attacks arrive.

At the network security level, the network access control system was expanded to cover more user groups and buildings to prevent unauthorised devices to enter the corporate network. CIMB Group is further leveraging on Enterprise End-Point Anti-Malware, Data Loss Prevention system, Intrusion Prevention System and Content filtering on Web and email technology which can significantly mitigate the security risks when data traverses the network. The definition files and configurations of these tools were and continue to be updated as and when required to mitigate newly discovered vulnerabilities.

• Code of Ethics

CIMB Group has adopted and institutionalised Bank Negara Malaysia's Code of Ethics for banking institutions in all its entities. It is the minimum code of conduct that is expected from all employees encompassing all aspects of its daily business operations. CIMB Group inculcates good and ethical banking

standards in its employees from the moment they join the organisation, when they are required to acknowledge in writing their understanding of the code. The code is emphasised at CIMB Group Orientation programme and training programmes when certain aspects are highlighted.

• Human Resources Policies and Procedures

The Human Resources Policies and Procedures (HRPP) of CIMB Group provide clarity for the organisation in all aspects of the human resource management in CIMB Group. CIMB Group reviews its HRPP periodically to ensure that the policies and procedures remain relevant, and appropriate controls are in place to manage operational risks.

Group Human Resource updates employees of changes to policies and procedures via email messages/memoranda. These policies and procedures are also easily accessible by all employees via CIMB Group's intranet portal, for employees to refer to at their convenience.

• People Development

CIMB Group acknowledges that people development is critical to ensure that there is a constant pool of talents to fuel the business' growth needs. Therefore employees need to have the right competencies to perform in their roles and exercise sound judgement when fulfilling those responsibilities.

To ensure that we leverage of the right talents to fit the various needs of the organisation, the Performance-Potential Nine-Box Grid talent mapping standardises the identification and segmentation of our talent pools across CIMB Group. This enables leadership teams across the business units deploy necessary interventions by the different talent pools to best develop and maximise their potential.



This practice also enables the identification of a pool of high potentials and suitable successors who could potentially take on critical leadership roles in the organisation and mitigate vacancy risk.

Our Talent Review Council (TRC) which consists of key members of the leadership team governs the talent management for each country and business functions with its members held accountable for the development of their employees. Individual development plans are co-created between the individuals and their managers through career conversations. Focused predominantly on building breadth and/or depth in one's career experiences, a blended development approach of building experiences, learning from others and formal learning is adopted as a best practice within the organisation. Through CIMB's Global Employee Mobility, we cultivate a collaborative work culture within CIMB Group and enrich our talents' regional work exposure.

CIMB's formal learning programmes span across leadership, universal banking and role-based certifications and development programmes. An example of a senior leadership programme is the CIMB-INSEAD Leadership Programme, which allows the development of leadership skills for senior management with a more global outlook of the business. Another is the Accelerated Universal Bankers Programme that emphasises on the competency of universal banking for middle management employees. The Branch Manager Entrepreneur (BME) programme is an example of a role-based programme to develop future branch managers on top of functional skills trainings and certification programmes through business academies.

To mitigate readiness risk in placing an internal talent into a senior leadership role, the individuals will then be assessed to clarify their competencies and readiness. A combination of best-in-class, world-wide

recognised tools of international standards are used to assess their competencies aligned with the CIMB Competency Framework. Feedback coaching post assessment is provided to the individuals to further work on their development gaps.

In mobilising talents into new roles and to other parts of the region, mitigation of their transition risk is critical to ensure they adapt and grow into their roles successfully. The TRC monitors and review transition progress and provide necessary support including executive coaching, 1st 90 days guidance and check-point discussions with supervisors.

• **Remuneration**

CIMB Group's remuneration philosophy aims to reinforce a pay-for-performance culture while ensuring appropriate risk-taking behaviour.

The governance is established on all remuneration-related matters through CIMB Group Compensation Review Committee, which reviews and approves remuneration policies and payouts together with the Board of Directors. Decisions on variable remuneration are made based on the performance of the respective units in CIMB Group and taking into consideration risk-adjusted performance measures such as Economic Profit and Risk Adjusted Return on Capital, which are incorporated in our scorecards and reporting. The Committee is also guided on their decisions according to the advice and assessment provided by CIMB Group's risk, audit and compliance functions on the respective units in CIMB Group.

CIMB Group has a deferred remuneration structure in place through an equity ownership plan, where the share awards are vested over 3 years. This share-based long term incentive plan applies to key personnel and senior management of CIMB Group, as well as identified material risk takers. The plan serves to align the

interest of this group of employees to that of our shareholders and to increase focus towards long-term sustainability, as well as retaining them with CIMB Group.

• **Culture**

Integrity is one of the core values that are persistently emphasised by the Management. This goes beyond non-tolerance of fraud, and also covers professionalism, being honest and respectful. Many programmes and initiatives have been put in place to reinforce this value in employees. Through the practice of giving back, leaders share experiences that help others understand business issues from the perspective of integrity and also help each other deal with existing challenges. This is further emphasised via e-learning.

Where suspected fraud is detected, however, CIMB Group ensures prompt investigations and disciplinary actions are taken against offending employees. Disciplinary actions taken can include dismissal of employment and filing of civil suit for the recovery of losses.

• **Whistle Blowing**

A well-disciplined and professional workforce is the cornerstone of a successful organisation. Therefore, all employees are expected to be vigilant about wrong doings, malpractices or irregularities at their workplace. All employees are made aware of CIMB Group's whistle blowing policy and its processes and to promptly report/disclose any such instances to the Management for immediate rectification or for other necessary measures in minimising potential financial or reputational loss. Meanwhile, CIMB Group is wholly committed to ensure strict confidentiality and will not only protect the identity of the complainant but will also protect the complainant from any harassment and victimisation at work due to the disclosure.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D.)

• Anti-Bribery and Corruption

One of the core values of CIMB Group is integrity, and CIMB Group will not tolerate any acts which are in breach of this value. CIMB Group firmly believes in acting professionally, fairly and with integrity in all business dealings and relationships. Whilst CIMB Group already has in place various policies and processes, which address some of the issues relating to bribery and corruption, a more comprehensive policy to cover areas of concern is deemed necessary in view that CIMB Group operates in many jurisdictions with anti-corruption laws. As such, in line with global best practices and good governance approach, CIMB Group has established the Anti-Bribery and Corruption Policy. As commitment to this Anti-Bribery and Corruption Policy, CIMB has also developed a No Gift Policy in our conduct with our customers in relation to entertainment and the receipt and giving of gifts.

• Business Continuity Management

CIMB Group is committed to safeguard the interests of all its stakeholders by ensuring an appropriate level of business resilience throughout the CIMB Group. The Board and Management are responsible to ensure enterprise-wide implementation of sound BCM practices as part of good corporate governance and prudent risk management.

The objective of business continuity is to ensure the safety of employees and to promote organisational resilience by ensuring that critical business processes can continue, or be recovered in a timely manner, following a disruption, thus ensuring:

- customers' expectations and quality of services continue to be met, or be managed, in such a way that customers are retained and new business opportunities are met;

- operations are not adversely affected, thus maintaining the quality of management and meeting statutory and regulatory requirements;
- profits and shareholder values are maintained and do not suffer significant deterioration;
- reputation and image to stakeholders and the public are not negatively affected following a business disruption; and
- compliance with the regulatory guidelines and legislations on BCM (e.g. BNM, Bursa Securities or SC).

As such, we have put in place a sound BCM Programme to ensure that the critical business functions are able to be recovered in a timely manner, in the event of any disruption. Our BCM Programme is aligned to the organisation's business vision and strategy. This is done by calibrating CIMB Group's BCM Programme to the target level of preparedness, which is determined by CIMB Group Crisis Management Committee.

Regular reviews, re-assessments and updates for BCM documentations/plans have been conducted to ensure adequacy, effectiveness and relevance of the business recovery strategies. These plans are rehearsed and tested on a regular basis.

CIMB Group has a BCM department, whose primary role is to ensure effective coordination and supervision of all BCM activities by introducing integrated and standardised BCM approach across the organisation.

Annual BCM workshops are conducted for various business units within the CIMB Group and for regional counterparts with support from CIMB Group Crisis Management Committee and Group Human Resources in its effort to increase employee awareness and efficiency and grow BCM programme maturity.

• Fraud Detection

CIMB Group constantly monitors new trends and developments on fraud to implement control and detection tools. Fraud detection tools are used to detect suspicious transactions. Digital forensics has emerged as an essential tool for digital recoveries especially for the protection and investigation of evidence that had been deleted. In view of this threat, a Digital Forensic Lab has been set up to enable us to restore and analyse information of the fraudster digital devices

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of CIMB Group.

CONCLUSION

The Board, through the Audit Committee, Board Risk Committee and the Board Shariah Committee, confirms that it has reviewed the effectiveness of the risk management and internal control framework and considers CIMB Group's system of internal control as adequate in safeguarding the shareholders' interests and assets of 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 control.



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 component 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 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 and thus enable risk to be priced appropriately in relation to the return.

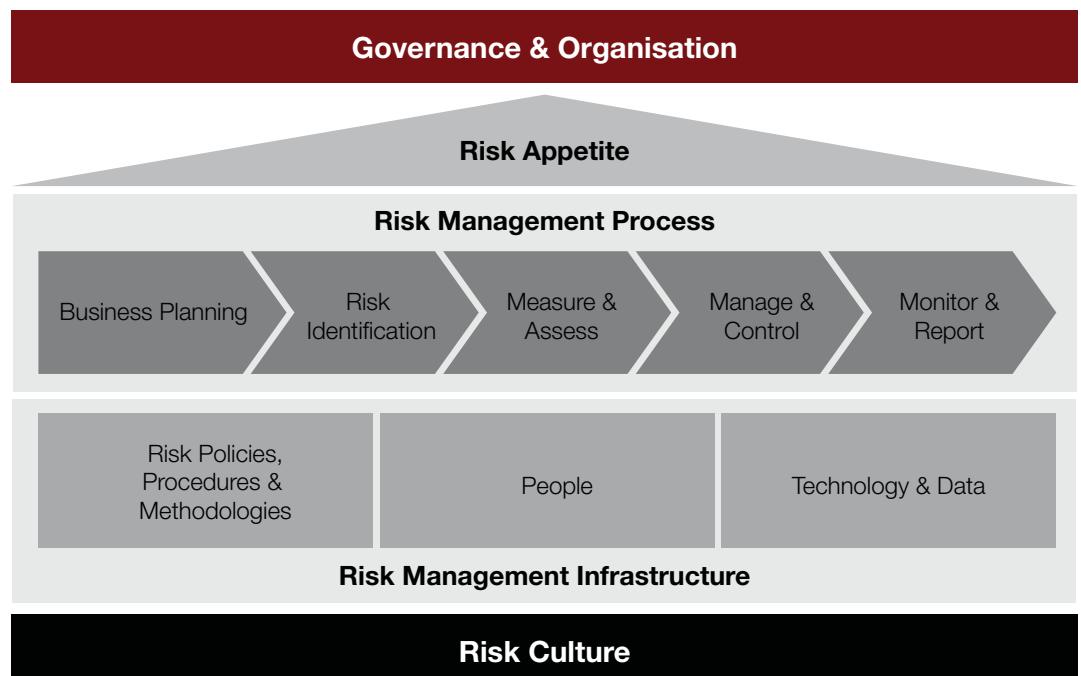
Generally, the objectives of our risk management activities are to:

- (i) identify the various risk exposures and capital requirements;
- (ii) ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- (iii) create shareholder value through sound risk management framework.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK

Our Group employs an enterprise-wide risk management (EWRM) framework as a standardised approach to manage our risks and opportunities effectively. The EWRM framework provides our Board and management with a tool to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment.

The key components of the Group's EWRM framework are represented in the diagram below:



The design of the EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach with formal policies and procedures addressing all areas of significant risks for our Group.

The key features of the EWRM framework includes:

- (i) Governance & Organisation: A strong governance structure is important to ensure an effective and consistent implementation of the Group's EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management

frameworks, policies and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively maintained.

- (ii) Risk Appetite: It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

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RISK MANAGEMENT (CONT'D.)

(iii) Risk Management Process:

- Business Planning: Risk is a stakeholder in the business planning process, including setting frameworks for risk appetite, risk posture and new product/new business activities.
- Risk Identification: Risks are systematically identified through the robust application of the Group's risk frameworks, policies and procedures.
- Measure and Assess: Risks are measured and aggregated using the Group wide methodologies across each of the risk types, including stress testing.
- Manage and Control: Controls and limits are used to manage risk exposures within the risk appetite set by the Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Monitor and Report: Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within the Group's risk appetite.

(iv) Risk Management Infrastructure

- Risk Policies, Methodologies and Procedures: Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies provide specific requirements, rules or criteria to be met to comply with the policy. Procedures provide guidance for day-to-day risk taking activities.
- People: Attracting the right talent and skills are key to ensuring a well-functioning EWRM Framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.

- Technology and Data: Appropriate technology and sound data management are enablers to support risk management activities.

- (v) Risk Culture: The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines of Defence approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Group.

RISK GOVERNANCE

At the apex of the governance structure are respective boards of entities within the Group, which decide on the entity's risk appetite corresponding to its business strategies. Each Board Risk Committee reports directly to the respective boards and assumes responsibility on behalf of the respective boards for the supervision of risk management and control activities. Each Board Risk Committee determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the Risk Appetite. Each Board Risk Committee also oversees the implementation of the EWRM framework and provides strategic guidance and reviews the decisions of our Group Risk Committee (GRC).

In order to facilitate the effective implementation of EWRM framework, our Board Risk Committee (BRC) has established various risk committees within our Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of the supervision of risk management functions is delegated to our GRC comprising senior management of our Group and reports directly to our BRC. Our GRC performs the oversight function on the overall risks undertaken by the Group in delivering its business plans vis-à-vis the stated risk appetite of our Group. Our GRC is

supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- (i) Market risk, arising from fluctuations in the market value of the trading exposure arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, arising from the possibility of losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to our Group;
- (iii) Liquidity risk, arising from a bank's inability to efficiently meet its present and future funding needs or regulatory obligations, when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Operational risk, arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
- (v) Interest rate risk in the banking book, which is the current and potential risk to the Group's earning and economic value arising from movement in interest rates;
- (vi) Capital risk, arising from the failure of not meeting the minimum regulatory and internal requirements that could incur regulatory sanction of our Group, resulting in a potential capital charge; and
- (vii) SNC risk, arising from failure to comply with the Shariah requirements as determined by SAC of BNM and SC, the BSC of the Group and other Shariah regulatory authorities of the jurisdictions in which the Group operates.



The structure of CIMB Group Risk Committees is depicted in the following chart:



Our overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, our Group strives to ensure a consistent and standardised approach in its risk governance process. As such, group and regional committees have consultative and advisory responsibilities on regional matters across our Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing our Board to have a comprehensive view of the activities within our Group.

THREE LINES OF DEFENCE

Our Group's risk management approach is based on the three lines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risk across our Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risk through effective controls. The second line of defence provides oversight functions, performs independent monitoring of business activities and reporting to management to ensure that our Group is conducting business and operating within the approved appetite and also in compliance to regulations. The third line of defence is GIAD who provides independent assurance to our Board that the internal controls and risk management activities are functioning effectively.

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 that assist our Group's management and stakeholders in monitoring and controlling our Group's risk exposures within the board approved risk appetite statement.

The organisational structure of Group Risk is made of two major components, namely the Chief Risk Officers (CRO) and the Risk Centres of Excellence (CoE). Group Risk is headed by our Group CRO who is appointed by our Board to lead the Group-wide risk management functions including the implementation of the EWRM framework. Our Group CRO:

- (a) actively engages our Board and senior management on risk management issues and initiatives.
- (b) maintains an oversight on risk management functions across all entities within our Group. In each key country of operation, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The Group Risk teams are organised into several Risk CoEs in order to facilitate the implementation of the Group's EWRM framework. The Risk CoEs consisting of Risk Analytics and Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk Management CoEs are specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

(a) Risk Analytics and Infrastructure CoE

The Risk Analytics and Infrastructure CoE designs frameworks, develops risk models and tools and implements standardised infrastructure for risk measurement across the Group.

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RISK MANAGEMENT (CONT'D.)

(b) Market Risk CoE

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits, performing mark-to-market valuation, calculating Value at Risk and market risk capital as well as performing stress testing.

(c) Operational Risk CoE

The Operational Risk CoE ensures the first line of defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line of defence's execution of the operational risk framework.

(d) Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement and monitoring of liquidity risk and interest rate risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

(e) Credit Risk CoE

The Credit Risk CoE consists of Retail and Non-Retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk of the Group. It ensures a homogenous and consistent approach to credit risk policies, methodologies and procedures; credit risk models; underwriting; and portfolio analytics.

(f) Shariah Risk Management CoE

The Shariah Risk Management CoE facilitates the process of identifying, measuring, controlling and monitoring Shariah Non-Compliance (SNC) risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate Shariah Risk Management (SRM) policies and guidelines; and develops and implements processes for SNC risk awareness.

In addition to the above Risk CoEs, there is also specialised team within Group Risk:

- The Regional Risk & International Offices team oversees the risk management functions of the regional offices, our Group's asset management and securities businesses and also houses the validation team.

In ensuring a standardised approach to risk management across our Group, all risk management teams within our Group are required to conform to our Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities will be centralised at the relevant Risk CoEs. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to the relevant Risk CoEs.

KEY AREAS OF RISK MANAGEMENT

1. Credit Risk

Credit and counterparty risk is defined as the possibility of losses due to an obligor or market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to our Group.

Credit risk arises primarily from traditional financing activities through conventional

loans, financing facilities, trade finance as well as commitments to support clients' obligations to third parties, e.g. guarantees. In sales and trading activities, credit risk arises from the possibility that our Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivatives activities, credit risk arises when counterparties to derivatives contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay us the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of our Group's investment in that entity's financial instruments to fall.

Without effective credit risk management, the impact of the potential losses can be overwhelming.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and 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 risk-based delegated authority framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with Group Risk as a function independent from the business units as the second line of defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval



process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

Our Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities holders between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial loans and private banking loans, credit applications are independently evaluated by the Credit Risk CoE team prior to submission to the joint delegated authority or the relevant committees for approval. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limit approved at joint delegated authority and relevant credit committee.

The GRC with the support of Group Credit Committee, Group Asset Quality Committee and other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This amongst others includes the reviewing and analysing of portfolio trends, asset quality, watch-list reporting and reviewing policy. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty. For retail products, portfolio limits are monitored monthly by Group Risk.

It is our Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for our Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at least on an annual basis and more frequent when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and Board Risk Committee so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

All extension of secured credit facilities as deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. Group Credit Committee is empowered to approve any inclusion of new acceptable collaterals/securities.

Our Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for

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RISK MANAGEMENT (CONT'D.)

real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

In mitigating the counterparty credit risks from foreign exchange and derivatives transactions, our Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

For each counterparty where credit support annex has been executed in addition to master netting agreement, our Group will request for additional collateral for any exposures above the agreed threshold, in accordance with the terms specified in the relevant credit support annexes.

Our Group avoids unwanted credit or market risk concentrations by diversifying our portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure by products, counterparty, sectors and country.

2. Market Risk

Market risk is defined as any fluctuation in the market value of a trading position arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatilities.

Our Group hedges the exposures to market risk by employing various strategies, including the use of derivatives instruments.

Our Group adopts various measures as part of risk management process to mitigate market risk. An accurate and timely valuation of position is critical in ensuring current market exposure is not mismatched. Our GRC with the assistance of Group Market Risk Committee and Group Underwriting Committee ensure that the risk exposures undertaken by our Group is within the risk appetite approved by our Board. GRC, Group Market Risk Committee and Group Underwriting Committee supported by the Market Risk CoE in Group Risk is responsible to measure and control 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 values the market exposures using the applicable market price and pricing model. The valuation process is carried out on held for trading and available-for-sale positions on a daily basis in compliance with the independent price verification requirements. This valuation methodology is applied to restate the security value to its current value for the purpose of calculating the profits and losses or to confirm that margins requirements are being met.

Treasury products approval processes shall be coordinated by the Market Risk CoE to ensure operational readiness before launching. The proposed new products are assessed to ensure financial risks are accurately identified, monitored and effectively managed.

The valuation methods and models used are validated by the quantitative analysts to assess their applicability relative to

market conditions. The process includes verification of the inputs, assumptions used, programming codes and model reporting capability. Existing valuation models are reviewed to ensure that they remain relevant to changing market conditions.

Our Group also adopts the VAR approach in the measurement of market risk. Backtesting is performed to validate and reassess the accuracy of the existing VAR model. VAR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. Back-testing involves the comparison of the daily model-generated VAR forecast against the actual or hypothetical profit or loss data over the corresponding period.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes monitoring and oversight process at Treasury & Markets trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

3. Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholder funds or our reputation arising from our Group's inability to efficiently meet our present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they are due, which may adversely affect our daily operations and



incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of our Group's liquidity risk management is to ensure that our Group can meet our cash obligation in a timely and cost-effective manner. To this end, our Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual and stress conditions. Due to its large delivery network and marketing focus, our Group is able to maintain a diversified core deposit base comprising savings, demand and term deposits, thus providing our Group with a stable large funding base. Our Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee which subsequently report to Group Asset Liability Management Committee. The Group Asset Liability Management Committee meets at least once a month to discuss the liquidity risk and funding profile of the Group. The Asset-Liability Management function, which is responsible for the independent monitoring of our Group's liquidity risk profile, works closely with Group Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. For overseas branches and subsidiaries, they should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity

position to meet its daily operating needs. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by our Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers have been established to alert management to potential and emerging liquidity pressures. Our Group's Liquidity Risk Management Policy is subjected to periodic review while the assumptions and limits are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis against the internal and regulatory limits.

Our Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert our Group's management whenever our Group's liquidity position may be at risk. It provides our Group with the analytical framework to detect a likely liquidity problem and to evaluate our Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of our Group. Consolidated stress test, including liquidity stress test, is performed on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial

impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments, and haircuts for marketable securities; are documented and the test results are submitted to the Country and Group Asset Liability Management Committees, the GRC, the BRC and the Board. The test results to date have indicated that our Group possesses sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions.

4. Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is defined as the current and potential risk to our Group's earnings and economic value arising from movement in interest rates.

Our Group manages its exposure of fluctuations in interest rates through policies established by Group Asset Liability Management Committee. Interest rate risk in the banking book undertaken by our Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by our Group. The risk appetite is established by the Board. Group Asset Liability Management Committee is a Board delegated committee which reports to the GRC. With the support from Asset Liability Management CoE under Group Risk and Capital and Balance Sheet Management under Group Finance, our Group Asset Liability Management Committee is responsible for the review and monitoring of Group's balance sheet, business and hedging strategies, the overall interest rate risk profile and ensuring that such risk profile is within the established risk appetite. Treasury & Markets is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

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RISK MANAGEMENT (CONT'D.)

Interest rate risk in the banking book is measured by:

- (i) Economic Value of Equity (EVE) sensitivity which 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. The definition includes legal risk but excludes strategic and reputation risks.

Operational Risk Management Oversight

The Operational Risk Management (ORM) department, a second line of defence

function, provides the methodology, tools and processes for the identification, assessment, reporting, mitigation and control of operational risks for the implementation by respective risk owners across the Group. The ORM department also independently oversees the operational risk monitoring that resides within the first line of defence.

The identification of risks are rated using a universal risk rating methodology applied across the Group's three lines of defence. Monitoring of known risks is primarily done through a network of Operational Risk Committees operating in each material geography and business line. These committees report up to the relevant business function or country level committees.

The Group Operational Risk Management Committee (GORC) is the senior management group that reviews the operational risk framework and policies to ensure they are appropriate for the size and complexity of the current and future operations of CIMB Group and make recommendation to the Board Risk Committee for approval. GORC oversees and monitors the overall control environment of CIMB Group and report to Group Risk Committee (GRC) on material operational risks.

Operational Risk Management Approach

CIMB Group recognises that the key determinant for a well-managed banking operation is to cultivate an organisational wide risk management discipline and culture. Our Group manages operational risks through the following key measures:

- Sound risk management practices in accordance with Basel II and regulatory guidelines;
- Board and senior management oversight;
- Well-defined responsibilities for all personnel concerned;

- Establishment of a risk management culture;
- Deployment of ORM tools that include:
 - Risk and Control Self-Assessment;
 - Control Issue Management;
 - Event Loss Data Reporting;
 - New Product Approval Process;
 - Key Risk Indicators; and
 - Control Effectiveness Testing

These tools form part of the operational risk policy that allows the Group to effectively identify, measure, mitigate and report its operational risks. Each material division of the CIMB Group self-assesses on their internal risk and control environment rating and report key control deficiencies with remediation plans.

Each new or varied product with changes to the process flow are subjected to a rigorous risk review through sign-offs from the relevant stakeholders where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners.

The promotion of a risk management culture within our Group whereby the demand for integrity and honesty is non-negotiable remains the core theme in our operational risk awareness programme. Additionally, the e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

6. Reputation Risk

Reputation risk is defined as current or prospective risk to earnings and capital arising from the adverse perception by the stakeholders about the Group's business practices, conduct or financial condition. This may arise through negative publicity, whether true or not, about its business practices, behaviours, operations, people, financial condition or the manner in which



it handles crises. Reputation risk exists throughout the organisation and is essentially a function of the adequacy of the Group's internal risk management processes, as well as the manner and efficiency with which management responds to external influences.

The framework for managing reputational risk identifies the sources of reputational risks, and monitors and manages these within a defined risk appetite. The Group Reputation Risk Committee provides oversight over the framework execution.

7. Shariah Non-Compliance Risk

SNC risk is the risk that arises from the Group's possible failure to comply with the Shariah requirements as determined by SAC of BNM and SC, BSC and the other Shariah regulatory authorities of the jurisdictions in which the Group operates. SNC may result in financial and non-financial impact to the Group such as nullification of contract, non-recognition of income or earnings, regulatory breach, reputation risk, etc. The appropriate treatment of any SNC income or earnings shall be advised by the BSC, which may include but is not limited to, channelling the SNC income or earnings to charitable organisation or returning the SNC income or earnings to customers.

Our Group has in place a Shariah Compliance Policy and General Procedures Manual that governs the roles and responsibilities of BSC, overall Shariah compliance functions and Shariah governance processes of CIMB Group. Monitoring of Shariah compliance and Shariah governance is carried out through Shariah Compliance Review and Shariah Audit functions, supported by SRM control measures and Shariah & Governance.

SRM is facilitated by the SRM CoE by implementing a systematic and consistent approach to the management of SNC.

The objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by the Group in managing SNC risk is articulated in the Shariah Risk Management Policy (SRMP). In addition, SRM CoE provides training and guidance to enable the first line of defence to systematically identify, assess, monitor and control SNC, thus minimising the potential SNC events.

Apart from monitoring and analysing the SNC events or incidences submitted by Designated Compliance and Operational Risk Officers to Shariah Compliance Review CoE for escalation to BSC and reporting to the relevant risk committees, SRM CoE also actively participates in the Islamic products and services development process to ensure that all SNC risk are appropriately identified, assessed, managed and controlled. SRM CoE also reviews internal policies and procedures to ensure Shariah requirements are embedded in the documents that would guide business and support units in their Islamic operations and business activities. The new products and services as well as internal policies and procedures that are applicable to Islamic banking businesses and services are subject to prior approval from BSC before implementation.

8. Basel Implementation

Since July 2010, BNM has approved CIMB Group's migration to Internal Rating Based Approach for credit risk. The approach adopted by CIMB Bank Group for credit risk is Advanced Internal Ratings-Based Approach for retail exposures and Foundation Internal Ratings-Based Approach for corporate exposures whilst CIMB Investment is currently on Standardised Approach. The Group's operational risk is based on the Basic Indicator Approach and the Group has progressively set the various foundations to move towards Basel II

Standardised Approach. The Group's market risk is based on Standardised Approach.

On 16 December 2010, the Basel Committee of Banking Supervision (BCBS) released the Basel III liquidity framework, introducing two new liquidity risk measures: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

On 31 March 2015, BNM issued a final guideline on Basel III Liquidity Coverage Ratio (LCR), consistent with the final text of the LCR issued by BCBS in January 2013 with local customisation in certain areas. BNM adopts the phased-in implementation approach effective from 1 June 2015 at 60%, thereafter the minimum requirement will increase by 10% on 1 January of each subsequent year until it reaches 100% on 1 January 2019.

The LCR is intended to ensure that banks have sufficient high quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon. The implementation of the Group's LCR framework is governed by the Group Asset Liability Management Committee, which is chaired by the Group CEO. The Group's LCR strategy is focused on the HQLA, and stability of deposits and other funding sources, which are the critical components of the LCR. The Group continues to build its balance sheet strength and invest in infrastructure to ensure that it is well-positioned to meet the LCR requirements within the regulatory timeframe.

BCBS released the final text of the NSFR on 31 October 2014. Subsequently, BNM released the Observation Period guideline on 7 August 2015 and the Group is currently computing and submitting the NSFR in accordance to the stated guideline.

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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 2016 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Datuk Mohd Nasir Ahmad (appointed as Chairman on 19 April 2016)	Chairman/Independent Non-Executive	18	18
Glenn Muhammad Surya Yusuf	Independent Non-Executive	18	15
Encik Mohamed Ross Bin Mohd Din (appointed on 19 April 2016)	Independent Non-Executive	13	12
Dato' Zainal Abidin Putih (resigned on 18 April 2016)	Chairman/ Senior Independent Non-Executive	5	3

In addition to the 18 meetings held to deliberate on matters relating to the Group, 24 other meetings were held by members of the Banking Group Audit Committee (Banking Group AC) to deliberate on matters relating to the three Malaysian banking institutions, making a total of 42 meetings for the year.

The details of the Banking Group AC membership and meetings held in 2016 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Datuk Mohd Nasir Ahmad (appointed as Chairman on 1 July 2016)	Chairman/Independent Non-Executive	24	23
Dato' Zainal Abidin Putih ¹	Non-Independent Non-Executive	24	22
Datuk Dr. Syed Muhammad Syed Abdul Kadir	Non-Independent Non-Executive	24	24
Puan Rosnah Dato' Kamarul Zaman	Independent Non-Executive	24	24
Dato' Prof. Dr. Sudin Haron	Independent Non-Executive	24	23
Puan Nadzirah Abd Rashid	Independent Non-Executive	24	22

Notes:

¹ Re-designated as Non-Independent Non-Executive Director on 29 June 2016

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 made available to it by the Group to enable it 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 2016

Internal and External Audit Process

- a. Approved the annual internal audit plan and the mid-year review of the plan in March and August 2016 respectively; reviewed the audit scope planned based on risk assessment conducted and the audit resource requirements.
- b. Reviewed GIAD's methodology in assessing the risk levels of the various auditable areas for planning purposes, with audit emphasis on the critical risk areas.
- c. Reviewed GIAD's audit rating methodology and its consistent application for the various type of audits (eg end-to-end audit, thematic audit, compliance review) in ensuring that the audit ratings accorded are reflective of the state of internal control of the areas audited.
- d. Approved the KPIs for GCIA and his direct reports; evaluated the GCIA's annual performance together with the remuneration payout.

- e. Evaluated GIAD's overall performance on half-yearly basis and provided written feedback for improvements.
 - f. Reviewed the summary of internal audit work performed across the region together with the audit outcome on quarterly basis.
 - g. Reviewed and approved the External Auditor's audit plan and scope of work in October 2016.
 - h. Held 3 meetings with the External Auditor to review the audit plan, financial results and areas of concerns identified.
 - i. In addition, met the External Auditor without the presence of the Group Management and Executive Directors on 26 January 2016, 26 July 2016 and 19 December 2016 to discuss relevant issues and obtain feedback for improvements.
 - j. Reviewed and recommended for Board's approval the audit fees and provision of non-audit services by the External Auditor in accordance with established procedures; evaluated whether such non-audit services would impair the External Auditor's independence and objectivity.
 - k. Completed the annual assessment on the External Auditor in December 2016 prior to recommendation to the Board on its reappointment; the principal areas assessed were in accordance to BNM's Guidelines on External Auditor covering performance, independence and objectivity.
- Accordingly, the assessment undertaken, amongst others, covered:
- Level of knowledge, capabilities experience and quality of previous work

- Level of engagement with the ACs
- Ability to provide constructive observations and recommendations
- Adequacy in audit coverage and planning
- Timeliness of audit deliverables
- Non-audit services rendered by the External Auditor so that it does not impede their independence.

Governance, Risk and Control

- a. Reviewed the adequacy and effectiveness of the system of internal controls, financial reporting and risk management to ascertain there was a systematic methodology in identifying, assessing and mitigating risk areas
- b. Ascertained management give emphasis towards compliance with regulatory requirements and internal policies.
- c. Management of key identified areas would be required to present their strategies and action plans in achieving established objectives; encouraged robust discussion on emerging risks, key challenges and operational concerns.
- d. Reviewed the efficiency of operations and the economical utilisation of resources throughout the Group.
- e. Reviewed the internal control issues identified by internal, external and regulatory auditors, and Management's response to audit recommendations and the implementation of agreed action plans; management's presence is required for critical areas and audit reports with adverse audit ratings to facilitate effective deliberation of weaknesses identified and management's corrective actions.

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- f. Monitored the implementation of corrective actions by Management; management need to provide justifications for any undue delay and present for AC's approval.
- g. Attended meetings with the respective ACs and Management of CIMB Niaga, CIMB Thai, CIMB Cambodia, CIMB Principal Asset Management and Touch 'n Go. In each of the meetings, the businesses and issues of the respective operations were presented and discussed.
- h. Attended the Group's Annual Management Summit where relevant businesses and support units reviewed their operations for the year and presented strategies and plans for the coming year.
- i. Pursuant to BNM Corporate Governance Framework, the AC Chairman has been appointed as the non-executive director responsible for the effective implementation of the CIMB Group Policy on whistle blowing; a dedicated email has been established where any concerns on illegal, unethical or questionable practices would be routed directly to the AC Chairman in ensuring the concerns raised would be objectively investigated and addressed.

Audit Resolution Committee (AIRCom)

- a. AIRCom, an AC delegated committee, assisted the AC in ensuring the effectiveness of management actions in addressing key risks and internal control weaknesses; the appointment of AIRCom Chairman and Alternate Chairman (held by senior management) would require the AC's approval.

- b. The AIRCom's key activities include:
 - Reviewed significant findings arising from audits and investigations conducted; where necessary, the relevant responsible party would be invited to facilitate robust discussion on issues and effectiveness of corrective actions taken.
 - Reviewed common findings with objective to identify more holistic solution.
 - Reviewed reasons for any delayed implementation of agreed action plans and to escalate to higher authority where required; to provide recommendation for AC's approval for cases with repeated extension of implementation date (the process of revising target implementation date is governed by an established Audit Follow-Up Framework).
 - Reviewed justification for cases where the respective risk owners decided to accept the risk exposure and would not take corrective actions; to provide appropriate recommendation for AC's endorsement.
- c. The AIRCom meetings were held monthly before the AC meetings; minutes of the AIRCom meetings held would be submitted to the AC members for review and appropriate discussion during the AC meetings.

Financial Reporting

- a. Reviewed the financial statements of the Group on a quarterly basis and the draft announcements before recommending them for the Board's approval.

- b. Reviewed the financial results prior to the approval by the Board; discussed the following as highlighted by the External Auditor:
 - Significant accounting and audit matters involving credit, treasury, taxation and impairment related matters
 - Unusual events and transactions
 - Uncorrected misstatements
 - Changes and implementation relating to MFRS/9 and new auditor's report
- c. Reviewed write-off proposals as presented by the Management before recommending them for the Board's approval in accordance to established policy.

Related Party Transactions (RPTs) and Conflict of Interest

- a. RPTs are reviewed by the AC, taking into account the nature and underlying details of the transactions, in establishing any potential conflict of interest that may arise, before making recommendation to the Board for approval.
- b. The AC reviewed one RPT (as defined under the Listing Requirements of Bursa Malaysia) during the year, in relation to the disposal of investments, prior to recommendation to the Board.
- c. Pursuant to MFRS 124 on Related Party Disclosures, significant RPT balances and transactions were reviewed on quarterly basis, with explanations provided for exceptional trend or transactions.
- d. All loans and financing granted to connected parties (pursuant to BNM's Guidelines on Credit Transactions and Exposures With Connected Parties) are under the direct purview of the respective Board of Directors.



4. SUMMARY OF GIAD'S KEY ACTIVITIES

- a. Carried out audits and investigations on the Group; issued 336 reports during the year, including the review outcome in relation to IT project implementation.

(Note: In addition to the 336 reports issued, a number of regulatory driven assignments had also been completed)

- b. GIAD'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 security, Head Office functions and also special focus areas such as AML/CFT, product transparency, connected parties, outsourced functions and business continuity.
- c. Undertook various ad-hoc compliance & validation reviews requested by regulators; more than 20 reviews undertaken in 2016 incurring more than 1,800 mandays.
- d. Identified potential cost savings and prevention of income leakage from the audits and investigations performed during the year.
- e. Monitored and followed up on the implementation of the corrective actions by Management; appropriate validation was performed in accordance to GIAD's Audit Follow-Up Framework.
- f. Status of outstanding audit findings was reported to AC on a quarterly basis; undue delays in the implementation of agreed action plans were escalated to the relevant authority for appropriate decision.

- g. Being the secretariat of AIRCom, GIAD is responsible in preparing minutes of meeting for submission to AC; other activities include preparing meeting materials and following up on matters arising issues.
- h. Reviewed and provided feedback on the new and revisions to policies of the Group, focusing on, but not limited to, ascertaining the governance and control addressing the risk areas.
- i. Submitted periodic reports to the AC, top Management and regulators.
- j. Supported AC in the annual exercise on appointment of External Auditor.
- k. Continued with the Branch Manager Attachment Programme (BMAP) to promote risk and control culture in the first line of defense; 36 branch managers participated in 2016, of which 22 since completed.
- l. Maintained ISO 9001:2008 Certification for internal audit services by passing the annual surveillance audit conducted by the certification body.
- m. The total costs and mandays incurred to maintain the internal audit function of the Group for 2016 are as follows:

Countries	Total Costs (RM'mil)	Total Mandays
Malaysia	25.7	29,202
Indonesia	18.9	27,101
Thailand	7.8	13,155
Singapore	3.3	1,267
Cambodia	0.3	769
Group	56.0	71,494

5. TRAINING

Listed below are the seminars and training events which the members of the Audit Committee attended to keep abreast of latest developments:

Datuk Mohd Nasir Ahmad

- Presented Talk for MIMOS Management: "Managing Business Successfully"
- ACCA Annual Conference
- Securities Commission's "New Auditor's Report – Sharing the UK Experience"
- Panel Member of "FIDE Forum – The New and Revised Auditor Reporting Standards: Implications to Financial Institutions" Bank Negara Malaysia
- Presented a Talk "Managing Business Successfully", SIRIM BERHAD
- Composite Risk Rating Meeting, Bank Negara Malaysia
- CIMB Risk Appetite Workshop
- Forum on Accounting 2, Chartered Accountants Australia and New Zealand
- Presented Talk to SIRIM Management Team on "Critical Evaluation of Business Plans", SIRIM Shah Alam
- Panelist on Thought Leadership Forum: "A question of Ethics – Navigating ethical failure in the Banking and Finance Services Industry", Chartered Accountants Australia and New Zealand
- CIMB 2017 Risk Posture Workshop for Board of Directors
- 'CIMB Group Annual Management Summit'
- Media Prima Board of Directors' Workshop

Glenn Muhammad Surya Yusuf

- Risk Management Training, CIMB Niaga
- CIMB Risk Appetite Workshop
- CIMB 2017 Risk Posture Workshop for Board of Directors
- GCG Training based on Asean Corporate Governance Scorecard
- Risk Workshop CIMB

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Mohamed Ross bin Mohd Din

- Avoiding Financial Myopia by Fide Forum
- CIMB Director Induction Programme
- CIMB 2017 Risk Posture Workshop for Board of Directors
- FIDE Forum – “Technology-based Innovation the counts”
- Risk Workshop CIMB

Dato' Zainal Abidin Putih

- Briefing on New Auditors' Report by Ernst & Young Land & General Berhad
- TNB Board Breakout for Senior Management Tenaga Nasional Berhad
- Composite Risk Rating Meeting
- Annual Report 2015/Financial Stability and Payments Systems Report 2015 Briefing Session
- Solar Energy Exhibition & Conference Australia Solar Council
- Energy Systems Conference 21st Century Challenges Elsevier
- TNB Board Development Programme 2016: New Challenge for the Board of Directors: Cyber Risk TNB
- TNB Board Break-out, Re-Imaging TNB
- Touch 'n Go Innovation and Strategic Planning Workshop
- Khazanah Megatrends Forum 2016 Khazanah Nasional
- CIMB 2017 Risk Posture Workshop for Board of Directors
- GIOD Pre-AMS Workshop
- Risk Workshop for BOD
- Briefing on Amendments on Listing Requirements and Impact of the New Companies Act

Datuk Dr. Syed Muhammad

Syed Abdul Kadir

- Focus Group Discussion in preparation for Dialogue with BNM's Senior Management
- Composite Risk Rating Meeting
- Risk Appetite Workshop
- Independent Directors Programme: The Essence of Independence
- “Putting it All Together” – MINDA Engagement on Enhancing Director and Board Effectiveness
- RFI Responsible Finance Summit ME Global Advisors
- Breakfast Talk Session entitled “Key Traits to Make or Break a CEO: Establishing the Measures”
- Training Session on ISO for EURO Board of Directors
- Public Lecture at the University Sultan Zainal Abidin (UniSZA)
- Future CEO Programme
- Risk Workshop for BOD
- Competition Law Talk

Puan Rosnah Dato' Kamarul Zaman

- FIDE Directors Remuneration Report
- Composite Risk Rating Meeting
- Risk Appetite Workshop
- Khazanah Megatrends Forum 2016 Khazanah Nasional
- CIMB 2017 Risk Posture Workshop for Board of Directors
- FIDE Forum – “Technology-based Innovation the counts”
- Risk Workshop for BOD

Dato' Prof. Dr. Sudin Haron

- Composite Risk Rating with the BOD of CIMB Group Holdings/CIMB Bank Berhad and CIMB Islamic Bank Berhad
- Risk Appetite Workshop
- Seminar Wakaf Senusantara
- Perbincangan meja bulat Profesor Negara: Membugar Potensi Wakaf Pendidikan Tinggi
- Half-day Bursa Malaysia CG Breakfast Series with Directors organised in collaboration with The Malaysian Institute of Certified Publics Accountants (MICPA) and the Malaysian Institute of Accountants (MIA)
- CIMB 2017 Risk Posture Workshop for Board of Directors
- Seminar Wakaf Korporat Peringkat Negeri Pahang
- Persidangan Wakaf Antarabangsa Johor (PWAJ)
- The Royal Award for Islamic Finance 2016
- Risk Workshop for BOD
- Seminar Kajian Pelan Induk (Zon Sabah)

Puan Nadzirah Abd Rashid

- Cyber-risk Oversight
- Risk Appetite Workshop
- CMDP Module 1: Directors as Gatekeepers of Market Participants
- CDMP Module 4: Current and Emerging Regulatory Issues
- CIMB 2017 Risk Posture Workshop for Board of Directors
- Malaysia-China Digital Economy Forum
- Leadership Energy Summit Asia 2016



SHARIAH COMMITTEE REPORT

THE CIMB GROUP BOARD SHARIAH COMMITTEE (GROUP SHARIAH COMMITTEE), WHICH WAS ESTABLISHED UNDER CIMB ISLAMIC BANK BERHAD, IS TASKED WITH THE RESPONSIBILITY TO ASSIST CIMB GROUP'S BOARD OF DIRECTORS (THE BOARD) IN CONDUCTING OVERSIGHT ON SHARIAH MATTERS PERTAINING TO THE GROUP'S ISLAMIC BANKING AND FINANCING ACTIVITIES.

Although the Board is ultimately responsible and accountable for all Shariah matters under the Group, the Board relies on the independent advice of the Group Shariah Committee on the same.

The main role of the Group Shariah Committee is to assure and advise the Board that the Group's Islamic banking and finance operations do not contain elements or activities that are not permissible under Shariah. In undertaking their duties in overseeing the Islamic operations in Malaysia, the Board and the Group Shariah Committee shall be guided by the decisions, views and opinions of the Shariah Advisory Council of Bank Negara Malaysia, (BNM) the Securities Commission of Malaysia (SC) and the Labuan International Business and Financial Center, while for operations in other countries, they shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any), sanctioned by law/regulation to be followed by the Group, and where such competent views and opinions on Shariah are not available, then they shall be guided by the Shariah as generally practiced in the respective countries as well as international best practice, where practicable.

The Group Shariah Committee is also responsible for providing an independent assessment that the operations of the Islamic banking and finance business of CIMB Group have been done in conformity with the Shariah, as decided and opined by the Group Shariah Committee and with such Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by relevant financial regulators in the relevant jurisdictions that the Group's Islamic banking and finance businesses are undertaken at any point in time. The Group Shariah Committee consists of eight (8) Independent Members, two (2) of whom are members of the Board of Directors. All eight members (8) have the prerequisite Shariah qualifications imposed by BNM.

Name of Group Shariah Committee Member	Nationality	Status	Number of Main Committee Meetings	
			Held	Attended
Sheikh Associate Professor Dr. Mohamed Azam Mohamed Adil	Malaysian	Chairman/Independent Member	6	6
Sheikh Professor Dr. Mohammad Hashim Kamali	Canadian (Malaysian PR)	Independent Member	6	6
Sheikh Dr. Nedham Yaqoobi	Bahraini	Independent Member	6	6
Sheikh Yang Amat Arif Dato' Dr. Haji Mohd Nai'm Haji Mokhtar	Malaysian	Independent Member	6	5
Sheikh Associate Professor Dr. Shafaai Musa	Malaysian	Independent Member	6	5
Sheikh Dr. Yousef Abdullah Al Shubaily	Saudi Arabian	Independent Member	6	6
Professor Dato' Dr. Noor Inayah Yaakub	Malaysian	Independent Member (appointment ceased on 31 December 2016)	6	6
Sheikh Professor Dato' Dr. Sudin Haron	Malaysian	Independent Member (appointment ceased on 31 December 2016)	6	5

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SHARIAH COMMITTEE REPORT (CONT'D.)

MAIN ACTIVITIES IN 2016

Throughout 2016, the Group Shariah Committee reviewed and advised on new products and services proposals by CIMB Group together with their documents; out of which 8 proposals for new consumer banking products, 23 proposals for new debt capital market deals, 6 proposals for new treasury & market products and a proposal for new asset management deal and new commercial banking product respectively were approved. The Group Shariah Committee also reviewed, advised and approved 146 proposals on product variation and enhancement. Other than that, the Group Shariah Committee also noted and endorsed 590 across-the-board product documentations by CIMB Group out of which 252 documents are marketing collateral related. The Group Shariah Committee also noted, reviewed and endorsed the following and was satisfied that each had been done effectively and in conformity to relevant requirements:

1. The allocation of profit and charging of losses relating to investment accounts;
2. All contracts, transactions and dealings entered into by CIMB Group during the year ended 31 December 2016;
3. All earnings that may have been realised from sources or by means prohibited by Shariah for purpose of disposal to charitable causes.
4. Zakat allocation for the financial year ended 31 December 2016.

The Group Shariah Committee also reviewed and approved CIMB Group's new policies and procedures manual, including variations and amendments to the existing policies and procedures manual, and marketing and branding collaterals, sales brochures for products and campaign materials.

The Group Shariah Committee has also reviewed and updated the system of monitoring and reporting which provides the necessary internal controls in line with the Islamic Financial Services Act 2013 ("IFSA") and Shariah Governance Framework to ensure that any new Islamic financial transactions are properly authorised and transacted in accordance with the requirements of Shariah; the Group's assets and liabilities under its Islamic banking and finance balance sheets are safeguarded against possible Shariah non compliance; and, that the day to day conduct of its Islamic banking and finance operations does not contradict Shariah principles.

The Group Shariah Committee also assessed the independent work carried out for Shariah Review and Shariah Audit under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by CIMB Group. Apart from the above, the Group Shariah Committee also reviewed and approved the revision of CIMB Group Shariah Compliance Policy and General Procedures Manual and the CIMB Group Shariah Risk Management Framework.

INTERNAL CONTROL FOR SHARIAH COMPLIANCE

In making an independent assessment and confirmation on Shariah compliance of the Islamic banking and finance business of the Group, the Group Shariah Committee recognises the importance of the need for CIMB Group to maintain and reinforce the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses through the establishment of a system of internal controls that is augmented by written policies and procedures, the careful selection and training of Shariah qualified staff, the establishment of

an organisational structure that provides an appropriate and well-defined division of responsibility within the Management and the effective communication of Shariah policies and guidelines to all staff throughout CIMB Group. The internal control system is based on the following parameters:

1. The Management has a professional and qualified staff of Shariah researchers that support the Group Shariah Committee in the decision making and deliberations process, providing check and balance through independent assessment of all matters to be presented to the Group Shariah Committee by the Management.
2. The Management has a Shariah review framework that operates on a front to back basis comprising of self-assessment/self-reporting mechanism and periodic independent review undertaken by Group Compliance Division.
3. The Management has a robust Shariah risk management framework covering the first, second and third line of defenses with strong independent oversight undertaken by Group Risk Management as the second line of defense.
4. Availability of a strong team of internal auditors who conduct periodic Shariah audits of all the Group's Islamic banking and finance operations on a scheduled and periodic basis.

The Group Shariah Committee is further supported by external auditors that would have full and free access to, and meet periodically with the Group Shariah Committee as well as the Group Audit Committee to discuss their audit processes and findings as to the integrity of the Group's Shariah compliance in its Islamic banking and finance activities and the adequacy of the system of internal controls to detect non-compliance to Shariah.



TRAINING

In 2016, the Group Shariah Committee members have attended various trainings, seminars and forums in order to keep abreast with the latest market trends and development of Islamic finance industry.

- Four (4) members have successfully completed the mandatory Shariah Leaders Education (SLE) programme organised by BNM. The SLE programme consists of 4 modules namely Module 1: Banking and Finance Operations, Module 2: Integrating Shariah Compliance in Governance, Module 3: Global Perspective in Islamic Finance and Module 4: Finance Fundamentals. All modules were conducted by the eminent practitioners in Islamic finance industry and were held from January to June 2016 at Lanai Kijang, Bank Negara Malaysia.
- Two (2) members have attended Muzakarah Ahli Penasihat Syariah Institusi Kewangan Malaysia ke-12 which was held on 21 July 2016, at Institut Latihan Islam Malaysia, Bangi, Selangor.
- Four (4) members have participated in the 11th International Shariah Scholars Forum (ISSF 2016) which was held on 1 – 2 November 2016, at Sama-Sama Hotel, Kuala Lumpur.
- Three (3) members have attended 13th Kuala Lumpur Islamic Finance Forum and Muzakarah Penasihat Syariah Kewangan Islam 2016 which was held on 21- 23 November 2016 at Istana Hotel, Kuala Lumpur.
- Three (3) members have attended Securities Commission's Shariah Advisers' Programme on Sukuk: Driving Growth Through Innovation which was held on 24 November 2016 at Securities Commission Malaysia, Bukit Kinrara.

- Two (2) members have attended and participated in Liqa' Association of Shariah Advisers in Islamic Finance (ASAS) Peringkat Kebangsaan 2016 which was held on 28 March 2016 at Lanai Kijang, Bank Negara Malaysia.

TERMS OF REFERENCE OF THE GROUP SHARIAH COMMITTEE

Areas	Responsibilities
Shariah Advisory	<ul style="list-style-type: none"> To advise CIMB Group's Board of Directors and/or the Management on Shariah matters in order to ensure that the Islamic banking and finance business of CIMB Group are Shariah-compliant at all times. To advise for the referral of issues to the Shariah Advisory Council BNM and/or any other competent authority on Shariah in any relevant financial regulators on any Shariah matter that requires their endorsement.
Settings of Policy and Framework	<ul style="list-style-type: none"> To set the policies and procedures for CIMB Group's Islamic banking and finance business, to endorse the Shariah Compliance Manual and all the Manuals governing the Islamic banking business of CIMB Group including the Terms of Reference of the Group Shariah Committee and to suggest for their revision, improvement and updates from time to time as may be necessary. To review and endorse BNM Shariah Governance Framework (SGF) as provided by various tools such as Shariah Compliance Manual and various implementation functions within CIMB Group including Shariah research, Shariah review, Shariah audit and Shariah risk management.
Shariah Rulings	<ul style="list-style-type: none"> To set the policies and procedures for CIMB Group's Islamic banking and finance business, to endorse the Shariah Compliance Manual and all the Manuals governing the Islamic banking business of CIMB Group including the Terms of Reference of the Group Shariah Committee and to suggest for their revision, improvement and updates from time to time as may be necessary. To review and endorse BNM Shariah Governance Framework (SGF) as provided by various tools such as Shariah Compliance Manual and various implementation functions within CIMB Group including Shariah research, Shariah review, Shariah audit and Shariah risk management.
Others	<ul style="list-style-type: none"> To keep abreast of the latest development of Islamic banking business globally, regulatory changes affecting CIMB Group's business, the rulings made by the Shariah Advisory Councils of BNM and SC and the changes in the latest Shariah research, Ijtihad, Fatwas or findings. To engage actively in deliberating Shariah issues presented before the Group Shariah Committee.

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FUNCTIONS & REPORTS

Internal Shariah Audit Function

Shariah audits of the Malaysian banking and asset management subsidiaries are under the purview of Group Internal Audit Division (GIAD), which reports independently to both the Banking Group Audit Committee and the Shariah Committee on Islamic business operations and activities, particularly on Shariah compliance related matters. The principal objective is to provide an independent assessment and assurance designed to add value and improve the degree of compliance in relation to CIMB Group's Islamic business operations, as well as ensuring a sound and effective internal control system for Shariah compliance.

As the function requires auditors to possess adequate Shariah-related knowledge and training, they are required to attend various related training programmes conducted internally and externally. In 2014, GIAD, in collaboration with Group Human Resource, made an arrangement with a reputable Islamic banking association to provide relevant Islamic banking certification to its auditors. The first batch of 13 auditors had completed the certification programme in 2015, and a subsequent batch of 15 auditors is undergoing the similar programme that is expected to be completed in 2017. The programme encompasses 3 stages, namely Associate Qualification in Islamic Finance, Intermediate Qualification in Islamic Finance and Advance Qualification in Islamic Finance.

Internal Shariah Audit Reports

Audit reports prepared by GIAD specifically highlight Shariah related matters where applicable. During the year, 326 audit assignments covering Islamic products and services were completed by GIAD.

Internal Shariah Risk Management Function

Shariah Risk Management (SRM) is a function to systematically identify, measure, monitor and control Shariah Non-Compliance (SNC) risks in the Group's Islamic banking and financing activities to mitigate any possible SNC events. This control function is part of the Group's Enterprise-Wide Risk Management Framework. The Group adopts the BNM SGF definition of SRM and accordingly, scopes our SRM activities to manage risks of Shariah non-compliance.

Monitoring of Shariah compliance and Shariah governance is carried out through Shariah Review and Shariah Audit functions, supported by SRM control process and Shariah & Governance Department. SRM also actively participates in the Islamic product development discussions to ensure that all inherent SNC risks are appropriately identified, managed and controlled. In addition, SRM reviews all P&P that are applicable to Islamic financial services and provides its sign off in ensuring SNC risk inherent in business processes are adequately identified and effectively controlled.

SRM leverages on the existing ORM system for the Designated Compliance & Operational Risk Officer (DCORO) to register SNC risk inherent in their areas and assess the effectiveness of their existing controls in the Risk Control and Self Assessment (RCSA) report. All RCSAs submitted by the SBUs will be validated by SRM taking into account existing controls that have been put in place.

Training on SNC risk will continue to be provided to DCORO and staff of SBUs to enhance their awareness, hence facilitating the risk identification and SNC event reporting.

SRM and ORM will jointly analyse the potential impact of any SNC events, based on the historical trends and actual SNC income. The effectiveness of existing controls will be reviewed and additional measures will be introduced, if necessary to avoid recurrences.

Internal Shariah Risk Management Reports

The Shariah Risk Management Framework (SRMF) was revised in July 2016 and it has been renamed as Shariah Risk Management Policy (SRMP). The SRMP articulates the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by CIMB Group in managing SNC risk. The SRMP defines SNC risk as the Group's possible failure to comply with Shariah requirements as determined by relevant Shariah Committees and as prescribed in CIMB Group's internal policies & procedures. The SRMP also lists out incidences of SNC and illustrates the cause and impact of non-compliance with Shariah requirements as well as control that have been put in place by CIMB Group to mitigate SNC risk. The SRMP provides guidance and enables the first line of defense to systematically identify, monitor and control SNC risks in their respective areas, thus minimising potential SNC events.

In addition, to facilitate SBC reporting to the Management and the Board, Risk Appetite Statement (RAS) on SNC was developed in March 2016. RAS for SNC is monitored on monthly basis and it is incorporated in the RAS Dashboard for the CIMB Group.

In 2016, SRM team had initiated several training programmes including for staff at branches with a view to increase the level of awareness on SNC risks.

Internal Shariah Compliance Review Function

In line with the Bank Negara Malaysia's Shariah Governance Framework for Islamic Financial Institutions, the Shariah Compliance Review Unit ("SCRU") of the Group Compliance Division, comprising qualified Shariah officers, is responsible for conducting the Shariah compliance review function.



Internal Shariah Compliance Review Reports

The SCRU has established the CIMB Group Shariah Compliance Review Policy and Procedures Manual which sets out the Shariah compliance review function, encompassing regular assessment on Shariah compliance in the activities and operations of CIMB Group, including examining and evaluating CIMB Group's level of compliance to the Shariah, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences.

In ensuring the activities and operations of CIMB Group are Shariah compliant, the Shariah compliance review officer conduct pre- and post-review of CIMB Group's activities and operations as per the Shariah compliance review work plan approved by the Group Shariah Committee and the respective Boards. In addition to that, the necessary trainings i.e., Shariah Non-Compliance Reporting, Tawarruq and etc. have been conducted to educate CIMB Group's staff on the importance of complying with Shariah requirements.

The Group Shariah Committee and the respective boards are provided with Shariah compliance reports on a regular basis to facilitate the Group Shariah Committee/Boards having a holistic and overall view of all Shariah compliance matters.

Shariah Research Function

The Shariah Research Function is undertaken by the Shariah Advisory & Research Unit, which reports directly to the Group Shariah Committee and administratively to the Head of Shariah and Governance. The function basically assists and supports the Group Shariah Committee to conduct pre-approval review, perform in-depth comprehensive research and studies of Shariah issues in proposals submitted by various business and support units throughout CIMB Group for Group Shariah Committee's approval, providing

an independent assessment of the same. This function ensures proper deliberation by the Group Shariah Committee. This also includes the provision of day-to-day advice based on the decisions and Shariah rulings of the Group Shariah Committee to those units throughout CIMB Group. This function also undertakes the administrative and secretarial matters relating to Group Shariah Committee. In carrying out its tasks, Shariah Advisory & Research Unit is guided by the CIMB Group Shariah Compliance Policy and General Procedures Manual and the BNM SGF.

Shariah Research Reports

The Shariah Advisory & Research Unit provides direct input to the Group Shariah Committee on issues related to new products, services, business deals, policies, procedures and marketing materials and reviews and conducts research where necessary to assist members of the Group Shariah Committee in making appropriate deliberations and decisions. Together with the Group Company Secretarial Department, the unit facilitates the issuance of Group Shariah Committee approvals where appropriate and disseminates such approvals to the relevant business units.

In addition, the unit attends meetings and briefings on Shariah matters with industry regulators and associations, raises Shariah compliance awareness within CIMB Group and maintains records of Shariah rulings and decisions of the Group Shariah Committee for internal research and advisory purposes.

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OUR FOCUS IN 2016

WE HAVE 38,945 EMPLOYEES WITH A MARKET PRESENCE IN 16 COUNTRIES. EACH OF THESE INDIVIDUALS IS A VALUABLE ASSET TO THE GROUP, AS THE CIMB BRAND WOULD NOT BE WHAT IT IS TODAY IF NOT FOR THE HARD WORK, SACRIFICE AND PERSEVERANCE OF OUR PEOPLE.

We believe in continuous improvement and hold the view that each employee deserves opportunities for development while they contribute actively to the achievement of the Group's aims. We also have frequent, honest and respectful engagements with our staff as part of our efforts to provide a workplace that cares about employee safety and promotes their health and well-being.

Our 2016 initiatives were intricately designed to support the Group's T18 Recalibration efforts, which can be grouped under three main areas:

1. **Culture Transformation:** The "A Better CIMB" (ABC) programme was launched in late 2014 to underscore our high-performance culture and help us achieve our business goals. Three critical behaviours were identified and promoted, namely, going the extra mile to delight customers; respecting each other, engaging openly and working together; and recognising each other's efforts and always backing each other up.

2. **Sustained Focus on Strategic Manpower Planning:** Challenges in the operating environment necessitate greater productivity and efficiency. We trained our collective eye on business process improvements, leveraging on our Regional Operating Model to centralise policies and processes for the elimination of duplication, and reviewing our organisational structures to increase efficiency and productivity. To help our business run smoothly, we emphasised staff development and strategic hiring.

3. Performance Management

Framework: We refined our performance management framework and practices to more closely align our KPIs with our T18 goals. This entailed reviewing our governance of KPIs, risk-adjusted performance metrics, education of managers, and linkage between performance and rewards.

TALENT MANAGEMENT

The Group's talent management practices are founded on our desire to become a hub for ASEAN talent and leadership. As we work towards being a leading universal bank in ASEAN, we need personnel with distinctive traits and competencies to maintain our competitive edge and grow. This demands careful oversight of our talent management process and direct involvement in the execution of end-to-end talent management throughout the business.

TRAINING AND DEVELOPMENT

One of our Employee Value Propositions is called 'Obsessed with Talent Growth.' This underscores the care we have for our personnel's growth at each point of their careers. We take pride in our provision of a high-performance environment that empowers every staff to innovate and deliver value. To attract the best talent, potential hires must be convinced that they will be part of an organisation where they can develop their skills and meaningfully contribute. The Group thus strives to ensure that working with us is not only financially rewarding, but also gratifying in terms of career development, recognition, regional opportunities and job rotation.

We primarily utilise internal development programmes to develop the skills which we need to go forward. These programmes, together with our other human capital initiatives, have become a key branding strength and employee-attraction factor for the Group. In 2016 alone, we received various awards that testify to our status as an employer of choice in ASEAN.

GRADUATE MANAGEMENT PROGRAMMES

We actively champion both 'Diversity Within Banking' and 'Diversity Beyond Banking', and continue to offer our distinguished graduate programmes. At the 2016 HR Excellence Awards, we won the Excellence in Graduate Recruitment & Development Gold Award, on top of recognition in other areas: Excellence in Leadership Development (Gold), Excellence in Learning & Development (Silver), and Excellence in CSR Strategy (Gold).

'The Complete Banker' (TCB), our flagship universal banking management training initiative, has to-date produced 933 graduates, with the number of TCB participants in 2016 standing at 104. The two-year programme offers 'Diversity Within Banking' for graduates - the first year equips our management trainees with a strong overall foundation in the banking industry, while the second year offers more specialised grounding that caters to each individual's career aspirations. TCB aims to develop the skill sets required of a high-performing top-class banker.

Our 'CIMB Fusion' programme, on the other hand, has provided dual-industry career opportunities since 2013 to 63 graduates, 11 of whom were recruited in the year 2016. Trainees can explore one other industry outside banking, e.g. accounting, consulting, IT, law, advertising and teaching/leadership. This is enabled by the Group's partnership in 2016 with PwC, Accenture, Hewlett Packard Enterprise, ZICOlaw, FCB Kuala Lumpur and Teach For Malaysia. CIMB Fusion was



Dato' Hamidah Naziadin (seated centre), Group Chief People Officer, CIMB Group, ensures that an enriching journey is in place for graduates who joined The Complete Banker and CIMB Fusion programmes.

recognised as the Best Graduate Management Trainee Programme at the Malaysia's 100 Leading Graduate Employers Awards 2014.

Our trainees receive regular feedback on their progress and areas for improvement. Each of them also learns about the strength that can be cultivated in an environment of diversity when they work with colleagues of different academic disciplines, work experience, cultures and nationalities.

MIDDLE-MANAGER PROGRAMMES

Our Middle Management Development Series (MMDS) continued to register strong interest amongst our middle-level managers. All 12 sessions in 2016 received encouraging participation from 670 of our middle-tier managers and featured engaging topics, such as: (i) Leadership During Times of Uncertainty, (ii) Design Thinking for the Future of Banking, (iii) Capitalism After the Great Recession, (iv) Understanding the Economic Cost of Inefficient Interactions, and (v) Managing Successful Project Teams.

PROMOTING CONTINUOUS LEARNING

Continuous learning and development is one of the Group's guiding philosophies. Our top leaders actively encourage this through their coaching, mentoring and teaching of our younger talent. The Group invested over RM100 million in 2016 on training for our employees through courses on leadership and management, cultural transformation, credit, sales and customer service.

To further institutionalise their intellectual capital, our Commerce Leadership Institute was created. Key leaders and the top one percent of managers throughout the Group contribute to the creation of the body of knowledge at this Institute, in order to strengthen our leadership pipeline and foster bonds between our current and emerging leaders. Thirty of our top talents were nominated for the CIMB-INSEAD Leadership Programme in 2016, bringing the cumulative total to 200 candidates since 2010.

Related to this is our CIMB Leadership Academy (CLA) in Johor. Housed within Afiniti Medini, a mixed-development project featuring residences, training and wellness facilities and retail outlets, CLA is run in complementarity with Akademi CIMB Putra, playing host to leadership programmes and large training sessions. There are also Academies for Treasury and Markets, Credit and Corporate Advisory at CLA to provide technical-based training, facilitate the leveraging of knowledge 'stored' in different parts of the Group, and help to institutionalise Group-wide expertise.

Another of our important initiatives is the three-month CIMB Accelerated Career Enhancement (CIMB ACE) that is run in conjunction with the 'Program Majudiri 1Malaysia' (PR1ME) national initiative to help non-executives prepare for potential career-advancement opportunities in their areas of service. Launched in 2014, CIMB ACE develops these employees' skills by focusing on foundational knowledge on governing regulations and cross-selling, technical and personal effectiveness skillsets, and practical exposure in a real work environment. 236 employees participated in this programme in 2016.

COMPETITIVE COMPENSATION AND BENEFITS

The Group upholds fairness and equity in its performance-based rewards system to ensure that our personnel are competitively remunerated. Variable bonuses are paid out each year based on how well the Group, business units and individuals perform. We also offer employee share options to our senior staff to keep them invested in the performance of the Group. To ensure our rewards system stays competitive, we conduct regular benchmarking exercises across the region.

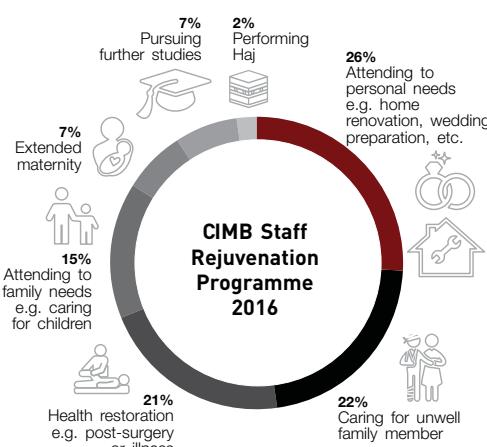
In addition, our personnel enjoy a variety of benefits, including comprehensive hospitalisation, medical and dental coverage, as well as subsidised rates for childcare, car

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loans and home mortgages. We recognise and respect the maternal right of our female staff and take particularly good care of our new mothers, who have access to Mothers' Rooms at our main offices, as well as our childcare centres, the second of which was set up in 2016 in Menara CIMB.

Our new mothers can also enjoy an extended break from work of up to nine months – in addition to three months of paid maternity leave, they can opt to participate in our Staff Rejuvenation Programme (SRP) that allows staff to take unpaid leave for up to six months without any loss of seniority or benefits.



In 2016, of 107 employees who participated in the SRP, 87 (81.3%) were women. Whilst SRP is especially popular with our female staff, the programme is a tangible expression of the Group's aim to create a working environment that promotes work-life balance and gender equality – SRP aims to help both male and female employees better manage through changing needs and priorities at different stages of their lives.

The Group also supports employees in their further education pursuits through Scholarship and Sponsorship Schemes. In 2016, 191 employees, of which 59% were women, benefitted from awards totalling RM2,573,091.

Qualification	No. of beneficiaries	Sponsorship & Scholarship Awards value (RM)
Certificate	73	455,769
Bachelor's degree	4	622,380
Master's degree	11	724,050
Chartered Banker	103	770,892

HEALTH AND SAFETY

The Group actively encourages employees to balance work and family commitments, manage stress and pursue a healthy lifestyle. Supporting their physical and mental wellbeing through our health, safety and wellbeing practices improves their performance and reduces absenteeism. In this respect, employees can take advantage of our facilities such as gymnasiums and recreational activities organised regularly. Throughout 2016, which was the 'CIMB Health and Wellness Year', we organised activities aimed at promoting employees' wellbeing.

RECOGNITION FOR LONG SERVICE

For employees who served with the Group for a long time, we offer CIMB Long Service and Retirement Awards in recognition of their contributions and loyalty to the Group.

In 2016, 111 staff were presented with their awards: 85 employees with 20 years of service received the Long Service Award (Certificate & RM3,000 worth of Unit Trust), whilst 26 employees with at least 25 years of service, retiring in 2016, received the Retirement Award (Certificate & RM5,000 value in our FRIA-i or Gold Investment Account).

DIVERSITY IN HUMAN CAPITAL GROWTH

Diversity is a defining characteristic of our corporate culture, and we embrace the diversity found in each of our markets. We respect different cultures, we value varied perspectives and we recognise diversity as a veritable source of strength.

One of our Employee Value Propositions is 'Thriving on Diversity.' It reflects our desire and ability to capitalise on our multicultural talents from differing educational backgrounds and age groups to give us an edge in the marketplace. Diversity, coupled with openness to differing views, can bring creative solutions to the table and yield positive results. Indeed, diversity in leadership helps us appreciate the multifaceted nature of opportunities and risks in the market, whilst diversity on the ground (i.e. in our sales teams) helps us reach out more effectively to our diverse customer base.

While diversity is embraced and celebrated, we also strive to achieve a good balance in our staffing: our operations throughout ASEAN must be run predominantly by citizens in those countries, but we also engage expatriates if they can contribute meaningfully to the business. We aim for a composition of 70% locals and 30% regional staff who may be direct hires or recruited through our Global Mobility Scheme. We do not discriminate based on gender, race, religion, orientation or nationality.

Our leadership progression plans also emphasise the importance of diversity. We use the '2 x 2 x 2 principle', i.e. two functions, two businesses and two geographies. This means that senior leaders must serve in such capacities as they grow their careers in the Group. Despite having no specific gender targets, we have achieved a strong gender diversity ratio. In 2016, 54% of our employees were women.

Group Human Resource is fully supportive of the Group's ASEAN agenda, and this stance is embodied by our Employee Value Proposition called 'Towards an ASEAN Champion.' We continually emphasise to all employees - existing and potential - the benefits of working for an ASEAN organisation. Our various HR initiatives were developed with the Group's ASEAN ambitions in mind. Our regional training programmes feature a mix of staff from different countries, while our hiring initiatives feature candidates from all walks of life, creating a platform to learn from each other. Cross-function and cross-border



opportunities are offered regularly so our personnel can gain exposure in different roles and markets, allowing them to develop personally and in their career paths.

In 2015, the Group received the Gold Award on Inclusiveness and Diversity Reporting at the National Annual Corporate Report Awards (NACRA). This was repeated in 2016, making it a milestone achievement for the Group and a sterling endorsement of the collaborative efforts of CIMBians in embracing diversity (NACRA is organised by Bursa Malaysia Berhad, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. The Inclusiveness and Diversity Reporting Award is an inaugural award jointly introduced with TalentCorp).

CULTURE TRANSFORMATION AND STAFF ENGAGEMENT

Our corporate culture has been a crucial enabler of our growth. As aforementioned, our 'A Better CIMB' (ABC) drive recalibrates and fortifies our culture through three critical behaviours to build 'A Better CIMB', namely: (i) going the extra mile to delight our customers, (ii) respecting each other, engaging openly and working together, and (iii) recognising each other's efforts and always backing each other up.



Paul Wong Chee Kin, Head of Consumer Strategic Business Support, CIMB Bank Malaysia, facilitating a session for employees to share success stories related to the three critical behaviours towards building 'A Better CIMB'.

ABC Roadshows were conducted across the Group to better enable employees to understand the Group, its successes and areas for improvement so we can work towards a common goal.



Senior management recognise the "Informal Leaders" in the cultural transformation journey, as they too play a significant role in spreading the three critical behaviours, towards building 'A Better CIMB'. Samir Gupta (fourth from right), Chief Executive Officer, Group Consumer Banking with Indonesia colleagues.

Significant efforts are made to create awareness of and encourage our people to espouse the three critical behaviours, e.g. sharing success stories via email, localising ABC posters and bunting, displaying ABC wall murals in Menara CIMB and Menara Bumiputra-Commerce, distributing ABC videos across Malaysia, Indonesia, Singapore, Thailand and Cambodia, creating an ABC screensaver across the Group's network of computers, as well as producing various localised merchandise like bookmarks, badges and T-shirts.

Efforts have been made to identify individuals who naturally exhibit the three critical behaviours and inspire others to do the same. We have worked with 80 such leaders so far and created platforms for them to share their best practices and success stories. Our Group Management Committee (GMC) members lead by example, with activities such as "Tuesday Chats", in which Management holds informal chats with their skip-level reports, and through "Out and About" initiatives where they would visit other departments to gain a better understanding of the business and its people. The success of these activities saw their extension to the direct reports of GMC members.

We strongly believe in giving back to the communities in which we operate. Indeed, we see corporate responsibility as a virtuous cycle, where our support helps to build sustainable environments in which everyone prospers. In the past eight years, we have organised programmes that have benefited well over three million people in the ASEAN region.

The Group is committed to reducing the environmental impact of our operations by encouraging our staff and business to become more environmentally friendly. We also strive to empower communities to go green by promoting environmental awareness projects, especially at schools and universities. Our main office, Menara CIMB, is a green-certified building and we continuously monitor our usage of water, energy and paper to limit wastage.

The Group believes that when we support people in our community, workplace, marketplace and environment, we build social sustainability and create long-term value. Employees from different business units are regularly brought together for sports and recreation as well as corporate social responsibility (CSR) activities throughout the year to encourage bonding.



Making recognition a part of ongoing practice – senior leaders serving refreshments to staff (from left) Nor Azmi Md Yusof, Head of Consumer Sales and Distribution, CIMB Bank Malaysia, Tengku Dato' Sri Zafrul Aziz, Group Chief Executive Officer, CIMB Group, Samir Gupta, Chief Executive Officer, Group Consumer Banking.

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HUMAN CAPITAL GROWTH AND TALENT DEVELOPMENT INITIATIVES (CONT'D.)



CIMB senior management with the happy group of CIMB ASEAN Scholarship recipients. (L-R) Renzo Viegas, Adviser to the Group CEO, CIMB Group; Tengku Dato' Sri Zafrul Aziz, Group Chief Executive, CIMB Group; Dato' Sri Nazir Razak, Chairman, CIMB Group and Dato' Hamidah Nazaiedin, Group Chief People Officer, CIMB Group.

The Group boasts Community Link projects that are proposed and championed by employees themselves. We also have in place a Staff Welfare Fund which has provided assistance to many employees and their families in getting back on their feet after unexpected challenges like natural disasters. In 2016, a total of RM12,000 in monetary aid was distributed to 14 flood-affected staff to help them meet their immediate needs. This continues the spirit of the 'Adopt a Family' initiative started in 2015 for CIMBians to help their colleagues who suffered from the end-2014/early-2015 floods. This initiative saw staff enthusiastically forming teams to provide moral support through the phone, while some travelled to the affected areas to help clean up and rebuild the homes of their colleagues. This is over and above their personal donations to the families they adopted.

More details on our workplace and CSR initiatives can be gleaned from the accompanying Citizenship Report.

CORPORATE SPONSORSHIPS AND SCHOLARSHIPS

Our Memorandum of Understanding (MoU) with the Foreign and Commonwealth Office of the UK to establish the prestigious Chevening-CIMB ASEAN Scholarship enables us to sponsor five students from the ASEAN region to pursue a one-year Master's degree programme at the university partners of Chevening in the UK. This MoU is in line with 'Education is GREAT,' a campaign in which Malaysia and the UK renewed their commitment to strengthen partnerships in education as part of the larger drive to promote bilateral trade and investment. In 2016, five such scholarships were awarded to two Malaysians, one Indonesian, one Thai, and one Cambodian.

Our CIMB ASEAN Scholarship, meanwhile, is a full scholarship that is open to citizens of five ASEAN countries i.e. Malaysia, Indonesia, Singapore, Thailand and Cambodia, which are also our core operating countries. The

scholarship is for full-time undergraduate studies at any reputable university in the world, covering all academic fees including registration, tuition and examination, book allowance, as well as other expenses such as accommodation, airfare, and travel document application. Applicants should have excellent academic results for their pre-university examinations/assessments and have applied for their preferred university (they should have received an unconditional offer at the time of the award).

This scholarship is unique in that scholars will be exposed to programmes and initiatives throughout their undergraduate studies that will not only help them in their studies, but also prepare them to be career-ready with the Group. Indeed, over and above the aforementioned financial support, scholarship recipients will be: (i) paired with a banker-buddy working in the Group, (ii) enjoy networking opportunities with the Group's senior management, (iii) participate in CIMB ASEAN-related programmes, (iv) be involved in our corporate social responsibility initiatives, (v) have opportunities to do research with us, (vi) have internship opportunities, and (vii) be employed by the Group via our The Complete Banker Programme. In 2016, we received 5,351 applications, 40 of which were shortlisted to produce 16 successful recipients (12 Malaysians, one Indonesian, one Singaporean, one Thai, and one Cambodian).



Raja Noorma Raja Othman, Head of London Branch, CIMB Bank, engaging the five Chevening-CIMB ASEAN Scholarship recipients, each pursuing a one-year Master's degree programme at prestigious university partners of Chevening in the UK.



Tengku Dato' Sri Zafrul Aziz (eighth from left), Group Chief Executive Officer, CIMB Group, Dato' Hamidah Naiadin (ninth from left), Group Chief People Officer, CIMB Group; our partners, Assoc. Prof. Dr. Arham Abdullah (sixth from left), Director, Industry Relation Division, MOHE, and Mr. Arved von zur Muehlen (seventh from left), Chief Commercial Officer, Malaysia Airlines Bhd; with the judges and winning teams; at the finals held at Singapore Exchange.

TALENT DEVELOPMENT FOR CIMB MARKETPLACE

As a leading player in the ASEAN banking scene, the Group recognises the importance of technical and entrepreneurship development in promoting the further growth of the region's capital markets.

Our annual CIMB ASEAN Stock Challenge promotes innovation in learning and growing talent for the ASEAN capital markets. It enables undergraduates from Malaysia,

Indonesia, Singapore, Thailand and Cambodia to gain hands-on experience of cross-border stock trading in a fully simulated online trading environment across the five stock exchanges of Bursa Malaysia, the Indonesia Stock Exchange, the Singapore Exchange, the Stock Exchange of Thailand and the Hong Kong Stock Exchange. The 2016 competition attracted a total of 3,489 teams (9,645 students) from 188 universities across ASEAN, offering cash prizes totalling USD38,000 and a trip to the Hong Kong Stock Exchange. Given the Group's status as a prominent face of

ASEAN, the Finals are held in a different country each year, with the 2016 Finals held at the Singapore Exchange.

The CIMB Data Science Challenge, on the other hand, aims to develop talents in Business Analytics. This annual competition tests participants' application and knowledge in data preparation and mining, and offers career opportunities in business intelligence with CIMB, in addition to cash prizes totalling RM30,000, to the winners.

The CIMB Bumiputera Entrepreneur Skills Transformation (CIMB BEST) Programme supports the growth of Bumiputera entrepreneurs with sector-based public seminars and multi-track programmes based on entrepreneurs' level of experience. The Group also awarded scholarships to two CIMB BEST graduates to earn their Bachelor of Business Management (Entrepreneurship) (Hons) from UNIRAZAK. In 2016, the number of participants in all three training tracks rose 56% YoY to 281 from the 180 registered in 2015, reflecting the Bumiputera entrepreneur community's interest in our Aspiring, Emerging and Leading training programmes.



Scholarship awards were presented by Dato' Hamidah Naiadin, Group Chief People Officer, CIMB Group, to CIMB BEST graduates in a ceremony held at UNIRAZAK.

RECOGNITION FOR CIMB'S HUMAN CAPITAL MANAGEMENT

Throughout 2016, we were proud to accept several awards in recognition of our commitment to our human capital. These included our aforementioned achievements in the HR Excellence Awards 2016.

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CITIZENSHIP STATEMENT

CIMB CITIZENSHIP

Corporate citizenship is a business imperative. We say this not as a slogan but because business-driven sustainability is part of our ambition to meet customer needs. For this purpose, the notion of citizenship sits at the core of what we do. Citizenship for us is about creating value, building trust and contributing prosperity for all.

Our success is linked to the prosperity of ASEAN communities and economies. We understand that all our stakeholders – not only shareholders and investors – need to benefit from the value we create. We continue to grow our leadership position and deliver best-in-class customer service in the traditional and digital banking spaces. We are also building more opportunities through collaboration with start-ups and social enterprises to ensure that we have a hand on the pulse of stakeholder needs. We have started tracking more environmental data to better focus on the footprint of our own operations.

The Board is responsible for our sustainability performance across the Group. A report is also made on a quarterly basis to the Board of Trustees on all matters relating to CIMB Foundation.

The CEO of CIMB Foundation leads a multifunctional team to provide organisational support for the daily management of sustainability-related matters. We have an established framework for implementing our sustainability programmes across the Group through a network of issue owners within different functions and dedicated teams in each key market. Our regional markets align their strategy to the Group, but have the flexibility to focus on issues that are of local importance.

CIMB Foundation is helmed by an eminent Board of Trustees.

Scope

This Citizenship Statement refers to the period 1 January 2016 to 31 December 2016 (unless otherwise specified) and covers activities of CIMB Group Holdings Berhad (including subsidiaries and site offices). This Statement has been prepared in accordance with Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

About This Report

In the Sustainability Report 2015, a series of commitments were made across areas of our business. This Citizenship Statement gives an overall review of how we have implemented initiatives and programmes in 2016. More detailed performance assessment can be found in our Sustainability Report 2016, known now as Citizenship Report, that follows the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines at the level of 'In accordance – Core'.

Based on a mapping of stakeholder issues, this Statement is divided in two pillars – CIMB as a responsible solutions provider and CIMB's responsible operations.

RESPONSIBLE SOLUTIONS

For us, citizenship is about ensuring an even closer alignment between the core commercial goals of our business, and the maximum possible social and economic benefits that are achievable as a consequence of those goals

<ul style="list-style-type: none"> • Customer Experience (CX) • Digitising our Business • Ethical Banking 	 <p>Customers</p>	 <p>Environment</p>	<ul style="list-style-type: none"> • Direct Environmental Impact • Reducing Our Environmental Footprint via Customers • Partnership with the Community
<ul style="list-style-type: none"> • Workforce of the Future • Nurturing Culture • A Diverse CIMB • Well-being and Benefits 	 <p>Employees</p>	 <p>Community</p>	<ul style="list-style-type: none"> • CIMB in the Community

RESPONSIBLE OPERATIONS

It is our responsibility to conduct our business in a manner that deserves the trust of society and creates long-term value for all our stakeholders.

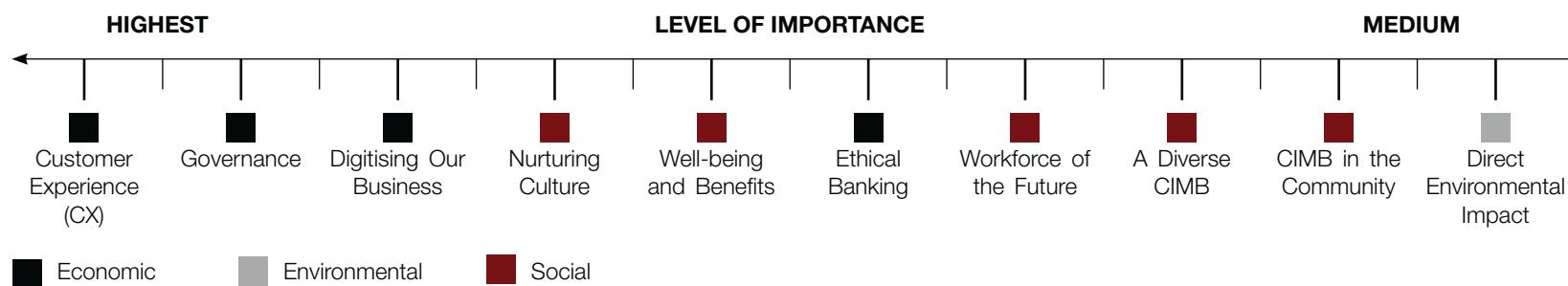
 <p>Governance</p>	<ul style="list-style-type: none"> • Good Conduct • Compliance • Total Quality Management through the Customer Lens • Internal Audit • Group Reputation Risk Management Policy • Digital Security • Sustainable Sourcing • Good Media Engagement
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MATERIAL ISSUES

This year, we based our materiality approach on two points of view: CIMB as a solutions provider, meaning how we serve our customers, and CIMB as a company, covering our operations and supply chain. To ensure a more robust focus, we anchored key issues on our T18 strategy. This approach provides the framework to evaluate current and changing expectations of stakeholders on CIMB as well as CIMB's commitment to citizenship. The full materiality analysis is available in the Citizenship Report 2016.

Material Issues



MATERIAL ISSUE	HOW IT IS LINKED TO T18											
Customer Experience (CX)	1 CLIENT PROFITABILITY & WALLET SHARE  2 TRANSACTION BANKING  4 PRIVATE BANKING  5 COMMERCIAL BANKING  6 DIGITAL BANKING  7 BRANCH PRODUCTIVITY  8 THAILAND RETAIL 2.0  9 CULTURE TRANSFORMATION  13 FINTECH  15 ISLAMIC2.0  18 CUSTOMER EXPERIENCE 											
Governance	1 CLIENT PROFITABILITY & WALLET SHARE  5 COMMERCIAL BANKING  7 BRANCH PRODUCTIVITY  8 THAILAND RETAIL 2.0  12 MIS & DATA MANAGEMENT  15 ISLAMIC2.0  18 CUSTOMER EXPERIENCE 											
Digitising Our Business	2 TRANSACTION BANKING  5 COMMERCIAL BANKING  6 DIGITAL BANKING  7 BRANCH PRODUCTIVITY  8 THAILAND RETAIL 2.0  12 MIS & DATA MANAGEMENT  13 FINTECH  15 ISLAMIC2.0  16 FOOTPRINT EXPANSION  17 COST & PRODUCTIVITY  18 CUSTOMER EXPERIENCE 											
Nurturing Culture	9 CULTURE TRANSFORMATION  10 STRATEGIC WORKFORCE PLANNING  11 PERFORMANCE MANAGEMENT  13 FINTECH  14 CAPITAL & RWA OPTIMISATION  18 CUSTOMER EXPERIENCE 											
Well-being and Benefits	2 TRANSACTION BANKING  5 COMMERCIAL BANKING  9 CULTURE TRANSFORMATION  10 STRATEGIC WORKFORCE PLANNING  11 PERFORMANCE MANAGEMENT  15 ISLAMIC2.0  17 COST & PRODUCTIVITY  18 CUSTOMER EXPERIENCE 											
Ethical Banking	1 CLIENT PROFITABILITY & WALLET SHARE  2 TRANSACTION BANKING  3 FORTIES BUSINESS STREAMLINING  4 PRIVATE BANKING  5 COMMERCIAL BANKING  6 DIGITAL BANKING  7 BRANCH PRODUCTIVITY  8 THAILAND RETAIL 2.0  9 CULTURE TRANSFORMATION  15 ISLAMIC2.0  18 CUSTOMER EXPERIENCE 											
Workforce of the Future	2 TRANSACTION BANKING  4 PRIVATE BANKING  5 COMMERCIAL BANKING  9 CULTURE TRANSFORMATION  10 STRATEGIC WORKFORCE PLANNING  11 PERFORMANCE MANAGEMENT  13 FINTECH  15 ISLAMIC2.0  18 CUSTOMER EXPERIENCE 											
A Diverse CIMB	9 CULTURE TRANSFORMATION  10 STRATEGIC WORKFORCE PLANNING  11 PERFORMANCE MANAGEMENT 											
CIMB in the Community	2 TRANSACTION BANKING  5 COMMERCIAL BANKING  13 FINTECH  16 FOOTPRINT EXPANSION 											
Direct Environmental Impact	6 DIGITAL BANKING  7 BRANCH PRODUCTIVITY  13 FINTECH  17 COST & PRODUCTIVITY  18 CUSTOMER EXPERIENCE 											

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CITIZENSHIP STATEMENT (CONT'D.)

RESPONSIBLE SOLUTIONS

Customers



Customer Experience

Our Commitment

Our endeavour is for CIMB to be Easy to bank with, be Efficient in our dealings and for us to go the Extra mile for our customers. We believe that we if we consistently deliver these 3Es, our customers will reward us with their loyalty, grow their business with us and be our brand advocates.

Our efforts are to be consistently customer focused as we want our customers to have delightful experiences with us and become our brand advocates. We will continue to leverage on Voice of Customer and CX tools that help us identify gaps, simulate journeys and build experiences that create for us a clear competitive advantage.

We also want to set a CIMB standard for CX and ensure that all in #teamCIMB understand their role in delivering these standards. As such, we want to ensure that customer centricity is embraced by everyone and not just the front liners.

Key Activities in 2016

We at CIMB want to make CX a key differentiator for us and have set up the Group Customer Experience Management (GCXM) team in August 2016 with the aim to improve customer experience through a holistic approach across all our regional sites and to accelerate a transformation that gives us a competitive edge.

- Built in a clear standard for ensuring seamless CX in the design and execution of new products, policies and procedures.

- Established a roadmap to deliver CIMB branded customer experience, which will be available to all employees across the Group, through learning modules and supporting tools in 2017.
- Identified 14 quick win projects based on known customer pain points and made significant progress in addressing the gaps.
- We built a performance dashboard with an outside-in lens, which helps us measure customer experience components using vital key indicators (e.g. time-to-market of our core products, channels availability etc.)
- Established a platform to capture "Voice of the Network" which is a channel for front liners to flag issues that limit them from delivering great customer experience.
- Set up a programme that encourages #teamCIMB to have entrepreneurial thinking and drive for continuous improvement in the area of CX.

Highlights in 2016

We now have clear standards for the CIMB branded customer experience, and they will be communicated to all employees across the Group through learning modules and supporting tools. Regular pulse checks are performed to ensure the standards are met.

Digitising Our Business

Our Commitment

Our digitisation efforts help us to simplify our products and services whilst ensuring transparency. Analytics and data enhance our accessibility and make us reach out to customers in a more interactive and meaningful way.

Key Activities in 2016

We introduced many new applications to meet the lifestyle needs of customers who prefer to bank on the go. Some highlights include:

- '1View on the Go' service extends instant account opening, allowing our sales team 'to carry the bank' on tablet/mobile device to customers.

- 1Platform replaces five core banking applications with one integrated, streamlined solution, available in Singapore, Thailand, Malaysia and Indonesia.
- In Thailand, Beat Banking transforms mobile phones into 'digital banks' for daily use.
- The CIMB FastSaver Account in Singapore is a fully online Savings Account.
- CIMB Eva (Enhanced Virtual Assistant) is a first-in-market chat-based mobile banking app.
- CIMB Pay is the first mobile app to combine secure cashless payments for CIMB credit and debit cards using Near Field Communication (NFC) technology.
- Rekening Ponsel mobile money in Indonesia enables cash withdrawal, transactions or shopping by just using their mobile number as the account number.
- Through Touch 'n Go, we are the #1 Micropayment Wallet in Malaysia.
- We provide assistance to FinTech start-ups under the SBC Accelerator Programme, part of our 3-year partnership with Startupbootcamp FinTech (SBC), started in 2015.

Highlights in 2016

CIMB Clicks	
2015	2016
49.8%	70.5%
Percentage of digitally active customers (CIMB Clicks through browsers)	
2015	2016
52.8%	58.4%
Percentage of mobile active customers (CIMB Clicks through mobile app)	

Note:

* Data covers Malaysia only



Ethical Banking

Our Commitment

Financial institutions can be seen as enablers in society: they fuel enterprises and support employment and economic growth. They can also have an impact on the direction businesses take by making responsible lending and investment decisions. CIMB Group Reputation Risk Management Policy, adopted in 2015, provides accountabilities for reputation risk management and a consistent approach into the current risk management process. By adapting more robust policies and procedures, we approach risk in a more holistic way, and move deeper into integrating financial and non-financial risk assessments.

Sustainable finance, particularly when driven by the tenets of Islam, provides an opportunity to reinforce banking and financial services as centres of trust and to ensure that corporate decision-making is driven by a sustainable compass. We are guided by the Group Islamic Financing Policy, and Group Shariah Compliance Policy and General Procedures Manual, which 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 all regulatory requirements.

We are also committed to developing small businesses which form the backbone of most ASEAN economies and we are invested in nurturing their growth journey.

We participate in the Green Technology Financing Scheme (GTFS), which was established by the government of Malaysia to promote investment in green technology. We are looking for more ways to support green financing.

Key Activities in 2016

- CIMB and Credit Guarantee Corporation Malaysia Berhad signed a Memorandum of Understanding to offer up to RM1 billion in Enterprise Clean Loans as part of our joint initiative to nurture and develop Malaysian SMEs.
- In Singapore, we collaborated with Wirecard and introduced the Mobile Point of Sale (mPOS) solution that enables SMEs easily make transactions without incurring heavy infrastructure costs.
- In Indonesia, CIMB's SME processing centres in large cities offer faster end-to-end loan approval for entrepreneurs. Managers of the centres are trained to support SME customers who struggle in the competitive and rapidly changing business environment.
- In Laos, our business is centred on micro, small and medium enterprises (MSMEs), that form an important part of the local

economy. Access to finance is a key obstacle to growth. In 2016, CIMB Thai Bank (Vientiane Branch) played a key role in helping to boost financing for Laos' MSMEs, especially in the agricultural sector.

Highlights in 2016

2015	2016
35,860	52,738
No. of SMEs reached (borrowing and non-borrowing customers on-boarded)	
12.2 million	16.3 million
No. of digital transactions by SMEs	
61.8	77.9
Total amount of online transactions by SMEs (RM billion)	

FOCUS

We were honoured at the Euromoney Awards for Innovation in Islamic Finance for Khazanah Nasional's issuance of RM100 million Sustainable and Responsible Investment Sukuk, for which we were the sole lead arranger, sole lead manager and a joint Shariah advisor.

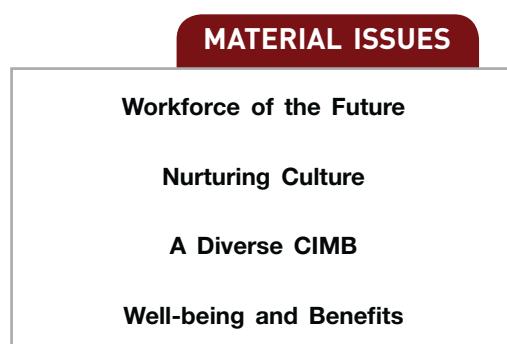
The Sukuk Programme was structured to allow investors to participate in socially responsible financing while also receiving profits from their investment. The proceeds will be used to transform schools under the Yayasan AMIR's ("YA") Trust Schools Programme. YA is a not-for-profit foundation initiated by Khazanah to improve accessibility to quality education in Malaysia's government schools through a public-private partnership with the Ministry of Education. The Sukuk was priced at 4.30% p.a. after an accelerated bookbuilding process and was fully subscribed.

The social impact of this "Pay-for-Success" structure is measured using a set of predetermined Key Performance Indicators ("KPIs") which are assessed over a five-year observation time frame. If these KPIs are met, the Sukuk holders will forgo 6.22% of the nominal value due under the Sukuk at maturity, as part of their social obligation in recognising the positive social impact generated by the Trust Schools Programme in Malaysia. If these KPIs are not met, the Sukuk holders will be entitled to the nominal value due under the Sukuk in full, at maturity.

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CITIZENSHIP STATEMENT (CONT'D.)

Employees



Our Commitment

As an employer of choice, we are constantly developing new tools and processes to further enhance the capabilities of our employees and make them future-ready. At the same time, inclusivity remains the core of our workplace practices – meeting different needs of employees whilst ensuring that their efforts are rewarded and recognised. We engage with our employees in an open, honest and respectful manner and are committed to providing a workplace that cares about their safety and promotes their health and well-being.

Key Activities in 2016:

- Continued our longstanding talent and graduate programmes, including The Complete Banker™ Programme, CIMB Fusion, and Skim Latihan 1Malaysia.
- Continued training and career progression programmes, such as the CIMB-INSEAD Leadership Programme, Motivating Middle Management, CIMB Accelerated Career Enhancement and Global Employee Mobility Programme.
- Further developed our company culture building activities.
- Organised a Compliance and Risk Circle.
- Celebrated Year of Health and Fitness.

- 'CIMB Data Science Challenge' is the Group's latest initiative to develop undergraduate talent in the area of consumer data analytics. We collaborated with SAS Malaysia to organise a FinTech related student competition.
- Group Management Committee (GMC) members continued 'Meet and Greet' sessions to engage with employees. We also ran regular campaigns and initiatives such as ABC roadshows, Informal Leader Groups, Tuesday Chats, and Out and About.

Highlights in 2016

- We invested over RM100 million in learning and development. Average training hour per employee across the region has increased from 46 in 2015 to 56 in 2016.
- Our diversity effort is particularly evident in our senior management representation, with women representing 39.9%, across the region. We continue our retention efforts to ensure that there is a pipeline of female talent ready to progress through the ranks of management.
- Our recruitment and career management programmes were running as planned. In 2016, there were 11 Fusioners in the graduate scheme, 79 participants in the Global Employee Mobility (GEM) Programme and the Complete Banker™ Programme trained 104 participants from 3 countries. In total, we hired 496 graduates.
- Our child care centres at Menara Bumiputera-Commerce and Menara CIMB are well utilised. Apart from the newly introduced flexible working arrangements, there are mothers' rooms in both our buildings and our Staff Rejuvenation Programme (SRP) allows employees to take unpaid leave for up to six months.

For further information on employees, please refer to page 210 of the Annual Report 2016 and page 26 of the Citizenship Report 2016.

Environment



Direct Environmental Impact

Our Commitment

Our environmental footprint consists mainly of office materials and energy usage. We have processes in place to make continuous improvements in energy efficiency, emissions reduction and resource conservation. We are now reporting on our emissions in 2016. Our initiatives are headed by the Energy Management Committee under the T18 strategy and documented under 'Project Kajju' for cost optimisation.

We will set more ambitious targets and mobilise our workforce to undertake environmental initiatives. The success of our initiatives is measured through the amount of savings in terms of cost and resources.

Key Activities in 2016

- Monitoring and improvement through T18 under Cost & Productivity.
- Building rationalisation in Hong Kong, Indonesia and Malaysia through programme No. 7, Branch Productivity, of the T18.
- Through our Community Link initiative, we undertook various community programmes:
 - Tree planting activities in Taman Kejiranan Air Panas Setapak, Kuala Lumpur, Kenyir Wildlife Corridor, Kuala Berang, Terengganu, and Tropical Rainforest Living Collection (TRLC), Lahad Datu, Sabah



- A mangrove rehabilitation awareness programme for school children as well as a mangrove tree nursery planting programme in Kedah

Highlights in 2016

We are guided by the CIMB Energy Management Statement and have processes in place to make improvements in energy efficiency. These processes are driven by our Energy Management Committee.

As part of our environmental commitment, we are now able to report on our Greenhouse Gas (GHG) emissions. In 2016, we disclose data for Scope 2, indirect emissions from our electricity consumption at selected buildings in Malaysia. For 2016, we recorded Scope 2 emissions of 30,730 tCO₂, a 1.18% reduction from the previous year. We will continue to improve our data tracking and management to enhance our disclosure in future reports. All efforts are tracked through programme 17 under T18.

There was a reduction in paper and cartridges recycled this year, and we hope to continue adapting new technology in the coming years to reduce paper and cartridge usage in our offices. Documentation for committee and management meetings is already mainly done electronically. Employees are encouraged to actively use tele-presence facilities for committee meetings and even Board meetings to minimise business travel.

We started reporting water consumption data this year and will be able to disclose more water-saving initiatives in the future.

In 2016, we improved usage of facilities and at branches, and achieved a 3% reduction in water consumption in Malaysia.

2014	2015	2016
21,483	31,094	30,730
Emission (tCO ₂)		
2014	2015	2016
29,922,068	41,961,577	41,470,910
Electricity consumption (kWh)		
2014	2015	2016
214,636	278,782	270,722
Water consumption (m ³)		

Note:

* Scope: Menara CIMB, Menara Bumiputra-Commerce (MBC), Menara Southern Bank (MSB), Menara UAB (MUAB), and Akademi CIMB Putra (ACP), based on actual consumption.

** Restatement of electricity consumption data in 2014 and 2015 is due to current adaptation of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

*** Increase of emissions, and electricity and water consumption in 2015 and 2016 was due to inclusion of data from Menara CIMB.

Community

MATERIAL ISSUE

CIMB in the Community

CIMB in the Community

Our Commitment

We want to strengthen and enrich communities. CIMB's community development initiatives aim to create opportunities and build capacity.

Together with our employees, we work with communities to identify and solve problems, build socially valuable relationships and support leadership development.

Ambition and Strategy

- Structured support in scholarships, grants and capacity building.
- Strategic partnerships with implementing agencies and networks.
- Clear tracking of community impact through measurement of social return of investment (SROI).

Key Activities in 2016

- In 2016, we spent RM13 million on our community initiatives through CIMB Foundation and non-CIMB Foundation entities throughout the region.

- Focus on year-on-year tracking of programme impact in all areas of contribution.
- Ongoing partnerships with non-profit and government agencies to execute key programmes.

Highlight in 2016

- Launched the CIMB ASEAN Scholarship, which fully sponsors 20 ASEAN students annually for their undergraduate studies.
- Introduced CIMB's financial literacy programme, Be\$MART, of which at least 80 sessions would be organised annually for undergraduates at various higher-learning institutions.
- Our CIMB Young ASEAN Leaders brings together 50 ASEAN students to comprehensively learn an important skill, which was 'disaster preparedness' in 2016.

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CITIZENSHIP STATEMENT (CONT'D.)

RESPONSIBLE OPERATIONS

Governance

MATERIAL ISSUE		
Governance	<p>We have a robust framework of policies and internal procedures that support our sustainability governance:</p> <ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption • CIMB's No Gift Policy • Group Reputation Risk Management Policy • Internal control system for Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) • Group IT Risk Management Framework • Whistle-Blowing Policy <p>Privacy and Data Security</p> <p>Our approach to privacy and data protection is to ensure that we respect and protect all personal information that we hold. Privacy and data protection laws set out requirements for handling personal information. There are two main aspects that guide privacy and data management:</p> <ul style="list-style-type: none"> • Use of personal information must be lawful and fair. • Monitoring of systems and processes to make sure that personal information held is secure and accurate. <p>Group Reputation Risk Management Policy</p> <p>Reputational risk governance is essential and the risks are reported around threshold events. Key non-financial risks identified in 2016 include cyber and data security (that could result in fraud), fraud activity (for example credit card fraud), and compliance and regulatory risk that would lead to breaches or fines. Reputation Risk is defined as current or prospective risk to earnings and capital arising from the adverse perception by stakeholders about the Group's business practices, conduct or financial condition. This may arise through negative publicity, whether true or not, about its business practices, behaviours, operations, people, financial condition or the manner in which it handles crises. Reputation risk exists throughout the organisation and is essentially a function of the adequacy of the Group's internal risk management processes, as well as the manner and efficiency with which management responds to external influences.</p> <p>The framework for managing reputational risk identifies the sources of reputational risks, and monitors and manages these within a defined risk appetite. The Group Reputation Risk Committee (GRRC) provides oversight over the framework's execution.</p> <p>Key Activities in 2016</p> <ul style="list-style-type: none"> • We introduced a Compliance Strategy to achieve a deeper understanding amongst employees on the Group's Code of Ethics and Conduct. We also published a comprehensive tutorial pack that complements employees formal agreement. • The concept of Customer Journey Mapping (CJM) has also been introduced within CIMB, to equip our employees with the ability to identify customer pain points in processes, products, and services. This goes hand in hand with the Lean Six Sigma workshops which them to drive process improvement within their own capacities. The Group Customer Experience Management (GCXM) team has introduced an e-learning to introduce CX and also carried out a number of CJM and Lean Six Sigma workshops (Yellow Belt and Green Belt) in 2016. • The Group IT Risk Management Framework continues to provide a consistent and unified approach for developing and improving information risk management within the Group's business operations. It comprises a systematic method to identify, analyse, evaluate, treat, monitor and communicate information risks associated with any activity, function or process, thereby enabling the Group to minimise its losses. 	
<p>The CEO of CIMB Foundation leads a multifunctional team to provide the organisational support for the daily management of sustainability-related matters. CIMB Foundation is helmed by an eminent Board of Trustees.</p> <p>We have an established framework for implementing our sustainability programmes across the Group. Regional markets align their strategy to the Group, but have the flexibility to focus on issues that are of local importance.</p> <p>Good Conduct</p> <p>We have detailed policies and standards in place to ensure good conduct. Employees are provided with the Bank's Code of Ethics and Conduct and complete an annual security and awareness training to educate them on their responsibilities concerning information security. Audits are performed to ensure that employees understand and follow established policies.</p>		



Sustainable Sourcing

Our Commitment

We seek mutually beneficial relationships with suppliers based on merit. We work through our supply chain to promote responsible and inclusive procurement practices, applying standards of integrity and good practice in managing related environmental, social and ethical impacts.

Procurement practices are guided by CIMB Group policies such as:

- Group Procurement Policy
- CIMB's Vendor Code of Conduct

Our procurement mission stands for more than short-term gains and we work with our suppliers to go beyond legal compliance and minimum requirements. CIMB's Bumiputera Vendor Development Programme (BVDP) helps us support the economy and good performance of our Bumiputera vendors.

Key Activities in 2016

Our newly established strategic procurement function is one of the core drivers of our cost and productivity management programme. This programme will continue to be expanded and we are now moving towards a group and regional strategic procurement function which aims to deliver sustainable cost savings, improved financial discipline including measurable metrics and dedicated cost management projects by business units, enabler and countries for improving productivity. Cost optimisation through building sustainable procurement and governance is one of the key T18 agendas for CIMB Group. Group Strategic Procurement is committed to working with and alongside our suppliers to align them to CIMB's sustainable principles and this includes minimising the environmental impacts of their operations as well as products and services supplied to CIMB.

- We care about the way our suppliers do business. Our vendor code of conduct outlines our expectation in areas of labour and human rights, health and safety, environment and ethical dealings.
- Group Strategic Procurement has recently embarked on a journey of enhancing our entire suite of procurement systems and tools, which will improve the efficiency and effectiveness of the procurement process. This initiative will also reduce paper printing and the need for suppliers to travel to our office as most activities are online. It will also aid suppliers to successfully comply with the goal of making their operations more sustainable. We are currently in the implementation phase of deploying this Group Electronic Procurement System (GEPS) across four countries i.e. Malaysia, Indonesia, Singapore and Thailand. This will increase visibility, audit and controls across the Group.
- Our Whistle-Blowing policy is a confidential avenue for anyone to report suspected unethical, illegal or improper behaviour, and disclosures are treated confidentially.

Good Media Engagement

Our Commitment

We engage with the media in a fair, straightforward and responsive manner, using true and accurate information and data. The CIMB Group Communications Policy serves as a framework for dissemination of information by CIMB Group to its shareholders, media and other stakeholders. The policy incorporates the recommendations of the Malaysian Code on Corporate Governance 2012 and the disclosure obligations contained in the Listing Requirements of Bursa Malaysia. We also have a specific policy outlining the appropriate treatment of confidential and price-sensitive information.

Key Activities in 2016

The CIMB Group Social Media Guidelines provide guidelines and rules for the use of social media:

- Exercise good judgement
- Post responsibly on social media
- Keep internal communications inside the company
- Handle rumours or speculation diplomatically
- Keep your professional and personal communication platforms separate

We approach online communication in the same way as we do other communications channels, by using sound judgement and always adhering to our values.

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REGIONAL NOTABLE DEALS

REGIONAL M&A DEALS

HAP SENG CONSOLIDATED BERHAD

Hap Sang Consolidated Berhad

RM750 million Disposal by Hap Sang Star Sdn Bhd of Hap Sang Commercial Vehicle Sdn Bhd to Lei Shing Hong Commercial Vehicles Limited

RM380 million Acquisition of Malaysian Mosaics Sdn Bhd from Gek Poh (Holdings) Sdn Bhd



A member of UEM Group

UEM Edgenta Berhad

SGD185.9 million Acquisition of the entire issued and paid-up capital of Asia Integrated Facility Solutions Pte Ltd by UEM Edgenta Berhad



YTL Corporation Berhad

RM191.5 million unconditional share exchange offer cum compulsory acquisition of the remaining ordinary shares in YTL e-Solutions Berhad

REGIONAL EQUITY DEALS

KHAZANAH NASIONAL BERHAD

Khazanah Nasional Berhad

RM1.2 billion Tenaga Nasional Berhad Block Trade

RM829 million IHH Healthcare Block Trade



Mitsui & Co., Ltd.

RM1.0 billion IHH Healthcare Block Trade



Bison Consolidated Berhad

RM89 million IPO on Bursa Malaysia



Top Glove Corporation Bhd

Secondary Listing on the Main Board of Singapore Exchange by way of introduction

PT PURADELTA LESTARI TBK

PT Puradelta Lestari Tbk

IDR1.2 trillion Block Trade on Indonesia Stock Exchange



Secura Group Limited

SGD28 million Initial Public Offering on the Catalist Board of the Singapore Exchange



Banpu Power PCL

THB13.6 billion IPO on The Stock Exchange of Thailand



Everbright Securities Company Limited

USD1.2 billion IPO on Hong Kong Stock Exchange



China Logistics Property Holdings Co., Ltd
USD458 million IPO on Hong Kong Stock Exchange

Vincent Medical Holdings Limited
USD16 million IPO on Hong Kong Stock Exchange

Union Medical Healthcare Limited
USD96 million IPO on Hong Kong Stock Exchange

REGIONAL DEBT DEALS

DanaInfra NASIONAL BERHAD

DanaInfra Nasional Berhad
RM46.0 billion Islamic Commercial Papers/Islamic Medium Term Notes Programme irrevocably and unconditionally guaranteed by the Government of Malaysia

Lembaga Pembiayaan Perumahan Sektor Awam

RM25.0 billion Islamic Commercial Papers/Islamic Medium Term Notes Programme and Commercial Papers/Medium Term Notes Programme irrevocably and unconditionally guaranteed by the Government of Malaysia

Tenaga Nasional Berhad
USD2.5 billion Multicurrency Sukuk Issuance Programme established via TNB Global Ventures Capital Berhad

CIMB GROUP

CIMB Group Holdings Berhad
RM10.0 billion Additional Tier 1 Capital Securities Programme

CIMB BANK

CIMB Bank Berhad
RM10.0 billion Additional Tier 1 Capital Securities Programme

CIMB ISLAMIC

CIMB Islamic Bank Berhad
RM900 million Islamic Asset Backed Securities issued under the Islamic principle of Wakalah Bi Al-Istithmar via Ziya Capital Berhad
RM5.0 billion Tier 2 Junior Sukuk Programme

maxis

Maxis Broadband Sdn Bhd
RM10.0 billion Unrated Sukuk Murabahah Programme

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REGIONAL NOTABLE DEALS (CONT'D.)

REGIONAL DEBT DEALS

PAVILION REAL ESTATE INVESTMENT TRUST

Pavilion Real Estate Investment Trust

RM8.0 billion Medium Term Notes Programme established via Pavillion REIT Bond Capital Berhad



Perbadanan Tabung Pendidikan Tinggi Nasional

RM8.0 billion Sukuk Murabahah Programme irrevocably and unconditionally guaranteed by the Government of Malaysia

KHAZANAH NASIONAL BERHAD

Khazanah Nasional Berhad

USD750 million Trust Certificates due 2021 via Danga Capital Berhad's RM15.0 billion Multicurrency Islamic Securities Issuance Programme

USD398.8 million Trust Certificates due 2021 exchangeable into ordinary shares of Beijing Enterprises Water Group Limited issued via Bagan Capital Ltd

GOVERNMENT OF MALAYSIA

Government of Malaysia

USD1.0 billion Trust Certificates due 2026 and USD500 million Trust Certificates due 2046 issued via Malaysia Sukuk Global Berhad



Lebuhraya DUKE Fasa 3 Sdn Bhd

RM3.64 billion Sukuk Wakalah Bi Al-Istithmar



MRCB-QUILL REIT

RM3.0 billion Commercial Papers Programme and Medium Term Notes Programme established via Kinabalu Capital Sdn Bhd

TOYOTA CAPITAL MALAYSIA SDN BHD

Toyota Capital Malaysia Sdn Bhd

RM2.5 billion Commercial Papers/Islamic Commercial Papers Programme and Medium Term Notes/Islamic Medium Term Notes Programme

NORTH MEMORIAL SDN BHD

North Memorial Sdn Bhd

RM2.0 billion Multi Currency Financing Facilities for the privatisation of Nirvana Asia Limited, a Hong Kong listed company



Axiata Group Berhad

USD500 million Sukuk due 2026 via Axiata SPV2 Berhad



Export-Import Bank of Malaysia Berhad

USD500 million Notes due 2021 via its USD3.0 billion Multicurrency Medium Term Note Programme



A member of UEM Group

UEM Sunrise Berhad

RM2.0 billion Islamic Commercial Papers Programme and Islamic Medium Term Notes Programme (with a sub-limit of RM500 million for the Islamic Commercial Papers Programme)



Malaysia Airlines Berhad

RM1.5 billion Unrated Perpetual Sukuk
Musharakah

MEX II SDN BHD

MEX II Sdn Bhd

RM1.3 billion Sukuk Murabahah
Programme

RM150 million Junior Bonds



Setia Federal Hill Sdn Bhd

RM1.1 billion guarantee and loan financing
for the construction and development of
integrated health and research institute
(1NIH) for the Ministry of Health and the
Setia Federal Hill development in Bangsar,
Kuala Lumpur



UMW Holdings Berhad

RM700 million Sukuk Musharakah



National Mortgage Corporation of Malaysia

Cagamas Berhad

SGD150 million Sukuk due 2017 issued
via Cagamas Global Sukuk Berhad

SGD43.75 million Fixed Rate Notes due
2017 issued via Cagamas Global P.L.C.



Government of the Republic of Indonesia

USD750 million Trust Certificates due
2021 and USD1.75 billion Trust
Certificates due 2026 issued via
Perusahaan Penerbit SBSN Indonesia III



PT Sarana Multi Infrastruktur (Persero)

IDR5.0 trillion Senior Debt via 1st Shelf
Registration Programme Phase 1 of
IDR30.0 trillion



Lembaga Pembiayaan Ekspor Indonesia

IDR4.331 trillion Senior Debt via 3rd Shelf
Registration Programme Phase 2 of
IDR24.0 trillion

IDR4,036.25 billion Senior Debt via 2nd
Shelf Registration Programme Phase 7 of
IDR24.0 trillion

IDR4.0 trillion Senior Debt via 3rd Shelf
Registration Programme Phase 1 of
IDR24.0 trillion

IDR2.532 trillion Senior Debt via 3rd Shelf
Registration Programme Phase 2 of
IDR24.0 trillion

IDR500.0 billion Medium Term Notes I



PT Astra Sedaya Finance

IDR2.0 trillion Corporate Notes/Bonds via
3rd Shelf Registration Programme Phase
1 of IDR8.0 trillion

IDR1.7 trillion Corporate Notes/Bonds via
3rd Shelf Registration Programme Phase
2 of IDR8.0 trillion

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REGIONAL NOTABLE DEALS (CONT'D.)

REGIONAL DEBT DEALS



PT Indosat Tbk

IDR3.46 trillion Senior Debt and Sukuk Ijarah via 1st Shelf Registration Programme Phase 4 of IDR10.0 trillion



PT Bank Tabungan Negara (Persero) Tbk

IDR3.0 trillion Senior Debt via 2nd Shelf Registration Programme Phase 2 of IDR6.0 trillion



PT Sarana Multigriya Finansial (Persero)

IDR1.176 trillion Senior Debt via 3rd Shelf Registration Programme Phase 6 of IDR6.0 trillion

IDR945.0 billion Senior Debt via 3rd Shelf Registration Programme Phase 5 of IDR6.0 trillion

IDR630.0 billion Senior Debt via 3rd Shelf Registration Programme Phase 4 of IDR6.0 trillion



PT Surya Artha Nusantara Finance

IDR1.65 trillion Senior Debt via 2nd Shelf Registration Programme Phase 1 of IDR4.0 trillion



PT Medco Energi Internasional Tbk

IDR1.25 trillion Senior Debt via 2nd Shelf Registration Programme Phase 2 of IDR5.0 trillion

IDR274.0 billion Senior Debt via 2nd Shelf Registration Programme Phase 3 of IDR5.0 trillion



PT Indomobil Finance Indonesia

IDR1.5 trillion Senior Debt via 2nd Shelf Registration Programme Phase 3 of IDR3.0 trillion



PT Bank Pembangunan Daerah Jawa Barat Dan Banten Tbk

IDR1.189 trillion Medium Term Notes II



PT Bank UOB Indonesia

IDR1.0 trillion Senior Debt via 1st Shelf Registration Programme Phase 1 of IDR2.0 trillion

IDR100.0 billion Subordinated Debt via 1st Shelf Registration Programme Phase 1 of IDR1.0 trillion



PT Bank CIMB Niaga Tbk

IDR1.0 trillion Senior Debt via 2nd Shelf Registration Programme Phase 1 of IDR8.0 trillion



PT Bank Resona Perdana

IDR500.0 billion Medium Term Notes VI



	PT Kimia Farma (Persero) Tbk IDR300.0 billion Medium Term Notes
HOUSING & DEVELOPMENT BOARD	
Housing & Development Board SGD900 million Senior Unsecured Medium Term Notes due 2021	
SGD600 million Senior Unsecured Medium Term Notes due 2026	
LMIR TRUST LIPPO MALLS INDONESIA RETAIL TRUST	
Lippo Malls Indonesia Retail Trust SGD350 million Syndicated Term Loan Facility	
LMIR TRUST LIPPO MALLS INDONESIA RETAIL TRUST	
Lippo Malls Indonesia Retail Trust SGD140 million Subordinated Perpetual Non-callable 5 Capital Securities	

	FULLERTON HEALTH
	Fullerton Healthcare Corporation Limited SGD50 million CGIF Guaranteed Senior Unsecured Fixed Rate Bonds due 2021 and SGD50 million CGIF Guaranteed Senior Unsecured Fixed Rate Bonds due 2023
FIRST REIT FIRST REAL ESTATE INVESTMENT TRUST	
First Real Estate Investment Trust SGD60 million Subordinated Perpetual Non-callable 5 Capital Securities	
	FRASERS CENTREPOINT TRUST
	Frasers Centrepoint Trust SGD50 million Senior Unsecured Fixed Rate Notes due 2021 issued via FCT MTN Pte Ltd
	LUM CHANG
	Lum Chang Holdings Limited SGD50 million Senior Unsecured Fixed Rate Notes due 2019

	Bank for Agriculture & Agricultural Cooperatives
	THB22.0 billion Senior Unsecured Debentures
	THB14.3 billion Senior Unsecured Debentures
true move H	
	True Move H Universal Communication Co Ltd
	THB23.0 billion Senior Unsecured Debentures
	Government Housing Bank
	THB10.0 billion Senior Unsecured Debentures
	THB10.0 billion Senior Unsecured Debentures
	Advanced Wireless Network Co Ltd
	THB15.0 billion Senior Unsecured Debentures

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REGIONAL NOTABLE DEALS (CONT'D.)

REGIONAL DEBT DEALS

SECONDARY MORTGAGE CORPORATION

Secondary Mortgage Corporation

THB6.0 billion Senior Secured Mortgage Backed Securities



TPI Polene Public Company Limited

THB5.445 billion Senior Unsecured Debentures



Provincial Electricity Authority

THB4.0 billion Senior Unsecured Debentures



Pruksa Real Estate PCL

THB4.0 billion Senior Unsecured Debentures

STATE RAILWAY OF THAILAND

State Railway of Thailand

THB4.0 billion Senior Unsecured Debentures



Krungthai Card PCL

THB3.0 billion Senior Unsecured Debentures

THB600 million Senior Unsecured Debentures



Toyota Leasing Thailand Co Ltd

THB3.4 billion Senior Unsecured Debentures



Bangkok Dusit Medical Services PCL

THB3.0 billion Senior Unsecured Debentures



Siamgas and Petrochemicals Public Company Limited

THB3.0 billion Senior Unsecured Debentures



Ananda Development PCL

THB1.5 billion Senior Unsecured Debentures

THB1.0 billion Perpetual Debentures



Central Plaza Hotel PCL

THB2.5 billion Senior Unsecured Debentures



Electricity Generating Authority of Thailand

THB2.4 billion Senior Unsecured Debentures



EASTERN POWER GROUP PCL

Eastern Power Group PCL

THB1.5 billion Senior Unsecured Debentures

THB805.3 million Senior Unsecured Debentures

BANGKOK MASS TRANSIT AUTHORITY

Bangkok Mass Transit Authority

THB2.057 billion Senior Unsecured Debentures



Easy Buy PCL

THB2.0 billion Senior Unsecured Debentures

PTG ENERGY PUBLIC COMPANY LIMITED

PTG Energy Public Company Limited

THB1.5 billion Senior Unsecured Debentures



Origin Property PCL

THB1.2 billion Senior Unsecured Debentures

TTCL PUBLIC COMPANY LIMITED

TTCL Public Company Limited

THB1.075 billion Senior Unsecured Debentures



MK Real Estate Development PCL

THB500 million Senior Unsecured Debentures

THB500 million Senior Unsecured Debentures



SC Asset Corp PCL

THB500 million Senior Unsecured Debentures

THB500 million Senior Unsecured Debentures



Asia Sermkij Leasing PCL

THB500 million Senior Unsecured Debentures

THB300 million Senior Unsecured Debentures



Jay Mart PCL

THB600 million Senior Unsecured Debentures

PROVINCIAL WATERWORKS AUTHORITY

Provincial Waterworks Authority

THB590 million Senior Unsecured Debentures

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REGIONAL NOTABLE DEALS (CONT'D.)

REGIONAL DEBT DEALS



Don Muang Tollway PCL

THB500 million Senior Unsecured Debentures



Singer Thailand PCL

THB500 million Senior Unsecured Debentures



AEON Thana Sinsap Thailand PCL

THB400 million Senior Unsecured Debentures

JMT NETWORK SERVICES PCL

JMT Network Services PCL

THB300 million Senior Unsecured Debentures



Islamic Development Bank

USD1.5 billion Trust Certificates due 2021 issued via IDB Trust Services Limited

RM350 million Islamic Medium Term Notes issued via Tadamun Services Berhad



Islamic Corporation for the Development of the Private Sector

USD300 million Trust Certificates due 2021 issued via Hilal Services Ltd



NOTABLE ACHIEVEMENTS



6TH ASIA PACIFIC SYNDICATED LOAN AWARDS 2016

Syndicated Loan House of the Year 2016

ABF RETAIL BANKING AWARDS 2016

- Mobile Banking Initiative of the Year – Thailand
- Credit Card Initiative of the Year – Singapore
- Core Banking System Initiative of the Year – Malaysia
- Digital Banking Initiative of the Year – Malaysia
- Mobile Banking Initiative of the Year – Malaysia

ABF WHOLESALE BANKING AWARDS 2016

- Indonesia Domestic Cash Management Bank of the Year
- Malaysia Domestic Cash Management Bank of the Year

ALPHA SEA 10TH ANNUAL BEST DEAL & SOLUTION AWARDS 2016

- Best Bond House of the Year 2016 in Southeast Asia
- Best Ringgit Sukuk House in Malaysia 2016
- Best Sovereign Bond Deal of the Year 2016 in Southeast Asia – Government of Malaysia's US\$1.5 billion Global Islamic Sukuk
- Best Foreign Currency Bond Deal of the Year 2016 in Southeast Asia – TNB Global Ventures Capital's US\$750 million Sukuk Wakala
- Best IPO Deal of the Year 2016 in Southeast Asia – Banpu Power's THB 13,618 million (US\$381 million) IPO
- Best Wakalah Deal of the Year in Southeast Asia – Lebuhraya Duke Fasa 3's RM3.64 billion (US\$820 million) Sukuk Wakalah
- Most Innovative Islamic Finance Deal of the Year 2016 in Southeast Asia – Khazanah's Bagan Capital US\$398.8 million Exchangeable Sukuk

ALPHA SOUTHEAST ASIA 10TH ANNUAL BEST FI AWARDS 2016

- Achievement Award for contribution to local bond market in ASEAN: Lee Kok Kwan
- Best Asset & Fund Manager in Malaysia (2007-2016) – CIMB-Principal Asset Management
- Best Wealth Management Bank in Malaysia (2007-2016)
- Best Islamic Finance Bank in Malaysia (2007-2016)
- Best Investment Bank and M&A House in Malaysia (2007-2016)
- Best Equity House in Malaysia (2007-2016)
- Best Bond House in Malaysia (2007-2016)

ASEAN BUSINESS AWARDS MALAYSIA 2016

- ASEAN Excellence Award – Malaysia

ASIAMONEY BEST COUNTRY DEAL AWARDS 2016

- Best Country Deal 2015 for Petronas \$5bn conventional and sukuk bond

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ASIAMONEY BEST DOMESTIC BANK AWARDS 2016

- Best Debt House – Malaysia
- Best Domestic Debt House in Malaysia

ASIAMONEY CASH MANAGEMENT POLL 2016

- Best Foreign Cash Management Banks as voted by Corporates – Singapore, 1st Medium Cap
- Best Foreign Cash Management Banks as voted by Corporates – Singapore, 2nd Small Cap
- Best Local Cash Management Banks as voted by Corporates – Malaysia, 1st Large Cap
- Best Local Cash Management Banks as voted by Corporates – Malaysia, 1st Medium Cap
- Best Local Cash Management Banks as voted by Corporates – Malaysia, 1st Small Cap
- Best Local Currency Cash Management Banks (by Currency) as voted by Financial Institutions – Malaysia, 3rd

ASIAMONEY FIXED INCOME POLL 2016

- Best for Credit Derivatives in Thailand
- Best for Credit Sales in Thailand
- Best for Credit Research & Market Coverage in Thailand
- Best for Credit Services in Thailand
- Overall Best for Credit in Thailand
- Best for Credit Derivatives in Indonesia
- Best for Credit Sales in Indonesia
- Best for Credit Services in Indonesia
- Overall Best for Credit in Indonesia
- Best for Interest Rate Product and Sales in Singapore
- Overall Best for Interest Rate in Singapore
- Best for Credit Derivatives in Singapore
- Best for Credit Sales in Singapore
- Best for Credit Research & Market Coverage in Singapore
- Best for Credit Services in Singapore
- Overall Best for Credit in Singapore
- Best for Interest Rate Product and Sales in Malaysia
- Best for Credit Sales in Malaysia
- Best for Credit Research & Market Coverage in Malaysia

- Best for Credit Services in Malaysia
- Overall Best for Credit in Malaysia
- Overall Best Pricing for Commodities Derivatives for Local Currency Commodities – MYR
- Overall Best Sales Service in Commodities Derivatives for Local Currency Commodities – MYR
- Overall Best Sales Service in Credit Derivatives for Local Currency Bonds – IDR
- Overall Best Sales Service in Credit Derivatives for Local Currency Bonds – MYR
- Overall Best Regional Credit Research and Market Coverage – G3 Sovereign Bonds
- Overall Best Regional Sales Service in Credit Derivatives – G10 Products

ASIAMONEY FX POLL 2016

- Best for FX Research and Market Coverage as voted by Corporates – Thailand, 1st
- Best for FX Options as voted by Corporates as voted by Corporates – Thailand, 2nd
- Best for FX Products and Services as voted by Corporates – Thailand, 1st
- Best for Overall FX Services as voted by Corporates – Thailand, 1st
- Best for FX Research and Market Coverage as voted by Corporates – Singapore, 4th
- Best for FX Options as voted by Corporates – Singapore, 2nd
- Best for FX Products and Services as voted by Corporates – Singapore, 2nd
- Best for Overall FX Services as voted by Corporates – Singapore, 2nd
- Best for FX Research and Market Coverage as voted by Corporates – Indonesia, 3rd
- Best for FX Options as voted by Corporates – Indonesia, 4th
- Best for FX Products and Services as voted by Corporates – Indonesia, 4th
- Best for Overall FX Services as voted by Corporates – Indonesia, 3rd
- Best for FX Research and Market Coverage as voted by Corporates – Malaysia, 1st
- Best for FX Options as voted by Corporates – Malaysia, 1st
- Best for FX Products and Services as voted by Corporates – Malaysia, 1st

- Best Domestic Provider of FX Services as voted by Corporates – Malaysia, 1st
- Best Domestic Provider of FX Services as voted by Financial Institutions – Malaysia, 1st
- Best for Overall FX Research and Market Coverage as voted by Financial Institutions – 1st
- Best for Overall FX Options as voted by Financial Institutions – 1st
- Best for Overall FX Products and Services as voted by Financial Institutions – 1st
- Best for Overall FX Services as voted by Financial Institutions – 1st

EUROMONEY AWARDS FOR INNOVATION IN ISLAMIC FINANCE 2016

- Malaysia \$1.5 billion sukuk – Joint Bookrunner
- Khazanah RM100 million sustainable and responsible investment sukuk (Ihsan) – Lead Manager

FINANCEASIA 20TH ANNIVERSARY PLATINUM AWARDS 2016

- Best Domestic Private Bank in Malaysia
- Best Domestic Bond House in Malaysia
- Best Domestic Equity House in Malaysia
- Best Domestic Investment Bank in Malaysia

FINANCEASIA ACHIEVEMENT AWARDS 2016

- Best Islamic Finance House

FINANCEASIA COUNTRY AWARDS 2016

- Best DCM House in Malaysia
- Best Investment Bank in Malaysia
- Best Bank in Malaysia

GLOBAL CAPITAL ASIA/ASIAMONEY 2016 BEST COUNTRY DEAL AWARDS

- Best Country Deal: Thailand – Banpu Power Bt13.62bn IPO

GLOBAL FINANCE BEST INVESTMENT BANK AWARDS 2016

- Best Investment Bank in Malaysia



GLOBAL FINANCE BEST TREASURY AND CASH MANAGEMENT PROVIDER AWARD 2016

- Best Cash Management Bank – Malaysia

HR EXCELLENCE AWARDS 2016

- Excellence in Learning and Development – Silver
- Excellence in CSR Strategy – Gold
- Excellence in Leadership Development – Gold
- Excellence in Graduate Recruitment and Development – Gold

IFN BEST BANKS 2016 AWARD

- Best Islamic Bank in Malaysia
- Best Private Equity House
- Best Islamic Trustee

IFR ASIA AWARDS 2016

- Islamic Issue of the Year
- Thailand Capital Markets Deal

MALAYSIAN E-PAYMENTS EXCELLENCE AWARDS 2016

- Top FPX Acquirer (Bank)
- Best Customer Experience for JomPAY
- Best Customer Experience (DirectDebit)
- JomPAY Innovation Award
- Best JomPAY Bank

NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2016

- Gold Award for Best Inclusiveness and Diversity Reporting
- Platinum Award for Best Annual Report in Bahasa Malaysia
- Silver Overall Excellence Award for Most Outstanding Annual Report of the Year

PUTRA BRAND AWARDS 2016

- Silver Award; Banking, Investment and Insurance

THE ASSET TRIPLE A COUNTRY AWARDS 2016

- Best Corporate and Institutional Bank – Malaysia
- Best Equity House – Malaysia
- Best Bond House – Domestic – Malaysia

- Best Block Trade – Malaysia
- Best Rights Issue – Malaysia
- Best Brokerage House – Indonesia
- Best Liability Management (Onshore) – Thailand

THE ASSET TRIPLE A INFRASTRUCTURE AWARDS 2016

- Best telecom deal, Malaysia
- Best transport deal, Malaysia
- Best oil and gas deal, Malaysia
- Project Finance Deal of the Year/Best Power Deal, Malaysia (CIMB Islamic)
- Project Finance Deal of the Year/Best Power Deal, Malaysia (CIMB Investment Bank)

THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2016

- Best Local Currency Sukuk, Shariah adviser
- Best Project Finance Deal, Shariah adviser
- Best Sri Sukuk, Shariah adviser
- Best Corporate Hybrid Sukuk, Shariah adviser
- Best Sovereign Sukuk-Highly commended, joint Shariah adviser
- Best Sukuk, joint Shariah adviser
- Best Sovereign Sukuk, joint Shariah adviser
- Best Deal, Malaysia, joint Shariah adviser
- Best Deal, Hong Kong, joint Shariah adviser
- Best Loan Syndication, joint mandated lead arranger
- Best Project Finance Deal, joint bookrunner and lead manager
- Best Sri Sukuk, sole lead manager
- Best Local Currency Sukuk-Highly commended, joint lead underwriter
- Best Corporate Hybrid Sukuk, joint lead manager
- Best Quasi-Sovereign Sukuk, joint bookrunner
- Best Sovereign Sukuk-Highly commended, joint bookrunner and lead manager
- Best Sukuk, joint bookrunner
- Best Sovereign Sukuk, joint bookrunner
- Best Deal, Malaysia, joint bookrunner
- Best Deal, Hong Kong, joint bookrunner and lead manager
- Best Deal, China, joint lead manager
- Sukuk House of the Year, Malaysia
- Sukuk House of the Year, Indonesia

- Sukuk House of the Year, Asia Pacific
- Best Investment Bank, Malaysia
- Best Investment Bank, Asia Pacific

THE ASSET TRIPLE A PRIVATE BANKING, WEALTH MANAGEMENT, INVESTMENT AND ETF AWARDS 2016

- Derivatives House of the Year, Malaysia
- Best Structured Products House, Malaysia
- Best Structured Products House, Thailand
- Best Credit Derivatives House, Thailand
- Best Structured Investment Product Award – Commodities, Malaysia
- Best Structured Investment Product Award – Multi-asset, Malaysia
- Derivatives House of the Year, Indonesia (CIMB Niaga)
- Best Structured Products House, Indonesia (CIMB Niaga)
- Best Private Bank, Malaysia

THE ASSET TRIPLE A TREASURY, TRADE & RISK MANAGEMENT AWARDS 2016

- Best e-Solutions Partner Bank - Indonesia
- Best Cash Management Bank - Indonesia
- Best Trade Finance Bank
- Best Electronic Banking Implementation - Indonesia
- Best Cash Management Solution - Indonesia
- Best Trade Finance Solution - Indonesia
- Best Electronic Banking Implementation - Malaysia
- Best Cash Management Solution - Malaysia
- Best Trade Finance Solution - Malaysia

THE BANKER 2016

- Islamic Bank of the Year in Malaysia
- Islamic Bank of the Year in Asia
- Islamic Bank of the Year - Global

THE BANKER'S INVESTMENT BANKING AWARDS 2016

- Most Innovative Investment Bank from Asia-Pacific

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CORPORATE EVENT HIGHLIGHTS

AWARDS



Shangri-La Kuala Lumpur: The Asset Triple A Islamic Finance Awards 2016 Luncheon

TeamCIMB picked up twenty five awards at The Asset Triple A Islamic Finance Awards 2016 Luncheon. Among the awards won were the House Awards – Best Investment Bank (Asia Pacific), Best Investment Bank (Malaysia), Sukuk House of the Year (Asia Pacific), Sukuk House of the Year (Indonesia), Sukuk House of the Year (Malaysia) and other deal awards.



Hilton Kuala Lumpur: NACRA 2016

Dato' Hamidah Naziadin, Group Chief People Officer of CIMB Group received the second consecutive Gold for Inclusivity and Diversity at the National Annual Corporate Report (NACRA) 2016. CIMB also won Silver for overall Excellence Awards and Platinum for Best Annual Report in Bahasa Malaysia. This is a result of TeamCIMB fellowship in producing the Annual Report.



Mandarin Oriental Kuala Lumpur: Bursa Malaysia Broker Awards Appreciation Dinner

Dato' Kong Sooi Lin, Chief Executive Officer of CIMB Investment Bank brought back six significant awards at Bursa Malaysia Broker Awards Appreciation Dinner. Among the six awards received were Champion for 2015 Best Online Equities Participating Organisation (Investment Bank) and Champion for 2015 Best Shariah Equities Participating Organisation (Investment Bank).



Le Meridean Putrajaya: Alpha Southeast Asia 10th Annual Deal & Solution Awards 2016

Mohamad Safri Shahul Hamid, Senior Managing Director/Deputy CEO of CIMB Islamic picked up the Best Ringgit Susuk House in Malaysia 2016 at the Alpha Southeast Asia 10th Annual Deal & Solution Awards 2016. The award was presented by Siddiq Bazarwala, Publisher from Alpha Southeast Asia.

CONFERENCES & SEMINARS

Hilton Kuala Lumpur: CIMB 8th Annual Malaysia Corporate Day

Tan Sri Rafidah Aziz delivered a special address during the CIMB 8th Annual Malaysia Corporate Day. The annual event is an ideal networking forum where participants can discover the latest business strategies for growth and explore investment prospects within Malaysia's capital markets.



Shangri-La Jakarta: Islamic Finance News (IFN) Asia Forum 2016

Rafe Haneef, Chief Executive Officer of CIMB Islamic sharing his thoughts and expertise during the opening panel session: "Future Forward: Charting a New Direction for Islamic Financial Institutions" at the Islamic Finance News (IFN) Asia Forum 2016.

The Ritz Carlton Jakarta: CIMB Niaga Economic Forum

CIMB Niaga Economic Forum was organised with the theme of 2016: The Year of Investment. Among the objectives were to present economic forecasts in 2016, provide opportunities from reputable sources and leverage on the sector focus businesses.



Westin Kuala Lumpur: CIMB Malaysia Consumer Day

CIMB Malaysia Consumer Day was aimed to profile Malaysia's strong line-up of consumer corporates as a preferred investment sector.

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CORPORATE EVENT HIGHLIGHTS (CONT'D.)

DEALS



Shangri-La Kuala Lumpur: Signing Ceremony with China Construction Bank Corp (CCB) for Custodial Services

CIMB Bank signed an agreement to appoint China Construction Bank Corporation as CIMB Bank's sub-custodian bank in China. Under the new deal, CCB would act as a sub-custodian bank in China to clear, settle and safe keep Chinese shares, bonds and other investment products on behalf of the CIMB Bank and its clients.



Menara CIMB: CIMB Bank & Credit Guarantee Corporation: Signing Ceremony of Strategic Partnership

CIMB Bank and Credit Guarantee Corporation Malaysia Bhd (CGC) signed a memorandum of understanding (MoU) to add another RM750 million to the existing RM250 million Enterprise Clean Loan (ECL), as part of a joint initiative to nurture and develop Malaysian Small and Medium Enterprises (SMEs).



Menara CIMB: CIMB and AEON BIG Collaborate on Vendor Financing Programme

CIMB Bank and AEON BIG (M) Sdn. Bhd. signed an agreement on a Vendor Financing Programme, which is set to enhance the efficiency of AEON BIG's supply chain management by utilising CIMB's commercial payments solution, as part of CIMB's Corporate Card Solutions.



St. Regis Kuala Lumpur: Government of Malaysia's Global Sukuk 2016 Closing Dinner

Government of Malaysia's Global Sukuk Closing Dinner was to celebrate its successful USD1.5 billion Trust Certificate issuance. The Global Sukuk offering was structured under the Shariah principle of Wakalah with a unique combination of underlying assets representing a major breakthrough in sovereign Sukuk.



Singapore: CIMB Bank partners Sompo to offer non-life bancassurance to CIMB customers in Singapore

CIMB Bank Singapore and Sompo Insurance Singapore Pte. Ltd. announced the new bancassurance partnership for the Singapore market. Through this partnership, CIMB Bank Singapore will market and distribute Sompo's non-life insurance to close to 300,000 and growing customers from its Credit Cards, Retail Banking, Preferred Banking, Private Banking and Commercial Banking businesses.



CIMB Thai supports CP Group's expansion of rice business in ASEAN

CIMB Thai supports CP Group's expansion of rice business in ASEAN by coordinating CIMB Bank Berhad and Labuan Offshore Branch (Malaysia) to extend USD26.5 million credit facilities to Apsara Rice (Cambodia) Co., Ltd., a joint venture company of CP Group, to enable the construction of rice mills targeting the European markets.



Jakarta: Signing Syndication with PT Meppo-gen, subsidiary company of Synthesis Group

PT Bank CIMB Niaga Tbk and PT Metaepsi Pejebel Power Generation (Meppo-gen) signed the agreement of syndication loan facilities with a total amount of USD145 million. The syndication was aimed to support the development of an eco-friendly Gas Fired Power Plant (PLTGU) Gunung Megang, Muara Enim and South Sumatra.



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CORPORATE EVENT HIGHLIGHTS (CONT'D.)

GROUP EXPANSION



Selangor: Launch Ceremony of Strategies Partnership (CIMB-Tesco)

Tengku Dato' Sri Zafrul Aziz, Group CEO, CIMB Group and Paul Ritchie, CEO, Tesco Malaysia flanked by showbiz personalities Shaheizy Sam and Yana Samsudin in revealing the new CIMB Bank kiosk and CIMB Tesco MasterCard. The exclusive five-year strategic partnership will give Tesco shoppers a value-added shopping-banking experience.



Nexus Connexion Bangsar: CIMB Bank Launches Malaysia's Leading Edge Corporate Card Solutions

CIMB Bank launched its Corporate Card Solutions, a new addition to its suite of Cash Management products to meet businesses' increasing need for efficiency, transparency and control in their operational expenditure. Its new card solutions include the Corporate Card and Purchasing Card, which offer automated processes and real-time reporting to help streamline business-to-business spending, payments and collections.

Hanoi: Official Opening of CIMB Bank (Vietnam) Limited

CIMB Bank (Vietnam) Limited was officiated by Dato' Sri Mustapa Mohamed, Malaysian Minister for International Trade and Industry. The official opening was held at the head office of CIMB Vietnam located at Cornerstone Building, Hanoi. CIMB Vietnam, a wholly-owned subsidiary of CIMB Bank Berhad, was officially awarded a full-fledged banking license by the State Bank of Vietnam in September 2016.



Kuala Lumpur: First lifestyle mobile wallet combining secure mobile payment with deals and offers

CIMB Bank launched the CIMB Pay – a lifestyle mobile application which is the first to combine secure cashless payments with deals and offers. CIMB Pay enables the customers to experience faster, easier and more secure payments at over 1,800 contactless terminal-enabled merchants nationwide.





SPORTS

Bangkok: One Ride One ASEAN

One Ride One ASEAN was organised by CIMB Thai featuring two cycling routes: 39 km and 74 km. Thai Cycling Association also supported this race to ensure that standard rules & regulation were applied. Tengku Dato' Sri Zafrul Aziz joined this challenge together with 910 cyclists and CIMB staff.



Penang: CIMB SEA Games

The 5th CIMB SEA Games was held in Penang and saw the participation of 600 CIMB staff as athletes and volunteers. Aligned with the theme "Building Winners", the CIMB SEA Games is more than just winning medals and glory, it is also about gaining knowledge and strengthening character.



Parkir Timur Senayan Jakarta: The Color Run

The Color Run also known as "The Happiest 5K on the Planet" was back for its 3rd edition sponsored by CIMB Niaga. More than 12,500 participants from Jakarta and other big cities in Indonesia ran through showers of coloured powder.



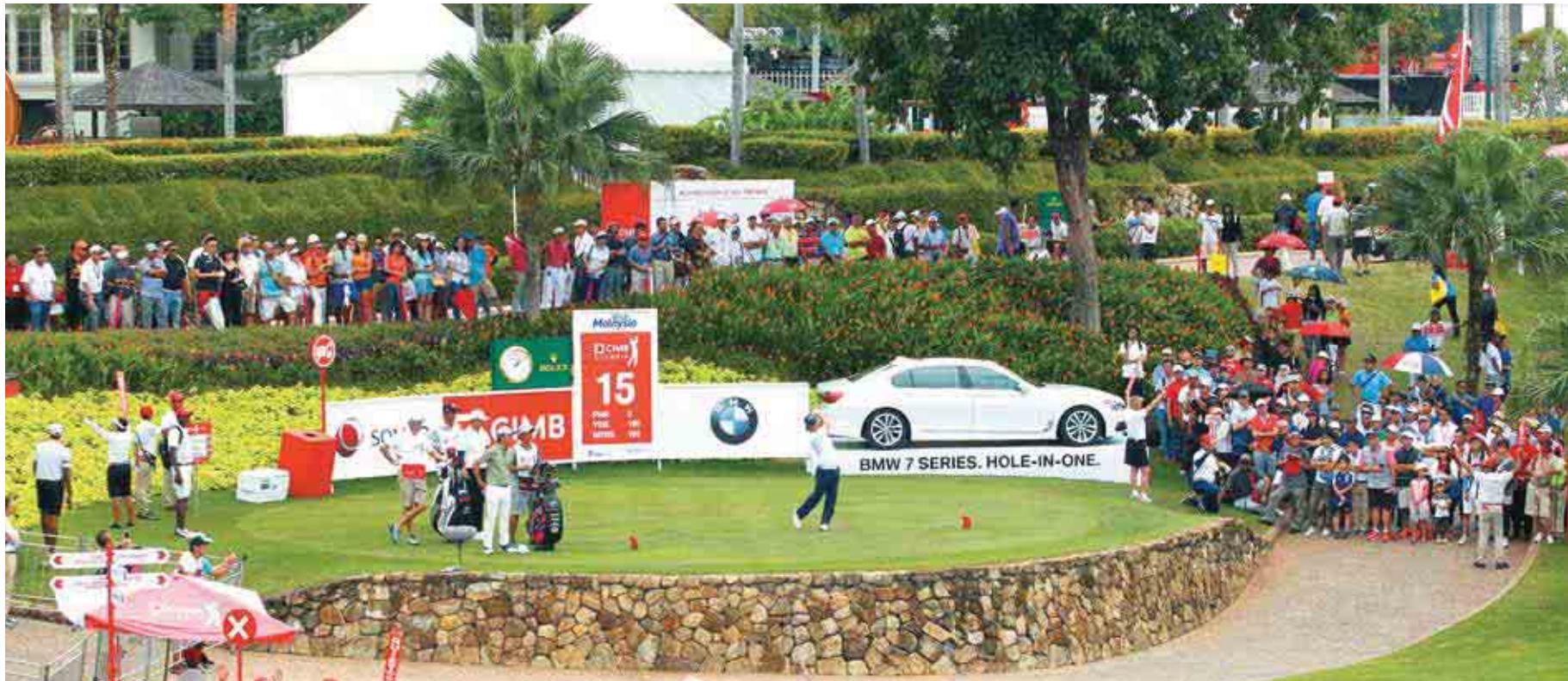
Malaysia Tourism Center: The Edge KL Rat Race

Kuala Lumpur Rat Race once again gathered Malaysian corporates to run for charity. The funds raised were distributed via The Edge Education Foundation. Tengku Dato' Sri Zafrul Aziz together with other staff joined this event and played their roles as CSR citizens, whilst portraying a positive image of CIMB.

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GOLF



TPC Kuala Lumpur: CIMB Classic

The 7th edition of CIMB Classic, held at TPC Kuala Lumpur is one of most prestigious and biggest sporting events in the region. Trailing by four strokes beginning the final round, Justin Thomas birdied 6 of his first 10 holes en route to a bogey-free, 8-under 64 to successfully defend his title by 3 strokes over Hideki Matsuyama and claim his second career PGA TOUR victory. Justin once again received the CIMB Classic trophy from Prime Minister, Dato' Sri Najib Razak alongside with Dato' Sri Nazir Razak, Tengku Dato' Sri Zafrul Aziz and other sponsors. CIMB Group had announced the extension of its title sponsorship of the golf tournament through to 2020.





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OTHER EVENT HIGHLIGHTS



St. Regis Kuala Lumpur: CIMB Hari Raya Open House

CIMB Hari Raya Open House was held at St. Regis Kuala Lumpur, the swanky new 6-star hotel sharing the same landmark address as Menara CIMB. The event was graced by the Royal Rulers of the State of Perak and Selangor as well as ministers, government officials, captains of industries and our valued clients. Over 3,500 guests attended this CIMB hallmark event.



Menara Bumiputera-Commerce: CIMB Puasa-thon

Bringing together the best of fasting for health and giving for charity, CIMB Islamic organised “Puasa-thon 2016” to encourage CIMB employees from various faiths to join their Muslim colleagues to fast for one day in the name of charity. As a result, 93 participants from other faiths and 79 Muslims took part in this programme raising RM5,300.00 with an additional RM26,200.00 from CIMB Foundation.

JW Marriott Hanoi: International Advisory Panel (IAP) Meeting

Top management of CIMB and the International Advisory Panel gathered together for the 11th CIMB Group International Advisory Panel meeting in Hanoi, Vietnam to table key directions for the Group in 2017 towards the much anticipated T18 (target 2018).





Tesco Extra Mutiara Damansara: CIMB Foundation-Tesco Raya Shopping with charity homes

CIMB Foundation collaborated with Tesco Malaysia to bring festive cheer to 100 orphans from two homes, namely Persatuan Kebajikan Anak Yatim Darul Ehsan and Pusat Jagaan Rumah Kesayangan. The event was graced by Raja Datin Sri Johanna Arshad, wife of Tengku Dato' Sri Zafrul Aziz and Puan Rosnah Kamarul Zaman, a CIMB Foundation Trustee member. Two celebrities, Shaheizy Sam and Yana Samsudin brought extra cheer to the occasion. For 2016, CIMB Foundation also extended Raya Shopping in 2 other states, Melaka and Kedah benefitting additional 200 children.



Jakarta: CIMB Niaga Presents Musical Play "Khatulistiwa: Jejak Langkah Negeriku"

PT Bank CIMB Niaga Tbk in collaboration with Josodirdjo Foundation presented a Musical Play "Khatulistiwa: Jejak Langkah Negeriku". The premiere was attended by Dr. Sri Mulyani Indrawati, Minister of Finance of Indonesia; Ibu Susi Pudjiastuti, Minister of Marine & Fisheries of Indonesia, more than 250 CIMB Niaga's Prime customers, the family members of some of the Indonesian national heroes and media. The musical play was created to promote nationalism and patriotism among the young generation.



#RamadanBersama

In the spirit of Ramadan and inspiring our community to perform good deeds throughout the holy month, CIMB ran a short documentary series titled #RamadanBersama, following 3 people and their commitment in bringing Ramadan to life for the community. The campaign was well received, garnering over 1.3 million views and over 3,000 shares. The campaign concluded with the hosting of a RayaBersama Open House for our Facebook fans at TAPAK Urban Street Dining in Kuala Lumpur, featuring the final character of the series, Hassan Burger and his famous Roti John.



Menara Bumiputera-Commerce: Launch of Program Pembudayaan dan Sosialisasi Wakaf

Yayasan Wakaf Malaysia (YWM) in collaboration with CIMB Islamic Bank Berhad launched "Program Pembudayaan dan Sosialisasi Wakaf". The presentation of mock cheque of RM300,000.00 from Rafe Haneef, CEO of CIMB Islamic to Dato' Prof. Dr. Sudin Haron, Chairman of Yayasan Wakaf Malaysia and witnessed by YB Senator Dato' Dr. Asyraf Wajdi bin Dato' Dusuki, Deputy Minister in the Prime Minister's Department for Islamic Affairs and Datuk Dr. Syed Muhamad, Chairman of CIMB Islamic Bank Berhad.

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MEDIA HIGHLIGHTS

A collage of newspaper clippings from The Edge Malaysia, dated 18 January 2016, featuring stories about CIMB's banking, insurance, and investment divisions. Key headlines include: 'CIMB wins Best Overall Group' (Banking), 'CIMB trims the fat' (Banking), 'CIMB launches end-to-end commercial payment solutions' (Banking), 'CIMB and CGC to offer RM1bil in loans to SMEs' (Banking), 'CIMB to divest its 51% stake in Indonesian insurer for RM169m' (Insurance), 'Thomas juara CIMB Classic 2016' (Investment), 'Jompay CIMB dapat pengiktirafan' (Retail Banking), and 'CIMB introduces Malaysia's first universal takaful hajj product' (Retail Banking). The collage also includes a photo of Prime Minister Najib Razak at a CIMB event.

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SHAREHOLDERS' STATISTICS

As at 28 February 2017

Authorised Share Capital : RM10,000,000,000
 Issued and Paid-up Share Capital : RM8,868,384,176 comprising 8,868,384,176 ordinary shares
 Class of Shares : Ordinary shares
 Voting Rights : One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS (AS PER THE RECORD OF DEPOSITORS)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares* ²
Less than 100	1,673	2.82	56,723	—* ¹
100 – 1,000	23,903	40.35	9,372,060	0.11
1,001 – 10,000	25,123	42.41	93,844,881	1.06
10,001 – 100,000	7,045	11.89	181,735,054	2.05
100,001 – 443,418,962	1,489	2.51	4,794,462,253	54.06
443,418,963 and above	2	—* ¹	3,788,908,297	42.72
Total	59,235	100.00	8,868,379,268	100.00

Notes:

*1 Less than 0.01%.

*2 Excludes 4,908 shares retained as treasury shares as at 28 February 2017.

ANALYSIS OF EQUITY STRUCTURE (AS PER THE RECORD OF DEPOSITORS)

Category of Shareholders	No. of Holders			No. of Shares			% Malaysian		
	Malaysian		Foreign	Malaysian		Foreign	Bumi-	Non-	Foreign
	Bumiputra	Non-Bumiputra		Bumiputra	Non-Bumiputra		putra	Bumi-	
1) Individual	10,078	38,112	835	19,541,424	271,951,804	12,119,777	0.22	3.07	0.14
2) Body Corporate									
A) Banks/ Finance Companies	91	5	1	1,444,183,762	4,961,087	9,700	16.28	0.06	0.00
B) Investments Trusts/ Foundation/ Charities	1	7	0	1,000	435,351	0	0.00	0.00	0.00
C) Other Types of Companies	70	475	26	2,609,108,909	41,054,562	428,598,180	29.42	0.46	4.83
3) Government Agencies/ Institutions	9	0	0	28,114,319	0	0	0.32	0.00	0.00
4) Nominees	4,616	3,536	1,372	240,261,218	1,861,276,839	1,906,761,336	2.71	20.99	21.50
5) Others	0	0	0	0	0	0	0.00	0.00	0.00
Total	14,866	42,135	2,234	4,341,210,632	2,179,679,643	2,347,488,993	48.95	24.58	26.47
Grand Total	59,235			8,868,379,268			100.0		



DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	No. of Shares Held			
	Direct Interest	% ^{*1}	Deemed Interest	% ^{*1}
Dato' Sri Nazir Razak	46,505,760	0.52	—	—
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	402,272	— ^{*2}	—	—
Dato' Lee Kok Kwan	1,698,417	0.02	80,948	— ^{*2}
Teoh Su Yin	—	—	113,737 ^{*3}	— ^{*2}

Notes:

*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2017.

*2 Less than 0.01%.

*3 These shares are held by her spouse.

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDINGS)

Name of Substantial Shareholders	No. of Shares Held			
	Direct	% ^{*1}	Indirect	% ^{*1}
Khazanah Nasional Berhad	2,602,266,336	29.34	—	—
Employees Provident Fund	1,186,641,961 ^{*2}	13.38	—	—

Notes:

*1 Excludes 4,908 shares retained as treasury shares as at 28 February 2017.

*2 Includes shares held through nominees.

30 LARGEST SHAREHOLDERS (AS PER REGISTER OF MEMBERS AND RECORDS OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	% of Issued Capital ^{*1}
1. Khazanah Nasional Berhad	2,602,266,336	29.34
2. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,186,641,961	13.38
3. AmanahRaya Trustees Berhad Amanah Saham Bumiputera	433,993,664	4.89
4. The Bank of Tokyo-Mitsubishi UFJ, Ltd	412,506,345	4.65
5. Kumpulan Wang Persaraan (DiPerbadankan)	403,633,887	4.55
6. AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	140,604,675	1.59
7. AmanahRaya Trustees Berhad Amanah Saham Malaysia	133,315,931	1.50
8. Citigroup Nominees (Asing) Sdn Bhd CBHK for Fubon Life Insurance Co., Ltd (CTL)	118,189,200	1.33
9. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	100,469,635	1.13

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SHAREHOLDERS' STATISTICS (CONT'D.)

Name of Shareholders	No. of Shares Held	% of Issued Capital ^{*1}
10. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	98,234,088	1.11
11. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund	90,079,548	1.02
12. Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	81,657,941	0.92
13. Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	80,729,642	0.91
14. AmanahRaya Trustees Berhad AS 1 Malaysia	78,095,093	0.88
15. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)	76,206,599	0.86
16. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd	48,877,052	0.55
17. AmanahRaya Trustees Berhad AmanahSaham Bumiputera 2	43,975,789	0.50
18. HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Saudi Arabian Monetary Authority	38,366,190	0.43
19. HSBC Nominees (Tempatan) Sdn Bhd Mohamed Nazir bin Abdul Razak	34,658,068	0.39
20. HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Prudential Assurance Company Ltd	34,617,789	0.39
21. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	34,462,218	0.39
22. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Taipei BCH-CLTS)	33,700,647	0.38
23. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	31,953,393	0.36
24. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	30,200,000	0.34
25. HSBC Nominees (Asing) Sdn Bhd Exempt AN For J.P. Morgan Bank Luxembourg S.A. (2)	28,919,817	0.33
26. HSBC Nominees (Asing) Sdn Bhd HSBC-FS I For JP Morgan Asia Equity Dividend Fund	28,777,400	0.32
27. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs SVS LUX for Aberdeen Global	28,700,846	0.32
28. Lembaga Tabung Angkatan Tentera	27,671,100	0.31
29. Low Poh Weng	27,532,926	0.31
30. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 12)	27,223,748	0.31
Total	6,536,261,528	73.70

Notes:

*1 Excludes 4,908 shares retained as treasury shares as at 1 March 2017.



INTERNAL POLICIES, PROCEDURES AND GUIDELINES

Policies are formulated to govern standard day-to-day operations and to manage the expected risks of CIMB Group. As such, the Group's policies are developed from the baseline of current regulatory requirements and industry best practices to govern the business and operations of the Group.

The policies of our business units have been documented, endorsed by the Group Risk Committee (GRC) or its sub-committee(s) and approved by our Board or Board Risk Committee for implementation across our Group, where relevant. Operational procedures are approved by Group Policy & Procedure and Outsourcing Committee (GPOC) for implementation. Approved policies and procedures are timely disseminated to affected stakeholders. Reviews and updates are performed regularly on approved policies, procedures and guidelines. This is done with the intent to ensure continuous improvements in operational efficiency while taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services.

Listed below are some of the Group's key policies and procedures:

No.	Title	Description
1.	Group Administration & Property Management Policies & Procedures Manual	This document relates to the administrative operations of the Group and covers the operational policies governing procurement, property, maintenance services, security services, logistics, telecommunications, insurance and occupational safety and health administration.
2.	Group Accounting Policies & Accounting Guidelines Manual	This document defines the accounting concepts and policies that are consistent with Malaysia Financial Reporting Standards and Generally Accepted Accounting Practices.
3.	Group Outsourcing Policies & Procedures	This document sets out the framework for all outsourcing of banking operations of the Group in Malaysia in accordance to regulatory requirements.
4.	Group Business Continuity Management Policies & Procedures	This document provides the framework and guidance in responding to a disruption, crisis and/or disaster and to resume critical business functions.
5.	Group Communications Policy	This document sets out the framework for the dissemination of information by the Group to its shareholders, media and other stakeholders. Information given by the Group to the general public shall always be timely, accurate, relevant and reliable so as to enable a properly informed view of how the Group is governed, its financial and operational performances, future prospects and key corporate developments.
6.	Group Crisis Communications Guidelines	Crises affect organisations in varying degrees and frequency. The challenge for the affected organisation is to manage these crises well in order to get back to the business of running the organisation as quickly as possible. CIMB Group has a Crisis Communications Guide to aid effective response and communication with affected stakeholders in a timely and consistent manner. It defines crisis, crisis classification, escalation procedures, and the establishment of a crisis communication management team and centre.
7.	Group Data Management Policies & Procedures Manual	These policies and procedures enable a structured approach to the management of data and dissemination of information throughout CIMB Group. The manual spells out the data governance and management information system frameworks.
8.	Group Anti-Money Laundering/Counter Financing of Terrorism Policies & Procedures Manual	CIMB Group places importance on, and is committed to establishing an effective internal control system for AML/CFT in compliance with all related laws, regulations, guidelines and industry best practices. The Group AML/CFT policies encompasses all reporting institutions of CIMB Group, to ensure consistency in managing the AML/CFT compliance. The manual governs the appointment of anti-money laundering compliance officers, the monitoring and reporting of suspicious transactions, sanction management, record retention, employee training, risk and status reporting to Board and Senior Management and an independent audit of the internal AML/CFT measures.

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INTERNAL POLICIES, PROCEDURES AND GUIDELINES (CONT'D.)

No.	Title	Description
9.	Employee's terms of employment and policies	These documents set out the terms of employment for CIMB employees. These include recruitment terms such as emolument, retirement, working days and hours, office wear, conduct and discipline. The handbook sets out employment benefits including allowances and claims, medical benefits, benefits-in-kind, leave, and employee loans.
10.	Risk Management of Travel Policy	These documents address flight travel for staff in order to minimise the potential risks to CIMB Group in terms of continuity of leadership and operations. The policies cover senior management, staff at department levels and staff in general.
11.	Policy & Procedure on Fit and Proper Criteria For Key Responsible Persons	This document sets out the procedures on Fit and Proper assessment for key responsible persons who are accountable or responsible for the management and oversight of the entities in the Group regulated by Financial Services Act 2013, Islamic Financial Services Act 2013 and Insurance Act 1996. These comprise Directors, members of the Shariah Committee, Chief Executive Officers/Executive Directors, any person performing a senior management function who has the primary or significant responsibility for the management and performance of significant business activities; and any person who has primary or significant responsibility of key control functions.
12.	Staff Rejuvenation Programme	These documents set out the rules and guidelines to allow staff to take a break from work without any loss in service or disadvantage in career progression.
13.	HR Policy on Staff Volunteerism	These documents set out the rules and guidelines to encourage staff to volunteer for CSR activities funded by CIMB Foundation. The policies provide recognition of time spent by staff on CSR activities. This is part of CIMB Group's effort to enhance community projects by contributing expertise, energy, enthusiasm and efforts of staff. Seven days of volunteering entitles staff to one day of annual leave in the following year.
14.	Staff Welfare Fund	The Staff Welfare Fund is established to provide financial assistance to our staff and their family members to cope with high medical expenses, as a result of being involved in an accident or due to serious illness. The fund is also used to assist in loss/damage of property due to natural disasters e.g. fire/flood.
15.	Sexual Harrassment Policy & Guidelines	These documents set out the policies and guidelines to maintain a working environment which is free of sexual coercion and annoyance. CIMB Group is committed to ensure that all employees are protected from harassment of any kind and in particular from sexual harassment. The policy covers all CIMB Group employees including contract and temporary employees.
16.	Whistle Blowing Policy	These documents are in place to ensure CIMB Group has a disciplined and professional workforce. Under this policy, employees are required to promptly report incident of wrongdoings, malpractices or irregularities at their workplace to the Management for immediate rectification and action and the Management is committed to ensure strict confidentiality and will not only protect the identity of the complainants and will also protect the complainant from any harassment and victimisation at work due to the disclosure.
17.	Group Anti Bribery and Corruption Policy	This document sets out policy matters relating to the prevention of bribery and corruption, and sets out the responsibilities of Group employees and associated persons working for and on behalf of the Group, in observing and upholding the Group's position on anti-bribery and corruption.
18.	Global Employee Mobility Policy	This document sets out the terms, benefits and guidelines for CIMB employees deployed on regional secondments. This is part of CIMB Group's effort to encourage movement of talent across borders for business and/or talent development purposes.



No.	Title	Description
19.	Group Conflict Management & Chinese Wall Policy & Procedures	<p>This document consolidated the Group Chinese Walls Policy and Procedures and the Group Conflict Management Policy and Procedures.</p> <p>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.</p> <p>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.</p>
20.	Group Shariah Compliance Policy & General Procedures Manual	<p>This document defines and explains the overall framework applicable to the Islamic businesses of CIMB Group so that they can be conducted in the most effective manner and in line with the Shariah and the regulations of Bank Negara Malaysia (BNM), Securities Commission (SC), the rulings of both Shariah Advisory Councils of BNM and SC (SAC) and the rulings of Group Shariah Committee. Wherever appropriate, reference will also be made to the Shariah rulings issued by the Shariah authorities in other jurisdictions such as Dewan Shariah Nasional, Majelis Ulama Indonesia (DSN-MUI), the Shariah Committee at Authoriti Monetari Brunei Darussalam etc. based on the jurisdictional and locality requirements applicable to regional Islamic businesses of CIMB Group.</p>
21.	Corporate Banking, Treasury & Markets – Treasury & Markets Policies & Procedures Manual	<p>This document defines the policies and procedures on activities carried out by Treasury & Markets department in relation to the Group's markets, sales and trading businesses in interest rates, credit, foreign exchange, commodities, equities and their derivatives, debt capital markets, fixed income investments, and treasury and funding operations for the Group.</p>
22.	Group Fraud Management Policies & Procedures	<p>This document provides a guide on the escalation of any incidence of fraud that is suspected/committed within or against CIMB Group, including its subsidiaries.</p>
23.	Group Information Technology Policy	<p>This document governs all aspects of information technology within the Group and provides Management with direction and support in accordance with relevant laws, regulations and business requirements. It is designed to increase adherence to regulatory and internal requirements and ensures consistency in the Group's standards of operations and practices whilst at the same time facilitating sharing of information across the Group and improved controls across the Group when managing information technology. These are global best practices and in accordance with global standards such as COBIT, ITIL, CMMI, ISO etc. This document has been standardised across the Region to facilitate a Regional Operating Model.</p>
24.	Group IT Risk Management Framework	<p>This Framework provides a consistent and unified approach for developing and improving information risk management within the Group's business operations. It comprises of a systematic method to identify, analyse, evaluate, treat, monitor and communicate information risks associated with any activity, function or process, thereby enabling the Group to minimise its losses.</p>
25.	Group Compliance Policy & Procedures	<p>This document is to establish a compliance programme framework to ensure compliance with relevant laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its regulated and licenced activities that govern the overall working of the business and support units within CIMB Group.</p>

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INTERNAL POLICIES, PROCEDURES AND GUIDELINES (CONT'D.)

No.	Title	Description
26.	Group Competition Law Manual	The Malaysian Competition Act came into force in 2012 and has changed the business landscape in Malaysia and affected the way all Malaysian businesses operate. The Competition Law Manual provides an overview of the Competition Act and guides all business units within the Malaysian banking entities of CIMB Group to familiarise and understand the competition laws of Malaysia. It is a general guide on anti-competitive conduct, anti-competitive agreements and compliance reporting of any violations or breach of the Malaysian Competition Act.
27.	CIMB Group Liquidity Risk Management Policy	This is the primary reference document on matters relating to the key principles for the liquidity risk management framework of banking entities within CIMB Group. The policy sets out key approaches and critical areas for an integrated liquidity risk management process including liquidity risk strategies, management oversight, roles and responsibilities of various divisions/departments, risk controls and monitoring procedures to ensure that the Group has sufficient liquidity to meet its obligations as they fall due. Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions.
28.	Group Reputation Risk Policy	The policy sets out the Group's approach to identifying and managing its reputation risks within board set appetite. The policy leverages off existing Operational Risk Management tools and provides additional oversight and monitoring through a Group Reputation Risk Committee.
29.	Credit Policy Guide and Islamic Financing Policy Guide	These documents set out the broad Credit and Financing Policies, applicable to the CIMB Group Conventional and Islamic Banking businesses, with the purpose to establish the discipline for orderly extension of credit and financing activities.
30.	Group Personal Data Protection Policy Manual	This document outlines the requirements of the Personal Data Protection Act 2010 (PDPA) and is intended to assist CIMB Group in meeting its statutory responsibilities as detailed in the PDPA. It serves as a general guide to the PDPA and CIMB Group's related processes and obligations to ensure that all staff within the relevant entities/divisions of the Group in Malaysia is familiar with, understand and comply with the personal data protection laws of Malaysia.
31.	CIMB Group Shariah Compliance Review Policies and Procedures Manual	This document defines and explains the overall Shariah compliance review framework applicable to the Islamic banking and finance businesses of CIMB Group to ensure Shariah compliance and handle Shariah non-compliance events.
32.	CIMB Group Enterprise-Wide Risk Management (EWRM) Framework	This describes the policies, guidelines and methodologies for managing risk across the Group. It provides guidance to the risk management teams towards achieving a common platform and consistent approach to risk management across the Group; provides an overview of each identified risk to promote clear and accountable risk management processes; and facilitates readiness and compliance to Bank Negara Malaysia and other regulatory requirements.
33.	Group Market Risk Policy	This policy prescribes a consistent Group-wide framework to manage market risk across all CIMB entities. It serves as a primary reference document for the Group in establishing a sound operating environment for market risk activities that is consistent with the governance and control standards of the Group Risk Appetite Statement.
34.	Group Operational Risk Management Policy	This policy sets out the Group's approach to managing operational risk. The policy sets out the tools used by the first line of defence to identify, assess, manage and report their operational risks within Board set risk appetite levels.



No.	Title	Description
35.	Group Interest Rate Risk in the Banking Book Policy	This is the Group's primary reference document on the key principles for the interest rate risk management for the non-traded books. This policy also sets out the approving authority of risk policies, Board and management oversight, roles and responsibilities of divisions/departments, risk measurement methodologies, risk controls, monitoring and reporting procedures to ensure that the interest rate risk arising from the Group operations is properly identified, measured, monitored and managed over a range of potential changing interest rate environments including stress conditions.
36.	CIMB Group Shariah Risk Management Policy	This articulates the objectives, mission, guiding principles, governance structure as well as methodology and approach adopted by the Group in managing Shariah Non-Compliance risk.
37.	Group Credit Risk Policy	This Policy sets out the credit risk guiding principles for application across the Group to ensure consistency in its credit risk management activities.
38.	Group New Product Approval Policy	This Policy sets out a consistent framework to risk manage the launch of new products. New products will be subjected to a robust internal approval process that requires objective review and appropriate senior management sign off before they are offered to customers or investors.
39.	Group Retail Credit Policy	This Policy is an overarching group policy which governs the credit aspects of Retail lending business. It applies to major retail lending products such as Property Financing, Vehicle Financing, Credit Cards and other revolving credit facilities, secured and unsecured term financing, for CIMB retail banking in all the countries where CIMB is present.
40.	Internal Capital Adequacy Assessment Process (ICAAP) Policy	This Policy describes the policies aspects of ICAAP for all entities within CIMB Group. It ensures adequate policies are in place for efficient and proper conduct of ICAAP across various divisions within the Group. The Policy also sets out the key ICAAP requirements which include assessing the risk profile of the bank, assessing capital adequacy, monitoring compliance with regulatory requirement on capital adequacy, reporting to management and regulator on ICAAP and ICAAP governance and independent review.
41.	Group Internal Information Sharing Policy & Procedures	This is to establish a proper framework on sharing permissible information within the CIMB Group in different jurisdiction. The document outlines the requirements and provides guidance to ensure processes and controls are in place in relation to information sharing, documentation and/or agreement prior to sharing of confidential information.
42.	Group Delegation Authority Policy	This document sets out the nature and extent of the authority formally delegated from the CIMB Group Holdings Berhad's Board of Directors. The contents cover both financial approval and document execution. This policy does not apply to delegated credit and human resource authorities which are covered separately by the respective Divisions' policies.
43.	Group Internal Audit Policy and Procedures	Set out the policies, strategies and detailed procedures of GIAD in order to deliver an efficient and effective internal audit service (including investigation) in congruence with the goals of the CIMB Group of Companies.

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TOP 10 PROPERTIES OF CIMB GROUP

Location	Description/Existing Use	Tenure/ Date of Expiry	Remaining Lease (years)	Age of Property (years)	Net Book Value* (MYR)	Year of Acquisition	Date of Revaluation
Menara CIMB 1 Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia	40 storey office building with 6 storey of basement car park. Building majority occupied by CIMB Group of companies with partial lower zone leased out to 3rd party.	Freehold	n/a	3	703,000,000.00	2015	Nov-16
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	17	267,988,836.78	1999	Feb-16
Menara Sentraya Lt. 28, 29, 30, 31, 32 Jl. Iskandarsyah No. 2 Melawai Blok M Jakarta Selatan	41 storey office building, CIMB Niaga owned 5 storey.	Freehold	n/a	2	139,758,835.26	2015	Jan-16
Wisma CIMB Niaga Jl Gatot Subroto No. 2 Bandung	11 storey office building, used as CIMB Niaga Head Office and some floors are rented to 3rd party.	Leasehold expiring on 6 December 2023	7	23	81,567,408.78	2001	Jan-16
Jl Gajah Mada 18 Jakarta Pusat	3 storey office building, used as CIMB Niaga Head Office and Branch.	Leasehold expiring on 17 January 2036	20	45	56,777,887.50	2006	Jan-16
CIMB Niaga Lippo Cikarang Jl. MH Thamrin Lippo Cikarang	8 storey office building, used as CIMB Niaga Head Office and some floors are rented to 3rd party.	Leasehold expiring on 5 May 2023	7	21	54,221,784.28	1994	Jan-16
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.	Freehold	n/a	5	45,194,566.02	2012	Jan-16
CIMB Niaga Kebon Sirih Jl. Kebon Sirih 33 Jakarta Pusat	CIMB Niaga Branch premises.	Leasehold expiring on 22 August 2031	15	24	35,585,510.99	2001	Jan-16
Berita Satu Plaza Jl Gatot Subroto Kav 35-36 Jakarta Selatan	3 Floors (GF, 1st, 3rd), used as CIMB Niaga Branch and Head Office business support.	Leasehold expiring on 31 March 2024	8	28	33,185,831.96	2003	Jan-16
Menara Sudirman LT GF- 2-3-5 JL Jend Sudirman Kav 60 Jakarta Selatan	28 storey office building, CIMB Niaga owned 4 Floors (GF, 2, 3, 5), used as CIMB Niaga Syariah Branch and Head Office business support.	Leasehold expiring on 6 October 2017	1	20	31,594,714.99	1997	Jan-16



ADDITIONAL DISCLOSURES

(as at 31 December 2016 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 2016, the Group has collectively issued the following instruments:

(a) CNY130 million notes

On 18 May 2016, CIMB Bank Berhad issued CNY130 million 3-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 18 May 2019 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 4.20% per annum payable annually.

(b) CNY130 million notes

On 20 July 2016, CIMB Bank Berhad issued CNY130 million 3-year senior fixed rate notes under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 20 July 2019 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.95% per annum payable annually.

(c) RM630 million Sukuk, Ziya Capital Bhd

On 12 August 2016, Ziya Capital Bhd ("Ziya"), a special purpose vehicle consolidated by CIMB Islamic Bank, issued a RM630 million Sukuk that bears a coupon rate of 3.38% per annum. The Sukuk is due on 23 July 2021.

(d) IDR1,000,000 million bonds

On 3 November 2016, CIMB Niaga issued unsecured IDR1,000,000 million bonds. The bonds are divided into three series:

(i) Series A Bond

The nominal value of the bonds amounted to IDR432,000 million with a tenor of 1 year which will mature on 13 November 2017. It bears fixed interest rate of 7.25% per annum.

(ii) Series B Bond

The nominal value of the bonds amounted to IDR386,000 million with a tenor of 3 years which will mature on 3 November 2019. It bears fixed interest rate of 8.00% per annum.

(iii) Series C Bond

The nominal value of the bonds amounted to IDR182,000 million with a tenor of 5 years which will mature on 3 November 2021. It bears fixed interest rate of 8.25% per annum.

(e) Additional Tier I Securities RM1.0 billion

On 25 May 2016, the Company issued a nominal value RM1.0 billion perpetual subordinated capital securities. ("Additional Tier I Securities"). The securities, which qualify as Additional Tier I Capital for CIMB Group Holdings Berhad on a group consolidated level, carry a distribution rate of 5.80% p.a. The Additional Tier I Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM. The

proceeds from the issuance was used to subscribe to similar securities issued by CIMB Bank Berhad.

(f) Subordinated Notes 2016/2026 RM570 million

On 11 July 2016, CIMB Thai Bank issued RM570 million 10-years non-callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM570 million Notes carry fixed interest rate of 5.35% per annum payable every six months.

The RM570 million Notes will mature on 10 July 2026. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai Bank has an approval from Bank of Thailand to classify the RM570 million Notes (equivalent to THB5,016,199,500) as Tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

(g) Subordinated debts 2016/2026 RM1.35 billion

On 8 August 2016, CIMB Bank Berhad issued RM1,350 million 10-years non-callable 5-years Tier II subordinated debt ("Sub Debt") bearing a fixed rate coupon of 4.77% per annum. The Sub Debt will qualify as Tier II capital of the Bank. The Sub Debt was issued from CIMB Bank Berhad's existing RM10.0 billion Basel III-compliant Tier II subordinated debt programme.

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ADDITIONAL DISCLOSURES (CONT'D.)

The proceeds from the issuance were used for CIMB Bank Berhad's working capital requirements, general banking and other corporate purposes and the refinancing of its existing subordinated debt.

(h) Subordinated Sukuk 2016/2021 RM10 million

On 21 September 2016, CIMB Islamic Bank had issued RM10 million Tier-2 Junior Sukuk ("the Sukuk") at par and is due on 21 September 2026, with optional redemption on 21 April 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, CIMB Islamic Bank is allowed to raise Tier II capital of up to RM5.0 billion in nominal value outstanding at any one time.

(i) Additional Tier I Securities RM400 million

On 16 December 2016, the Company issued a nominal value RM400 million perpetual subordinated capital securities ("Additional Tier I Securities"). The securities, which qualify as Additional Tier I Capital for CIMB Group

Holdings Berhad on a group consolidated level, carry a distribution rate of 5.50% p.a. The Additional Tier I Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM. The proceeds from the issuance was used to subscribe to similar securities issued by CIMB Bank Berhad.

2. SHARES BUY-BACK

Details of the shares purchased during the financial year ended 31 December 2016 are set out below:

Month	No. of CIMB Shares Purchased	Highest Price Paid per CIMB Share RM	Lowest Price Paid per CIMB Share RM	Average Price Paid per CIMB Share RM	Total Consideration* RM
January	–	–	–	–	–
February	–	–	–	–	–
March	–	–	–	–	–
April	–	–	–	–	–
May	100	4.34	4.34	4.34	477.50
June	–	–	–	–	–
July	–	–	–	–	–
August	–	–	–	–	–
September	–	–	–	–	–
October	–	–	–	–	–
November	–	–	–	–	–
December	–	–	–	–	–
Total	100			4.34	477.50

* Inclusive of transaction cost

All the shares purchased during the financial year ended 31 December 2016 were held as treasury shares. There was no resale of treasury shares made during the financial year.

Further details of the Shares Buy-Back and treasury shares are available in Note 33 to the Financial Statements which are in the Financial Statements section of the Annual Report and in the Statement Accompanying Notice of Annual General Meeting.



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 SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or material penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory body during the financial year under review.

6. NON-AUDIT FEES

Non-audit fees payable to the External Auditors, Messrs. PricewaterhouseCoopers and its affiliates amounted to RM3,473,000 for the Group and RM116,000 for the Company.

7. VARIATION IN RESULTS

There were no variation in results for the financial year ended 31 December 2016 from the unaudited results released on 28 February 2017.

8. PROFIT GUARANTEE

The Group did not receive any profit guarantee during the financial year ended 31 December 2016.

9. REVALUATION POLICY ON LANDED PROPERTIES

Please refer to the accounting policy on Property, Plant and Equipment in Notes K, L and N of the Summary of Significant Group Accounting Policies in the Financial Statements which are set out in the Financial Statements section of the Annual Report.

10. MATERIAL CONTRACTS

There were no material contracts entered into by CIMB Group and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in Notes 50 and 51 to the Financial Statements which are in the Financial Statements section of the Annual Report.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 60th Annual General Meeting of CIMB Group Holdings Berhad (“CIMB” or “the Company”) will be held at the Grand Ballroom, Level 3A, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia, on Friday, 28 April 2017 at 9.00 a.m. to transact the following businesses, with or without modifications:

AS ORDINARY BUSINESS		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon.	
2.	To re-elect the following Directors who retire pursuant to Article 76 of the Company's Articles of Association: 2.1 Robert Neil Coombe 2.2 Datuk Joseph Dominic Silva 2.3 Teoh Su Yin	Ordinary Resolution 1 Ordinary Resolution 2 Ordinary Resolution 3
3.	To re-elect Mohamed Ross Mohd Din who retires pursuant to Article 83 of the Company's Articles of Association.	Ordinary Resolution 4
4.	To approve Non-Executive Directors' Remuneration with effect from the 60th Annual General Meeting until the next Annual General Meeting of the Company.	Ordinary Resolution 5
5.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6

AS SPECIAL BUSINESS		
To consider and if thought fit, to pass the following Ordinary Resolutions:		
1.	Proposed Renewal of the Authority for Directors to Allot and Issue Shares “ THAT pursuant to Section 76 of the Companies Act, 2016, the Directors be and are hereby given full authority to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being AND THAT the Directors be and are hereby given full authority to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance with the provisions of the Companies Act, 2016, whichever is the earlier.”	Ordinary Resolution 7



AS SPECIAL BUSINESS

2.	<p>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)</p> <p>“THAT pursuant to the DRS approved at the Extraordinary General Meeting held on 25 February 2013 and renewed at the Annual General Meeting held on 18 April 2016, 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;</p> <p>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.”</p>	
3.	<p>Proposed Renewal of the Authority to Purchase Own Shares</p> <p>“THAT, subject to the Companies Act, 2016 (as may be amended, modified or re-enacted from time to time), the Company’s Articles of Association and the requirements of the Bursa Malaysia Securities Berhad (Bursa Securities) and approvals of all the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (Proposed Shares Buy-Back) as may be determined by the Board of Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits of approximately RM1,370 million and/or share premium account of approximately RM11,476 million of the Company based on the Audited Financial Statements for the financial year ended 31 December 2016 be allocated by the Company for the Proposed Shares Buy-Back AND THAT the ordinary shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and/or retained as treasury shares and cancel the remainder of the shares AND THAT where such shares are held as treasury shares, the Directors of the Company may distribute the shares as dividends, re-sold on Bursa Securities, transfer the shares under the employees’ share scheme or as purchase consideration or otherwise use the shares for such other purposes as the Minister may by order prescribe AND THAT the Board of Directors of the Company be and are hereby given full authority generally to do all acts and things to give effect to the Proposed Shares Buy-Back with the full power to assent to any conditions, modifications, revaluations and/or amendments (if any) as may be imposed by the relevant authority with full power to do all such acts and things thereafter on any part of the shares bought back in accordance with the Companies Act, 2016, Company’s Articles of Association, Main Market Listing Requirements of Bursa Securities and any other rules and regulations that may be in force from time to time AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:</p> <ul style="list-style-type: none"> i. the conclusion of the next Annual General Meeting of the Company in 2018 at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; ii. the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting; <p>whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and/or any other relevant authorities.”</p>	Ordinary Resolution 8 Ordinary Resolution 9

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NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

AS SPECIAL BUSINESS

4.	To transact any other business of which due notice shall have been duly given in accordance with the Companies Act, 2016.	
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BY ORDER OF THE BOARD

Datin Rossaya Mohd Nashir

LS 0007591

Group Company Secretary

Kuala Lumpur

31 March 2017

NOTES:

Proxy

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.
2. This instrument duly completed must be deposited at the Registrar's office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
4. 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.

Members Entitled to Attend

5. For the purpose of determining a member who shall be entitled to attend the 60th Annual General Meeting, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 54(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 24 April 2017. Only a depositor whose name appears on the Record of Depositors as at 24 April 2017 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 2016

6. 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

7. Article 76 of the Company's Articles of Association provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company and be eligible for re-election. Three out of eleven Directors are to retire in accordance with Article 76 of the Company's Articles of Association. The shareholders' approval is sought under Ordinary Resolutions 1, 2 and 3.

Article 83 of the Articles of Association provides that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board of Directors. Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The shareholders' approval is sought under Ordinary Resolution 4.

The suitability of a Director as a Board member is in accordance with the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance Policy 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 60th Annual General Meeting:

- (1) The Director's competency in specialised areas of practice and level of contribution to the Board through their knowledge, skills and expertise;
- (2) The level of independence demonstrated by the Directors, and his ability to act in the best interest of the Company;

- (3) Probity, personal integrity and reputation, where the Directors must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness; and
- (4) Financial integrity, where the Directors must manage his debts or financial affairs prudently.

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Board has also conducted an assessment of the independence of the Independent Directors and other criteria, such as 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.

Section 54(2)(a) of the Financial Services Act 2013 (FSA) provides that the appointment, re-appointment, election or re-election as a Chairman, 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 and 4.

The profiles of Directors seeking re-election and re-appointment are set out in the Profile of Director's section of the Company's Annual Report 2016.

Non-Executive Directors' Remuneration

8. At the 59th Annual General Meeting held on 18 April 2016, CIMB obtained shareholders' approval on the payment of Non-Executive Director's remuneration for the financial year ended 31 December 2016 up to the Annual General Meeting in 2017.

CIMB is requesting shareholders' prior approval on payment of Non-Executive Directors' remuneration from the 60th Annual General Meeting up to the Annual General Meeting in 2018.

The GNRC reviewed the Non-Executive Director's remuneration in 2016 as it had not been reviewed since 2005. Since then, CIMB has grown from a local Malaysian bank to the 5th largest banking group in ASEAN, growing from staff strength of over 1,000 to 39,000 staff in 2016 and from one market to 16 countries today across ASEAN, Asia and beyond. CIMB's current remuneration levels are not sufficiently competitive to attract and retain Board talent and do not fairly reward Non-Executive Directors' contributions.

The GNRC was of the view that the Non-Executive Directors' remuneration needed to reflect the increasing complexities of the duties, responsibilities, expectation, commitment and the work of the Non-Executive Directors, in line with the scope of CIMB's activities, particularly its oversight on the regional businesses. The new remuneration framework places greater emphasis on remuneration based on Non-Executive Directors' contributions, preparation for and attending meetings.

The Board subsequently approved the GNRC's recommendation on the new remuneration framework, as follows:

- Removal of monthly fees for Chairman of the Board and Group Board Oversight Committee.
- Removal of Non-Executive Directors' Fees for all Committees.
- Annual retainer fees increased from RM90,000 per annum to RM170,000 per annum.
- A standardised Meeting Allowance of RM5,000 per meeting for the Board and Committees.
- Introduction of Chairman's Allowance of RM510,000 per annum for Chairman of the Board and RM100,000 per annum for Chairman of Committees to replace monthly allowance, taking into account the following:
 - (a) The amount of time the Chairman spends on CIMB matters, including providing input and guidance on strategy and supporting Management in engaging with a wide range of other stakeholders such as clients, partners, governments and regulators, both locally and in key markets;
 - (b) The significant leadership role played by the Chairman of the Board and the Chairman of Committees in providing clear oversight and guidance to Management; and
 - (c) Comparable benchmarks from other peer groups in the industry, as well as benchmarks from other regions where CIMB has its operations.

Pursuant to Section 230(1)(b) Companies Act 2016, shareholders' approval is now also required for the Non-Executive Directors' remuneration and benefits received from subsidiaries.

The proposed payment of remuneration under Ordinary Resolution 5 comprises fees, allowances and benefits payable to the Chairman and members of the Board and Board Committees in 2017, including remuneration payable to them by subsidiaries, with or without modifications, as follows:

CIMB

CIMB		Retainer Fees (RM)	Chairman's Allowance (RM)	Meeting Allowance (RM)	Benefits
Board	Chairman	170,000	510,000	5,000	Club membership fees, driver, leave passage & other claimable benefits*
	Member	170,000	N/A	5,000	Claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors*
Committees	Chairman	N/A	100,000	5,000	N/A
	Member	N/A	N/A	5,000	N/A

Note: * There has been no change to the benefits payable to the Non-Executive Directors

Subsidiaries

Name	Position Held	Fee Type	Amount
Dato' Sri Nazir Razak	CIMB Bank Berhad		
	• Deputy Chairman	Board Retainer Fee – per annum Deputy Chairman's allowance – per annum Meeting allowance – per meeting	MYR150,000 MYR90,000 MYR5,000
	PT Bank CIMB Niaga Tbk		
Datuk Mohd Nasir Ahmad	• President Commissioner	Board Retainer Fee – monthly Meeting allowance – per meeting	IDR75,000,000 IDR30,000,00
	CIMB Bank Berhad		
	• Director • Audit Committee Chairman • Board Risk Committee member	Board Retainer Fee – per annum Audit Committee Chairman's allowance – per annum Meeting allowance – per meeting	MYR150,000 MYR90,000 MYR5,000
Dato' Lee Kok Kwan	CIMB Bank Berhad		
	• Director • Board Risk Committee member	Board Retainer Fee – per annum Meeting allowance – per meeting	MYR150,000 MYR5,000
	CIMB Bank Thai PCL		
	• Director • Board Risk Committee Chairman	Board Retainer Fee – per month Board Meeting Allowance – per meeting Committee Chairman's Monthly Fee Committee Chairman's Meeting Allowance – per meeting	THB24,000 THB20,000 THB28,600 THB23,400
	CIMB Bank (L) Ltd.		
	• Chairman	Board Retainer Fee – per annum Chairman's allowance – per annum Meeting – per meeting	MYR12,000 MYR48,000 MYR1,000
Mohamed Ross Mohd Din	CIMB Islamic Bank Berhad		
	• Director • Board Risk Committee Chairman	Board Retainer Fee – per annum Board Risk Committee Chairman's Allowance – per annum Meeting allowance – per meeting	MYR140,000 MYR90,000 MYR5,000

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Name	Position Held	Fee Type	Amount
Watanan Petersik	CIMB Bank Thai PCL		
	• Director • Nomination, Remuneration and Corporate Governance Committee Chairperson	Board Retainer Fee – per month Board Meeting Allowance – per meeting Committee Chairperson's Monthly Fee Committee Chairperson's Meeting Allowance – per meeting	THB24,000 THB20,000 THB28,600 THB23,400
Glenn Muhammad Surya Yusuf	PT Bank CIMB Niaga, Tbk		
	• Vice President Commissioner • Risk Monitoring Committee member	Board Retainer Fee – monthly Meeting Allowance – per meeting Car Allowance – monthly	IDR60,000,000 IDR30,000,00 IDR11,250,000

If approved by shareholders, the new remuneration framework will result in a projected increase in the remuneration of Non-Executive Directors from RM5.26 million in FYE 2016 to RM7.93 million in FYE 2017, based on the assumption of the same number of Board and Committee meetings held in 2016.

Appointment of Auditors

- The Audit Committee (AC), at its meeting held on 24 January 2017 completed its annual assessment on the external auditors in accordance with CIMB's Guidelines for the Appointment/Re-appointment of External Auditors. In its assessment, the AC considered several factors before recommending the re-appointment of the external auditors, as follows:
 - Level of knowledge, capabilities, experience and quality of previous work;
 - Level of engagement with the AC;
 - Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
 - Adequacy in audit coverage, effectiveness in planning and conduct of audit;
 - Ability to perform audit work within agreed timeframe;
 - Non-audit services rendered by the external auditor did not impede independence; and
 - The external auditor demonstrated unbiased stance when interpreting standards/policies adopted by the Company.

Being satisfied with Messrs. PricewaterhouseCoopers' (PwC) performance in 2016, 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 2017. The Board, at its meeting held on 26 January 2017, approved the AC's recommendation for the re-appointment of PwC as external auditors of the Company for the Financial Year ending 31 December 2017. The shareholders' approval is sought under Ordinary Resolution 6.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Authority for Directors to Allot and Issue Shares

- Resolution 7 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Section 76 of the Companies Act, 2016. If passed, it will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without the need to convene a general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

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

The Company has issued 341,111,938 new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate sought at the 59th Annual General Meeting held on 18 April 2016, which will lapse upon the conclusion of the forthcoming 60th Annual General Meeting to be held on 28 April 2017.

Authority for Directors to Allot and Issue New Ordinary Shares in Respect of the DRS

- The proposed Resolution 8 will give authority to the Directors to allot and issue new ordinary shares in the Company in respect of the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at the subsequent Annual General Meeting.

Authority to Purchase Own Shares

- Resolution 9, if passed, will authorise the Directors to purchase CIMB shares through Bursa Securities up to 10% of the issued and paid-up share capital of the Company. Details of the Proposed Shares Buy-Back are contained in the Statement Accompanying Notice of Annual General Meeting despatched to the shareholders together with the CIMB 2016 Annual Report.

Abstention from Voting

- Any Director referred to in Resolutions 1, 2, 3 and 4, who is a shareholder of the Company will abstain from voting on the resolutions in respect of his re-election at the 60th Annual General Meeting.
- All Directors who are shareholders of the Company will abstain from voting on Resolutions 5 concerning Directors' remuneration at the 60th Annual General Meeting.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

A. PROPOSED RE-ELECTION FOR 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 60th Annual General Meeting of CIMB Group Holdings Berhad which will be held at the Grand Ballroom, Level 3A, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Friday, 28 April 2017 at 9.00 a.m. are as follows:

1. Robert Neil Coombe

Independent Director

Nationality/Age/Gender : Australian/53/Male

Academic/Professional Qualifications : Bachelor of Laws (Hons.), University of Technology, Sydney, Australia

Working Experience/Occupation : 1) Chief Executive Officer, QSRH Ltd, 2013 – Present.

2) Senior Consultant, FtB Consulting Group, 2012 – 2013.

3) Group Executive, Westpac Banking Corporation, 2009 – 2011.

4) Chief Executive Officer, BT Financial Group, 1998 – 2009.

Other Public Company Directorships : Nil

He does not have any family relationship with any other directors and/or major shareholders of the Company, or any conflict of interests with the Company. He currently does not have any convictions for offences within the past 10 years other than traffic offences. His profile is available on page 121 of the Annual Report.

2. Datuk Joseph Dominic Silva

Non-Executive Non-Independent Director

Nationality/Age/Gender : Malaysian/52/Male

Academic/Professional Qualifications : 1) Senior Management Programme, Henley Management College, United Kingdom.

2) Bachelor of Finance, University of Wales, United Kingdom.

Working Experience/Occupation : 1) Head of Investments, Khazanah Nasional Berhad, 2008 – Present.

2) Head of Commercial Asia, ABN Amro Bank N.V, 1996 – 2008.

3) Head of Corporate Finance – Non Japanese Portfolio, Mitsubishi UFG, 1994 – 1995.

Other Public Company Directorships : Nil

He does not have any family relationship with any other directors and/or major shareholders of the Company, or any conflict of interests with the Company except by virtue of being a representative of Khazanah Nasional Berhad. He currently does not have any convictions for offences within the past 10 years other than traffic offences. His profile is available on page 122 of the Annual Report.

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3. Teoh Su Yin

Independent Director

Nationality/Age/Gender : Malaysian/46/Female

Academic/Professional Qualifications :
1) Diploma, Chartered Institute of Marketing, United Kingdom.
2) Licensed Investment Adviser by Securities Commission of Malaysia.
3) Bachelor of Arts (Hons.) Business Studies, Sheffield Hallam University, United Kingdom.

Working Experience/Occupation :
1) Head of Malaysia and ASEAN Equity Research, Deutsche Bank Malaysia Berhad, 2002 – 2012.
2) Head of Equity Research, JP Morgan Malaysia, 1994 – 2002.

Other Public Company Directorships : Nil

She does not have any family relationship with any other directors and/or major shareholders of the Company, or any conflict of interests with the Company. She currently does not have any convictions for offences within the past 10 years other than traffic offences. Her profile is available on page 123 of the Annual Report.

4. Mohamed Ross Mohd Din

Independent Director

Nationality/Age/Gender : Malaysian/64/Male

Academic/Professional Qualifications : 1) Banking Diploma (Part 1), The Institute of Bankers, United Kingdom.

Working Experience/Occupation :
1) Executive Director and Senior Advisor, HSBC Amanah Takaful Malaysia S/B, 2008 – 2008.
2) Managing Director – Amanah, HSBC Bank Malaysia Berhad, 1973 – 2007.

Other Public Company Directorships : Kumpulan Perangsang Selangor Berhad

He does not have any family relationship with any other directors and/or major shareholders of the Company, or any conflict of interests with the Company. He currently does not have any convictions for offences within the past 10 years other than traffic offences. His profile is available on page 126 of the Annual Report.

The details of any interest in the securities of the Company (if any) held by the said Directors are stated on pages 13 to 21 of the Director's Report in the Financial Statements Report 2016.

B. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ISSUE SHARES PURSUANT TO PARAGRAPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The details of the proposed renewal of the authority for Directors to issue shares by the Company under Section 76 of the Companies Act, 2016, are stated in the Explanatory Notes of the Notice of Annual General Meeting as set out on page 264 of this Annual Report.



C. PROPOSED SHARES BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Introduction

1.1 Renewal of Authority for CIMB to Purchase its Own Shares (Proposed Shares Buy-Back)

At the last Annual General Meeting of the Company held on 18 April 2016, 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 profits of approximately RM1,370 million and/or share premium account of approximately RM11,476 million based on the Audited Financial Statements of the Company for the financial year ended 31 December 2016.

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 60th Annual General Meeting to be held on 28 April 2017, unless renewed by an ordinary resolution.

On 28 February 2017, the Company announced its intention to seek shareholders' approval at the forthcoming 60th Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 60th Annual General Meeting. The notice of Annual General Meeting together with the Proxy Form is set out in this Annual Report.

2. Details of The Proposed Shares Buy-Back

The Board proposes to seek shareholders' approval for a renewal of the authority to purchase and/or hold its own shares in aggregate of up to 10% of the issued and paid-up share capital of the Company at any point of time through Bursa Securities. Based on the issued and paid-up share capital of the Company as at 28 February 2017 of RM8,868,384,176 comprising 8,868,384,176 ordinary shares of RM1.00 each in the Company (CIMB Shares), a total of 886,838,418 CIMB Shares may be purchased by the Company pursuant to the Proposed Shares Buy-Back. The maximum number of shares that can be bought back under this authority will take into account the number of shares previously bought back and retained as treasury shares, if any.

Such authority, if approved, would be effective immediately upon passing of the ordinary resolution for the Proposed Shares Buy-Back until:

- (i) the conclusion of the next Annual General Meeting of CIMB in 2018 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.

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The Board proposed to allocate an amount of up to retained profits and/or share premium account 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 profits and the share premium account and financial resources available to the Company. The audited retained profits of the Company as at 31 December 2016 was RM1,370 million whilst the audited share premium account of the Company as at 31 December 2016 was approximately RM11,476 million.

CIMB may only purchase its own shares at a price which is not more than 15% above the weighted average market price for the past 5 market days immediately preceding the date of the purchase(s). The Company may only re-sell the purchased shares held as treasury shares at a price which is (a) not less than the weighted average market price of CIMB Shares for the 5 market days immediately preceding the date of re-sale or (b) at a discounted price of not more than 5% to the weighted average market price of CIMB Shares for the 5 market days immediately prior to the re-sale, provided that the re-sale takes place not earlier than 30 days from the date of purchase and the re-sale price is not less than the cost of purchase of the CIMB Shares being re-sold. The Company shall, upon each purchase or re-sale of shares bought back, make the necessary announcements through Bursa Securities.

The Proposed Shares Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period using internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined at a later date, depending on the availability of internally generated funds, actual number of CIMB Shares to be purchased, the anticipated future cash flows of the Group and other cost factors.

The CIMB Shares purchased and held as treasury shares may be distributed as share dividends, re-sold on Bursa Securities in accordance with the relevant rules of Bursa Securities, cancelled or continue to be retained as treasury shares. The decision whether to retain the purchased shares as treasury shares, to cancel the shares purchased, distribute the treasury shares as share dividends and/or re-sell the treasury shares on Bursa Securities will be made by the Board at the appropriate time.

The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or the share premium account 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 and share premium account of the Company.

While the purchased shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision of Section 127 of the Companies Act, 2016, the provisions of any law or requirements of the Articles of Association of the Company or the Main Market Listing Requirements of Bursa Securities governing substantial shareholding, takeovers, notices, the requisitioning of meetings, quorum for a meeting and the result of a vote on a resolution at a meeting.

The Proposed Shares Buy-Back will be carried out in accordance with the Prevailing Laws at the time of the purchase including compliance with the public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.



The public shareholding spread of the Company before and after the Proposed Shares Buy-Back is as follows:

	Before the Proposed Shares Buy-Back	After the Proposed Shares Buy-Back
Public shareholding spread	46.91*1	52.12*2

Notes:

*1 As at 28 February 2016

*2 Based on the assumption that:

- (i) the Proposed Shares Buy-Back involves the aggregate purchase of 8,868,384,176 CIMB Shares (being 10% of issued and paid-up capital of the Company as at 28 February 2017) which are to be retained as treasury shares; and
- (ii) the number of CIMB Shares held by the Directors of CIMB, the substantial shareholders of CIMB and person connected to them remain unchanged.

3. Rationale for The Proposed Shares Buy-Back

The Proposed Shares Buy-Back will enable CIMB to utilise its surplus financial resources to buy-back CIMB Shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

The purchased shares can be held as treasury shares and re-sold on Bursa Securities to realise potential gain without affecting the total issued and paid-up share capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the Shareholders of the Company.

4. Evaluation of The Proposed Shares Buy-Back

4.1 Advantages

The potential advantages of the Proposed Shares Buy-Back are as follows:

- (i) Allow the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) Allow the Company more flexibility in fine-tuning its capital structure;
- (iii) The resultant reduction of share capital base is expected to improve the earnings per share and may strengthen the net tangible assets of the remaining shares as well as the probability of declaring a higher quantum of dividend in the future;
- (iv) To stabilise a downward trend of the market price of the Company's shares;
- (v) Treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board of Directors is confident of CIMB's future prospects and performance in the long term; and
- (vi) If the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

4.2 Disadvantages

The potential disadvantages of the Proposed Shares Buy-Back are as follows:

- (i) The purchases can only be made out of distributable reserves resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- (ii) The purchases of existing shares involve cash outflow from the Company which may otherwise be retained and used for the businesses of the Company.

Nevertheless, the Board of Directors will be mindful of the interests of the Company and its shareholders in exercising the authority to purchase its own shares.

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5. Effects of the Proposed Shares Buy-Back

Assuming that the Company buys back up to 886,838,418 CIMB Shares representing 10% of its issued and paid-up share capital as at 28 February 2017 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Shares Buy-Back on the share capital, net tangible assets, working capital, earnings and substantial shareholders' and Directors' shareholdings are as set out below:

5.1 Share Capital

In the event that all CIMB Shares purchased are cancelled, the Proposed Shares Buy-Back will result in the issued and paid-up share capital of CIMB as at 28 February 2016 to be reduced from RM8,868,384,176 comprising 8,868,384,176 CIMB Shares to RM7,981,545,758 comprising 7,981,545,758 CIMB Shares. However, it is not expected to have any effect on the issued and paid-up share capital if all CIMB Shares purchased are to be retained as treasury shares.

The effects of the Proposed Shares Buy-Back on the issued and paid up share capital of CIMB are illustrated below:

	As Per Audited Financial Statement as at 31 December 2016	As at 28 February 2017	After Share Purchase and Cancellation
Issued and paid-up share capital (RM)	8,868,384,176	8,868,384,176	7,981,545,758*

Note:

*1 Assuming up to 10% of the issued and paid-up share capital of CIMB or 886,838,418 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 price of CIMB Shares and the effective funding cost or loss in interest income to CIMB.

If all CIMB Shares purchased are to be cancelled or retained as treasury shares, the Proposed Shares Buy-Back will reduce the net assets per share when the purchase price exceeds the net assets per share at the relevant point in time. On the contrary, the net assets per share will be increased when the purchase price is less than the net assets per share at the relevant point in time.

The Proposed Shares Buy-Back will reduce the working capital of CIMB, the quantum of which will depend on the amount of financial resources to be utilised for the purchase of CIMB Shares.

5.3 Earnings Per Share

The effects of the Proposed Shares Buy-Back on the Earnings Per Share of CIMB are dependent on the purchase prices of CIMB Shares and the effective funding cost or loss in interest income to CIMB.



5.4 Substantial Shareholders' and Directors' Shareholdings

The effects of the Proposed Shares Buy-Back on the Substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 28 February 2017 are as follow:

Substantial Shareholders	No. of CIMB Shares Held								
	Before the Proposed Shares Buy-Back ^{*1}				After the Proposed Shares Buy-Back ^{*2}				
	Direct	%	Indirect	%	Direct	%	Indirect	%	
Khazanah Nasional Berhad	2,602,266,336	29.34	—	—	2,602,266,336	32.60	—	—	
Employees Provident Fund Board	1,347,161,569 ^{*3}	15.19	—	—	1,347,161,569	16.88	—	—	

Notes:

*1 Adjusted for the number of treasury shares held as at 28 February 2017.

*2 Assuming that 10% of the issued and paid-up capital is purchased and retained as treasury shares.

*3 Includes shares held through nominees.

Directors	Before the Proposed Shares Buy-Back ^{*1}		After the Proposed Shares Buy-Back ^{*2}	
	No. of CIMB Shares Held	%	No. of CIMB Shares Held	%
Dato' Sri Nazir Razak	46,505,760	0.52	46,505,760	0.52
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	1,040,332	— ^{*3}	1,040,332	— ^{*3}
Dato' Lee Kok Kwan ^{*4}	2,779,365 ^{*4}	— ^{*3}	2,779,365 ^{*4}	— ^{*3}
Teoh Su Yin ^{*5}	108,696 ^{*5}	— ^{*3}	108,696 ^{*5}	— ^{*3}

Notes:

*1 Adjusted for the number of treasury shares held as at 28 February 2017.

*2 Assuming 10% of the issued and paid-up capital is purchased and retained as treasury shares.

*3 Less than 0.1%.

*4 Includes the shareholdings of his spouse.

*5 Shares held by her spouse.

Save as disclosed above, none of the Directors, substantial shareholders, and persons connected to the Directors and/or substantial shareholders held any CIMB Shares.

6. Approval Required

The Proposed Shares Buy-Back is conditional upon the approval of the shareholders of CIMB at the forthcoming 60th Annual General Meeting.

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STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

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 2016 to February 2017 are as follows:

	High (RM)	Low (RM)
2016		
March	4.88	4.50
April	5.00	4.70
May	4.70	4.30
June	4.54	4.20
July	4.40	4.18
August	4.80	4.36
September	4.92	4.64
October	5.08	4.71
November	4.98	4.57
December	4.67	4.51

	High (RM)	Low (RM)
2017		
January	5.02	4.51
February	5.17	4.94

Note: Based on the actual share price

8. Purchases, Resale and Cancellation of Treasury Shares Made During the Financial Year Ended 31 December 2016

During the financial year ended 31 December 2016, the Company purchased a total of 100 CIMB Shares from the open market at an average price (including transaction costs) of RM4.34 per share or a total consideration of RM478. All the Shares purchased were retained as treasury Shares.

Information on Shares purchased during the financial year ended 31 December 2016 is set out in the "Additional Disclosures".

9. Directors' and Substantial Shareholders' Interests

None of the Directors, substantial shareholders and/or persons connected to the Directors or substantial Shareholders of the Company have any interest, direct or indirect in the Proposed Shares Buy-Back or the re-sale of treasury Shares.

10. Malaysian Code on Take-Overs and Mergers 2010 (Code)

The Proposed Shares Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 9 of the Code.

11. Statement by Bursa Securities

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

12. Directors' Recommendation

After having considered all aspects of the Proposed Shares Buy-Back, your Board is of the opinion that the Proposed Shares Buy-Back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Shares Buy-Back to be tabled at the forthcoming 60th Annual General Meeting.



ADMINISTRATIVE DETAILS FOR THE 60TH ANNUAL GENERAL MEETING (AGM)

Day & Date : Friday, 28 April 2017

Time : 9.00 a.m.

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

PARKING

Kindly park your vehicle at Connexion @ Nexus car park where parking will be paid by CIMB. Please validate/exchange the parking card at the allocated parking booth in the Ballroom foyer.

REGISTRATION

1. Registration will start at 6.30 a.m. at Nexus 1, Level 3. There will be signages to the registration area and you will have to queue for registration.
2. Please produce your original Identity Card (I/C) at the registration counter for verification. Please make sure your I/C is returned to you thereafter.
3. Upon verification, you will be given an identification wristband and you will only be allowed to enter the meeting hall if you are wearing the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
4. If you are attending the AGM as shareholder as well as proxy, you will be registered only once and will be given only one identification wristband to enter the meeting hall.
5. Please note that you are not allowed to register on behalf of another shareholder/proxy, even with the original I/C of that other shareholder/proxy.
6. After registration, please proceed to the Spectrum Room to redeem your meal. Light refreshments (Coffee/Tea and Cookies) will also be available from 6.30 a.m. to 11.30 a.m.
7. The registration counters will only handle verification of shareholdings and registration. You may proceed to the Help Desk for any other clarification or enquiry. Please refer to the signages.

CORPORATE REPRESENTATIVES

Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the AGM or to the registration staff on the AGM day for the Company's records.

HELP DESK

Please proceed to the Help Desk located within the Registration room for any clarification or enquiries.

LUNCH

- Each shareholder/proxy who is present will be given one (1) coupon only upon registration, to be exchanged for a takeaway set meal. This is irrespective of the number of shareholders he/she represents (e.g. in the event a proxy represents two (2) or more shareholders, he/she shall be entitled to one (1) takeaway set meal only).
- There will be no replacement in the event that you lose/misplace your coupon.
- If the proxy/proxies has/have obtained the takeaway set meal earlier, shareholders registering subsequently on the same account will not be given any coupon for redemption.
- There will be a limited number of tables and chairs located at the garden area should you wish to have your meal there.

SEATING ARRANGEMENT FOR THE AGM

- Free seating. All shareholders/proxies will be allowed to enter the Grand Ballroom from 8.30 a.m. onwards.
- All shareholders/proxies are encouraged to be seated at least ten (10) minutes before the commencement of the AGM.

MOBILE DEVICES

Please ensure that all mobile devices i.e. phones/other sound emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings. Any recording of the AGM proceedings, either vocal or audiovisual, is strictly prohibited.

NO SMOKING POLICY

A no smoking policy is maintained inside the Connexion @ Nexus building. Your co-operation is much appreciated.

WI-FI

Free Wi-Fi is available at Connexion @ Nexus for the convenience of shareholders/proxies.

FIRST AID

Please refer to the Help Desk/First Aiders should any assistance be required.

PERSONAL BELONGINGS

Please take care of your personal belongings. The organiser will not be held responsible for any missing item.

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ADMINISTRATIVE DETAILS FOR THE 60TH ANNUAL GENERAL MEETING (AGM) (CONT'D.)

VOTING PROCEDURE

- The voting at the AGM will be conducted via e-polling at Nexus 1. Symphony Share Registrars Sdn. Bhd. is appointed as Poll Administrator to conduct the polling process. An Independent Scrutineer will verify the results of the poll.
- Please follow the instructions given for the e-polling process.

FRIDAY PRAYERS

Muslims shareholders/proxies may proceed to the nearby Masjid Ar-Rahah to perform Friday Prayers upon the conclusion of the AGM at your convenience. A prayer room is also located at Level 1.

ANNUAL REPORT 2016

The Annual Report 2016 is available on our website at www.cimb.com and also at www.bursamalaysia.com under Company Announcements of CIMB Group Holdings Berhad.

ENQUIRY

If you have general administrative queries on the AGM, please contact the following during office hours:-

Symphony Share Registrars:

Mohamed Sophiee Ahmad Nawawi

Tel: General +603-7841 8000/7849 0777
Fax: +603-7841 8151/8152
Email: ask_us@symphony.com.my
Website: Submit your enquiry via <http://www.symphony.com.my/contact-us/>

Group Company Secretary, CIMB

Tel: +603-2261 0085
Datin Rossaya Mohd Nashir
(Group Company Secretary)
Dale Affendy Yusof
Farah Atikah Hasnan
Email: cimbagm@cimb.com

LOCATION MAP TO CONNEXION @ NEXUS



by Train Take the Light Rail Transit (LRT) to Kerinchi LRT Station/Universiti LRT station. Nexus is within 15 – 20 minutes walking distance from both the train stations. From Kerinchi LRT station, walk along the covered pedestrian bridge and central park (or covered walkway at B1) at Bangsar South towards Nexus. There is also a covered pedestrian bridge to cross Jalan Kerinchi to Nexus. Alternatively, take a ride on the complimentary shuttle service by Connexion @ Nexus from Universiti LRT station or The Horizon Phase 2 pick-up point (if you are coming from Kerinchi LRT station).	by Bus Take the RapidKL bus T631 from Mid Valley Megamall to Universiti LRT Station or The Village, Bangsar South. Then, hop on to a complimentary Shuttle Service which will drop you off at the doorstep of Nexus and The Vertical. It is available on weekdays from 8.00am to 8.00pm (Mondays – Fridays). Visit http://www.connexioncec.com/location/ for more information on the shuttle service.	by Car Strategically located between Kuala Lumpur, Petaling Jaya, and Bangsar, Connexion Conference & Event Centre is easily accessible via Federal Highway, New Pantai Expressway (NPE), SPRINT Highway, and Damansara-Puchong Expressway (DLP).



GROUP CORPORATE DIRECTORY 2017

CIMB GROUP HOLDINGS BERHAD
CIMB INVESTMENT BANK BERHAD
CIMB FUTURES SDN. BHD.

Level 13, Menara CIMB
 Jalan Stesen Sentral 2
 Kuala Lumpur Sentral
 50470 Kuala Lumpur
 Malaysia
 Tel : 603 2261 8888
 Fax : 603 2261 8899
 Website : www.cimb.com

CIMB BANK BERHAD
CIMB ISLAMIC BANK BERHAD

Menara Bumiputra-Commerce
 11 Jalan Raja Laut
 50350 Kuala Lumpur
 Malaysia
 Tel : 603 2619 1188
 Fax : 603 2619 2288
 Website : www.cimb.com

TOUCH 'N GO SDN. BHD.

Tower 6 Avenue 5
 Bangsar South
 No. 8 Jalan Kerinchi
 59200 Kuala Lumpur
 Malaysia
 Tel : 603 2714 8000
 Fax : 603 2714 8001
 Website : www.touchngo.com.my

PT BANK CIMB NIAGA TBK

Graha CIMB Niaga, 16th Floor
 Jl. Jend Sudirman Kav. 58
 Jakarta 12190
 Indonesia
 Tel : 6221 250 5252
 Fax : 6221 252 6749
 Website : www.cimbniaga.com

CIMB THAI BANK PCL

44 Langsuan Road, Lumpini
 Pathumwan Bangkok 10330
 Thailand
 Tel : 662 638 8000/662 626 7000
 Fax : 662 657 3333
 Website : www.cimbthai.com

CIMB BANK BERHAD

SINGAPORE BRANCH

#09-01
 Singapore Land Tower
 50 Raffles Place 048623
 Singapore
 Tel : 65 6337 5115
 Fax : 65 6337 5335
 Website : www.cimb.com

CIMB BANK BERHAD

LONDON BRANCH

Ground Floor, 27 Knightsbridge
 London SW1X 7LY
 United Kingdom
 Tel : 44 0 20 7201 3150
 Fax : 44 0 20 7201 3151
 Website : www.cimb.com

CIMB BANK BERHAD

SHANGHAI BRANCH

Unit 1805-1807, AZIA Center
 1233, Lujiazui Ring Road
 Pudong New District
 Shanghai, 200120
 China
 Tel : 8621 2026 1888
 Fax : 8621 2026 1988
 Website : www.cimb.com

CIMB BANK BERHAD

HONG KONG BRANCH

Unit 6706B-08A, Level 67
 International Commerce Centre
 1 Austin Road West
 Kowloon, Hong Kong
 Tel : 852 2586 7288
 Fax : 852 2556 3863
 Website : www.cimb.com

CIMB THAI BANK PCL

VIENTIANE BRANCH

010 Lanexang Avenue
 Unit 2 Ban Hatsadi
 Chanthabury District
 Vientiane, Lao PDR
 Tel : 856 21 255 355
 Fax : 856 21 255 356
 Website : www.cimbthai.com

CIMB BANK (L) LIMITED

CIMB BANK BERHAD

LABUAN OFFSHORE BRANCH

Level 14(A), Main Office Tower
 Financial Park Labuan
 Jalan Merdeka
 87000 W P Labuan
 Malaysia
 Tel : 6087 410 302/305
 Fax : 6087 410 313
 Website : www.cimb.com

CIMB BANK PLC

20AB Corner Preah Norodom
 Boulevard & Street 118
 Sangkat Phsar Chas
 Phnom Penh 12203
 Kingdom of Cambodia
 Tel : 855 23 988 388
 Fax : 855 23 988 099
 Website : www.cimbbank.com.kh

CIMB INVESTMENT BANK BERHAD

BRUNEI BRANCH

14th Floor, PGGMB Building
 Jalan Kianggeh
 Bandar Seri Begawan BS8111
 Brunei Darussalam
 Tel : 673 224 1888
 Fax : 673 224 0999
 Website : www.cimb.com

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CIMB SECURITIES INTERNATIONAL

PTE. LTD.

CIMB SECURITIES (SINGAPORE) PTE. LTD.

#16-00
Singapore Land Tower
50 Raffles Place 048623, Singapore
Tel : 65 6225 1228
Fax : 65 6225 1522
Website : www.cimb.com

CIMB SECURITIES LIMITED

Unit 7706-08, Level 77
International Commerce Centre
1 Austin Road
West Kowloon
Hong Kong
Tel : 852 2868 0380
Fax : 852 2537 1928
Website : www.cimb.com

CIMB SECURITIES (UK) LTD.

27 Knightsbridge
London SW1X 7LY
United Kingdom
Tel : 4420 7201 2199
Fax : 4420 7201 2191
Website : www.cimb.com

PT CIMB SECURITIES INDONESIA

The Indonesia Stock Exchange Building
Tower II, 20th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Indonesia
Tel : 6221 515 1330
Fax : 6221 515 1335
Website : www.itradecimb.co.id

CIMB SECURITIES (THAILAND) CO., LTD.

130-132, Sindhorn Tower 2, 2nd, 3rd Floor
and Sindhorn Tower 3, 12th Floor,
Wireless Road, Lumpini
Pathumwan, Bangkok 10330
Thailand
Tel : 66 2841 9000
Fax : 66 2841 9090
Website : www.cimbsecurities.com

CIMB SECURITIES (USA), INC.

11th Floor
540 Madison Avenue
New York
NY 10022
United States of America
Tel : 1212 616 8600
Fax : 1212 616 8639
Website : www.us.cimb.com

CIMB SECURITIES LIMITED

KOREA BRANCH

15th Floor, S-Tower Building
82 Saemunan-ro
Jongno-gu
Seoul 110-700, South Korea
Tel : 822 6730 6000
Fax : 822 6730 6182
Website : www.cimb.com

CIMB VINASHIN SECURITIES LLC

90 Pasteur, District 1
Ho Chi Minh City, Vietnam
Tel : 848 3914 6939
Fax : 848 3821 1806
Website : www.cimb.com

CIMB SECURITIES (INDIA) PRIVATE LIMITED

CIMB CORPORATE FINANCE (INDIA) PRIVATE LIMITED

B1203, The Capital
Bandra Kurla Complex
Mumbai 400051
India
Tel : 91 22 6602 5100
Fax : 91 22 6602 5105
Website : www.cimb.com

CIMB SECURITIES LIMITED

TAIWAN BRANCH

76F-1, 101 Tower Building
No. 7, Xin Yi Rd
Sec. 5, Taipei 11049
Taiwan, R.O.C
Tel : 886 2 8729 8388
Fax : 886 2 8729 8338
Website : www.cimb.com

CIMB HOWDEN INSURANCE BROKERS SDN. BHD.

(FORMERLY KNOWN AS CIMB INSURANCE BROKERS SDN BHD)
Level 15, Menara Bumiputra-Commerce
11 Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Tel : 603 2619 1188
Fax : 603 2692 3396
Website : www.cimb.com

CIMB TRUST LIMITED

Level 14(A), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 W P Labuan
Malaysia
Tel : 6087 414 252
Fax : 6087 411 855
Website : www.cimb.com

CIMB ISLAMIC TRUSTEE BERHAD CIMB COMMERCE TRUSTEES BERHAD

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : 603 2261 8888
Fax : 603 2261 8899
Website : www.cimb.com



CIMB-MAPLETREE MANAGEMENT

SDN. BHD.

CMREF 1 SDN. BHD.

CMREF 2 SHARIAH SDN. BHD.

Level 26, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Tel : 603 2261 8888
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CIMB-PRINCIPAL ASSET MANAGEMENT

BERHAD

CIMB-PRINCIPAL ISLAMIC ASSET

MANAGEMENT SDN. BHD.

10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel : 603 2084 8888
Fax : 603 2084 8899
Websites: www.cimb-principal.com.my
www.cimb-principalislamic.com

CIMB-Principal Asset Management

Company Limited

44, CIMB Thai Building
16th Floor
Langsuan Road Lumpini, Pathumwan
Bangkok 10330
Thailand

Tel : 662 686 9595
Fax : 662 686 9500
Website : www.cimb-principal.co.th

PT CIMB-Principal Asset Management

Wisma GKBI, Suite 2201A
22nd Floor
Jl. Jend. Sudirman, No. 28
Jakarta Pusat 10210
Indonesia

Tel : 6221 5790 1581
Fax : 6221 5790 1582
Website : www.cimb-principal.co.id

CIMB-Principal Asset Management (S)

Pte Ltd

50, Raffles Place
#22-03A, Singapore Land Tower
Singapore 048623
Tel : 65 6210 8488
Fax : 65 6210 8489
Website : www.cimb-principal.com.sg

CAPITAL ADVISORS PARTNERS ASIA

SDN. BHD.

2B-6-3, Level 6, Block 2B
Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Tel : 603 2035 6868
Fax : 603 2035 6878
Website : www.capasia.com

iCIMB (MALAYSIA) SDN. BHD.

iCIMB (MSC) SDN. BHD.

19th Floor, Tower 5, Avenue 7
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Tel : 603 2180 7198
Fax : 603 2180 7100
Website : www.cimb.com

CIMB FOUNDATION

Level 17, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Tel : 603 2261 8888
Fax : 603 2261 8899
Website : www.cimbfoundation.com

CIMB BANK BERHAD

YANGON REPRESENTATIVE OFFICE

1008, Level 10, Sakura Tower
Kyauktada Township, Yangon
Myanmar

Tel : 951 255 430
Fax : 951 255 430
Website : www.cimb.com

CIMB BANK BERHAD

MUMBAI REPRESENTATIVE OFFICE

B1203, B Wing, 12th Floor
The Capital, Bandra Kurla Complex
Bandra (East)
Mumbai 400051
India

Tel : 91 22 6671 1570
Fax : 91 22 6671 1571
Website : www.cimb.com

CIMB (PRIVATE) LIMITED

Level 33, West Tower
World Trade Centre
Echelon Square
Colombo 01, Sri Lanka

Tel : 94 11 234 8888
Fax : 94 11 244 1801
Website : www.cimb.com

CIMB BANK (VIETNAM) LIMITED

Level 2, Cornerstone Building
16 Phan Chu Trinh
Hoan Kiem District
Hanoi, Vietnam

Tel : 84 4 3266 3388
Fax : 84 4 3266 3389
Website : cimbcare@cimb.com

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CIMB Group Holdings Berhad (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 60th Annual General Meeting (AGM) of the Company to be held at the Grand Ballroom, Level 3A, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Friday, 28 April 2017 at 9.00 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

RESOLUTIONS	FOR*	AGAINST*
1. Receipt of Audited Financial Statements and Reports		
2. Re-election of Directors pursuant to Article 76 of the Company's Articles of Association: 2.1 Robert Neil Coombe 2.2 Datuk Joseph Dominic Silva 2.3 Teoh Su Yin	Resolution 1 Resolution 2 Resolution 3	
3. Re-election of Director pursuant to Article 83 of the Company's Articles of Association: 3.1 Mohamed Ross Mohd Din	Resolution 4	
4. Approval of Non-Executive Directors' Remuneration with effect from the 60th AGM until the Next AGM of the Company	Resolution 5	
5. Re-appointment of Auditors	Resolution 6	
6. Proposed Renewal of the Authority for Directors to Allot and Issue Shares	Resolution 7	
7. Proposed Renewal of the Authority for Directors to Allot and Issue Shares in relation to the Dividend Reinvestment Scheme	Resolution 8	
8. Proposed Renewal of the Authority to Purchase Own Shares	Resolution 9	

As Witness my hand this _____ day of _____

No. of Shares
Held:

Signature of Member(s)

* Please indicate with an "X" how you wish your vote to be cast. (Unless otherwise instructed, the proxy may vote as he thinks fit.)

Notes:

- Section 334 of the Companies Act, 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the company.
- This instrument duly completed must be deposited at the Registrar's office at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
- 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.
- For the purpose of determining a member who shall be entitled to attend the 60th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 54(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 24 April 2017. Only a depositor whose name appears on the Record of Depositors as at 24 April 2017 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

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AFFIX STAMP

The Share Registrars
SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

fold here

www.cimb.com

CIMB Group Holdings Berhad (50841-W)

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia