

● www.cimb.com

CIMB GROUP HOLDINGS BERHAD (60841-W)

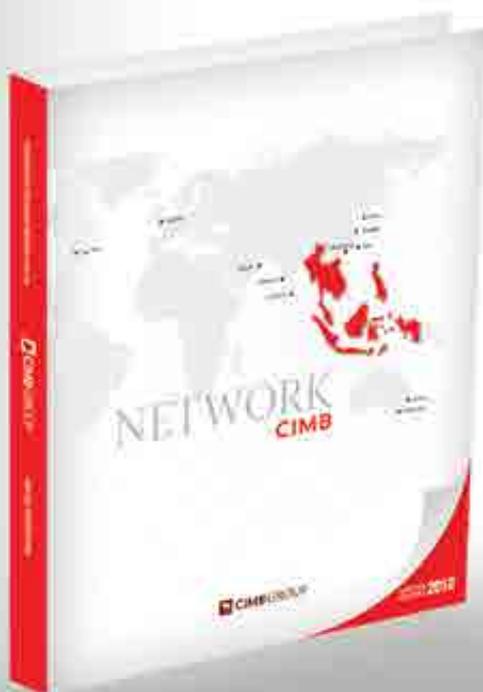


ANNUAL REPORT 2012



NETWORK CIMB





THE RATIONALE

This year, our CIMB Group annual report is focused on **Network CIMB**.

We are working to recalibrate the way our customers value us, and the way we serve our customers, so that it is not our different divisions or geographies that count, but the Group as a whole. This means that we make the Group's network accessible to our customers, and directly add value to their overall relationship with us.

Growing our **Network CIMB**, feeling that warmth of the connections across our divisions and geographies, and turning this into a positive experience for our customers is our management focus for 2013 and the theme for our 2012 Annual Report.

56th

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

Grand Ballroom, Level 1,
Sime Darby Convention Centre,
1A Jalan Bukit Kiara 1,
60000 Kuala Lumpur.
Wednesday, 17 April 2013
at 9.30 a.m.

OUR VISION

- TO BE THE LEADING ASEAN COMPANY

OUR 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



2012



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NOTICE OF ANNUAL GENERAL MEETING

OUR VALUES

Our values are the beliefs that guide our actions as we pursue our vision

CUSTOMER-CENTRIC •

WE EXIST TO SERVE OUR CUSTOMERS AND WE SELL PRODUCTS AND SERVICES THAT OUR CUSTOMERS UNDERSTAND AND VALUE.

HIGH PERFORMANCE •

WE WORK HARD AND WE WORK STRATEGICALLY FOR CUSTOMERS, STAFF AND OTHER STAKEHOLDERS.

ENABLING PEOPLE •

WE EMPOWER AND ALIGN OUR PEOPLE TO INNOVATE AND DELIVER VALUE IN THEIR WORKPLACE AS WELL AS FOR THE COMMUNITY THEY SERVE.

STRENGTH IN DIVERSITY •

WE HAVE RESPECT FOR DIFFERENT CULTURES, WE VALUE VARIED PERSPECTIVES AND WE RECOGNISE DIVERSITY AS A SOURCE OF STRENGTH.

INTEGRITY •

WE ARE HONEST, RESPECTFUL AND PROFESSIONAL IN EVERYTHING WE DO BECAUSE INTEGRITY IS THE FOUNDING VALUE OF CIMB GROUP.

About CIMB Group

• 5TH LARGEST

UNIVERSAL BANKING GROUP BY ASSETS IN ASEAN

- LOCATED IN **ASEAN**
AND KEY MARKETS BEYOND

CORPORATE SNAPSHOT AT 31 DECEMBER 2012

- MARKET CAP ON BURSA MALAYSIA

RM56.7 BILLION

- TOTAL ASSETS

RM337.1 BILLION

- NET PROFIT

RM4.3 BILLION

- TOTAL SHAREHOLDERS' FUNDS

RM28.4 BILLION

- TOTAL FUNDS UNDER MANAGEMENT

RM43.2 BILLION

- EARNINGS PER SHARE

RM58.45 SEN

- WORKFORCE

42,000 EMPLOYEES



Key Facts



CIMB Group is a leading ASEAN universal bank, the largest Asia Pacific (ex-Japan) investment bank and one of the world's largest Islamic banks.

The Group is headquartered in Kuala Lumpur, Malaysia and offers consumer banking, wholesale banking, Islamic banking and asset management. It is the fifth largest banking group by assets in Southeast Asia and at the end of 2012 had about 42,000 staff and 13.5 million customers.

The Group's retail banking branch network is the widest in the region, with 1,080 retail branches in Malaysia, Indonesia, Singapore, Thailand and Cambodia.

The Group has substantial wholesale banking operations. Its corporate banking and treasury markets business offers one of the most comprehensive and integrated product and service suites among universal banks in ASEAN. Its investment bank is the largest in Asia Pacific (ex-Japan) with offices in ASEAN's main markets and in Bahrain, Colombo, Hong Kong, Melbourne, Mumbai, Shanghai, Seoul, Sydney and Taipei. In addition it has equity sales operations in London and New York.

Products and services are complemented by partnerships and alliances with various leading companies including the Principal Financial Group, Bank of Tokyo-Mitsubishi UFJ, Sun Life Assurance, Allianz Insurance, Thai Life Insurance, Sri Ayudhya General Insurance, and Mapletree Investments.

CIMB Group operates its business through several main brand entities; CIMB Bank, CIMB Investment Bank and CIMB Islamic in Malaysia, CIMB Niaga in Indonesia, CIMB Securities and CIMB Bank in Singapore and CIMB Thai in Thailand.

CIMB Group Holdings Berhad (CGHB) is the listed company of CIMB Group. CGHB has been listed on the main market of Bursa Malaysia since 1987 and was one of the largest companies at the end of 2012 with a market capitalisation of about RM56.7 billion. The total assets at the end of 2012 were approximately RM337.1 billion, with total shareholders' funds of around RM28.4 billion and total funds under management of approximately RM43.2 billion. Major shareholders at the end of 2012 were Khazanah Nasional with 29.9%, Employees Provident Fund (EPF) with 13.7%, Kumpulan Wang Persaraan (KWAP) with 2.7% and Mitsubishi UFJ Financial Group with 5.0%.



312 MALAYSIA
RETAIL BRANCHES

590 INDONESIA
RETAIL BRANCHES

2 SINGAPORE
RETAIL BRANCHES

164 THAILAND
RETAIL BRANCHES

11 CAMBODIA
RETAIL BRANCHES

1 LONDON
RETAIL BRANCH

CIMB Network

OUR ASEAN MARKETS



- MALAYSIA • INDONESIA • SINGAPORE • THAILAND • BRUNEI
- CAMBODIA • MYANMAR • VIETNAM

OTHER MARKETS

- BAHRAIN • COLOMBO • HONG KONG • LONDON • MELBOURNE
- MUMBAI • NEW YORK • SHANGHAI • SEOUL • SYDNEY • TAIPEI

Corporate Milestones and Our Rich Heritage

1924

Bian Chiang Bank established in Kuching, and later incorporated as Bian Chiang Bank Limited in 1956.



1974

Pertanian Baring Sanwa Multinational Bank (PBSM) established in Kuala Lumpur.

1979

Bian Chiang Bank relaunched as Bank of Commerce Berhad in the presence of Finance Minister Tengku Razaleigh Hamzah.



1986

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

Corporate Milestones and Our Rich Heritage

1987

Bank of Commerce 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.

Corporate Milestones and Our Rich Heritage

2005

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



2006

CIMB Group acquires Southern Bank. The new-look CIMB Group launches in the presence of the Malaysian Prime Minister Dato' Sri Abdullah Ahmad Badawi. CIMB Group's vision is 'To Be Southeast Asia's Most Valued Universal Bank'. It also unveils a new logo and a new tagline 'Forward Banking'.

2008

Bank Niaga merges with Bank Lippo to form Bank CIMB Niaga. *(Shown in picture)*. CIMB Group acquires BankThai and the following year renames it CIMB Thai Bank.



2009

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

Corporate Milestones and Our Rich Heritage

2010

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



2011

CIMB Group starts 'CIMB 2.0' an organisational step change to recalibrate and accelerate its businesses. The Group rebrands to a red logo through all divisions and launches a new tagline of 'ASEAN For You.' In order to support ASEAN economic integration, the Group also launches the CIMB ASEAN Research Institute and the CIMB ASEAN Conference series.

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, Seoul, Taipei, London and New York. (Sydney office opening shown in picture). CIMB Group acquires SICCO Securities, a Thai stock broking company.



Code of Ethics and Conduct

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.

SUMMARY

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

i To avoid conflict of interest

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

ii 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.

iii 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.

iv 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.

v 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, copyright 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.

vi 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.

Commitment on Service Quality and Excellence

CIMB Group is a universal bank and banking is a people-driven business. Everyone who works for CIMB Group has a role serving our clients and customers, or serving people who serve our clients and customers.

Since CIMB Group's early days, customers and clients have been core to everything we do. The first of our five CIMB Group Values is that we are customer-centric. We exist for our clients and customers and we sell products and services that our clients and customers understand and value. Even ancillary activities such as securities trading are developed with the ultimate objective of enhancing the quality of products and services we can serve our clients and customers.

The second of our CIMB Group Values is high performance. We work hard and we work strategically for customers, clients, staff and other stakeholders. Internally, we measure, differentiate and recognise our people according to their individual contributions while aligning everyone to the performance of the company as a whole. Clients and customers can therefore expect our people to always strive to excel in their service levels.

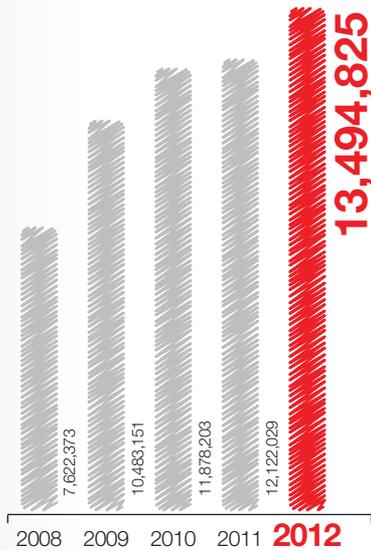
In placing the needs of our clients and customers first, we have segmented our response to ensure that we can serve them in the manner to which they are accustomed.

Our Corporate Client Solutions is tasked with managing all the needs of our large corporate clientele. They are responsible for ensuring that clients are delivered the right customised financial solutions, often by bundling products across various product units within the firm. For smaller companies we have different product teams leading client relationship management depending on the client's primary requirements, and then cross-selling other suitable products of the Group. At the other end of the spectrum, in retail banking, we also have a segmented range of service levels and channels to cater to the needs of our customers, from private banking to mass market banking and from branches to CIMB Clicks.

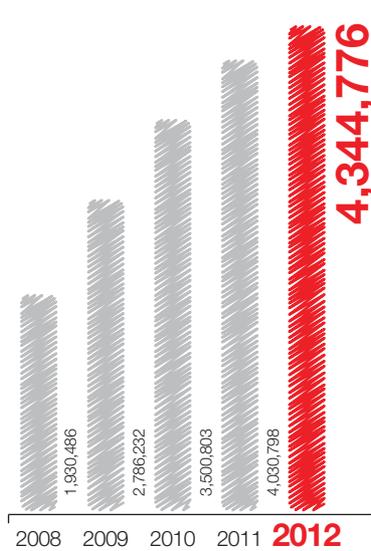


Financial Highlights

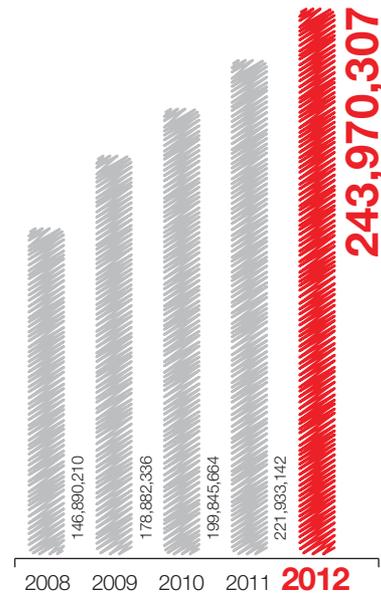
Operating Income
RM'000



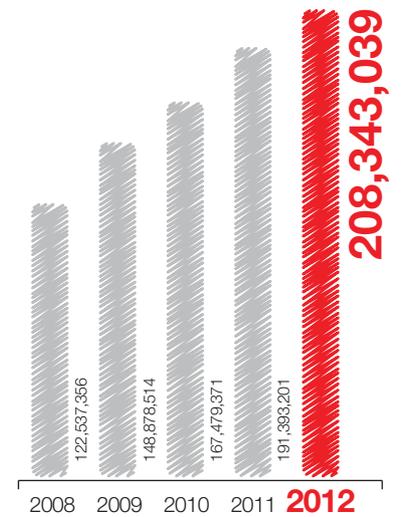
Net Profit
RM'000



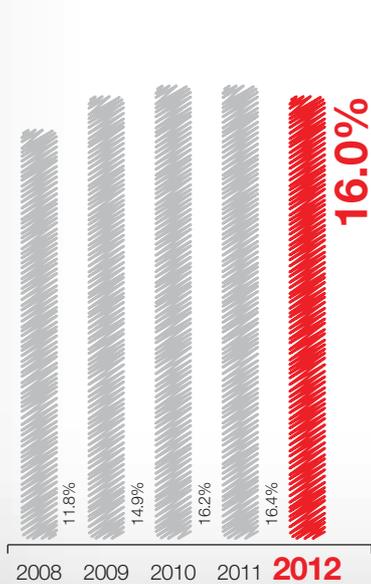
Total Deposits
RM'000



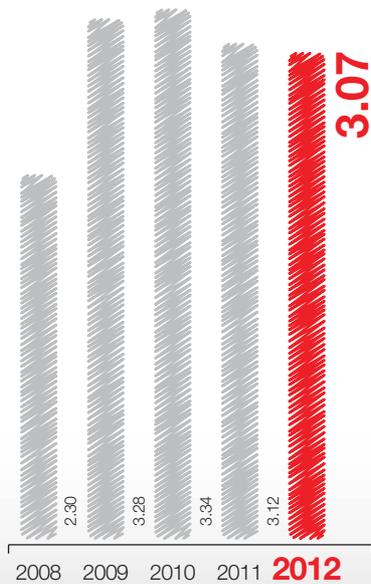
Gross Loans
RM'000



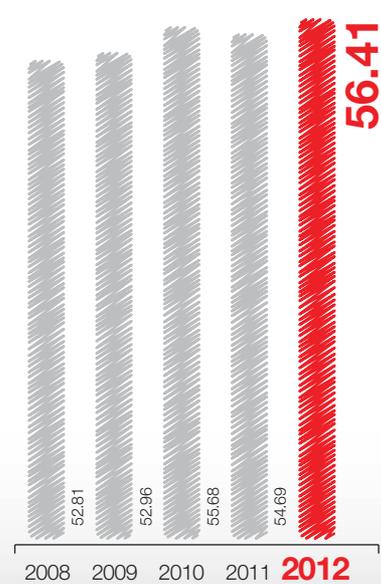
ROE
%



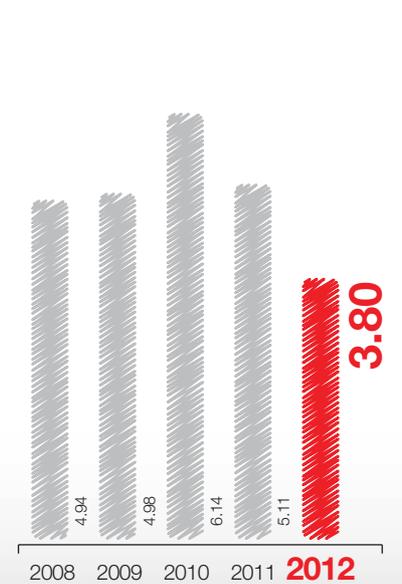
NIM
%



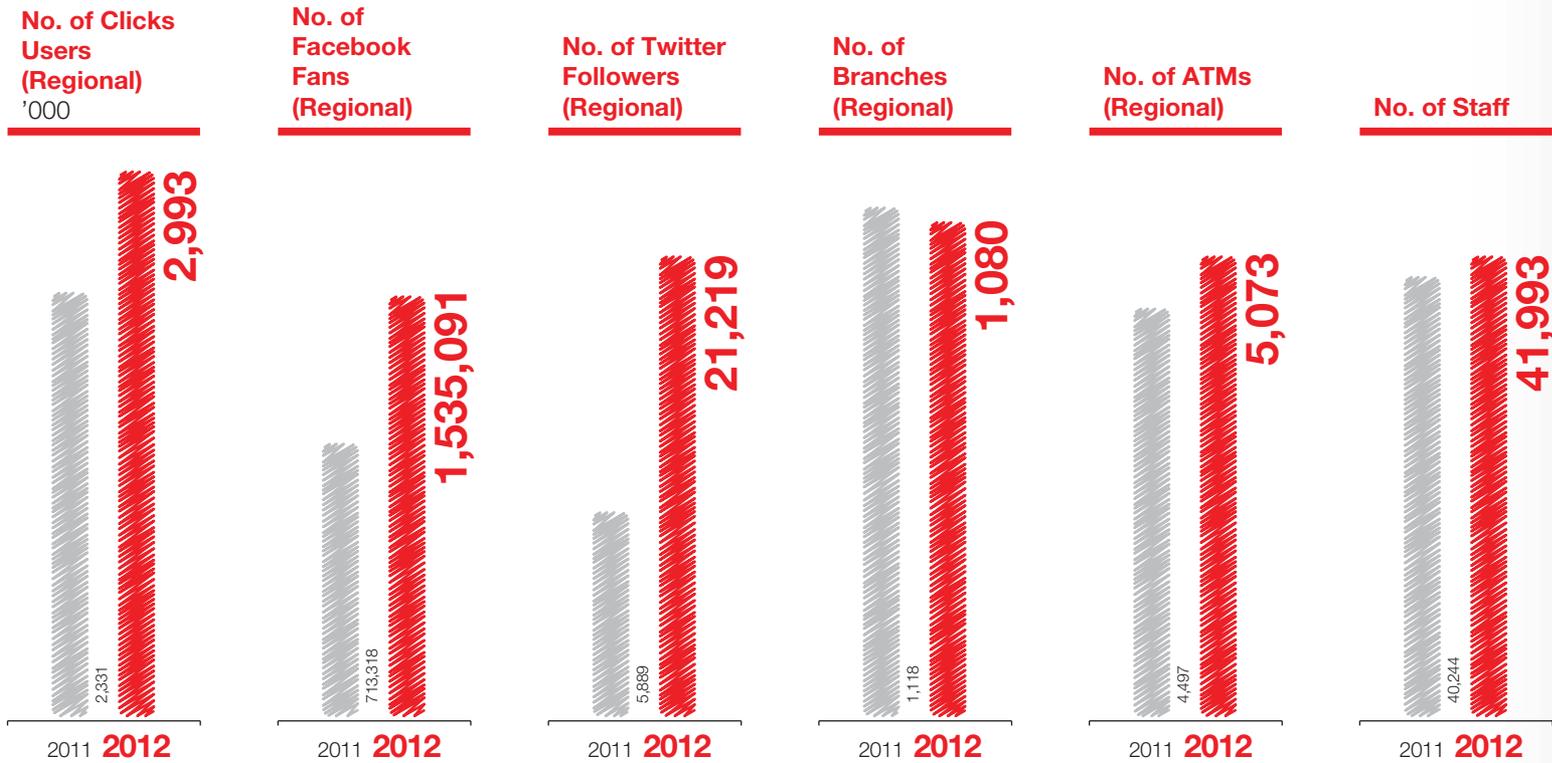
Cost to Income
%



Gross Impaired Loans Ratio
%



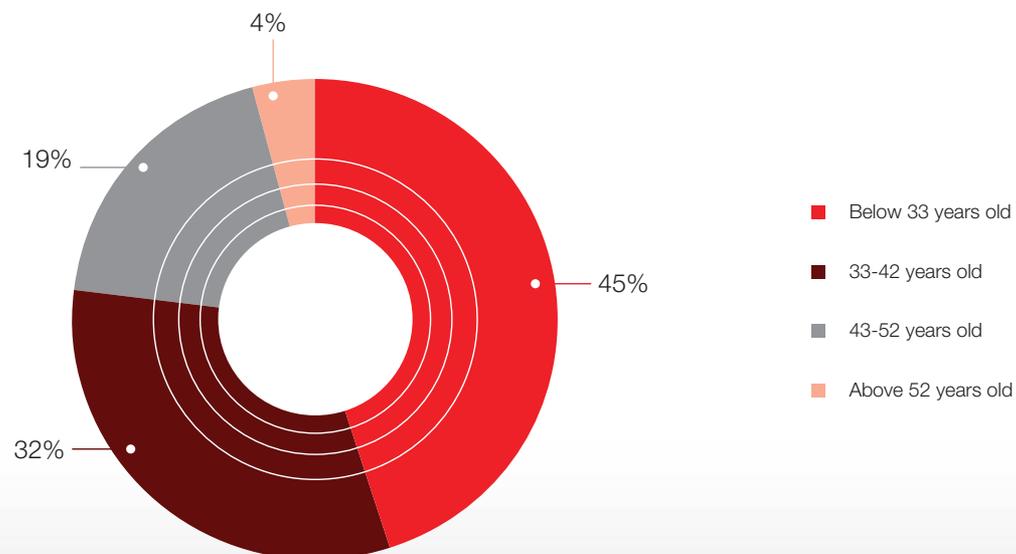
Non Financial Highlights



Workplace Demographics

CIMB GROUP AGE OF WORKFORCE

Data as at 30 September 2012





Extensive network in ASEAN and key markets beyond

We have an extensive network structure across ASEAN and beyond to support Network CIMB. The Group's consumer banking network is the widest in the region, and the Group's investment banking network is the largest in Asia Pacific outside Japan.

1,080 branches in 6 countries. Offices in 19 cities.

MESSAGE FROM THE CHAIRMAN

“ We are now in a position to catalyse and benefit as ASEAN’s economic power expands and Asia does more business with Asia. ”

MD NOR YUSOF

Message from the Chairman

**Dear Shareholders,**

I have recently returned from Liaoning Province in China, where I attended the annual convention of the Bank of Yingkou. CIMB Group is the single largest shareholder in the bank, and we have seen good annual returns since we invested in 2008.

Such rosy financials along with friendly company from Bank of Yingkou Chairman Liu Qingshan helped make the atmosphere at the annual convention very warm, in spite of the fact that it was a freezing minus 20 degrees outside.

The reason I recount this story to you here is that the warmth I experienced at the Bank of Yingkou annual dinner is not an isolated event. Right across our CIMB Group network, and no matter if the weather is freezing cold, or windy or sunny or rainy, we are feeling it. This warmth is the expanding network of operations we are building across ASEAN and key markets beyond. The warmth is the growing connectivity of CIMB in ASEAN and beyond.

Message from the Chairman



The weather was freezing, but these food sellers did not seem to feel the cold on the street outside the Bank of Yingkou in northern China.

By the end of 2012, CIMB Group had reached a fairly complete point in its transformation programme into a universal bank, with a good foothold in ASEAN and a global reach in major economic centres beyond.

It has been no easy task, taking a niche investment bank based in Kuala Lumpur and transforming it into a universal bank across ASEAN and beyond. But I am comfortable telling you that by the end of 2012, CIMB Group had reached a fairly complete point in its transformation programme into a regional universal bank, with a good foothold in ASEAN and a global reach in major economic centres.

At the start of this process in 2005, our plans seemed quite audacious. But with the mandate from our shareholders to proceed, lots of hard work right across the CIMB Group, and a visionary and determined leadership, we have translated our strategic concept into reality. We have built a strong core in ASEAN and major economic centres beyond, and we are networking across our divisions and geography to leverage on our strengths.

RECORD PROFIT

I am of course very pleased that 2012 was CIMB Group's most profitable year yet, as creating value for our shareholders is a foundation of everything we do. Our profit for 2012 was RM4.3 billion, up 7.8% over 2011.

I am even more pleased about the progress we made in 2012 in building our CIMB Group network, and how this sets us up for future successes in this era of seismic change in global finance. We are now in a position to catalyse and benefit as Asia's economic power expands and Asia does more business with Asia.

In 2012, we added or expanded operations in Sydney, Melbourne, Hong Kong, Taipei, Seoul, London and New York through the acquisition of some Asia Pacific units of the Royal Bank of

Scotland. We remain in discussions to purchase a majority stake in the Bank of Commerce in the Philippines and we finalised the acquisition of the Thai broker SICCO Securities.

Also in 2012, we intensified our internal restructuring with 'CIMB 2.0', our organisational step change to recalibrate and accelerate our businesses. Our three core divisions of Investment Banking, Corporate Banking, Treasury & Markets and Consumer Banking all underwent significant structural changes.

Much of this restructuring is connected to the success of our strategy to become a regional universal bank. We are no longer the tight-knit niche investment bank we once were, and we have now more than 42,000 employees from 38 nationalities. As we have a long tail now,

Message from the Chairman

with many new members in our CIMB family, we need to ensure that everyone understands their role and the part they need to play in building CIMB Group's network and value.

Part of this process has been an expansion of CIMB Group's three core philosophies into five values – customer-centric, high performance, enabling people, strength in diversity and integrity. These are a more explicit rendering of the values that guide and define CIMB Group.

COMMITMENT TO ASEAN

We have also spelled out our mission and vision statements so that these are readily accessible across the Group and to all stakeholders. I am sure that you already know our vision – to be the leading ASEAN company. In our mission statement we have now made an explicit connection between our successful 'ASEAN For You' branding and our commitment to ASEAN. We continuously champion the acceleration of ASEAN integration and the region's links to the rest of the world, and want to ensure that all stakeholders know this is a key strategic foundation of the CIMB Group.

Of course, championing ASEAN integration is a long term process. Central banks in each of the 10 ASEAN countries are understandably careful about the roll out of the ASEAN Economic Community in 2015 and how this will affect their regulatory operations. So for CIMB Group, operating across ASEAN currently means operating across many different regulatory and legal systems. But we do believe in the compelling shared histories and interdependencies of the Southeast Asian nations of Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Myanmar, Cambodia, Laos and Vietnam. We have a very long history of trade and exchange and we will have a brighter future by cooperating together in a networked economic community.

Across the 10 nations of ASEAN, there are 604 million people, making up almost nine percent of the world's population. The region's combined nominal GDP for 2011 was USD2.2 trillion, which, if counted as one entity, would already make ASEAN around the eighth largest economy in the world. We believe that the

synergies that could be released by forging an integrated economic community within ASEAN are immense.

NETWORK CIMB

You will, no doubt, have noted the word 'network' on the front cover of our Annual Report. Growing our CIMB network, and feeling that warmth of the connections across our divisions and geographies is our management focus for 2013. We are working to recalibrate the way customers value us, and the way we view our customers, so that it is not our different divisions or geographies that count, but the Group as a whole. This means that customers can easily access different businesses or channels within the Group and that we look at the whole array of financial tools and products that can add value to our customers.

For example, CIMB Group can help a customer with a personal bank account in Indonesia who is looking for a trade loan in Malaysia or

Singapore. The Group can also provide a US dollar loan in Hong Kong for a Thai company that also needs asset management in Malaysian ringgit.

Our networking is not just limited to our balance sheets. We put great value on our corporate social responsibility and in helping to improve the societies where we live and work. You can read more about this in our accompanying Corporate Responsibility Book.

We also held our biannual CIMB SEA Games in Bangkok in 2012, and attracted some 500 participants from across the CIMB Group. These games are a platform to foster greater collaboration and ties between fellow CIMBians from ASEAN and beyond, and help to transcend cultural and language barriers.

Sponsoring events that build our branding across the region also helps our networking. In 2012, a top class field of players headlined by 14-timed Major Champion Tiger Woods and



Preparing beef rendang for distribution to guests at the Masjid Ar-Rahah in Kuala Lumpur, with my wife Shahrulbariah and Nazir.

Message from the Chairman

2008 Masters tournament champion Trevor Immelman played for the USD6.1 million prize purse in our world-class golf tournament. The CIMB Classic was also broadcast to over 460 million households across the globe and in 2013, we expect even bigger audiences when the event becomes an Official Money Event on the PGA Tour.

As well as several investor conferences in ASEAN, Hong Kong and London, we also held our second CIMB ASEAN Conference in Kuala Lumpur. We hosted more than 30 regional corporates and gathered over 500 regional fund managers to focus on key issues which need to be addressed by both the private and public sectors as the region draws closer to the reality of an ASEAN Economic Community by 2015.

VOTE OF THANKS

I would like to start my annual vote of thanks with my fellow directors on the CIMB Board for their contribution, services and guidance to the

Group this year. Particular thanks go to a director who has grown with the Group over the years, Mr. Cezar Peralta Consing, who stepped down as Independent Non-Executive Director of CIMB Group in January 2013.

Many thanks also to the members of the CIMB International Advisory Panel who met in January 2013 in the Philippines to provide invaluable strategic advice as we map out CIMB Group's ASEAN journey.

On the corporate responsibility front, I thank my fellow trustees on the CIMB Foundation Board who have done much to improve the quality of life in many of the communities where we support grassroots projects.

As for the 42,000 employees of CIMB Group, I thank each of you for your dedication and contribution to the Group, and for striving to improve and build networks as we continue on our expansion through ASEAN and beyond and work towards our corporate vision of being the leading ASEAN company.

Our employees are very fortunate to be led by our Group Chief Executive, Dato' Sri Nazir Razak. It is his dogged stubbornness and determination that keeps us moving forward and continually striving for improvements. As he enters his seventh year at the helm of CIMB Group, I congratulate him on his latest accolade, the 'Euromoney Award for Outstanding Contribution' to Asian financial markets. This is one of the most prestigious awards in global finance.

Before I sign off, I would like to thank our stakeholders, including regulators, policy makers and non-governmental organisations who have shown long term confidence in our Group.

My final, and most important, thank you goes to our shareholders. Many of you have invested in the Group for several decades. Without your support, the expansion and success of CIMB Group would not have been possible. Thank you!



Md Nor Yusof

25 March 2013



Greeting CIMB staff at the Group Hari Raya Open House in Kuala Lumpur.

Message from the Chairman



Over 500 staff competed in the biannual CIMB SEA Games in Bangkok.

PERFORMANCE REVIEW BY GROUP CHIEF EXECUTIVE

“ We have built a formidable ASEAN franchise and a network of 42,000 diverse and talented people. ”

NAZIR RAZAK

Performance Review by **Group Chief Executive****Dear Shareholders,**

The year 2012 was a sterling year for CIMB Group. We successfully balanced delivering on earnings growth and conservatism on asset growth, while also implementing substantial changes to strengthen our competitive edge for the future.

Performance Review by Group Chief Executive

The year 2012 was defined by the substantial changes of 'CIMB 2.0', an internal organisational step change to recalibrate and accelerate our businesses. Starting in late 2011, we have been making significant improvements to the structure of our organisation and our business models. We have also invested in many new senior managers, strengthening our leadership bench.

We closed the year delivering a 16.0% return on our shareholders' equity, and an expanded and more competitive business across ASEAN and key markets beyond.

The operating environment for banks everywhere tightened through 2012 as global re-regulation gathered, margins compressed and pressure from competitors continued. In spite of all the news of western banks deleveraging and retreating, competition in ASEAN banking actually got fiercer because the region remains an oasis of economic growth for global banks and more peers from the region also stepped up their game. New rules, laws and compliance standards on capital adequacy, stress testing and other related issues seemed to sprout incessantly over the year.

With this global backdrop, it was timely that we decided to re-look at our business and launch 'CIMB 2.0' to systematically identify changes we need to make to generate more internal synergies and strengthen our competitive edge. As much as we have achieved since 2005 when we embarked on our journey from Malaysian investment banking to regional universal banking, we still need to think about what we could have done and what we should be doing better. With a raft of new regulations, relentless technological changes, and new competitor strategies, can we recalibrate and improve some of our business units? Do we have people with the right skill sets in key leadership positions? These were some of the questions we asked as we planned for 'CIMB 2.0'.

'CIMB 2.0'

Towards the end of 2011 we announced 'CIMB 2.0' as our corporate theme for the coming year. We told staff it would be a year of major reforms, but I think it was hard for many employees to grasp the scale of changes ahead.

Our first move was to consolidate all corporate lending and deposit taking, transaction banking, and treasury markets activities under a single division, known as Corporate Banking, Treasury & Markets (CBTM). The consolidation has brought about one CBTM division fully integrated within each market and across the region and responsible for practically all wholesale risk taking in the Group. We quickly realised benefits through increased cross-selling, product bundling and reduced process duplications and these contributed to the strong uplift in treasury markets profits in 2012.

For Investment Banking (IB), what we felt we needed for 'CIMB 2.0' was to increase economies of scale, strengthen our presence outside our core ASEAN markets and enhance our value proposition to ASEAN corporates and institutions.

The opportunity to advance these objectives came with two prescient purchases. In April 2012, we completed our acquisition of SICCO Securities, which catapulted our equity broker rankings in Thailand from No.26 in 2011 to No.12 in 2012. In the same month, we announced our plans to expand our operations beyond ASEAN with the acquisition of selected Asia Pacific cash equities and investment banking operations of the Royal Bank of Scotland (RBS APAC IB platform). We acquired about 300 staff across the region and new on-shore presence in Australia, as well as substantially enlarged operations in Hong Kong, China, United Kingdom and United States. Early 2013, we will complete the acquisition with the launch of our new investment banking operations in Korea, India and Taiwan.

Once our acquisition of the RBS assets completes in April 2013, CIMB will become the largest Asia Pacific-based Investment Bank (ex-Japan) with a platform that provides research coverage on over 1,000 companies across the region, access to a wide reach of institutional investors across the globe and mergers and acquisition (M&A) and capital market execution capability in all major markets in Asia Pacific.

The RBS APAC IB platform acquisition positions us perfectly to catalyse and benefit from rapidly rising intra Asia business and capital flows. As a brokerage franchise, the enlarged platform will give us the economies of scale to compete at the highest levels. For capital market transactions, the deal helps us to 'raise our game' in our increasingly competitive home market of ASEAN by offering clients much wider global distribution, a stronger suit of sector specialist bankers and improved processes.

'CIMB 2.0' for our Malaysia & Singapore Consumer Banking (MS Consumer Bank) franchise came in the form of merging and integrating our various operating units – Consumer Sales and Distribution, Group Cards and Personal Financing, Commercial Banking and Retail Financial Services – into one MS Consumer Bank. Whilst the original model had worked well in the initial years after the 2005-2006 merger with CIMB, Bumiputra-Commerce and Southern Bank, we had outgrown it. The model tended to inhibit cross-selling and product bundling and create duplications especially in support functions and these disadvantages had begun to outweigh the benefits of more 'mono-line' structures.

Achievements vs Targets for 2012

PBT (RM'mil)	FY12	FY12 Target
ROE	16.0%	16.4%
Total Shareholder Return	-9.8% < FBM KLCI	> KLCI
Dividend	40%	40%-60%

Performance Review by **Group Chief Executive**

SHARE PRICE PERFORMANCE AND SHAREHOLDER RETURN

CIMB Group vs KLCI and KLFIN from 1 January 2012 to 31 December 2012



Long Term Value Creation (Total Shareholder Return)



The MS Consumer Bank integration also saw the appointment of a new overall Head of MS Consumer Bank and several new senior leaders.

Although still in its early phase, we believe that the integration will generate process efficiencies, improved products and better teamwork within the consumer bank in Malaysia and Singapore and also improve collaboration with our consumer banking units in other markets. In 4Q 2012, we saw some encouraging data points to support this conviction.

As our network and franchise continues to expand, risk management grows in importance. 'CIMB 2.0' was extended to this key support function. We appointed a new Chief Risk Officer and initiated a holistic review of the division across the region. A new Risk Playbook has been agreed with all internal stakeholders, and through 2013 our risk processes will get better and our risk taking deliberations will be even more thoughtful. We also anticipate significant talent infusion in Group Risk Management in the course of 2013.

Another element of 'CIMB 2.0' has been to evolve our Group Strategy division to oversee our private equity and strategic investment portfolios. Group Strategy and Strategic Investments (GSSI) will now be able to leverage our M&A and business integration experience to assist our various strategic and private equity investee companies and look at opportunities to launch new institutional funds as well.

Our 'CIMB 2.0' theme will continue into 2013 as we follow through on various initiatives and explore others.

Performance Review by Group Chief Executive



Standing with Tiger Woods prior to his 'Towering Tiger' promotional shoot.

FINANCIAL PERFORMANCE

CIMB Group achieved another year of record net profits of RM4.3 billion, representing an increase of 7.8% from the previous year. We recorded a net return on equity (ROE) of 16.0%, slightly lower than the 16.4% achieved in 2011.

Revenues grew by 11.3% with interest income increasing by 10.6% and non-interest income by 12.7%. The growth in interest income was underpinned by a 11.8% increase in total credit (loans and bonds, excluding 'Bad Bank' assets) and only a marginal five basis points decline in net interest margins. Non-interest income growth would have been an impressive 19.8% if not for the effect of the one-time gain on deconsolidation of CIMB Aviva in 4Q 2011, driven by a record year for us in both capital and treasury markets as well as good growth in wealth management and banca income.

Our loan provisions dropped by 32.4% compared to 2011 as credit cost came in at a low 16 basis points. These can be attributed to improved in loan recoveries, especially at our 'Bad Bank', and a one-time technical write-back exercise at our MS consumer bank. CIMB Niaga's credit charge for the year was 80 basis points in 2012, about the same as the previous year.

Overheads increased by 14.8% Y-o-Y and cost to income was 56.4%. If we exclude the impact of new acquisitions, the increase in overheads was 11.9% and cost to income was 55.1%.

Profit before tax (PBT) increased by 9.1% to RM5.7 billion while net earnings per share increased by 7.7% to 58.4 sen per share. There was no change in our share capital during the year.

Our overall regional wholesale business PBT was up 23.1%. The new CBTM division had a good first year with PBT growth of 23.7% while Investment Banking grew its PBT by 18.3%. We had an excellent year in regional capital markets and saw good growth in treasury market activity, especially in intermediating forex flows across the region.

Performance Review by Group Chief Executive

With a raft of new regulations, relentless technological changes and new competitor strategies, can we recalibrate and improve our business units?



In a panel discussion with Mr. Toyoo Gyohten, President of Institute for International Monetary Affairs at the 2nd CIMB ASEAN Conference.

Our MS Consumer Bank PBT grew by 17.7% Y-o-Y significantly aided by net write-back in loan provisions. Revenues grew by 6.4% as asset and liabilities growth moderated but non-interest income was up a commendable 12.2% on the previous year.

CIMB Niaga's PBT grew by 31.8% Y-o-Y despite credit growing by only 15.7% as we improved our liability cost and non-interest income. Out performances came at CIMB Niaga's treasury & markets and consumer bank.

CIMB Thai's PBT contribution to the Group was up 21.2% Y-o-Y. Gains arising from our share of recoveries of legacy assets sold to the Thai Asset Management Company had a big impact on CIMB Thai's contribution for a second year in a row.

CIMB Singapore grew strongly, with the bank's PBT up by 100% as its consumer operations almost broke even and its wholesale business grew very well. However, our Singapore

securities operations lost RM8 million due to low market volumes and higher cost.

PBT from Investments dropped by 51.2% Y-o-Y to RM487 million due to a combination of the large RM250 million gain on deconsolidation of CIMB Aviva in 4Q 2011 and upfront costs arising from the acquisition of the RBS assets. Return from our 19.9% investment in Bank of Yingkou was flat this year due to a combination of lower GDP growth and thinning margins. Touch n' Go and Tune Money profits after tax to the Group were up 36.4% and 180.8% but their contributions remain small. Nevertheless, prospects for both units have improved tremendously as a result of developmental work undertaken during the year.

In 2012, total non-Malaysian PBT increased to 41% of the Group's total PBT compared to 36% recorded in the previous year, as we saw higher growth rates at our main non-Malaysian entities.

The Group's total credit grew by 11.8%, of which loans (excluding 'Bad Bank') were up 9.8%. When adjusted for currency translation effects, credit and loans were up 14.1% and 12.1% respectively. Consumer loans grew by 11.4% while wholesale credit was up 12.3% as we kept to a strategy of growing assets moderately in tandem with our view of underlying risks in every market and segment that we operate. Gross impaired ratios were lower at 3.8% compared to 5.1% at the beginning of the year, while allowance coverage increased slightly to 82.8%

At the year end the Group's 'anchor' bank, CIMB Bank, recorded strong capital with the risk weighted capital ratio standing at 16.0% and Tier 1 capital ratio at 12.8%, after inclusion of FY12 net profit and the proposed Dividend Reinvestment Scheme (DRS). CIMB Group's gearing and double leverage ratio was 26.1% and 124.1% respectively.

Performance Review by **Group Chief Executive**

13.5

MILLION CUSTOMERS

Our corporate theme for 2013 is 'Network CIMB' which is in the first instance, about understanding the full breadth and depth of CIMB Group. It is also about how we leverage on it fully and value our network properly.

SHARE PRICE PERFORMANCE AND SHAREHOLDER RETURN

Although management is pleased with the Group's performance and our financial results, our share price continued to underperform. Over 2012, CIMB Group's share price increased by only 2.6% from RM7.44 on January 2012 to RM7.63 on 31 December 2012. Our share price underperformed against the FBM-KLCI and KL Financial Index (KLFIN) by 7.8% and 9.5% respectively.

We think the primary reason for our weak stock performance is our key valuation matrices relative to peers. We have to improve expectations of near term ROEs and key ratios especially those relating to cost, capital and asset quality. At the same time though we cannot compromise on long term value creation which sometimes draws on near term costs and capital and adds uncertainties and complexities to the business.

Over the period since we began our transformation in 2005 our Total Shareholder Return (TSR) remains at an impressive 140.7% versus the KLCI.

The Group met its dividend payout targets for 2012 amounting to RM1.7 billion or 23.38 sen per share. This was split into two interim dividends payout of 5.0 sen and 18.38 sen which were declared in August 2012 and February 2013 respectively.

The second interim dividend is declared in the form of cash or DRS, which offers shareholders the option of reinvesting their dividends in new shares. The DRS has been introduced as an instrument for us to gradually increase our equity base in the near term while preserving dividend yields for shareholders who prefer cash returns.

2012 HIGHLIGHTS

In 2012, the Group focused on various 'CIMB 2.0' initiatives while continuing to deliver on earnings growth. I describe below some key highlights of the year. Further details on initiatives by specific division of the Group can be found in the Business Review Section.

Investment Banking

2012 was our best ever year in Investment Banking. We maintained our position as ASEAN's top investment bank while revenues increased by 16.1% and PBT by 18.3%.

The most remarkable achievement was that CIMB led three of the global top 10 initial public offerings (IPO) in 2012. These were the RM10.4 billion IPO for state-run palm oil planter Felda Global Ventures (also the largest IPO in Malaysia), the RM6.7 billion IPO for Asian hospital operator Integrated Healthcare and the RM4.6 billion IPO for cable TV operator Astro Malaysia.

In 2012, our most successful year to date, we took the bold decision to expand via acquisitions; from a position of strength we took advantage of depressed valuations to become stronger. These new acquisitions are not without risk as our IB cost base expands a lot, but we are convinced that they will prove astute as we leverage on the enlarged platform not only for IB revenues but also in synergies, especially with our CBTM businesses.

In early 'wins' for our integrated operations after the acquisition of the RBS APAC IB platform, we were bookrunners in Singapore's second largest IPO, for Religare Health Trust of India, which raised SGD511 million, and China Machinery Engineering Corp's HKD4.4 billion IPO. The latter was our first transaction for a Chinese State-Owned Enterprise and we served as the sole foreign bank on the deal and it was the third largest China IPO in Hong Kong.

In Malaysia in 2012 we maintained market leadership by topping the league table in stock broking, IPO and Equities Capital Markets (ECM). We made good progress in Singapore and were No.1 in IPOs and stock broking. We also topped the IPO league table in Thailand. Overall we were ASEAN's No.1 in IPOs and ECM in 2012, and we led deals that raised a total of USD4.3 billion, our highest ever and a staggering 95.8% more than we helped raise in 2011.

Our asset management joint venture, CIMB-Principal had a slight 8.7% drop in profits to RM50.3 million. But assets under management (AUM) rose by an impressive 30.4% to RM43.2 billion and we are excited about the long term prospects of our Pension Retirement Schemes which we launched in November.

Performance Review by Group Chief Executive

Corporate Banking, Treasury & Markets

In 2012 we quickly started to see synergies from the consolidation of corporate banking and treasury into CBTM. In our previous model, corporate banking was part of IB and we found that the separation of client loans and deposits between divisions hindered our ability to originate product bundles and cross sells.

While Corporate Banking's PBT grew only 7.0% Y-o-Y, Treasury & Markets grew 43.8% Y-o-Y as we began to cross-sell liabilities and treasury products much more effectively to our corporate clients. We saw especially good growth in our foreign exchange business as well as equity and interest rate derivatives to help our clients' hedging needs.

Our regional corporate loan book grew by 6.4%, Singapore grew most at 22.2% while Malaysia grew 5.6%. Indonesia and Thailand both grew at 9.4% respectively. Loans outstanding was volatile throughout the year as many corporates migrated to the bond market when able. Our total bond portfolio in the region grew by 24.9%.

In Debt Capital Markets (DCM), we led gaming company Genting Singapore's SGD1.8 billion hybrid bond issue, the largest single tranche SGD issued in Singapore in 2012. We also completed the largest ever Sukuk transaction worth RM30.6 billion for the Malaysian highway concessionaire PLUS Berhad. In total, CIMB was involved in lead positions for DCM deals which raised a staggering USD12.8 billion, 82.4% higher than 2011 and more than ever in our history. In terms of market share, we maintained our No.1 position in domestic bonds and Sukuk in Malaysia and ASEAN as a whole.

The new CBTM organisation came into place in February 2012 and we have seen improved results in Malaysia, Indonesia and Singapore. We are hopeful that next year the momentum will continue and that CBTM in Thailand will also start to gather pace.

Malaysia & Singapore Consumer Bank

Our MS Consumer bank had a very profitable year with a 17.7% jump in PBT Y-o-Y due significantly to a big positive swing in loan provisions.

In 2012, revenues grew by only 6.4% while costs increased by a higher 11.4%. Net interest income only grew 4.7% due to lower margins and because a significant part of the increase in 11.5% loans and 11.8% increase in deposits came late in the year. Non-interest income grew by a more encouraging 12.2%.

Our mortgage book grew by 8.3%, just slightly below industry as we continued to tread a little more carefully in this segment. In Amanah Saham Bumiputera financing, we outgrew the competition, up 57.8% on the previous year, as we paid more attention to a segment where we have a natural edge given our legacy franchises. We grew our auto finance book at slightly above market for the first time in years as our variable rate lending products finally gained traction. Our personal financing business grew by only 1% as we continued to struggle with restrictions placed on banks' access to key segments and fierce competition from non banks.

On the deposits side of the equation, we continue to gain a lot of traction at both CIMB Preferred and CIMB Private Banking. These units are both well coordinated with Malaysian branches as well as their counterparts in other regional markets, and were key to the uplift in wealth management sales in 2012.

Our new enterprise banking model was a great success as loans and deposits grew 37.5% and 19.4% respectively. We are getting much more traction with small enterprises now that we have enabled fulfilment at our branches rather than separate centers.

We continued to lose share in the number of credit cards, contracting more than the industry average as a whole. However, spending on our cards was 2.4% higher as extra attention on our high end client base paid off.

In contrast, our new debit cards have grown very well, with a 26.4% increase in cards in issue and transactions went up 29.5% between the last two quarters of 2012.

Leveraging on the strengths of CIMB Clicks, our Internet banking portal, we introduced a new channel for the placement of our gold investment account, enabling our customers to buy and sell gold online at an attractive price.

We also launched Islamic foreign currency term deposits and current accounts to complement our Islamic deposits further.

Our Group's 'Bad Bank' or Group Special Assets Management (GSAM) which manages the Group's legacy impaired loans also had an excellent year. GSAM resolved RM1.08 billion in outstanding loans, an increase of 38% from the year before, leaving a total of gross loans outstanding of RM2.6 billion.

GSAM was a major contributor in the overall loan write-back of RM297 million in MS Consumer. We also had a one time write-back of approximately RM105 million arising from excess provisions as we enhanced our loss given default (LGD) and probability of default (PD) data.

In the last quarter of the year, we started to see higher sales and other improvements, as the results our 'CIMB 2.0' reforms at the consumer bank began to show. It is too early to celebrate though and it will be a few more quarters before we can fairly judge how successful our changes have been.

CIMB Niaga

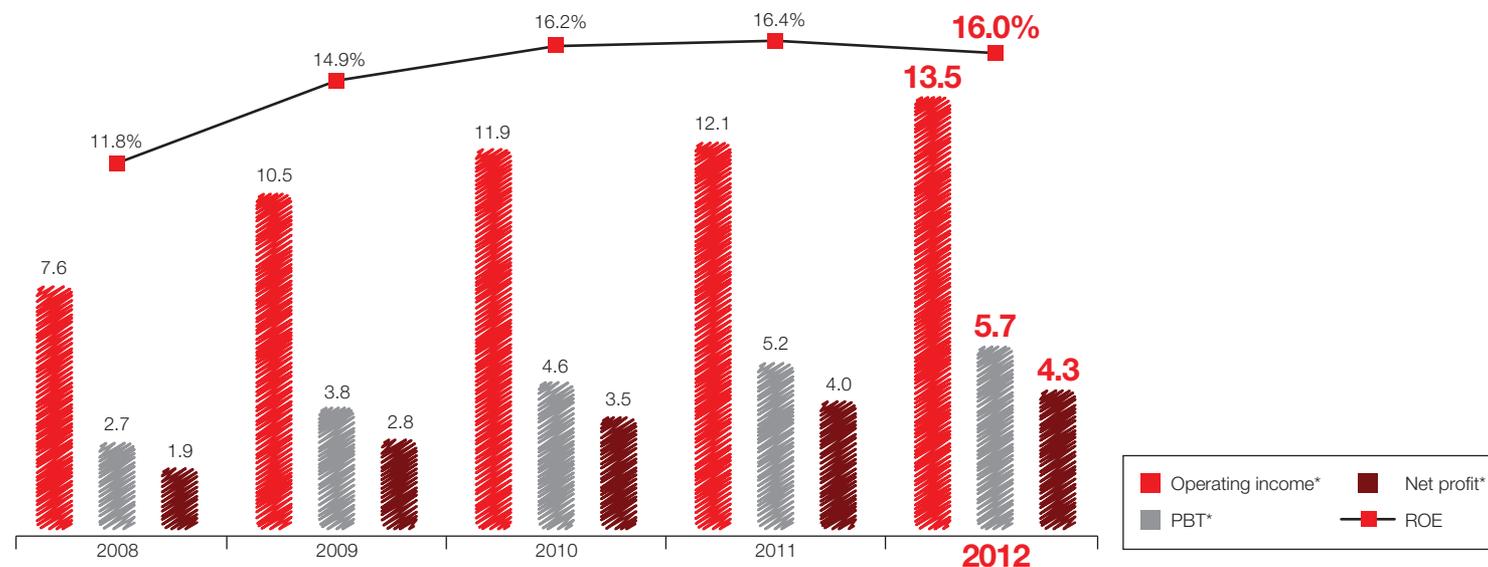
CIMB Niaga performed very well in 2012 with a PBT growth of 31.8% from 2011 to 2012 despite growth in loans being only 15.7% compared to industry growth of 22.6%. This was a great reminder of how banking is so much more than lending. Our biggest uplifts came from improvements in liability management at the consumer division and a strong showing by our Indonesia CBTM.

Treasury was a key driver with a 29.4% improvement in non-interest income and a 40.7% growth in banca revenues. We also had a good year in the rupiah DCM where we came No.3 among competitor banks.

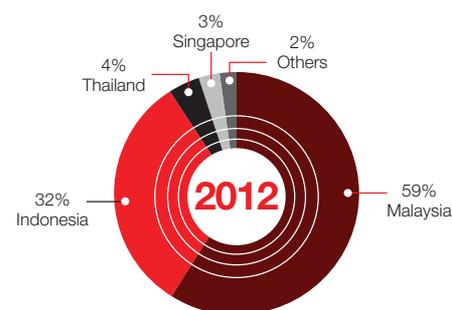
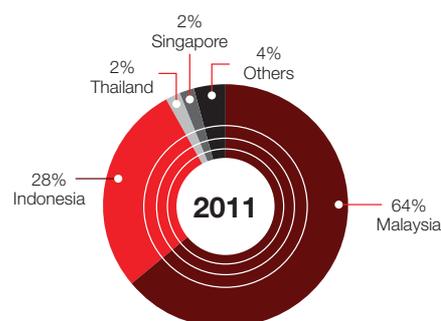
Although we grew our mortgage book by 11.7% we lost market share as the top four banks charged ahead. We gained share in credit cards where we grew assets by 32.3% to assume No.4 position in the market. Corporate and commercial banking grew loans by 9.4% and 20.8% respectively.

Performance Review by Group Chief Executive

CIMB GROUP – FIVE YEAR EARNINGS HISTORY



Contribution by Geography



Earnings Summary

(RM'mil)	FY12	FY11	Y-o-Y
Net interest income	8,791	7,947	10.6%
Non interest income	4,704	4,175	12.7%
Operating income	13,495	12,122	11.3%
Overhead expenses	(7,612)	(6,630)	14.8%
PPOP	5,883	5,492	7.1%
Loan impairment	(329)	(487)	(32.4%)
Other provisions	(33)	47	n.a.
Share of JV/Associates	157	151	4.0%
PBT *	5,678	5,203	9.1%
Net profit	4,345	4,031	7.8%
EPS (sen)	58.4	54.2	7.7%
ROE (Annualised)	16.0%	16.4%	(40bps)

Notes: Weighted average shares of 7.43 billion in FY12 & FY11
* Includes discontinued operations

Estimated PBT By Segment

PBT (RM'mil)	FY12	FY11	Y-o-Y
Consumer Banking (40.9%)	2,323	1,874	23.9%
Malaysia (30.0%)	1,704	1,481	15.0%
Indonesia (11.0%)	627	430	45.9%
Singapore (-0.0%)	(1)	(28)	98.2%
Thailand (-0.0%)	(3)	0	n.a.
Others (-0.1%)	(4)	(9)	55.8%
Wholesale Banking (50.5%)	2,868	2,330	23.1%
Investment Banking (5.4%)	309	261	18.3%
Corporate Banking (21.3%)	1,209	1,130	7.0%
Treasury & Markets (23.8%)	1,350	939	43.8%
Investments (8.6%)	487	999	(51.2%)
PBT	5,678	5,203	9.10%

Notes: Corporate Banking includes corporate lending and deposit taking
Treasury & Markets includes treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments.
Also included are the Group's equity derivatives which develop and issue new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues

Performance Review by Group Chief Executive

Gross Loans and Credit Growth

Divisions/Products (RM'bil)	31-Dec-12	31-Dec-11	Y-o-Y
Retail Banking (50.4%)	103.1	93.6	10.1%
Mortgages	50.9	47.1	8.0%
Auto	18.7	17.3	8.6%
Term Loans	22.7	18.3	24.0%
Credit Cards	5.7	5.6	1.6%
Micro Credit	3.9	3.6	7.9%
Others	1.2	1.7	(29.6%)
Commercial Banking (16.4%)	33.6	29.1	15.7%
Corporate Banking (33.2%)	68.0	63.9	6.4%
Gross Loans *	204.7	186.6	9.8%
Other Credit	36.9	29.5	24.9%
Total Credit **	241.6	216.1	11.8%

Notes: * Excluding Bad Bank and FX fluctuations, total gross loans grew +12.1% Y-o-Y and +4.2% Q-o-Q

** Credit includes gross loans (excluding Bad Bank), AFS and HTM (excluding allowance for impairment loss)
Excluding FX fluctuations, total credit grew +14.1% Y-o-Y and +4.6% Q-o-Q

Key Ratios

%	FY12	FY11
ROE *	16.0	16.4 [^]
NIM *	3.07	3.12
Non-interest income/total income	34.9	34.4
Cost to income	56.4	54.7
Allowance coverage	82.8	81.1
Allowance coverage after regulatory reserve #	97.6	86.1
Loan loss charge *	0.16	0.25
Gross impaired loans ratio	3.8	5.1
Net impaired loans ratio (Net of IA and PA)	0.7	1.0
Average shareholders' funds (RM'mil)	27,156	24,583 [^]
ROA *	1.36	1.40
Book value per share (RM)	3.82	3.49 [^]
Loan to Deposit (LDR)	85.4	86.2
CASA ratio **	35.1	34.2

Notes: * Annualised

Regulatory reserve maintained in equity as an additional credit risk absorbent in accordance with BNM requirements. This is to ensure robustness on the loan/financing loss estimates methodology with the adoption of FRS 139 beginning 1 January 2010

** Adjusted for high cost saving deposits classified as Structured Deposits

[^] Not restated for adoption of MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards

Deposits Growth

Divisions/Products (RM'bil)	31-Dec-12	31-Dec-11	Y-o-Y
Retail Banking (44.6%)	108.8	100.5	8.2%
Current	24.2	22.3	8.4%
Savings	26.7	23.7	12.7%
Fixed & Structured Deposits	57.9	54.5	6.2%
Commercial Banking (15.2%)	37.0	33.3	11.1%
Corporate & Treasury (40.2%)	98.2	88.1	11.6%
Total	244	221.9	10.0%

Notes: * Excluding FX fluctuations, total group deposits grew +12.0% Y-o-Y and +5.4% Q-o-Q

CIMB Group's Credit Ratings

Rating Agency	Issuer Rating
Domestic	
RAM	
CIMB Group Holdings	AA1
CIMB Bank	AAA
CIMB Investment Bank	AAA
MARC	
CIMB Bank	AAA
Fitch	
CIMB Niaga	AAA
CIMB Thai	AA-
International	
S&P	
CIMB Group Holdings	BBB-
CIMB Bank	A-
CIMB Investment Bank	A-
Fitch	
CIMB Niaga	BBB
CIMB Thai	BBB
Moody's	
CIMB Bank	A3
CIMB Investment Bank	A3
Dagong	
CIMB Bank	AA-

As at 12 March 2013

Performance Review by **Group Chief Executive**

Our current and savings account deposits grew by 15.7% while total deposits were 14.6% higher. We maintained our loan-to-deposit ratio at 95% at the year end. Going forward, we are focused on gaining share of the highly competitive liability market. Our strategy here will be to focus on the mass affluent segment where our brand is most recognised and hence we are investing heavily in alternate channels.

We started initiatives to drive a shift to electronic channels with new and fresh concepts catering to younger customers. CIMB Clicks saw a growth of 51.4% and 72.2% in terms of numbers of users and numbers of transactions respectively.

We enhanced our CIMB Niaga Call Centre, and Phone Banking 14041 to facilitate our customers in essential banking transactions such as payments and transfers. We also launched Preferred Phone Banking 500 800 to cater to the needs of our Preferred and Private Banking customers.

We made good progress in Go Mobile, our new mobile banking platform. At the end of 2012, our Go Mobile users grew to more than 290,000 users with a total of 11.7 million transactions, ahead of original targets.

CIMB Thai

CIMB Thai increased PBT by 21.2% from 2011 driven by higher non-interest income mainly from higher gains arising from our share of recoveries of legacy assets sold to the Thai Asset Management Company (TAMC).

CIMB Thai's total loans and deposits grew by 16.4% and 8.8% respectively, high percentages but from a small base. Our consumer bank remains loss making and cost to income is running at a very high 63.9%.

CIMB Thai is behind our original 2009 schedule for turnaround. Although 2012 total returns on our investment were around 7.4%, this was considerably aided by the TAMC. Of course we did not anticipate setbacks due to conflicts in the political arena and the debilitating floods of late 2011, but we remain short of a breakthrough in our consumer franchise, which remains sub-scale and without a differentiating edge.

The good news is that in March 2012 we successfully installed our new core banking system, known as 1Platform. This removes system constraints to growth and already the consumer team is launching products faster and more frequently than ever, and has exceeded projected gains from the project. However, we still need to find a game changing 'CIMB 2.0' strategy for our Thai consumer franchise, be it via M&A or partnerships or an alternative model.

We are quite encouraged by our progress in the wholesale business where our IB excelled on the league tables, taking pole position in domestic IPOs and fifth place in ECM. DCM is making headway too, and the acquisition of SICCO Securities improved our equity broker rankings. We have also enjoyed much better relationships with Thai corporates operating outside Thailand, especially in Malaysia and Indonesia.

Support Functions

Behind the front lines we continue to strengthen our various platforms to support our businesses.

The RM1.1 billion 1Platform regional core banking system project has been successful in its first two markets, Thailand and Singapore, in terms of both implementation as well as the realisation of expected benefits. Similarly the customer relationship front end system known as 1View is gaining traction in Malaysia as our sales force begin to leverage on the system for sales referrals and after sales service to customers.

In Risk Management we have just started our 'CIMB 2.0' era with new leadership. Our new Risk Playbook has been well received by stakeholders and we are strengthening our internal risk management and leadership bench in line with the growing complexity and needs of the organisation.

For Corporate Resources, it was a year of new experiences. The division executed the most critical part of the RBS APAC IB platform – winning the people over and managing human resources needs in so many new jurisdictions. This was of course on top of the usual slew of

activities ranging from talent recruitment to managing the development of Menara CIMB, which will be our new Group Headquarters in Sentral, Kuala Lumpur.

Group Finance also had a challenging year playing their part in supporting 'CIMB 2.0', not least by recalibrating how to view our management numbers and how we articulate them to external stakeholders.

There were of course many unsung heroes in functions from internal audit, compliance, legal, and company secretarial whose work always seem too mundane to discuss in these summaries; but let me assure you that in this firm they are crucial partners to business, and many times they have protected the firm from costly errors and helped preserve the order of things.

MARKET EXPANSION

In 2012, we entered the Australian market and initiated entry into India, Taiwan and Korea via the RBS APAC IB platform.

We also announced our proposal to acquire a 60% stake in the Bank of Commerce in the Philippines to expand into a fifth key ASEAN market after Malaysia, Indonesia, Singapore and Thailand. This deal is still pending completion.

We have initiated work on entering Laos by setting up a branch of CIMB Thai and we are pursuing the establishment of bank branches in Hong Kong and Shanghai.

DIVESTMENT

During the year, we also announced the sale of our 51% stake in CIMB Aviva, our Malaysian life insurance and takaful company for RM1.11 billion to a wholly owned subsidiary of Khazanah, the strategic investment arm of the Malaysian government. At the same time, Aviva also sold its stake to Canada's Sun Life Financial, and CIMB will enter into a new banca partnership with the joint venture company.

Performance Review by **Group Chief Executive**

The CIMB Aviva divestment will enable us to focus on our core competencies, reduce our spread of activities and improve our capital ratios. The sale is expected to be completed by the end of 1Q 2013. We also intend to review our other investments in insurance companies.

LEVERAGING SOCIAL MEDIA

CIMB Group continues to have the largest Facebook fan base in ASEAN, at over 1.5 million, and is the most 'liked' bank in the region. Social media has become a crucial channel for us to engage our customers.

We leveraged on the platform of our Internet banking portal, CIMB clicks, to create Octopay, ASEAN's first banking service on Facebook. Octopay leverages on social interactions with users of CIMB Clicks on Facebook by providing innovative services such as money transfers, airtime reloads and Internet reloads.

CIMB Group achieved another milestone in the social media space when we launched the Savings Circle, the world's first fully integrated bank deposit campaign on Facebook. Leveraging on Facebook, Savings Circle attracts Facebook users with prizes and reward them and their friends for saving together.

NOTABLE AWARDS

We continued to win many awards and accolades in 2012. We are especially pleased with winning The Banker's top award for investment banking in Asia for the second time. We were also recognised for the progress we made in our treasury markets business, by being named Regional House of the Year by AsiaRisk for the first time.

Euromoney awarded us Best Bank in Malaysia (3rd year running) and Best Investment Bank in Malaysia (6th year running).

Our strong Islamic Finance credentials won us Best Islamic Bank in Malaysia and Best Islamic Bank in Asia from Asiamoney.

We received the Best Investment Bank in Malaysia and Best Institutional Broker (both for the 6th year running) from Alpha Southeast Asia.

KEY BOARD AND MANAGEMENT CHANGES

- Mr. Cezar Peralta Consing resigned as Independent Non-Executive Director of CIMB Group in January 2013 after 8 years of service to the Group. We congratulate Cezar on his appointment as President and CEO of Bank of the Philippines Islands.
- Mr. Renzo Christopher Viegas was appointed Deputy CEO and Head of MS Consumer Banking.
- Mr. David Richard Thomas was appointed as Group Chief Risk Officer.
- En. Shahnaz Jammal was appointed as Group Deputy CFO.
- Mr. Matthew Kirkby was appointed as Co-Head of Corporate Client Solutions/ Advisory.
- Mr. Lo Nyen King was appointed Vice CEO of CIMB Niaga with direct responsibilities for CBTM and Commercial Banking in Indonesia.
- Mr. Aaron Loo Boon Seng was appointed as Head of Group Cards and Personal Financing.
- Mr. Ramesh Sundara was appointed as Head of Group Technology.

- Puan Suraya Hassan was appointed as Head of MS Consumer Credit Operations.
- Mr. Vijay Manoharan was appointed as Head MS Consumer Business Development.
- Mr. Lee Kai Kwong was appointed as Head MS Consumer Business Planning and Analytics.

FLAGSHIP EVENTS**CIMB ASEAN Conference**

Building on the success of our inaugural event in 2011, our 2012 CIMB ASEAN Conference saw increased participation from corporates and investors alike. We hosted more than 30 regional corporates and gathered over 500 regional fund managers from debt and equity capital markets in Kuala Lumpur in June 2012.

Themed 'ASEAN Integration: Mind the Gap', the 2012 conference focused on key issues and the missing links which need to be addressed by both private and public sectors as the region draws closer to the reality of an ASEAN Economic Community by 2015. The conference also covered discussions from leading members from the investment community on the steps ASEAN needs to take to be recognised as a distinct asset class for global investors.

CIMB Classic

In 2012, we hosted a world-class golfing event for the third time. With a prize purse of USD6.1 million CIMB Classic boasted a top class field of 48 players headlined by 14-times Major Champion Tiger Woods and 2008 Masters tournament champion, Trevor Immelman.

Beginning with CIMB Classic 2013, the event will be an Official Money Event on the PGA Tour and be part of the season long FedEx Cup competition. With the elevated status, the tournament will attract more players and enhance its status as the No.1 golf event in ASEAN.

CIMB Classic attracted large crowds from all over ASEAN, including many of our corporate clients. It was broadcast to over 460 million households across the globe. At this stage of our evolution, the brand profile that we receive from the CIMB Classic is important especially for regional corporate business development.

Performance Review by **Group Chief Executive**



My wife, Azlina, and I hosted Mr. David Cameron, British Prime Minister at the ASEAN Business Club Dinner in Kuala Lumpur.

CIMB Malaysian Open Squash Championship & CIMB KL Open Squash Championship

We were title sponsors of both world class squash events for the eighth straight year. This association with top level squash has worked well for us over many years.

Although squash is not a widely followed sport, in Malaysia it has a huge following by virtue of Datuk Nicol David, the world No.1 female player who hails from Penang and is sponsored by CIMB.

CIMB SEA Games

We held our biannual CIMB SEA Games in September 2012 in Bangkok. CIMB Thai played host to a gathering of 500 staff from across the region including representatives from our Board of Directors and senior management. The event always serves as a great platform to foster stronger ties amongst our staff, in the spirit of building the sense of one company across ASEAN.

PROSPECTS FOR 2013

Global Economy

Although still fragile, the global economy is showing signs of recovery which is key to sustaining growth in Asia. ASEAN economies remain robust although there are downside risks from political events, inflationary pressures and liquidity flows

Regional Economies

Malaysia's GDP forecast for 2013 is 5.5% (compared to 5.6% in 2012) with projects under the government's Economic Transformation Programme expected to drive public and private investment, amid a mild recovery of exports. This expectation of course assumes no significant change to policy direction after the forthcoming General Elections.

The Singapore economy is expected to grow by 2.7% in 2013 (2012: 1.5%) in line with anticipated improvements in the external environment.

Indonesia could witness a 6.4% expansion in its economy (2012: 6.2%), a fourth consecutive year of over 6% growth, driven by domestic consumption and investments.

The Thai economy is expected to grow at a more moderate pace of 4.7% (2012: 6.4%) supported by domestic demand, fiscal spending and its export economy.

Overall we do not anticipate many changes in interest rates as central banks across the region balance inflationary pressure with growth priorities. However, we do expect regulators to be more proactive in interventions to deflate potential bubbles, especially in property prices and consumer loans. And, of course, in all markets regulators are expected to continue tightening banking regulations while at the same time show better support for cross border banking in line with the ASEAN Economic Community agenda.

STRATEGIES AND PRIORITIES

Our corporate theme for 2013 is 'Network CIMB' which is in the first instance, about understanding the full breadth and depth of CIMB Group. It is also about how we leverage on it fully and value our network properly.

We have built a formidable banking platform, comprising a diverse mix of hugely talented people in our Group and operating capabilities in all key Asia Pacific markets. However, we can leverage our talent pool and capabilities better and key to this is how we connect our different units and entities and align everyone to shared objectives.

Our key strategies in 2013 will be centred on realising benefits from 'CIMB 2.0' and optimising 'Network CIMB'. We will also be focusing on ways to improve our capital and cost ratios going forwards.

For consumer banking specifically, there will be better coordination across the region in 2013. We will develop more region wide products and services and improve our cross border value proposition to further substantiate our 'ASEAN For You' brand tagline. We will also accelerate e-banking strategies for each country with clear focus on markets such as Thailand and Singapore where we are sub-scale.

Performance Review by **Group Chief Executive**



With my colleagues during our staff Hari Raya Open House at Menara Bumiputra-Commerce.

Targets for 2013

PBT (RM'mil)	FY13
ROE	16%
TSR	> FBMKLCI
Dividend	40%
Total Credit Growth	15%
Loan loss charge	< 0.4
Total Capital (CIMB Group)	> 11%
Basel III Common Equity Tier 1 (CIMB Group)	> 8%
Leverage (CIMB Group)	< 20x

For CBTM, we will build on the strong momentum from 2012. We will search for more synergies within CBTM and also between CBTM and our other units, especially consumer banking and investment banking.

IB will be very focused on making the CIMB legacy and RBS platform combine well and quickly deliver the revenues and better client value proposition that it promises.

CIMB Niaga will continue its multi pronged strategy focusing on fee based income and CASA accumulation while strengthening its capacity to win capital market deals.

CIMB Singapore will remain on its current high growth trajectory as we continue to make inroads in the wholesale market and our consumer bank is set to make its maiden profit in 2013.

CIMB Thai will continue to build on the momentum it has in wholesale banking while embarking on new breakthrough strategies for retail banking. It is imperative that we get onto a clear sustainable growth path in Thailand because after many successful acquisitions under our belt, CIMB Thai is one where we remain unconvincing.

As always we will continue to strengthen our underlying operating platforms and support functions. Much attention will be on 1Platform Malaysia which is due to be launched in 1Q 2014, the new Risk Playbook and our various talent recruitment programmes. We will also search for more regionwide efficiencies in all our support divisions, including our General Counsel division to consolidate oversight of legal, secretarial and related units.

TARGETS FOR 2013

'CIMB 2.0' has strengthened competitiveness in both wholesale and consumer banking across the region. We have set our targets for 2013 based on our expectations of the operating environment, and a certain degree of optimism about what 'CIMB 2.0' can deliver.

I would like to assure shareholders that we will continually evaluate these targets and are extremely conscious of both safeguarding and sustaining long-term value creation.

ACKNOWLEDGEMENTS

On behalf of the management of CIMB Group, I would like to express our thanks to our many stakeholders – customers, investors, governments in ASEAN and beyond, regulators, partners and friends for your unwavering support through 2012. My sincere gratitude also goes to our Board of Directors and members of our International Advisory Panel for their guidance and counsel in setting the strategic direction of the Group.

My heartfelt thanks also goes to my 42,000 colleagues across the Group for their professionalism and enthusiasm and their commitment to CIMB Group's vision to become the leading ASEAN company.

Nazir Razak
25 March 2013

BUSINESS REVIEW

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- Group Finance
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CIMB Group's Regional Universal Banking Capabilities



	MALAYSIA	INDONESIA	SINGAPORE	THAILAND
INVESTMENT BANKING	✓	✓	✓	✓
TREASURY	✓	✓	✓	✓
RETAIL BANKING	✓	✓	✓	✓
CREDIT CARDS	✓	✓	✓	2013
BUSINESS BANKING	✓	✓	✓	✓
ISLAMIC BANKING	✓	✓	limited ✓	✗
PRIVATE BANKING	✓	✓	2013	✓
INSURANCE	✓	✓	✓	✓

CIMB Group today operates across ASEAN under several corporate entities including CIMB Investment Bank, CIMB Bank, CIMB Islamic, CIMB Niaga, CIMB Securities International and CIMB Thai.

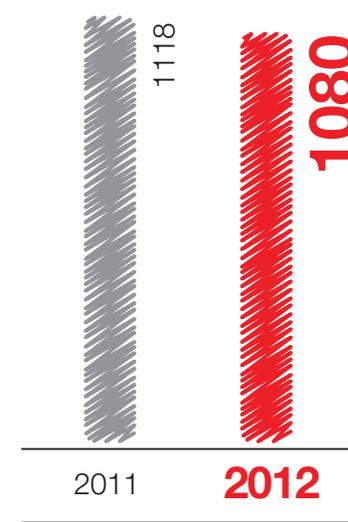
Our business lines in our core markets of Malaysia, Indonesia, Singapore and Thailand are organised primarily across the following areas: Consumer Banking; Wholesale Banking which comprises of Investment Banking and Corporate Banking, Treasury & Markets; and Group Strategy & Strategic Investments.

Our support functions are organised primarily as Group Finance, Group Risk Management, Group Corporate Resources, Group Marketing and Communications and Group General Counsel.

CIMB Islamic operates in parallel, following CIMB Group's dual banking model. We have a separate section in this review to highlight the achievements of CIMB Islamic.

CIMB Group serves as a universal bank to over 13.5 million consumers, corporates and institutions in Malaysia, Indonesia, Singapore, Thailand, and Cambodia. In our other markets, we provide a more limited range of services.

Total Branch Network



Business Review

CONSUMER BANKING

Our consumer banking franchise is managed as three units – Malaysia-Singapore (MS) Consumer which comprises Malaysia, Singapore and Cambodia; CIMB Niaga Consumer; and CIMB Thai Consumer.



At the start of 2012, we embarked on 'CIMB 2.0' to reinvigorate our MS consumer franchise, integrating four departments under a new head of consumer banking to maximise synergies and reduce duplicative functions. The four departments are Consumer Sales & Distribution which oversees key customer touch points including our branch network, mobiles sales teams, customer call centre and self service terminals; Retail Financial Services which is responsible for our retail and enterprise banking product offerings; Commercial Banking which serves the needs of our Small & Medium Enterprises (SMEs) and mid-size corporates; and Group Cards & Personal Finance which takes charge of our credit cards and personal loans portfolio.

In Indonesia, Sales & Distribution is responsible for delivering service and quality excellence in consumer banking offerings to our customers. Retail Banking manages consumer products including mortgages, auto loans, personal loans and credit cards. Commercial Banking services the needs of Small & Medium Enterprises (SMEs) and mid-size corporates.

In Thailand, Consumer Sales & Distribution manages the branch network and self service terminal expansion while Retail Banking Products is responsible for retail products. Both Consumer Sales & Distribution and Retail Banking Products are under the umbrella of the Retail Banking Group. Commercial Banking is responsible for managing the needs of Small & Medium Enterprises (SMEs) and mid-size corporates.

Business Review



MALAYSIA-SINGAPORE

The Malaysian-Singapore consumer franchise recorded its highest PBT ever in 2012 recording a growth of 18%. Overall performance was mixed with revenue growth of 6% while total overheads increased by 11%. Loans and deposits grew moderately at 11% and 12% respectively while margins continued to decline. Our 12% growth in non-interest income was commendable and will continue to be a priority area of growth.

MALAYSIA

Our Malaysian operation searched new growth areas in the face of heightened competition, thinning margins and new regulations. In our effort to rebalance our lending portfolio, we saw a slight decline in mortgage market share but very healthy growth in Amanah Saham Bumiputera (ASB) and Enterprise Banking loans. We achieved great success in wealth management fee income, growing at 38% and continue to outperform the industry in individual deposit growth, with CIMB Preferred being the major contributor.

Our consumer banking franchise serves over 8 million customers in Malaysia and has a staff force of more than 13,000 employees. We continue to invest in people, technology and process improvements to fulfill the needs of our customers. 1View, our front-end sales and service platform has been further enhanced to provide a single view of a customer's

overall banking relationship and allows service channels to complement each other more effectively.

Our continued improvements to CIMB Clicks and entry into virtual banking have allowed us to better connect with and acquire customers across multiple segments. Serving over 1 million active users, CIMB Clicks now enables a range of transaction types and services, such as the Gold Investment Account and Islamic Foreign Currency Term Deposit and Current Account. We launched Savings Circle, the world's first fully integrated bank deposit campaign on Facebook. Unlike a typical deposit campaign that is primarily individual driven, Savings Circle uses strong crowd-sourcing elements to reward individuals and their friends for saving together. The campaign is a breakthrough in terms of integrating social media efforts into the business. We also introduced our new proprietary payment product, SpeedSend, which enables cash-to-cash and cash-to-account remittance across 10 countries. This year, SpeedSend won the Banking and Payments Asia Trailblazer Award for Product Excellence in P2P Payment.

Strengthening credit and collection processes was one of the key priorities in 2012. We consolidated retail credit and collection under one roof to extract synergies and ensure that the impaired loans ratios of our retail businesses continue to improve. We were also

able to extract a higher level of cost efficiency by streamlining common functions for better resource load balancing between secured and unsecured lending.

Commercial Banking saw a second consecutive year of loans growth, with a 9.3% increase from the year before. This positive result represents strong vindication for the transformation efforts which we initiated two years ago. Despite strong loans growth, asset quality remained well under control and the unit reported its second straight year of positive loan provision write-backs.

The Group's 'Bad Bank' or Group Special Assets Management (GSAM) which manages the Group's legacy impaired loans achieved RM1.1 billion of gross loan recovery in Malaysia, an improvement of 38% from 2011. GSAM's Property Mart contributed significantly to this achievement, recording RM418 million in auction sales.

We continued to dominate the premium credit card segment with a variety of privileges and partnerships with key merchants. Though we declined slightly in market share, overall retail spend in 2012 grew 2.4% as a result of our targeted customer campaigns. Our debit card proposition gained strong momentum since its launch in late 2011, growing its cards base to 1.3 million.

Malaysian Consumer Banking Indicators

Wealth Management Income	<div style="display: flex; align-items: center;"> <div style="flex: 1;"> <div style="width: 100%; height: 100%; background-color: #e91e63; opacity: 0.8;"></div> <div style="width: 100%; height: 100%; background-color: #999; opacity: 0.5;"></div> </div> <div style="margin-left: 10px;"> <p style="color: red; font-weight: bold; font-size: 1.2em;">126.9</p> <p>91.7</p> </div> <div style="margin-left: 10px;"> <p>RM'mil</p> </div> </div>
ASB Loan Base	<div style="display: flex; align-items: center;"> <div style="flex: 1;"> <div style="width: 100%; height: 100%; background-color: #e91e63; opacity: 0.8;"></div> <div style="width: 100%; height: 100%; background-color: #999; opacity: 0.5;"></div> </div> <div style="margin-left: 10px;"> <p style="color: red; font-weight: bold; font-size: 1.2em;">6.5</p> <p>4.1</p> </div> <div style="margin-left: 10px;"> <p>RM'bil</p> </div> </div>
Mortgages	<div style="display: flex; align-items: center;"> <div style="flex: 1;"> <div style="width: 100%; height: 100%; background-color: #e91e63; opacity: 0.8;"></div> <div style="width: 100%; height: 100%; background-color: #999; opacity: 0.5;"></div> </div> <div style="margin-left: 10px;"> <p style="color: red; font-weight: bold; font-size: 1.2em;">38.4</p> <p>35.4</p> </div> <div style="margin-left: 10px;"> <p>RM'bil</p> </div> </div>
<div style="display: flex; justify-content: center; gap: 20px;"> <div style="color: red; font-weight: bold;">■ 2012</div> <div style="color: gray; font-weight: bold;">■ 2011</div> </div>	

Business **Review**

SINGAPORE

Building on the momentum of 2011, our Singapore operation continued to register growth, with PBT almost breaking even. Asset quality improved in 2012 despite volatile market conditions and intensifying competition. In commercial banking, we raised our profile in the SME segment and saw a 108% hike in our deposits from the year before. Our commercial loan base grew 92% as we refined our strategy to focus on key sector players.

Following the success of our SGD-denominated Business Interest Current Account (BICA), a current account that pays interest to our SME customers, we launched a USD-denominated BICA to increase our foreign currency deposit product suite.

Our credit cards and personal financing business was a major growth driver in 2012. We made substantial gains in card usage, card acquisition and profitability. Our customer base has grown to nearly 152,000 cards, putting us on track to achieve our target to be one of Singapore's top six credit card issuers.

In retail banking, net interest income from deposits and loans increased by 51% from the year before. Our mortgage loan portfolio remained healthy and our customer base grew by 55%.

In 2012, we rolled out several promotions and products to attract deposits, such as the Million Dollar Draw, Step Up Fixed Deposit Account and Shariah-compliant Why Wait Fixed Deposit-i Account. We strengthened our branchless banking proposition with the introduction of the CIMB Clicks on Mobile app.

CIMB Preferred remained a central focus for 2012. We expanded our wealth advisory services and investment product suite, which included the launch of Premium Financing for high net worth insurance plans. Our regional Preferred customer base increased in 2012, becoming an increasingly important contributor to our retail banking business.



INDONESIA

Riding on the resilient Indonesian economy in 2012, our consumer and commercial business loan portfolios expanded 14% and 21% respectively from the year before. We had strong revenue uplift due to better asset and liability management and strong fee income performance.

Despite increasing competition, our total mortgage portfolio grew 12% to IDR21.1 trillion. The market has become extremely competitive and we have dropped to being the top five mortgage provider with approximately 10% market share. We launched two new mortgage products to differentiate ourselves in the market, a five-year fixed rate mortgage and Luxury Mortgages specially designed for our Preferred and Private Banking customers.

Our current and savings account deposits grew by 16% to IDR65.7 trillion. We continued to roll out savings products for each customer segment as well as enhanced CIMB Clicks and launched the Go Mobile platform to meet the needs of the younger generation.

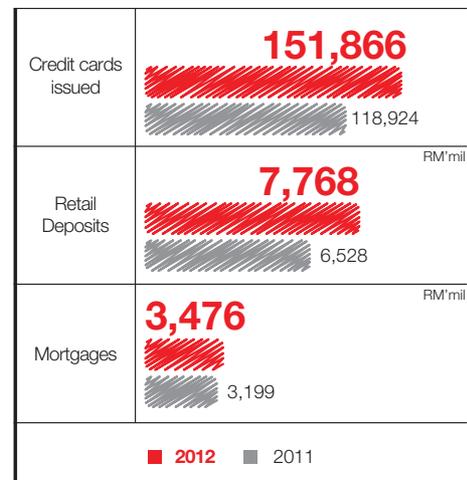
We introduced the Star X-tra Festival programme to increase savings and boost transactions. We also started building digital banking lounges and expanded our ATMs to shift our banking services into electronic channels with new and fresh concepts.

In commercial banking, we implemented the Business Credit System, an end-to-end loan origination system to cut turnaround times for credit approval processes. Our total SME and mid-sized corporate portfolio grew 21% in 2012.

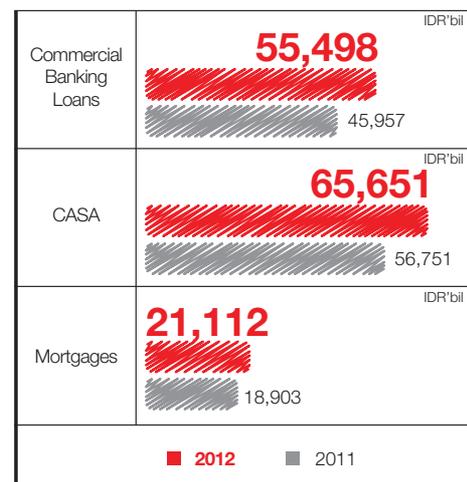
Our cards business grew a healthy 32% from 2011 in terms of loans base, reaching IDR3.6 trillion. We climbed a notch to become the fourth largest credit card issuing bank in Indonesia, by number of cards in circulation. Mikrolaju, our microfinance business, expanded across 330 branches with loan growth of 73% Y-o-Y, reaching IDR2.2 trillion.

In 2012, our auto loan portfolio grew 12% from the year before to IDR17.5 trillion in spite of the new loan to value (LTV) rules imposed. We also saw our personal loan proposition grow by 135% to IDR944 billion, with a market share of 10%.

Singapore Consumer Banking Indicators



Indonesian Consumer Banking Indicators





THAILAND

In 2012, we continued to push ahead with our consumer banking expansion in Thailand but did not meet our expectations in terms of profitability. Given our relatively small physical branch presence, we focused mainly on the affluent segment. Our customer base in the Preferred segment expanded more than 30% through aggressive acquisition programmes.

Due to the highly competitive deposit market, we shifted our fund raising focus towards mutual funds and other investment products. We saw our mutual fund distribution grow more than 60% in 2012, together with fee income growth of around 232%. We also distributed significant volumes of sophisticated products including structured bills of exchange and structured debentures. As for external investment products, we distributed corporate bonds as well as property funds for leading developers.

In 2012, we saw healthy growth in consumer lending and increased our mortgage loan portfolio by 28% from 2011.

We kept up our good momentum in capturing mid to large SME corporates and grew our commercial banking loan portfolio by 20%. During the year, we collaborated with the government sector to support entrepreneurs affected by the flood crisis in late 2011 through a soft loan programme. We also promoted innovative ideas from SME operators with a zero interest rate loan programme in collaboration with the National Innovation Agency.

Aside from continuous product and campaign launches, we enhanced our sales and distribution channels. By the end of 2012, we increased our network to 164 branches compared to 157 branches in the previous year. Also, we continued to promote CIMB Clicks with attractive marketing campaigns, gaining positive momentum in terms of number of users and transactions.

REGIONALLY

In 2012, we intensified efforts to converge our ASEAN expertise and network. A committee comprising of business leaders from around the region set a platform to deliberate on cross-border initiatives and facilitate the transfer of best practices across the Group. Key figures in senior management were identified to champion a number of regional initiatives, covering products and services, technology platforms, segment propositions, customer interface and new business ideas.

Our regional cards proposition gained in strength as we carried out spend and shopping campaigns which covered a range of segments including dining, golf and duty free. We enhanced our services to CIMB Preferred members in the countries we operate in and continued to focus on delivering an unrivaled ASEAN banking experience to customers.

INSURANCE

Group Insurance operates on country-specific models in each of its key markets in the region, based on in-country capabilities and needs. CIMB Aviva and CIMB Sun Life are joint ventures in Malaysia and Indonesia respectively which manufacture life insurance products for distribution at our branches. We also have partnerships with insurance providers such as Allianz in Malaysia and several major insurers in Indonesia to proliferate life and non-life insurance products. We do not manufacture insurance products in Singapore and Thailand but we have strategic alliances which enable us to distribute a comprehensive suite of insurance offerings at our branches.

In 2012, we progressed on our intention to sell our 51% stake in CIMB Aviva, our Malaysian life insurance and takaful company to a wholly owned subsidiary of Khazanah Nasional Berhad.

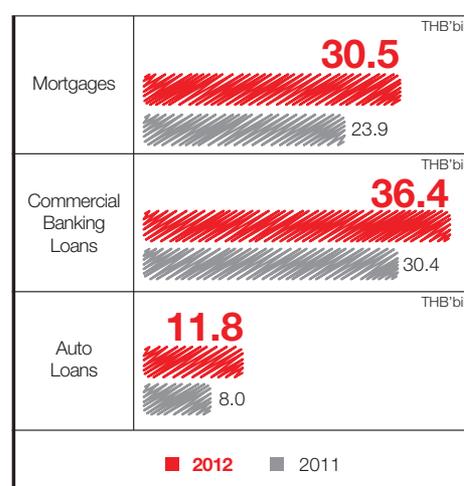
In Malaysia, we became a prominent player in the local bancassurance space. Our Life Regular Premium business, led by Bijak Malaysia, grew by 172% in terms of fee-based income.

In Indonesia, fee-based income increased by 40% Y-o-Y. PT CIMB Sun Life performed strongly in the wealth protection product and Single Premium segments.

Singapore had an encouraging 2012, recording a fee-based income growth of 77% Y-o-Y. We were one of the first banks in the market to offer Premium Financing for Single Premium Whole Life Plans.

Thailand continued on a strong platform of partnerships with its relatively new strategic insurers, Thai Life and Sri Ayudhaya General Insurance. Fee-based income grew 60% Y-o-Y, backed by both wealth accumulation and credit protection products.

Thailand Consumer Banking Indicators



Business Review



WHOLESALE BANKING

The Wholesale Bank comprises two business divisions namely, Investment Banking (IB) and Corporate Banking, Treasury & Markets (CBTM).

INVESTMENT BANKING

The Investment Banking division consists of Corporate Client Solutions (CCS), which covers our institutional and corporate clients and Sector Specialist teams; the Advisory business unit, which comprises Corporate Finance and Project Advisory; the Group Equities business unit which encompasses Equity Capital Markets (ECM), Institutional Sales, Research, Retail Equities, Futures Broking and Securities Services; and the Group Asset Management business unit, which is our retail and institutional fund management arm.

2012 was our best year in the capital markets. We were No.1 in IPOs in APAC (ex-Japan) and ranked No.10 in APAC (ex-Japan) ECM. We maintained our market dominance in Malaysia and improved in our rankings in Singapore and Thailand. We were No.1 in stockbroking, IPOs and ECM in Malaysia; No.1 in stockbroking and IPOs in Singapore; and in Thailand we were No.1 in IPOs, No.5 in ECM and rose to No.12 in stockbroking from No.26 the year before.

We led three of the top ten IPOs in the world last year, namely Felda Global Ventures Holdings Berhad (RM10.4 billion), IHH Healthcare Berhad (RM6.7 billion) and Astro Malaysia Holdings Berhad (RM4.6 billion). The IHH IPO was the first ever concurrent dual listing on Bursa Malaysia and Singapore Exchange. Our Thailand team had a record year in IPO involvement, among others Asia Aviation PCL (THB7.1 billion) and Ananda

Development PCL (THB5.6 billion). Riding on our new platform post the RBS APAC IB acquisition, we managed to clinch the role as Joint Book Runner for China Machinery Engineering Corp (HKD4.5 billion), the third largest China IPO in Hong Kong and our first Chinese State-Owned Enterprise as well as Religare Health Trust's (SGD511 million) listing on the Singapore Exchange.

In the M&A space, notable deals included the merger of SapuraCrest Petroleum Berhad and Kencana Petroleum Berhad (RM11.9 billion); the acquisition of ING Malaysia's insurance business by AIA Group Ltd. (Euro1.3 billion); Khazanah Nasional Berhad's divestment of 42.7% of equity interest in Proton Holdings Berhad to DRB-Hicom Berhad (RM1.3 billion); and the joint venture between Sime Darby Berhad, SP Setia Berhad and the Employees Provident Fund (EPF) to acquire Battersea Power Station in London (GBP300 million). Again, with our new colleagues from RBS we worked on Alvogen's acquisition of Kunwha Pharmaceuticals (KRW75.7 billion) in South Korea.

In retail broking, we continued to increase our distribution platform across the region. The successful integration of SICCO Securities PCL boosted our stockbroking market share and positioning in Thailand. We also improved offerings and the competitiveness of our online trading platform by enhancing system capacity and speed in Malaysia while putting in place a new platform in Singapore.

Business Review

To augment the product offerings of Islamic Securities Services, our trustee entities underwent a rebranding exercise. We repositioned our Islamic entities, becoming the only service provider in Malaysia to offer end-to-end services by segregating Shariah portfolio assets.

It was a record year for CIMB in terms of investment banking awards and recognition. We won two regional investment banking house awards in 2012, Most Innovative Investment Bank in Asia Pacific by The Banker and Best Equity House of the Year in Southeast Asia by Alpha Southeast Asia. In Malaysia, we won a total of eight house awards, including Best Investment Bank in Malaysia from Euromoney, FinanceAsia, The Asset and Alpha Southeast Asia, Best Malaysian Equity House from The Asset and Best Domestic Equity House from FinanceAsia, Asiamoney and IFR Asia.

2012 was our best year in the Asiamoney Broker Polls, winning 15 out of the 19 categories for Malaysia. In the same polls, our Indonesian research team improved to No.3 for the Best Overall Country Research, while our Thailand research team ranked a record No.3 for Best Overall Country Sales Trading. In the 2012 StarMine Analysts Awards, our research teams clinched the top spot in Australia and New Zealand. We were also recognised by StarMine as one of the top five brokers in Asia and the most award winning analysts based on accuracy calls and accuracy of estimates in Singapore.

Group Asset Management reached key milestones in 2012 with assets under management increasing 30% to RM38.9 billion. CIMB-Principal Asset Management (CIMB-Principal) introduced two private retirement schemes (PRS), CIMB-Principal PRS Plus and CIMB Islamic PRS Plus, offering the most choice in the country with 10 funds. CIMB-Principal Islamic Asset Management (CIMB-Principal Islamic) launched its maiden Dublin fund platform with three funds, the Islamic Global Emerging Markets Fund, the Islamic Asia Pacific ex-Japan Fund, and the Islamic ASEAN Equity Fund. CIMB-Principal Islamic was appointed investment advisor for the AI

Hilal Global Sukuk Fund in Abu Dhabi, a breakthrough for us in the Middle East market.

We were pleased with our haul of awards in asset management for 2012. CIMB-Principal won the coveted Edge-Lipper Malaysia Fund Award 2012 for Best Overall Fund Group, together with awards for six other fund categories. CIMB-Principal was also awarded Best Asset Manager in Southeast Asia by Alpha Southeast Asia. CIMB-Principal Islamic was deemed Best Overall Islamic Asset Management Company globally and in Asia at the Islamic Finance News Awards and Overall Winner as Best Asset Management Company by Global Finance. CIMB-Principal Islamic was also recognised as the Islamic Investment Institution of the Year at the 8th Annual World Islamic Funds and Financial Markets Conference.

CORPORATE BANKING, TREASURY & MARKETS

The Corporate Banking, Treasury & Markets (CBTM) division is responsible for corporate banking; transaction banking; the Group's markets, sales and trading businesses in interest rates, credit, foreign exchange, commodities, equities and derivatives; debt capital markets; fixed income investments; and treasury and funding operations for the Group. Following the 'CIMB 2.0' business reorganisation, we continued to consolidate CBTM activities within the Group to develop a comprehensive value proposition for our customers.

Corporate Banking Malaysia

In 2012, our Malaysian corporate loan book grew marginally by 6% from 2011. Our primary focus remained on growth of the loan book profitably and responsibly, consistent with the Group's policy on credit quality. Loan growth in 2012 was largely contributed by Malaysian companies investing into overseas markets and bridging loans to companies undergoing corporate exercises. We continued to see synergies through cross-selling and product bundling whilst providing holistic funding solutions to our customers.

Notable Investment Banking Transactions



Felda Global Ventures Holdings Berhad
RM10.4 billion IPO on Bursa Malaysia



IHH Healthcare Berhad

IHH Healthcare Berhad

RM6.7 billion or SGD2.7 billion IPO and First Concurrent Dual Listing on Bursa Malaysia and Singapore Exchange



Astro Malaysia Holdings Berhad
RM4.6 billion IPO on Bursa Malaysia



China Machinery Engineering Corp
HKD4.5 billion IPO on Hong Kong Stock Exchange



SapuraKencana Petroleum Berhad (formerly known as Sapura-Kencana Petroleum Berhad)

RM11.9 billion acquisition of the entire business and undertakings of SapuraCrest Petroleum Berhad and Kencana Petroleum Berhad followed by the listing of SapuraKencana Petroleum Berhad on Bursa Malaysia



AIA Group Limited

EURO1.336 billion acquisition of ING Management Holdings (Malaysia) Sdn Bhd by American International Assurance Company Limited, a wholly-owned subsidiary of AIA Group Limited

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Notable Debt Transactions

**Axiata Group Berhad**

USD1.5 billion multi-currency Sukuk Issuance Programme issued via Axiata SPV2 Berhad

**Kimanis Power Sdn Bhd**

RM1.16 billion Sukuk Programme

**Genting Singapore PLC**

SGD1.8 billion Subordinated Perpetual Capital Securities

**Golden Agri-Resources Limited**

USD400 million 2.50% Convertible Bonds due 2017

**PT Astra Sedaya Finance**

IDR5.0 trillion Senior Debt via Shelf Registration Programme Phase 1 of IDR8.0 trillion

**Thai Airways International PCL**

THB1.5 billion Senior Unsecured Debentures due 2024

Indonesia

Our Indonesian corporate loans grew 9% from the year before, driven mainly by the strategic initiative to sharpen our customer segmentation through the formation of industry specialist units. We continued to generate high margin deals and saw an increase in fee income contribution through trade finance and treasury transactions.

Singapore

Our Singapore corporate loan portfolio expanded strongly in 2012, up 22% from 2011. We continued to build on our strong momentum by expanding our customer relationships and providing a wide range of financial solutions to corporates based in Singapore and across other core markets in the region.

Thailand

In 2012, our Thailand corporate loans grew by 9% from 2011. We were mandated several prominent cross-border deals in which we assisted multinational corporations in their expansion plans across the region. We continued to focus on enhancing our product suite while targeting specific market segments.

Regional Transaction Banking

In 2012, Trade Finance carried out a range of transformational initiatives to enhance product capability, improve operational efficiency and align our business orientation.

We launched the Supply Chain Financing programme in Thailand to provide upstream and downstream financial support to our clients. In Malaysia, we initiated Quick Guarantee (QG), which offers customers simple, hassle-free and fast delivery of bank guarantee services. In 2012, we also launched our Structured Trade Commodity Financing (STCF) business which operates out of Singapore. This specialised unit provides end-to-end financing for several classes of commodities such as soft commodities, metals and energy.

Our Cash Management franchise experienced rapid growth after the introduction of new services to our clients. In Malaysia, we added BizCheque, Bulk Cheque, Bulk Cash and Virtual Account to our suite of Cash Management product offerings. BizLoyalty, which was launched in 2011, remains the first of its kind loyalty programme in Malaysia and enabled us to enhance deposit retention and cross-selling of multiple products to our SME customers.

In 2012, we successfully rolled out Regional Transaction Banking (RTB) to our Singaporean clients, which is a new proprietary Internet-based Cash Management solution. RTB was first launched at CIMB Niaga in 2011 and will replace legacy systems in Thailand and Malaysia in 2013, operating as a common platform across the four countries.

Our progress in Transaction Banking was well acknowledged across the region. We were No.1 in the Asiamoney Poll for Best Cash Management Bank in Malaysia and Thailand. Additionally, we were recognised as Best Islamic Trade Bank in Asia and Best Trade Bank in Thailand by Trade Finance Magazine.

Credit Markets

In 2012, we led a range of landmark funding transactions which included the RM30.6 billion Sukuk issuance by Projek Lebuhraya Utara-Selatan Berhad (PLUS), the world's largest Sukuk issuance to date; USD1.5 billion multi-currency Sukuk programme by Axiata Group Berhad (via Axiata SPV2 Berhad), the world's largest and first rated Renminbi Sukuk issuance; and the SGD1.8 billion Subordinated Perpetual Capital Securities by Genting Singapore PLC, the largest SGD bond issuance by a foreign issuer in Malaysia and the largest perpetual bond issuance in Singapore to date.

Other notable deals included the RM8 billion Government Guaranteed Islamic Commercial Papers (ICP)/Islamic Medium Term Notes (IMTN) programme by DanaInfra Nasional Berhad; RM1.2 billion Sukuk programme by Kimanis Power Sdn. Bhd.; USD400 million

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Convertible Bonds by Golden Agri-Resources Ltd.; RM2.45 billion Unrated Sukuk Musharakah programme by Maxis Berhad.; RM3.5 billion IMTN and Conventional MTN programmes (with a sub-limit of RM1 billion for the Conventional MTN programme) by Korea Development Bank; IDR5 trillion Senior Debt via Shelf Registration programme Phase 1 of IDR8 trillion by PT Astra Sedaya Finance; and THB1.5 billion Senior Unsecured Debentures by Thai Airways International PCL.

We were delighted with our share of awards and accolades in 2012. Bloomberg ranked us No.1 in the ASEAN domestic bonds market with a market share of 12%. We were recognised as the Best Bond House in Southeast Asia by Alpha Southeast Asia and Bond House of the Year in Malaysia by both FinanceAsia and IFR Asia. We were awarded Top Bank Arranger for Quality and Number of Primary Government and Corporate Bond Deals in Malaysia by The Asset.

We leveraged on the synergies within wholesale banking to provide bespoke funding solutions to our corporate clients for several M&A transactions. Our syndicated corporate loan markets performed well in 2012 and we ranked No.1 in the Malaysian bookrunners league table published by Bloomberg. Some of the notable loan deals executed in Malaysia included the RM2.05 billion of acquisition financing for SapuraKencana Petroleum Berhad, term financing of RM473.5 million for Alam Flora Sdn. Bhd. and USD162 million for BC Petroleum Sdn. Bhd.

We continued to grow our ASEAN loan market franchise particularly in Singapore and Indonesia. Key deals which we lead-arranged included the SGD5.1 billion refinancing of Marina Bay Sands Pte. Ltd., the USD175 million term financing for PT Surya Artha Nusantara Finance and an extension facility of USD30 million for PT Plaza Indonesia Realty Tbk.

Treasury Markets

Our Foreign Exchange (FX) franchise continued to perform well in 2012. Overall FX income increased by 21% following significant contributions from our regional platforms. We were voted No.1 in Asiamoney's 2012 Foreign Exchange Poll for Best FX Products and Services in Asia Pacific, Malaysia, Indonesia and Thailand. FinanceAsia also awarded the Group as the Best Foreign Exchange Bank in 2012.

Global Derivatives Sales continued to improve our product offerings and coverage model under CBTM. Leveraging on the synergies from our growing ASEAN network and wholesale business franchise, Indonesia and Thailand showed strong growth of 615% and 234% respectively. Overall growth was also spurred by a breakthrough commodity deal in Singapore as well as the first ever equity swap deal and a large structured Credit Linked Note (CLN) in Malaysia.

Our Global Institutional Sales unit took full advantage of the increased appetite for fixed income with a 100% successful distribution of more than 40 primary bond issuances. We introduced new products such as the multi-currency high yield Equity Linked Note (ELN) and structured Credit Notes. We clinched a range of awards at the Asiamoney Fixed Income Poll 2012 which included Overall Best for Credit and Overall Best for Interest Rates in Malaysia, Indonesia and Thailand.

In 2012, we won the highly coveted Regional House of the Year by Asia Risk for the first time, vindicating our effort and success in regionalising the Treasury and Markets business. We were also awarded House of the Year for Malaysia and Indonesia by Asia Risk. CIMB Group was also recognised as Best House in Malaysia by Structured Product Asia Awards.

Equity Derivatives Group

We maintained our position as the top issuer and market-maker of structured warrants in Malaysia. In 2012, we issued, launched and listed 181 structured warrants, of which 3 were callable bull certificates.

CIMB Group's Rankings Across Regional Capital Markets

	Countries	Rank
	MALAYSIA	
	Stockbroking	1
	IPO	1
	ECM	1
	M&A	3
	Syndication^	3
	DCM	
	INDONESIA	
	Stockbroking	3
	IPO	7
	ECM	12
	M&A	16
	Syndication^	11
DCM	3	
	SINGAPORE	
	Stockbroking	1
	IPO	1
	ECM	3
	M&A*	7
	Syndication^	10
DCM	9	
	THAILAND	
	Stockbroking	12
	IPO	1
	ECM	5
	M&A	22
	Syndication^	16
DCM	7	
	ASEAN	
	IPO	1
	ECM	1
	DCM (local currency)	1
	M&A	7
	Syndication^	9

Sources: Dealogic, Bloomberg, Local Stock Exchanges and internal data

Notes: ^ Mandated lead arranger

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GROUP STRATEGY & STRATEGIC INVESTMENTS

Group Strategy and Strategic Investments (GSSI) drives the Group's strategic agenda with a focus on market expansion and large scale transformations. GSSI is also responsible for managing and capitalising strategic investment opportunities for the Group.

In 2012, CIMB Group's major M&A deals were in investment banking, with the acquisitions of the RBS APAC IB platform and SICCO Securities PCL in Thailand. The other major M&A project during the year has been the proposed acquisition of 60% of Bank of Commerce in the Philippines. Our Investment Banking division also entered into a collaboration agreement with John Keels Stock Brokers (Pvt) Ltd. in Sri Lanka.

In tandem with our growth ambitions, we continue to strategically assess the divestiture options of our existing portfolio as and when the need arises. In 2012, we progressed on our intention to sell off our 51% stake in the CIMB-Aviva joint venture to a new Khazanah Nasional Berhad subsidiary.

Strategic investments made by the Group showed encouraging results. Our 19.99% strategic stake in Bank of Yingkou (BoY) continued to do well, although Y-o-Y growth was flat. Our venture into Touch n' Go (TnG) is now well into the transformation phase and we are currently a leader in Malaysia e-payments, covering toll, transit and retail sectors.

Our Tune Money venture has been on an expansion track. With the acquisition of an insurance business in 2012, and the IPO listing of its insurance arm in 2013, we are poised to make good returns on our 25% stake in Tune Money.

Following the consolidation of the private equity business into GSSI, we continued to streamline our operations in 2012. Integrated funds, which are funds managed directly by CIMB are managed in-house at GSSI, while independent funds are managed through our major fund management subsidiaries, namely Capital Advisors Partners Asia Sdn. Bhd. (CapAsia), CIMB-Mapletree Management Sdn. Bhd. and CIMB-Trust Capital Advisors Singapore Pte. Ltd.

Continuing from last year, we increased our efforts to maximise the portfolio value of our investee companies of our integrated funds. Renewed focus was given to two developmental funds as we look to develop more robust means of identifying and securing quality private equity prospects.

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Signing of cooperation agreement with the Royal Bank of Scotland.

Tan Sri Md Nor Yusof, Chairman CIMB Group at the Bank of Yingkou 2012 Annual Convention.

2012 saw an increase in collaborative efforts between CIMB and our independent portfolio of funds, namely CapAsia, CIMB-Mapletree and CIMB-TCA. We helped raise approximately USD100 million for the various funds, supported investment deals as well as assisted with relationship management and networking opportunities to further grow these businesses.

We also began developing new funds in 2012, partnering with major regional institutions which we aim to launch in 2013. The combination of these funds will give us unique and strategic posturing in the ASEAN space, leveraging on the Group's extensive reach and synergies.

During the year, CIMB brought The Rohatyn Group (TRG) in as a majority partner into CapAsia, with CIMB retaining a 40% stake. Following the successful introduction of TRG, CapAsia re-launched its third infrastructure fund, the CapAsia ASEAN Infrastructure Fund

III, which had an initial close in December 2012 of USD100 million, and a target size of USD350 million. CapAsia's first fund, SEASAF, continued to perform well, while the second fund, CapAsia Islamic Infrastructure Fund, has been making progress in its investments in core geographies with significant deals signed during the year. CapAsia now employs 14 investment professionals across four locations in Southeast Asia (Kuala Lumpur, Singapore, Bangkok and Jakarta) and has assets under management in excess of USD500 million.

With an AUM of RM400 million, CIMB-Mapletree is the 60% owner of Menara CIMB, a Grade-A office building in KL Sentral. Menara CIMB will soon house the Investment Banking division of the Group and a flagship banking hall. CIMB-Mapletree also successfully closed CMREF 2, which will invest primarily in development projects and is the first Malaysia focused Shariah Compliant Real Estate Fund.

In 2012, CIMB-TCA acquired two properties in Australia, one in Canberra on behalf of the Australian Office Fund No.1 and a co-investment partner, and another in Brisbane on behalf of the Fund, bringing total AUM to-date to approximately AUD530 million. These transactions are notable as they mark a successful end to the Fund's investment period which had its final investor close only in May 2011. The management will now focus on active asset management and the fundraising of its second real estate fund.

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CIMB ISLAMIC

CIMB Islamic is the Group's global Islamic banking and finance franchise. It offers the full complement of Shariah-compliant financial solutions, operating in parallel with the Group's universal banking platform.



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In 2012, CIMB Islamic had a record year despite difficult market conditions arising from regulatory changes and increased competition in the markets we operate in. Our Group's total Islamic financing assets grew 22% to RM36.3 billion and total Islamic deposits rose 23% to RM38.9 billion. Current and savings account (CASA) deposits increased by 36% to RM10 billion with Indonesia contributing 5.6% to the total CASA. Total revenue in 2012 saw significant growth primarily due to an increase in net profit income of 15%, driven by strong deposit and financing growth at our core Islamic operating entity in Malaysia, CIMB Islamic Bank.

In Malaysia, we cemented our position as the second largest Islamic bank and continued to be the major contributor to the overall Islamic franchise. In 2012, our deposits in Malaysia grew to a record RM35.3 billion, up 21% from the year before. We were focused on growing CASA, which showed respectable growth of 37% to RM9.5 billion. Our financing portfolio reached RM33.3 billion, up 17% from 2011. In light of the regulatory changes introduced by Bank Negara Malaysia, we put in place a strong system of internal control to ensure effective and efficient Shariah compliance on a Group wide basis.

Our Indonesian business, through CIMB Niaga Syariah, is the sixth largest Islamic bank in the country. We grew significantly in 2012 largely due to our strategic foresight in establishing an Islamic auto-finance business at CIMB Niaga Auto Finance. This allowed us to benefit from the regulatory limitation imposed on the conventional auto-finance business. We also launched our regional trade finance offerings and added 10 Rahn (pawn) outlets. In 2012, our total financing assets and deposits grew by 133% and 69% respectively, some of the fastest growth rates exhibited by any Indonesian Islamic financial institution.

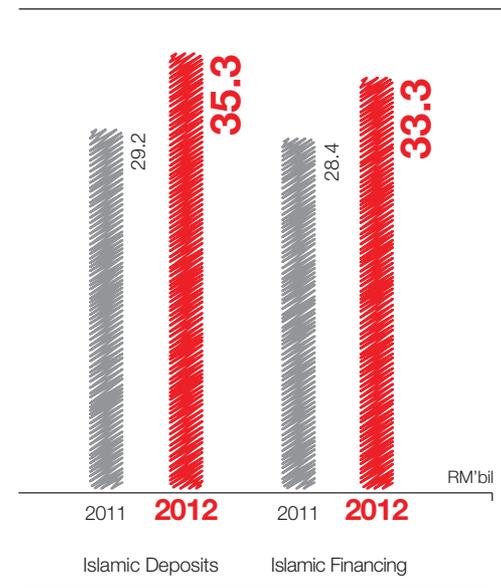
In Singapore, we broadened our universal proposition to include Islamic retail banking and trade finance offerings. We also developed a Shariah Committee infrastructure in Thailand.

We maintained our leadership in the Sukuk market, topping the Malaysian league tables and securing second position globally.

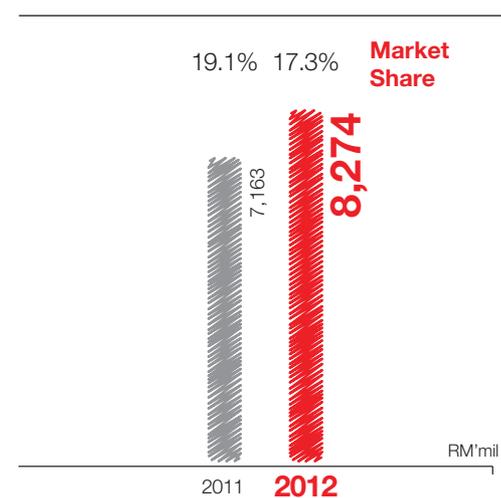
We were involved in several milestone deals including the RM30.6 billion Sukuk Musharakah for Projek Lebuhraya Utara-Selatan Berhad (PLUS) which won The Asset Triple A Islamic Finance Awards 2012 for the best Corporate Sukuk Deal. This was the world's largest Sukuk issuance to date. We also arranged the USD1.5 billion multi-currency Sukuk programme by Axiata Group Berhad (via Axiata SPV2 Berhad), the world's largest and first rated Renminbi Sukuk issuance and the RM5 billion Sukuk Murabahah for Celcom Axiata Berhad which was the largest issuance based on Commodity Murabahah in Malaysia. Our CIMB Islamic franchise in Singapore was also mandated as sole lead arranger, manager and Shariah adviser for a SGD500 million Trust Certificate Programme for an Islamic REITS issuer.

2012 saw CIMB Islamic garner multiple awards and recognitions. These included The Asset Triple A Islamic Finance Award 2012 for Islamic Bank of the Year, Asiamoney Best Islamic Banks Awards 2012 for Best Islamic Bank in Asia and Malaysia, The Banker Investment Banking Awards 2012 for Most Innovative Investment Bank for Islamic Finance, Euromoney Islamic Finance Awards 2012 for Best Islamic Bank in Asia and FinanceAsia Achievement Award for Best Islamic Finance House 2012.

Islamic Deposits and Financing



Islamic Residential Mortgage and Market Share



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SUPPORT DIVISIONS



GROUP CHIEF EXECUTIVE'S OFFICE

The Group Chief Executive's Office oversees Capital and Balance Sheet Management (CBSM), the CIMB ASEAN Research Institute (CARI), Investor Relations, Group Secretarial Services, and our International Offices outside our core markets of Malaysia, Indonesia, Singapore and Thailand.

Capital and Balance Sheet Management

Capital and Balance Sheet Management (CBSM) is responsible for the management of CIMB Group's capital and balance sheet. CBSM was established under the Group Chief Executive's Office in late 2011. CBSM operates as a single unit independent of the Group's businesses and centralises the capital and balance sheet management functions of the Group.

With respect to balance sheet management, in 2012, we continued to focus on net interest income (NII) and net interest margin (NIM) management, drawing on and constantly enhancing our capabilities in modeling and projecting risk-sensitive returns across the region. Hence, the Group saw its NIM decrease modestly from 3.12% in 2011 to 3.07% in 2012 despite intense competition and pressure for NIM compression.

In capital management, CIMB Group continued to consider and implement measures to strengthen our capital position in light of the expected higher capital requirements under Basel III, as well as in support of our business growth. As at the end of 2012, CIMB Bank's Basel II Tier 1 ratio and RWCR stood comfortably at 12.4% and 15.5% respectively.



ASEAN Business Club members with David Bonderman, founding partner of TPG Capital at the 2nd Annual Gala Dinner.

The Tier 1 ratio and RWCR for CIMB Niaga at the end of 2012 improved to 12.3% and 15.1% respectively and for CIMB Thai, improved to 10.3% and 16.2% respectively. Some of the key capital exercises undertaken in 2012 included the issuance of RM1.5 billion Tier 2 subordinated debt by CIMB Bank Berhad, the issuance of RM300 million Tier 2 subordinated debt by CIMB Islamic Bank Berhad, the issuance of THB3 billion Tier 2 subordinated debt by CIMB Thai, CIMB Thai's Rights Issue of THB5 billion, and the issuance of IDR2 trillion of senior debt by CIMB Niaga. We have also proposed a Dividend Reinvestment Scheme as an additional tool for our capital management. Double leverage and gearing of CIMB Group ended the year higher at 124.1% and 26.1% respectively as senior funding was tapped for business expansion and acquisition.

CIMB ASEAN Research Institute

Further to CIMB ASEAN Research Institute's (CARI) official launch in April 2011, we have now been operating for a full calendar year. Our main objective in 2012 was to continue building our network and influence in thought leadership on ASEAN integration issues, specifically for the private sector.

2012 saw us building advocacy efforts through a series of collaborations with CIMB business units and external stakeholders. We provided strategic input and speakers to a number of key ASEAN events, among others, the CIMB ASEAN Conference, the CIMB ASEAN SME Forum, the CIMB Commercial Banking's CEO's Club, the CIMB Young Leaders ASEAN Summit, and the CIMB CARI Myanmar Breakfast Roundtable.

CARI also serves as the secretariat to the ASEAN Business Club (ABC) which is an association of the chief executives of ASEAN's most important business enterprises. In 2012, ABC led a delegation of businessmen to Myanmar and met with investment authorities, local business leaders, and opposition leader Aung San Suu Kyi. CARI and the ABC also hosted a dinner in honour of the British Prime Minister, David Cameron, and a delegation of businesses from Britain, with the theme of the dinner being 'ASEAN: Open for Business'. Later in the year, ABC also held its first activity in Thailand featuring a roundtable session with the Deputy Prime Minister Kittirat Na-Ranong. The ABC held its 2012 gala dinner in Jakarta.

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GROUP CORPORATE RESOURCES

Group Corporate Resources (GCR) manages the full spectrum of human capital, administration and property management, sports and recreation as well as corporate responsibility for CIMB Group.

With our Employee Value Proposition (EVP) formalised in 2011, we focused our efforts in 2012 on delivering our six committed EVPs to our employees: Towards an ASEAN Champion, Thriving on Diversity, Obsessed with Talent Growth, Competitive Remuneration, Corporate Responsibility Leadership and Dynamic Workplace.

CIMB's learning and development initiatives seek to provide our employees with the platform to realise their full potential. In 2012, we continued to enhance the leadership capabilities of our senior management with 81 business leaders graduating from the CIMB-INSEAD Leadership programme. Through our collaboration with Singapore's Nanyang Technological University, middle management had the opportunity to partake in the Accelerated Universal Bankers (AUB) programme. We also gained traction in institutionalising the CIMB Academy with a total of 414 sales professionals attending the STARS Consultative Selling programme in Malaysia, aimed at promoting a consultative approach in sales.

To further boost human resource management, we put in place The Complete Manager programme which was delivered to 253 leaders from across the region. At a junior level, The Complete Banker™ programme saw an infusion of talent amounting to 119 graduates (Malaysia 61%, Indonesia 34%, Thailand 3%, Singapore 1% and Cambodia 1%).

We also strengthened our Global Employee Mobility (GEM) programme which enables employees to gain work experience in countries around the region. 63 employees were successfully mobilised in 2012 (Malaysia 42.9%, Indonesia 39.7%, Singapore 6.3%, Thailand 9.5% and Cambodia 1.6%) to countries such as Sri Lanka, Indonesia, Singapore, Thailand and Cambodia.

In September 2012, we held our biannual CIMB SEA Games in Bangkok which was attended by over 500 staff, competing in a wide array of sports. The games featured a change this year whereby participants were grouped into five different zones according to their geographical location of work instead of representing their own countries. This generated a fairer competition while inculcating a spirit of camaraderie.

To further enhance CIMB Group's employer branding and positioning, GCR carried out a range of initiatives. In a joint effort between CIMB Foundation and CARI, we organised the inaugural CIMB Young Leaders ASEAN Summit. It was attended by 50 talented undergraduates from the 10 ASEAN nations who debated on issues surrounding the region. We also launched our inaugural Youth Stock Challenge, which provided a real-life cross border trading experience in four major stock exchanges for 280 teams of young and aspiring stock traders from across 45 top universities in the region. Through our CIMB Regional Scholarship programme, we awarded scholarships to five high achieving candidates from Malaysia, Indonesia and Thailand, to pursue their postgraduate studies in non-banking fields which remain untapped and underfunded.

GROUP FINANCE

Group Finance (GF) is responsible for planning and managing all finance, accounting, tax and reporting matters of CIMB Group.

In 2012, we rolled out the Group Finance Management System (GFMS) in Singapore, which enabled us to further standardise our financial and management reporting processes. The implementation of this system is currently in progress for CIMB Niaga and is targeted to complete in 2013.

Efforts in Tax were focused on managing cross-border related party transactions within the Group by putting in place the Group Transfer Pricing Policies and Procedures.

In line with the increasing importance of capital management, we established the Capital Planning and Monitoring Department in 2012. The department is responsible to strategise, plan, execute and monitor all capital exercises for the Group. We also set up the Management Information Systems unit in mid-2012 to consolidate information processing, extraction and reporting. The unit is tasked with generating detailed information reports and works closely with the other units within Group Finance.



A session at the Accelerated Universal Banker programme.

Business Review

2012 saw the merger between the Investment Banking Product Control (IBPC) and Funds Transfer Pricing (FTP) teams. The cohesion proved to be beneficial with improved efficiency and effectiveness through process re-engineering and streamlining. The FTP framework was also successfully implemented at CIMB Investment Bank and CIMB Islamic Singapore.

Following the successful implementation of the Regional REVAL System for hedge accounting in 2011, we further expanded our hedge accounting initiatives to include Cross Currency Interest Rate Swaps (CCIRS) and provided a training platform for CIMB Niaga and its subsidiaries.

GROUP RISK

Group Risk (GRD) is responsible for identifying, analysing, measuring, controlling, monitoring and reporting the material risks to which the Group is exposed. In order to facilitate the Group's strategic objectives within the risk appetite of the Group, our teams are engaged from an early stage in the risk process to provide independent input and assessments.

The continued stress from the Euro zone sovereign debt crisis, combined with uncertainties over the pace of recovery in the global economy, led many regulators within the ASEAN region to introduce further regulatory tightening and prudential guidelines. This challenging landscape prompted us to continually test and adjust the way we manage risk. The Group's Enterprise Wide Risk Management (EWRM) framework proved to be an effective platform for oversight of risk matters.

In mid-2012, the Group appointed a new Group Chief Risk Officer. One of the earliest items on the Group CRO's agenda was the articulation of the Risk Playbook. We set a list of key risk management initiatives which are aligned to the Group's priorities and fits within the existing Group's EWRM framework.

During the year, the Group refined its planning mechanism with the formalisation of the Group Annual Integrated Planning Framework which further aligned risk appetite, capital requirements and long term strategies during the annual business planning and budgeting process.

As part of the Group's continued effort to meet the ICAAP requirements, we refined our Comprehensive Risk Assessment process aimed at identifying and assessing the Group's material risks on an ongoing basis. We also formalised the Group's Reputation Risk Management, Strategic Risk Management and Model Risk Management frameworks to facilitate and complement the overall material risk assessment.

In our effort to continuously enhance the Group's risk infrastructure, Group Risk Management initiated the regional deployment of the Asset Liability Management system, Operational Risk system, and the internal rating framework and system. 2012 saw Group Risk Management receiving the Best Risk Analytics Project Award from The Asian Banker for the implementation of the Regional Centralised Retail Decision Engine.

The Group will continue to invest in our risk infrastructure and people as well as enhance our risk culture so it is well positioned to meet future challenges.

GROUP INFORMATION AND OPERATIONS

Group Information and Operations (GIOD) operates across the Group's divisions and departments, enabling operations and delivering information technology (IT) services. Our Transformation Office is entrusted with executing the Group's regional transformation programme. We are also responsible for back office operations and operational risk monitoring.

In 2012, we further strengthened our leadership and organisation structure. A new department called Governance & Risk Analytics was created within GIOD to foster operational risk management best practices and continually

assess the efficacy of controls in our processes and systems. The Enterprise Architecture function was also enhanced to support business units in executing technology strategies for revenue growth and cost optimisation.

We successfully met our 2012 targets in the phased regional integration of the RBS APAC IB acquisition.

GIOD's Business Process Development team also worked with the business units to identify key projects in areas that could improve customer experience and sales effectiveness. We launched COMET as an initiative to centralise support activities from branches into operational hubs to create greater efficiency, while also streamlining and simplifying branch processes. Manual transfers and handling of documents are being replaced with scanning and electronic transfers. The pilot was launched in 2012 and has already demonstrated encouraging productivity improvements.

2012 also saw the introduction of NASA Mobile, CIMB's 'bank in a briefcase' project. The end target is to enable the Group's sales staff with an interactive and intuitive device equipped with robust sales and service capabilities.

Our Internet Banking platform was re-launched in Malaysia with a new and improved interface which led to an increase in adoption. Clicks was judged Best Consumer Internet Bank 2012 in Malaysia by Global Finance and The Best Internet Banking in Indonesia by SWA Magazine.

Our 1Platform core banking project continued its good progress across the region and went live in Thailand in March 2012, on time and well below budget. The emphasis on Development of Operations Management Excellence (DOME) in our regional Consumer Bank back office operations has yielded impressive results. Since DOME's launch in 2009, we have witnessed a Y-o-Y improvement in revenue to back office cost ratio. Apart from driving cost efficiencies, DOME has helped us achieve reliable and consistent accuracy with faster processing turnaround.

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GROUP MARKETING & COMMUNICATIONS

Group Marketing & Communications (GMCD) drives the enlarged positioning, marketing and communications agenda of the Group. GMCD works alongside the various business units of the Group to ensure accurate positioning, correct profiling and better consistency to all stakeholders.

As in previous years, positioning took centre stage in most of our 2012 activities. The acquisition of the RBS APAC IB platform provided us with a different dimension to positioning our franchise and has directly driven our communications messages in the new markets we are venturing into.

Sponsorship is a key avenue of brand building and it was no different for us. The CIMB Classic, our PGA TOUR sanctioned golf tournament, now in its third edition, had its best year. Boasting a top class field headlined by Tiger Woods, the tournament attracted

record numbers of spectators, members of the international press and TV ratings. On tournament week, the CIMB brand graced the sports pages of all global news titles. The CIMB Classic, the CIMB Niaga Indonesian Masters, the KL and Malaysian Open squash, and Datuk Nicol David are brand building platforms we have nurtured through the years and now form key pillars of how the Group is positioned and perceived. We have also taken great care to ensure that our customers and clients benefit from these sponsorships in the form of hospitality and 'value deals'.

Over the years, we have come to own a significant amount of mindshare in the regional alternate channel space. As such, we continued to drive a big positioning agenda around this in 2012. CIMB Clicks and its profile as a regional brand for Internet Banking was solidified across the countries we operate and, GoMobile, our mobile phone banking solution for Indonesia was widely proliferated. We also continued to lead the social media space, with

over 1.5 million Facebook fans across the region and again received accolades from The Asian Banker and Global Finance for our achievements.

2012 was a year where our focus on internal communications was enhanced. To that end, we began the roll-out of a new intranet platform across the Group. This collaborative platform is a true reflection of our evolution and takes into account the needs of our people and global trends in communications. Our new intranet platform has been likened to an internal Facebook – we are sure it will allow our people across the world to access and work together better. We also completed our 21st Century Banker competition, where we celebrated 10 individuals who came through a six-month competition to come up with innovative ideas for the consumer bank. We view internal communications as a key cog in our efforts to ensure our people are continuously engaged and as such we will continue to invest in this area.



Tiger Woods teeing off at the CIMB Classic 2012.

Business Review

GROUP COMPLIANCE

Group Compliance is responsible for facilitating, advising and monitoring the business and support units to ensure they are acting in accordance with laws, regulations and guidelines. In line with good governance, we report independently to the Board and our annual compliance work plan is tabled and approved by the respective entity Boards.

With the Group's acquisition of the RBS APAC IB platform, our supervision expanded to include the new entities. To facilitate the implementation of the CIMB Group Compliance Framework, efforts were taken to streamline governance standards, policies, procedures and compliance reporting within the Group.

We developed and implemented the 1AML system in Malaysia, which facilitates Anti Money Laundering (AML)/Counter Financing of Terrorism (CFT) risk, account and transaction monitoring, customer due diligence and payment filtering.

This year, we also conducted a total of 153 compliance training programmes in Malaysia alone. These included new staff inductions and awareness initiatives for the Designated Compliance and Operational Risk Officers (DCOROs) of the business and support units.

We commenced 'Mystery Shopping' exercises in branches nationwide to assess the product knowledge and conduct of sales representatives. In 2012, together with Group Corporate Resources, we also embarked on the implementation of Key Performance Indicators (KPIs) for the DCOROs. The KPIs were set to measure the contributions and effectiveness of the DCOROs in undertaking their duties and responsibilities, as per the CIMB Group Compliance Policies and Procedures.

GROUP INTERNAL AUDIT

The Group Internal Audit (GIAD) reports independently to the Group Audit Committee and is independent of the activities and operations of other business and support units. Our principal responsibility is to provide independent appraisals on the adequacy, efficiency and effectiveness of the internal control systems implemented by the management. We evaluate the control environment, risk management practices, compliance culture, management competency and efficiency, and strategy execution of the business and support units.

We are organised into eight units, comprising Credit Audit, Head Office & Insurance Audit, Information Technology Audit, Investigations, Investment Banking, Treasury & Risk Audit, Institutional Integrity Audit, Operations Audit and Professional Practices.

In 2012, GIAD completed 590 assignments covering audits of all key operations and investigations carried out. To seek views on the Group's products and service delivery, we interview customers from various segments across the region annually. The information gathered is then collated and shared with senior management.

Acknowledging the importance of reinforcing risk, governance and internal control awareness, we conduct training initiatives for the Group employees. Since 2010, we have implemented a programme whereby staff from various business units are attached to GIAD for a period ranging from a week to six months. In 2012, 51 employees of the Group participated and completed this programme.

In 2012, GIAD hosted the 4th Regional Compliance, Audit and Risk (CAR) Conference in Malaysia attended by 107 participants, comprising senior and middle management. The objective of the conference was to facilitate better interaction, sharing of business risks and concerns, experiences, best practices and exchange of ideas amongst the participants.

ACHIEVEMENTS VS TARGETS FOR 2012

	FY12	FY12 TARGET
ROE	16.0%	16.4%
TSR	-9.8% < FBM KLCI	> FBM KLCI
Dividend	40%	40% - 60%
Group loans growth*	10%	16%
Group deposits Growth**	10%	16%
Loan loss charge	0.16%	0.31%
Core Capital Ratio (at CIMB Bank) (Basel II)^	12.8%	>10%
RWCR (at CIMB Bank) (Basel II)^	16.0%	>12%

- *Excluding FX fluctuations, total group loans grew

+12.1% Y-o-Y

- **Excluding FX fluctuations, total group deposits grew

+12.0% Y-o-Y

^ The capital position assumes to be post-reinvestment of excess cash into CIMB Bank, pursuant to DRS implementation by CIMBGH

Five Year Group Financial Highlights

Key Highlights	Financial Year Ended 31 December				
	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Consolidated Statement of Income					
Net interest income	7,395,880	6,676,251	6,604,775	6,068,906	4,660,596
Net non-interest income	6,098,945	5,445,778	5,273,428	4,414,245	2,961,777
Operating income	13,494,825	12,122,029	11,878,203	10,483,151	7,622,373
Overheads	7,612,099	6,629,912	6,613,304	5,551,847	4,025,217
Profit before allowances	5,882,726	5,492,117	5,264,899	4,931,304	3,597,155
Allowance for impairment losses on loans, advances and financing	329,098	487,343	607,176	1,022,605	794,715
Profit before taxation ^^	5,677,893	5,203,142	4,626,717	3,791,293	2,694,107
Net profit for the financial year	4,344,776	4,030,798	3,500,803	2,786,232	1,930,486
Consolidated Statement of Financial Position					
Loans, advances and financing	202,137,818	183,838,777	159,181,385	142,191,673	117,382,074
Total assets ^	337,056,884	299,737,840	269,018,947	239,781,199	206,897,066
Deposits from customers	243,970,307	221,933,142	199,845,664	178,882,336	146,890,210
Total liabilities	307,705,438	272,874,680	244,715,748	217,134,485	188,084,473
Shareholders' funds ^	28,376,667	25,936,470	23,229,966	20,345,014	17,099,203
Commitments and contingencies	461,648,463	414,197,407	349,069,257	322,892,443	321,678,842
Financial Ratios (%)					
Core capital ratio (CIMB Bank)	13.16	15.26	14.38	14.81	10.75
Risk-weighted capital ratio (CIMB Bank)	16.34	17.59	15.27	15.06	13.90
Return on average equity	16.0	16.4	16.2	14.9	11.8
Return on total assets	1.29	1.34	1.30	1.16	0.93
Net interest margin	3.07	3.12	3.34	3.28	2.30
Cost to income ratio	56.41	54.69	55.68	52.96	52.81
Gross impaired/non-performing loans to gross loans	3.80	5.11	6.14	4.98	4.94
Allowance coverage ratio	82.82	81.12	81.12	90.76	88.05
Loan loss charge	0.16	0.25	0.36	0.69	0.65
Loan deposit ratio	82.82	82.84	79.65	79.49	79.91
Net tangible assets per share (RM)	2.65	2.15	1.81	3.09	2.52
Book value per share (RM)	3.82	3.49	3.13	2.88	4.85
CASA Ratio	35.10	34.20	32.71	31.67	31.32
Other information					
Earnings per share (sen)					
– basic ^^	58.45	54.23	48.72	39.47	28.59
– fully diluted*	n/a	n/a	n/a	n/a	28.88
Gross dividend per share (sen)	23.38	22.00	26.08	18.50	19.83
Dividend payout ratio (%)	40.0	40.6	54.9	23.3	35.8
Number of shares in issue ('000)	7,432,775	7,432,775	7,432,775	3,531,766	3,578,078
Weighted average number of shares in issue ('000)	7,432,772	7,432,772	7,186,034	7,059,934	6,751,796
Non financial highlights					
Share price at year-end (RM)	7.63	7.44	8.50	12.84	5.85
Number of employees	41,993	40,244	36,984	35,922	31,932

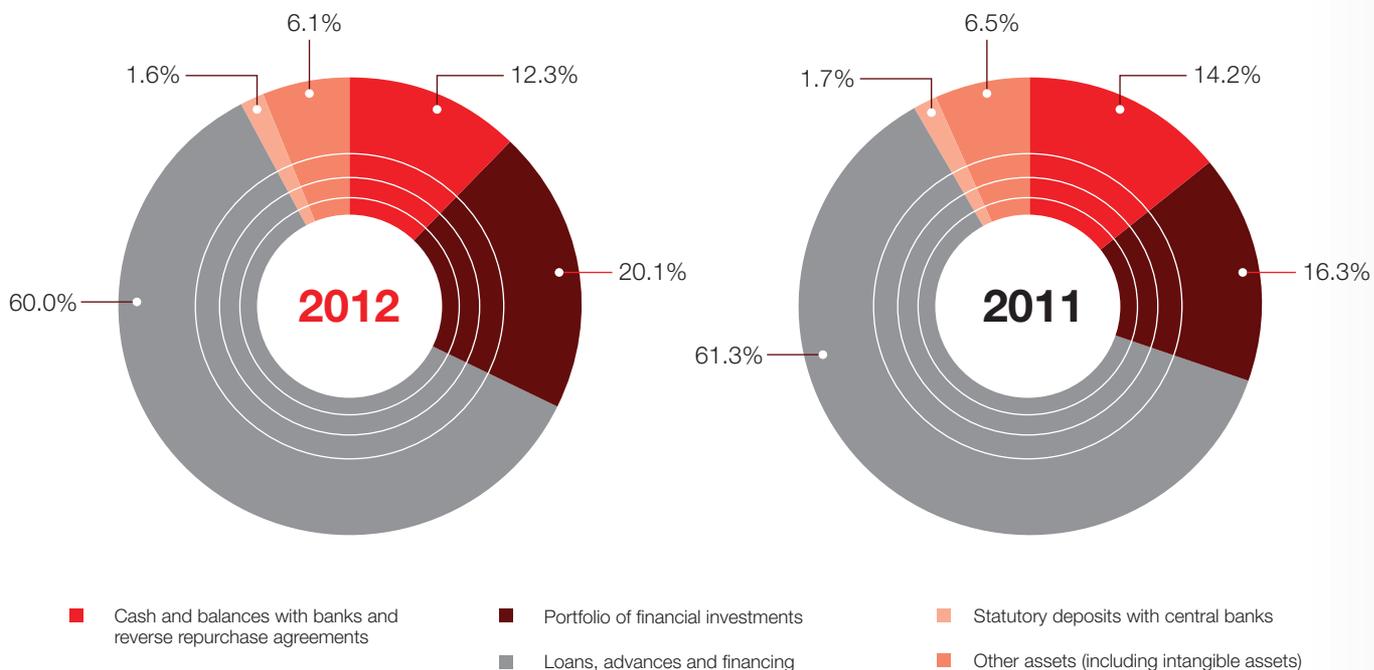
The Bank has applied paragraph 7.2 of Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) dated 5 February 2010, where the Bank is exempted from disclosing comparative figures in the previous reporting periods.

^ The comparative are before adoption of MFRS 1.

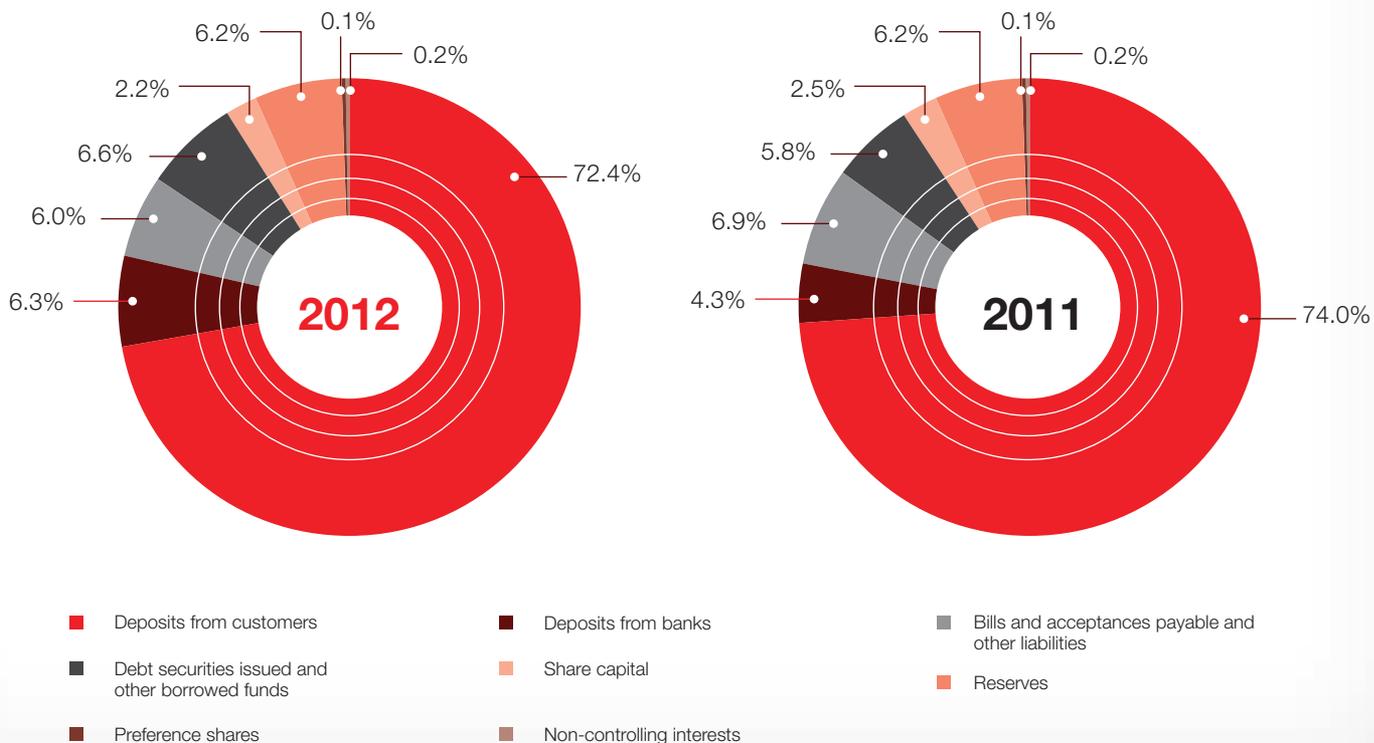
^^ Profit before taxation is inclusive of discontinuing operations.

Simplified Group Statements of Financial Position

ASSETS

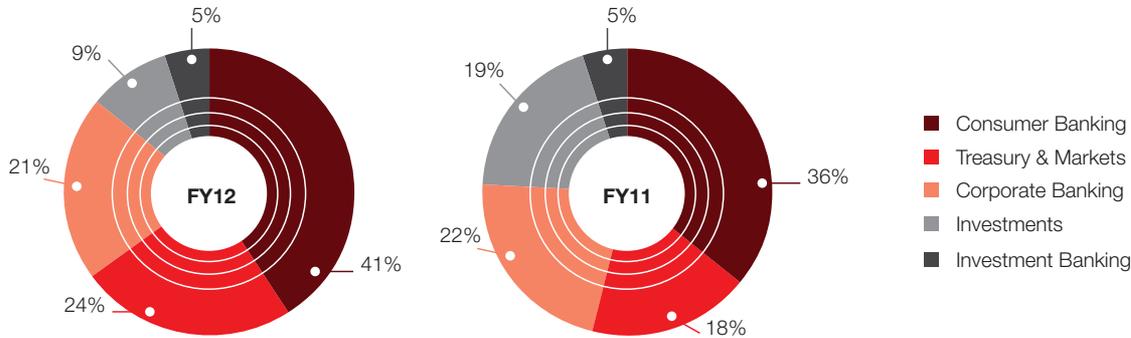


LIABILITIES & EQUITY

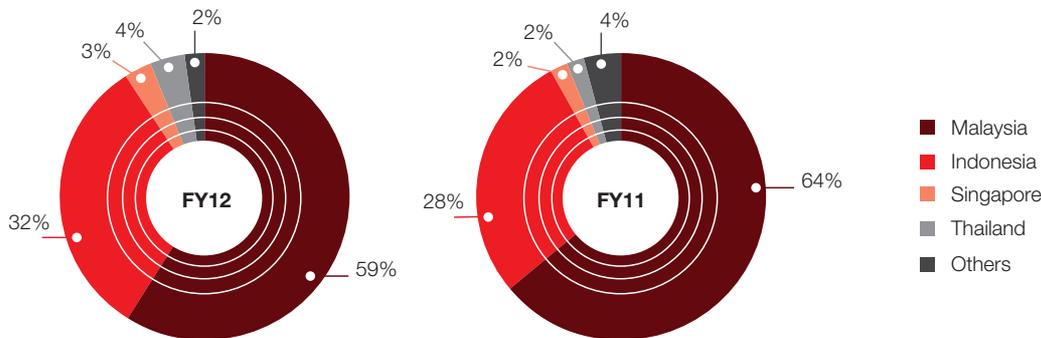


Segmental Information

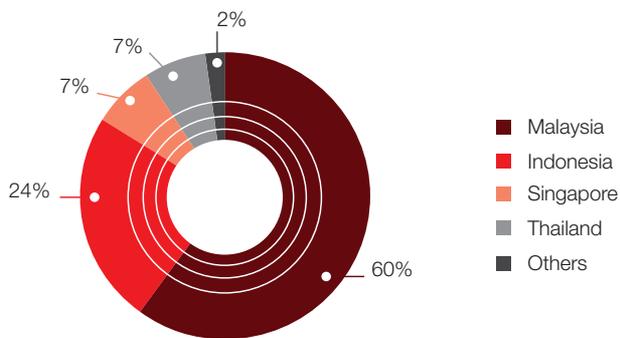
PBT BY DIVISION



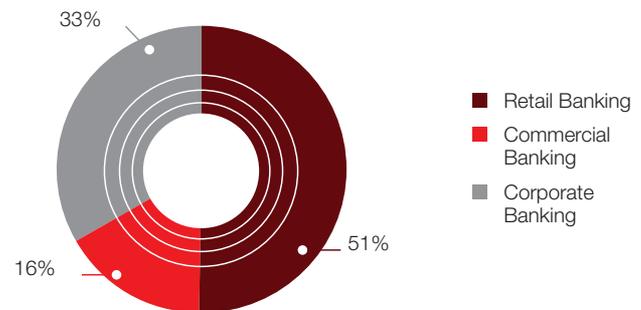
PBT BY COUNTRY



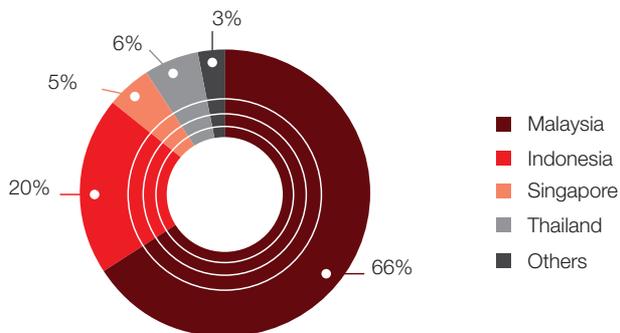
LOANS BY COUNTRY AS AT 31 DECEMBER 2012



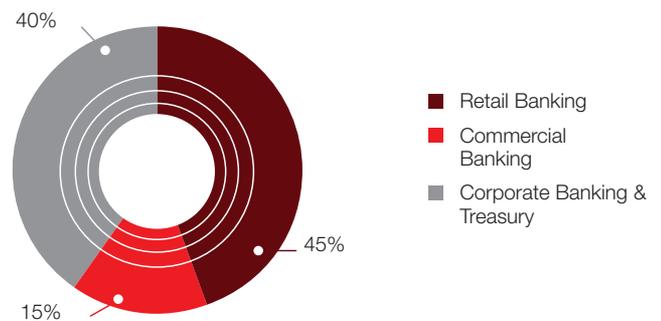
LOANS BY PRODUCT AS AT 31 DECEMBER 2012



DEPOSITS BY COUNTRY AS AT 31 DECEMBER 2012



DEPOSITS BY PRODUCT AS AT 31 DECEMBER 2012



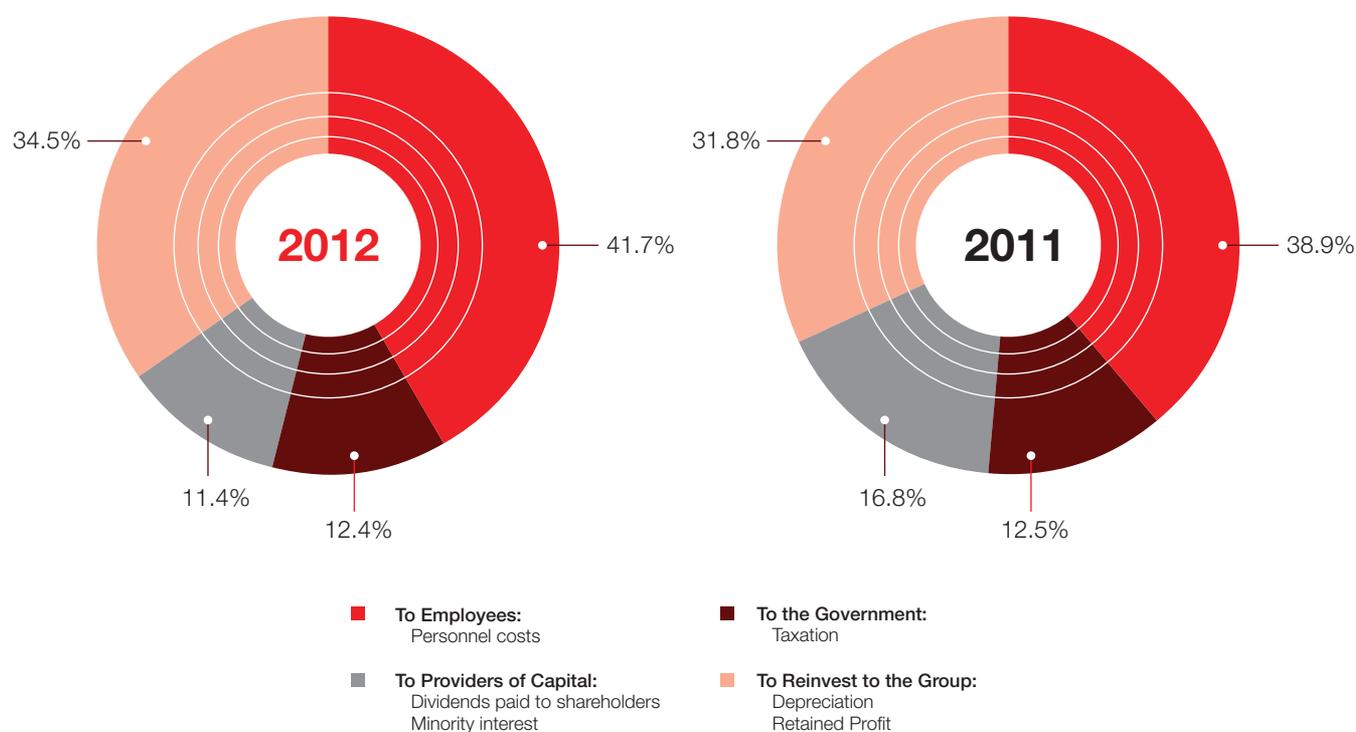
Group Quarterly Financial Performance

RM million	2012			
	Q1	Q2	Q3	Q4
Operating income	3,255,553	3,325,606	3,544,376	3,369,290
Net interest income	1,737,678	1,864,760	1,885,666	1,907,776
Net non-interest income	1,141,996	1,008,915	1,195,110	1,063,581
Overheads	(1,792,473)	(1,846,553)	(2,007,095)	(1,965,978)
Profit before taxation	1,341,222	1,469,527	1,495,768	1,371,376
Net profit attributable to equity holders of the Company	1,010,667	1,109,688	1,142,823	1,081,598
Earning per share (sen)	13.60	14.93	15.38	14.55
Dividend per share (sen)	–	5.00	–	18.38

RM million	2011			
	Q1	Q2	Q3	Q4
Operating income	2,750,383	2,959,191	3,031,492	3,380,963
Net interest income	1,594,106	1,659,820	1,662,344	1,759,981
Net non-interest income	815,800	919,876	981,307	1,258,474
Overheads	(1,545,432)	(1,661,845)	(1,700,709)	(1,721,926)
Profit before taxation	1,232,571	1,277,929	1,287,672	1,404,970
Net profit attributable to equity holders of the Company	916,511	970,015	1,011,758	1,132,514
Earning per share (sen)	12.33	13.05	13.61	15.24
Dividend per share (sen)	–	12.00	–	10.00

Value Added Statements

	2012 RM'000	2011 RM'000
Value added		
Net interest income	7,395,880	6,676,251
Income from Islamic banking operations	1,689,343	1,470,321
Non-interest income	4,409,602	3,975,457
Overheads excluding personnel costs and depreciation	(2,949,809)	(2,779,772)
Allowances for impairment losses on loans, advances and financing	(329,098)	(487,343)
Other allowances (made)/written back	(33,228)	47,337
Share of results of jointly controlled entities	16,025	16,993
Share of results of associates	141,468	134,038
Value added available for distribution	10,340,183	9,053,282
Distribution of Value Added		
To employees:		
Personnel costs	4,316,627	3,517,935
To the Government:		
Taxation	1,281,086	1,128,816
To providers of capital:		
Dividends paid to shareholders	1,114,916	1,486,555
Minority interest	52,031	43,528
To reinvest to the Group:		
Depreciation	345,663	332,205
Retained profit	3,229,860	2,544,243
Value added available for distribution	10,340,183	9,053,282



Capital Management

OVERVIEW

CIMB Group has always maintained a strong capital position that consistently ensures an optimal capital structure to meet the requirements of its various stakeholders, including customers, shareholders, regulators and external rating agencies. This has enabled the Group to firmly support the demands for capital for organic growth of its core businesses through economic cycles including market shocks and stressed conditions, take advantage of opportunities in strategic acquisitions as well as new businesses, tap the capital markets to enhance and diversify sources of capital, and provide a stable dividend payout to its shareholders.

The Group's capital management practice is underpinned by a capital management framework with the following objectives:

- To maintain a strong capital base to meet regulatory capital requirements at all times.
- To maintain adequate levels of capital to optimise returns to shareholders through providing sustainable return on equity and stable dividend payout.
- To retain optimal levels of capital to support the organic growth of core businesses and expansion into new businesses.
- To maintain strong credit ratings from external rating agencies.
- To maintain a robust capital base to be able to withstand stress scenarios.
- To remain flexible to take advantage of strategic acquisitions to enhance the Group's franchise value.
- To allocate appropriate levels of capital to business units and subsidiaries to optimise return on capital.
- To ensure a capital position that is able to meet the requirements of various other stakeholders of the Group (e.g. customers, corporate responsibility commitments, etc.).

The Group has maintained a healthy capital base over the years and actively tapped alternative capital from local as well as overseas markets. The Group has issued tax deductible non-dilutive innovative and non-innovative Tier 1 capital and Tier 2 subdebt, to achieve an optimal mix of capital which met the objectives of the capital management framework and also facilitated several major acquisitions and at the same time, enabled a healthy record of return on equity as well as dividend payout to its shareholders.

Calendar Year	FY2008 RM million	FY2009 RM million	FY2010 RM million	FY2011 RM million	FY2012 RM million
Total Shareholders' funds ^	17,099	20,345	23,230	25,936	28,377
Long term debt / hybrid capital	10,421	10,893	14,743	18,144	22,989
Net profit for the financial year ^	1,930	2,786	3,501	4,031	4,345
Return on average equity ^	11.8%	14.9%	16.2%	16.4%	16.0%
Gross dividend (sen)	19.83	18.50	26.08	22.00	23.38

^ The comparative years are before adoption of MFRS 1.

Capital Management

The Group's regulated banking entities have always maintained a high set of internal targets (which provide a 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 Basel II framework.

Capital Ratios (After Proposed Dividend)	Core Tier 1		Tier 1		RWCR	
	As at 31 December 2012	Minimum Regulatory Ratio	As at 31 December 2012	Minimum Regulatory Ratio	As at 31 December 2012	Minimum Regulatory Ratio
CIMB Bank *	10.15%	2.0%	12.35%	4.0%	15.53%	8.0%
CIMB Islamic	8.37%	2.0%	8.69%	4.0%	13.27%	8.0%
CIMB Investment Bank	18.97%	2.0%	18.97%	4.0%	18.97%	8.0%
CIMB Niaga	N/A	N/A	12.25%	N/A	15.08%	8.0%
CIMB Thai	N/A	N/A	10.27%	4.25%	16.21%	8.5%

* CIMB Group Holdings (CIMBGH) announced that it would implement a Dividend Reinvestment Scheme (DRS) for the second interim dividend in respect of the financial year ended 2012. Pursuant to the DRS, CIMBGH intends to reinvest the excess cash dividend into CIMB Bank, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated here.

IMPLEMENTATION OF BASEL III GUIDELINES

On 28 November 2012, Bank Negara Malaysia (BNM) issued revised guidelines for its capital adequacy framework, which take effect beginning 1 January 2013. These guidelines are largely in line with the package of measures finalised by the Basel Committee in December 2010, which include enhancing the definition of capital, raising minimum capital requirements and introducing capital buffers, as well as introducing liquidity standards and a leverage cap. BNM has adopted the Basel Committee timeline of a gradual phase-in of these standards beginning 2013 until 2019 as shown in the table below.

Calendar Year	2013	2014	2015	2016	2017	2018	2019
Leverage Ratio	Observation period reporting					Standard in force	
Minimum common equity capital ratio	3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer				0.625%	1.250%	1.875%	2.5%
Minimum common equity + conservation buffer	3.5%	4%	4.5%	5.125%	5.750%	6.375%	7%
Minimum tier 1 capital	4.5%	5.5%	6%	6%	6%	6%	6%
Minimum tier 1 capital + conservation buffer	4.5%	5.5%	6%	6.625%	7.250%	7.875%	8.5%
Minimum total capital	8%	8%	8%	8%	8%	8%	8%
Minimum total capital + conservation buffer	8%	8%	8%	8.625%	9.25%	9.875%	10.5%
Capital instruments that no longer qualify as non-core tier 1 or tier 2 capital	Phased out over a 10 year horizon beginning 2013						
Liquidity Coverage Ratio	Observation period reporting			Standard in force			
Net Stable Funding Ratio	Observation period reporting					Standard in force	

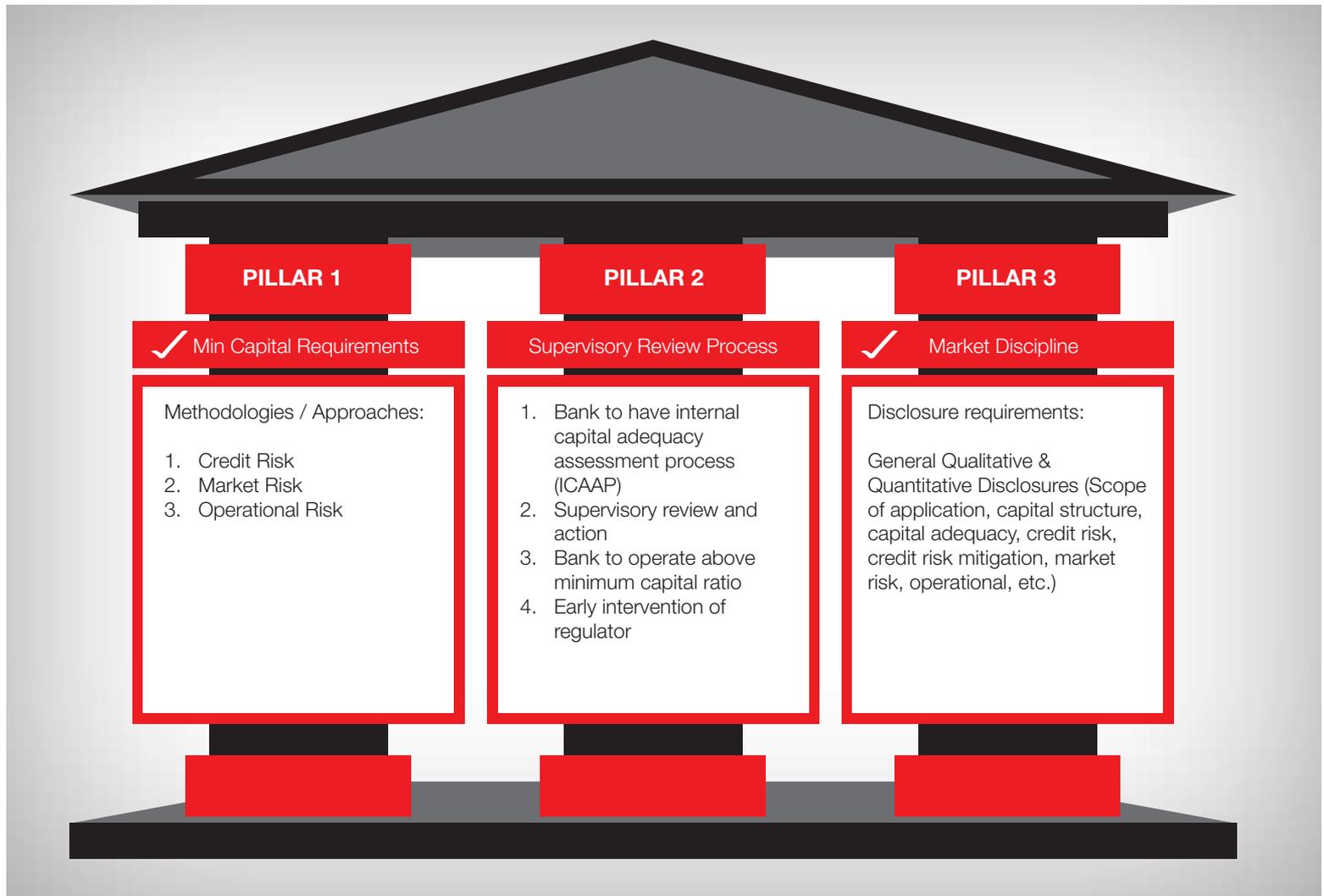
Capital Management

NEW FINANCIAL SERVICES ACT 2012

The new Financial Services Act (FSA) will be introduced and will replace several existing acts, including the Banking and Financial Institutions Act 1989, the Exchange Control Act 1953, the Insurance Act 1996 and the Payment Systems Act 2003. The enforcement date of the new FSA will be announced by the regulators accordingly.

PILLAR 2 – INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

CIMB Group has implemented its internal economic capital framework since 2001, whereby capital is allocated to all business units for its risk-taking purposes. The Group's existing economic capital framework is being refined to include other risks, in line with the requirements of BNM's RWCAF-ICAAP (Pillar 2) for banks adopting the Internal Ratings-Based (IRB) approach to develop a robust risk management framework to assess the adequacy of its internal economic capital in relation to the risk profile.



The objective of Pillar 2 is to ensure that banking institutions have adequate capital to support their operations at all times. It also promotes the adoption of a more forward looking approach to capital management and encourages banking institutions to develop and employ more rigorous risk management techniques. In line with these Pillar 2 guidelines, the Group has also established a dedicated ICAAP Working Group to implement the Pillar 2 program which is being driven by Group Risk Management, supported by Capital and Balance Sheet Management and Group Finance for capital allocation and performance measurement review and analysis.

Capital Management

The ICAAP Framework that the Group has initiated and continues to work towards comprises 5 main elements:

- **Governance by the Board and Senior Management:** The Board and Senior Management are responsible to ensure that capital levels in the Group are proportionate to the level and complexity of the inherent material risks in the Group.
- **Comprehensive Risk Assessment:** Comprehensive risk assessment involves considering the potential financial or reputational impact of material risks on the Group. Material risks can be measurable or non-measurable and are identified, evaluated, measured, mitigated and monitored/reported on a regular basis according to the Group's risk management process.
- **Sound Capital Management:** The internal capital targets for the Group are recommended and set by the Group Executive Committee and approved by the relevant Board of Directors on an annual basis.
- **Monitoring and Reporting of Risk and Capital:** Institutionalise a robust system for continuous monitoring and reporting of risk exposures and impact on capital requirements.
- **Independent Review:** Engagement of independent auditors to review the Group's ICAAP for proportionality to size, nature of business and complexity of activities and to assess the quality and completeness of data inputs, reasonableness and validity of methodologies, assumptions and scenarios in ICAAP.

KEY INITIATIVES

CIMB Group has established a comprehensive capital management plan over the next 3 years to continuously maintain a strong and optimised capital base. The Group strengthened its capital management process and governance through the establishment of a centralised and independent unit called Capital

and Balance Sheet Management (CBSM) in 2011. This unit has oversight from the Group EXCO and is charged with maintaining discipline over investment and capital allocation decisions and implementing key initiatives to better position the Group amidst the changing competitive, regulatory and social landscape.

Working closely with various other divisions of the Group (e.g. Group Risk Management, Group Finance and the Business Units), some of the key initiatives of CBSM include:-

- Formalising the annual capital planning exercise through a forward-looking capital plan that forecasts capital demands and assesses capital adequacy over a medium term, taking into account the Group's strategy, operating environment of its business in different jurisdictions, target capital ratios and composition and expectations of stakeholders.
- Periodic review of the capital plan to ensure internal capital targets can be met and to realign the plan where necessary, in preparation of implementation of any new capital requirements from the various stakeholders.
- Allocating capital to businesses on the basis of their risk adjusted return on capital (RAROC), regulatory capital requirements and cost of capital based on BNM's RWCAF-ICAAP (Pillar 2) framework. This is to ensure that the returns on investments are adequate after taking into account the cost of capital and commensurate with the risks undertaken.
- Enhancement of risk-based stress testing to maintain an optimal capital capacity for loss absorption.
- Active management of capital to strengthen and optimise the capital base through asset securitisation, sale of non-core assets and non-performing loans and other initiatives that will free up capital.
- Continuous capital planning, including assessing the feasibility of new issuance of Basel 3 compliant capital instruments and/or capital relief exercises to manage capital adequacy on a sustainable basis and taking into consideration the new capital adequacy framework under Basel 3.

DIVIDEND REINVESTMENT SCHEME

As part of the Group's capital management strategy and in light of impending tighter capital regulation and requirements, on 18 January 2013, CIMB Group announced that it would implement a Dividend Reinvestment Scheme (DRS). The DRS is a useful capital management tool, as it allows shareholders to continue receiving attractive dividend yields whilst preserving capital for the Group.

Under the DRS, CIMB Group's shareholders have the option to elect to reinvest their cash dividend. The DRS has been duly approved by shareholders at the extraordinary general meeting (EGM) held on 25 February 2013. The DRS will be applicable to the Group's second interim dividend of RM1,366 million for the financial year ended 31 December 2012.

The Group is confident that given its healthy capital position, anchored by sound capital management governance, framework, planning and initiatives, it is well-placed to meet the requirements of the various stakeholders of the Group (including customers, shareholders, regulators and external rating agencies) amidst the changing competitive, regulatory and social environment.

Dividends for 2012

at year ended 31 December 2012

DIVIDEND POLICY

The Board has adopted a 40-60% payout dividend policy

A single tier first interim dividend of 5 sen per ordinary share, on 7,432,774,644 ordinary shares amounted to RM371,638,732 in respect of the financial year ended 31 December 2012, which was approved by the Board of Directors on 15 August 2012, was paid on 28 September 2012.

The Directors have proposed a second interim single tier dividend of 18.38 sen per ordinary share, on 7,432,771,338 ordinary shares amounting to RM1,366,000,000 in respect of the financial year ended 31 December 2012, to be paid in 2013. The single tier second interim dividend was approved by the Board of Directors on 17 January 2013. The proposed dividend consist of an electable portion of 18.38 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme and is pending approval from Bank Negara Malaysia.

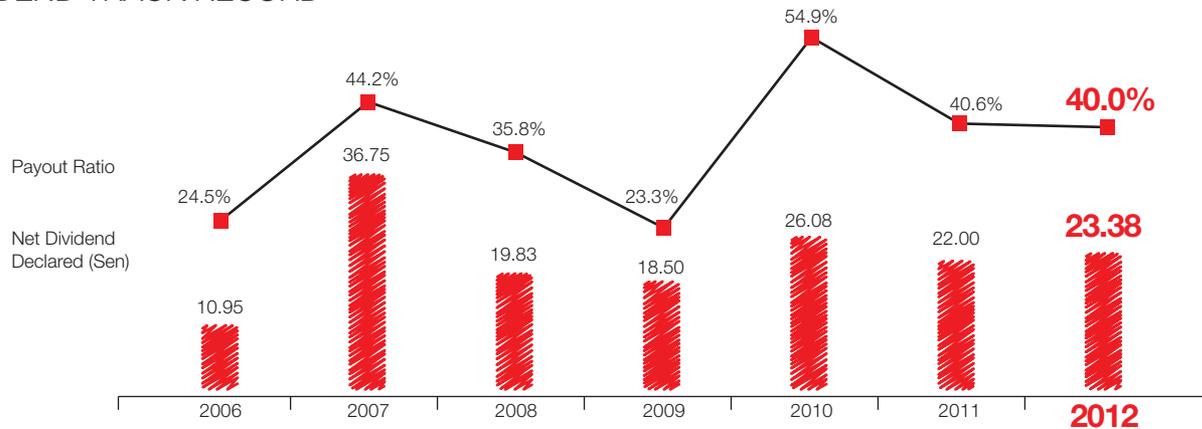
Dividend Reinvestment Scheme

On 18 January 2013, the Company announced the proposal to put in place a Dividend Reinvestment Scheme (DRS) that would allow our shareholders to have the option to elect to reinvest their cash dividends in new ordinary shares.

The scheme would allow the Board, at its absolute discretion, to offer either the DRS or full cash for the Group's dividends as and when it deems appropriate vis-à-vis the Group's capital strategy and plans.

The DRS had received the necessary approvals from Bursa Securities and from its Shareholders via an Extraordinary General Meeting held on 25 February 2013. The DRS is pending approval from Bank Negara Malaysia.

● DIVIDEND TRACK RECORD



Investor Relations

With the strategic expansion trajectory of the CIMB Group adding layers of complexity in operations, finance, geography and regulations over recent years, it is unsurprising that running Investor Relations for the Group has become akin to piecing together a large, complicated jigsaw puzzle.

At Investor Relations (IR), we continuously up our game with new initiatives and more efficient use of management time to ensure that stakeholder engagement is optimised, without compromising on face time and disclosures.

We believe that all our stakeholders deserve to have equal access and reaction time to financial announcements, especially in view of our high foreign shareholding levels – this is one major reason why CIMB Group has resisted calls to announce our quarterly financial results during the mid-day trading break. We continue to announce our results after the end of the day's trading.

In 2012, the Group's IR unit moved under the purview of the Group CEO's Office to ensure Group-wide consistency in messaging and empowerment to facilitate information transfer. This will likely be our final home after moving through Group Strategy and Group Finance and is part of 'CIMB 2.0' – a major internal reorganisation to recalibrate and accelerate our businesses.

Investor relation activities are spearheaded by the Group CEO and his three deputy CEOs, backed up by the investor relations head, manager and team. Given the strategic importance of investor relations, we are consistently supported by many members of senior management throughout the Group. In all circumstances, we need to ensure that our stakeholders continue to be provided with direct access to information and explanations in a concise and timely manner.

2012 was a modestly challenging year for the IR unit in term of news flow and developments. Whilst there was no global economic or political turmoil, and no major natural disasters to contend with, there were still numerous events which kept us on our toes.

Our acquisition of selected Asia Pacific cash equities and advisory businesses from the Royal Bank of Scotland (RBS) was the event that took the headlines. We had several months of investor engagement on this acquisition, not because it was a large deal in financial terms, but because of the perception

that we were going beyond our ASEAN comfort zone and may be getting ahead of ourselves and over-extending our management capabilities. Over a period of several months we made sure that we reached out to interested stake holders and clarified the strategy behind the deal - In order to be ASEAN's leading company, it is crucial for us to have strong links with ASEAN's principal trading blocs and in order to champion Asia to Asia trade flows, a strong Asia Pacific presence is imperative.

As 2012 progressed and our 'CIMB 2.0' organisational step change gathered pace, with new initiatives and new members of the senior management, we also focused on explaining the process, and the positive changes that stake holders could expect to see.

Basel III and capital management remained a hot topic throughout 2012. Investors and analysts remain concerned about new capitalisation levels required and we sought to address this via regular engagement and updates with internal specialists. Until absolute regulatory clarity is attained, not just in Malaysia but regionally and globally, the Basel III issue will continue to be on our agenda.

The 55th Annual General Meeting (AGM) in April 2012 was where senior management engaged with the retail shareholder base. Here, retail shareholders continued the tradition of voicing their views, concerns and suggestions to the Board of Directors and senior management, allowing us to better fulfill these needs. We always welcome this feedback.

For institutional stakeholders, we conducted four analyst briefings last year - two for quarterly financial results and one each for the RBS acquisition and proposed acquisition of a 60% stake in the Bank of Commerce, Philippines. There were also two other quarterly financial results analyst conference calls. In addition, we continued with our pre-closed period updates with both the sell- and buy-side, thereby keeping stakeholders regularly engaged. This resulted in a lower number of direct one-on-one meetings in 2012 to better manage senior management's time, allowing for increased engagement by the IR unit over the phone and via emails.



The Board of Directors addressing shareholders at the 55th Annual General Meeting.

Investor Relations

CIMB Group only participated in four investor conferences in 2012, two of which were CIMB Securities' events as we sought to provide support to promote our newly enlarged securities platform. We also conducted two non-deal roadshows in Singapore and London in the first half of last year. Whilst the number of people engaged with roadshows fell compared to 2011, we made more analysis of our shareholders and that allowed more direct and specific targeting. CIMB Group also remains arguably the best-tracked stock on the KLCI with coverage from 28 analysts and research houses.

INVESTOR RELATIONS ACTIVITIES				
	2011		2012	
	Meetings	FM/ Analysts	Meetings	FM/ Analysts
Investors Conferences/ Roadshows	11	209	6	145
Direct one to one meetings	109	369	96	294
Teleconference hosted	18	30	11	11

RESULTS ANNOUNCEMENT		
DATE	EVENT	TYPE OF MEETING
24 May 2012	CIMB Group 1Q12 Result Announcement	Conference Call
15 August 2012	CIMB Group 2Q12 Result Announcement	Analyst Briefing
20 November 2012	CIMB Group 3Q12 Result Announcement	Conference Call
25 February 2013	CIMB Group 4Q12 Result Announcement	Analyst Briefing

CONFERENCES AND ROADSHOWS			
DATE	EVENT	VENUE	ORGANISER
13 March 2012	Non-Deal Roadshow	SINGAPORE	DeutscheBank Securities
14 May 2012	Non-Deal Roadshow	LONDON	CIMB-RBS
29 May 2012	Invest Malaysia	MALAYSIA	Maybank Investment Bank/ Bursa Malaysia
13 June 2012	CIMB ASEAN Conference	MALAYSIA	CIMB Securities
03 September 2012	UBS ASEAN Conference	SINGAPORE	UBS Securities
01 November 2012	CIMB Asia Pacific Leaders' Conference	LONDON	CIMB Securities

OTHER EVENTS		
DATE	EVENT	TYPE OF MEETING
02 April 2012	Announcement of the proposed acquisition of RBS's selected cash equities, equity capital markets and M&A corporate finance businesses in Asia Pacific (ex-Japan)	Analyst Briefing
17 April 2012	CIMB Group's AGM for 2011	Shareholders' Meeting
08 May 2012	Announcement of the proposed acquisition of 60% of Bank of Commerce in the Philippines	Analyst Briefing

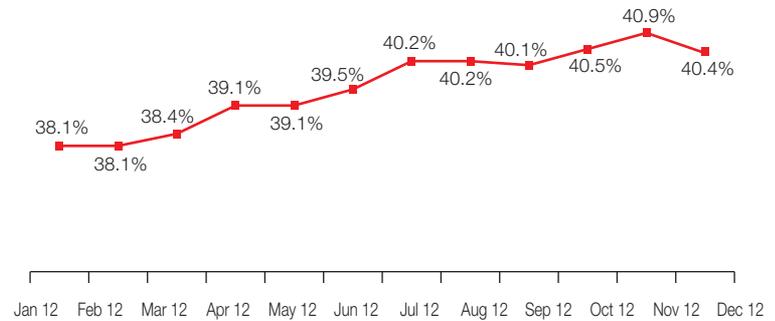
Investor Relations

The Group's foreign shareholding rose throughout the year, ending 2012 at 40.4% after starting the year at a one-year low of 38.1% and improving thereafter to reach a high of 40.9% in November 2012. However, the stock's 2012 price performance was volatile to say the least given various news flows as well as pre-election jitters in Malaysia which persisted over the year.

Our efforts continue to be recognised as we came out tops for Best Investor Relations in Malaysia from IR Magazine South East Asia (third consecutive year), Alpha South East Asia Magazine (second consecutive year) as well as four categories at the 2012 Malaysian Investor Relations Association Awards for the large-cap category.

CIMB Group is dedicated to long-term value creation and will persist with the highest levels of corporate governance and good IR practices to ensure all stakeholders are consistently clear about and fully understand all on-goings within the Group.

Foreign Shareholding



RESEARCH COVERAGE

NO	RESEARCH HOUSE
1	Affin Investment Bank
2	Alliance Research
3	AmResearch
4	Bank of America Merrill Lynch
5	Bernstein Research
6	Citi Investment Research
7	CLSA Securities
8	Credit Suisse Securities
9	DeutscheBank Securities
8	Goldman Sachs
9	Hong Leong Investment Bank
10	HSBC
11	Hwang-DBS Vickers Research
12	JP Morgan Securities

NO	RESEARCH HOUSE
13	KAF-Seagroatt & Campbell Securities
14	Kenanga Investment Bank
15	Macquarie Capital Securities
16	Maybank Investment Bank
18	MIDF Amanah Investment Bank
19	Morgan Stanley Asia
20	Nomura Securities
21	Public Investment Bank
22	RHB Research
23	S&P Capital IQ
25	Standard Chartered
26	TA Securities
27	UBS Securities
28	UOB Kay Hian

Primary contact person for Investor Relations:
 Steven Tan Chek Chye
 Head of Investor Relations
 Tel: 603-2084 9696
 Email: steven.tan@cimb.com

CIMB GROUP SHARES

● STOCK NAME:

CIMB

● TICKER CODE:

CIMB MK
(BLOOMBERG)
CIMB.KL
(REUTERS)

● STOCK CODE:
(BURSA MALAYSIA)

1023

● EARNINGS PER SHARE (RM)

31 DECEMBER 2012

58.45 SEN

● MARKET
CAPITALISATION (RM)

31 DECEMBER 2012

56.7 BILLION

● CLOSING MARKET PRICE (RM)

31 DECEMBER 2012

7.63 SEN

● FINANCIAL YEAR END:
DECEMBER

31

HIGHLIGHTS

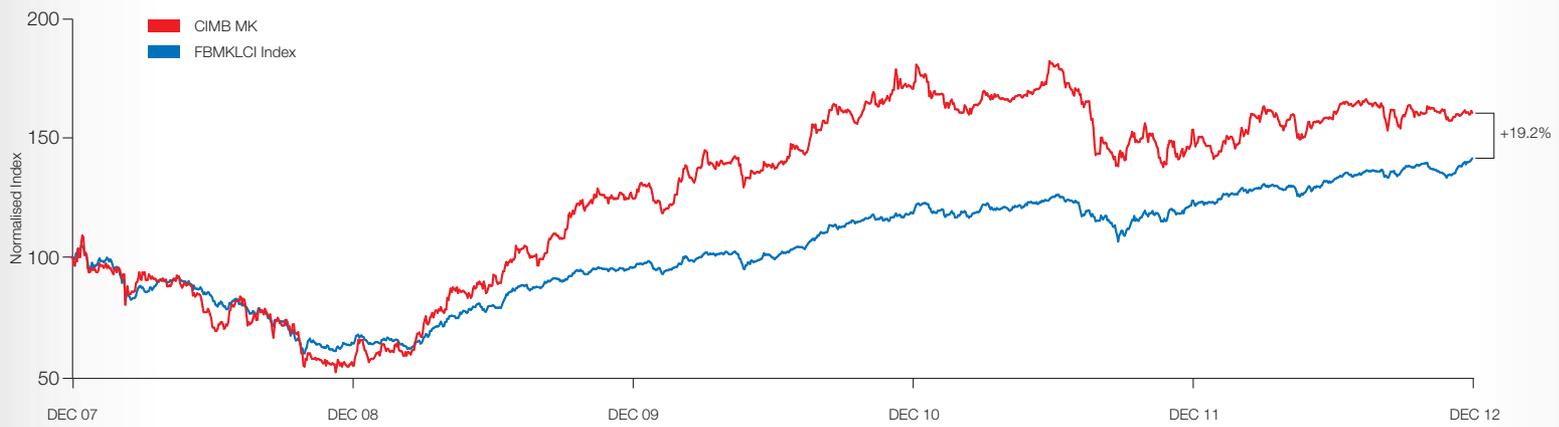
	FY11	FY12
Book Value Per Share (RM)	3.49*	3.82
Basic EPS (sen)	54.23	58.45
Dividend Per Share (sen)	22.00	23.38
Dividend Payout Ratio (%)	40.6	40.0
Total Shareholders' Return (%)	-10.1	4.6
Closing Price As At 31 Dec (RM)	7.44	7.63
Price To Earnings (Times)	13.7	13.1
Price To Book (Times)	2.1	2.0

Note: *Before adoption of MFRS 1

CIMB Group Shares

LONG TERM VALUE CREATION

● TOTAL SHAREHOLDERS' RETURN

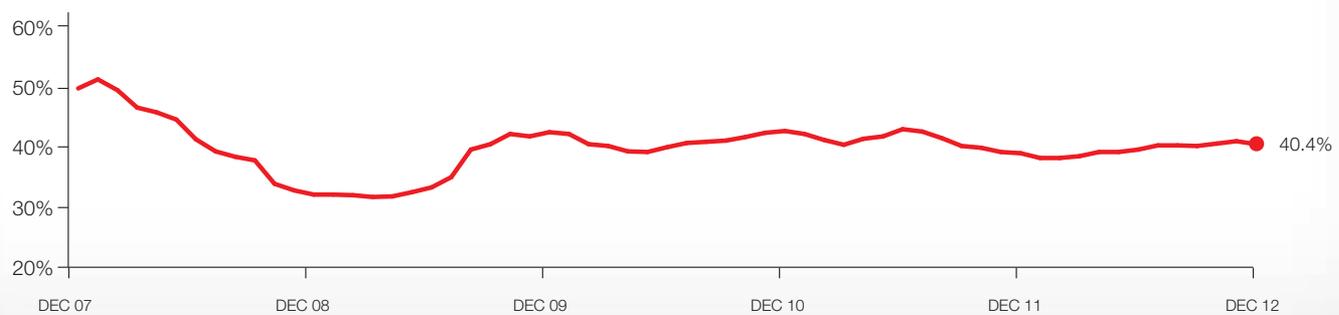


● CIMB

● FBM KLCI

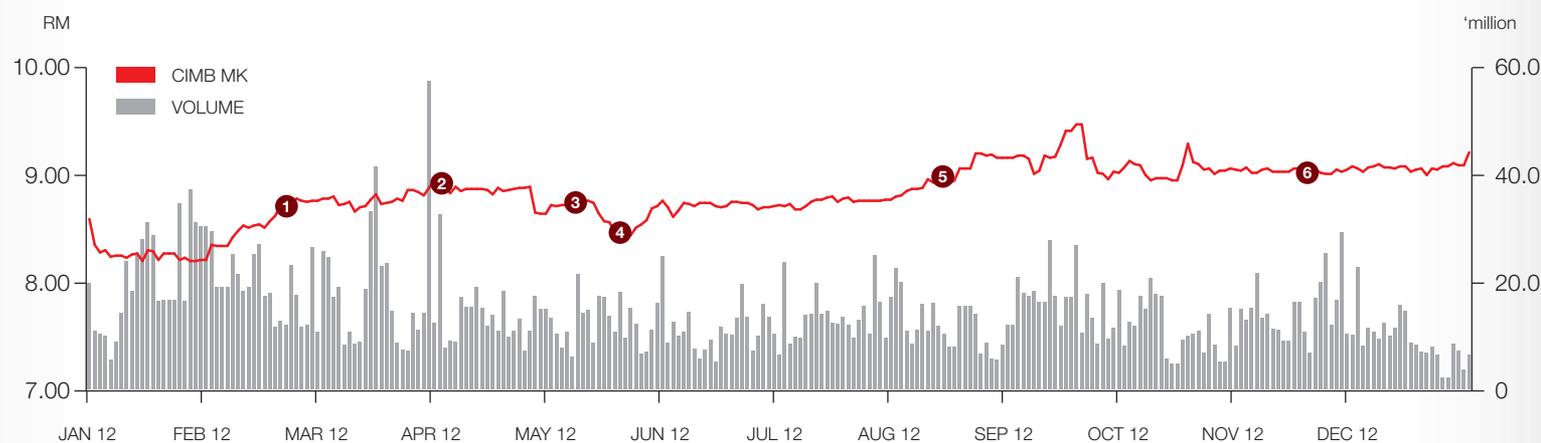
	1 YEAR	3 YEARS	5 YEARS
CIMB	4.6%	28.1%	60.5%
FBM KLCI	14.4%	48.1%	41.3%

● FOREIGN SHAREHOLDINGS



CIMB Group Shares

● SHARE PRICE AND TRADED VOLUME



- ① 27 February 2012 CIMB Group 4Q11 Results Announcement
- ② 2 April 2012 Announcement of the proposed acquisition of RBS's selected cash equities, equity capital markets and M&A corporate finance businesses in Asia Pacific (ex-Japan)
- ③ 8 May 2012 Announcement of the proposed acquisition of 60% of Bank of Commerce in the Philippines
- ④ 24 May 2012 CIMB Group 1Q12 Results Announcement
- ⑤ 15 August 2012 CIMB Group 2Q12 Results Announcement
- ⑥ 20 November 2012 CIMB Group 3Q12 Results Announcement

SHARE RELATED KEY HIGHLIGHTS

	FY11	FY12
Total Shareholder Return (%)	-10.1	+4.6
Market Capitalisation as at 31 Dec (RM 'billion)	55.3	56.7
Closing Price As At 31 Dec (RM)	7.44	7.63
Highest Closing Price (RM)	9.00	7.95
Average Closing Price (RM)	7.91	7.54
Lowest Closing Price (RM)	6.68	6.85

Share Registrar:
Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor Darul Ehsan

CIMB Group Shares

2013 TENTATIVE QUARTERLY RESULTS ANNOUNCEMENTS

• **22 MAY 2013**

CIMB Group 1Q13 Result Announcement

• **22 AUG 2013**

CIMB Group 2Q13 Result Announcement

• **18 NOV 2013**

CIMB Group 3Q13 Result Announcement

• **FEB 2014**

CIMB Group 4Q13 Result Announcement

**TENTATIVE DATES
FOR QUARTERLY
RESULTS**



Strengthening our cross border network as **ASEAN** integrates

With Network CIMB, we are strengthening connections between CIMB customers, divisions and countries and helping to forge an integrated economic community in ASEAN.

We champion the acceleration of ASEAN integration

CIMB Group Strategic Direction & Initiatives

OUR VISION

- TO BE THE LEADING ASEAN COMPANY

OUR 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

CIMB Group Strategic Direction & Initiatives

CIMB Group is focused on achieving its vision to be the leading ASEAN company. Within this context, the Group will provide universal banking services as a high-performing, institutionalised and integrated company located in ASEAN and key markets beyond, and will champion the acceleration of ASEAN integration and the region's links to the rest of the world.

These principles mean that the Group's strategic direction is framed around ASEAN's growing strategic importance, and the Group is gearing up to operate as a major Asia Pacific-based intermediary for both ASEAN-Asia and Asia-to-Asia banking, trade and deal flows. At the same time, the Group is continuously working on a strategic level to improve customer service and operational efficiency and build sustainable value creation.

Key components of the Group's strategic direction and initiatives are 'CIMB 2.0' to recalibrate operations and accelerate CIMB Group's next growth phase, the Group Risk Playbook and the 1Platform core banking system. The Group's International Advisory Panel (IAP) provides invaluable advice to CIMB's senior leaders on regional trends and idea generation and the CIMB ASEAN Research Institute advocates for ASEAN's project of economic integration. These all have individual write-ups on the following pages.

STRATEGIC FRAMEWORK FOR 2013

The Group's 2013 corporate theme is 'Network CIMB' and this reflects the Group's focus on strengthening its network links between different business divisions and across national

borders in order to operate as a major Asia Pacific-based intermediary. Underlying the corporate theme is the Group's longer term 'CIMB 2.0' initiative. This organisational step change to recalibrate and accelerate our businesses effected significant structural changes in 2012, especially our three core divisions of Investment Banking, Corporate Banking, Treasury & Markets and Consumer Banking, as well as Group Risk Management.

2013 PRIORITIES

Cost management is a primary focus. We are clear that with the 'CIMB 2.0' and 'Network CIMB' initiatives, the Group should achieve scale economies, engage in stronger cost management, drive revenue growth via cross-selling and product innovation and portfolio optimisation at all levels of business and geographies. These initiatives are projected to reduce the Group's cost to income ratio from the present 56% to 50% by 2015.

Another focus is the integration of recent acquisitions including selected Asia Pacific cash equities and investment banking operations of the Royal Bank of Scotland and SICCO Securities in Thailand.

The advent of the Basel III global regulatory standard on bank capital adequacy, stress testing and market liquidity risk, means that capital management is a fact of everyday life. With a conservative balance sheet growth trajectory, earnings accumulation, prudent use of the recently activated dividend reinvestment scheme and portfolio optimisation moves, we believe that the Group should be more than sufficiently capitalised with a healthy core equity Tier 1 ratio of around 9.5% by 2015, up from approximately 7.8% in 2012.

2013 TARGETS

The Group is set to maintain a return on equity (ROE) target of 16% for 2013 despite more stringent capital requirements. Total credit growth is anticipated to expand by 15% with growth markets like Indonesia, Thailand and Singapore outstripping more mature banking markets like Malaysia. The Group's loan loss charge target is projected to rise to 0.4% from the 0.16% in 2012 with lower anticipated write-backs and recoveries. On the capital front, the Group's total capital and Tier 1 of 11% and 8% respectively should be maintained comfortably. Management has set a maximum Group leverage target (total assets over shareholders' funds) of no more than 20 times. The present level is 17.7 times.

OUR VALUES

CUSTOMER-CENTRIC

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

HIGH PERFORMANCE

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

ENABLING PEOPLE

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

STRENGTH IN DIVERSITY

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

INTEGRITY

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

Strategic Direction: CIMB 2.0

The CIMB Group has undergone a significant evolution from a Malaysian investment banking franchise into a regional universal bank. Over a relatively short period from 2005 to 2011, we undertook several major cross-border mergers. These required not just a management mindset change but a plethora of other changes in internal operations, processes and systems, whilst still striving to deliver record annual earnings and maximising shareholder returns.

Being very mindful of the transformational nature of the business of financial services as well as the ever-changing needs and requirements of our clients, we know that, "What got us here won't necessarily get us there". So, at the end of 2011, we launched the 'CIMB 2.0' initiative to recalibrate operations and accelerate CIMB Group's next growth phase.

In our Malaysia and Singapore Consumer Banking franchise, 'CIMB 2.0' came in the form of merging and integrating previously silo-minded operating units – Consumer Sales and Distribution, Group Cards and Personal Financing, Commercial Banking and Retail Financial Services – into one cohesive consumer bank. Whilst the previous model worked well for us in our universal bank infancy, it was time to break down the barriers to eliminate duplications, entrench our cross-selling culture, drive product bundling, improve product offerings and teamwork and generate operational efficiencies.

This was facilitated by the appointment of a new overall Head of Consumer Bank in April 2012, who led a management reshuffle including the infusion of new range of talents. Early results are already encouraging and we believe this momentum will carry the domestic consumer franchise towards a position commensurate with our balance sheet strength.

In Wholesale Banking, 'CIMB 2.0' involved the region-wide consolidation of the corporate lending and deposit taking, transaction banking, treasury and markets activities, and derivative activities under one division, renamed Corporate Banking, Treasury & Markets (CBTM). Under the purview of the Regional

Head, CBTM is now a fully-integrated division managing the Group's overall wholesale risk across all geographies.

This move was transformational as it not only entailed a revamp of each country's wholesale mindset but also allowed for operations to move to a regional perspective and for a holistic approach to corporate client servicing, maximising product cross-selling and bundling as well as to significantly reduce process duplications. Whilst we are witnessing the initial benefits in our 2012 performance, the synergistic flow-through will likely result in a multi-year uplift in CBTM earnings.

The Investment Banking (IB) division, now without the corporate banking business, had a different 'CIMB 2.0'. It was streamlined to focus on the advisory and cash equities business to facilitate both in-country and cross-border opportunities. In light of the much-changed post-Financial Crisis landscape, we took the view that to enhance the ASEAN value proposition to corporates and institutions, CIMB Group would have to materially improve economies of scale and strengthen our presence in ASEAN's principal trading blocs.

The opportunistic acquisition of the Royal Bank of Scotland (RBS)'s Asia Pacific cash equities and advisory business in 2012 allowed us to complete our IB presence in key ex-ASEAN markets with a strong team of individuals over a short period of time and at a much lower cost. We now have new on-shore presence in Australia, as well as substantially enlarged operations in Hong Kong, China, United Kingdom and United States. We expect to complete the launch of new operations in South Korea, India and Taiwan in the first half of 2013. CIMB Group is now the largest APAC-

based IB (ex-Japan) with an equities platform of 115 analysts covering about 1,100 stocks in APAC. We now have significant sector specialist coverage, a wide reach of institutional investors across the globe and the ability to execute M&A and capital market deals in all key APAC markets.

Risk Management is an imperative component of the enlarged Group, both operationally and geographically. Under 'CIMB 2.0,' risk management was strengthened by the appointment of a new Chief Risk Officer and the introduction of a new 'Risk Playbook'. There was also a holistic review of the entire division across the region. We expect the Group's risk taking responsibilities to be materially tightened and streamlined to facilitate more thoughtful approaches to maximise returns and minimising downside.

The other large element of 'CIMB 2.0' was to expand the purview of the strategy division to oversee our Private Equity and Strategic Investment portfolios. Group Strategy and Strategic Investments (GSSI) will now be able to leverage on our M&A and business integration expertise to provide best-of-class advice to our various strategic and private equity investee companies as well as to expand the Group's horizon in opportunities to launch new funds.

'CIMB 2.0' is a rethink of processes and approaches towards business in an ever-evolving landscape. We have already seen a big change with the infusion of many new members of senior management over the past year. With more internal and strategic changes yet to come, we foresee continued realisation of the benefits from 'CIMB 2.0' for quite a few years from 2013 onwards.

Strategic Initiatives: Risk Playbook and 1Platform

GROUP RISK DIVISION – RISK PLAYBOOK

CIMB Group has grown beyond ASEAN with the extension of its investment banking into the wider Asia Pacific region. The evolution in business strategies and priorities necessitate the modus operandi of Group Risk to be revisited.

The Risk Playbook is an articulation of key strategic risk management initiatives aimed at enhancing the overall risk management in the Group. The Playbook is aligned to the Group's business strategies and priorities and addresses Top Risks that may potentially challenge the realisation of these business strategies and priorities.

The themes of the Risk Playbook are summarised as follows:

- **Governance:** Strengthen risk management governance by enhancing the framework for front-to-back accountability at all levels of defense;
- **Culture:** Inculcate a strong risk culture that is driven top down and embedded in the day-to-day business execution that is within the Group's Risk Appetite;
- **Process:** Improve alignment and efficiency between the risk management function and front office; and
- **Organisation:** Build a single integrated risk team across the region and leverage on centres of excellence in risk disciplines.

The Risk Playbook is championed by the Group Chief Risk Officer and supported by project sponsors from key senior management in the Group.

1PLATFORM CORE BANKING SYSTEM

As CIMB Group expanded across ASEAN from 2005 onward, it acquired regional talent, expertise and strength. It also inherited diverse technology platforms and business processes. CIMB initiated 1Platform in 2010 in order to improve the Group's ability to operate efficiently across the region, and in line with the Group's vision to be the leading ASEAN company.

At its heart, 1Platform is a convergence to a standardised and simplified core banking platform. It also includes capabilities that will allow us to extend customisability and flexibility in products and services to our customers.

The 1Platform project started in 2010 and is improving CIMB's networking ability across the region, and breaking down divisional and geographical boundaries. It is building on the Group's capabilities and agility to launch new and enhanced products and services across markets and at regionally-leveraged cost.

It is also strengthening in-house project management capabilities, and enhancing CIMB's internal ability to respond rapidly and effectively to changing demands and uncertainties and create new opportunities in financial services.

In 2011, Singapore was the first to implement the system (which is a lighter version, reflecting the small number of branches CIMB is permitted by the Singaporean authorities). Business benefits are already nearly double the original projections in Singapore. In 2012, Thailand implemented the full 1Platform system and business benefits are on track with projections.

Implementation in Malaysia is underway and is scheduled to go live in 2014. This will be the most expansive and complex implementation to date, impacting 12,000 users in 12 divisions. The resulting process optimisation and platform standardisation is expected to galvanise CIMB Group's capabilities by increasing productivity and strengthening process governance and the management of risk exposure. Once implemented, it will significantly reduce current IT costs and also pave the way for substantial cost avoidance in the future.

The 1Platform core banking system is provided by Silverlake Axis Integrated Banking Solutions (SIBS), an ASEAN-based expert in core banking platforms.



*The 1Platform team with Dato' Sri Nazir Razak
Group Chief Executive, CIMB Group*

Strategic Direction: **International Advisory Panel (IAP)**



Top:

International Advisory Panel meeting in session in Manila, Philippines.

Left:

Dato' Sri Nazir Razak, Group Chief Executive CIMB Group and Tun Musa Hitam, IAP Chairman talking with Ramon S. Ang President San Miguel Corporation and IAP member Tan Sri Andrew Sheng.

Strategic Direction: International Advisory Panel (IAP)

The IAP was set up in 2006 to assist the Board and top management in formulating strategies and generating ideas in line with CIMB Group's international business operations and expansion.

The IAP is chaired by Tun Musa Hitam, a regional statesman and former deputy prime minister of Malaysia. The collective experience of Tun Musa and the other IAP members spans a broad spectrum from industry and financial markets to policy formulation and academia, in ASEAN and beyond.

This year the IAP welcomed three new members; Dr Roberto de Ocampo, Rex Auyeung and Nicholas Bloy. Dr Roberto de Ocampo is the Founding Partner and Director of the Centennial Group, and a former Secretary of Finance of the Philippines. Rex Auyeung is the President, Asia and Senior Vice President of the Principal Financial Group. Nicholas Bloy is Co-Founder and Managing Partner of Navis Capital Partners Limited.

In keeping with the tradition of hosting the IAP meetings in the Group's core operating markets, the IAP this year was held in Manila, ahead of our proposed acquisition of a stake in the Bank of Commerce in the Philippines. Together with the San Miguel Group, CIMB Group also took the opportunity to host key clients of the Bank of Commerce at a dinner reception.

The IAP discussed a broad range of topics; from the implications of new regulatory regimes on capital, the opportunities for private retirement schemes in Asia, the potential of Asia Pacific investment banking, trends and evolution of consumer banking. They also received updates on our core market operations and frontier market strategies.

The IAP commented on the rising importance of ASEAN given the current challenges in the West. However new regulations could curtail growth prospects in the region. The IAP discussed how Asian banks and regulators can come together to champion a more balanced and pragmatic adoption plan.

In our core markets, the IAP stressed the need to have the right product proposition for our target market. On the Investment Banking front, there is the opportunity to capture the SME space as this is a growing segment and many SMEs are taking advantage of ASEAN integration and moving out of their home markets. We need to position ourselves with the right products, research and talent to capture this space. When discussing strategies for the Philippines, the IAP suggested that CIMB adopt a strategy that leverages our experience in other markets against a deep understanding of Philippines banking environment and customer trends. The IAP concurred with our incremental approach to expansion outside ASEAN, as well as our current consolidation exercise of existing operations.

The IAP deliberated the importance of a single brand to build instant recognition and awareness and suggested new perspectives as we develop the future brand personality of the Bank.

The IAP also discussed new opportunities for the Group, including Asian Private Retirement Schemes which they all agreed will be important given the impetus of an aging population. We will need a conduit to channel high savings into retirement income which presents a compelling opportunity for CIMB. In line with new consumer trends and demographics the IAP also suggested an alternative approach around differentiated, solution-oriented and less homogenous branches.

IAP members commented on ASEAN politics being the focal point in the coming year, given the Malaysian general election this year and Indonesia's parliamentary and presidential elections in 2014.

INTERNATIONAL ADVISORY PANEL MEMBERS

- 1 Tun Musa Hitam
Chairman of UM Land and former Deputy Prime Minister of Malaysia
- 2 Tan Sri Andrew Sheng
President, Fung Global Institute and former Chairman of the Securities and Futures Commission of 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 CIMB Group, Former Chairman of IBRA
- 5 Goh Geok Khim
Chairman and Managing Director, G.K. Goh Holdings Limited
- 6 Robby Djohan
CEO PT CitraInvesta Adhidana, Former President and CEO of Bank Niaga
- 7 Tira Wannamethee
Executive Director, Chaitalay Hotel Company Limited
- 8 Tan Sri Rainer Althoff
Managing Director of Jatro AG, Former President and Chief Executive Officer of Siemens Malaysia Sdn Bhd
- 9 Watanan Petersik
Director, Asia Capital Advisory Pte Ltd, Independent Director, CIMB Thai Bank
- 10 Rex Auyeung
President, Asia and Senior Vice President of the Principal Financial Group
- 11 Nicholas RH Bloy
Co-Founder and Managing Partner of Navis Capital Partners Limited
- 12 Dr. Roberto F. de Ocampo
Founding Partner and Director of the Centennial Group and former Secretary of Finance of the Philippines

Strategic Direction: CIMB ASEAN Research Institute



CARI Breakfast Roundtable on opportunities in Myanmar

One of the most promising things about our region, and an important guarantee of our continuing relevance in the global economy, is the fact that the ten countries that form the Association of Southeast Asian Nations (ASEAN) have committed themselves to the formation of an ASEAN Community and are actively pursuing that goal. One pillar of this envisioned community is an ASEAN Economic Community by 2015.

CIMB was the first regional enterprise to identify itself directly with ASEAN and its peoples, and with ASEAN's ideals of social, political and economic integration. CIMB also led the way in building awareness and support for an ASEAN economy in the business community and among the public. A major commitment in this direction was the formation in 2011 of the CIMB ASEAN Research Institute (CARI) to focus thought leadership and advocacy for ASEAN's project of economic integration.

CARI's mission is to work with policymakers, regulators, businesses and civil society to identify and bring down the barriers between ASEAN's economies and build support in the business community for regional economic integration. We serve as a much needed bridge between ASEAN's business community and its policymakers.

CARI carries out its work through public events, training, publications and advisory work. Our collaborators in building understanding and ownership of ASEAN across the region are other regional businesses, think tanks, business associations, academics, government agencies and ministries. We also work with them to identify and suggest solutions to problems in regional integration.

Within CIMB Group, we do internal training and advocacy and serve as a knowledge centre for ASEAN issues.

CARI has provided ideas and speakers to a number of ASEAN events organised by CIMB regional business units, among others, the CIMB ASEAN Conference, the CIMB ASEAN SME Forum, the CIMB Commercial Banking CEO's Club, the CIMB Young Leaders ASEAN Summit, and the CIMB CARI Myanmar Breakfast Roundtable.

CARI also collaborated with CIMB Thai and the Malaysia-Thai Chamber of Commerce at the 'Rethinking Asean in the New Global Economy' press briefing. CARI's ASEAN 101 talks support Group Corporate Resources in its induction programme for every new intake of talent, from junior to senior management.

In its regional engagement, CARI held a seminar with the Institute of Democracy and Foreign Relations on the topic of 'A snapshot of the democracy in ASEAN' and conducted a session of CARI Conversations alongside the CIMB ASEAN Conference, with distinguished speakers from around ASEAN discussing 'ASEAN in the New World Economy'.

The ASEAN Business Club (ABC), which is an association of the chief executives of ASEAN's most important business enterprises, is a key initiative of CARI. As the secretariat of the ABC, CARI conceptualises its activities and events to rally some of the most influential members of the ASEAN business community around specific issues and opportunities in regional integration.

In 2012, ABC led a delegation of business leaders to Myanmar to witness firsthand the changing landscape of Myanmar's economic environment. Delegates met with Myanmar's investment authorities, local business leaders, and opposition leader Aung San Suu Kyi.

CARI and the ABC also hosted a dinner in honour of the British Prime Minister, David Cameron, and a delegation of businesses from Britain, the theme of the dinner was 'ASEAN: Open for Business'. Later in the year, ABC also held its first activity in Thailand featuring a roundtable session with the Deputy Prime Minister Kittirat Na-Ranong, and former foreign minister of Singapore, George Yeoh, as the keynote speaker at the dinner reception.

The ABC held its 2012 gala dinner in Jakarta and gathered an impressive crowd of 300 regional corporates in support of ASEAN integration.

CARI is also represented at important regional bodies outside the region such as the China ASEAN Inter-bank Association and the World Economic Forum's Global Agenda Councils.

CARI helps fulfill CIMB's brand promise of leadership and citizenship in ASEAN. Our networks in regional and international policy and business circles are part of CIMB's network equity for all its clients.

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) and approved by the Board for implementation across our Group, where relevant. Operational procedures and guidelines are approved by Operational Risk Committee (ORC), for implementation. Approved policies, procedures and guidelines are timely disseminated to affected stakeholders, ahead of implementation. 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	These documents relate to the administrative operations of the Group and cover 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	These documents define accounting concepts and policies that are consistent with Financial Reporting Standards and Generally Accepted Accounting Practices. These documents provide the broad framework, policies and procedures to assist in responding to a disruption, crisis and/or disaster and to resume critical business functions.
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 Policy & Procedure Manual & Plan	These documents provide the framework to assist in responding to a disruption, crisis and/or disaster including a pandemic or threats posed against employees, 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 framework and management information framework.
8.	Group Anti-Money Laundering/Counter Financing of Terrorism Policy & Procedure 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 cover all parts of CIMB Group. This is 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, record retention, employee training, updates to Senior Management and an independent audit of the internal AML/CFT measures.
9.	Employee's Terms of Employment Policies Guidelines & Handbook	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 BAFIA, IBA and IA. These comprise Directors, members of the Shariah Committee, Chief Executive Officers/Executive Directors, any person performing a senior management function who has the primary or significant responsibility for the management and performance of significant business activities; and any person who has primary or significant responsibility of key control functions.

Internal Policies, Procedures and Guidelines

No.	Title	Description
12.	Staff Rejuvenation Programme	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.
14.	Staff Welfare Policy & Procedures	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.	Group Related Party Transactions Policy & Procedure Manual	These documents describe the broad principles governing transactions by the companies within the Group and its subsidiaries, licensed pursuant to BAFIA 1989 or IBA 1983 or the Companies Act 1965 or any equivalent Acts or Laws enforced locally and in the respective jurisdictions where CIMB Group operates. The manual establishes clear guidance on what constitutes a related party transaction and how such a transaction, if permitted, must be conducted to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act, 1965.
19.	Group Chinese Walls Policy & Procedures Manual	This document sets out the policies and procedures to control the flow of confidential or material non public price sensitive information within the Group to minimise the risk of breach of the insider trading provisions under the Capital Markets and Services Act (CMSA) and handling of confidential information relating to a client of the Group.
20.	Group Shariah Compliance Policy & General Procedures Manual	This document defines and explains the overall framework applicable to the Islamic businesses of CIMB 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.
21.	Group Treasury Policies & Procedures Manual	These documents define the related policies and outline procedures on activities carried out by Group Treasury in relation to functions of each department and unit within Group Treasury, including primary origination, market-making, sales and trading and distribution in debt securities, foreign exchange, equities, commodities, derivatives on such assets and structured deposits/investments and funding for the CIMB Group.
22.	Group Conflict Management Policies and Procedures	This document sets out the policies and procedures to identify, minimise and manage such conflicts and potential conflict of interest which may arise in the course of the relevant divisions carrying out its business activities.
23.	Group Fraud Management Policies & Procedures	These documents provide a guide on the escalation of any incidence of fraud that is suspected/committed within or against CIMB Group, including its subsidiaries.

Internal Policies, Procedures and Guidelines

No.	Title	Description
24.	Group IT Policies and Procedures Manual	These documents cover the policies and procedures governing all aspects of Group Technology and provide management direction and support for information technology in accordance with regulation, relevant laws and business requirements. It facilitates the sharing of information and improved access across the Group and regionally. They guide information technology within the organisation through clear direction, to monitor the overall efficiency, performance and effectiveness of IT services, control consistency and minimise exposure to internal and external threats and risks. These documents are designed to increase adherence to regulatory and internal requirements and ensuring consistence of standards of operations and practices across Group Technology.
25.	Group IT Risk Management Framework	This framework provides a consistent and unified approach for developing and improving information risk management within business operations. IT risk management is a systematic method of establishing the context of identifying, analysing, evaluating, treating, monitoring and communicating IT and information risks associated with any activity, function or process in a way that will enable CIMB to minimise losses.
26.	Group Compliance Policies & Procedures	This document sets out the general compliance standards and requirements that govern the overall working of the Business and Support Units within CIMB Group with the objective of guiding the Business and Support Units on the compliance requirements to be adhered to in conducting their businesses. The Compliance framework includes self-testing matrices, management of non-compliances and ongoing compliance awareness.
27.	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 Group Competition Law Manual guides all business units within the Malaysian banking entities of CIMB Group to familiarise and understand the competition laws of Malaysia. It provides a brief overview of the Competition Act, and is a general guide on business conduct and contracts and also compliance reporting.
28.	Credit Risk Model Policy	This describes the policy aspects of credit risk modelling, including BASEL II models and processes for banking entities within CIMB Group. The policy sets out the underlying philosophy and relevant guidelines governing the credit risk rating models that are used for credit risk decision-making, stress testing, economic and regulatory capital management.
29.	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.
30.	Group Operational Risk Management Framework	This framework ensures adequate policies and procedures are in place for the identification, measurement, monitoring, control and reporting of operational risks within the Group. It also ensures readiness and compliance with regulatory requirements and assists the integration of risk factors by providing a singular view of operational risk across the Group's business/support units/entities for effective and efficient operational risk management.
31.	Risk Management & Analytics Policies & Procedures Manual	This is a reference document on the functions of Risk Management & Analytics Department. It sets out the roles and responsibilities of the teams within the department, in supporting and implementing the Group's Enterprise-Wide Risk Management Framework. It provides the relevant policies, guidelines and methodologies in capital adequacy assessment, credit and market risks measurement, limit monitoring, control processes, risk analytics and reporting as well as stress testing.
32.	Model Risk Management Framework	This describes the policies and guidelines to facilitate efficient and proper conduct of model risk management, covering governance, control, development, validation, implementation and use of all relevant models within CIMB Group.
33.	Group Reputation Risk Management Framework	This framework aims to provide guidance and ensure that adequate policies and procedures are in place to identify, control, monitor and report reputation risk consistently within CIMB Group. The framework also sets the key principles and drivers of reputation risk management and the role and responsibilities of all parties in managing reputation risk within the Group.
34.	Credit Policy Guide and Islamic Financing Policy Guide	These documents set out the broad Conventional and Islamic Credit Policies, applicable to the CIMB Group Conventional and Islamic Banking business with the purpose to establish the discipline for orderly extension of credit, lending and financing activities.



Talented and diverse network of employees

We know that our people are our greatest asset and we empower and align our employees to innovate and deliver value across Network CIMB. We also recognise diversity as a source of strength in our employees and respect different cultures and value varied perspectives.

42,000 employees of 38 nationalities working in 17 nations

Human Capital Growth and Talent Development Initiatives

Building an understanding of the CIMB Group as a regional franchise across ASEAN means that CIMB employees need to embrace multicultural perspectives to do what is best for our customers.



Team building during the CIMB-INSEAD Leadership Programme.

CIMB IS A PLACE WHERE TALENT GROWS

The financial services sector is a people-driven service industry, and talented employees bring an obvious competitive advantage. So CIMB Group is focused on ensuring it has a workplace environment where its 42,000 people are valued, where talent grows, and where employees can build on their strengths within a network of experience and opportunity.

Fulfilling these people-focused commitments is a key building block in the transformational changes now under way at CIMB Group. It is a key building block in the construction of our Network CIMB and in our ability to reach our vision to be the Leading ASEAN Company.

Throughout 2012, Group Corporate Resources focused on these commitments through the framework of our Employee Value Proposition (EVP). Launched in late 2011, the EVP consists of six commitments from CIMB Group to employees. These are: Towards an ASEAN Champion, Thriving on Diversity, Obsessed with

Talent Growth, Competitive Remuneration, Corporate Responsibility Leadership and Dynamic Workplace.

ASEAN DIVERSITY

Strength in diversity is one of CIMB's five core values. We have respect for different cultures, we value varied perspectives and we recognise diversity as a source of strength across our network of employees. Building an understanding of the CIMB Group as a regional franchise across ASEAN means that CIMB employees also need to embrace multicultural perspectives to do what is best for our customers.

In practical terms, we deliver on CIMB's diversity by bringing people together from across the region to work and learn from each other at all levels of the company. Adopting a top-down and a bottom-up approach, we put diverse people together on the Board, on working committees, on special projects and in learning and training.

Human Capital Growth and Talent Development Initiatives



Cohort 3 of the CIMB-INSEAD Leadership Programme.

We also take a holistic and blended approach to develop and deploy our people. Firstly we have formal classroom-based training and secondly we have exposure to various Group task forces and committees, coaching, mentoring and outward bound programmes. The third and biggest time component is on-the-job training, involving stretch assignments and regional mobility.

In 2012, we strengthened our Global Employee Mobility (GEM) programme which enables employees to gain work experience in countries around the region. Some 63 employees were successfully mobilised to countries such as Sri Lanka, Indonesia, Singapore, Thailand and Cambodia.

OBSESSED WITH TALENT GROWTH

At the top end of the talent pool, one key strategy for success is anchored in our current leaders – the ones who built up CIMB Group – and their coaching, mentoring and teaching of our up-and-coming talent. Our current leaders understand CIMB Group and know the banking industry and we believe that riding on the shoulders of these giants is the best way to build the organisation.

We have our dedicated leadership development centre, the Commerce Leadership Institute (CLI) which focuses on key leadership positions across the Group and the top one percent of managers Group-wide, in order to strengthen our leadership pipeline and to foster bonds between present and emerging leaders of the Group. Our management talent pool is particularly involved in the CIMB-INSEAD Leadership Programme, which is run by the CLI and is in its third year of operation.

This programme develops and broadens leadership perspectives following international best practice. Our current CIMB Group leaders, led by Group Chief Executive Dato' Sri Nazir Razak, teach and mentor by sharing their experience, insights and outlook. They also act as sponsors for the programme's Action Learning Project, which involves up-and-coming leaders working as a team to find solutions to thorny problems outside their area of expertise. This has multiple positive outcomes, including thinking outside the box and contributing to the overall business of the organisation.

A record 81 senior leaders participated in the CIMB-INSEAD Programme in 2012, compared to 57 the previous year.

Of course, talent development in CIMB Group is not only at leadership level, through our collaboration with Singapore's Nanyang Technological University, middle management had the opportunity to partake in the Accelerated Universal Bankers (AUB) programme. This six-month programme builds on the universal banking perspective of CIMB, and gives cross-border and cross-department perspectives.

We also gained traction in institutionalising the CIMB Academy with a total of 414 sales professionals attending the STARS Consultative Selling programme in Malaysia, aimed at promoting a consultative approach in sales.

To further boost talent growth, we delivered The Complete Manager programme to 253 leaders from across the region, up from 53 the previous year. This programme is delivered by CIMB Group senior staff and covers human resources and managerial skills.

At a junior level, our sought-after The Complete Banker™ Programme saw an infusion of talent amounting to 119 graduates from ASEAN countries. This compares to 89 the previous year. Since this programme started in 2003, we have had 607 young graduates.

We have modern training facilities in the region, which provide a conducive learning environment for the development of critical skills, management and leadership capabilities and sales and service skills. We also have an e-learning channel where employees can study modules in their own time with a fun and interactive twist.

COMPETITIVE REMUNERATION

We have a robust performance management system to ensure that we have the right people in place and a method of validating our talent spotting and development initiatives. For instance, consistent above-average performers are quickly identified for accelerated development.

Human Capital Growth and Talent Development Initiatives



Dato' Sri Nazir Razak, Group Chief Executive CIMB Group, receiving an honorary doctorate from Wawasan Open University.

The performance management cycle starts in January with business goals and key performance indices set by senior management. These are then cascaded through the bank with individual goals and targets set.

Throughout the year, our people are coached and given feedback on their individual performance and the outcome is used to determine remuneration and career development and the performance improvement plan for the following year. This includes career pathing and a clear indication of the competencies needed for promotion.

With CIMB Group's expanded footprint across ASEAN and beyond, and the growing importance of Network CIMB to make links across geographical borders and divisions, we have also changed our competency model to include Network CIMB performance and to reward those who make connections in terms of cross-selling products or making client introductions to other divisions.

Retirement and long service awards are a cause for celebration at CIMB as we take a holistic view of the working lives of our staff. We make sure we mark these important events. In 2012, we rewarded 1,510 staff across ASEAN for their loyalty to CIMB Group.

We have a staff welfare fund and a scholarship fund for staff children. We also value our relationship with the various unions that represent our employees and work hard to resolve issues that may arise in an amicable fashion, without the need to resort to third parties.

DYNAMIC WORKPLACE

Engaging our people is key to our operations and we address this right from the start of each person's employment with an orientation programme that gives new employees a clear understanding of CIMB Group's values and strategic direction. This is followed by a High Performance Culture team building session to enable employees to maximise their potential.

As in all successful organisations, communication and interaction with our staff is key so that they understand our strategy and are committed to it. Dato' Sri Nazir writes a weekly blog, as do our country heads in Indonesia and Thailand. We also publish a quarterly newsletter called 'Yours Truly HR', designed to channel key human resources messages and update staff on various human resources activities.

CIMB is an organisation made up of multiple cultures across borders and across businesses. It is important that we unify our diverse workforce in order to operate as one CIMB. In September 2012, we held our biannual CIMB SEA Games in Bangkok which was attended by over 500 staff, competing in a wide array of sports. The games featured a change this year whereby participants were grouped into five different zones according to their geographical location of work instead of representing their own countries. This generated a fairer competition while inculcating a spirit of camaraderie.

CORPORATE RESPONSIBILITY LEADERSHIP

GCR carried out a range of initiatives in 2012 to build leadership in corporate responsibility. In a joint effort between CIMB Foundation and the CIMB ASEAN Research Institute, we organised

the inaugural CIMB Young Leaders ASEAN Summit in Jakarta. It was attended by 50 talented undergraduates from the 10 ASEAN nations who debated regional issues. We also launched our inaugural Youth Stock Challenge, which provided a real-life cross border trading experience in four major stock exchanges for young and aspiring stock traders. Through our CIMB Regional Scholarship programme, we awarded scholarships to five high achieving candidates, to pursue their postgraduate studies in non-banking fields which remain untapped and underfunded.

We repeated a popular staff volunteer programme to help out at the CIMB Classic golf tournament, which attracted dozens of CIMBians, again from across the region. The pull of top golfer Tiger Woods, who competed in the event, probably had something to do with the high levels of volunteers.

We continue to encourage our employees to give back to the community and now have a policy to reward community service days. You can read more about Corporate Responsibility Leadership in our accompanying Corporate Responsibility book.

Underlying all six of our employee value propositions and all our work in Group Corporate Resources is the 'carefrontational culture' expectation of the CIMB Group. We introduced the term 'carefrontational' as part of the process of developing our leadership programme. It is a cross between the words 'care' and 'confrontational' and the idea is to highlight the need to have disagreements and encourage debates, but to always ensure that they are conducted professionally and with due care for other peoples' feelings and emotions.

2012 AWARDS

In a reaffirmation of our CIMB Group employer branding across the ASEAN region, CIMB Niaga won the Indonesia HR Excellence Award 2012, conducted by the University of Indonesia and SWA magazine. CIMB Niaga also won the HR Excellence Award (Development) and was runner up in the Employee Attraction and Retention Category.

Human Capital Growth and Talent Development Initiatives



CIMB staff volunteers at the CIMB Classic golf tournament.

Board of Directors

**From left :**

- Glenn Muhammad Surya Yusuf • Datuk Dr. Syed Muhamad Syed Abdul Kadir
- Tan Sri Dato' Md Nor Yusof • Dato' Robert Cheim Dau Meng
- Dato' Hamzah Bakar • Dato' Sri Nazir Razak • Watanan Petersik
- Dato' Zainal Abidin Putih • Katsumi Hatao

Board of Directors



Board of Directors

**Tan Sri Dato' Md Nor Yusof**

Chairman/
Non-Independent Non-Executive Director

- Aged 65, Malaysian
- Joined the Board on 27 June 2006
- Attended all 10 Board Meetings held in 2012
- Member of the Board Risk Committee

Tan Sri Dato' Md Nor Yusof graduated with a Bachelor's Degree in Commerce from the University of Otago, New Zealand and is a qualified Chartered Accountant.

Tan Sri Dato' Md Nor had spent more than 18 years of his working career with CIMB Group as a Director and more notably as President and Chief Executive Officer of Bank of Commerce (M) Berhad (now known as CIMB Bank). Tan Sri Dato' Md Nor had completed his term as Executive Chairman of the Securities Commission on 31 March 2006. Prior to that, he was the Managing Director of Malaysian Airline System Berhad after serving a period as Adviser in the Ministry of Finance.

Tan Sri Dato' Md Nor is also a Director and Chairman of the Executive Committee of Khazanah Nasional Berhad. He sits on the boards of several companies and institutions including Malaysian Airline System Berhad, Pelaburan Hartanah Berhad and is a Trustee of Yayasan Khazanah and CIMB Foundation.

He does not have any conflict of interest with the Company, except by virtue of being a representative of Khazanah Nasional Berhad.

Board of Directors



Dato' Sri Nazir Razak

Group Managing Director/Chief Executive Officer

- Aged 46, Malaysian
- Joined the Board on 27 January 2006
- Attended all 10 Board Meetings held in 2012
- Member of the Group Compensation Review Committee

Dato' Sri Nazir Razak is the Group Managing Director/Chief Executive Officer of CIMB Group, and Deputy Chairman of CIMB Bank, CIMB Investment Bank and President Commissioner of PT Bank CIMB Niaga Tbk.

Dato' Sri Nazir graduated from the University of Bristol with a Bachelor of Science (Hons) degree and obtained a Master of Philosophy (MPhil) from the University of Cambridge.

He joined the corporate advisory department of Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank) 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 as Deputy Chief Executive on 1 June 1996 and became Chief Executive on 1 June 1999. He assumed the position of Group Managing Director/Chief Executive Officer of CIMB Group on 7 November 2006.

Dato' Sri Nazir was named one of Asia's 50 most influential figures of the last decade (1996-2006) by FinanceAsia magazine in 2006. He was also ranked second by Institutional Investor in its Asia's Best CEO (Bank) survey in 2008. He became the youngest recipient of FinanceAsia's 'Lifetime Achievement Award' in 2009, and was also named the 'Best Top Executive in Malaysia' by Asiamoney in 2009 and 2010, 'Best CEO' by FinanceAsia in the Asia's Best Managed Companies Poll 2011 and 'Best CEO for Investor Relations' in the Malaysia Investor Relations Awards 2011. In 2012, he received the '2012 Outstanding Achievement Award' from the 'Euromoney Awards for Excellence 2012', in recognition of his outstanding contribution to Asian financial markets, 'Best CEO for Investor Relations' in the Malaysia Investor Relations Awards 2012 and 'Asian Corporate Director Recognition Award' in the Asian Corporate Director Recognition Awards 2012.

Dato' Sri Nazir is a member of the Investment Panel and Chairman of the Investment Panel Risk Committee of the Employees Provident Fund. He holds directorships in various CIMB Group companies, Malaysian Electronic Payment System (1997) Sdn Bhd and is an Executive Committee member of the Malaysia International Islamic Financial Centre. He is Trustee of the Rahah Foundation and the Pride Foundation.

He does not have any family relationship with any other directors and/or major shareholders of the Company, except being the brother of Dato' Sri Mohd Najib Tun Hj Abdul Razak, the Chairman of Khazanah Nasional Berhad.

Board of Directors

Datuk Dr. Syed Muhamad Syed Abdul Kadir

Senior Independent Non-Executive Director

- Aged 66, Malaysian
- Joined the Board on 7 November 2006
- Attended all 10 Board Meetings held in 2012
- Chairman of the Group Nomination and Remuneration Committee
- Member of the Audit Committee and Board Risk Committee

Datuk Dr. Syed Muhamad graduated with a Bachelor of Arts (Hons.) degree from the University of Malaya in 1971. He obtained a Masters of Business Administration degree from the University of Massachusetts in 1977 and obtained a Ph.D (Business Management) from Virginia Polytechnic Institute and State University in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons) degree from the University of Malaya and obtained a Certificate in Legal Practice in 2008. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009. In November 2009, he completed his LLM (Corporate Law) degree from Universiti Teknologi MARA (UiTM). In June 2011, he became a member of The Chartered Institute of Arbitrators, United Kingdom and in May 2012 became the fellow of the Institute.

Datuk Dr. Syed Muhamad is the Chairman of CIMB Islamic, CIMB Middle East BSC and CIMB-Principal Islamic Asset Management Sdn Bhd. He is also a Director of CIMB Group Sdn Bhd and CIMB Bank.

He started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) Finance Division, Federal Treasury. From 1993 to 1997, he joined the Board of Directors of Asian Development Bank, Manila, Philippines, first as Alternate Executive Director and later as Executive Director. Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary, Tax Analysis Division and later became Deputy Secretary General (Operations). Prior to his retirement, Datuk Dr. Syed Muhamad was Secretary General in the Ministry of Human Resource.

Datuk Dr. Syed Muhamad is a Director of Bursa Malaysia Berhad, Euro Holdings Berhad, Solution Engineering Holdings Berhad, BSL Corporation Berhad, ACR ReTakaful Berhad (formerly known as ACR ReTakaful SEA Berhad) and Malakoff Corporation Berhad. He also holds directorships in several private companies.



Board of Directors

Dato' Hamzah Bakar

Independent Non-Executive Director

- Aged 69, Malaysian
- Joined the Board on 7 November 2006
- Attended all 10 Board Meetings held in 2012
- Chairman of the Board Risk Committee and Group Compensation Review Committee
- Member of the Audit Committee and Group Nomination and Remuneration Committee

Dato' Hamzah holds a Bachelor of Science (Hons) degree in Economics from the Queen's University of Belfast, Northern Ireland and a Masters of Arts degree in Public Policy and Administration, with Development Economics, from the University of Wisconsin, United States of America.

He sits on the Board of CIMB Group and is the Chairman of CIMB Investment Bank.

Dato' Hamzah has 20 years experience in various senior management and Board positions in Petroliam Nasional Berhad (Petronas), including Senior Vice President for Refining and Marketing, Senior Vice President for Corporate Planning and Development and Main Board Director. Prior to joining Petronas, he was a Director of the Economic Planning Unit in the Prime Minister's Department. He is currently a Director of Gas Malaysia Berhad and SapuraKencana Petroleum Berhad (formerly known as Sapura-Kencana Petroleum Bhd).



Board of Directors

Dato' Zainal Abidin Putih

Independent Non-Executive Director

- Aged 67, Malaysian
- Joined the Board on 7 November 2006
- Attended 8 out of 10 Board Meetings held in 2012
- Chairman of the Audit Committee
- Member of the Board Risk Committee, Group Nomination and Remuneration Committee and Group Compensation Review Committee

Dato' Zainal Abidin qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Dato' Zainal Abidin sits on the Boards of CIMB Group, CIMB Investment Bank and Southeast Asia Special Asset Management Berhad. He is the Chairman of CIMB Bank and Touch 'n Go Sdn Bhd.

He has extensive experience in audit, management consulting and taxation, having been involved as a practicing accountant and consultant throughout his career. He was

formerly the Country Managing Partner of Messrs Hanafiah Raslan and Mohamad which merged with Messrs Arthur Andersen in 1990 and was an Adviser with Messrs Ernst & Young Malaysia, until his retirement on 31 December 2004. Dato' Zainal Abidin was the Chairman of Pengurusan Danaharta Nasional Berhad up to December 2005 when it ceased operations. He is also the Past President of the Malaysian Institute of Certified Public Accountants, Malaysian Accounting Standards Board and previously served as a member of the Malaysian Communication and Multimedia Commission. He was also previously a member of the Investment Panel of the Employees Provident Fund.

Dato' Zainal Abidin sits on the boards of other publicly listed companies and is currently the Chairman of Dutch Lady Milk Industries Berhad and Land & General Berhad. He also sits on the boards of Petron Malaysia Refining and Marketing Berhad (formerly known as ESSO Malaysia Berhad) and Tenaga Nasional Berhad. He holds directorships in a number of private companies including as Chairman of Mobile Money International Sdn Bhd. He is a Trustee of the National Heart Institute Foundation (IJNF) and the Perdana Leadership Foundation. Dato' Zainal Abidin is also a member of Perbadanan Putrajaya.

Board of Directors

Dato' Robert Cheim Dau Meng

Non-Independent Non-Executive Director

- Aged 61, Malaysian
- Joined the Board on 7 November 2006
- Attended 9 out of 10 Board Meetings held in 2012
- Member of the Board Risk Committee, Group Nomination and Remuneration Committee and Group Compensation Review Committee

Dato' Robert Cheim is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants.

He is currently the Adviser for the Investment Banking Division of the Group, Vice Chairman of CIMB Thai Bank Public Company Limited, as well as a Director of CIMB Group Sdn Bhd and Chairman of CIMB Securities International Pte Ltd.

Dato' Robert Cheim joined Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank) in 1984 and held the position of Head of Corporate Finance, General Manager and Executive Director, before assuming the position of Chief Executive Officer from 1993 to 1999. From 1999 to 2006, he was an Executive Director of CIMB Investment Bank. Prior to joining CIMB Investment Bank, Dato' Robert Cheim served in various management positions with the former United Asian Bank Berhad (now known as CIMB Bank) between 1977 and 1984. He has also worked in various accounting firms in London.

He is also the Chairman and Independent Non-Executive Director of Tanjong Plc and Trustee of Yu Chai Foundation.



Board of Directors

**Glenn Muhammad Surya Yusuf**

Independent Non-Executive Director

- Aged 57, Indonesian
- Joined the Board on 25 January 2010
- Attended all 10 Board Meetings held in 2012
- Member of the Board Risk Committee and Group Nomination and Remuneration Committee

Glenn Muhammad Surya Yusuf graduated from the University of the Philippines in Manila with a Bachelor's degree in Economics in 1979 and earned his Masters degree in Business Management from the Asian Institute of Management, Manila in 1981.

He has served on CIMB Group's International Advisory Panel since 2006 and was Deputy Chairman of the Bank Niaga-Bank Lippo Integration Steering Committee in 2008.

He is a prominent figure in the Indonesian corporate scene, having over 28 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 is also a Commissioner of PT Surya Citra Media Tbk.

Board of Directors

Watanan Petersik

Independent Non-Executive Director

- Aged 52, Thai
- Joined the Board on 25 January 2010
- Attended 8 out of 10 Board Meetings held in 2012
- Member of the Board Risk Committee

Watanan Petersik graduated from Bryn Mawr College, Pennsylvania, United States of America with a Bachelor of Arts degree (Magna Cum Laude) in 1981.

Mrs Petersik joined the Board of CIMB Thai Bank Public Company Limited (CIMB Thai) in 2007 as a nominee of Texas Pacific Group (TPG). She is currently an Independent Director and Chairman of the Nomination and Remuneration Committee of CIMB Thai.

She has had extensive experience in the financial services industry spanning more than 26 years including at Goldman Sachs and as an Adviser to TPG Capital.



Board of Directors

**Katsumi Hatao**

Non-Independent Non-Executive Director

- Aged 55, Japanese
- Joined the Board on 23 February 2012
- Attended 6 out of 8 Board Meetings held in 2012
- Member of the Board Risk Committee

Katsumi Hatao graduated with a Bachelor of Law degree from the University of Tokyo in 1981.

He is currently Managing Executive Officer and Chief Executive, Headquarters for the Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), a wholly-owned commercial banking subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG), and Deputy Chief Executive Officer for the United States for MUFG.

Mr. Hatao commenced his banking career with The Bank of Tokyo, Ltd., one of the predecessors of BTMU, in 1981. He gained notable global banking experience in the following years through various assignments with the bank, including at a banking subsidiary in Canada and securities subsidiary in Hong Kong, where he was responsible for debt origination and syndication business for Asian sovereign and corporate clients.

He returned to the bank's headquarters in 2000, where he held a series of managerial positions in the areas of corporate planning and human resources. Mr. Hatao was promoted to Executive Officer and General Manager of Corporate Risk Management Division at both BTMU and MUFG in May 2007. In April 2008, he became Executive Officer and General Manager of the Global Planning Division and in May 2011, he became Managing Executive Officer and Deputy Chief Executive of the Global Business Unit of BTMU. Mr. Hatao assumed his current positions in May 2012.

He does not have any conflict of interest with the Company, except by virtue of being a representative of BTMU.

Note:**Family Relationship:**

Save as disclosed, none of the Directors has any family relationship with any Directors and/or major shareholders of the Company.

Conflict of Interest:

Save as disclosed, none of the Directors has any conflict of interest with the Company.

Conviction for Offences:

None of the Directors has convictions for any offences for the past 10 years.

Profile of Group Company Secretary



Datin Rossaya Mohd Nashir

Group Company Secretary

Datin Rossaya Mohd Nashir is the CIMB Group Company Secretary.

She also acts as Secretary to various Board Committees as well as the Group Management Committee, and is a director of several subsidiaries in the CIMB Group. She is responsible for managing and administering the Board's affairs in compliance with the relevant laws, regulations and corporate governance framework and provides support to the Board and its key stakeholders, both in Malaysia and in the Group's regional operations.

She has more than 18 years of experience in corporate secretarial practice. Datin Rossaya started her career with Time Engineering Group and subsequently joined Permodalan Nasional Berhad, where she assumed the role of Joint Company Secretary serving several subsidiaries. She has been with CIMB Group since 2002, working in the Corporate Legal Services Unit before setting up the Company Secretarial Department in 2004.

Datin Rossaya is 44 years old and is a graduate of Coventry University, United Kingdom, where she earned a Bachelor of Laws degree (majoring in Business Law). Among her civic activities, Datin Rossaya serves on the Companies Commission of Malaysia's Corporate Practice Consultative Forum, representing the interests of Government Linked Companies under the auspices of Khazanah Nasional Berhad and is an Affiliate of the Malaysian Institute of Chartered Secretaries and Administrators. She takes an active interest in advocating greater participation of women in the board room and most recently, contributed to the Women in Board of Directors Mini Lab organised by the Performance Management and Delivery Unit (PEMANDU) and the NAM Institute for the Empowerment for Women.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Md Nor Yusof

Chairman/

Non-Independent Non-Executive Director

Dato' Sri Nazir Razak

Group Managing Director/Chief Executive Officer

Datuk Dr. Syed Muhamad Syed Abdul Kadir

Senior Independent Non-Executive Director

Dato' Hamzah Bakar

Independent Non-Executive Director

Dato' Zainal Abidin Putih

Independent Non-Executive Director

Dato' Robert Cheim Dau Meng

Non-Independent Non-Executive Director

Glenn Muhammad Surya Yusuf

Independent Non-Executive Director

Watanan Petersik

Independent Non-Executive Director

Katsumi Hatao

Non-Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Zainal Abidin Putih

Chairman

Independent Non-Executive Director

Dato' Hamzah Bakar

Independent Non-Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir

Independent Non-Executive Director

BOARD RISK COMMITTEE

Dato' Hamzah Bakar

Chairman

Independent Non-Executive Director

Tan Sri Dato' Md Nor Yusof

Non-Independent Non-Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir

Senior Independent Non-Executive Director

Dato' Zainal Abidin Putih

Independent Non-Executive Director

Dato' Robert Cheim Dau Meng

Non-Independent Non-Executive Director

Glenn Muhammad Surya Yusuf

Independent Non-Executive Director

Watanan Petersik

Independent Non-Executive Director

Katsumi Hatao

Non-Independent Non-Executive Director

Corporate Information

GROUP NOMINATION AND REMUNERATION COMMITTEE**Datuk Dr. Syed Muhamad Syed Abdul Kadir**

Chairman
Senior Independent Non-Executive Director

Dato' Hamzah Bakar

Independent Non-Executive Director

Dato' Zainal Abidin Putih

Independent Non-Executive Director

Glenn Muhammad Surya Yusuf

Independent Non-Executive Director

Dato' Robert Cheim Dau Meng

Non-Independent Non-Executive Director

GROUP COMPENSATION REVIEW COMMITTEE**Dato' Hamzah Bakar**

Chairman
Independent Non-Executive Director

Dato' Zainal Abidin Putih

Independent Non-Executive Director

Dato' Robert Cheim Dau Meng

Non-Independent Non-Executive Director

Dato' Sri Nazir Razak

Group Managing Director/Chief Executive Officer

GROUP COMPANY SECRETARY**Datin Rossaya Mohd Nashir**
(LS 0007591)**REGISTERED OFFICE**

5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603-2093 0379
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Investor Relations : ir@cimb.com
Senior Independent Director :
cimbSID@cimb.com
www.facebook.com/CIMBMalaysia
www.twitter.com/CIMB_Assists

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603-7841 8000
Fax : 603-7841 8151/52

AUDITORS

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

STOCK EXCHANGE LISTING

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

GROUP MANAGEMENT COMMITTEE**Dato' Sri Nazir Razak**

Group Managing Director/Chief Executive Officer

Dato' Robert Cheim Dau Meng

Adviser, Investment Banking

Dato' Dr. Gan Wee Beng

Adviser, Group Risk Management

Dato' Charon Wardini Mokhzani

Deputy Chief Executive Officer,
Investment Banking/
Chief Executive Officer, CIMB Investment Bank

Dato' Lee Kok Kwan

Deputy Chief Executive Officer,
Corporate Banking, Treasury and Markets

Renzo Christopher Viegas

Deputy Chief Executive Officer/
Head of Consumer Banking

Arwin Rasyid

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

GROUP MANAGEMENT COMMITTEE (CONTINUED)**Subhak Siwaraksa**

Country Head, Thailand /
President/Chief Executive Officer, CIMB Thai Bank

Mak Lye Mun

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

Kenny Kim

Group Chief Financial Officer/
Head, Group Strategy and Strategic Investments

Badlisyah Abdul Ghani

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

Iswaraan Suppiah

Head, Group Information and Operations

Lim Tiang Siew

Group Chief Internal Auditor

Hamidah Naziadin

Head, Group Corporate Resources

Kong Sooi Lin

Head, Corporate Client Solutions /
Deputy Chief Executive Officer,
CIMB Investment Bank

Effendy Shahul Hamid

Head, Group Marketing and Communications

David Richard Thomas

Group Chief Risk Officer

GROUP SHARIAH COMMITTEE**Sheikh Professor Dr. Mohammad Hashim Kamali****Sheikh Nedham Yaqoobi****Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar****Sheikh Associate Professor Dr. Shafai Musa****Sheikh Dr. Yousef Abdullah Al Shubaily****Professor Dr. Noor Inayah Yaakub**

Boards of Major Subsidiaries

CIMB GROUP

CIMB GROUP SDN. BHD.

Chairman

Tan Sri Dato' Md Nor Yusof
Non-Independent Non-Executive Director

Members

Dato' Sri Nazir Razak
*Group Chief Executive
Non-Independent Executive Director*

Dato' Hamzah Bakar
Independent Non-Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir
Independent Non-Executive Director

Dato' Zainal Abidin Putih
Independent Non-Executive Director

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

Glenn Muhammad Surya Yusuf
Independent Non-Executive Director

Watanan Petersik
Independent Non-Executive Director

Katsumi Hatao
Non-Independent Non-Executive Director

Secretary

Datin Rossaya Mohd Nashir

CIMB BANK

CIMB BANK BERHAD

Chairman

Dato' Zainal Abidin Putih
Independent Non-Executive Director

Members

Dato' Sri Nazir Razak
*Deputy Chairman
Non-Independent Non-Executive Director*

Renzo Christopher Viegas
*Executive Director
(Appointed on 10 August 2012)*

Dato' Sulaiman Mohd Tahir
Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir
Independent Non-Executive Director

Joseph Dominic Silva
Non-Independent Non-Executive Director

Rosnah Dato' Kamarulzaman
Independent Non-Executive Director

Venkatachalam Krishnakumar
*Independent Non-Executive Director
(Appointed on 7 May 2012)*

Secretary

Datin Rossaya Mohd Nashir

CIMB

CIMB INVESTMENT BANK BERHAD

Chairman

Dato' Hamzah Bakar
Independent Non-Executive Director

Members

Dato' Sri Nazir Razak
*Deputy Chairman
Non-Independent Non-Executive Director*

Dato' Charon Wardini Mokhzani
*Executive Director/
Chief Executive Officer*

Dato' Zainal Abidin Putih
Independent Non-Executive Director

Zahardin Omardin
Independent Non-Executive Director

Habibah Abdul
*Independent Non-Executive Director
(Appointed on 30 May 2012)*

Secretary

Datin Rossaya Mohd Nashir

CIMB ISLAMIC

CIMB ISLAMIC BANK BERHAD

Chairman

Datuk Dr. Syed Muhamad Syed Abdul Kadir
Independent Non-Executive Director

Members

Badlisyah Abdul Ghani
*Executive Director/
Chief Executive Officer*

Raja Shaharul Niza Raja Abdul Aziz
Independent Non-Executive Director

Sheikh Professor Dr. Mohammad Hashim Kamali
Independent Non-Executive Director

Habibah Abdul
Independent Non-Executive Director

Dato' Sulaiman Mohd Tahir
*Non-Independent Non-Executive Director
(Appointed on 28 May 2012)*

Secretary

Datin Rossaya Mohd Nashir

Boards of Major Subsidiaries

**PT BANK CIMB NIAGA TBK****President Commissioner**

Dato' Sri Nazir Razak
Non-Independent Non-Executive

Commissioners

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

Roy Edu Tirtadji
Independent Non-Executive

Sri Hartina Urip Simeon
Independent Non-Executive

Ananda Barata
Independent Non-Executive

Zulkifli M Ali
Independent Non-Executive

Joseph Dominic Silva
Non-Independent Non-Executive

Hamidah Naziadin
Non-Independent Non-Executive

Secretary

Harsya Denny Suryo

**CIMB THAI BANK PUBLIC COMPANY LIMITED****Chairman**

Chakramon Phasukavanich
Independent Non-Executive
Director

Members

Dato' Robert Cheim Dau Meng
Vice Chairman
Non-Independent Non-Executive
Director

Subhak Siwaraksa
President/Chief Executive Officer

Sukont Kanjana-Huttakit
Independent Non-Executive
Director

Dato' Shaarani Ibrahim
Independent Non-Executive
Director

Watanan Petersik
Independent Non-Executive
Director

Kenny Kim
Non-Independent Non-Executive
Director

Preecha Oonchitti
Non-Independent Non-Executive
Director

Secretary

Thaphop Kleesuwan

**CIMB Bank PLC****Chairman**

Dato' Shaarani Ibrahim
Independent Non-Executive
Director

Members

Dato' Wira Zainal Abidin Mahamad Zain
Independent Non-Executive
Director

Goh Nan Kioh
Independent Non-Executive
Director

Yew Wan Kup
Non-Independent Executive
Director

Peter William England
Non-Independent Non-Executive
Director

Dr. Mey Kalyan
Independent Non-Executive
Director

Joint Secretaries

Ly Sophea
Datin Rossaya Mohd Nashir

**GROUP
MANAGEMENT
COMMITTEE
PROFILES
AND MY 2012**

Group Management Committee Profiles and My 2012

Dato' Lee Kok Kwan

Deputy Chief Executive Officer
Corporate Banking, Treasury and Markets

Dato' Lee Kok Kwan is the Deputy Chief Executive Officer and Head of Corporate Banking, Treasury & Markets.

His areas of responsibility include corporate banking; the Group's markets, sales and trading businesses in interest rates, credit, foreign exchange, commodities, equity and their derivatives; debt capital markets; fixed income investments; transaction banking; and the treasury and funding operations for the Group.

Prior to joining the Group 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 47 years old and holds a BBA Joint Honours (1st Class) degree and a Master of Business Administration from Simon Fraser University, Canada. He is also the President of the Financial Markets Association of Malaysia and the Vice-Chair of the ASEAN+3 Bond Market Forum established under the auspice of the ASEAN+3 Bond Markets Initiative and the ASEAN+3 Finance Ministers to promote development of cross-border activities in the ASEAN+3 local currency bond markets.

My 2012

Despite the rather gloomy backdrop of global economic uncertainty, we had a very good year. Our 'CIMB 2.0' merger of Corporate Banking with Treasury & Markets quickly realised significant improvements. This includes a stronger and more coordinated delivery to our corporate customers in Malaysia, Indonesia, Singapore and Thailand in meeting their funding requirements whether in Ringgit, Rupiah, Singapore Dollar, Thai Baht or US Dollar, both for their in-country and cross-border business requirements.

We also made significant headway as the transaction payment and cash management bank for our corporate customers, by leveraging on one of the largest branch networks in ASEAN.

We rebuilt our trade finance proposition, including the Supply Chain Financing programme in Thailand and the Structured Trade Commodity Financing business in Malaysia and Singapore, in order to capture the financing and FX opportunities arising from the fast growing trade flows within ASEAN and between ASEAN and China.

On the retail front, we developed and launched SpeedSend, our in-house cash-to-cash and cash-to-account remittance product, which is growing rapidly.

In the Treasury & Markets business, we had our third consecutive year of record growth across Indonesia, Singapore and Thailand whilst we defended our market share in Malaysia. The size of our regional Treasury & Markets business today is now beginning to rival Malaysia.

During the year, we won numerous awards recognising our strength in FX, interest rates and corporate bonds in Indonesia and Thailand, as well as Malaysia. Asia Risk ranked CIMB Group as the Regional House of the Year and we emerged as No.1 in Bloomberg's ASEAN local currency bonds league table for 2012.

Group Management Committee Profiles and My 2012

Dato' Charon Wardini Mokhzani

Deputy Chief Executive Officer
Investment Banking/Chief Executive Officer,
CIMB Investment Bank

Dato' Charon Wardini Mokhzani heads the Group's Investment Banking Division. He has been an Executive Director of CIMB Investment Bank since May 2006 and on 15 November 2011 he was appointed the Chief Executive Officer. He is also the chairman of CIMB-Principal Asset Management Bhd., CIMB Wealth Advisors Bhd. and CIMB-Mapletree Management Sdn. Bhd., and a director of CIMB Securities International Pte Ltd and CIMB Securities International (Australia) Pty Ltd.

His background is in law and corporate finance and he was an independent director of CIMB Berhad when it was first listed in 2003. While in practice, he was recognised as one of Malaysia's leading corporate and finance lawyers by international legal publications. Dato' Charon was the Managing Partner of Zaid Ibrahim & Co. He worked in Corporate Finance at Rashid Hussain Securities Sdn. Bhd. and he was an Advocate and Solicitor at Shearn Delamore & Co.

Dato' Charon is 49 years old and was educated at the Malay College Kuala Kangsar and Bloxham School, England. He read Philosophy, Politics and Economics at Balliol College, University of Oxford (BA Hons) and Law at the School of Oriental and African Studies, University of London (LLB Hons). He is a non-practicing barrister of the Middle Temple in London and an advocate and solicitor of the High Court of Malaya. Dato' Charon is a council member of the Malaysian Investment Banking Association and the Institute of Bankers Malaysia. He is a Director of Akademi IBBM Sdn. Bhd. and both a Director and member of the board audit committee of Cagamas Holdings Berhad. He also is a member of the boards of Yayasan Tuanku Syed Putra Perlis and Yayasan Tuanku Fauziah.

My 2012

2012 was a remarkable year. We led three of the world's top 10 IPOs and five of the top 10 Asia Pacific (ex-Japan) IPOs. We were also No.1 in IPOs and No.10 in ECM for Asia Pacific (ex-Japan). We defended our market shares in Malaysia while at the same time becoming the No.1 broker and No.1 for IPOs in Singapore. In Thailand, we became No.1 for IPOs and rose to 12th broker by market share, up from 26th the year before. Despite falling transaction values in all our key markets, except for Thailand, and an Asian ECM market that did not grow overall from 2011, we increased our revenues.

At the same time we completed our acquisition of SICCO Securities in Thailand and our acquisition of selected RBS cash equities and investment banking businesses in Asia Pacific. We expanded or commenced operations in Australia, Hong Kong, Singapore, New York and London and made good progress on establishing new operations in India and South Korea and completing the Taiwan acquisition.

We re-organised ourselves as an Asia Pacific (ex-Japan) investment banking group in September, successfully integrating our new colleagues from RBS. Revenues and market shares from our new markets and enlarged offices grew and we had two significant IPOs from our new franchise – the listing of an India-based health trust in Singapore and the 3rd largest China IPO in Hong Kong, a first for us as a bookrunner on a Chinese State-Owned Enterprise listing.

The combined assets under management of CIMB-Principal Asset Management and CIMB-Principal Islamic Asset Management grew 30%. CIMB-Principal Asset Management launched two private retirement schemes with 10 funds in November, while CIMB-Principal Islamic Asset Management launched its maiden Dublin fund platform with three funds in January, and was appointed as investment advisor for a Sukuk fund in the Gulf.

I would like to thank my colleagues for their hard work and dedication, and all their achievements, which are all the more remarkable considering the less than benign market environment.



Group Management Committee Profiles and My 2012

Renzo Christopher Viegas

Deputy Chief Executive Officer and Head of Consumer Banking

Renzo Christopher Viegas is the Deputy Chief Executive Officer and Head of Consumer Banking effective 2 April 2012. He heads consumer banking in Malaysia and also oversees operations in Singapore and Cambodia.

His areas of responsibility include the development and smooth implementation of overall business strategies for consumer banking in Malaysia, Singapore and Cambodia. He is also responsible for the overall performance of Malaysian consumer banking, from planning and management to day-to-day operations.

Viegas has 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. In 2008, he joined a Malaysian bank where he rose to the position of Deputy Managing Director before joining CIMB Group.

He is 51 years old and holds a Bachelor of Commerce degree from the University of Bombay. He is also a Fellow of the Institute of Chartered Accountants of India.

My 2012

I joined CIMB Group in 2012 and it has been an intense year of transformation. We already have a strong consumer franchise, but the journey to reinvent the Bank is only just beginning. This represents my greatest challenge and motivation.

In 2012, we reorganised our structure to optimise the alignment between product groups, segments, delivery channels and shared support services and we brought key new hires to the senior management team. We strengthened our proposition for SMEs, mid-size corporates and our affluent segment (Preferred Banking). Our Private Banking offering is now unrivaled by any other in Malaysia.

All of our customers can now bank with us across multiple channels, from the social media and our online portal, CIMB Clicks, to self service terminals across ASEAN, our branches and our customer call centre. We have further initiatives to bring simple and fast banking into our customers' work place and we will continue to invest in innovation, service and delivery to heighten the level of customer experience.

We understand that this is a truly people-driven business and our customers come first. Working closely with our customers is the core of our business, and by understanding and knowing our customers' needs, and helping them succeed financially, we can become more successful.

Guided by a clear vision, we are building a franchise that will allow us to play a bigger part in meeting the everyday banking needs of our customers. We strive to engage with our customers more effectively and gain their trust to secure a bigger share of wallet. We shall continue to do business in the most cost and time efficient manner, innovate to better ourselves and seek out new opportunities for growth.

Our consumer banking franchise reaches across ASEAN and provides us a unique opportunity to serve our customers.



Group Management Committee Profiles and My 2012

Arwin Rasyid

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

Arwin Rasyid is the President Director and Chief Executive Officer of PT Bank CIMB Niaga Tbk.

Arwin's main role and duties have been to establish long-term strategies for the bank, including assessing the corporate strategies for product and service developments of various businesses segments in Indonesia. He also has provided policy directions and guidelines for operational support, customer service, information technology, system and processes, legal, financial, human resources, and compliance. This is to ensure that all banking operations for the organisation reach high quality and ethical standards, which would be aligned with prudential banking practices and principles of good corporate governance.

He served as the President Director of PT Telekomunikasi Indonesia Tbk until 2007. Prior to this, he was the Vice President Director of PT Bank Negara Indonesia Tbk, and President Director of PT Bank Danamon Tbk. He began his career with Bank of America in 1980 and subsequently joined Bank Niaga in 1987. During the first 11-year period at Bank Niaga, he became the Vice President Director and also held responsibilities for the Bank Recapitalisation Program. In 1999, Arwin became the Expert Staff at the Indonesian Bank Restructuring Agency (IBRA), responsible for risk management in Asset Management Investment and Asset Management Credit, as well as Forensic Investigation. He later became the Vice Chairman of IBRA in 2000.

Arwin is 56 years old and holds a Bachelor's degree in Development Studies from the Faculty of Economics at University of Indonesia and holds a Master of Arts degree in International Economics & a Master of Business Administration degree in International Business from the University of Hawaii, USA. He has attended several noteworthy executive programmes from Harvard Business School, Wharton Business School and INSEAD.

My 2012

I am very pleased that CIMB Niaga delivered a stellar performance in 2012 and recorded a historically high level of profit. We are really starting to reap the rewards from the multitude of initiatives that we have launched since our 2008 merger. We call these initiatives T2 or Transformation 2, and they involve growing our high margin business, diversifying our revenue streams, transforming sales and service and improving CASA, human resource development and efficiency.

In 2012, we particularly focused on improving our efficiency especially turnaround times in our Business Credit System. We have started various key initiatives to position CIMB Niaga as a premiere branchless bank through our Internet and mobile banking, video banking and mobile wallet. We also launched a fresh concept called the e-Banking Lounge as one of our thrusts to digitalise banking and we opened several icon branches in key catchment areas.

The flurry of corporate deals in Indonesia continued in 2012 but at a slower pace than the previous year. Some of the major Indonesian investment banking deals included an initial public offering for Baramulti, a rights issue for Modern Group, and advisory for Indonesia Air Asia. In debt capital markets, we underwrote Astra Credit Company, Aneka Kimia Raya, and Tunas Baru Lampung. On the corporate side, we were lead arranger for syndication loans to Batamindo, SAN Finance, and J Resources.

We also cemented more strategic alliances and created new partnerships with Chiba Bank, Hachijuni Bank, Shizuoka and BTMU, which augur well for new business prospects locally and regionally.

Group Management Committee Profiles and My 2012

Dato' Dr. Gan Wee Beng

Advisor, Group Risk Management

Dato' Dr. Gan Wee Beng is the Advisor to the Group Risk Management Division. He chairs the regional credit and liquidity risk committees, and the Group wholesale bank risk committee and the Basel steering committee.

He is a member of the Institute of International Finance's Asia Pacific Chief Risk Officer Forum, which discusses regional risk management challenges and priorities.

Dato' Dr. Gan has been a consultant to various local and international agencies, including Bank Negara Malaysia (BNM), the Economic Planning Unit of the Prime Minister's Department, the Ministry of Finance, World Bank, International Labour Organisation Asian Development Bank, and the United Nations Conference on Trade and Development. He was a member of BNM's Working Group on Market Risk Capital Adequacy Framework and was also a member of National Economic Advisory Committee on Price Control and Subsidies.

Prior to joining CIMB Bank, he was the Senior Adviser (Economics) for the Monetary Authority of Singapore and held an Associate Professorship at the University of Malaya. He is also a recipient of the Tun Abdul Razak Foundation Award for the Best Published Article in an academic journal.

Dato' Dr. Gan is 65 years old. He holds Bachelor's and Master's degrees in Economics from the University of Malaya and obtained his Ph.D from the University of Pennsylvania, USA.

My 2012

I had a year of change and deep focus in 2012 as I took an overview of the Group's aggregated risk positions across its expanded network of operations in ASEAN and beyond.

Following my retirement from Deputy Group CEO and Group Risk Management in April, I took this focus to ensure that our Group Risk taking activities are consistent with risk policies and the risk appetite approved by the Board.

I chair the Wholesale Bank Risk Committee, the Regional Credit Committee and the Regional Liquidity Risk Committee and I take a lead role in defining and clarifying the key risk issues, providing broader perspectives on corporate and market developments and mediating conflicting viewpoints to arrive at timely committee decisions.

For example, all loan proposals over RM500 million now require sectoral break down as well as a focus on refinancing and concentration risk. We have been looking at the impact of falling prices of crude palm oil on the medium-sized oil palm plantations financed by CIMB, and I made a visit to the Iskandar Malaysia Development Corridor to get a feel for our large exposure at multiple levels in that region and to assess the property market potential for that area. I also frequently attend Singapore Risk Committee meetings and made several trips to Indonesia to meet up with some large corporate clients. I have also looked at various risk positions and procedures in CIMB Niaga, CIMB Thai and CIMB Cambodia.

After my long involvement with the Group's risk management framework, I continue to provide advice at many levels from Group EXCO, to the Group Management Committee and Group Risk Management. A robust and effective risk management system is critical for the Group to achieve continued profitability and sustainable growth in shareholder value in today's globalised and inter-linked financial and economic environment, especially as the Group expands across divisions and national borders.

Group Management Committee Profiles and My 2012

Kenny Kim

Group Chief Financial Officer and Head, Group Strategy and Strategic Investment Division

Kenny Kim is the Group Chief Financial Officer and Head of Group Strategy and Strategic Investments of CIMB Group. He is also a Director of CIMB Thai Bank PCL, Touch 'n Go Sdn. Bhd. and Capital Advisors Partners Asia Pte. Ltd.

As Group Chief Financial Officer, Kenny oversees the finance functions of CIMB Group, which span financial reporting and budgeting, finance operations and the provision of strategic advice on tax, accounting, capital planning and other financial matters for the Group.

As Head of Group Strategy & Strategic Investments, he is responsible for identifying, developing, executing and managing the Group's key strategic initiatives both domestically and regionally, as well as overseeing the Group's strategic investments and business development initiatives including the Private Equity fund management business. The Group's mergers and acquisitions and other corporate finance activities are also under his management.

Kenny has overseen most of CIMB Group's major corporate exercises, including all of its mergers, acquisitions and disposals since 2004 as well as the regional integration of all the businesses under the CIMB Group.

Prior to joining CIMB Group, he worked as an auditor with Moore Stephens Chartered Accountants, London. Kenny subsequently worked in CIMB's Investment Banking Division for 13 years before assuming his current position.

Kenny is 45 years old and is a fellow of the Association of Chartered Certified Accountants, United Kingdom, a member of the Malaysian Institute of Accountants and a member of the Institute of Chartered Accountants in England and Wales' Corporate Finance Faculty. He holds a Masters of Science in Finance from the University of Lancaster, United Kingdom.

My 2012

It was an exciting and thrilling year for both Group Strategy and Strategic Investments (GSSI); and Group Finance (GF).

In April, CIMB Group concluded an agreement with the Royal Bank of Scotland to acquire their Asia Pacific cash equities and investment banking business. When the deal completes in May 2013, we will be the largest Asia Pacific-based Investment Bank in the region (ex-Japan). We also expanded our securities business in Thailand by completing the acquisition of SICCO Securities.

We are making progress in expanding our ASEAN footprint by focusing on opportunities in the Philippines and Laos. Beyond ASEAN, we entered into a collaboration agreement with John Keells Stock Brokers to enhance our stock broking business in Sri Lanka. During the year, we also announced the sale of our 51% stake in CIMB Aviva, our Malaysian life insurance and takaful company. The divestment enables us to focus on our core strength, reduce our spread of activities and improve our capital base.

In GF, we set up the Capital Planning and Monitoring Department to further strategise, plan, execute and monitor all capital exercises for the Group. We commissioned a Management Information System to enhance information reports across Group Finance. We launched the Group Finance Management System (GFMS) in Singapore to further standardise our financial and management reporting processes across the Group. We also enhanced our Regional REVAL System for hedge accounting to include Cross Currency Interest Rate Swaps.

I have to congratulate the CIMB Thai Finance team, who had their work cut out to stabilise the financial reporting process post implementation of the mammoth 1Platform project in CIMB Thai.



Group Management Committee Profiles and My 2012

Subhak Siwaraksa

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

Subhak Siwaraksa is the President and Chief Executive Officer of CIMB Thai Bank PCL and Country Head for Thailand

Subhak is also a Board Governor of The Stock Exchange of Thailand and a member of its Audit Committee and its Listing Expansion and Development Committee. He was previously an Executive Director and the Chairman of the Compensation Committee of the Export-Import Bank of Thailand, as well as the Chairman of the Board of Directors of TMB Asset Management Company Limited. Prior to joining CIMB Thai, Subhak was at TMB Bank PCL from 1990, where he was the Chief Executive Officer and President from 2003 to 2008.

Subhak is 56 years old and holds a Ph.D. in Economics from the University of Pennsylvania, USA, a Master's degree in Law and Diplomacy from the Fletcher School of Law and Diplomacy, Tufts University, USA, and a Bachelor's degree in English Literature (Honors Program) and Economics from Georgetown University, USA.

My 2012

We had an eventful 2012 in Thailand as our operations expanded and we deepened integration into CIMB Group with our new core banking system. At the same time, severe flooding in the Bangkok area in late 2011 and a degree of political instability in 2012 meant that we fell slightly behind our original schedule, but we are confident we can catch up.

In 2012, Thailand was the second country after Singapore to implement CIMB's 1Platform core banking system, and that is helping us to build our capabilities and agility to launch new and enhanced products and services across markets and at regionally-leveraged cost.

CIMB Thai leveraged on CIMB Group's investment banking expertise and its own strong ties with Thai corporates to place first in domestic IPOs, with such deals as Thai Air Asia and the LH Property Fund. We are also pleased to have won the recognition of our customers in trade finance, cash management, foreign exchange trading and treasury products - as reflected in our awards from regional publications.

CIMB Thai had particular success over 2012 in some areas. We built strong momentum in capturing the potential of mid to large SME corporates by growing our loans by over 20%, and we also rose to number seven in the Baht bonds league table. We pushed ahead with our consumer banking expansion across the country and focused mainly on the affluent sector and we saw our mutual fund distribution grow significantly.

In 2012, we were also honoured to host the biannual CIMB SEA Games, where 500 employees from across ASEAN came together to compete on the sports field and build on our network of connections across the region.

On the investment banking front, we completed our acquisition of SICCO Securities, which meant our equity broker rankings in Thailand rose from from No.26 to No.12.

Group Management Committee Profiles and My 2012

Mak Lye Mun

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

Mak Lye Mun is the Chief Executive Officer of CIMB Bank, Singapore. He is also Country Head of CIMB Group, Singapore, and a Director of CIMB Securities (Singapore) Pte Ltd.

He holds non-executive directorships in Boardroom Limited and Tat Hong Holdings Ltd.

He joined CIMB following the acquisition of GK Goh Securities Pte Ltd in 2005, where he served as the Head of Corporate Finance.

Previously, Lye Mun was Head of Mergers & Acquisitions Advisory Department with the then Development Bank of Singapore (now DBS Bank Ltd). He 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.

Lye Mun is 55 years old and holds a Bachelor of Civil Engineering Degree (1st Class Honours) from the University of Malaya, Malaysia and a Master of Business Administration Degree from the University of Texas at Austin, USA. He is also a Charterholder of CFA Singapore.

My 2012

CIMB Singapore came of age in 2012. The size of our business and operations has grown multifold since we embarked on our strategy to be a universal bank in Singapore 3 years ago. This was made possible because we have successfully put in place a support eco-system in the form of people, processes and systems.

In 2012, while we pursued aggressive revenue growth, we continued to improve our cost structure and drove efficiencies in our internal processes. I am pleased to report that our revenue uplift and cost savings doubled our initial estimates in our first full year of operation using our new core banking system. Credit wise, our asset quality improved with our gross impaired loan ratio declining further.

Both our Corporate Banking, Treasury and Markets and Commercial Banking businesses recorded more than 80% increase in revenue growth. Business lending grew as we raised CIMB's profile in the SME and large corporates segments, and refined our strategy to focus on key sector players. We also saw a large hike in our commercial banking deposits from the year before.

Our credit cards and personal financing business also did well. We made substantial gains in card usage, card acquisition and profitability and we are on target to be a leading credit card issuer in Singapore. For our retail banking business, we continued to focus on the mass affluent market. In May 2012, to supplement our already successful CIMB At-Your-Service call centre operations, we officially launched CIMB Clicks, and on mobile, which made it even more convenient for our customers to conduct their banking matters without the need to visit our branches.

On the investment banking front, CIMB was Joint Global Coordinator, Bookrunner & Underwriter for the SGD511 million IPO of Religare Health Trust, one of the largest international listings from India since 2007. CIMB also led the IPO of IHH Healthcare, the first ever concurrent dual listing on the Singapore and Kuala Lumpur stock exchanges which raised SGD2.7 billion, and was the world's sixth largest IPO in 2012. To top it all, we were Singapore's top brokerage in 2012.

Group Management Committee Profiles and My 2012

Kong Sooi Lin

Head, Corporate Client Solutions and Deputy Chief Executive Officer, CIMB Investment Bank

Sooi Lin became the Deputy Chief Executive Officer of CIMB Investment Bank in September 2011 and is the Co-Head of Corporate Client Solutions / Advisory Division for Asia Pacific region. She is a member of both the CIMB Group Management Committee and CIMB Investment Bank Management Committee. She also sits on the Investment Bank's Business Review Group Committee and Commitments Committee. Sooi Lin was appointed as Chairperson of CIMB Private Limited Sri Lanka in January 2012. In October 2012, she was appointed as Director in all three of CIMB Group's subsidiaries in Australia, namely CIMB Securities International (Australia) Pty Ltd, CIMB Corporate Finance (Australia) Ltd and CIMB Capital Markets (Australia) Ltd. She also serves as a Commissioner on the Board of Commissioners of CIMB Securities Indonesia.

As Deputy Chief Executive, Sooi Lin's responsibilities range from managing and integrating the bank's client relationships across the Asia Pacific region to marketing and executing of the entire spectrum of investment banking and corporate finance products. She has played a vital role in building the investment bank's brand value and market share.

Backed by 24 years of investment banking experience, Sooi Lin has extensive equity and debt transaction expertise, having advised on numerous highly profiled and industry shaping corporate exercises in Malaysia and throughout Southeast Asia. In November 2012, Sooi Lin was recognised by Alpha South East Asia as one of the Top 25 Most Influential People in the South East Asian Financial Markets.

Sooi Lin joined CIMB in 1994 from Bumiputra Merchant Bankers Berhad where she was actively involved in debt capital market, project financing and corporate banking transactions. She began her career at Ernst and Young and Arthur Andersen.

Sooi Lin is 52 years old and graduated with an honours degree in Commerce from the University of New South Wales, Australia.

My 2012

2012 was indeed an exciting year for me with the transformation of CIMB Investment Bank from an ASEAN investment bank into an Asia Pacific investment bank. Whilst forging new markets, we continued to grow leaps and bounds in our domestic and regional markets.

I am particularly upbeat with our achievements in making inroads into major new markets, especially in China, India and Australia, and I am pleased to see that our efforts have been rewarded with the mandating of a number of notable IPO and M&A deals. In these new markets, building and expanding the CIMB brand is a challenge, but opportunities are bountiful and rewarding even in the face of formidable global competition.

Managing the expanded franchise was equally exciting for me when we started harnessing our wider talent pool for greater depth in banking and industry expertise and knowledge as well as market intelligence. With the expanded franchise, we also had a stronger foothold in cross border transactions. The eagerness of CIMB staff in this new environment is encouraging as they engaged each other in exchanging ideas and information.

The feathers in our cap for the year 2012 include being the principal and financial adviser on the world's largest Sukuk issuance, having three CIMB-led deals in the Top 10 Global IPOs for 2012 and our breakthrough first listing of a Chinese state-owned enterprise in Hong Kong. The teams have done extremely well and deserve the accolades that the Bank won during the year.

I look forward to another good year in 2013 as we draw upon our Network CIMB to further entrench the Bank across Asia Pacific.



Group Management Committee Profiles and My 2012

Badlisyah Abdul Ghani

Head, Group Islamic Banking Division
Chief Executive Officer, CIMB Islamic Bank
Country Head, Middle East and Brunei

Badlisyah Abdul Ghani is the Head of the Group Islamic Banking and Country Head for the Middle East and Brunei

As head of Islamic Banking, Badlisyah manages and oversees the overall Islamic banking and finance franchise of CIMB Group. CIMB Islamic operates as a parallel franchise to the Group's conventional operations and covers Islamic wholesale banking, Islamic consumer banking and Islamic asset management. As the Country Head of the Middle East and Brunei he manages and oversees the overall business of CIMB Group in those markets.

Badlisyah has 16 years of domestic, regional and global banking experience. He was previously attached to CIMB Group's Corporate Finance Division and before that, he worked in the Labuan International Offshore Financial Centre with a Malaysian Islamic banking group in various capacities in structured finance, capital markets and syndications.

He has been recognised by top international publications as 'Islamic Banker of the Year' and 'Top 20 Pioneer in Islamic finance.' He won the 'Outstanding Contribution to the Development of Islamic Finance' award for his role in the global Islamic financial markets.

Badlisyah sits on the Islamic Capital Market Consultative Panel of Bursa Malaysia and both the Exchange Committee and the Licensing Committee of the Labuan International Financial Exchange. Badlisyah is a council member of the Association of Islamic Banks in Malaysia, Chairman of the Islamic Capital Market Committee of the Malaysian Investment Banking Association, member of the Working Group on Islamic Accounting Standards at the Malaysian Accounting Standards Board, member of the Islamic Finance Committee of the Malaysia Institute of Accountants and industry representative member of the Law Harmonisation Committee of Bank Negara Malaysia.

Badlisyah is 39 years old and holds a Bachelor of Laws degree from the University of Leeds, United Kingdom. He is an alumni of the ICLIF Leadership and Governance Program.

My 2012

2012 was an exceptional year for CIMB Islamic. All targets were either met or beaten and the franchise contributed record breaking revenue growth.

We reached this peak level of achievement in the Group's Islamic banking and finance franchise because of better business performance from our anchor operations in Malaysia (CIMB Islamic Bank) and Indonesia (CIMB Niaga Syariah) and other Islamic banking and finance operations. We registered strong deposit growth from operations in Malaysia, coupled with growth in newly introduced strategic businesses such as the Islamic auto-finance business in Indonesia and broader Islamic retail banking offerings in Singapore.

In 2012, CIMB Islamic also marched a step further towards capturing promising corporate and commercial business with the launch of Islamic trade finance in Singapore and Indonesia. In the Sukuk league tables, it maintained pole position in Malaysia and number two globally.

CIMB Islamic continued to provide innovative solutions to individual customers and corporate clients through 2012. Share Purchase Financing-i, Islamic Trustee & Custodian Services and Islamic Structured Investment products are some of our quality products and services offered in our efforts to deliver products that the market requires.

In 2012, our Islamic franchise was a proud recipient of many reputable awards that recognise our efforts in building the Islamic banking and finance sector. On the operational front, CIMB Islamic is ahead on Shariah governance and management, with a respected panel of Shariah Committee Members from various jurisdictions around the world and a good supporting infrastructure. Nevertheless, enhancing Shariah governance requires a continuous cycle of improvement. Our Shariah compliance efficiency and effectiveness have been improved through strong internal controls on an enterprise-wide basis.



Group Management Committee Profiles and My 2012

Iswaraan Suppiah

Head, Group Information & Operations Division

Iswaraan Suppiah is the Head of Group Information and Operations Division.

Iswaraan is custodian of the Group's regionally-integrated technology and operating vision to deliver a unified, seamless financial services value proposition in ASEAN for consumer banking and Asia Pacific for investment banking. He oversees operations, information technology, transformation, business process development and operational governance & assurance functions for CIMB Group's businesses. He heads a staff force of about 8,000 people across the Group's regional footprint.

He started his career with the accountancy firm Arthur Andersen in 1984. He joined the Bank of Commerce in 1990 and moved to CIMB Securities in 1994. The positions he held there included Executive Director of Operations and Head of Equity Risk Management, before he assumed the position of Head of Strategic Risk and Compliance with CIMB.

Iswaraan is 49 years old and a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Financial Planning Association of Malaysia.

My 2012

If I were to pick the most significant technology achievement of 2012, I would pick our ongoing, multi-year 1Platform project. This is a key strategic development of CIMB Group.

1Platform envisages an industrialised core-banking platform across our markets that will drive down cost through simplification and standardisation of core processing and products, while still extending customisability and flexibility to customers through its integrated pricing and bundling platform. We have exceeded projected 2012 business-case benefits on both cost savings and revenue uplift in Thailand and Singapore, the first two markets where some of the new capabilities were launched.

Our DOME (Developing Operations Management Excellence) program continues to deliver against the target of 10% improvement in cost efficiency year-on-year in our back-office operations across our major markets.

Of the various initiatives in 2012 to harness technology in order to revolutionise how customers can bank with us, two pilot schemes have been most encouraging. The first is our pilot project to equip our mobile sales force with powerful and interactive tablet computing that can literally wrap a bank into a briefcase. The second is our e-Banking Lounge in Indonesia that re-imagines the branch experience for the tech-smart customer segment.

We are the first bank in ASEAN to integrate actual transacting capability into social networking with Facebook banking services. We are also seeing increasing adoption of our Internet banking and mobile banking offerings in response to our progressive efforts to enhance capabilities and experience in our tech channels.



Group Management Committee Profiles and My 2012



David Richard Thomas

Group Chief Risk Officer

David Richard Thomas is the Group Chief Risk Officer. He joined CIMB in July 2012.

David heads the Group Risk Division overseeing the risk management functions of CIMB Group. These includes credit, market, operational and asset liability management risk as well as risk analytics and risk infrastructure.

The Group Risk Division is responsible for ensuring the consistent implementation of the Group's risk management policies and frameworks, and the identification, assessment, measurement, control and reporting of the material risks of the Group which may impact the Group's business operations, profitability, capital and reputation.

Before joining the Group, David served as the Chief Risk Officer – Asia Pacific for the Royal Bank of Scotland. Prior to RBS, he served as the Chief Credit Officer - Asia Pacific for Bank of America. He has held various senior level risk positions based in Singapore, Hong Kong, Thailand and Taiwan during his 19-year tenure in Asia. He began his career at Wells Fargo Bank in California, USA.

David is 53 years old. He holds a bachelor's degree from Whitman College, Washington State, USA.

My 2012

I had the pleasure of joining CIMB as the Group Chief Risk Officer in mid 2012. My first area of focus was to reinforce a culture of risk awareness and personal responsibility throughout the Group where collaboration, discussion, escalation and sharing of information are encouraged.

Initiatives carried out in 2012 to achieve this include the establishment of a comprehensive yet concise Risk Playbook that clearly articulates the near term risk priorities for the Group. Included in the Risk Playbook is the Group's updated Risk Appetite Statement which looks to ensure the boundaries of acceptable risk-taking are fully aligned with our strategy, business operating plans and capital planning. We are also reinforcing our three lines of defence operating model in order to foster accountability for risk throughout the Group.

As part of ICAAP initiatives, the Group's Comprehensive Risk Assessment process continued to be refined with the formalisation of the Reputation Risk, Strategic Risk and Model Risk Management Frameworks.

Group Risk is working towards further enhancing and integrating its risk infrastructure across the region. Projects successfully completed include the regional deployment of the Asset & Liability Management system, the Operational Risk system and the internal rating framework system.

2012 saw Group Risk receiving the Best Risk Analytics Projects Award from The Asian Banker for the implementation of the Regional Centralised Retail Decision Engine.

Group Management Committee Profiles and My 2012

Hamidah Naziadin

Head, Group Corporate Resources Division

Hamidah Naziadin is the Head of Group Corporate Resources and a Commissioner of CIMB Niaga.

As Head of Group Corporate Resources, Hamidah holds regional responsibilities for Group Human Resource, Group Administration & Property Management and Sports & Recreation. She also oversees the Commerce Leadership Institute and corporate responsibility initiatives.

Hamidah provides strategic direction and drives the human capital agenda across the Group. She has developed clearly differentiated human capital strategies to manage the Group's diverse work force.

Hamidah has 26 years of experience in human resources in the financial industry and has spent 22 years with the Group. She has rolled out various leadership development programmes including the CIMB-INSEAD Leadership Programme and the CIMB-NTU Accelerated Universal Banking Programme to groom future leaders and universal bankers. She introduced the biannual CIMB SEA Games as a platform to build a strong sense of camaraderie amongst employees across the region. Hamidah set up the CIMB Academy to build a competent work force and she is also instrumental in starting The Complete Banker™ Programme and CIMB Fusion Programme to groom and nurture young graduates who join the Group. She led her team to work with schools and universities to establish Way Forward With CIMB School Programme and Campus Programme, reaching out to students with a series of career talks and industry expert sharing sessions. She championed two other initiatives in 2012: CIMB Young Leaders ASEAN Summit and CIMB ASEAN Youth Stock Challenge to further promote leadership and innovation among the young. Under her leadership, her team has won several human resource awards in Malaysia and across Asia. The most recent recognition was the Ernst & Young award for ASEAN's Best Employer – Large Corporation.

Hamidah is 49 years old and holds a Bachelor of Laws degree from the University of Wolverhampton, United Kingdom.

My 2012

My 2012 was a challenging and somewhat unpredictable year as the Group expanded in ASEAN and markets beyond. It was a year I learned to cherish even more the values and opportunities of our expansive network and rich diversity.

Much of my time and efforts in 2012 were devoted to putting in place the essential building blocks in order to assimilate employees with diverse backgrounds, cultures and expertise into one CIMB. Meaningful delivery of our Employee Value Proposition (EVP) became the unmistakable guiding light for me and my team in 2012.

We strengthened our mobility framework to encourage employees who wished to tap into the breadth and depth of the CIMB network. We worked to build a positive learning culture and avail a full-spectrum of development opportunities for our employees across all levels.

We studied the relevance of our performance evaluation framework in the face of CIMB's expanding geographical reach against a backdrop of a fast-changing business environment. As a result, we took a stance that we needed to adopt a new and relevant performance measurement framework beginning 2013.

Our mission to build an ASEAN employer branding through nurturing young minds remains steadfast. We continued to invest in our internship programme, campus programme, school project and regional scholarships in 2012.

Looking back the whole of 2012, I would say my most inspiring moments were celebrating the 'oneness' of the CIMB Group. Our biannual CIMB SEA Games in September 2012 was one such event, where 500 participants and a large pool of staff from Malaysia, Indonesia, Singapore, Thailand and Cambodia were competing and celebrating as one.

I am committed to building and growing a unified diverse workforce by providing a solid platform for cross-pollination and fertilisation of ideas, knowledge, expertise and experience, thereby enabling professional and personal enrichment. I look forward to a fully powered-up Network CIMB in 2013 and beyond!



Group Management Committee Profiles and My 2012

Effendy Shahul Hamid

Head, Group Marketing and Communications Division

Effendy Shahul Hamid is the Head of Group Marketing and Communications.

In this role, Effendy oversees the marketing and communications infrastructure of CIMB Group. His areas of responsibility cover the entire spectrum of strategic marketing and communications, including brand management, marketing, sponsorship, events, media relations, internal communications and annual reporting. He drives channel activation functions within the Group, ensuring all customer touch points are consistent and effectively portrayed. He also manages franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's businesses across the region.

Prior to assuming his current role, Effendy was an investment banker and a corporate development professional. He was most recently a Director in CIMB Group's Investment Banking Division, primarily focusing on corporate advisory and origination. Previously, Effendy also served with several companies in a corporate development capacity, mostly involved in merger and acquisition activities across Asia Pacific and general business expansion initiatives.

Effendy is 40 years old and has spent most of his professional life in a regional capacity, working in Hong Kong, Singapore and Malaysia. On full scholarship, Effendy graduated with Honours in Electronic Engineering with Optoelectronics from the University College London, and is also an alumni of the CIMB-INSEAD Leadership Programme.

My 2012

I had one of my busiest years ever in 2012. In the marketing and communication practice we had a string of positioning and corporate development activities as we marked the first full year of 'CIMB 2.0.'

Positioning wise, we had a year-long continued substantiation of our 'ASEAN For You' promise and at the same time, the evolution of the profile of our investment banking business to one with an Asia Pacific scale. 2012 also saw us defining and evolving a Group-wide Vision, Mission and Values statement. We continued to emphasise the importance of the Internet and social media and I am happy to tell you that CIMB Group has over 1.5 million Facebook fans across the region – the largest by far in the financial services and banking sector.

The 2012 edition of the CIMB Classic was an overwhelming success. Our PGA TOUR sanctioned golf tournament attracted a top class field headlined by Tiger Woods and broke multiple records – record crowds, record TV ratings and record global media coverage. We also headlined golf in Indonesia with the CIMB Niaga Indonesian Masters, and continued to headline squash in Malaysia by sponsoring the KL Open, Malaysian Open and Nicol David. We use sponsorships like these to build our brand and also to provide hospitality and entertainment to our clients across the region.

Harnessing internal diversity was also a key theme for 2012, and to that end, we began rolling out a Group-wide collaborative intranet platform, aptly named the new CIMBNET – I call it an 'internal Facebook'. This will be the main internal communications tool for all CIMB staff across the region. We will be completing the roll-out of the new CIMBNET in 2013 and I look forward to telling you more about this next year.

We also spent a significant amount of time in 2012 focusing on costs and regional governance for marketing and communications as a whole. To this regard, we implemented multiple supplemental initiatives – resulting in better visibility, cost synergies, marketing effectiveness and accountability.

I expect 2013 to be another landmark year, and I look forward to reporting to you again next year.



Group Management Committee Profiles and My 2012

Lim Tiang Siew

Group Chief Internal Auditor

Lim Tiang Siew is the Group Chief Internal Auditor of CIMB Group.

He ensures that the Group Internal Audit Division supports the CIMB Group Audit Committee in discharging its responsibilities, as well as managing its governance, risk and control functions. He oversees a staff force of approximately 200 people in Malaysia as well as regional Internal Audit functions.

Tiang Siew joined CIMB Investment Bank 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 Group Chief Financial Officer, a position he held for approximately two years before being appointed the Group Chief Internal Auditor. He 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 largest companies listed on Bursa Malaysia. He has been actively involved in the formulation and amendments to guidelines, regulations and law reforms in relation to capital market matters.

Tiang Siew is 56 years old and is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also an examiner for the Malaysian Institute of Certified Public Accountants, a position he has held for more than 20 years.

My 2012

We had a really busy and productive year in 2012. An increasing volume of new bank regulations and growth in the Group's business over recent years have placed greater demands on our needs for adequately trained and experienced staff, wider coverage and specialist skills.

In order to deal with these challenges, Group Internal Audit Division has adopted a rigorous planning process, increased efforts to attract suitably qualified personnel, and put great emphasis on appropriate staff training. We are also working with external experts to develop specialist skills.

In 2012, we accomplished a significant number of assignments and initiatives. We completed 590 audits of key operations and investigations and we also reviewed and provided audit advisory on CIMB Thai's 1Platform system requirements, conversion, cut-over, mock runs and change management.

We conducted training on risk, governance and internal controls to staff in Malaysia and other regional offices and welcomed 51 Group employees who were seconded to the division for periods of up to six months. We also fine tuned our organisation chart for greater accountability, clearer career progression and succession planning.

We hosted CIMB's 4th Regional Compliance, Audit and Risk Conference in Malaysia with 107 participants, comprising senior and middle management from Compliance Division, Audit Division and Risk Division of the respective regional countries, members from all respective Audit Committees and other invitees attending the conference.

We conducted interviews with selected customers from various segments in Malaysia and worked with the internal audit divisions of CIMB Niaga and CIMB Thai to interview customers from the respective countries to seek their views on the Group's products and service delivery.

In addition, we continued the harmonisation of audit methodology and practices within the national internal audit divisions where CIMB Group has operations. Most notably, Group Internal Audit and the internal audit divisions of CIMB Niaga and CIMB Thai are now utilising a common audit management system, and a significant number of audit programmes have been streamlined.

Group Shariah Committee Profiles



Sheikh Professor Dr. Mohammad Hashim Kamali

Chairman

Sheikh Professor Dr. Mohammad Hashim Kamali is the Chairman and Chief Executive Officer of the International Institute of Advanced Islamic Studies. He is also a member of the Securities Commission's Shariah Advisory Council for the period from July 2010 to June 2012. He formerly served as a Professor at the International Institute of Islamic Thought and Civilisation and the Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia. He has been teaching Islamic law and jurisprudence since 1985. He is also a renowned writer in the area of Islamic law and jurisprudence and has written many books and articles on the subject.

He is 69 years old and holds a Bachelor of Arts (1st Class Honours) degree in Law and Political Science from Kabul University, Afghanistan, a LL.M degree from the London School of Economics, United Kingdom and a Ph.D in Islamic Law from the School of Oriental and African Studies, University of London, United Kingdom.



Sheikh Nedham Yaqoobi

Sheikh Nedham Yaqoobi is a renowned Shariah scholar. He sits on various Shariah boards of Islamic banking and financial institutions globally including the Dow Jones Islamic Market Indexes, the Accounting and Auditing Organisation for Islamic Financial Institutions and the International Islamic Financial Market. He is the author of several articles and publications on Islamic finance and other sciences, in English and Arabic. He was educated in classical Shariah in his native Bahrain and in Makkah under the guidance of eminent scholars, including Sheikh Abdulla al-Farisi, Sheikh Yusuf al-Siddiqi, Sheikh Muhammed Saleh al-Abbasi, Sheikh Muhamed Yasin al Fadani (Makkah), Sheikh Habib-ur-Rahman A. Zaini (India), Sheikh Abdulla bin Al-Siddiq Al-Ghumar (Morocco), and others.

He is 54 years old and has a Bachelor of Arts degree in Economics and Comparative Religion and a Master of Science degree in Finance from McGill University, Montreal, Canada. Currently, he is a Ph.D candidate in Islamic Law at the University of Wales, United Kingdom.



Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar

Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar is Director of the Family Support Division, Department of Syariah Judiciary Malaysia and Syariah High Court Judge of Selangor. He served as a lecturer at the Ahmad Ibrahim Kulliyah of Laws, International Islamic University, Malaysia from 1990 to 1997. He then joined Messrs Zulkifli Yong, Azmi & Co. as a Shariah lawyer before being appointed as a Shariah judge in 1998. He was a research officer at the Malaysian Shariah Judiciary Department, Prime Minister's Department from 2003 to 2004, as well as a Shariah Subordinate Court Judge for Federal Territory from 2007 to 2008 and a Shariah Prosecutor, Federal Territory and a Shariah Officer in 2008, before assuming his current position.

He is 46 years old and holds a LLB degree from the International Islamic University Malaysia (IIUM), a LL.M from the University of London, United Kingdom and a Ph.D in Shariah from Universiti Kebangsaan Malaysia. He also holds a Diploma in Shariah Law & Practice and a Diploma in Administration and Islamic Judiciary both from IIUM. Currently, he serves as Visiting Fellow, Islamic Legal Studies Program at Harvard Law School, Harvard University, USA and had also served as Chevening Visiting Fellow, Oxford Centre for Islamic Studies, Oxford University in 2008/2009.

Group Shariah Committee Profiles



Sheikh Dr. Yousef Abdullah Al Shubaily

Sheikh Dr. Yousef Abdullah Al Shubaily lectures at the Comparative Jurisprudence Department, High Institute of Judiciary, Imam Muhammad Bin Saud Islamic University in the Kingdom of Saudi Arabia. He also serves as a Co-operating professor for the American Open University. Beyond his academic career, Dr. Yousef has extensive experience in serving on various Shariah boards of a number of banks and financial institutions in the Kingdom of Saudi Arabia, Bahrain, Kuwait, the United Arab Emirates, Qatar, the United States of America and Britain. Dr. Yousef has written many books, academic papers and articles on Islamic jurisprudence and commercial law and has actively participated in numerous seminars and conventions in related areas. He also participates in religious and economic programmes on television and radio broadcasts in the Kingdom of Saudi Arabia and abroad.

He is 42 years old and obtained a Bachelor's degree from the Faculty of Shariah and Fundamentals of Islam and a Masters' degree from the Department of Comparative Jurisprudence at Imam Muhammad Bin Saud Islamic University, Riyadh, Kingdom of Saudi Arabia in 1993 and 1996, respectively. In 2001, he obtained a Ph.D in Islamic Jurisprudence from the same university.

Sheikh Associate Professor Dr. Shafaai Musa

Sheikh Associate Professor Dr. Shafaai Musa is a Malaysian, currently serving as Chief Executive Officer at International Islamic College, a wholly owned subsidiary of the International Islamic University Malaysia (IIUM) and an Executive Director at the IIUM Centre for Continuing Education Sdn. Bhd. He is the Chairman of CIMB Aviva Takaful Shariah Committee and also a lecturer at the Ahmad Ibrahim Kulliyah of Laws, IIUM. He has more than ten years of experience in teaching Islamic law and jurisprudence and wrote several researches and articles. He served as a Shariah adviser for the Department of Islamic Development Malaysia in 2005.

Associate Professor Dr. Shafaai is 46 years old and received his Bachelor's degree in Shariah from the University of Al-Azhar, Egypt, a Masters' degree in Comparative Laws from IIUM and Ph.D from the Glasgow Caledonian University, United Kingdom.

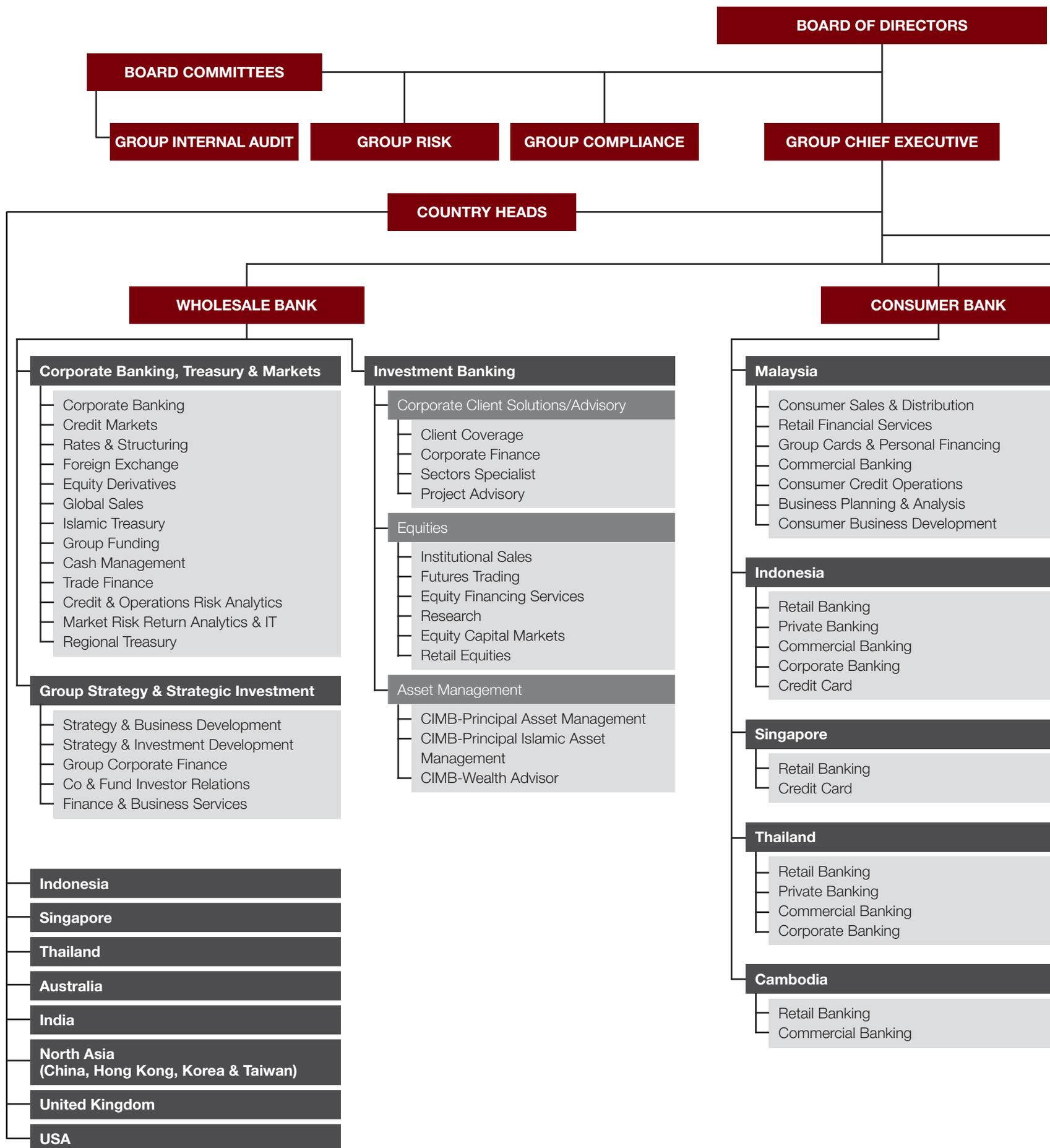
Professor Dr. Noor Inayah Yaakub

Professor Dr. Noor Inayah is a Professor at the Faculty of Economics and Management, Universiti Kebangsaan Malaysia (UKM) and currently appointed as a Principal Fellow of Institute of West Asian Studies UKM. She formally practiced law at Messrs. Abraham & Ooi and Co. before becoming a lecturer at UKM in 1998. She has more than fifteen years of experience in academic fields such as Islamic Law, Islamic and Conventional Banking Law, Takaful and Insurance Law, Equity & Trust Law and Business Law and Ethics. She has produced several research papers and articles mainly on the subject of Islamic and conventional banking law as well as takaful and insurance law. Some of her research has been presented at Islamic banking and finance conferences and published in Malaysian and international journals.

She is 44 years old and received a Bachelor of Shariah Law (Hons) and Bachelor of Law (Hons) degree from the International Islamic University Malaysia, a LLM (Master of Comparative Civil & Banking Law) from the University of Bristol, United Kingdom and a Ph.D in Comparative Civil & Islamic Banking Law of Guarantee from the University of Manchester, United Kingdom. She was admitted to the Malaysian Bar as an advocate & solicitor of the High Court in Malaya in 1996 and on the same year obtained her Shariah Lawyer Certificate.

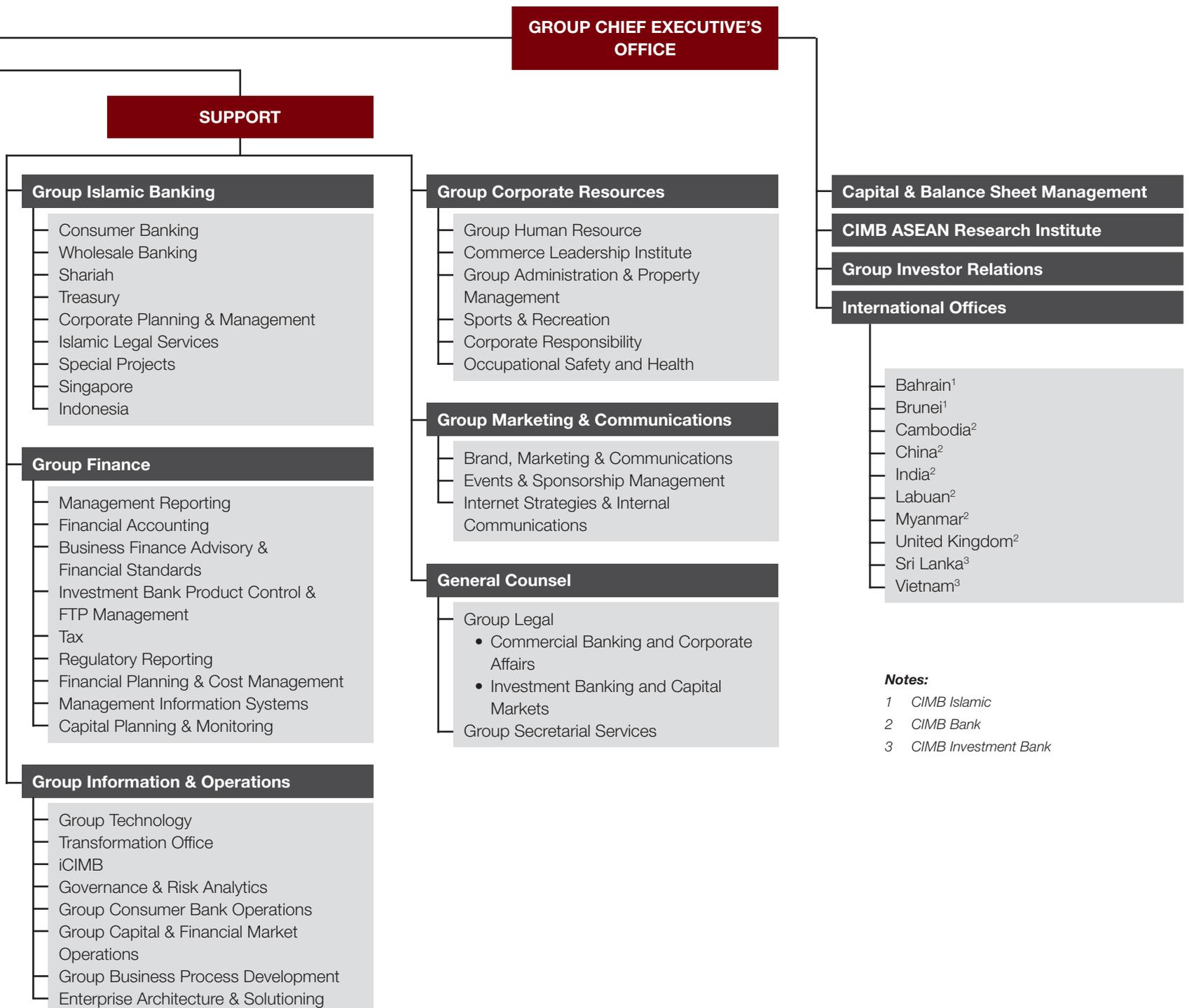
Corporate Organisation Chart

as at 25 March 2013



Corporate Organisation Chart

as at 25 March 2013



Notes:
 1 CIMB Islamic
 2 CIMB Bank
 3 CIMB Investment Bank

Compliance with the **Malaysian Code on Corporate Governance**

The tables below outline the Group's compliance with the Malaysian Code on Corporate Governance:-

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

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 References 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.
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 Conduct which is incorporated in the Board Charter and Code of Conduct for employees.
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 the Group'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.
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.
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 has been formalised, made available in the Company's website and is subject to review every 2 years.

Compliance with the Malaysian Code on Corporate Governance

PRINCIPLE 2 – STRENGTHEN COMPOSITION

The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise members who bring value to Board deliberations.

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 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. A Remuneration Framework has been established and is subject to review every 3 years.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

The Board should have policies and procedures to ensure effectiveness of Independent Directors.

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 (9) years. Upon completion of the nine (9) 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 Terms of Reference of the Group Nomination and Remuneration Committee is in line with this recommendation.
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 (9) years.	Complied	<ul style="list-style-type: none"> The Terms of Reference of the Group Nomination and Remuneration Committee is in line with this recommendation.
Recommendation 3.4 – The positions of Chairman and Chief Executive Officer (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 Managing Director/CEO 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 58% of the total Board composition.

Compliance with the [Malaysian Code on Corporate Governance](#)

PRINCIPLE 4 – FOSTER COMMITMENT

Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills.

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 the 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 Group Company Secretary facilitates the Directors' participation in training programmes and ensures the Directors undergo ongoing training.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

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

The Board should establish a sound risk management framework and internal controls system.

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 Terms of Reference of the Board includes an annual as well as long-term risk appetite review. 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.

Compliance with the Malaysian Code on Corporate Governance

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosures.

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

The Board should facilitate the exercise of ownership rights by 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 available upon request by shareholders.
Recommendation 8.3 – The Board should promote effective communication and proactive engagements with shareholders.	Complied	<p>This was carried out through the following channels:</p> <ul style="list-style-type: none"> Investor Conferences Roadshows Direct one-on-one Meetings Tele-conferences

Statement on Corporate Governance

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

Corporate Governance is defined as 'The process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders'.

The Board of Directors (Board) values the benefit of good governance in driving the success and sustainable economic growth of the Group and places governance at the forefront of its priorities.

At CIMB, good governance is not just a matter for the Board, but is also embedded in every business and support unit of the Group. During the year, the governance framework was further reviewed to strengthen the foundation in areas of accountability, reporting and internal controls, particularly in risk management, compliance, policies and processes taking into account the new Malaysian Code on Corporate Governance (MCCG 2012), trends and evolving best practices. A number of initiatives were introduced which included the following:

- Revision to the Terms of Reference of the Board to make explicit its role in reviewing and approving the Group's risk appetite;

- Revamping of the risk management framework for greater focus on strategic risk decision;
- Re-organisation of the Group Internal Audit Division (GIAD) for more focused attention and specialisation; and
- Revamping the composition of Management Committees to minimise duplication and improve focus.

The Board is satisfied that the Group's corporate governance framework complies with the principles and recommendations of MCCG 2012 and the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities). It endeavours to continuously raise the standards of governance in the Group and strives to surpass international best practices. In addition to MCCG 2012 and MMLR, CIMB's Malaysian operations are also guided by the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Licensed Institutions (Revised BNM/GP1) and Shariah Governance Framework for Islamic Financial Institutions (collectively 'BNM Guidelines').

The various awards received by the Group in 2012 in Corporate Governance, Leadership, Management, Risk and Investor Relations listed below are testament to the Group-wide efforts to enhance governance.

Corporate Governance

- Corporate Governance Asia: Corporate Governance Asia Annual Recognition Award 2012

Leadership

- Asian Corporate Director Recognition Award: Dato' Sri Nazir Razak
- 2012 Euromoney Outstanding Achievement Award in recognition of outstanding contribution to Asian financial markets: Dato' Sri Nazir Razak
- Islamic Banker of the Year: Badlisyah Abdul Ghani
- The Best Motivating CEO: Vivien Kasumowardhani, President Director of PT CIMB Sun Life

Management

- Best Change Management – Project: 1View Change Journey Management – Release 1.x: in the I.T. Excellence Award 2012
- Crisis Management Strategy of the Year – CIMB Thai Bank Public Company in the CIR Magazine Business Continuity Award 2012

Risk

- Best Risk Analytics Project Award: Asian Banker Technology Award 2012
- Regional House of the Year, CIMB Group in Asia Risk Awards 2012
- House of the Year, Malaysia: CIMB Group in Asia Risk Awards 2012
- House of the Year, Indonesia: PT Bank CIMB Niaga Tbk in Asia Risk Awards 2012

Investor Relations

- Best Company for Investor Relations (Large Cap) (MIRA)
- Best CEO for Investor Relations (Large Cap): Dato' Sri Nazir Razak (MIRA)
- Best Investor Relations Professional (Large Cap): Steven Tan Chek Chye (MIRA)
- Business Knowledge and Insights of IR Team (MIRA)
- Most Organised Investor Relations in Alpha Southeast Asia Best Financial Institution Award 2012

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of the Group.

The paragraphs that follow in this Corporate Governance Statement outline the governance framework of the Group and explain how the Group has applied the principles and recommendations set out in the MCCG 2012, BNM Guidelines and MMLR.

Statement on Corporate Governance

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

GOVERNANCE FRAMEWORK



BOARD OF DIRECTORS

The Board Composition and Balance

CIMB Group recognises that an effective Board is essential for good governance. The Board is elected by the shareholders to supervise the management of the business of the Group, with a view to enhance long term shareholder value and sustainability.

There are currently nine Directors on the Board, comprising one Executive Director and eight Non-Executive Directors, of whom five are independent. Independent Directors constitute more than half of the Board, in line with the MCCG 2012's recommendation and exceeds the minimum number required under the MMLR. This high proportion of Independent Directors reflects the Board's commitment to uphold the tenets of good governance.

An effective Board has a clear understanding of its roles and responsibilities and this is clearly set out in the Terms of Reference of the Board. The Directors in effect are guardians of the Company and as such, take full advantage of

the dynamics in the composition of the Board and together with Management, guide the Company to achieve its corporate objectives. The Directors are responsible for the integrity of financial information and ensure that financial control and system of risk management are robust.

With the appropriate diversity of perspectives, the Directors collectively, play a vital role in discharging its fiduciary duties. Non-Executive Directors bring independent judgement in all deliberations including that of risk, audit, performance and strategy. The Non-Executive Directors assist the Board in scrutinising the performance of management in meeting agreed goals and objectives and monitoring reports on performance.

Board Mix and Diversity

The Group recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining its competitive

advantage. The Board continued with its effort in 2012 in reviewing the mix and size of the Board and adopted the Board Diversity Policy, which assists the Board in determining its optimum composition and balance. Our diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, gender and other attributes of Directors.

In reviewing its composition, the Board considers the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, candidates are considered based on merit against objective criteria and with due regard to the benefit of diversity on the Board, and may include the appointment of suitable lady Directors. The ultimate decision will be based on merit and contribution the chosen candidate will bring to the working of the Board.

Statement on Corporate Governance

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

The breadth of the Board's diversity has been instrumental in guiding the Management in the right path towards achieving its vision and targets. The Board believes that a diverse Board is fundamental given its expanded geographical presence beyond ASEAN and to reflect the market it serves. The Board ensures that, subject to merit, its membership reflects diversity in a broader sense including gender, ethnicity and background. Appointments made to the Board since 2010 with distinguished personalities from across the region and a female Director on Board reflects this policy.

The present size of the Board is appropriate and the right balance of Directors' background in banking, financial and broad commercial experience is sufficient for the Board to function effectively in achieving its objectives.

The Directors of the Group have met the criteria for appointment of Directors as set out in the BNM Guidelines and the MMLR. Both the size and composition of the Board also meet the recommendations of the GLC Green Book and serve as a foundation for an effective and high performing Board to lead the Group.

Board Members' Industry/Background Experience



Board Members' Geographical Mix of Experience



Board Members' Nationality



Brief backgrounds of each Director are presented on pages 096 to 104 of the Annual Report.

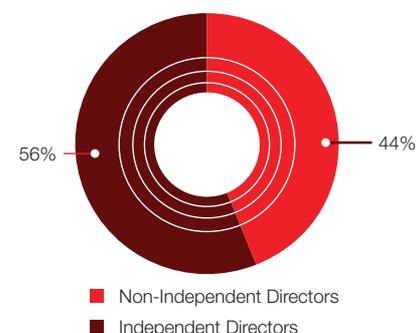
Directors' Independence

The Board assesses the independence of its Independent Directors annually. The following are the criteria that the Board considers in assessing the independence of its Independent Directors:

- Ability to provide objective challenges and constructive feedback to Management, focusing on root cause of issues and potential actions required to rectify the issues discussed;
- Readiness to challenge others' assumptions, beliefs or viewpoints as necessary for the good of the Group;
- Ability to question intelligently, debate extensively, challenge meticulously and decide objectively;
- Understanding the Group's business and affairs to enable them to properly evaluate and analyse the information and responses provided by Management; and
- Free from any business or other relationship which can materially pose a conflict of interest or interfere with the exercise of Directors' judgement or will be disadvantageous to the Group or the Group's interest.

In its annual review, the Board concluded that all Independent Directors continue to be independent and are free from business relationships or other circumstances that could materially interfere with their exercise of objective, unfettered and independent judgement.

Board's Composition



Following the introduction of MCCG 2012, the Group adopted the recommendation for the tenure of service for Independent Directors to be capped at the maximum of nine years.

The current structure and composition of the Board are in line with the requirements of the MCCG 2012, BNM Guidelines, MMLR and the 'Green Book on Enhancing Board Effectiveness' (Green Book) introduced by the Putrajaya Committee on Government Linked Companies (GLC) in 2005 under the GLC Transformation Programme.

Separation of Roles of Chairman and the Group Managing Director/Chief Executive Officer

To ensure balance of authority and accountability, the roles of the Chairman and Group Managing Director/Chief Executive Officer (Group MD/CEO) are distinct and separate. There is a clear division of responsibilities between the Chairman and the Group MD/CEO, so that no individual or group dominates the decision-making process.

The Chairman

The Chairman of the Board is Tan Sri Dato' Md Nor Yusof, a position he held since June 2006. Tan Sri Dato' Md Nor has spent a significant part of his working career with the Group, having assumed the role of President and CEO of the former Bank of Commerce (M) Berhad (now known as CIMB Bank Berhad). After his retirement from Bank of Commerce (M) Berhad, he served in various capacities including as Adviser to the Ministry of Finance, Managing Director of Malaysian Airline System Berhad and Executive Chairman of the Securities Commission.

Statement on Corporate Governance

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

As Chairman, he is responsible for the following:

- Ensuring the Board and its committees function effectively.
- Leading discussions among Directors in its oversight of management.
- Determining the Board's agenda and ensuring adequate time is available for discussion of all agenda items, in particular strategic issues.
- Driving a culture of openness and constructive debate by facilitating effective contribution of Non-Executive Directors, in particular.
- Ensuring good information flow between Board and Management.
- Ensuring effective communication with shareholders and other stakeholders.
- Supporting, advising and maintaining a healthy and effective relationship with the Group MD/CEO.

Under Tan Sri Dato' Md Nor's leadership, the Group has made progress in its pursuit of its corporate vision to be 'The Leading ASEAN Company'.

Group Managing Director/ Chief Executive Officer

The Group MD/CEO is Dato' Sri Nazir Razak. He has held this position since January 2006. He leads Management to generate sustained growth of the Group in terms of revenue, profit and innovation in both domestic and global markets. As the Group MD/CEO, he is responsible for maximising the returns on capital invested in the Group in line with the Group's vision. A dynamic banker and a person of outstanding calibre, Dato' Sri Nazir is renowned in the financial and capital markets for his visionary leadership. He is a mentor to the CIMB workforce and is recognised for his outstanding contribution in the Asian financial markets.

Under Dato' Sri Nazir's stewardship, the Group has won many prestigious accolades. He was the youngest recipient of FinanceAsia's 'Lifetime Achievement Award' in 2009 and was named 'Best Top Executive in Malaysia' by Asiamoney in 2009 and 2010, as well as 'Best CEO (Malaysia)' by FinanceAsia in 2011.

He was the recipient of the 'Outstanding Achievement Award' at the Euromoney Awards for Excellence 2012, in recognition of his

outstanding contribution to the Asian financial markets, his strategic vision, strong leadership and work on market development. He has demonstrated his determination in positioning CIMB Group as a strong player across the region through notable acquisitions, resulting in the establishment of a regional franchise.

As Group MD/CEO, he is responsible for setting the Group's vision and strategic direction as guided by the Board. He defines and shapes corporate culture and values to support the Group's vision and communicates the Group's brand values to all stakeholders. In ensuring the Group's business performance, Dato' Sri Nazir provides overall leadership in developing plans to realise the Group's vision and objectives, and ensures value creation to shareholders. It is also his duty to keep the Board fully informed of all significant operational, financial, and other relevant matters pertaining to the Group, including external matters emanating from the Government, regulators, customers and other stakeholders. He acts as the principal spokesman for the Group and ensures adequate processes for effective communication with the public, major shareholders and employees. He fosters a positive and ethical work culture to motivate and inspire employees, develop a healthy pipeline of successors and leaders and to attract and retain a diverse group of talented and high performing employees within the organisation.

Senior Independent Non-Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir has been a Director since November 2006 and a Senior Independent Non-Executive Director since 2012. As Senior Independent Non-Executive Director, Datuk Dr. Syed Muhamad serves as the point of contact between the Independent Directors and the Chairman on sensitive issues and acts as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders. Shareholders' queries can be emailed directly to the Senior Independent Non-Executive Director at cimbSID@cimb.com or directed to the following address:

5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia

Duties and Responsibilities of the Board

The Board has adopted the following six responsibilities as required under the MCCG 2012 to facilitate the Board in discharging its duties:

- Reviewing and adopting a strategic plan for the Group.
- Overseeing the conduct of the Group's business to determine whether the business is being properly managed.
- Identifying principal risks, setting of risk appetites and ensuring the implementation of appropriate internal controls and mitigation measures.
- Succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programmes are in place to provide for the orderly succession of senior management.
- Overseeing the development and implementation of shareholders' communications policy for the Group.
- Reviewing the adequacy and the integrity of the Group's management information and internal control system.

In addition to the above responsibilities, the Board's expanded roles and responsibilities cover a wider scope in:

- Providing clear objectives and policies within which the senior management of the Group is to operate.
- Ensuring that there are adequate controls and systems in place to facilitate the implementation of the Group's policies.
- Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest.

The Board has adopted a schedule of matters reserved for the Board's decision, which includes, inter alia, reviewing and approving the following:

- Strategic/business plans and annual budget;
- New investments, divestments, mergers and acquisitions, corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances both locally and abroad;

Statement on Corporate Governance

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

- Acquisition and disposal of assets of the Group;
- Annual financial statements and the quarterly financial results;
- Appointment of new Directors, CEO and Key Senior Management positions;
- Related party transactions and capital financing.

The Board has also delegated specific authority to several Board Committees. Notwithstanding the delegation of authority, the Board remains responsible for its fiduciary duties and is the ultimate decision-making body, except for matters requiring shareholders' approval.

Board Charter

The Directors adopted a Board Charter in 2012 to promote the highest standards of governance and clarifies, amongst others, the roles and responsibilities of the Board. The Board Charter serves not only as a reminder of the Board's roles and responsibilities but also acts as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities.

The Board Charter is subject to review by the Board from time to time to ensure the Group remains at the forefront of best practices in corporate governance.

The Board Charter comprises, amongst others, the following areas:

- Roles of the Board and Committees
- Roles of Chairman and Group MD/CEO
- Board Composition and Terms of Reference
- Directors' Code of Ethics
- Stakeholder Communication
- Selection Criteria
- Terms and Tenure of Appointment
- Succession Planning
- Board Effectiveness Assessment
- Training and Development
- Processes of the Board

Code of Conduct

The Board recognises its role in establishing ethical values that support a culture of integrity, fairness, trust, forthrightness and pursuit of excellence. To this, the Board has formalised a Code of Conduct with a view to promoting ethical values and standards amongst employees. The Code of Conduct, which was approved by the Board in 2012, outlines the minimum standard of conduct and serves as a guide for ethical behaviour. Details of the Code of Conduct can be found in the Company's website at www.cimb.com.

Appointments to the Board

The Group Nomination and Remuneration Committee reviews the composition of the Board and nominates suitable candidates for approval, when the need arises. The Group Nomination and Remuneration Committee undertakes a meticulous and comprehensive appraisal of the candidate based on a set of criteria adopted by the Board prior to recommending an appointment to the Board. The appraisal takes into account the Group's businesses and matches the Group's needs with the capabilities and contribution expected for a particular appointment.

The appointment process is conducted in accordance with the BNM Guidelines and the Group's Fit and Proper Policies and Procedures for Key Responsible Persons (Fit and Proper Policy). The Group's Fit and Proper Policy sets out a formal and transparent process for the appointment and re-appointment of Chairman,

Directors, CEOs/Executive Directors and Shariah Committee members. Detailed assessments are conducted on candidates and the Group Nomination and Remuneration Committee confirms that the candidates are fit for their respective roles.

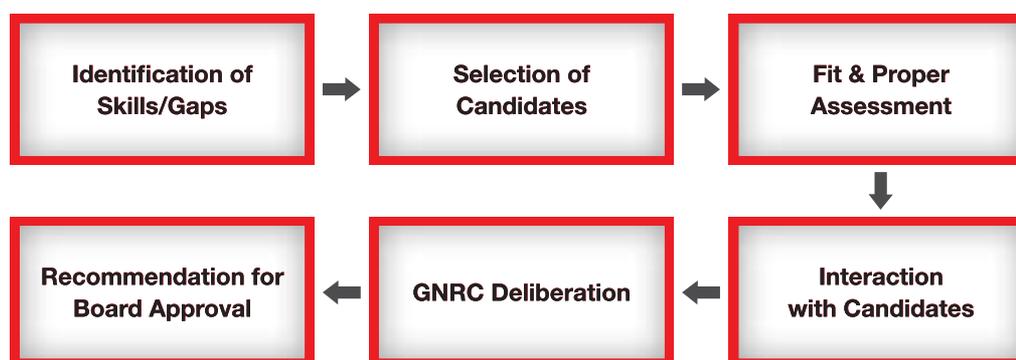
The Chairman of the Group Nomination and Remuneration Committee conducts an interaction session with the proposed candidates and assesses the candidates based on the following aspects:

- Relevant skills and experience
- Competency in specialised areas of practice
- Track record of success
- Independence (where relevant) and objectivity
- Willingness to challenge prevailing opinion
- Consistent availability
- Sound judgement and broad perspective
- Integrity

Non-Executive Directors are expected to confirm and undertake that they will have sufficient time to meet the Board's expectations and will seek the Chairman's approval before accepting any new external directorship or taking up additional roles.

The process for identifying and nominating new candidates for appointments entails the following steps:

Nomination Framework



Statement on Corporate Governance

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

Recommendations for the appointment and re-appointment of Directors to the Boards of financial institutions within the Group and the holding company of the financial institutions are subject to BNM's vetting and prior approval.

Re-appointment and Re-election of Directors

Directors appointed during the year are subjected to election by shareholders at their first Annual General Meeting after their appointments. Each year, one-third of the Directors retire from office at the Annual General Meeting and being eligible, may offer themselves for re-election by shareholders at the Annual General Meeting, subject to continued satisfactory performance. Proposals for the re-appointment and re-election of Directors are assessed by the Group Nomination and Remuneration Committee who will recommend the proposal to the Board and thereafter to shareholders for approval. In line with the requirement of the MMLR, no Director should serve more than 3 years without seeking re-election at shareholders meeting.

The Fit and Proper Policy also sets guidelines for the re-appointment or re-election of Directors who are eligible for re-appointment. In considering the proposed re-appointment or re-election, the Group Nomination and Remuneration Committee conducts assessment on these Directors based on the following criteria:

- (i) Contribution in terms of knowledge in specific areas
- (ii) Training attended by the Directors
- (iii) Time commitment by the Directors
- (iv) Independence and conflict of interest

Pursuant to Article 76 and Paragraph 7.26(2) of the MMLR, Dato' Robert Cheim Dau Meng, Mr. Glenn Muhammad Surya Yusuf and Ms. Watanan Petersik shall retire at the forthcoming Annual General Meeting of the Company and being eligible, have offered themselves for re-election.

Number of Directorships

To ensure the Directors have the time to focus and fulfill their responsibilities effectively, the number of directorship is limited to 5 in listed companies and 10 in non-listed companies, in line with the MMLR and the GLC Green Book. The Group MD/CEO adheres strictly to the Revised BNM//GP1 on limit of directorships and holds only 5 directorships within the Group. He currently holds 2 directorships in listed companies, 1 of which is the Group's listed banking franchise in Indonesia. The Company Secretary assists in monitoring the number of directorships held by each Director. She also advises the Directors before accepting any additional directorships.

The Board is informed on changes to the directorships held by their peers on a quarterly basis and is satisfied that the current external directorships held by the Board members would not impair their ability to contribute to the Company and that the Directors are able to devote sufficient time to the Company in discharging their roles and responsibilities effectively.

Meetings and Supply of Information to the Board

The Board meets regularly to discuss business strategy, financial performance, potential strategic acquisitions or alliances, matters pertaining to compliance and governance as well as reports on matters deliberated by the respective Board Committees. On a quarterly basis, the Board reviews, amongst others, the financial performance of the major subsidiaries, risk management and compliance reports and approves the quarterly results of the Group at its meeting. The meetings of the Board and Board Committees are scheduled in advance for the Directors to plan their schedules. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. A special Board Meeting is held at the beginning of the year to discuss the Group's Business Plan and Budget.

Meeting papers on the proposals and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals and if necessary, request additional information. This enables the Board to function and discharge their responsibilities effectively. The minimum information required for the Board to make an informed and effective decision includes background, objective, key issues, rationale, financial and non-financial impact of the proposal. Directors who are unable to attend meetings in person have the option to participate via tele-conference. Directors who are unable to attend a meeting due to unavoidable circumstances are encouraged to provide feedback to the Chairman on matters to be deliberated for their views to be given due consideration at the meetings.

Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties. The Board receives regular updates on the development and business operations of the Group, as well as business progress reports and discussion documents regarding specific matters, through Board meetings. The Group MD/CEO provides comprehensive explanation on the overall performance of the Group as well as significant issues relating to the Group's business, while the Group Chief Financial Officer presents details of the Group's financial performance.

Matters deliberated at the Board Committees meetings are presented by the respective Chairmen at the Board Meetings for discussions. Each quarter, the Head of Group Compliance reports the status of compliance with laws, regulatory requirements and internal policies and procedures adopted by the Group, for all the operating entities within the Group, while the Chief Risk Officer briefs the Board on the risk positions of the various activities undertaken by the Group. Management is invited to present proposals and respond to queries raised by the Board on a need basis. The Board receives updates on matters discussed at the subsequent Board meetings or if deemed urgent via circulation of memorandum.

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Board decisions are cascaded to Management for execution within one working day of the Board meetings. The Company Secretary ensures that accurate records of proceedings are minuted, including dissenting views and nature of conflict, if any.

Independent Professional Advice

All Directors have the right to seek independent advice at the expense of the Group, save for matters concerning their personal interests, in discharging their duties. A formal procedure is in place to facilitate them in seeking independent professional advice. A copy of the report or independent advice will be made available to the Chairman and, if deemed appropriate, be circulated to all Directors for deliberations.

Conflict of Interest

A Director who has interest, either direct or indirect in any proposal or transaction being considered is expected to declare his interest and is prohibited from deliberation and voting on the proposal or proposed transactions.

A total of 10 Board meetings were held in 2012 and the Directors' attendance at the meetings are as follows:

Directors	No. of Meetings	
	Attended	Held ^{*4}
Tan Sri Dato' Md Nor Yusof Chairman/Non-Independent Non-Executive Director	10	10
Dato' Sri Nazir Razak Group Managing Director/Chief Executive Officer	10	10
Datuk Dr. Syed Muhamad Syed Abdul Kadir Senior Independent Non-Executive Director	10	10
Dato' Hamzah Bakar Independent Non-Executive Director	10	10
Dato' Zainal Abidin Putih Independent Non-Executive Director	8	10
Dato' Robert Cheim Dau Meng Non-Independent Non-Executive Director	9	10
Glenn Muhammad Surya Yusuf Independent Non-Executive Director	10	10
Watanan Petersik Independent Non-Executive Director	8	10
Katsumi Hatao^{*1} Non-Independent Non-Executive Director	6	8
Cezar Peralta Consing^{*2} Independent Non-Executive Director	8	10
Hiroyuki Kudo^{*3} Non-Independent Non-Executive Director	1	2

Notes:

*1 Appointed on 23 February 2012.

*2 Resigned on 23 January 2013.

*3 Resigned on 23 February 2012.

*4 Reflects the number of meetings held during the time the Directors held office.

Annual Management Summit

In line with the Group's growth and expansion, the Group has shifted to a new annual management meeting format that culminates with the Annual Management Summit (AMS). Various divisions will hold their respective Annual Management Dialogues (AMDs) prior to the AMS. Divisional goals and strategies are discussed at AMDs and agreed targets are escalated to the AMS for further deliberation. The AMS serves as a platform for all regional and divisional heads to present new business strategies and synergistic opportunities for discussions.

Approximately 200 senior leaders from across the Group gather at the AMS and are presented with the various new business strategies and synergistic opportunities. The evolution to the new format not only facilitates the business strategies formulation, but enables senior managers to view the Group up close and foster stronger relationships amongst all heads. The various key messages and business strategies put forward at the AMS will be considered thoroughly before obtaining the Board's approvals for the various key thrusts and budgets. These will then be cascaded down for the business divisions' execution.

Dealings in Securities

Pursuant to the MMLR, Directors and Key Senior Management who are in possession of price-sensitive information of the Company and other listed companies are strictly prohibited from dealing in the securities of the Company and that of other listed companies. In addition to this, dealing in the securities of the Company by Directors and Key Senior Management is not 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.

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Training and Development of Directors

One of the overall responsibilities of the Board is to review the training needs and professional development of its members. The Board ensures that the Directors continuously update their skills and knowledge and familiarity with the Company's business in line with the Group's geographical expansion in order to remain competitive. The Board delegates this role to the Group Nomination and Remuneration Committee, which in turn assesses the training needs for Directors and determines areas that would further the Directors' understanding of areas relevant to the Group.

Training programmes are tailored to meet the Group's needs, taking into account the Group's businesses and geographical footprint. Directors' development is an integral element of the process for appointment of new Directors and the Board is mindful of the need to keep pace with new laws, regulations, accounting standards, evolving risks, market trends and developments and key challenges in the banking industry.

All Directors undergo an induction programme upon joining the Board and receive an information pack containing corporate information of the Group, the Board Charter as well as other relevant documents. The induction programme involves meeting Key Senior Management to enable Directors to better understand the Group's business and operations. The induction programme is supplemented by ongoing training and development programmes.

The Company Secretary facilitates in organising internal and external training programmes, briefings, workshops and seminars for Directors. A comprehensive list of training programmes covering topics relevant to the Directors is sent to all Directors at the beginning of the financial year. The Group'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 of Bursa Securities and the Securities Commission.

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities. In 2012, we saw Directors' active involvement and support in training programmes, both as participants and invited speakers. Management continues with its efforts in organising other workshops to update the Board on new laws and regulations, particularly, in areas of corporate governance, risk and accounting standards.

Details of training programmes attended by the Directors in 2012 for each of the Directors are summarised below:

Training Programmes

Titles/Topics	Mode of Training	Time Spent
Banking and Finance		
• CIMB Group Induction Programme	Course	4 hours
• Hong Kong Securities and Investment Institute: Bank Treasury Management	Online	3 hours
• The Global Investment Conference, London	Conference	1 day
Compliance and Regulatory		
• Anti-Money Laundering Act: Financial Crime Risk – CIMB's Perspective	Workshop	4 hours
• CIMB Group: Briefing on Pillar 3 Disclosure	Workshop	4 hours
• Competition Law: How It May Impact the Way We Do Business	Course	4 hours
• E-learning: Anti-Money Laundering course	Online	2 hours
• Mandatory Accreditation Programme for Directors of Public Listed Companies	Course	2 days
Corporate Governance		
• Boardroom Corporate Services: Corporate Governance Today and the Directions Moving Forward	Course	4 hours
• Directors' Duties, Defences, Bursa Malaysia and Judicial Review	Course	4 hours
• International Centre for Education in Islamic Finance (INCEIF): Governance of Islamic Banks – Future Challenges	Conference	1 day
• Kuala Lumpur Regional Centre for Arbitration (KLRCA): Seminar of the Effective Dispute Resolution for Corporate Malaysia	Conference	1 day
• 4th CIMB Regional Compliance, Audit & Risk (CAR) Conference	Conference	2 days

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Titles/Topics	Mode of Training	Time Spent
Economics		
• 2nd CIMB ASEAN Conference	Conference	2 days
• CIMB ASEAN SME Conference	Conference	4 hours
• Global Public Lecture by IMF Managing Director, Christine Lagarde on 'Asia and The Global Economy: The Promise of Integration'	Course	1 day
• Global-Asia Confluence: The Singapore Summit, Singapore	Conference	2 days
• Impact Investment Exchange, Singapore: Impact Forum 2012	Conference	2 days
• Institute of International Finance (IIF) Asia CEO Summit, Thailand	Conference	3 days
• Invest Malaysia 2012	Conference	2 days
• Khazanah Global Lecture (KGL) 2012	Lecture	1 day
• Khazanah Megatrend Forum (KMF) 2012	Forum	1 day
• Philippines-Malaysia Investment Partnership Forum	Forum	1 day
Islamic Banking		
• Securities Commission Malaysia (SC) & Oxford Centre for Islamic Studies (OCIS): 3rd SC-OCIS Roundtable on Islamic Finance: Solutions for Liquidity Management	Conference	1 day
Leaderships and Business Transformation Management		
• GLCT Case Study Show: GLC Transformation Programme – 'The good, the bad, myths, untold stories and what's next' at Malaysian Petroleum Club	Course	1 day
• MINDA Luncheon Talk with Mr. Jeffrey R. Immelt: Innovation for Growth	Lecture	2 hours
• Perdana Leadership Foundation CEO Forum 2012 (Speaker)	Forum	1 day
• Group Annual Management Summit	Forum	2 days
Risk Management		
• Hong Kong Securities and Investment Institute: Credit Risk – Part 1	Online	3 hours
• Oliver Wyman: GAP Analysis and Proposed 'to-Be' Capital Allocation and Performance Management Framework (Session 2)	Course	3 hours
• Oliver Wyman: Pillar 2 ICAAP Requirements (Session 3)	Course	3 hours
• Oliver Wyman: Proposed Refinements to the Capital Allocation and Performance Management Framework and Introduction to Supervisory Review and Evaluation Process (SREP)	Course	3 hours
• Oliver Wyman: Board Training on BNM requirements for the ICAAP process	Course	3 hours
• Oliver Wyman: Training on Pillar 2/ICAAP under Basel II for Senior Management: Part 1	Course	3 hours

Time Spent on Training

Directors	Time Spent
Tan Sri Dato' Md Nor Yusof	6 Days + 7 Hours
Dato' Sri Nazir Razak	16 Days + 4 Hours
Datuk Dr Syed Muhamad Syed Abdul Kadir	8 Days + 3 Hours
Dato' Hamzah Bakar	4 Days + 5 Hours
Dato' Zainal Abidin Putih	6 Days + 5 Hours
Dato' Robert Cheim Dau Meng	4 Days + 5 Hours
Glenn Muhammad Surya Yusuf	11 Hours
Watanan Petersik	5 Days + 7 Hours
Katsumi Hatao ^{*1}	3 Days + 3 Hours
Cezar Peralta Consing ^{*2}	11 Hours
Hiroyuki Kudo ^{*3}	n/a

Notes:

*1 Appointed on 23 February 2012.

*2 Resigned on 23 January 2013.

*3 Resigned on 23 February 2012.

COMPANY SECRETARY

The Company Secretary advises and assists the Board on matters relating to the affairs of the Group, including issues pertaining to compliance, corporate governance and best practices, boardroom effectiveness and Directors' duties and responsibilities. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter reserved for the Board. During the year under review, various Board processes were reviewed with a view to enhancing the Board's decision-making processes and effective functioning of the Board.

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The Group Company Secretary, Datin Rossaya Mohd Nashir, assumed her role in 2002, having more than 18 years of experience in corporate secretarial practice. She holds a Bachelor of Laws degree, majoring in Business Law from the Coventry University, United Kingdom, and is an affiliate of the Malaysian Institutes of Chartered Secretaries and Administrators. She is also a member of the Companies Commission Malaysia's Corporate Practice Consultative Forum.

She is responsible to the Board for the administration of the Board and in ensuring that the Board is run fairly in accordance with the law, the Company's Articles of Association and the procedures laid down by the Board itself. She sees that meetings are properly convened and that records of proceedings are duly minuted and kept.

The Group Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management. Apart from assisting the Chairman in formulating agendas and conduct of Board, Board Committees and Shareholders' meetings, the Group Company Secretary also undertakes the following roles in three main key areas:

Company

- Facilitating highest standards of governance practices among the Group entities and identifying areas for enhancements.
- Ensuring that the Group complies with the statutory obligations under the relevant laws and regulations.
- Monitoring and ensuring that the Group's governance framework complies with the MCGG 2012, Revised BNM/GP1, MMLR of Bursa Securities and the relevant laws, regulations and guidelines.
- Maintaining the safe keeping of statutory records of the Companies within the Group in compliance with applicable laws and regulations.

Board

- Managing Board and shareholders processes group-wide.
- Ensuring procedure for the appointment of directors is 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 laws, regulations and guidelines pertaining to the statutory duties and code of conduct of Directors, Boards and General Meetings, and its impacts to the business of the Group in the jurisdictions within which the Group operates.
- Assisting Directors and Senior Management in 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.
- Managing relationship with external stakeholders.

In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Group Company Secretary has oversight on the overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group 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.

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

A formal remuneration framework for Directors and Key Senior Management has been established by the Group Nomination and Remuneration Committee to attract, retain and remunerate Directors for their contribution to the Group. This framework includes fees, monthly and meeting allowances for Non-Executive Directors which are based on industry standards and set by reference to the responsibilities taken by them. In order that the remuneration package remains competitive and consistent with the Group's culture, objectives and strategy, the compensation framework of Non-Executive Directors are reviewed periodically to ensure that they remain market-competitive.

The Group Nomination and Remuneration Committee reviews its remuneration framework as and when the need arises or at least once every 3 years to ensure the framework reflects the needs of the Group. The criteria for the remuneration framework are benchmarked and are in line with the recommendations by the Directors' Remuneration Study conducted by Messrs. PricewaterhouseCoopers Advisory Services Sdn. Bhd., under the BNM FIDE Programme.

In reviewing the remuneration package, due regard is given to the Directors' responsibilities and accountability to shareholders, membership in Board Committees, time commitment, expertise, performance, risk, complexity and scope of business of the Group. The compensation framework of the Group MD/CEO and Key Senior Management is linked to their Key Performance Indicators (KPIs) and designed to promote long-term success of the Group as well as individual performance.

When necessary, independent advisers or consultants are engaged to provide independent advice to the Group Nomination and Remuneration Committee on specific areas. None of the Directors are involved in deciding his or her own remuneration. Remuneration of the Directors in office during the financial year is also disclosed in the Group's Financial Statements.

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The aggregate remuneration paid to the Directors by CIMB Group and its subsidiaries in 2012 is as follows:

Directors	Salary and/or Other			Total RM'000
	Fees RM'000	Remuneration RM'000	Benefit- in-Kind RM'000	
Executive Director				
Dato' Sri Nazir Razak ¹	–	6,037	3,963	10,000
	–	6,037	3,963	10,000
Non-Executive Directors				
Tan Sri Dato' Md Nor Yusof	126	762	–	888
Datuk Dr Syed Muhamad Syed Abdul Kadir	270	519	–	789
Dato' Zainal Abidin Putih	270	520	–	790
Dato' Hamzah Bakar	186	299	–	485
Dato' Robert Cheim Dau Meng ²	–	806	94	900
Glenn Muhammad Surya Yusuf	126	47	–	173
Watanan Petersik	114	36	–	150
Katsumi Hatao ³	97	25	–	122
Cezar Peralta Consing ⁴	114	32	–	146
Hiroyuki Kudo ^{2 *5}	–	134	11	145
Sub-total	1,303	3,180	105	4,588
Grand Total	1,303	9,217	4,068	14,588

Notes:

*1 The functions and responsibilities of the Group MD/CEO are carried out on a Group basis. The salary and other remuneration and benefits-in-kind for the Group MD/CEO were paid by a subsidiary, CIMB Investment Bank Berhad.

*2 Dato' Robert Cheim Dau Meng and Mr. Hiroyuki Kudo hold executive positions in the CIMB banking group and their salaries and benefit-in-kind were paid by a subsidiary, CIMB Investment Bank Berhad.

*3 Appointed on 23 February 2012.

*4 Resigned on 23 January 2013.

*5 Resigned on 23 February 2012.

BOARD COMMITTEES

The Board has established the Audit Committee, Board Risk Committee, Group Nomination and Remuneration Committee and Group Compensation Review Committee to assist the Board in discharging its duties and responsibilities. This delegation ensures that adequate time is devoted by the Board members to the independent oversight of key controls. All Board Committees are chaired by Independent Non-Executive Directors, who are responsible for the effective operation of the Board Committees and the fulfilment of their duties, as clearly outlined in the Terms of Reference approved by the Board. The Terms of Reference of the Board Committees are regularly reviewed to ensure they remain aligned to the Group's vision.

The Board Committees report to the Board on their deliberations, findings and recommendations. The Chairmen of the Audit Committee, Board Risk Committee and Group Nomination and Remuneration Committee report to the Board on matters dealt with at their respective Committee Meetings. Minutes of the Audit Committee, Board Risk Committee and Group Nomination and

Remuneration Committees are also presented at the Board meetings for further discussion and direction. The Board accepts that while these Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees are brought to the attention of the Board, who is collectively responsible for the Group's business, strategy, risk management, operational and financial performance and success.

Further details of the Board Committees are set out below.

Audit Committee

The MMLR requires that the composition of the Audit Committee must not be less than three members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors. The Audit Committee of the Company comprises solely of Independent Non-Executive Directors with the necessary background and experience in accounting and audit. The Audit Committee is chaired by Dato' Zainal Abidin Putih, a practicing accountant with more than 30 years of extensive experience in audit, management consulting and taxation.

The key responsibilities of Audit Committee are to ensure high corporate governance practices and to provide oversight on the Group's financial reporting, disclosure, regulatory compliance, risk management and internal control processes within the Group. The Audit Committee meets regularly to, amongst others, review the quarterly results, full year financial statements, audit reports which include observations pertaining to risk management and internal control, as well as related party transactions. The management team and External Auditors are invited to attend meetings to assist the Committee in fulfilling its duties, when necessary.

The roles of the Audit Committee also include annual assessment of the objectivity, performance and independence of the External Auditors which involves review of the External Auditors' performance and quality of work, non-audit services provided and engagement partner's rotation. The Audit Committee is satisfied that the independence of the External Auditors has not been impaired based on the assessment conducted in 2012.

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The Audit Committee met 15 times in 2012 and the attendance of the members of Audit Committee are as follows:

Members	No. of Meetings	
	Attended	Held
Dato' Zainal Abidin Putih Chairman/Independent Non-Executive Director	15	15
Datuk Dr. Syed Muhamad Syed Abdul Kadir Senior Independent Non-Executive Director	14	15
Dato' Hamzah Bakar Independent Non-Executive Director	15	15

In addition, the Audit Committee also met the external auditors on two occasions in 2012 without the presence of Management.

The Audit Committee keeps the Board informed of the Committee's activities and recommendations at the Board Meetings. Following the introduction of the MCCG 2012, GIAD conducted a review of the Terms of Reference of the Audit Committee. Some changes have been made to provide clarity for the expanded roles of Audit Committee. A summary of the activities undertaken by the Audit Committee during the financial year under review and the Terms of Reference of the Audit Committee are set out on pages 174 to 178 of the Annual Report.

Board Risk Committee

The primary responsibility of the Board Risk Committee is to ensure that the integrated risk management functions within the Group are effectively discharged. A total of five meetings were held in 2012 and the attendance of the members of the Board Risk Committee are as follows:

Members	No. of Meetings	
	Attended	Held ^{*4}
Dato' Hamzah Bakar Chairman/Independent Non-Executive Director	5	5
Tan Sri Dato' Md Nor Yusof Non-Independent Non-Executive Director	5	5
Datuk Dr. Syed Muhamad Syed Abdul Kadir Senior Independent Non-Executive Director	5	5
Dato' Zainal Abidin Putih Independent Non-Executive Director	5	5
Dato' Robert Cheim Dau Meng Non-Independent Non-Executive Director	4	5
Glenn Muhammad Surya Yusuf Independent Non-Executive Director	5	5
Watanan Petersik Independent Non-Executive Director	5	5
Katsumi Hatao^{*1} Non-Independent Non-Executive Director	2	4
Cezar Peralta Consing^{*2} Independent Non-Executive Director	3	5
Hiroyuki Kudo^{*3} Non-Independent Non-Executive Director	1	1

Notes:

*1 Appointed on 23 February 2012.

*2 Resigned on 23 January 2013.

*3 Resigned on 23 February 2012.

*4 Reflects the number of meetings held during the time the Directors held office.

The Board Risk Committee is responsible in formulating and reviewing the risk management policies and risk strategy of the Group. The Board Risk Committee together with Group Risk Management Division define the risk management objectives across risk categories and business lines with a view of setting the Group's risk appetite. The Board Risk Committee reviews the overall risk profile on a periodic basis, approves the methodology to be followed for risk-based economic capital computation and the contingency plan for dealing with various events. In formulating the risk strategy, the Board Risk Committee ensures due regard is given to 'risk-aware' culture and discipline.

Details of the Group's risk management framework are elaborated on pages 164 to 172 of this Annual Report.

Group Nomination and Remuneration Committee

The Group Nomination and Remuneration Committee comprises wholly of Non-Executive Directors, with 80% of them being independent.

The Group Nomination and Remuneration Committee is responsible for ensuring appropriate procedures for appointment of Directors, Board Committees and Key Senior Management of the Group and structured remuneration framework. The Group Nomination and Remuneration Committee also oversees the nomination process and remuneration package of Directors and Key Senior Management of regional subsidiaries and joint-venture entities within the Group.

In 2012, the activities of the Group Nomination and Remuneration Committee are as follows:

Remuneration Matters

- Setting of Key Performance Indicators for the Group MD/CEO and the Executive Directors of the Group.
- Appraising and determining the compensation package for the Executive Directors of the Group.
- Reviewing and implementing the new remuneration framework for Non-Executive Directors.
- Extending the new remuneration framework for Non-Executive Directors to key subsidiaries of the Group.

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Nomination Matters

- Conducting Annual Fit and Proper Assessment for Directors, Shariah Committee Members and Executive Directors of the Group.
- Conducting Individual Assessment of Directors eligible for appointment and re-appointment by BNM.
- Conducting Annual Assessment of Directors of the Group eligible for re-appointment at Annual General Meeting.
- Evaluating new candidates to be appointed as Directors, Shariah Committee Members and Key Management positions.
- Reviewing the tenure of Independent Directors.

The Group Nomination and Remuneration Committee met six times in 2012 and their attendance at the meetings held in 2012 are as follows:

Members	No. of Meetings	
	Attended	Held
Datuk Dr. Syed Muhamad Syed Abdul Kadir Chairman/Senior Independent Non-Executive Director	6	6
Dato' Hamzah Bakar Independent Non-Executive Director	5	6
Dato' Zainal Abidin Putih Independent Non-Executive Director	6	6
Dato' Robert Cheim Dau Meng Non-Independent Non-Executive Director	6	6
Glenn Muhammad Surya Yusuf Independent Non-Executive Director	5	6

Nomination Procedure

The Group Nomination and Remuneration Committee is responsible for assisting the Board in maintaining an effective Board which contributes to the successful oversight and stewardship of the Group and that has an appropriate mix and skills and experience to be a competent decision-making body. The nomination procedure for Directors is as explained on page 138.

The Terms of Reference of the Group Nomination and Remuneration Committee with regard to its nomination role are as follows:

- Establishing clear, formal and transparent procedures for the re-election and appointment of the Directors.
- Establishing minimum requirements for the Board, namely required mix of skills, experience, qualification and other core competencies required of each Director. The Group Nomination and Remuneration Committee is also responsible for establishing the minimum requirements for the CEO. The requirements and criteria should be approved by the full Board.

- Recommending and assessing the nominees for directorship, Board Committee members as well as nominees for the CEO and ensuring compliance with Section 56 of the Banking and Financial Institutions Act, 1989 and Section 23 of the Islamic Banking Act, 1983 (for the banking subsidiaries) and the corresponding sections of the Insurance Act, 1996 and the Takaful Act, 1984 (for insurance and takaful subsidiaries). This includes assessing Directors for re-appointment, before an application for approval is submitted to BNM. The actual decision as to who shall be nominated should be the responsibility of the Board. Subsequent to the assessment, in the event there are changes concerning a Director that would affect his contribution and attendance to the Board, the Chairman shall request a follow-up assessment on the Director, as and when required.
- Overseeing the overall composition of the Boards and the Board committees in terms of the appropriate size and skills, gender diversity and the balance between Executive Directors, Non-Executive Directors and Independent Directors through annual reviews.
- Recommending to the Board the removal of a Director/CEO from the Board/Management and Key Senior Management if the Director/CEO and Key Senior Management are ineffective, errant and negligent in discharging their responsibilities.
- Establishing a mechanism for the formal assessment of the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the CEO and other Key Senior Management. Annual assessment should be conducted based on an objective performance criterion. Such performance criteria should be approved by the full Board.

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- Reviewing the suitability of Independent Directors to remain on the Boards and Board Committees, when they have reached the maximum tenure as determined by the Board. The Group Nomination and Remuneration Committee may, at its discretion recommend to extend the Directors' tenure for the approval of the respective Boards and BNM, where necessary, subject to the approval by the respective shareholders.
- Facilitating induction programmes for new Directors and reviewing training programmes and ensuring that all Directors receive continuous training programme in order for them to keep abreast with the latest development in the industry.
- Overseeing the appointment, succession planning and performance evaluation of Key Senior Management officers.
- Whenever key expatriates at the Group's financial institutions are employed, to ensure there is in place a process for the transfer of expertise and skills from the expatriates to the staff of the financial institutions.
- Assessing on an annual basis that the Directors and Key Senior Management officers are not disqualified under Section 56 of the Banking and Financial Institutions Act, 1989 and/or Section 23 of the Islamic Banking Act, 1983 and the corresponding sections of the Insurance Act, 1996 and the Takaful Act, 1984.
- The Group Nomination and Remuneration Committee recommends all nominations to the Board for decision.

Remuneration Procedure

The Group Nomination and Remuneration Committee is responsible for the recommendation of the remuneration and other benefit packages of Independent Directors, Group CEO/MD and Key Senior Management of the Group, for approval by the Board.

The remuneration packages of the Group CEO/MD and Key Senior Management of the Group are linked to their individual performance and of the Group which includes salary, allowances, bonuses, options and benefits-in-kind. Any salary reviews will take into consideration the industry standards as well as being comparable and competitive with similar-sized companies. The remuneration framework for Directors is as explained on page 143.

The Terms of Reference of the Group Nomination and Remuneration Committee with regard to its remuneration role are as follows:

- Recommending a framework of remuneration for Directors, CEO and Key Senior Management of the Group for the full Board's approval. The remuneration framework should support the Group culture, objectives and strategy and should reflect the responsibility and commitment, which goes with Board membership and responsibilities of the CEO and Key Senior Management. The framework should cover all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind.
- Recommending specific remuneration packages for Key Senior Management. The remuneration package should be structured such that it is competitive and consistent with the Group's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to the level of responsibilities undertaken and contribution to the effective functioning of the Board. In addition, the remuneration of each Board member may differ based on their level of expertise, knowledge and experience.
- Conducting performance-related reviews to assess the effectiveness of the Boards, the Committees of the Board and individual directors on an annual basis.

- Recommending to the Board the appointment, and remuneration, of Shariah Committee members of the Islamic subsidiaries, and external advisers as advised and deemed necessary to fulfill its obligation and responsibilities. Annual/periodic reviews of the remuneration shall be conducted by the Committee, if deemed necessary.

Board Effectiveness Assessment

The Board undertakes a formal and rigorous annual assessment of its own performance, its Committees and individual Directors.

The Group Nomination and Remuneration Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The Board Effectiveness Assessment (BEA) exercise evaluates the performance of the Board, Board Committees and individual Directors.

The evaluation involves Directors completing the BEA questionnaire, covering the Board and Board Committees processes, the effectiveness and contribution of each of the Directors to the Board and Board Committees.

The Directors' responses are collated and a comprehensive summary of the findings and recommendations is submitted to the Group Nomination and Remuneration Committee for deliberation, after which, the findings and recommendations are escalated to the Board and Board Committees for further review and proposed actions. Deliberations on the BEA are minuted at the respective Board and Board Committees meetings accordingly.

The BEA exercise entails the Directors' feedback on areas which affect the performance of the Board which, amongst others, include the following:

- Board structure, objectives, meetings, conduct and administration
- Interaction and communication with Management and Stakeholders
- Corporate Governance
- Accountability and Audit
- Contribution by individual Board members

Statement on Corporate Governance

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

Board recommendations arising from the BEA exercise have been communicated to Management and implemented accordingly. The Chairman of the Group Nomination and Remuneration Committee reported at the Board meeting that all Directors continue to perform effectively and had demonstrated greater participation in Board deliberation and evidenced strong commitment to their roles.

Succession Planning

The Group Nomination and Remuneration Committee oversees the succession planning of key appointment holders across the Group. Together with the Talent Review Board, the Group Nomination and Remuneration Committee is committed to building a strong senior leadership bench.

The Talent Review Board comprises the following individuals:

- Tan Sri Dato' Md Nor Yusof (Chairman)
- Dato' Zainal Abidin Putih
- Dato' Hamzah Bakar
- Dato' Sri Nazir Razak
- Dato' Robert Cheim Dau Meng
- Hamidah Naziadin
- Arwin Rasyid
- Renzo Christopher Viegas

The Terms of Reference of the Talent Review Board are as follows:

- Reviewing and endorsing strategic human capital related policies and initiatives in line with the Group's corporate priorities, such as succession planning system, leadership development strategy and talent identification methods.
- Overseeing succession management of key talent pools including internal development and external sourcing.
- Ensuring issues related to talent development and management are undertaken to institutionalise CIMB while achieving business objectives of various stakeholders.

In 2012, the Group continued to groom its future leaders through its core programme, the CIMB-INSEAD Leadership Programme (CLP) which was launched in 2010 with the primary objectives of building leadership competencies and embedding leadership culture across the Group to support the corporate vision of becoming the leading ASEAN franchise. The Group currently has 80 CLP alumni and 29 more senior executives in the CLP programme across the region.

The Group has also built its own Executive Assessment Centre to ascertain the leadership competencies of its leadership bench strength and focus on relevant development initiatives. The 360-degree Leadership Assessments, facilitated by INSEAD's Global Leadership Centre, has also been administered to the CLP alumni to assess behavioural change post-CLP.

In order to prepare the Group's future leaders for increased responsibility, CLP alumni are given multiple platforms to step-up into leadership roles. These also provide them with an opportunity to embed a Leaders-Give-Back culture by contributing in various regional leadership development initiatives to develop and shape the future leaders of the Group. The alumni members participate as Lead Directors of various CIMB Academies, key speakers in leadership platforms, managerial and graduates development programme mentors, action learning project sponsors, and Management and Regional Committees and task forces.

Moving beyond senior leadership development, the Group has also put in place several core leadership development initiatives at every level of Management to build and maintain 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 leaders of the Group.

Further details on CIMB Group's Human Capital and Talent Development initiatives are set out on pages 090 to 093 of the Annual Report.

Group Compensation Review Committee

The Group Compensation Review Committee assists the Boards in ensuring that there is a common oversight of the employees' remuneration and compensation paradigm. The Group Compensation Review Committee also determines the provision and allocation of staff bonuses as well as salary increments and adjustments.

The members of the Group Compensation Review Committee and their attendance at the meetings held in 2012 are as follows:

Members	No. of Meetings	
	Attended	Held
Dato' Hamzah Bakar – Chairman	4	4
Dato' Zainal Abidin Putih	3	4
Dato' Robert Cheim Dau Meng	4	4
Dato' Sri Nazir Razak	4	4

Statement on Corporate Governance

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

The Terms of Reference of the Group Compensation Review Committee are as follows:

- Overseeing the remuneration packages for all employees in the CIMB Group, except for Group MD/CEO and Executive Directors.
- Ensuring that the remuneration packages are consistent with the Group's objectives and strategies.
- Ensuring that the compensation framework is continually reviewed and benchmarked against best industry standards.
- Recommending related staff remuneration packages to the respective Boards in the CIMB Group for approval.
- Conduct Fit and Proper assessment on Key Responsible Persons other than Directors, Shariah Committee members, Chief Executive Directors/Executive Directors, to comply with the BNM's Guidelines on Fit and Proper for Key Responsible Persons.

Other Group Committees

Apart from the above Committees, the Group has established other Board and Management Committees to assist the Board and Management in managing the Group's activities and operations. The composition of the Group Committees are regularly reviewed and revised to ensure the Group Committees operate effectively.

Shariah Committees

Following the Group's expansion, there are currently three Shariah Committees to cater for the Group's Islamic banking and Takaful businesses.

Summary of Directors' Attendance at Board Committee Meetings

Directors	Audit Committee ^{*4}	Board Risk Committee ^{*4}	Group Nomination and Remuneration Committee ^{*4}	Group Compensation Review Committee ^{*4}
Tan Sri Dato' Md Nor Yusof	n/a	5/5	n/a	n/a
Dato' Sri Nazir Razak	n/a	n/a	n/a	4/4
Dato' Hamzah Bakar	15/15	5/5	5/6	4/4
Datuk Dr. Syed Muhamad Syed Abdul Kadir	14/15	5/5	6/6	n/a
Dato' Zainal Abidin Putih	15/15	5/5	6/6	3/4
Dato' Robert Cheim Dau Meng	n/a	4/5	6/6	4/4
Glenn Muhammad Surya Yusuf	n/a	5/5	5/6	n/a
Watanan Petersik	n/a	5/5	n/a	n/a
Katsumi Hatao ^{*1}	n/a	2/4	n/a	n/a
Cezar Peralta Consing ^{*2}	n/a	3/5	n/a	n/a
Hiroyuki Kudo ^{*3}	n/a	1/1	n/a	n/a

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/GPS 1), and 'Peraturan Bank Indonesia Nomor 11/10/PBI/2009 Tentang Unit Usaha Syariah', the Shariah Committees ensure that the operations of the Islamic banking, capital markets and Takaful businesses of the Group are Shariah-compliant. In advising on such matters, the Shariah Committees ensure that the rulings relating to the Islamic banking and capital markets products and services comply with the judgements or the 'ijtihad' of the relevant Shariah authorities, including the Shariah Advisory Council of BNM and Securities Commission in Malaysia and the Fatwa issued by Dewan Syariah Nasional – Majelis Ulama Indonesia and the Brunei State Mufti's Office, wherever applicable. The Shariah Committees also take into consideration Shariah Courts' judgements and rulings published by the National and State Fatwa Councils.

Notes:

*1 Appointed on 23 February 2012.

*2 Resigned on 23 January 2013.

*3 Resigned on 23 February 2012.

*4 Reflects the number of meetings held during the time the Directors held office.

n/a Not applicable

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(a) Shariah Committee of CIMB Islamic Bank

The members of the Shariah Committee of CIMB Islamic Bank and their attendance at the meetings held in 2012 are as follows:

Members	Nationality	No. of Meetings	
		Attended	Held
Sheikh Professor Dr. Mohammad Hashim Kamali – Chairman	Canadian (Malaysian Permanent Resident)	6	6
Sheikh Nedham Yaqoobi	Bahraini	6	6
Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar	Malaysian	5	6
Sheikh Associate Professor Dr. Shafaai Musa	Malaysian	6	6
Sheikh Dr. Yousef Abdullah Al Shubaily	Saudi Arabian	6	6
Professor Dr. Noor Inayah Yaakub	Malaysian	6	6

(b) Shariah Committee of CIMB Aviva Takaful Berhad

The members of the Shariah Committee of CIMB Aviva Takaful Berhad and their attendance at the meetings held in 2012 are as follows:

Members	Nationality	No. of Meetings	
		Attended	Held
Sheikh Associate Professor Dr. Shafaai Musa – Chairman	Malaysian	6	6
Sheikh Professor Dr. Mohammad Hashim Kamali	Canadian (Malaysian Permanent Resident)	6	6
Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar	Malaysian	4	6
Professor Dr. Noor Inayah Yaakub	Malaysian	6	6
Sheikh Mohd Fadhy Md Yusoff	Malaysian	6	6

(c) Dewan Pengawas Syariah of PT Bank CIMB Niaga Tbk

Dewan Pengawas Syariah of PT Bank CIMB Niaga Tbk was established on 19 December 2008 and its members and their attendance at the meetings held in 2012 are as follows:

Members	Nationality	No. of Meetings	
		Attended	Held
Sheikh Professor Dr. M Quraish Shihab – Chairman	Indonesian	12	12
Sheikh Professor Dr. Fathurrahman Djamil	Indonesian	11	12
Sheikh M Taufik Ridlo	Indonesian	11	12

International Advisory Panel

The International Advisory Panel (IAP) acts as an advisory body to the Group's Senior Management in the formulation and implementation of its international expansion policies. The IAP meets annually to review the Group's international expansion strategies and plans.

The IAP comprises members of various nationalities whose combined experiences span a broad spectrum including the financial markets, 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 Yusuf
- Goh Geok Khim
- Robby Djohan
- Tira Wannamethee
- Tan Sri Rainer Althoff
- Watanan Petersik
- Rex Auyeung
- Nicholas RH Bloy
- Dr. Roberto F. de Ocampo

Detailed explanations of the IAP activities and its focus in 2012 are set out on pages 082 to 083 of the Annual Report.

Management Committees

The following Management Committees have been established to assist the Group MD/CEO and Management in managing the various businesses and support activities in the Group:

Group Wide Committees

- Group Management Committee
- Group Executive Committee
- Group Risk Committee
- Group Wholesale Bank Risk Committee
- Group IT Strategy Committee
- Group Human Resource Committee

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Regional Consultative Committees

- Regional Balance Sheet Management Committee
- Regional Consumer Banking Committee
- Regional Cost Management Committee
- Regional Credit Committee
- Regional Liquidity Risk Committee
- Regional Marketing and Communications Committee

Regional Committees

- Consumer Bank Management Committee
- Investment Banking Management Committee
- Corporate Banking, Treasury and Markets Management Committee
- Balance Sheet Management Committee
- Cost Management Committee
- Crisis Management Committee
- Disciplinary Committee
- IT Prioritisation Committee
- Occupational Safety and Health Committee
- Operational Risk Committee
- 1Platform Committee

PROACTIVE COMMUNICATION WITH STAKEHOLDERS

Communication with shareholders is one of the key priorities of the Board. The Board ensures that the shareholders and the investing public are kept up-to-date and informed from time to time on the business strategy and direction of the Group. Two-way communications with the shareholders are essential in ensuring successful implementation of the Group's strategies and foster shareholders' confidence in the Group's success.

Communication Policy

In an effort to raise the level of corporate credibility and governance as well as investor confidence, the Group has designed a structured approach to communication in the CIMB Group Communication Policy. This Policy clearly sets out the principles of communication, various mediums of communication approved by the Board, policies and procedures relating to dissemination of information to shareholders,

media and other stakeholders, step-by-step approach in handing material information and the mechanism used to gauge external opinions. It is the Group's policy that dissemination of factual, accurate and clear information are done in a timely manner. Material information is to be accessed equally by stakeholders through broad public dissemination, while dissemination of material information on an individual or selective basis is strictly prohibited. Contacts and communication with stakeholders are conducted through the designated spokespersons approved by the Board or Group MD/CEO.

Investor Relations and Roadshows

Investor Relations has the primary responsibility for managing and engaging institutional shareholders led by the Group MD/CEO and his three Deputy CEOs, supported by the Head of Investor Relations and other Key Senior Management. They achieve this through a combination of regular analyst briefing and conference call during the announcement of quarterly financial results, investor conference and roadshow both locally and outside Malaysia, direct one-to-one meeting and tele-conference with the institutional shareholders. The investor meetings are designed to reach out not only to the existing shareholders but the former and prospective shareholders. The Company Secretary plays her role in maintaining close contact with individual shareholders and engages them prior to shareholders' meetings to enable them to convey their views and feedback to the Board effectively. Major shareholders' views are also sought and the Board is kept informed of their views by means of regular Investor Relations meetings.

Annual Report and Website Communication

Another important method of communication with shareholders is the publication of the Annual Report which contains comprehensive information about the Group such as its corporate milestones, financial results, performance review, business review, governance framework and future growth plan. The Group also makes use of its website to communicate with the public, as part of its initiatives to promote environmental awareness.

There is a dedicated section for Corporate Governance in the Group website where governance material including the Code of Conduct and Board Charter are made available to the public. The quarterly financial results, annual reports, notices of general meetings, circulars to shareholders, notification of substantial shareholders, and other information which are announced via Bursa LINK are accessible at the Company's website at www.cimb.com. The Group ensures its website is current, informative and contains information relevant to the shareholders. Corporate news, stock information and analyst coverage are also made available in the Company's website under the Investor Relations section for the benefit of the investing public.

Annual General Meetings

All shareholders and retail investors have the opportunity, at least once a year at the Annual General Meeting to meet the Directors and Key Senior Management to raise their concerns and queries. The Annual General Meeting also provides the individual shareholders opportunity to see the Group up close where the Group MD/CEO presents the Group's financial performance which includes the performance overview, financial performance, key accomplishments, strategic overview of the year and future prospects, priorities and targets for the ensuing year. From the Company's perspective, the Annual General Meeting also serves as a forum for Directors and Key Senior Management to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from shareholders during and at the end of shareholders meeting and ensures their queries are responded in a proper and systematic manner.

The turnout at the Company's Annual General Meeting saw an increasing trend year-on-year, as a result of the Group's effort to gauge more shareholders' participation and interaction with its stakeholders. In an effort to encourage greater shareholders' participation at Annual General Meetings, the Board takes cognisance in serving longer than the required minimum notice period for Annual General Meetings, when possible. The Chairman together with the Senior Independent Director ensure that the Board is accessible to shareholders and an open channel of communication is cultivated.

Statement on Corporate Governance

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

Release of Annual Reports and Quarterly Financial Results

Annual Reports	Date of Issue/Release
Annual Report 2011	26 March 2012
Annual Report 2012	25 March 2013
2012 Quarterly Results	Date of Issue/Release
First Quarter	24 May 2012
Second Quarter	15 August 2012
Third Quarter	20 November 2012
Fourth Quarter	25 February 2013

The primary contacts for Investor Relations are as follows:

Dato' Sri Nazir Razak

Group MD/CEO

Tel: 603-2084 8602

Email: nazir.razak@cimb.com

Dato' Lee Kok Kwan

Deputy CEO, Group Corporate Banking, Treasury & Markets

Tel: 603-2084 8828

Email: kkwan.lee@cimb.com

Steven Tan Chek Chye

Head of Investor Relations

Tel: 603-2084 9696

Email: steven.tan@cimb.com

Investor Relations Activities in 2012

	Number of meetings/ roadshows	Number of fund managers/ analysts met
Investors conferences/Roadshows	6	145
Direct one-on-one meetings	96	294
Tele-conferences	11	11

The Group Investor Relations activities are set out on pages 069 to 071 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Pursuant to the Companies Act, 1965, and the Banking and Financial Institutions Act, 1989, 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 Financial Statements is prepared on a going concern basis and give a true and fair view of the state of affairs of the Group as at 31 December 2012.

Appropriate accounting policies have been applied consistently in preparing the Financial Statements, supported by reasonable and prudent judgement and estimates. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and have ensured that the Group's financial reporting presents a balanced and comprehensive assessment of its financial position and prospects.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in preparing the Financial Statements, reflected in the Directors' Report as set out on pages 014 to 020 of the Financial Statements section of the Annual Report.

Audit Committee

The Audit Committee assists the Board in overseeing the financial reporting, internal control, risk management and governance processes. The Audit Committee reviews the quarterly and year end financial results, audit plan, audit report, functions of GIAD, related party transaction, conflict of interest situation and independence of External Auditors. Summary of activities of the Audit Committee are set out in the Audit Committee Report on pages 173 to 176 of the Annual Report.

Statement on Corporate Governance

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

Related Party Transactions

All related party transactions (RPTs) are undertaken in accordance with the CIMB Group Policy and Procedure on Related Party Transactions. The Group Policy and Procedure on RPTs set out the conduct in undertaking RPTs and the mechanism to monitor and report on RPTs. The Group Company Secretary together with Group Strategy and Corporate Finance assist Management in ensuring RPTs are conducted in line with the Policy and Procedure on RPTs and the relevant laws and requirements, before it is submitted to the Audit Committee for deliberation and Board approval thereafter.

Details of the RPTs are set out under Note 41 to the Financial Statements which are in the Financial Statements section of the Annual Report.

Internal Control

The Board is responsible for establishing a sound system of internal control and in determining the Group's level of risk tolerance as well as to continuously identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets. These functions are carried out by the Audit Committee and Board Risk Committee who are responsible for risk management functions, financial reporting, disclosures, regulatory compliance and internal control processes. To achieve this, the Board ensures the business processes, policies and procedures, risk management and control mechanism are adequate and appropriate through periodic testing and assessment of the adequacy and effectiveness of the system of internal control.

The size, geographical presence and complexity of the business of the Group as well as the dynamic operating environment require the Board to constantly review and monitor the effectiveness of its system of internal control. Regular self-testing and high level risk assessment are conducted followed by review and update on a real-time basis. The Group had during the year under review, invested considerable time in areas of financial reporting systems and business processes including data integrity. In 2012, the Board embarked on several changes to the risk management and risk governance structure, focusing on macro forward-looking risk, greater transparency for stakeholders, alignment between risks and front office, building centre of excellence with risk discipline, single integrated risk team with a more standardised approach to risk, strengthening risk culture and imposing higher accountability.

Based on the review undertaken throughout the year, the Board concluded that the Group's system of internal control is adequate in meeting regulatory requirements and its changing needs. The Statement on Risk Management and Internal Control on pages 155 to 163 of the Annual Report clearly sets out the various internal control processes and explains the control mechanism in place in pursuing the Group's objectives.

Whistle-Blowing Policy

A well-disciplined and professional workforce is the cornerstone of the success of the Group. Employees of the Group are expected to be vigilant about any wrongdoings, malpractices or irregularities at the workplace and report promptly such instances through designated channel for immediate rectification or other necessary measures in minimising potential financial or reputational loss.

The whistle-blowing policy provides employees of the Group with accessible avenue to report on suspected fraud, corruption, dishonest practices or other similar matters. 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.

Matters pertaining to internal control 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: 603-2084 9676

Email: david.thomas@cimb.com

Operational Control and Information Technology Security:

Iswaraan Suppiah
Head, Group Information and Operations

Tel: 603-2084 9276

Email: iswaraan.suppiah@cimb.com

Relationship with Internal and External Auditors

The Group's internal audit function is performed in-house by GIAD, which regularly audits the internal control practices and reports significant findings to the Audit Committee with recommended corrective actions. Management is responsible to ensure that corrective actions on reported weaknesses are taken within an appropriate time frame. GIAD also assists the Board in overseeing that Management has in place a sound risk management, internal control and governance system. The Audit Committee also reviews the adequacy of audit function periodically.

GIAD works closely with the Bank's External Auditors on audit and internal control issues. The External Auditors review the effectiveness of the Bank's internal controls and risk management during the annual audit. Any material non-compliance with policies and procedures and regulations noted during the audit, as well as any internal control weaknesses, are reported to the Audit Committee and Management. The External Auditors will offer their recommendations to Management to address these issues and the Audit Committee ensures that Management expeditiously resolves all high-risk audit issues.

Statement on Corporate Governance

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

The Board and the Audit Committee maintain a formal and appropriate relationship with the External Auditors. For the period under review, the Audit Committee had 2 meetings with the External Auditors without the presence of Management, which has encouraged a greater exchange of independent, frank views and opinions/dialogue between both parties. Apart from that, the External Auditors were also invited to attend CIMB Group's meetings such as Audit Committee meetings and Annual General Meetings. The Audit Committee performs annual assessment to assess the objectivity, performance and independence of the External Auditors.

CIMB Group has established guidelines for the appointment/re-appointment of External Auditors. The guidelines contain detailed procedures to assess the independence and service level of the External Auditors, which amongst others, include reviewing the External Auditors' performance and quality of work, non-audit services provided and engagement partner's rotation.

Corporate Responsibility

In terms of Corporate Responsibility, the Group has shifted its focus from giving back to the community (this being corporate social responsibility) towards addressing the concerns of stakeholders regarding issues impacting the long-term sustainability of the Group's business.

The stakeholders of the Group include employees, customers, shareholders, government bodies, regulators, consumer groups, non-governmental organisations (NGOs), suppliers and the media.

Towards this end, the Group publishes a comprehensive Corporate Responsibility Report outlining in detail the efforts and initiatives of the Group as a responsible corporate citizen for the benefit of its stakeholders. The Corporate Responsibility Report which forms part of the Group's Annual Report provides a clear, comprehensive and transparent representation of the Group's contributions.

The Group's contribution to the 'Community' aspect of corporate responsibility initiatives continue to be a strong focus area. In 2012, CIMB Foundation, which is tasked with implementing the Group's initiatives in this area, spent RM13.3 million for community initiatives in its three pillars of Community Development, Sports and Education.

CIMB Foundation is advised by its Board of Trustees comprising six individuals, of whom five are independent members, including the Chairperson. The Group is represented on the Board of Trustees by Tan Sri Dato' Md Nor Yusof, the Chairman of CIMB Group.

The audited accounts of CIMB Foundation are published in this Annual Report and is contained in the Corporate Responsibility Report, together with a report on the activities of the Foundation, and a list of its 20 largest grants.

This Statement on Corporate Governance was approved by the Board on 22 February 2013.

Statement on Risk Management and Internal Control



CIMB Group's 4th Regional Compliance, Audit and Risk Conference on 14 - 15 June 2012, in Kuala Lumpur, Malaysia

BOARD RESPONSIBILITY

The Board is committed in determining the Group's level of risk tolerance and to continuously identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets, in a manner which enables the Group to maximise profitable business opportunities. This augurs well with the Board's overall responsibility and oversight of the Group's system of internal control, in line with good corporate governance. To achieve this, the Board has ensured the establishment of key processes for reviewing the effectiveness, adequacy and integrity of the Group's system of internal control. Whilst it is not possible to eliminate risks of failure in achieving the Group's objectives, the system of internal control is designed to reduce these risks by identifying, managing and controlling risks, including operational risk.

The Board is satisfied that the Group has in place a sound system of internal control that is functioning adequately and that integrity is maintained throughout. Periodic testing of the adequacy, effectiveness, efficiency and integrity of the internal control systems and processes are conducted to ensure it is viable and robust, in line with the requirements of the guidance entitled 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 Managing Director/Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively.

RISK MANAGEMENT AND CONTROL FRAMEWORK

The Board recognises that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve continued profitability and sustainable growth in shareholders value. In pursuing these objectives, the Group has adopted an Enterprise-Wide Risk Management (EWRM) Framework to manage its risks and opportunities. The Board has also established the Board Risk Committee, with the primary responsibility of ensuring the effective functioning of the EWRM Framework.

Statement on Risk Management and Internal Control

The EWRM Framework involves an on-going process of identifying, measuring, controlling, monitoring, and reporting significant & material risks affecting the achievement of the Group's business objectives. It provides the Board and the Senior Management with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment, the Group's strategies and functional activities throughout the year.

INFORMATION TECHNOLOGY SECURITY

Information Security requires the integration of people, process and technology. In 2012, the Group enhanced its Information Security strategies planning on each of the three components for adequate overall risk mitigation.

In order to strengthen and enhance the level of information security management, in addition to adhering to Bank Negara Malaysia Guidelines on management of IT Environment (GPIS 1), the Group has 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;
- b) WebTrust – Globally recognised standard that can be applied, inter alia, on online privacy, security, business practices/ transaction integrity, availability, confidentiality or non-repudiation.

In 2012, we have successfully maintained our WebTrust certification for both CIMB Clicks retail and CIMB Biz-Channel commercial banking platforms, and the ISO 27001 certification for CIMB IT Security Operations. These certifications require consistent maintenance and enhancement to enable effective information security management. ISO 27001 requires management to systematically examine information security risks, taking into account the threats, vulnerabilities and impacts. A comprehensive suite of information security controls and risk treatments are designed and implemented to mitigate such risk.

In line with the banking business growth and IT Infrastructure expansion, our technology design was constantly reviewed in 2012 and improved to effectively mitigate both internal and external risks and threats. The improvement is evidenced by the project completion of some major IT Security Blueprint components such as vulnerability management system, and various enhancement to security controls, including security monitoring, user ID provisioning, domain name service and database security.

At the network security level, Firewall, Virtual Local Network router access control lists are deployed for the creation of security domains for group users and network resources in a logical and physical manner. The tools allow restrictions on access and authorisations at the network. The 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 are updated as and when required to mitigate newly discovered vulnerabilities.

The Group has implemented information security awareness programmes targeted at internal employees to raise awareness about privacy, leakage of information and security responsibility. These programmes consist of e-learning and periodic newsletters circulated within the Group.

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:

• Audit Committee

The Group Audit Committee (Group AC) comprises independent Non-Executive Directors. It is a Board-delegated committee charged with oversight of financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes in the Group. Senior Management, internal auditors and external auditors report to the Group AC on the effectiveness and efficiency of internal controls.

All significant and material findings by the internal auditors, external auditors and regulators are reported to the Group AC for review and deliberation. The Group AC reviews and ensures the implementation of Senior Management's mitigation plans to safeguard the interests of the Group and upkeep proper governance. Management of business and support units that are rated as 'Above Average Risk' or 'High Risk' are counseled by the Group AC.

The Group AC also reviews all related party transactions, audit and non-audit related fees proposed by the external auditors of the Group. The Group AC makes field visits to bank branches and operating subsidiaries of the Group whenever necessary. This enables the Group AC to actively interact with the relevant Senior Management staff on the expectations of the Group with regard to compliance, internal controls and risk management.

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 the Group AC.

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The Group AC also attends the Group's Annual Management Summit where each business and support unit reviews its operations for the year and presents strategies and plans for the coming year.

• Risk Committees

The Board has established various risk committees within the Group with distinct lines of responsibility and functions, which are clearly defined in the terms of reference. These committees have the authority to examine matters within the scope and report pertinent issues and recommendations to the Board.

The Board Risk Committee determines the Group's risk policy objectives and assumes responsibility on behalf of the Board for supervision of risk management. The Board Risk Committee reports directly to the Board of the Group. It oversees the EWRM Framework and provides strategic guidance and reviews decisions made by the various Risk Committees.

The responsibility of the supervision of the risk management functions is delegated to the Group Risk Committee, which reports directly to the Board Risk Committee. The Group Risk Committee, comprising of Senior Management of the Group, performs the oversight function on overall management of risks, within the risk appetite approved by the Board.

The Group Risk Committee is supported by specialised sub-committees; namely, Group Wholesale Banking Risk Committee, Regional Liquidity Risk Committee, Regional Credit Committee, Consumer Banking Credit Committee, Singapore Bank Credit Committee and Operational Risk Committee. Delegated by the Board, these committees meet weekly or monthly as the case may be to review and deliberate on the risk exposure profile reports. In terms of Interest Rate Risk in the Banking Book, Group Risk Committee is further assisted by the Balance Sheet Management Committee that is responsible for

recommending and executing strategies and hedging proposals for the banking book as well as ensuring that the Group's interest rate risk profile is within the risk limits or management action triggers endorsed by the Group Risk Committee.

Similar risk committees are set-up in their respective jurisdictions by the Group's overseas subsidiaries. Whilst recognising the autonomy of local jurisdiction and compliance to local requirements, the Group also strives to ensure a consistent and standardised approach in its risk governance process. As such, the Group Risk Committee and the relevant specialised risk regional committees have consultative and advisory responsibilities on regional matters across the Group.

• Group Shariah Committee

The Group Shariah Committee (the Shariah Committee) which is in compliance with BNM's Guidelines on Shariah Governance Framework for Islamic Financial Institutions is responsible for overseeing all Shariah matters of the Group in accordance with the relevant regulatory frameworks in the jurisdictions where the Group operates in. The Shariah Committee among others ensures that the Shariah rulings relating to Islamic banking and capital market products and services comply with the Shariah resolutions of the relevant Shariah authorities.

The Shariah Committee is assisted by the Group Shariah Department that functions as the internal adviser on Shariah matters to all business and support units within the Group in the carrying out of 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 Department also provides training across the Group on the Shariah Governance Framework (the SGF).

The SGF is the enterprise-wide Shariah management plan consisting of Shariah governance mechanisms to be undertaken by relevant sections across the Group. The 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 & Secretariat;
- b) Shariah Compliance Review;
- c) Shariah Risk Management;
- d) Shariah Audit.

The Shariah Department facilitates the implementation of Shariah Research & Secretariat, whilst Shariah Review, Shariah Risk Management and Shariah Audit functions are performed by Group Compliance, Group Risk and Group Internal Audit, respectively.

• Group Management Committee

The Group Management Committee (GMC) assists the Group Managing Director/Chief Executive Officer (Group Chief Executive Officer) in ensuring that the daily operations of the Group are conducted in accordance with the corporate objectives, strategies, approved annual budget, applicable laws and regulations as well the Group's internal policies and procedures, that goes to the heart of how the Group conducts business. The Group has established a number of policies and procedures which are designed to enhance the integrity of the system of internal control and mitigate risks. Delegated Authority and authority limits are established to facilitate smooth daily banking and financing operations, trading activities, extension of credit facilities, restructuring, investments as well as acquisitions and disposals of assets. The results of operating units are reported monthly at GMC meetings and compared with approved budget.

The GMC members review their respective business plans and report to the Group Chief Executive Officer the performance of their respective business divisions in line with the Group's strategy and other matters as directed by the Board and the Group Chief Executive Officer.

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- **Internal Policies and Procedures**

Clearly documented internal policies and procedures of all business units have been approved by the Board for application across the Group. Policies and procedures serve as a day-to-day operational guide to ensure compliance with internal controls and the applicable laws and regulations. Regular reviews and updates are performed to the policies and procedures. This is done with the intent to ensure continuous improvements in operational efficiency whilst taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, and new products and services.

- **Performance Review**

The Boards of the Group and its major subsidiaries receive periodic management reports which highlight the key financial and operating statistics as well as 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 business unit presents its respective management report at the monthly GMC meetings. The performance of each business unit 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.

- **Internal Audit**

The Group Internal Audit Division (GIAD) reports independently to the Group AC and is independent of the activities and operations of other business and support units. The principal responsibility of GIAD is to provide independent appraisal on the adequacy, efficiency and effectiveness of the internal control systems implemented by Management. It evaluates the control

environment, risk management practices, compliance culture, management competency and efficiency, and strategy execution of the business and support units.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit departments. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the Group AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the Group. Units 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 units that must be audited annually due to regulatory requirements, recent incidence of fraud or 'High Risk' audit rating in the past year. GIAD also undertakes investigations into alleged frauds by staff, customers and 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 adopts the Committee of Sponsoring Organisations of the Tradeway Commission internal control framework in its appraisals and evaluations of the Group's internal control systems and related infrastructure. 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 Bank Negara Malaysia 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, and comments and recommendations by GIAD for improvement. Group AC reviews and

evaluates any exceptions or non-compliance raised by GIAD and monitors that appropriate and prompt remedial actions are taken by the management.

GIAD conducts training routinely for relevant staff of the Bank on governance and internal control matters.

The banking subsidiaries outside Malaysia have their own Audit Committees. These foreign banking subsidiaries have their own internal audit departments. The insurance, asset management and electronic collection system subsidiaries in Malaysia also have their own audit committees but the internal audit function for these subsidiaries is carried out by GIAD. The Group AC meets with the relevant subsidiary's audit committee once a year to discuss governance and audit matters. The internal audit departments of the foreign banking subsidiaries submit a report to the Group AC once every quarter. These internal audit departments follow the same audit planning and audit rating methodology as GIAD with such modifications as necessary to suit local environment and regulations.

Periodically, an external assessment of GIAD's internal audit activity is conducted by a qualified, independent reviewer from outside the Group. The last external assessment was conducted in 2009.

- **Group Compliance Framework**

The Group Compliance (GC) function is driven by the GC Department, whereby its main function is to facilitate, advise, monitor and educate the Business and Support Units/entities to act in accordance with laws, regulations and guidelines. In line with good governance, GC reports independently to the Board and its annual compliance work plan is tabled and approved by the respective entity Boards. Appropriate governance has also been established with clear reporting lines by the local and regional compliance officers to the Head of Group Compliance, in addition to their direct reporting lines to their respective local entity Boards, to the extent permitted by the regulations of the local jurisdictions.

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The CIMB Group has in place a GC Framework whereby the setting of compliance policies and standards with appropriate mechanisms and tools are driven at the CIMB Group level to ensure consistency in approach in managing compliance risk across the local and regional entities within the CIMB Group. The GC Framework requires all the local and regional entities within the CIMB Group to adopt and implement the GC Policies and Procedures, Chinese Wall Policies and Conflict Management Policies, which are reviewed on a periodic basis or as and when required to reflect the current practice and the applicable legal/regulatory requirements. Scheduled trainings are continuously conducted to create compliance awareness of the GC Framework and to facilitate its implementation within the CIMB Group.

Under the GC Framework, all Business Units and Support Units/entities are required to establish a Compliance Matrix to ensure that CIMB Group complies with regulatory requirements. The Compliance Matrix is a document that encompasses relevant laws, regulations and guidelines that apply to the Business Units and Support Units/entities. Business Units and Support Units/entities are also required to conduct a Self-Testing exercise on the Compliance Matrix and the verification is done independently by the GC Department.

The respective entity Boards, as well as CIMB Group Sdn. Bhd.'s Board, are provided with compliance reports on a regular basis to facilitate the Boards having a holistic and overall view of all compliance matters across CIMB Group.

- **Group-Wide Chinese Walls Policy and Group Conflict Management Policy**

CIMB Group has established the Chinese Walls Policies and Procedures (Chinese Walls P&P) and Conflict Management Policies and Procedures (Conflict P&P) which are adopted and implemented in the relevant CIMB Group entities in which CIMB Group has its presence. The Chinese Walls

P&P sets out policies and procedures to control the flow of confidential or material non-public price sensitive information within the CIMB Group to minimise the risk of breach of the insider trading laws.

The Chinese Walls P&P are applicable to the management and Board committees, particular divisions and all relevant employees within the CIMB Group which are most likely to have access to material non-public price sensitive information to manage the risk of breach of insider trading provisions under applicable laws or regulation of the various jurisdictions in which CIMB Group operates.

The Conflict P&P sets out the policies and procedures to identify, minimise and manage conflicts and potential conflicts of interest which may arise in the course of CIMB Group entities carrying out its business activities.

- **New Product Approval Policy and Procedures**

New Product Approval Policy and Procedures is enforced for all new banking and capital market products, inclusive of both conventional and Islamic products. New products are products and/or services that are offered by the relevant banking entities of the Group for the first time or a combination of or variation to existing products and or services which have material change in the risk profile, as determined by the Chief Risk Officer and or a designated Senior Risk Officer.

Sign-offs are obtained from Group Risk Management, GIOD, Consumer Sales & Distribution, Group Compliance, Group Legal, Group Finance and Group Internal Audit as well as other relevant divisions, including the Shariah Committee/Shariah Advisory Department, where applicable. This rigorous risk review process ensures that all critical and relevant areas of risk are appropriately identified and assessed independent of the risk takers or product owners.

The consumer bank product proposals are then deliberated by the Product Governance Review Team and upon recommendation, submitted to the Consumer Bank Management Committee for approval. Any pertinent risk, pricing and/or Shariah issues shall be directed to the relevant committees for decisions.

The capital market product proposals are submitted to the Group Risk Committee for consideration and decision, where relevant the proposals are submitted to the Board Risk Committee and/or the Shariah Committee.

The Group has also initiated the adoption of fair dealing practices in stages across the Group, where it is mandated in some jurisdictions and adopted as a best practice in others.

The Group will continue to adopt appropriate risk assessment measures to ensure that the interests of all stakeholders, including the customers are protected when new products are introduced.

- **Exceptions Management Procedures**

The Group continuously stresses the importance of adhering to regulatory requirements, internal controls and other established procedures in preserving its brand reputation. Any exceptions are addressed and managed in a timely and transparent manner. Towards this end, the Group has established the Exception Management procedures to handle escalation of any exceptions, including regulatory non-compliances, limit breaches, fraud and other non-adherence to internal processes. This procedure advocates timely remedial measures and strengthens transparency and Senior Management oversight.

Under the Exception Management procedures, reports on the incidents, providing details such as date, description and type of exception together with an explanation from the parties involved are

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required to be submitted within 24 hours of discovery or first notification of such incident. Each exception will then be managed based on the severity and impact of the case to the Group's business, operations and brand reputation.

Exceptions are summarised and reported to the Group Risk Committee on a monthly basis.

The Board affirms that adherence to a sound internal control framework is the foundation for efficient business operations within the Group. During the period, the Group has instituted numerous initiatives to strengthen its systems of internal control. These include:

- **Code of Ethics**

The code of ethics of the Group has been in place and institutionalised within all its entities and it is the minimum code of conduct that is expected from all its employees encompassing all aspects of the its daily business operations. The Group has taken some measures to ensure adherence to the code of ethics and to inculcate these behaviours in its employees from the time they join the organisation and throughout their tenure with the organisation. The code of ethics is introduced to new recruits on their first day of work and they are required to acknowledge their understanding of the code in writing. The code is further re-emphasised at the Group Orientation program and certain training programs.

- **Human Resources Policies and Procedures (HRPP)**

The HRPP of the Group cuts across the whole organisation and the policies and procedures within the HRPP covers all aspects of the Human Resource (HR) management in the Group. These policies and procedures are easily accessible by all employees via the Group's intranet portal which has a dedicated HR site. The Group reviews the HRPP periodically to ensure that the policies and procedures are relevant to the current landscape of the organisation and industry. Communication of any changes to the HRPP are made to the employees via emails/memoranda and

all updates and revised policies are put up in the HR site to enable employees to make reference to the changes easily and at their convenience.

The Group adopts an annual performance appraisal/review exercise for all employees whereby employee's performance throughout the year is appraised by their supervisors via the online appraisal system in the HR Information System. The appraisals will be based on the Key Performance Indicators that have been set at the beginning of the year for each of the employees and the core competencies assigned.

Through the annual performance appraisal, employees are also given the opportunity to chart their development plan for the coming year. They will be able to identify training programs that will improve their technical/functional skills as well as the personal development training skills.

One of the challenges that the organisation faces is the building of the work culture in the organisation that exemplifies the core value of Integrity within the organisation. Many programs and initiatives had been put in place to ingrain this value in the employees through training programs. The Group had taken a non-tolerance stance towards fraud cases involving employees. The Group will ensure that prompt investigations are done and disciplinary actions taken against such employees. The disciplinary action taken can include dismissal of employment and filing of civil suit for recovery of losses against the employee.

The Board affirms that a sound internal control framework is the foundation for efficient business operations within the Group. During the period, the Group has instituted numerous initiatives to strengthen its systems of internal control. These include:

- **Basel Implementation**

BNM adopted a two-phased approach for implementing the standards recommended by the Bank for International Settlements set out in 'International Convergence of

Capital Measurement and Capital Standards: A Revised Framework' (Basel II) in Malaysia.

The Group had in May 2007 applied for direct migration to IRB Approach. The approach adopted by the Group for credit risk is Advanced IRB for retail exposure and Foundation IRB for corporate exposures. The Group adopted the Standardised Approach for credit risk exposures under CIMB Investment Bank Berhad. Operational risk will be based on the Basic Indicator Approach. BNM has approved for the Group to migrate to IRB for credit risk in July 2010 and required the Group to continue demonstrating steady progress towards compliance with the requirements under the transition period by the end of 2012.

The Basel Steering Committee chaired by the Group Chief Executive Officer was set up to oversee the implementation of initiatives across the Group with the assistance of various sub-committees. The Basel Steering Committee shall continue to oversee our initiatives towards complying with the requirements within the stipulated timeframe.

The Group has implemented various initiatives to enhance our risk management standards and further strengthen our internal controls and infrastructures to meet Basel requirements. A key achievement is the completion of the design of an integrated framework which links strategy, risk management, risk-based performance measurement and capital allocation and planning into a coherent process during the budget and planning phases.

Pillar 2 of the Basel II framework – Supervisory Review Process and also BNM's Risk Weighted Capital Adequacy Framework - Internal Capital Adequacy Assessment Process (ICAAP) require banks to develop a robust risk management framework to assess the adequacy of its capital in relation to the risk profile. As part of the ICAAP implementation, the Group adopts a bottoms-up comprehensive risk assessment by the business units complemented by a top-down assessment by the Group Risk Management Division.

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Beginning 2011, the Group published and updated its Basel II Pillar 3 disclosures in accordance with the relevant regulatory requirements. These disclosures are also available on the Group's corporate website (www.cimb.com).

• Business Continuity Management

The Board is aware of the importance of an effective Business Continuity Management (BCM) programme particularly in identifying potential threats to the organisation and the impact such threats may have on business operations. Additionally, it provides a framework for building organisational resilience that safeguards the interests of its stakeholders, reputation, brand and value creating activities. This is described in the BCM policy statement which is based on Bank Negara Malaysia BCM Guidelines 2008 and ISO 22301, the New International Standard for BCM.

The BCM activities in 2012 included:

- a) Group wide awareness on BCM to form the organisation's core values and effective management in order to enhance the realisation of the business unit's responsibility and accountability in ensuring the preparedness of the organisation's resiliency to crisis.
- b) Building strong partnership with regulators for appropriate guidance in delivering business continuity activities.
- c) Building strong partnerships with core supporting units for effective delivery of business continuity activities and crisis management.
- d) Continuous and new engagements with business units, subsidiaries, regional counterparts and newly acquired entities in strengthening the foundation of the Group's BCM.
- e) Continuous review, updating and testing Business Continuity Plans (BCP) based on identified risks to enhance the Group's preparedness in managing crisis. The main objective

was to minimise impact, avoid disruption as well as recover and restore the Group's critical functions within a short period of time. By sustaining the Group's operational survival, businesses, partners and customers are thus protected.

- f) Continuous development, testing and maintaining Location Continuity Plans (LCP) for critical buildings in Klang Valley. The LCP documents necessary strategies, personnel, procedures, systems and resources that the location must use to continue or restore its operations in the event of an incident and/or crisis, which may render the entire location inaccessible.
- g) Enhancing the supply chain BCM activities to effectively manage its continuity and the immediate costs of disruption.

The following were BCM's achievements in 2012:

- a) Annual Business Continuity Management Workshop and Team Building was successfully conducted to various business units within the Group and regional counterpart with enormous support from Crisis Management Committee and Group Human Resources.
- b) Successful launching of BCM Community Sites and E Learning for effective awareness, training and development of business continuity core values to all CIMB community in embedding BCM culture and preparedness in facing crisis.
- c) 'Crisis Management Strategy Award of the Year 2012' was awarded to CIMB Thai's BCM by the reputed Continuity, Insurance and Risk Magazine, United Kingdom in recognition of the resilience and resourcefulness demonstrated by CIMB Thai's BCM in managing the Red Shirt Protest and Thai floods.

• Operational Risk Management (ORM)

The Group places high importance in having processes and tools to regularly identify, assess, monitor and control the Operational Risk inherent in the Group's material products, activities, processes and systems. Operational risks arise from inadequate or failed internal processes, people and systems or from external events. It encompasses legal risk that also carries a Shariah component. These risks are managed by CIMB Group through the following key measures:

- a) Sound risk management practices in accordance with Basel II and regulatory guidelines;
- b) Board and Senior Management oversight
- c) Well-defined responsibilities for all personnel concerned
- d) Establishment of a risk management culture
- e) ORM solutions implemented and in production since March 2012. This is a central database for CIMB Group and will incorporate all its subsidiaries with ORM tools.
- f) ORM Tools implemented:-
 - i) *Risk and Control Self Assessment (RCSA):*
This is a Comprehensive tool of Self Assessment of Risk and Controls for the Group to identify potential risks that are primarily severe in nature and control gaps in the various operations in the Group. RCSA also assists as a Forward- Looking Risk Profiling tool that links to the Group's overall risk appetite.

RCSA contributes towards the knowledge gap resulting from historical loss data collection, providing a more risk sensitive and forward looking perspective when establishing risk profiles for various operations of the Group.

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This enables business/support units to prioritise their control efforts on critical risks based on their activities. The process also ensures that regular checks are carried out on overall alignment between risk exposures and the Group's risk appetites by means of thresholds used in the evaluation of risks.

- ii) Loss Event Management:*
In the Group, for effective monitoring and tracking, all loss event incidents keyed-in by business and support units into the ORM system are consolidated into a central database that is maintained under the custodianship of ORM department. The analysis of the risk reports are then escalated to the Operational Risk Committee (ORC) where ORC deliberates and provides directives on the best course of actions to mitigate the recurrence of the loss event incidents. The information captured by the business/support units is for the determination of the real cause(s) of the incident and where necessary to recommend enhancement to the existing operational controls or workflow to ensure that lessons are learnt and such incidents do not recur.
- iii) Key Risk Indicators (KRI):*
KRIs provide early warning signals to the Senior Management on changes to the risk environment and the effectiveness of controls. This is a forward looking tool to facilitate monitoring and management of key risks before they translate into operational losses. Hence, Senior Management will be able to take appropriate actions to mitigate the risk before it happens.

CIMB Group has also strengthened its infrastructure with the implementation of the ORM System. This system incorporates the risk tools as mentioned above which are LED, RCSA and KRI. These are techniques for the management of operational risks with the use of rating matrixes. Moreover, in line with best practices, incidents on loss events are tracked and captured for analytical risk profiling and to further enhance controls.

CIMB Group has developed and implemented an e-Learning module on operational risk in order to enhance awareness of ORM amongst its staff. In addition, CIMB Group has progressively set the various foundations to move towards Basel II Standardised Approach and building its capabilities towards the Advanced Measurement Approach.

• Reputation Risk Management

The Group acknowledges the importance of reputation in its business operations. A damaged reputation has wide ranging impact, both financial and non-financial. Consequently, reputation risk has been identified as one of the material risks of the Group.

CIMB Group defines reputation risk as the current or prospective risk to earnings and capital arising from the adverse perception by the Stakeholders about its behaviour and performance. Such adverse perception, whether true or not, may impair public confidence in the Group and may result in costly litigation, or lead to a decline in its customer base, business or revenue.

The Reputation Risk Management Framework has been established and it provides guidance and ensures adequate policies and procedures are in place to identify, control, monitor and report reputation risk consistently within CIMB Group.

The objectives of the Group's Reputation Risk Framework are, amongst others, to:

- i) Establish standards to manage CIMB Group's reputation risk proactively.
- ii) Ensure CIMB Group's business is operated to the highest standards of governance and controls.
- iii) Foster a culture where staff are aware of their responsibility in managing the Group's reputation risk.

The Framework outlines clearly the processes, roles and responsibilities as well as the escalation procedures for reporting of any urgent reputational risk events to the Senior Management, to facilitate the management of such reputation risk events or crisis and the consolidated reputational risk events were also deliberated at the Operational Risk Committee for directives on the mitigation of the potential risks.

• Fraud Detection

In an effort to ensure that fraud is contained and minimised, the Group constantly monitors new trends and development on fraud to implement controls and detection tools. In 2012, training was conducted in forensic psychology, sociology and observation techniques from the fraud perspective and on the detection of forgeries. Two ongoing training modules to educate staff on how to identify a fraudster by observation entitled 'How to Suspect Staff Committing/Planning Fraud' and another to detect suspicious signatures entitled 'How to Detect Forged Signatures/Writings/Prints' were conducted to the front line staff. To further enhance the fraud detection initiatives, a fraud intelligence system had been developed to track suspicious transactions. This is a unique system that does not rely on profiling and fixed Key Risk Indicators (KRIs). The KRIs evolves according to the international banking fraud trends.

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- **Self Assessment Review Program (ShARP)**

ShARP is a tool to empower Risk Owners to identify and mitigate significant process/operation risks. The Risk Owners will manage and report potential significant risks in business as usual and adherence to key controls through submission of Certified Digital Assurance to the Division heads as 'Risk Profiles of their units'. Divisional level risk profiles are then fed to ORM system.

Risk Owners will perform self-assessment of risks identified and certify digitally on a periodic basis. It is an integrated and dynamic database for recording, monitoring and tracking purposes of key risk issues and control measures. By establishing the database, Risk Owners were able to identify clearly their processes' strength and areas in which require improvements.

The self assessment results from ShARP were reported into the unit's management along with top risks for the unit management to be fully aware of key risks impacting the units and the divisions and finally the organisation.

- **Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT)**

The 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 AMLA Office function, a unit within the Group Compliance department, is headquartered in Malaysia and has established the Group AML/CFT Policies and Procedures, duly approved by the Board to facilitate consistency in managing the AML/CFT compliance across the local and regional Reporting Institutions (RIs).

Pursuant to the Group AML/CFT Policies and Procedures, the respective RIs are to adopt and implement the AMLA Compliance Programme framework which includes the establishment of documented policies and procedures on Customer Due Diligence (CDD) duly approved by the Board, staff roles and responsibilities, the appointment of an Anti-Money Laundering Compliance Officer, monitoring and reporting of suspicious transactions, record retention, employee training, updates to Senior Management and an independent audit of the internal AML/CFT measures.

CIMB Group is committed to complying with the laws and relevant guidelines in relation to AML/CFT. In this regard, CIMB Group's 1AML system in Malaysia and supporting system facilitates the AML risk, customer and transaction monitoring framework, including Watchlist and Sanction Management, CDD or 'Know Your Customer', Account and Transaction AML Monitoring and Payment Filtering.

CIMB Group's AML and customer screening systems are supported with databases of sanctioned or high risk individuals and entities identified by international, regional and domestic regulators and law enforcement agencies, for purposes of due diligence and subject checking.

The Board and Senior Management of CIMB Group are aware and will continue to maintain adequate oversight of the AML/CFT measures undertaken by all RIs including enhancing the effectiveness of the internal controls, mechanisms and system to effectively combat money laundering and financing of terrorism activities.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors, Messrs PricewaterhouseCoopers have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board, through the Audit Committee, Board Risk Committee and Shariah Committee, confirms that it has reviewed the effectiveness of the internal control framework and considers the Group's system of internal control as adequate in safeguarding the shareholders' interests and assets of the Group. The Board also confirms that there is an effective ongoing process for identification, evaluation and management of significant risks in the Group and is committed to ongoing review of the entire control, compliance and risk management controls.

Risk Management

A robust and effective risk management system is critical for the Group to achieve continued profitability and sustainable growth in shareholder value in today's globalised and inter-linked financial and economic environment.

The Group embraces risk management as an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions and thus enable risk to be priced appropriately in relation to the return.

The objectives of CIMB Group's risk management activities are to:

- Identify the various risk exposures and capital requirements;
- 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
- Create shareholder value through proper allocation of capital and facilitate development of new businesses.

ENTERPRISE WIDE RISK MANAGEMENT FRAMEWORK

CIMB Group employs an Enterprise Wide Risk Management (EWRM) framework to manage its risk and opportunity effectively. The EWRM framework provides the 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, operating and regulatory environment and functional activities.

The key components of the Group's EWRM framework are represented in the diagram below:



The Group acknowledges that strong risk governance forms the backbone that holds the EWRM together. The Board of Directors through the Board Risk Committee (BRC) is ultimately responsible for the Group's risk management activities and provides strategic direction through the risk appetite statement and the corresponding capital and risk management frameworks. The implementation of EWRM is supervised through several risk committees, with line management being primarily responsible for identifying and managing risks at the onset. Group Risk Division (GRD) is principally tasked to assist the various risk committees and undertakes the performance of independent risk management, monitoring and reporting functions of the EWRM. The implementation of the EWRM is also subjected to the independent assurance and assessment by Group Internal Audit Division.

Risk Management

The EWRM starts its comprehensive risk assessment process by assessing all risk taking activities of the Group from the perspectives of its financial and brand reputation impact, thus identifying the Group's material risks. These material risks are assessed, measured, controlled, monitored and reported on an on-going basis in accordance with the Group's risk management processes embodied within the EWRM.

At the core of the EWRM is a robust risk and capital management framework that relates the Group's material risks to its capital requirements and planning activities, ensuring its capital adequacy at all time. The Group's Risk-based Performance Measurement Framework provides a common and consistent measurement of risk to facilitate comparison of risks across business units and risk types. This enables the Group to consider both the downside risk, for risk protection and upside potential, for earnings growth. Hence, allowing the Group to measure the performance of each business on an absolute basis (economic profit) and relative percentage return basis (RAROC) against the Group's costs of capital. Each year capital is allocated to the business units based on the respective business plan, budgeted profit and targeted RAROC.

The foundation of the EWRM is made up of three major building blocks, which are Risk Management Limits and Controls, Risk Analysis and Reporting, and Stress Testing. Limits constitute the key mechanism to monitor and control allowable risk taking activities and are regularly reviewed in the face of changing business needs, market conditions, and regulatory requirements. Timely reports and meaningful analysis of risk positions are critical to enable the Board and its management to exercise control over all exposures and make informed business decisions.

A group wide stress test is performed on a semi-annual basis to evaluate the financial impact on the Group in the event of projected adverse economic and financial situations. This process enables the Group to assess the

sufficiency of its liquidity surplus and reserves, and whether it could continue to meet its minimum capital requirement under such scenario. Such group wide stress tests allow management to gain a better understanding of how portfolios and investments are likely to react to changing economic conditions and how the Group can best prepare for and react to them. In this regard, the Group considers more value to be derived from the process of performing the stress test instead of just focusing on the results of the stress test, as business units are now actively managing the potential stressed risk profile of their portfolios vis-à-vis developments in the economic outlook.

RISK MANAGEMENT GOVERNANCE

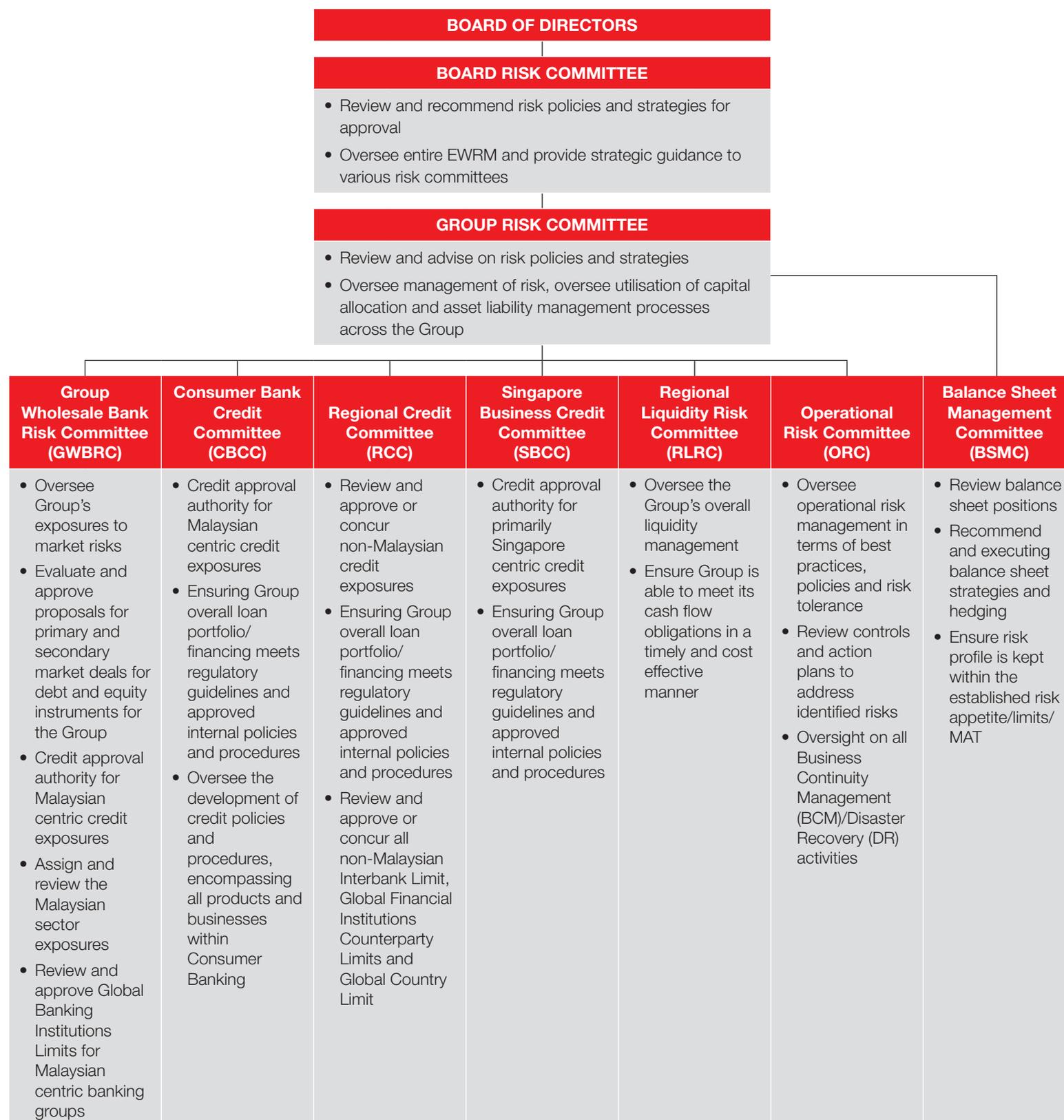
In accordance with the Group's risk management structure, the Board Risk Committee (BRC) assumes the ultimate responsibility on behalf of the Board of Directors for the supervision of risk management within CIMB Group. In line with best practices, the BRC determines the risk policy objectives for the Group.

Responsibility for administering risk management and control is delegated to the Group Risk Committee (GRC). The GRC is chaired by the Group Chief Executive and undertakes the oversight function for overall risk limits, aligning them to the risk appetite. The GRC is further supported by several sub-committees, namely the Group Wholesale Bank Risk Committee, Consumer Bank Credit Committee, Regional Credit Committee, Singapore Bank Credit Committee, Regional Liquidity Risk Committee and Operational Risk Committee, with each committee addressing one or more of the following:

- **Credit risk**, arising from losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
 - **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; and
 - **Operational risk**, arising from internal processes which may result from inadequacies or failures in processes, controls or projects due to fraud, unauthorised activities, error, omission, inefficiency, systems failures or from external events.
 - **Interest Rate Risk in the Banking Book/ Rate of Return Risk in the Banking Book**, the current and potential risk to the Group's earnings and economic value arising from movement of interest rates/ benchmark rates.
- In relation to Interest Rate Risk in the Banking Book/Rate Of Return Risk in the Banking Book, GRC is further assisted by the Balance Sheet Management Committee that is responsible for recommending and executing strategies and hedging proposals for the banking book as well as ensuring the Group's interest rate/rate of return risk profile is within the risk limits/ Management Action Triggers (MATs) endorsed by GRC.
- **Market risk**, arising from fluctuations in the value of a trading or investment exposure arising from changes to market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices, and their associated volatility;

Risk Management

The following chart sets out the organisational structure of the risk management committees overseeing risk management activities and gives an overview of the respective committee's roles and responsibilities:



Risk Management

The 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, the Group 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 the Group. 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 within the Group.

THREE-LINES OF DEFENCE

The 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 the 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 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 the Group is conducting business and operating within the approved appetite and also in compliance to regulations. The third line of defence is Group Internal Audit Division who provides independent assurance to the Boards that the internal controls and risk management activities are functioning effectively.

THE ROLES OF GROUP CHIEF RISK OFFICER (CRO) AND GROUP RISK DIVISION (GRD)

Within the second line of defence is Group Risk Division (GRD), a function independent of business units that assists the Group's management and various risk committees in the monitoring and controlling of the Group's risk exposures. GRD comprises Group Risk

Management (GRM), Group Credit (GC), Regional Credit Management (RCM) and Regional Risk (RR) and its key responsibilities are analyse, assess, measure, control, monitor and report the material risks to which the Group is exposed. GRD is headed by the Group Chief Risk Officer (CRO) who is appointed by the Board to spearhead risk management functions and the implementation of the EWRM. The CRO actively engages the Board and senior management on risk management issues and initiatives. The CRO also maintains an oversight on risk management functions across all entities within the Group.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management outfit, all risk management activities will be centralised at Group Risk Management (GRM). Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to GRD.

• Group Risk Management

Group Risk Management (GRM) monitors risk-taking activities, initiates and proposes risk policies, risk measurement methodologies and risk limits, performs independent review of loan/financing assets quality and loan/financing recovery plan, coordinates capital market products deployments and develops the risk-based product pricing framework for loan/financing portfolios.

In propagating and ensuring compliance to the market risk framework, GRM reviews treasury trading strategies, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market as part of financial valuation.

GRM is also tasked with the co-ordination of the Group's effort towards implementation of Basel II. In this regard, GRM develops and implements all internal rating and scoring models and closely

monitors the usage of the rating and scoring systems to ensure relevancy to current market conditions and integrity of the ratings.

GRM adds value to business propositions by providing advice on market valuations, quantification of capital requirements and independent risk assessment. This enables the business units to prepare for the potential risks associated with the new transactions or business ventures and consequently, address the management and mitigation of such risks from the early stage of the proposition. The business units gain understanding of the risk-reward equation of the proposition, consider the risk factors in the pricing decision, and ensure that the projected returns from the business propositions commensurate with the risks taken. In order to ensure the independence of GRM in such an arrangement, GRM's remuneration is not linked to the success of particular transactions or deals.

• Group Credit

Group Credit (GC) carries out independent assessments and evaluations of all credit risk related proposals originating from the various business units such as financings/loans and advances, fixed income, derivatives, sales and trading, prior to submission to the Consumer Bank Credit Committee (CBC), the Group Wholesale Bank Risk Committee (GWBR), the EXCO or Board for approval. GC ensures proper grouping of entities and counterparties under the single customer framework. GC also reviews the Group's holdings of all fixed income assets issued by Malaysian companies and recommends the internal ratings for GWBR's approval.

• Regional Credit Management

A regional credit platform was established with a primary objective of enhancing efficiency and effectiveness of the credit oversight as well as credit approval process for all non-Malaysian centric Corporate and Financial Institutions within the Group. The platform includes 2 credit committees, the Singapore Business Credit Committee

Risk Management

(SBCC) for smaller-sized exposures and the Regional Credit Committee (RCC) for larger regional exposures. All credit proposals submitted to the 2 credit committees for approval/concurrence are routed through the Regional Credit Management (RCM) team for independent assessment and due recommendation to the credit committees.

• Regional Risk

Regional Risk (RR) was established with the objective of overseeing the risk management functions of the regional offices as well as the Group's unit trust and non-Malaysian securities businesses. RR also houses the validation team.

For regional offices, the respective risk management team identifies, analyses, monitors, reviews, and reports the risk exposures of each individual country, including:

- i) Proprietary trading strategies, positions and activities against changes in the financial market on a daily basis.
- ii) Limit utilisation and adequacy, transaction prices and mark-to-market positions.
- iii) Credit reviews.
- iv) New product approval process.

For the unit trust business, the risk management unit works with other departments in the areas of market, credit and operational risk. This risk management team reports into RR.

Non-Malaysian securities businesses under the Group are consolidated under CIMB Securities International Pte Ltd. There is a risk management function set up within the entity to identify, analyse, monitor, review and report market, credit, operational and other principal risk exposures related to the securities businesses. This unit reports into RR.

The Validation Team is independent from the risk taking units and model development team, and reports to RR. The function of this unit is to perform validation,

as guided by regulatory guidelines and industry best practices, on rating systems, estimates of the risk components, and the processes by which the internal ratings are obtained and used. The unit provides recommendations to the modelling team and the business users. The unit reports its findings and recommendation to GRC and BRC.

KEY AREAS OF RISK MANAGEMENT

1. Credit Risk

Credit and counterparty risk, is defined as 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 the Group.

Credit risk arises primarily from lending/financing activities through loans/financing assets as well as commitments to support clients' obligations to third parties, i.e. guarantees. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay 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 the Group's investment in that entity's financial instruments to fall.

Loans/Financing assets remain the most significant credit risk to which CIMB Group is exposed. Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

CIMB Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level to

the various credit committees. The credit approving committees namely, SBCC, CBCC, RCC and GWBRC 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. The committees also ensure the overall loan/financing portfolio meets the guidelines of the regulatory authorities and adheres to the approved credit policies and procedures.

Credit applications are independently evaluated by GC/RCM prior to submission to the relevant committees for approval. 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/industry, or to a particular counterparty group or individual.

Adherence to established credit limits is monitored daily by GRM, 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.

It is a policy of the Group 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 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 the Group's retail and non-retail exposures.

Risk Management

Credit reviews and rating are conducted on the credit exposures on at least an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and or third party support form an integral part of credit risk management process. Credit risk mitigants are taken where possible and are considered secondary recourse to the obligor for the credit risk underwritten.

All extensions of credit in so far as deemed prudent, must be appropriately and adequately secured. GWBRC and RCC are empowered to approve any inclusion of new acceptable collateral/ securities.

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposures will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

The net credit exposures with each counterparty are monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant Credit Support Annexes or the master agreement.

2. Market Risk

Market risk is defined as any fluctuation in the value of a trading or investment exposure arising from changes in to market risk factors such as interest / profit rates, currency exchange rates, credit spreads, equity prices, commodities prices, and their associated volatility.

Market risk results from trading activities that can arise from customer-related businesses or from proprietary positions. The Group hedges the exposures to market risk by employing varied strategies, including the use of derivative instruments.

CIMB Group adopts various measures in its risk management process to manage market risk. An accurate and timely valuation of position is critical to providing the Group with its current market exposure. Market Risk Management (MRM) within GRM values the exposure using market price or a pricing model where appropriate. The valuation process is carried out on all Held for Trading and Available for Sale positions on daily basis in compliance with the independent price verification requirements. These valuation methods are used in deriving the fair value to restate the security value to its current value for the purpose of calculating the profits and losses or to confirm that margins required are being met.

All valuation methods and models used are validated by the Quantitative Analysts to assess its applicability to market conditions. The process includes verification of the inputs, assumptions used, programming codes and model reporting capability. Existing valuation models are reviewed at least on a yearly basis to ensure that they remain relevant to changing market conditions. Back-testing of newly approved or revised models are conducted to review the model and input data.

The Group also adopts a value-at-risk (VAR) approach in the measurement of market risk. Back-testing 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 scenario, 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, MRM undertakes monitoring and oversight process at Group Treasury and Equity Market & Derivatives trading floors, which include reviewing treasury trading strategy, analysing positions and 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 the Group's reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they are due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of CIMB Group's liquidity risk management is to ensure that the Group can meet its cash obligation in a timely and cost-effective manner. To this end, 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 normal business and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core

Risk Management

deposit base comprising savings, demand and fixed deposits, thus providing the Group with a stable large funding base. The Group maintains large 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 is delegated to the Regional Liquidity Risk Committee (RLRC), which meets at least once a month to discuss the liquidity risk and funding profile of the Group and each individual entity of the Group. Each entity is responsible to prudently manage its liquidity position to meet its daily operating needs and the local regulatory requirements. The Asset Liability Management function, which is responsible for the independent monitoring of the Group's liquidity risk profile, works closely with Group Treasury in its surveillance on market conditions and performs frequent stress testing on liquidity positions.

Liquidity risk undertaken by CIMB Group is governed by a set of established risk tolerance levels. Management action triggers have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Policy is subjected to annual review while the assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis for compliance with internal risk thresholds and regulatory requirements for liquidity risk. The Group's contingency funding plan, consisting of an early warning system and a funding crisis management team, is in place to alert and enable management to act effectively and efficiently during a liquidity crisis and under adverse market conditions.

4. Interest Rate Risk in the Banking Book/Rate of Return Risk in the Banking Book (RORBB)

IRRBB/RORBB is defined as the current and potential risk to the Group's earnings and economic value arising from movement of interest rates/benchmark rates.

IRRBB/RORBB undertaken by the Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the Group. The risk appetite is established by the Board. GRC supported by the Asset Liability Management function, is responsible to oversee the asset liability management process including an independent review and monitoring of IRRBB/RORBB for the Group. The Balance Sheet Management Committee (BSMC) with the support from Capital & Balance Sheet Management (CBSM), is responsible for the review of the balance sheet and recommends strategies, including hedging activities to manage the overall interest rate risk/rate of return risk. Corporate Banking, Treasury and Markets (CBTM) is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

IRRBB/RORBB is measured by:

Economic Value of Equity (EVE) sensitivity: EVE sensitivity measures the long term impact of sudden interest rate movement across the full maturity spectrum of the Group's assets and liabilities. It defines and quantifies interest rate risk / rate of return 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/profit rates. Such measure helps the Group to quantify the risk and impact on capital with the focus on current banking book positions.

The Group's EVE sensitivity is computed by using a simulation method that analyses IRRBB/RORBB in terms of changes in the EVE resulting from various rate shock scenarios. Such method takes into account varying degree of rate sensitivities exist between banking book positions (basis risk), projected changes in cash flow behaviours (embedded optionality such as prepayment or roll-over of cash flows under various rate scenarios), non-parallel shifts of the yield curve (yield curve risk), and the existence of embedded floor/ cap rates on specific products in the banking book.

Earnings at Risk (EaR): EaR measures the short term impact of sudden interest/profit rate movement on reported earnings over the next 12 months. It defines and quantifies interest rate risk / rate of return risk as the change in net interest income caused by changes in interest/profit rates.

The Group's EaR is computed by using a dynamic simulation method that analyses IRRBB/RORBB in terms of earnings (accrual basis) under various rate shock scenarios, taking into account future stream of projected business activities and volumes (e.g. flat or growth balance sheet). The EaR simulation also considers rate sensitivities among different products, cash flow behaviours, non-parallel shifts of the yield curve, and embedded floor/ cap rates.

5. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. It encompasses legal risk that also carries a Shariah component.

The Group manages operational risks through the following key measures:

- Sound risk management practices in accordance with Basel II and regulatory guidelines;

Risk Management

- Board and senior management oversight;
- Well-defined responsibilities for all personnel concerned;
- Establishment of a risk management culture;
- Implementation and application of ORM solutions, a central database for operational risk management, since March 2012.

The ORM system incorporates the various operational risk tools such as the Loss Event Database, Risk and Control Self Assessment and Key Risk Indicators. These tools together with the use of rating matrixes are several of the techniques for the administration of operational risks as applied by CIMB Group. The application of these techniques enables the Group to systematically identify, capture, monitor and report all operational risks in a consistent manner, thus facilitating analytical risk profiling and enhancing the control mechanism.

In addition to the above, CIMB Group adopted Self Assessment Review Project (ShARP) as part of its initiatives to ensure that operational risks within the processes in each business unit are properly identified, analysed and mitigated on a periodic basis.

Each new or varied product and changes to the process flow are subjected to a rigorous risk review through sign-offs from the relevant support units where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners. The Group's New Product Development Policy Manual also safeguards and protects the interest of customers through proper regulatory disclosure requirements, the availability of options or choices when the products and services are offered to the public.

The promotion of a risk management culture within the Group whereby the demand for integrity and honesty is non-negotiable remains the core theme in our operational risk awareness programme. The e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

6. Shariah Non-Compliance Risk

Shariah non-compliance risk is the risk that arises from the Group's failure to comply with the Shariah rules and principles determined by the relevant Shariah regulatory councils or committees. Shariah non-compliance will lead to financial and non-financial impact to the Group such as reputation risk, higher capital charges and non-recognition of income or earnings arising from invalidated Shariah contract. The appropriate treatment of any non-Shariah compliant income or earnings shall be advised and approved by the Group's Shariah Committee, which may include channelling the income or earnings to charitable organisation.

The Group has in place a Shariah Compliance Policy and General Procedures Manual that governs the roles and responsibilities of the Shariah Committee, overall Shariah compliance functions and Shariah governance processes of CIMB Group. Monitoring of Shariah compliance and Shariah governance is carried out through Shariah Review and Shariah Audit functions, supported by Shariah Risk Management control process and Shariah Department. Shariah Risk Management Unit, a function within Operational Risk Management Department performs its risk management activities based on the established framework, processes and tools of Operational Risk Management.

Apart from receiving and analysing the Shariah non-compliance events / incidences from Designated Compliance and Operational Risk Officers to be reported to the relevant risk committees, Shariah Risk Management Unit also actively participates in the Islamic product development discussions to ensure that all Shariah non-compliance risk management issues are appropriately identified, managed and controlled.

7. Reputation Risk

Reputation Risk is defined as the current or prospective risk to earning and capital arising from the adverse perception by the stakeholders about the Group's behaviour and performance. Such adverse perception, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in its customer base, business or revenue.

The Group is cognisant of the fact that reputation is built as a result of the ongoing interactions between the Group and its stakeholders and acknowledges the importance of reputation in its business operations. Consequently, reputation risk is recognised as one of the material risks of the Group.

The objectives of the Group's Reputation Risk Management framework are, amongst other, to:

- Establish standards to manages the Group's reputation risk proactively;
- Ensure that the Group's business is operated to the highest standards of governance and controls;
- Foster a culture where staff are aware of their responsibility in managing the Group's reputation risk.

The framework details the roles and responsibilities of each stakeholder and processes in managing reputation risks.

Risk Management

8. Basel II Implementation

BNM adopted a two-phase approach for implementing the standards recommended by the Bank of International Settlements set out in 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework' (Basel II) in Malaysia. In the first phase, banking institutions are required to adopt the Standardised Approach for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the IRB beginning from 2010.

The Group had in May 2007 applied for direct migration to the IRB. The approach adopted by CIMB Bank Group for credit risk will be Advanced IRB for retail exposure and Foundation IRB for corporate exposure. Over the last few years, the Group has implemented various initiatives to enhance our risk management standards to meet Basel II requirements. BNM has approved the Group to migrate to IRB for credit risk in July 2010.

The Basel Steering Committee chaired by the Group CEO was set up to oversee the implementation initiatives across the Group with the assistance of various sub-committees. The Basel Steering Committee shall continue to oversee our initiatives towards complying with the requirements within the stipulated timeframe.

The Group's operational risk is currently based on the Basic Indicator Approach and our Group has progressively set the various foundations to move towards Basel II standardised approach and building its capabilities towards the advanced measurement approach (AMA).

The EWRM requires the business and support units to identify all material risks affecting the Group's business and operations on an on-going basis. Capital is then allocated to all relevant units for risk-taking purposes. CIMB Group's Capital Management Framework provides that the methodology and processes in capital management, including capital allocation towards the deployment of capital consumption in the most efficient manner to provide the optimum risk-adjusted return of the capital. These initiatives that were implemented under Basel II further enhanced the use of risk management parameters in the Group's Capital Management Framework.

In 2010, BNM issued Risk Weighted Capital Adequacy Framework (RWCAF) – Disclosure Requirements (Pillar 3) with the aim to promote better market discipline and enhance transparency by setting the minimum requirements for market disclosures of information of the risk management practices and capital adequacy of the banking institutions. Pursuant to this Guidelines, the Group has made the relevant disclosures under Pillar 3 in the Annual Report. Please refer to 'Basel II Pillar 3 Disclosures' for detailed disclosures.

Audit Committee Report



OVERVIEW

The Audit Committee of CIMB Group Holdings Berhad is committed to its role of ensuring high standards of corporate governance practice and providing oversight on the Group's financial reporting, risk management and internal control systems.

Audit Committee Report

1. ATTENDANCE OF MEETINGS

The details of the Audit Committee membership and meetings held during 2012 are as follows:

Name of Committee Member	Status	Number of Committee Meetings	
		Held	Attended
Dato' Zainal Abidin Putih	Chairman/Independent Non-Executive	15	15
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Senior Independent Non-Executive	15	14
Dato' Hamzah Bakar	Independent Non-Executive	15	15

In addition to the 15 meetings held to deliberate on matters relating to the Group, 19 other meetings were held to deliberate on matters relating to the three Malaysian banking institutions, making a total of 34 meetings for the year. Deliberations on reports tabled to the Committee were robust and detailed. 590 assignments were completed by the Group Internal Audit Division (GIAD) during the year and tabled to the Audit Committee.

The Chairman of the Audit Committee reports to the Board on matters deliberated during the Audit Committee meetings. Minutes of each meeting are also distributed to each member of the Board.

2. AUTHORITY

The Audit Committee is a Board delegated committee. The Audit Committee in discharging its duties 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, and has the necessary resources availed to it by the Group to enable it to discharge its functions effectively. The Audit Committee 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 2012

Audit Committee

- a. Reviewed and approved the annual audit plan, scope of work and resource requirements of GIAD.
- b. Reviewed GIAD's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was given on critical risk areas.
- c. Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.
- d. Reviewed the efficiency of operations and the economical utilisation of resources throughout the Group.
- e. Reviewed the appointment of external auditors and their independence and effectiveness.

Audit Committee Report

- f. Reviewed the external auditors audit plan, scope of work and results of the annual audit for the Group.
- g. Met with the external auditors on 4 April 2012 and 1 November 2012 without the presence of the Group management and Executive Directors to discuss relevant issues and obtain feedbacks.
- h. Reviewed the internal control issues identified by internal, external and regulatory auditors, as well as Management's response to audit recommendations and implementation of agreed action plans.
- i. Reviewed the financial statements of the Group on a quarterly basis and the draft announcements before recommending them for the Board's approval.
- j. Received quarterly updates from the Heads of Internal Audit of CIMB Niaga and CIMB Thai on their findings and make appropriate recommendations for improvements.
- k. Reviewed the proposals for non-audit services rendered by the external auditors.
- l. Reviewed write-off proposals as presented by the Management before recommending them for the Board's approval.
- m. Discussed and deliberated with relevant Heads of Divisions and Departments, where heads presented their business strategies, operational concerns and challenges and relevant Management action plans for the year.
- n. Attended meetings with the respective Audit Committees and Management of CIMB Niaga, CIMB Thai, CIMB Bank Cambodia and CIMB Aviva. In each of the meeting, businesses and issues of respective operations were presented and discussed.
- o. Reviewed related party transactions and the adequacy of the Group's procedures in identifying, monitoring, reporting and reviewing related party transactions.
- p. Ensured compliance with regulatory requirements and internal policies, and status update on follow up by management on internal and external audit recommendations.
- q. Attended the Group's 4th Regional Compliance, Audit and Risk Conference where regionalisation of the Group's regulatory framework, internal audit strategy and risk management process were presented and discussed.
- r. Attended the Group's Annual Management Summit where each business and support unit reviews its operations for the year and presents strategies and plans for the coming year.

Audit Committee Report

4. TRAINING

Listed below are the trainings which the members attended to keep abreast of latest developments:

Audit Committee Member	Trainings Attended
Dato' Zainal Abidin Putih	<ul style="list-style-type: none"> • CIMB Group: Briefing on Pillar 3 Disclosure • Oliver Wyman: Board Training on BNM Requirements for the ICAAP Process • Boardroom Corporate Services: Corporate Governance Today and the Directions Moving Forward • 4th CIMB Regional Compliance, Audit & Risk (CAR) Conference • Oliver Wyman: GAP Analysis and Proposed 'to-Be' Capital Allocation and Performance Management Framework (Session 2) • Oliver Wyman: Pillar 2 ICAAP Requirements (Session 3) • Oliver Wyman: Proposed Refinements to the Capital Allocation and Performance Management Framework and Introduction to Supervisory Review and Evaluation Process (SREP) • Anti-Money Laundering Act: Financial Crime Risk – CIMB's Perspective • Khazanah Megatrends Forum 2012 – The Big Shift – Traversing the Complexities of a New World – Mandarin Oriental, KL, organised by Khazanah Nasional Berhad • Group Annual Management Summit (AMS) – 1st day morning session
Datuk Dr. Syed Muhamad Syed Abdul Kadir	<ul style="list-style-type: none"> • INCEIF: Governance of Islamic Banks – Future Challenges • CIMB Group: Briefing on Pillar 3 Disclosure • Oliver Wyman: Board Training on BNM Requirements for the ICAAP Process • Invest Malaysia 2012 • 2nd CIMB ASEAN Conference • 4th CIMB Regional Compliance, Audit & Risk (CAR) Conference • Oliver Wyman: GAP Analysis and Proposed 'to-Be' Capital Allocation and Performance Management Framework (Session 2) • Oliver Wyman: Pillar 2 ICAAP Requirements (Session 3) • Directors' Duties, Defenses, Bursa Malaysia and Judicial Review • Competition Law: How It May Impact the Way We Do Business • MINDA Luncheon Talk with Mr Jeffrey R. Immelt: Innovation for Growth • Anti-Money Laundering Act: Financial Crime Risk – CIMB's Perspective • Khazanah Megatrends Forum 2012 – The Big Shift – Traversing the Complexities of a New World – Mandarin Oriental, KL, organised by Khazanah Nasional Berhad • Group Annual Management Summit (AMS) • Khazanah Global Lectures: An Evening with Dr Victor K Fung
Dato' Hamzah Bakar	<ul style="list-style-type: none"> • CIMB Group: Briefing on Pillar 3 Disclosure • Oliver Wyman: Board Training on BNM requirements for the ICAAP Process • Boardroom Corporate Services: Corporate Governance Today and the Directions Moving Forward • 4th CIMB Regional Compliance, Audit & Risk (CAR) Conference • Oliver Wyman: GAP Analysis and Proposed 'to-Be' Capital Allocation and Performance Management Framework (Session 2) • Oliver Wyman: Pillar 2 ICAAP Requirements (Session 3) • Anti-Money Laundering Act: Financial Crime Risk – CIMB's Perspective

Composition and Terms of Reference of the Audit Committee

1. COMPOSITION

The composition of the Audit Committee complies with the Listing Requirements as follows:

- a. The audit committee must be composed of not fewer than 3 members;
- b. All audit committee members must be non-executive directors, with a majority of them being independent directors; and
- c. At least one member of the audit committee must be a qualified accountant.

The Audit Committee comprises three (3) independent non-executive directors. The Chairman of the Committee, Dato' Zainal Abidin Putih is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The responsibilities and duties of the Audit Committee are as follows:

Area	Responsibilities
Internal controls/ risk management/ governance	To review the effectiveness of internal controls, risk management processes and governance within the Group taking into account the requirements in the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad, Bank Negara Malaysia Guidelines and other relevant guidelines issued by regulators.
Internal audit	<ol style="list-style-type: none"> a. To ensure the internal audit function is well placed to undertake review or investigation on behalf of the Audit Committee, and be placed under the direct authority and supervision of the Audit Committee. b. To review the adequacy of internal audit scope, internal audit plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work. c. To review the results of the internal audit processes and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function. The reports of internal auditors are not subject to clearance by the Group Chief Executive. d. To oversee the functions of GIAD and ensure compliance with relevant guidelines on internal audit issued by Bursa Malaysia Securities Berhad, Bank Negara Malaysia and Securities Commission. e. To evaluate the performance and decide on the remuneration package of the Group Chief Internal Auditor. f. To approve the appointment, transfer and dismissal of the Group Chief Internal Auditor and to be informed of the resignation of any Unit Head in the Group Internal Audit Division, providing the resigning staff member an opportunity to submit his/her reasons for resigning.

Composition and Terms of Reference of the Audit Committee

Area	Responsibilities
External audit	<ul style="list-style-type: none"> a. To consider the appointment of external auditors, their remuneration and matters of their resignation or dismissal. b. To discuss with and review the external auditors' audit plan, the findings on system of internal accounting controls (including management action) and the relevant audit reports. c. To assess the objectivity, performance and independence of external auditors. d. To approve the provision of non-audit services by the external auditors, evaluating whether there are any potential conflicts arising from such non-audit services. e. To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the auditors. f. To ensure that the financial statements are prepared in a timely and accurate manner with frequent reviews of the adequacy of allowances against contingencies and impairment of assets. g. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary). h. To review the external auditors' management letter and management's response. i. The Audit Committee shall meet with the external auditors at least twice a year without the presence of the Group management or Executive Directors to discuss any key concerns and obtain feedbacks.
Audit findings/ internal control/ compliance	To review the findings of major investigations, routine audit findings, and internal controls and compliance issues reported by the internal, external and regulatory auditors.
Others	<ul style="list-style-type: none"> a. To engage on a continuous basis with senior management in order to be kept informed of matters affecting the Group. b. To convene meetings with internal auditors, external auditors or both whenever deemed necessary. c. To review the semi-annual and annual financial statements for submission to the Board of Directors of the Company and the respective Malaysian financial institutions within the CIMB Group Holdings Berhad and ensure prompt publication of annual financial statements. d. To review the quarterly results of the Group prior to the approval by the Board of Directors. e. To review all related party transactions and keep the Board of Directors informed of such transactions. f. To obtain external professional advice where necessary.

Internal Audit Function

1. GROUP INTERNAL AUDIT DIVISION

- a. GIAD conducts audits for the CIMB Group, except for CIMB Niaga and CIMB Thai, which are supported by their own Internal Audit Divisions. Both Internal Audit divisions submit quarterly reports to GIAD, highlighting key audit issues, activities and concerns.
- b. GIAD provides independent and objective assurance on the adequacy and effectiveness of the internal control systems implemented by Management.
- c. GIAD assists the Audit Committee and Management in effective discharge of their responsibilities in establishing cost-effective controls, assessing risk management and recommending measures to mitigate identified risks and assuring proper governance process.
- d. GIAD is represented at the outset in all major IT projects undertaken, and provide necessary input especially in relation to controls required.
- e. GIAD provides periodic reports to the Audit Committee and Management, reporting on the outcomes of the audits conducted which highlight the effectiveness of the systems of internal control and making recommendations as appropriate.
- f. GIAD conducts investigations on suspected fraudulent activities and other irregularities, if required, of entities within the Group other than CIMB Niaga and CIMB Thai.
- g. The Group Chief Internal Auditor reports to the Group Audit Committee and administratively to the Group CEO.
- h. The Group Chief Internal Auditor is invited to all meetings of major risk committees of the Group and the Group Management Committee.
- i. The insurance entities in Malaysia have their own audit committees. The audit findings are reported to the Group Audit Committee quarterly.
- j. The total cost incurred by GIAD Malaysia for the internal audit function of the Group in 2012 amounted to RM30.5 million (2011: RM28.8 million).

2. INTERNAL AUDIT REPORTS

- a. GIAD completed 590 assignments during the year covering audits of all key operations and investigations carried out.
- b. Audit reports that are rated as 'Above Average Risk' or 'High Risk' require the respective Management to be present at the Audit Committee meetings to respond and provide feedbacks on audit issues identified by GIAD.
- c. All findings by GIAD are tracked and followed up until closed and reported monthly to the Audit Issues Resolution Committee, which is chaired by the Executive Director of the Bank.
- d. The implementation status of audit recommendations is reported to the Audit Committee quarterly.

Group 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, the Securities Commission of Malaysia 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 to provide 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.

CIMB Group's Shariah Committee consists of six Independent Non-Executive Members. All six members have the pre-requisite Shariah qualifications imposed by Bank Negara Malaysia.

Sheikh Professor Dr. Mohammad Hashim Kamali was the Committee Chairman (ceased as a Chairman on 13 June 2012, but remains an Independent Non-Executive Member). He also sits on the Board of CIMB Islamic Bank Berhad as Independent Non-Executive Director and reports thereon in regards to matters deliberated during the Group Shariah Committee meetings. Sheikh Professor Dr. Mohammad Hashim Kamali is the Chairman and Chief Executive Officer of the International Institute of Advanced Islamic Studies in Kuala Lumpur and a qualified Shariah scholar.

Name of Committee Member	Nationality	Status	Number of Committee Meetings	
			Held	Attended
Sheikh Professor Dr. Mohammad Hashim Kamali	Canadian (Malaysia PR)	Chairman (Ceased as a Chairman on 13 June 2012 but remains as an Independent Non-Executive Member)	6	6
Sheikh Nedham Yaqoobi	Bahraini	Independent Non-Executive Member	6	6
Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar	Malaysian	Independent Non-Executive Member	6	6
Sheikh Associate Professor Dr. Shafaai Musa	Malaysian	Independent Non-Executive Member	6	6
Sheikh Dr. Yousef Abdullah Al Shubaily	Saudi Arabian	Independent Non-Executive Member	6	6
Professor Dr. Noor Inayah Yaakub	Malaysian	Independent Non-Executive Member	6	6

MAIN ACTIVITIES IN 2012

The Group Shariah Committee reviewed and advised on about 50 proposals by CIMB Group for new Islamic consumer banking products and services together with their documents; out of which circa 45 proposals were approved. The Committee also reviewed and advised on about 35 proposals by CIMB Group for new wholesale banking deals and their documents, out of which circa 30 proposals were approved.

The Committee also noted, reviewed and endorsed the following and were satisfied that each had been done effectively and in conformity to requirements:

1. The allocation of profit and charging of losses relating to investment accounts;
2. All contracts, transactions and dealings entered into by the CIMB Group during the year ended 31 December 2012;
3. All earnings that may have been realised from sources or by means prohibited by Shariah for purpose of disposal to charitable causes.

The 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 Committee has also developed and maintained a system of monitoring and reporting which provides the necessary internal controls in line with the new Shariah Governance requirement of Bank Negara Malaysia to ensure that any new Islamic financial transactions are properly authorised and transacted in accordance to 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.

Group Shariah Committee Report

The 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 the CIMB Group.

Apart from the above, the Committee also reviewed and approved the revision of CIMB Group Shariah Compliance Policy and General Procedures Manual, CIMB Group Islamic Operational Risk Management Framework and the Shariah Review Workplan for 2012.

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 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 shall be based on a few considerations as follows:

- 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 Department under the Group General Counsel Division.

- 3) The Management has a robust Shariah risk management framework covering the first; second and; third line of defences with strong independent oversight undertaken by Group Risk Management as the 2nd line of defence.
- 4) Availability of a strong team of internal auditors who conduct periodic Shariah audits of all the Group's Islamic banking and finance operations on a scheduled and periodic basis.

The Group Shariah Committee acknowledged that in 2012, the emplaced system of internal control to meet the newly instituted Enterprise-Wide Bank Negara Malaysia's Shariah Governance Framework (BNM SGF) is still relatively new with a lot of room for further improvement. The 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

Listed below are the seminars and training events which committee members attended to keep abreast of the latest market trends and developments:

Group Shariah Committee Member	Training attended
Sheikh Professor Dr. Mohammad Hashim Kamali	<ul style="list-style-type: none"> • The Max-Planck Conference on The Organisation of Government at the Max-Planck Conference, Heidelberg, Germany • The Max-Planck Conference on The Constitutional Reform in Arab Countries, Heidelberg, Germany • 46th Annual Conference of Legislative Council of Federal Court, Kota Bharu, Malaysia • Conference on the Role of Science & Art Islamic Civilisational Renewal, Malaysia • Kuala Lumpur Islamic Finance Forum 2012, Malaysia • Hudud Crimes at the Reform of Panel Code of Afghanistan Conference, Malaysia • Governance & Peaceful Resolution of Conflict in Islamic Tradition, London • Seminar on Understanding Islam, Kuala Lumpur, Malaysia • Seminar on Music Spirituality and Islam, Kuala Lumpur, Malaysia • Citizenship & Accountability in Islam, Oxford, United Kingdom • 1st Islamic Tourism Standards International Conference, Kuala Lumpur, Malaysia • International Conference on the Role of Science and Art (Islamic) Civilisational Renewal, Kuala Lumpur, Malaysia • The Graduate Workshop: Theory Building and Concept Formation in the Islamic and Western Traditions, Kuala Lumpur, Malaysia • Closed-door Discussion on Human Rights and Islam, Kuala Lumpur, Malaysia • International Conference on Ibn Khaldun: Theoretical and Empirical Relevance, Academy of Islamic Sciences, University of Malaya, Malaysia • International Conference on The role of Awqaf in the Development of Islamic Higher Education, Kuantan, Malaysia • Forum on Education in Turkey, Kuala Lumpur, Malaysia • The International Seminar on Islam in Myanmar, Kuala Lumpur, Malaysia • World Interfaith Harmony Week: Toward Religious and Intercultural Understanding, Kuala Lumpur, Malaysia • Seminar on Understanding Islam, Kuala Lumpur, Malaysia

Group Shariah Committee Report

Group Shariah Committee Member	Training attended
Sheikh Nedham Yaqoobi	<ul style="list-style-type: none"> • AAOIFI Shariah Conference, Bahrain • Simposium Fiqh Antarabangsa Dalam Kewangan Islam 2012, Bandung, Indonesia • Bandung Islamic Finance & Investment Summit 2012, Indonesia • Dallah Barakah Symposium on Islamic Economic, Jeddah, Saudi Arabia • Muzakarah Penasihat Syariah, Kuala Lumpur, Malaysia • Kuala Lumpur Islamic Finance Forum 2012, Malaysia
Sheikh Dr. Haji Mohd Nai'm Haji Mokhtar	<ul style="list-style-type: none"> • Muzakarah Pegawai Syariah Bah. Sokongan Keluarga Seluruh Malaysia, Shah Alam, Malaysia • Kuala Lumpur Islamic Finance Forum 2012, Malaysia • 7th Shariah Advisers Workshop, Malaysia • National Conference Securing Women's Economic Rights in Marital Relationship Through Law, Dhaka, Bangladesh • Muzakarah Ahli Majlis Penasihat Syariah Kewangan Malaysia • International Conference on the Right Muslim Women in the Modern World, Brunei • Muzakarah Pegawai Penyelidik Seluruh Malaysia • Kursus Kewangan Akaun Amanah Bah Sokongan Keluarga, Kuala Lumpur, Malaysia • Bengkel Perintah Pengesahan Perkahwinan, Malaysia • Strategic Planning Workshop, Malaysia • Bengkel Fiqh: Perundangan Keluarga Islam, Malaysia • Seminar Belaian Bahtera Kasih, Sabah, Malaysia • Program Wacana Keluarga Islam, Johor, Malaysia • Kursus Pentadbiran Harta Pusaka Mengikut Perspektif Islam Dan Sivil, Malaysia • Program SWADAYA Wanita Women For Women, Malaysia
Sheikh Associate Professor Dr. Shafaai Musa	<ul style="list-style-type: none"> • Panel Kajian Syariah JAKIM, Malaysia • Bengkel Cadangan Pembangunan Akademi Kehakiman Syariah Malaysia • Bengkel Penubuhan Kaedah Tatacara Mal Mahkamah Syariah Bah. Sokongan Keluarga, Malaysia • Advanced Training Need Analysis Workshop, Jabatan Kehakiman Syariah Malaysia • Muzakarah Pegawai Syariah, Bah. Sokongan Keluarga Seluruh Malaysia
Sheikh Dr. Yousef Abdullah Al Shubaily	<ul style="list-style-type: none"> • International Zakat Conference, Tunisia • AAOIFI Shariah Conference, Bahrain • International Takaful Summit, London, United Kingdom • Dallah Barakah Symposium on Islamic Economic, Jeddah, Saudi Arabia • The 20th Conference of Islamic Fiqh Academy, Wahran, Algeria • Islamic Bank Conference, Jeddah, Saudi Arabia
Professor Dr. Noor Inayah Yaakub	<ul style="list-style-type: none"> • Bengkel Penyusunan Semula Organisasi, Malaysia • Seminar Kepentingan Melantik Pentadbir Dan Perancangan Harta Pusaka, Malaysia • Bengkel Pentashih Nas Al-Quran, Al-Hadith dan Pendapat Fuqaha', Malaysia • Seminar Belaian Bahtera Kasih, Malaysia • International Conference on Multi-disciplinary Academics Program, University of Duisburg-Essen, Germany • International Conference on 'From the Adriatic to the Sulu Sea: Islam and Identity in Southeast Europe and Southeast Asia', University of Chicago, USA • World Congress of the International Federation of Scholarly Associations of Management, Kemmy Business School, Ireland • 8th Qs-Apple Conference, Nusa Dua, Bali, Indonesia • Seminar Undang-Undang Islam Bersama Mufti, Universiti Islam Diraja, Malaysia

Group Shariah Committee Report

TERMS OF REFERENCE

Area	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 Policies 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 Shariah Committee and to suggest for their revision, improvement and updates from time to time as may be necessary. To review and endorse BNM 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 ensure high standards in arriving at Shariah decisions through a proper Shariah deliberation process. To supervise and monitor the decision making of the other Shariah Committees formed within CIMB Group in Malaysia or other Jurisdictions.
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 SACs and the changes in the latest Shariah research, Ijtihad, Fatwas or findings. To engage actively in deliberating Shariah issues presented before the Group Shariah Committee.

FUNCTIONS & REPORTS

Internal Shariah Audit Function

In carrying out an audit, the Group Internal Audit Division (GIAD) provides independent assurance on the efficiency and effectiveness of the internal Shariah control systems implemented by Management and related policies and procedures governing the identified risk areas of Islamic products and services. Attention is given to help the Group accomplish its objectives of compliance with relevant Shariah rules and principles. GIAD will evaluate the effectiveness of risk management, controls and governance over Shariah control systems and recommends appropriate improvements and enhancements.

GIAD's scope of coverage encompasses all business and support units, except for CIMB Niaga and CIMB Thai, which have their own internal audit divisions. The selection of the units to be audited from the audit universe is based on an annual audit plan that is developed based on assessment of risks, exposures and strategies of the Group.

Internal Shariah Audit Reports

The audit report prepared by GIAD has a specific section highlighting specific Shariah related matters. During the year, 420 audit assignments covering Shariah related products and control systems were completed by GIAD.

Internal Shariah Risk Management Function

Risk management activities for the Islamic banking business of CIMB Group are leveraged on Group Risk Division and performed based on the CIMB Group's Enterprise-Wide Risk Management Framework which basically manages the Group's material risks based on the key risk types as described in the Risk Management section of this Annual Report.

The Group adopts the BNM SGF definition of Shariah Risk Management and accordingly, scopes our Shariah risk management 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 Shariah Risk Management control process and Shariah Department. Shariah Risk Management Unit, a function within Operational Risk Management Department performs the risk management activities based on the established framework, processes and tools of Operational Risk Management.

The Shariah Risk Management unit also actively participates in the Islamic product development discussions to ensure that all Shariah non-compliance risk management issues are appropriately identified, managed and controlled.

Internal Shariah Risk Management Reports

In November 2012, the CIMB Group Shariah Committee and relevant Boards approved the CIMB Group Islamic Operational Risk Management Framework with a section on Shariah Non-Compliance Risk and Shariah Governance Structure. This framework was developed by the Group's Operational Risk Management Department (ORMD).

Group Shariah Committee Report

The officers are required to identify inherent Islamic risks and report Islamic loss events directly into the operational risk management system, which provides a standard platform for the automated process of reporting, reviewing and monitoring identified risks. This data is then presented to the Operational Risk Committee. At the same time, ORMD works closely with the Shariah Compliance Review Unit to ensure Shariah compliance and any non compliance findings will be followed up for immediate remedial actions.

Internal Shariah Review Function

Under the BNM SGF, Shariah Review function refers to regular assessment on Shariah compliance in the activities and operations of an Islamic financial institution (IFI) by qualified Shariah officers with the objective of ensuring that the activities and operations carried out by the IFI do not contravene with the Shariah requirements.

The function involves the examination and independent evaluation of the activities and operations of the business/support units within CIMB Group and their level of compliance with Shariah rulings.

Internal Shariah Review Reports

All observations arising from Shariah reviews of business/support units within CIMB Group are incorporated into internal Shariah Review Reports, whereby the observations are tracked and followed up until closed. These Shariah Review Reports are tabled to the Group Shariah Committee and the relevant Boards, annually.

Shariah Research Function

The Shariah Research Function is undertaken by the Shariah Department. 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 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.

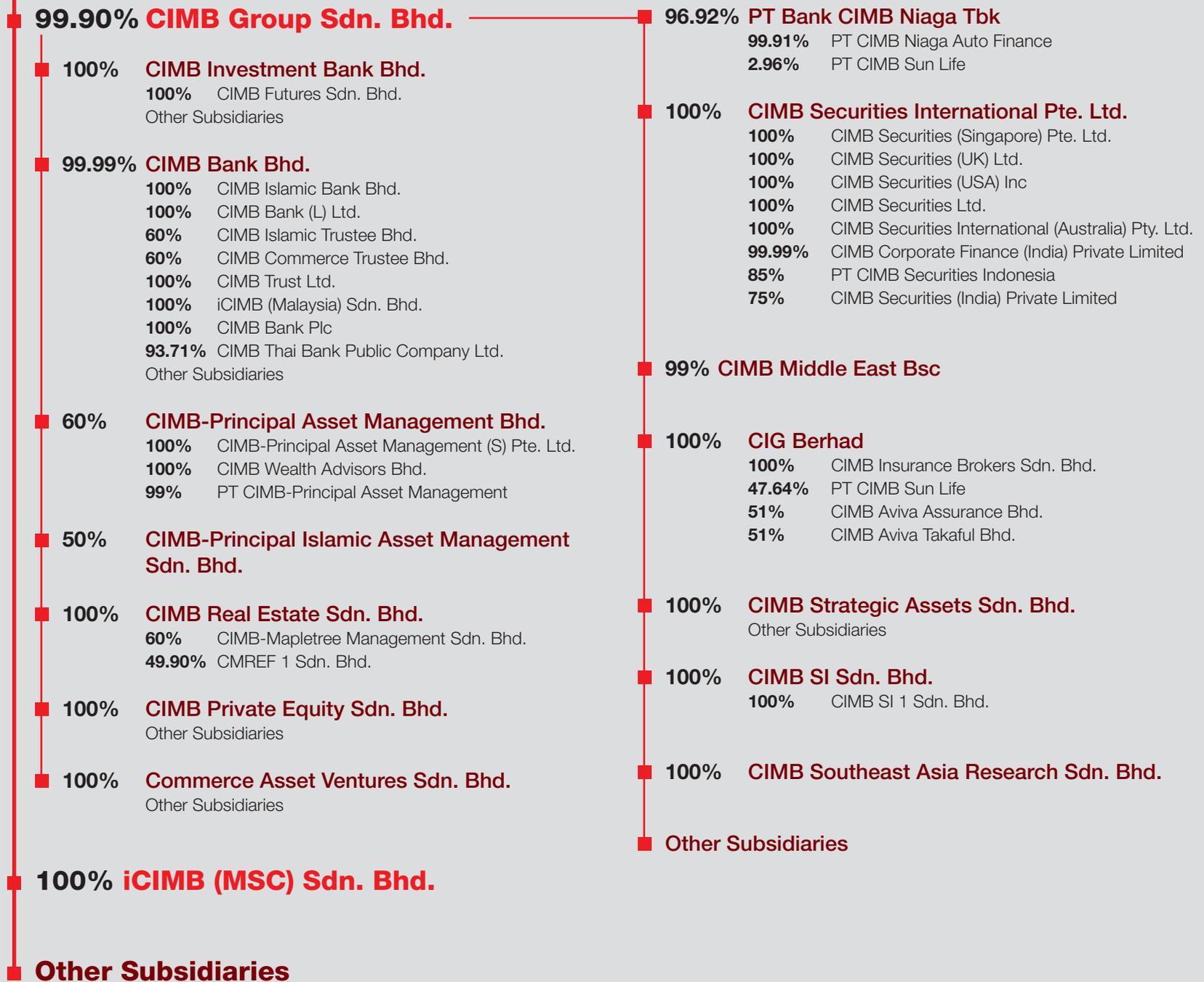
This function also undertakes the administrative and secretarial matters relating to Group Shariah Committee. In carrying out its tasks, Shariah Research function is guided by the CIMB Group Shariah Compliance Policy and General Procedures Manual, Guidelines, Rules, Terms and Procedures in relation to the Shariah Committee and Shariah Coordinator, and the BNM SGF.

Shariah Research Reports

The Shariah Research Unit reports to the Management on Shariah issues related to new products, services, business deals, policies, procedures and marketing materials and reviews and conducts research where necessary.

Together with the Company Secretary under the Group General Counsel Division, 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.

Corporate Structure



Corporate Responsibility

CORPORATE RESPONSIBILITY

At CIMB Group, we are very clear that our corporate social responsibilities are part of a virtuous circle. When we support people in our communities, workplace, marketplace and environment, we are helping to build social sustainability and create long term value. Under these conditions, we are also able to grow our own businesses and work towards our vision to be the leading ASEAN company.

Giving back to the communities we serve is a key component of CIMB Group's DNA and is specifically enshrined in our corporate values - we empower and align our people to innovate and deliver value in their workplace as well as for the community they serve.

Particular successes of 2012 have been in our youth projects. In our sports development programmes, one of our players took the British Junior Open U15 squash trophy and many others played exceptionally well in the region. It was the same story in golf, where the players we sponsor won titles all over ASEAN.

We awarded the prestigious CIMB Regional Scholarship to five post-graduate ASEAN scholars who demonstrated passion and ability in nutrition and genetics. Also in 2012, we started a programme to help young offenders in Malaysian jails by equipping libraries with educational and reference books. In Jakarta, we held the inaugural CIMB Young Leaders ASEAN Summit, where 50 young participants represented the 10 member countries of ASEAN and debated the challenges facing our region. In Kuala Lumpur, the Rotary Club commended our work since 2008 on preventable blindness.

A highlight of our workplace initiatives in 2012 was our reach out programme to Malaysian secondary schools. Over 40 staff made 24 visits to schools and gave career talks to over 3,800 students. In marketplace initiatives, 151 NGOs signed up for our online donation portal, CIMB Cares, which offers a secure payment channel for donations and gives lower bank charges and higher deposit rates to the NGOs involved. Environment initiatives included the EcoSave Green Kitchen Challenge with CIMB Islamic which focused on simple ways to reduce solid waste and promote long term sustainable benefits to the environment.

Back in 2007, shortly after CIMB Group started its transformation into a regional universal bank, we launched CIMB Foundation to implement the community-focused projects of our corporate social responsibility initiatives. CIMB Foundation is one of the leading CSR advocates in ASEAN and works on initiatives that are aimed at empowering communities in a transparent, measurable and accountable way.

In 2012, we were involved in 214 projects, affecting 161,000 people. Overall, we have affected more than three million people with 771 projects and disbursements of nearly RM60 million since 2007.

One of the main thrusts of our corporate responsibility programme is Community Link. Implemented initially as a partnership between the Group's consumer banking franchises in Malaysia - CIMB Bank and CIMB Islamic - we leverage on our nationwide reach and coverage of our branch network to deliver benefits and social welfare projects in the heart of the communities that we serve. All the projects are funded by CIMB Foundation. In 2010, Community Link expanded into Indonesia, Thailand and Singapore. Cambodia followed in 2011.

There is significant hands-on participation in corporate responsibility activities by the management and the members of the Board and the Trustees of CIMB Foundation, as well as our staff throughout the region. This involvement is on a purely voluntary basis and is a testament to the support of our people for our corporate responsibility activities. We were heartened by the quality of projects that we have undertaken and we were also touched by the time and effort that was put in to achieve the results.

A fuller account of the work of CIMB Foundation and how we support people in our communities, workplace, marketplace and environment is to be found in the Corporate Responsibility book accompanying this Annual Report.

Over the next five pages are excerpts from the Corporate Responsibility book, covering corporate responsibility leadership and health projects for the prevention of blindness and mobile health clinics for low income groups. There is also information on the CIMB Young Leaders ASEAN Summit at the ASEAN Secretariat in Jakarta, and the CIMB SEA Games for staff from Malaysia, Indonesia, Singapore, Thailand, and Cambodia.

Excerpts from the **Corporate Responsibility Book**

CORPORATE RESPONSIBILITY LEADERSHIP

In enabling our employees to give back to the community, we recognise that many of today's employees want to be associated with companies that are aligned with their personal values. Increasingly, through work, they want to also contribute to causes for the betterment of society and make a positive difference to communities. A career in CIMB allows them to make that difference.



Way Forward with CIMB - School Programme

We entered the fifth year of our 'Way Forward' Programme, through which we reach out to secondary school students with a series of career talks. Our senior employees took time off to visit schools nationwide to speak to students in Forms 5 and 6 to provide career guidance.

Our employees come from various educational backgrounds and we see an opportunity for them to share their experiences and provide insight into banking and other careers in the financial industry. With their stories, we hope to help students see beyond the traditional career options which they may have been exposed to, and to decide if banking is for them.

In 2012, we made 24 school visits in Malaysia, and reached out to 3,885 students. Over 40 staff took part in this programme, including 15 of our senior management.

Topics covered during the seminar include careers in banking, an overview of banking in Malaysia and industry practices. We are pleased with the continuous support from the Ministry of Education in implementing and helping coordinate this programme.



Way Forward with CIMB - Campus Programme

We were also involved in connecting with universities through the 'Way Forward with CIMB - Campus Programme' which helps students from institutions of higher learning to relate the theoretical knowledge learnt in classrooms with the realities of the business world and to prepare them for the workplace.

We conducted 10 industry expert knowledge sharing sessions involving 11 senior staff as speakers and 49 career talks at various universities across the region. Among the prominent universities visited in Malaysia were the Universiti Malaya, Universiti Kebangsaan Malaysia, International Islamic University Malaysia, Sunway University, Monash University, and Help University.



Excerpts from the **Corporate Responsibility Book****HEALTH**

Under this section, CIMB Foundation funded two health projects: prevention of blindness through cataract operations and mobile health clinics to benefit the Orang Asli and low income groups. Both are targeted at those with a household income of RM800 or less. For cataract operations, priority was given to those who are breadwinners, allowing them to resume working.

Preventable blindness

In disadvantaged communities, a lack of knowledge or means forces some people to live with preventable blindness. This condition can be a result of cataract, glaucoma or diabetes.

Our preventable blindness programme began in 2008 and to date we have disbursed close to RM3.3 million to restore sight to some 3,000 people. In 2012 alone, we operated on over 1,600 people disbursing RM1.5 million.

In addition, we partnered with several government hospitals through NGOs to fund operations for those who cannot afford

treatment. The majority of this group comprised labourers, farmers and the self-employed. Eyesight restored, they were able to return to a productive life.

Our funding was also used to equip a mobile operating eye clinic in Sarawak. This mobile unit is used to reach people in the interior who cannot normally get to a hospital with ease. The mobile unit is fully equipped to perform surgery with an operating table and an A-scan machine. It is envisaged that 14,000 people will be treated by this unit in a year.

**Community health screenings and clinics**

In 2012, we undertook five projects using mobile clinics serving various underprivileged communities in Malaysia and Thailand. 8,200 people were given medical attention. For most of them, this was the first time they had seen a doctor in a long time.

One of the free mobile health clinics was held in Gopeng in Perak. This was done with the cooperation of the Perak Community Specialist Hospital. The mobile clinic visited seven villages, treating about 1,400 people. A free mobile clinic was also conducted with Yayasan Orang Kurang Upaya Kelantan. Some 400 people turned up for the free screening and treatment.



In Bangkok, Thailand, we carried out a medical screening project for the Tarad Thai community. The free screening was aimed at the lower income residents living in this area who lack access to proper medical care. A total of 280 people benefited from this project.



Excerpts from the *Corporate Responsibility Book*

EDUCATION

CIMB Foundation has several initiatives under this pillar, namely our scholarship programmes, sponsorship of PINTAR schools and courses to improve English and ICT capacity among rural children across the region.

Scholarships

The disbursed value of the scholarships stands at RM913,740 for 2012 whilst the total value of the scholarships disbursed since 2010 is RM1,799,368.

The CIMB Regional Scholarship is a prestigious scholarship available to citizens of ASEAN countries who have an outstanding track record of achievements, demonstrate passion for their work and have the potential to make significant contributions towards the development of the region.

The scholarship is available for post-graduate studies at the world's top universities in fields which are important for the development of the region but remain relatively unrepresented and underfunded such as Renewable Energy; Environmental Studies; Sports Science; Genetics; Marine Biology; Fine Arts including music, theatre and dance; Creative Arts including fashion and design; Nutrition and Southeast Asian Studies.

The scholarship does not bond successful candidates to work with the Group but requires them to contribute to the region's development by working in ASEAN for a minimum of three years upon completion of their studies.

In 2012, we invited qualified candidates to apply for scholarships in the fields of Nutrition and Genetics. We received applications from all 10 ASEAN countries and 5 scholarships were awarded.



Felina Tan Peck Yen

Felina Tan Peck Yen (Malaysia) was awarded a scholarship to pursue a Master's of Science in Animal Science in the Department of Animal and Poultry Science at Saskatchewan University, Canada. This will be of great benefit to the region as chicken is the second largest source of protein in ASEAN.



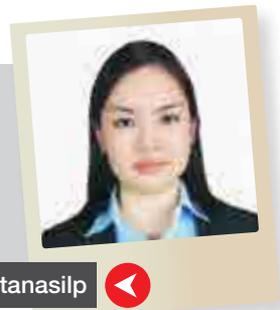
Tony Arjuna

Tony Arjuna (Indonesia) is a lecturer. He intends to pursue his Ph.D. in Nutrition at University of Adelaide's Centre of Clinical Research Excellence in Nutritional Physiology, Intervention and Outcomes in Australia. His research on nutrition for the elderly will investigate the most appropriate solution to prevent and overcome malnutrition and improve the quality of life of the elderly.



Khoo Choon Kiat

Khoo Choon Kiat (Malaysia) will be pursuing his Ph.D. in Animal Genomics and Disease Resistance at Roslin Institute, an associate institution of the University of Edinburgh in Scotland. His study focuses on socio-economically important parasites which will contribute to underpinning the design of new anti-parasitic drugs, vaccines and diagnostic tests.



Chayanist Songpatanasilp

Chayanist Songpatanasilp (Thailand) will be pursuing a Master's degree in Material Engineering at University of Tokyo's Graduate School of Engineering in Japan. Her focus of study is Small Interfering RNA (siRNA), a method used for disease-associated gene knockdown. In time, her research will help develop new techniques for clinical treatment against cancer.



Widiastuti Setyaningsih

Widiastuti Setyaningsih (Indonesia) will be reading for her Ph.D. in Sciences at the University of Cadiz's Department of Analytical Chemistry. Her research will seek to implement methods to take advantage of antioxidant compounds present in foods and maintain their stability during processing, especially in rice. This will help to protect human populations against diseases related to oxidative degeneration.

Excerpts from the **Corporate Responsibility Book**

▶ **Sarah Choong** (Malaysia),
Best Delegate

“The CIMB Young Leaders ASEAN Summit was indeed an experience like no other. Not only did it teach us about the various unique cultures that encompass the ASEAN region, but more importantly it taught us the impact of what we can achieve when we work together as one. Through the efforts and leadership of CIMB, this ASEAN Summit has truly paved the way for future leaders to connect with each other to form alliances for future developmental reforms. Indeed, CIMB truly is the bank of ASEAN, uniting smiles and people from all over the region.”



▶ **Soh Yi Da** (Singapore),
Best Delegate

“The inaugural CIMB Young Leaders ASEAN Summit has presented me with an unprecedented opportunity to roleplay as the Prime Minister of Singapore and exchange views on pertinent issues with my regional counterparts. The experience not only enabled me to hone my diplomatic negotiation skills but also better appreciate the intricacies of workings within ASEAN. Most importantly, I really cherish the valuable network, lasting friendships and camaraderie forged among fellow participants during the Summit which I believe would go a long way in forging ASEAN solidarity for an even better tomorrow.”



▶ **Samuel Leong** (Malaysia),
Delegate

“Participating in the inaugural CIMB Young Leaders ASEAN Summit was truly an amazing experience—in particular, the opportunity to learn from the diverse views and perspectives shared by the talented representatives from each ASEAN Member State on the chosen theme, was, to me, a tangible coming-to-life of ASEAN’s motto, ‘One Vision, One Identity, One Community’. I am grateful to CIMB for once again, leading the way in making concrete contributions to the building up of the region’s talent pool and fostering the ASEAN spirit among the youth of ASEAN.”



▶ **Mai Hoang** (Vietnam),
Delegate

“This was the first CIMB event that I have been to. Not only do they help students network but they also provided a unique experience where students could express their opinions as policy makers. The panels and discussions gave us valuable insights into ASEAN issues. I learned a lot and grew so much. I wish that more and more students can have these experiences next year. Lastly, I would like to thank CIMB for creating such a wonderful event.”

Excerpts from the *Corporate Responsibility Book*

CIMB SEA Games 2012

The main sporting event in 2012 was the CIMB SEA Games which was open to all staff in Malaysia, Indonesia, Singapore, Thailand and Cambodia. It was a weekend to remember for many of our colleagues from across ASEAN who participated in the CIMB SEA Games.

Held from 28 to 30 October in Bangkok, it brought together an enormous gathering of CIMB athletes, coaches, volunteers and supporters in the true spirit of regional friendship and cooperation. They came in droves from Malaysia, Indonesia, Singapore, Thailand and Cambodia in the hopes of winning trophies for golf, futsal, badminton, tennis, basketball and bowling. And in the hopes of getting to know each other better.

Teams were divided according to zones instead of countries and the event captured the essence of ASEAN teamwork. Zone 1 included players from Malacca, Johor and Singapore while Zone 2 comprised those from Sabah, Sarawak, Kalimantan and Sulawesi. Staff from Thailand and Cambodia made up Zone 3 while Zones 4 and 5 represented the rest of Malaysia and Indonesia respectively. The new zone system aimed at creating a better balance in competition and more opportunities for staff from different countries to work together as a team as well as showcase our strength in diversity.



Sports and Recreation

At CIMB, we strongly encourage staff to take part in sports and recreational activities. People from different parts of the Group come together in the name of sports. Our Sports and Recreation Department (SRD) is committed to providing fitness resources and a host of sports and recreation activities.



Media Highlights

CIMB-Principal biggest winner at The Edge-Lipper awards

Principal has been named the biggest winner at The Edge-Lipper awards for 2012. The award is given to the company that has made the most significant contribution to the financial services industry in Malaysia.

Principal, a subsidiary of CIMB, has been recognized for its innovative solutions and commitment to customer service. The award is presented annually to the company that has made the most significant contribution to the financial services industry in Malaysia.



CIMB CEO wins outstanding contribution award

Principal has been named the biggest winner at The Edge-Lipper awards for 2012. The award is given to the company that has made the most significant contribution to the financial services industry in Malaysia.

The award is presented annually to the company that has made the most significant contribution to the financial services industry in Malaysia. CIMB CEO has been recognized for his leadership and vision in driving the company's growth and innovation.



CIMB wants more revenue to come from abroad

MAKING AN ASIAN HUB: Financial group to gain contributions from local operations to 40% by 2013 from 50% currently.

CIMB Group Holdings Berhad (CIMB) has set a target to increase its revenue from local operations to 40% by 2013, down from 50% currently. The group is focusing on expanding its international presence and diversifying its revenue streams.



CIMB Niaga Genjot Pembiayaan

JAKARTA - PT Bank CIMB Niaga mencatat pertumbuhan signifikan pada tahun 2012. Kinerja keuangan yang kuat didukung oleh peningkatan pendapatan operasional dan efisiensi biaya.

Banking CIMB Niaga Syariah telah mencatat pertumbuhan yang signifikan dalam hal aset dan liabilitas. Hal ini menunjukkan kepercayaan investor dan nasabah terhadap bank syariah.



CIMB's SpeedSend services in more Asian nations

SPEEDSEND, CIMB Group Holdings Ltd's latest proposition for international money transfer services, is expanding its services to other Asian countries, namely Myanmar, Vietnam, India, Bangladesh and Nepal.

SpeedSend offers a fast solution to remittance services that enables money to reach destination banks or agents within minutes. It was launched as a pilot service in Indonesia and the Philippines in September last year.

"SpeedSend is truly a unique offering that we have not seen at CIMB Bank, but which we can also cross-sell to other financial institutions as well as other money transfer agents as a fast, convenient and reliable money transfer service," CIMB Group deputy chief executive officer and head of consumer banking Ramesh Vigas said.

"In addition, the demand for international remittance, or agents across the region," said Vigas.

From as low as RM10, customers can send money from Malaysia to any SpeedSend location by completing a simple form and showing a photo identification. The funds will be ready for beneficiaries to collect almost instantly, during agents' operational hours. Money can be transferred in the form of a cash payout or done via account crediting at selected countries.

"With CIMB Bank, customers get to enjoy a host of privileges and benefits that are accorded uniquely to them, for example, free cross-border ATM withdrawals and multi-currency dispensing facility at our machines in Indonesia," said Vigas.

"In line with the Asian for You promise, SpeedSend is yet another value-added service we offer to our customers in the region."



Bisnis Bancassurance CIMB Niaga Naik 43%

JAKARTA - PT Bank CIMB Niaga mencatat prestasi luar biasa untuk mempromosikan penjualan produk asuransi berbasis biaya (fee based insurance).

Head of Insurance Business CIMB Niaga Akhbar Nuzaimi mencatat hingga akhir September 2012, fee based income dari bisnis bancassurance naik sebesar 43% dari periode yang sama tahun sebelumnya.

Sementara itu, jumlah polis baru asuransi jiwa yang berhasil diunggulkan persentasenya meningkat sebanyak 20% dari akhir September 2011.

"Saat ini terus terjadi peningkatan kerjasama antara institusi asuransi jiwa dengan sektor perbankan dalam mempromosikan produk asuransi jiwa dengan sektor perbankan saat ini. Bisnis bancassurance cenderung lebih stabil," ujarnya dalam siaran pers Kamis (25/11).

Memorandum Bancassurance mempunyai keunggulan layanan, yaitu one stop service yang memungkinkan nasabah memperoleh pelayanan pro



CIMB clinches 3 Asia Risk 2012 awards

CIMB has clinched three awards in a major corporate banking award ceremony in Singapore. The awards are given to the company that has made the most significant contribution to the financial services industry in Asia.

CIMB Group Holdings Berhad (CIMB) has been recognized for its innovative solutions and commitment to customer service. The awards are presented annually to the company that has made the most significant contribution to the financial services industry in Asia.

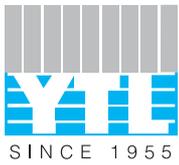


Media Highlights



Regional Notable Deals

REGIONAL M&A DEALS

<p>SapuraKencana Petroleum Berhad (formerly known as Sapura-Kencana Petroleum Berhad)</p> <p>RM1.9 billion acquisition of the entire business and undertakings of SapuraCrest Petroleum Berhad and Kencana Petroleum Berhad followed by the listing of SapuraKencana Petroleum Berhad on Bursa Malaysia</p>		<p>AIA Group Limited</p> <p>EURO1.336 billion acquisition of ING Management Holdings (Malaysia) Sdn Bhd by American International Assurance Company Limited, a wholly-owned subsidiary of AIA Group Limited</p>	
<p>Sime Darby Berhad</p> <p>GBP400 million acquisition of Battersea Power Station site in London, United Kingdom by Battersea Project Land Company Limited, a company jointly-owned by Sime Darby Berhad, S P Setia Berhad and the Employees Provident Fund Board (EPF)</p>		<p>KSK Group Berhad (formerly known as Kurnia Asia Berhad)</p> <p>RM1.6 billion disposal of 100% equity interest in Kurnia Insurans (Malaysia) Berhad to AmG Insurance Berhad</p>	
<p>Ambang Sehati Sdn Bhd</p> <p>RM1.5 billion conditional take-over offer to acquire all the remaining voting shares and warrants of Bandar Raya Developments Berhad</p>	<p>AMBANG SEHATI SDN BHD</p>	<p>Khazanah Nasional Berhad</p> <p>RM1.291 billion divestment of 42.74% of the equity interest in Proton Holdings Berhad to DRB-HICOM Berhad</p>	
<p>YTL Corporation Berhad</p> <p>RM1.2 billion conditional share exchange offer to acquire all the remaining voting shares and outstanding irredeemable convertible unsecured loan stocks of YTL Cement Berhad</p>		<p>Malaysia Marine and Heavy Engineering Holdings Berhad/ Petroliam Nasional Berhad</p> <p>RM393.5 million acquisition exercise by Malaysia Marine and Heavy Engineering Sdn Bhd, a wholly-owned subsidiary of Malaysia Marine and Heavy Engineering Holdings Berhad of the Pasir Gudang fabrication yard from Sime Darby Engineering Sdn Bhd</p> <p>RM296.0 million acquisition exercise by Petronas Assets Sdn Bhd, a wholly-owned subsidiary of Petroliam Nasional Berhad of the Teluk Ramunia fabrication yard from Sime Darby Engineering Sdn Bhd</p>	
<p>CIMB Group Holdings Berhad</p> <p>GBP88.4 million acquisition of The Royal Bank of Scotland's selected cash equities business, equity capital markets business and corporate finance business in Australia, China, Hong Kong, Indonesia, Malaysia, Singapore, Taiwan and Thailand</p>		<p>Alvogen Lux Holdings</p> <p>KRW75.7 billion acquisition of Kunwha Pharmaceutical</p>	

Regional **Notable Deals**

REGIONAL EQUITY DEALS

<p>Felda Global Ventures Holdings Berhad RM10.4 billion IPO on Bursa Malaysia</p> 	<p>IHH Healthcare Berhad RM6.7 billion or SGD2.7 billion IPO and First Concurrent Dual Listing on Bursa Malaysia and Singapore Exchange</p>  <p>IHH Healthcare Berhad</p>
<p>Astro Malaysia Holdings Berhad RM4.6 billion IPO on Bursa Malaysia</p> 	<p>Maxis Communications Berhad RM2.4 billion placement of Maxis Berhad's existing shares</p> 
<p>IGB Real Estate Investment Trust RM838 million IPO on Bursa Malaysia</p> 	<p>Manchester United Plc USD233 million IPO on New York Stock Exchange</p> 
<p>Religare Health Trust SGD511 million IPO on Singapore Exchange</p> 	<p>Tesco Lotus Retail Growth Freehold and Leasehold Property Fund THB7.5 billion Preferential Public Offering</p> 
<p>Asia Aviation PCL THB7.1 billion IPO and Private Placement on the Stock Exchange of Thailand</p> 	<p>Ananda Development PCL THB5.6 billion IPO on the Stock Exchange of Thailand</p> 
<p>Land and Houses Freehold and Leasehold Property Fund THB3.3 billion IPO on the Stock Exchange of Thailand</p> 	<p>China Machinery Engineering Corp HKD4.5 billion IPO on Hong Kong Stock Exchange</p> 

Regional **Notable Deals****REGIONAL DEBT DEALS**

<p>DanaInfra Nasional Berhad RM8.0 billion Islamic Commercial Papers/Islamic Medium Term Notes Programme, irrevocably and unconditionally guaranteed by the Government of Malaysia</p> 	<p>Turus Pesawat Sdn Bhd RM5.311 billion Sukuk Programme, irrevocably and unconditionally guaranteed by the Government of Malaysia</p> 
<p>Celcom Transmission (M) Sdn Bhd RM5.0 billion Sukuk Programme</p> 	<p>Axiata Group Berhad USD1.5 billion Multi-Currency Sukuk Issuance Programme issued via Axiata SPV2 Berhad</p> 
<p>Export-Import Bank of Malaysia Berhad USD1.5 billion Multicurrency Medium Term Note Programme</p> 	<p>Tanjung Bin Power Sdn Bhd RM4.195 billion Islamic Medium Term Notes</p> 
<p>Perbadanan Tabung Pendidikan Tinggi Nasional RM3.5 billion Islamic Medium Term Notes Programme, irrevocably and unconditionally guaranteed by the Government of Malaysia</p> 	<p>Korea Development Bank RM3.5 billion Islamic Medium Term Notes Programme and Conventional Medium Term Notes Programme (with a sub-limit of RM1.0 billion for the Conventional Medium Term Notes Programme)</p> 
<p>Malakoff Corporation Berhad RM3.29 billion Islamic Medium Term Notes issued via Tanjung Bin Energy Issuer Berhad</p> 	<p>Johor Corporation RM3.0 billion Islamic Medium Term Notes Programme, irrevocably and unconditionally guaranteed by the Government of Malaysia</p> 

Regional **Notable Deals**

REGIONAL DEBT DEALS (CONTINUED)

<p>Putrajaya Holdings Sdn Bhd RM3.0 billion Sukuk Musharakah Programme</p>  <p>PUTRAJAYA HOLDINGS A Member of Petronas Group</p>	<p>Maxis Berhad RM2.45 billion Unrated Sukuk Musharakah Programme</p> 
<p>UEM Group Berhad RM2.2 billion Islamic Medium Term Notes Programme issued via United Growth Berhad</p> 	<p>HLA Holdings Sdn Bhd RM2.0 billion Unrated Medium Term Notes</p>  <p>HLA Holdings Sdn Bhd A Member of the Hong Leong Group</p>
<p>Genting Capital Berhad RM2.0 billion Medium Term Notes Programme, guaranteed by Genting Berhad</p> 	<p>Syarikat Prasarana Negara Berhad RM2.0 billion Islamic Securities, irrevocably and unconditionally guaranteed by the Government of Malaysia</p> 
<p>UEM Land Holdings Berhad RM2.0 billion Islamic Medium Term Notes Programme and RM500.0 million Islamic Commercial Paper Programme</p>  <p>A member of UEM Group</p>	<p>Encorp Systembilt Sdn Bhd RM1.575 billion Sukuk Murabahah</p>  <p>ENCORP SYSTEMBILT SDN BHD</p>
<p>CIMB Bank Berhad RM1.5 billion Tier 2 Subordinated Notes</p> 	<p>Hong Leong Bank Berhad RM1.5 billion Tier 2 Subordinated Notes</p> 

Regional **Notable Deals****REGIONAL DEBT DEALS (CONTINUED)**

<p>Battersea Project Holding Company Limited</p> <p>GBP300 million Financing for the acquisition of the Battersea Power Station Site by Battersea Project Holding Company Limited, a JV between Sime Darby Berhad, S P Setia Berhad and Employees Provident Fund Board (EPF)</p> 	<p>Kimanis Power Sdn Bhd</p> <p>RM1.16 billion Sukuk Programme</p> 
<p>Khazanah Nasional Berhad</p> <p>USD357.8 million Exchangeable Trust Certificates due 2019 issued via Pulai Capital Limited</p> 	<p>CIMB Bank Berhad</p> <p>USD350 million 2.375% Notes due 2017 pursuant to a USD1.0 billion Euro Medium Term Notes Programme</p> 
<p>Magnum Corporation Sdn Bhd</p> <p>RM1.0 billion Medium Term Notes Programme</p> 	<p>Sabah Development Bank Berhad</p> <p>Up to RM1.0 billion Commercial Papers Programme and up to RM1.0 billion Medium Term Notes Programme subject to a combined aggregate nominal value of RM1.0 billion</p> 
<p>Edaran SWM Sdn Bhd</p> <p>RM1.0 billion Islamic Medium Term Notes Programme</p> 	<p>Bank Kerjasama Rakyat Malaysia Berhad</p> <p>RM1.0 billion Islamic Medium Term Notes Programme issued via Imtiaz Sukuk Berhad</p> 
<p>Media Prima Berhad</p> <p>RM500 million Commercial Papers/ Medium Term Notes Programme</p> 	<p>Tan Chong Motor Holdings Berhad</p> <p>RM388 million Asset-Backed Medium Term Notes issued via Premium Commerce Berhad</p> 

Regional Notable Deals

REGIONAL DEBT DEALS (CONTINUED)

<p>Axis REIT Sukuk Berhad RM300 million Sukuk Programme</p> 	<p>CIMB Islamic Bank Berhad RM300 million Junior Sukuk</p> 
<p>CIMB Bank Berhad HKD462 million 2.55% Fixed Rate Notes due 2017 pursuant to a USD1.0 billion Euro Medium Term Notes Programme</p> 	<p>PT Astra Sedaya Finance IDR5.0 trillion Senior Debt via Shelf Registration Programme Phase 1 of IDR8.0 trillion</p> 
<p>PT Adira Dinamika Multi Finance Tbk IDR1.85 trillion Senior Debt via Shelf Registration Programme Phase 2 of IDR6.0 trillion IDR1.627 trillion Senior Debt via Shelf Registration Programme Phase 3 of IDR6.0 trillion</p> 	<p>PT Bank Pan Indonesia Tbk IDR1.0 trillion Senior Debt via 1st Shelf Registration Programme Phase 1 of IDR3.0 trillion and IDR2.0 trillion Subordinated Bonds via 1st Shelf Registration Programme Phase 1 of IDR4.0 trillion</p> 
<p>PT Sarana Multigriya Finansial (Persero) IDR1.25 trillion Senior Debt via 1st Shelf Registration Programme Phase 2 of IDR2.0 trillion IDR750.0 billion Senior Debt via 2nd Shelf Registration Programme Phase 1 of IDR5.0 trillion IDR580.0 billion Medium Term Notes</p> 	<p>PT Bank CIMB Niaga Tbk IDR2.0 trillion Senior Debt via Shelf Registration Programme Phase 1 of IDR8.0 trillion</p> 
<p>PT Bank Tabungan Negara (Persero) Tbk IDR2.0 trillion Senior Debt via Shelf Registration Programme Phase 1 of IDR4.0 trillion</p> 	<p>PT AKR Corporindo Tbk IDR1.5 trillion Senior Debt</p> <p>PT AKR CORPORINDO TBK</p>

Regional **Notable Deals****REGIONAL DEBT DEALS (CONTINUED)**

<p>PT Bank Bukopin Tbk IDR1.5 trillion Subordinated Bonds via Shelf Registration Programme Phase 1 of IDR2.0 trillion</p> 	<p>PT Indomobil Finance Indonesia IDR1.3 trillion Senior Debt via Shelf Registration Programme Phase 1 of IDR4.0 trillion</p> 
<p>PT Tunas Baru Lampung Tbk IDR1.0 trillion Senior Debt</p> <p>PT TUNAS BARU LAMPUNG TBK</p>	<p>PT CIMB Niaga Auto Finance IDR600.0 billion Senior Debt</p> 
<p>PT Indomobil Wahana Trada IDR599.0 billion Senior Debt</p> 	<p>Genting Singapore PLC SGD1.8 billion Subordinated Perpetual Capital Securities</p> 
<p>United Overseas Bank Limited USD500 million Senior Unsecured Bonds due 2017</p> <p>UNITED OVERSEAS BANK LIMITED</p>	<p>Golden Agri-Resources Limited USD400 million 2.50% Convertible Bonds due 2017</p> 
<p>Housing Development Board SGD385 million Medium Term Notes due 2017</p> 	<p>Wilmar International Ltd SGD250 million Medium Term Notes due 2017 SGD100 million Medium Term Notes due 2019</p> 

Regional **Notable Deals**

REGIONAL DEBT DEALS (CONTINUED)

<p>City Developments Limited SGD50 million Trust Certificates due 2019 issued via Citydev Nahdah Pte Ltd</p> 	<p>Krungthai Card PCL THB6.0 billion Senior Unsecured Debentures (Tranche A due 2014, Tranche B due 2015, Tranche C due 2016)</p> 
<p>Ratchthani Leasing PCL THB6.0 billion Senior Unsecured Debentures (Tranche A due 2014, Tranche B due 2015, Tranche C due 2016)</p> 	<p>Easy Buy PCL THB3.5 billion Guaranteed Debentures/ Unsecured Debentures (Tranche A and C due 2015, Tranche B due 2016) THB1.84 billion Guaranteed Debentures/ Unsecured Debentures (Tranche A and C due 2015, Tranche B due 2016)</p> 
<p>Indorama Ventures PCL THB4.77 billion Senior Unsecured Debentures (Tranche A due 2018, Tranche B due 2020, Tranche C due 2022, Tranche D due 2024)</p> 	<p>CIMB Thai PCL THB3.0 billion Subordinated Debentures</p> 
<p>Land and Houses PCL THB2.5 billion Senior Unsecured Debentures</p> 	<p>Thai Airways International PCL THB1.5 billion Senior Unsecured Debentures due 2024</p> 
<p>Home Product Center PCL THB1.3 billion Senior Unsecured Debentures</p> 	<p>Ticon Industrial Connection PCL THB100 million Senior Unsecured Debentures due 2017 THB800 million Senior Unsecured Debentures due 2014</p> 
<p>Islamic Development Bank USD800 million Trust Certificates due 2017 issued via IDB Trust Services Limited</p> 	<p>Bahrain Mumtalakat Holding Company B.S.C. (c) RM300 million Sukuk Murabahah</p> 

Notable Achievements



Notable Achievements



Notable Achievements

ALPHA SOUTHEAST ASIA

FINANCIAL INSTITUTION AWARDS 2012

- **Best Investment Bank in Malaysia**
- **Best Institutional Broker in Malaysia**
- **Best Private Wealth Management Bank in Malaysia**
- **Best Cash Management Bank in Malaysia**
- **Best Islamic Finance Bank in Malaysia**
- **Special Marquee Awards:**
Best Islamic Finance Bank in Southeast Asia
- **Special Marquee Awards:**
Best Asset Manager in Southeast Asia
- **Special Marquee Awards:**
Best Bond House in Southeast Asia
- **Special Marquee Awards:**
Best Equity House in Southeast Asia

INVESTOR CORPORATE AWARDS 2012

- **Most Organised Investor Relations**

DEAL AND SOLUTION AWARDS 2012

- **Deal Of The Year in Southeast Asia:**
Axiata Group Berhad RMB1.0 billion Sukuk Issuance
- **Best IPO Deal Of The Year in Southeast Asia & Best Deal Of The Year in Southeast Asia for Minority Shareholders:**
USD3.1 billion Felda Global Ventures Holdings IPO
- **Best Dual-Listed IPO of the Year in Southeast Asia & Best Equity Deal Of The Year in Southeast Asia:**
RM6.73 billion IHH Equity Offering
- **Best REIT Deal Of The Year in Southeast Asia & Most Innovative Deal Of The Year in Southeast Asia:**
USD275.3 million IGB REIT
- **Best Local Currency Bond Deal Of The Year in Southeast Asia:**
Genting Singapore's SGD1.8 billion perpetual subordinated capital securities

- **Best Project Financing Deal Of The Year in Southeast Asia:**

RM2.4 billion Danalnfra Nasional's Islamic Commercial Papers & IMTN

- **Best Islamic Finance Deal Of The Year in Southeast Asia:**

USD11.1 billion PLUS Guaranteed Sukuk

ASIAN BANKING & FINANCE AWARDS

RETAIL BANKING AWARDS 2012

- **Core Banking System Initiative of the Year for Malaysia**
- **Core Banking System Initiative of the Year for Thailand**
- **Advertising Campaign of the Year for Malaysia**
- **Online Securities Platform of the Year for Malaysia**

WHOLESALE BANKING AWARDS 2012

- **Indonesia Domestic Cash Management Bank of the Year:**
CIMB Niaga
- **Indonesia Domestic Trade Finance Bank of the Year:**
CIMB Niaga
- **Malaysia Domestic Cash Management Bank of the Year:**
CIMB Investment Bank
- **Malaysia Domestic Trade Finance Bank of the Year:**
CIMB Investment Bank

ASIA ASSET MANAGEMENT

BEST OF THE BEST COUNTRY AWARDS 2012

- **Best Institutional House:**
CIMB-Principal Asset Management
- **Most Innovative Product:**
CIMB-Principal PRS Plus
- **Best Islamic Product:**
CIMB-Principal PRS Plus

ETF AND INDEXING AWARDS 2012 (IN COLLABORATION WITH ETFI ASIA)

- **ETF Manager of the Year for Malaysia:**
CIMB-Principal Asset Management
- **Best New ETF for Singapore:**
CIMB S&P Ethical Asia Pacific Dividend ETF

ASIA RISK AWARDS

- **Regional House of the Year 2012:**
CIMB Group
- **House of the Year, Malaysia 2012:**
CIMB Group
- **House of the Year, Indonesia 2012:**
CIMB Niaga

ASIAMONEY

BEST MANAGED COMPANY AWARDS 2012

- **Best Executive in Malaysia –**
Dato' Sri Nazir Razak, CIMB Group

BEST BANK AWARDS 2012

- **Best Domestic Bank in Malaysia**
- **Best Domestic Equity House in Malaysia**

BEST ISLAMIC BANK AWARDS 2012

- **Best Islamic Bank In Asia**
- **Best Islamic Bank In Malaysia**

REGIONAL AWARDS 2012

- **Best IPO in the region**
Deal: IHH Healthcare's RM6.73 billion IPO

COUNTRY AWARDS 2012

- **Country Deal of The Year for Malaysia**
Deal: IHH Healthcare's RM6.73 billion IPO

PRIVATE BANKING POLL 2012

- **Best Domestic Private Bank in Malaysia 2012**
- **Overall Best Private Bank in Malaysia 2012 (As voted by HNWI's with USD1-5m AUM and HNWI's with USD5.01m-25m AUM)**

Notable Achievements

FOREIGN EXCHANGE POLL 2012

- Best for FX Products and services in Asia Pacific as voted by financial institutions
- Best domestic provider of FX services in Malaysia as voted by financial institutions
- Best domestic provider of FX services in Malaysia as voted by corporates
- Best domestic provider of FX services in Malaysia as voted by corporates
- Best domestic provider of FX products and services in Malaysia as voted by corporates
- Best domestic provider of FX options in Malaysia as voted by corporates
- Best domestic provider of FX research and market coverage in Malaysia as voted by corporates
- Best for overall FX services in Indonesia as voted by corporates
- Best for FX products & services in Indonesia as voted by corporates
- Best for FX options in Indonesia as voted by corporates
- Best for FX research & market coverage in Indonesia as voted by corporates
- Best for overall FX services in Thailand as voted by corporates
- Best for FX products & services in Thailand as voted by corporates
- Best for FX options in Thailand as voted by corporates

CASH MANAGEMENT POLL 2012

- Best Local Cash Management Bank in Malaysia as voted by small, medium and large-sized corporates
- Best Overall Local Cash Management services in Malaysia as voted by small, medium and large-sized corporates
- Best Overall Cross Border Local Cash Management services in Malaysia as voted by small, medium and large-sized corporates
- Best Cash Management Bank in Thailand as voted by small and medium-sized corporates
- Best Overall Domestic Cash Management services in Thailand as voted by small-sized corporates
- Best Overall Cross-Border Cash Management services in Thailand as voted by small-sized corporates

FIXED INCOME POLL AWARDS 2012

- Best Sales Service in Credit Derivatives for MYR
- Best Sales Service in Credit Derivatives for IDR
- Best Sales Service in Credit Derivatives for THB
- Best Interest Rates Research and Market Coverage for INR
- Best Interest Rates Research and Market Coverage for MYR
- Best Interest Rates Research and Market Coverage for THB
- Best Sales Service in Commodities Derivatives for IDR
- Best Pricing for Commodities Derivatives for AUD
- Best Pricing for Commodities Derivatives for SGD
- Best for Credit Services in Malaysia
- Best for Credit Research and Market Coverage in Malaysia
- Best for Credit Sales in Malaysia
- Best for Credit Derivatives in Malaysia

- Best for Interest Rate Research in Malaysia
- Best for Interest Rate Products and Sales in Malaysia
- Best for Interest Rate Derivatives in Malaysia
- Best for Credit Services in Indonesia
- Best for Credit Research and Market Coverage in Indonesia
- Best for Credit Sales in Indonesia
- Best for Credit Derivatives in Indonesia
- Best for Interest Rate Research in Indonesia
- Best for Credit Sales in Thailand
- Best for Interest Rate Products and Sales in Thailand
- Overall Best for Credit in Malaysia
- Overall Best for Interest Rates in Malaysia
- Overall Best for Credit in Indonesia
- Overall Best for Interest Rates in Indonesia
- Overall Best for Credit in Thailand
- Overall Best for Interest Rates in Thailand

BROKERS POLL AWARDS 2012

- Best Local Brokerage in Malaysia
- Best for Overall Country Research in Malaysia
- Best Analyst in Malaysia: Yung-Juen Yeoh
- Best Research Coverage for Strategy in Malaysia
- Best Research Coverage for Macroeconomics in Malaysia
- Best Research Coverage for Banks in Malaysia
- Best Research Coverage for Capital Goods in Malaysia

Notable Achievements

- Best Research Coverage for Consumer Services in Malaysia
- Best Research Coverage for Food, Beverages & Tobacco in Malaysia
- Best Research Coverage for Materials in Malaysia
- Best Research Coverage for Telecommunication Services in Malaysia
- Best Overall Sales Services in Malaysia
- Best Sales Execution in Malaysia
- Best Sales Trading in Malaysia
- Best for Events and/or Conferences in Malaysia
- Best for Roadshows and Company Visits in Malaysia
- Best Analyst in Indonesia: Erwan Teguh
- Best Research Coverage for Small Caps in Indonesia
- Best Research Coverage for Capital Goods in Indonesia
- Most Improved Brokerage over the last 12 months in Indonesia
- Best Research Coverage for Transportation in Singapore
- Best Research Coverage for Media in Thailand
- Best Research Coverage for Telecommunication Services in Thailand
- Best Research Coverage for Energy in Thailand

ASIAN INVESTOR AWARDS

INVESTMENT PERFORMANCE AWARDS 2012

- Best Malaysia Fund House, Islamic Investments: CIMB Islamic

BPA TRAILBLAZER AWARDS 2012

- Product Excellence in P2P Payment: CIMB Bank, Malaysia

CIR MAGAZINE BUSINESS CONTINUITY AWARD 2012

BUSINESS CONTINUITY AWARDS 2012

- Crisis Management Strategy of the Year: CIMB Thai

CORPORATE GOVERNANCE ASIA

THE BEST OF ASIA FOR MALAYSIA 2012

- Asian Corporate Director Awards: Dato' Sri Nazir Razak, CIMB Group
- Best CFO for Investor Relations: Kenny Kim, CIMB Group
- Best Investor Relations Website/Promotion: CIMB Group
- Best Investor Relations Professional: Steven Tan, CIMB Group
- Best Investor Relations for a Malaysian Company: CIMB Group

EUROMONEY

AWARDS FOR EXCELLENCE 2012

- Outstanding Achievement Award: Dato' Sri Nazir Razak, CIMB Group
- Best Bank in Malaysia
- Best Investment Bank in Malaysia

DEALS OF THE YEAR 2013

(Announced in 2013 in recognition of 2012's achievements)

- Genting Singapore's SGD1.8 billion perpetual subordinated capital securities
- IHH Healthcare's USD2.1 billion IPO

ISLAMIC FINANCE AWARDS 2013

(Announced in 2013 in recognition of 2012's achievements)

- Best Islamic Bank in Asia
- Best Islamic Bank in Malaysia
- Most Innovative Deal: Axiata Group Berhad RMB1.0 billion Sukuk Issuance

PRIVATE BANKING SURVEY 2012

- Best Private Banking Services in Malaysia
- Best Private Banking Services Overall
- Best in Relationship Management
- Best for Privacy and Security
- Best for Range of Investment Products
- Best for Family Office Services
- No.1 for Net-worth-specific services (Super affluent: USD500,000 to USD1 million)
- No. 1 for Net-worth-specific services (High Net Worth I: USD1 million to USD 10 million)
- No. 1 for Net-worth-specific services (High Net Worth II: USD10 million to USD30 million)
- No. 1 for Net-worth-specific services (Ultra High Net Worth II: Greater than USD30 million)

FINANCE ASIA

COUNTRY AWARDS FOR ACHIEVEMENT 2012

- Best Investment Bank in Malaysia
- Best Bond House in Malaysia
- Best Equity House in Malaysia
- Best Broker in Malaysia
- Best Foreign Exchange Bank in Malaysia
- Best Private Bank in Malaysia: CIMB Private Banking

Notable Achievements

ACHIEVEMENT AWARDS 2012

- **Best Islamic Finance House**
- **Best Islamic Finance Deal:**
Axiata Group's RMB1 billion sukuk
- **Best IPO/Best Malaysia Deal:**
IHH Healthcare's RM6.73 billion IPO
- **Best Singapore Deal:**
Genting Singapore's SGD1.8 billion perpetual subordinated capital securities

GLOBAL ARCHITECTURE EXCELLENCE AWARDS

- **Enterprise Architecture Award 2012:**
CIMB Group
Initiative: Transforming architecturally using TOGAF Framework

GLOBAL FINANCE

WORLD'S BEST INTERNET BANK- GLOBAL CATEGORY 2012

- **Best in Social Media:** CIMB Group

WORLD'S BEST INTERNET BANKS IN ASIA 2012

- **Best Consumer Internet Bank for Malaysia:** CIMB Bank
- **Best in Social Media in the Region:** CIMB Group

WORLD'S BEST ISLAMIC FINANCIAL INSTITUTIONS 2012

- **Best Asset Management Company:**
CIMB-Principal Islamic Asset Management
- **Islamic Finance Deal of the Year:**
Wakala Global Sukuk Bhd, USD2 billion Sukuk trust certificates

GLOBAL ISLAMIC FINANCE AWARDS

- **Best Islamic Structured Funds Platform 2012**
- **Best Islamic Bank for the year 2012**

IDC FINANCIAL INSIGHTS

FINANCIAL INSIGHTS INNOVATION AWARDS 2012

- **Excellence in Core Banking Implementation:** CIMB Group
- **Innovation in Social Banking:** CIMB Bank, Malaysia

IFR ASIA

REGIONAL AWARDS 2012

- **Domestic Bond, Singapore Capital Markets Deal:**
Genting Singapore's SGD1.8 billion perpetual subordinated capital securities

COUNTRY AWARDS 2012

- **Best Bond House in Malaysia 2012**
- **Best Equity House in Malaysia 2012**
- **Malaysia Capital Markets Deal:**
IHH Healthcare's RM6.73 billion IPO

INDONESIA BANKING AWARD 2012

- **2012 Best Performance Banking for National Private Bank with above Rp50T asset from Perbanas Institute and Tempo Media Group:**
CIMB Niaga

INDONESIA GREEN AWARD 2012

- **2012 CSR Award from La Tofi School of CSR, Indonesian Ministry of Forestry and Indonesian Ministry of Industry:**
CIMB Niaga

INFOBANK MAGAZINE

- **2012 Golden Trophy, 'Sangat Bagus Selama 5 Tahun' accredited for capital above Rp10-50T:**
CIMB Niaga

IR MAGAZINE AWARDS

- **2012 Best Investor Relations by a Malaysian company:** CIMB Group

ISLAMIC FINANCE NEWS

DEAL OF THE YEAR 2012

- **Cross-Border Deal of the Year**
Deal: Axiata USD1.5 billion multi-currency Sukuk Issuance Programme
- **Malaysia Deal of the Year**
Deal: PLUS RM23.35 billion IMTN Programme and RM11 billion Guaranteed Sukuk Programme
- **IPO Deal of the Year**
Deal: Felda Global Ventures USD3.4 billion IPO

ISLAMIC INVESTOR POLL 2012

- **Best Overall Islamic Asset Management Company in Asia**
- **Best Overall Islamic Asset Management Company**
- **Best Institutional Solutions Provider of the Year**

MALAYSIA INVESTOR RELATIONS AWARDS

2012 LARGE CAP WINNER

- **Best CEO for IR:**
Dato' Sri Nazir Razak, CIMB Group
- **Best Company for IR:**
CIMB Group
- **Best IR Website:**
CIMB Group
- **Best IR Professional:**
Steven Tan, CIMB Group

MARKETEERS MAGAZINE

- **The Best of Indonesia Service to Care Champion 2012:**
CIMB Niaga

Notable Achievements

NATIONAL MERGERS & ACQUISITION AWARDS

2012 AWARDS

- **M&A Advisor of the Year:**
CIMB Investment Bank
- **Deal Maker of the Year:**
Khazanah's disposal of 30% stake in Integrated Healthcare Holdings (IHH) to Mitsui & Co
- **Innovative Deal of the Year:**
Khazanah's disposal of 30% stake in Integrated Healthcare Holdings (IHH) to Mitsui & Co
- **Strategic/Industry Deal of the Year:**
Merger of SapuraCrest Petroleum and Kencana Petroleum

IT EXCELLENCE AWARDS

2012 AWARDS

- **Best Change Management:**
CIMB Bank Berhad
Project: 1View Change Journey Management—Release 1.x

PFI PROJECT FINANCE INTERNATIONAL AWARD

2012 AWARDS:

- **Asia Pacific Project Bond of the Year:**
Tanjung Bin Energy's RM6.5 billion senior loan for the 1,000 MW TBE Power Plant

PWM & THE BANKER

EXCELLENCE IN WEALTH MANAGEMENT

2012 AWARDS:

- **Best Private Bank in Malaysia**

SGX BROKER APPRECIATION AWARDS

- **Top ASEAN SGX-ST Member 2012 Award:** CIMB Securities

STRUCTURED PRODUCTS ASIA AWARDS

- **2012 Best Structured Products in Malaysia**

SWA MAGAZINE

- **2012 Human Resources Excellence Winner:**
CIMB Niaga for 'Development' category

THE ASIAN BANKER

2012 TECHNOLOGY IMPLEMENTATION AWARDS

- **Best Risk Analytics Project Award 2012**

2012 RISK MANAGEMENT AWARDS

- **The Risk Analytics Technology Project Award**

2012 SPECIAL AWARDS

- **Best Social Media Engagement**

2012 DOMESTIC TRANSACTION BANKING AWARDS

- **The Best Trade Finance Bank in Indonesia:**
CIMB Niaga
- **The Best Cash Management Bank in Malaysia:**
CIMB Investment Bank

THE ASSET

2012 TRIPLE A COUNTRY AWARDS

- **Best Domestic Investment Bank in Malaysia**
- **Best Equity House in Malaysia**
- **Best Deal in Malaysia**
Deal: IHH Healthcare's RM6.73 billion IPO
- **Best Deal in Singapore**
Deal: Genting Singapore's SGD1.8 billion perpetual subordinated capital securities

2012 TRIPLE A REGIONAL AWARDS

- **Best Equity/Best IPO**
Deal: IHH Healthcare's RM6.73 billion IPO
- **Best Project Finance Deal**
Deal: Tanjung Bin Energy's RM6.5 billion loan and sukuk murabaha

2012 TRIPLE A ISLAMIC FINANCE AWARDS

- **Islamic Banker of the Year:**
Badlisyah Abdul Ghani
- **Islamic Bank of the Year:**
CIMB Islamic Bank
- **Best Islamic Bank in Malaysia:**
CIMB Islamic Bank
- **Best Islamic Investment Bank in Asia:**
CIMB Investment Bank
- **Islamic Asset Management House of the Year:**
CIMB-Principal Islamic Asset Management
- **Sukuk House of the Year, Asia:**
CIMB Investment Bank
- **Islamic Deal of the Year/Best Sovereign Sukuk**
Deal: Government of Malaysia's USD2 billion dual tranche global sukuk
- **Best Islamic Deal in Malaysia**
Deal: Government of Malaysia's USD2 billion dual tranche global sukuk
- **Best Islamic Equity**
Deal: Bumi Armada's USD888 million IPO
- **Best Corporate Sukuk**
Deal: Projek Lebuhraya Usahasama's RM30.6 billion sukuk
- **Most Innovative Deal / Best Islamic Local Currency**
Deal: Khazanah Nasional's RMB500 million sukuk al-wakala
- **Best Islamic Restructuring Deal**
Deal: Pengurusan Aset Air simultaneous acquisition of RM5.8 billion water bonds and issuance of RM5.8 billion government-guaranteed Islamic medium-term notes

Notable Achievements

2012 TRIPLE A INVESTMENT AWARDS

- Best Derivatives House in Malaysia
- Best Structured Products House in Malaysia
- Best Private Bank in Malaysia

2012 ASIAN CURRENCY BOND BENCHMARK SURVEY

- Top Bank in the Secondary Market for Government Bonds in Malaysia
- Top Bank in the Secondary Market for Corporate Bonds in Malaysia
- Top Bank Arranger – Quality and Number of Primary Government Bond Deals in Malaysia
- Top Bank Arranger – Quality and Number of Primary Corporate Bond Deals in Malaysia

THE BANKER**BANK OF THE YEAR 2012 AWARD**

- Bank of The Year in Malaysia

INVESTMENT BANKING 2012 AWARDS

- Most Innovative Investment Bank from Asia Pacific
- Most Innovative for Islamic Finance

DEAL OF THE YEAR 2012 AWARDS

- Equity Deal of the Year for Asia Pacific
Deal: Bumi Armada's USD888 million IPO

THE EDGE**2012 BILLION RINGGIT CLUB CORPORATE AWARDS**

- Highest Profit Growth Company:
CIMB Group Holdings Berhad

2012 BEST DEALS OF THE YEAR

- **Best M&A deal:**
AmG Insurance Berhad's acquisition of Kurnia Insurans (Malaysia) Berhad
- **Biggest M&A Deal:**
RM11.85 billion merger of Kencana Petroleum Berhad and SapuraCrest Petroleum Berhad
- **Biggest Corporate Restructuring Exercise:**
KrisAssets Holdings Berhad's REIT Formation
- **Biggest Privatisation Deal:**
Privatisation of PLUS Expressways Berhad by PLUS Malaysia Sdn Bhd and the Employees Provident Fund
- **Best Fundraising for a Non-IPO:**
Genting Singapore's SGD1.8 billion perpetual subordinated capital securities
- **Best Share Placement:**
Maxis Berhad's RM2.4 billion share placement
- **Best IPO:**
IHH Healthcare's RM6.73 billion IPO
- **Biggest IPO:**
Felda Global Ventures Holdings Berhad RM9.9 billion IPO

2012 THE EDGE-LIPPER MALAYSIA FUND AWARDS

- The Best Mixed Asset Fund Group Award
- The Best Mixed Asset Balanced Malaysia (three-year) Fund award for its CIMB Islamic Balanced Growth Fund

THE INTERNATIONAL TAKAFUL AWARDS

- 2012 Best Asset Management House in Asia

THOMSON REUTERS AWARDS FOR EXCELLENCE

- 2012 Starmine Analyst Awards for Australia and New Zealand
Top Research House: CIMB

TRADE FINANCE**AWARDS FOR EXCELLENCE 2012**

- **Best Trade Bank in Malaysia:**
CIMB Investment Bank
- **Best Trade Bank in Thailand:**
CIMB Thai
- **Best Islamic Trade Bank in Asia-Pacific:**
CIMB Islamic

VRL FINANCIAL NEWS**2012 PRIVATE BANKER INTERNATIONAL AWARDS**

- Outstanding Wealth Management Service for the Affluent
- Outstanding Young Private Banker:
Tan Tee Ming

WORLD ISLAMIC FUNDS AND FINANCIAL MARKETS CONFERENCE AWARDS

- Islamic Investment Institution of the Year 2012



CORPORATE EVENT HIGHLIGHTS





1
**CAMPAIGNS,
PRODUCTS AND SERVICES**

2
**DEAL-RELATED
EVENTS**

3
**GROUP
EXPANSION**

4
**SEMINARS AND
BRIEFINGS**

5
**SPONSORSHIP AND
OTHER EVENT
HIGHLIGHTS**

Corporate **Event Highlights**



CAMPAIGNS, PRODUCTS AND SERVICES

Corporate Event Highlights



Top:

Kuala Lumpur: Launch of CIMB-Principal Islamic Asset Management – HRH Crown Prince of Perak, Raja Dr. Nazrin Shah Ibni Sultan Azlan Muhibbuddin Shah officiating the launch of one of the first global Shariah-compliant asset management companies based in Malaysia. Also in attendance were Dato’ Sri Nazir Razak, Group Chief Executive CIMB Group and Dato’ Charon Wardini Mokhzani, Deputy CEO CIMB Group & CEO CIMB Investment Bank.

Bottom:

Kuala Lumpur: Launch of CIMB BizLoyalty Programme for small and medium enterprises in Malaysia – SME BizLoyalty members now earn points for banking transactions and can redeem goods and services from the programme’s partners. Pictured are Dato’ Sri Nazir Razak, Group Chief Executive CIMB Group; Dato’ Sri Zamzamairani Isa, Group CEO Telekom Malaysia; Yeo Swee Key, Regional Inside Sales Director Dell Malaysia & Singapore; Abdul Karim Md Lassim, CEO Touch n’ Go; Zakri Khir, CEO Allianz; Sandy Lee, Senior Marketing Manager Canon Marketing Malaysia and Michael Cho, Managing Director, Sage Software.



Corporate Event Highlights



Jakarta: Launch of CIMB Niaga's 'Go Mobile' e-channel service – Arwin Rasyid, President Director & CEO CIMB Niaga launching the 'Go Mobile' banking service, which can be accessed through any kind of mobile phone and serves the needs of Indonesian customers who want 24-hour banking flexibility.

Kuala Lumpur: Grand prize for i*Trade@CIMB Bonanza campaign – Dato' Charon Wardini Mokhzani, Deputy CEO CIMB Group & CEO CIMB Investment Bank, Alan Inn Wei Loon, Director Regional Retail Broking, CIMB Investment Bank and Paul Gui, Head of Retail Equities, CIMB Investment Bank with the Grand Bonanza prize winner Liew Foo Yung.



Bangkok: CIMB Thai rewards "Happy Anniversary" campaign winners – Subhak Siwaraksa, President and CEO of CIMB Thai Bank presented rewards to winners of CIMB Thai's Facebook fanpage campaign. This campaign was launched to celebrate the first anniversary of the bank's fanpage.



Corporate Event Highlights



Top:
From left to right:

Singapore: Baby CIMB Junior in Facebook Contest – Mak Lye Mun, CEO CIMB Bank Singapore with baby prize winner Emmanuel Leong and his parents in the “Little Kidz, Big Dreams” Facebook contest. Also pictured are Coreen Kwan, Head Retail Banking Singapore and Chua Wee Phong, Chairman Sphere Exhibits.

Kuala Lumpur: Launch of CIMB Islamic Al-Azzam Equity Fund – Munirah Khairuddin, Deputy Chief Executive CIMB-Principal and Raymond Tang, Executive Vice-President CIMB-Principal launching their new equity fund for investors who are keen on Shariah compliance product.

Bottom:

Jakarta: Launch of Preferred Phone Banking Service – Arwin Rasyid, President Director & CEO CIMB Niaga and Samir Gupta, Sales & Distribution Director CIMB Niaga launching a dedicated phone banking service for Preferred and Private banking customers in Indonesia.

Corporate Event Highlights

Kuala Lumpur: Grand Prizes for CIMB Clicks “Ultimate Football Pass” Campaign – Peter England, Head of Retail Financial Services CIMB Bank presenting tickets and travel passes to three of the five grand prize winners.



Kuala Lumpur: Horror novel to promote CIMB YOUth and youth reading – Dato' Sri Nazir Razak, Group Chief Executive CIMB Group with Kathryn Chua and her parents at the launching of her fantasy horror novel, 'Midnight Walking'. CIMB YOUth, powered by CIMB Bank is a unique banking experience that encourages saving in a fun and rewarding way for youths aged 12-23 years.

Corporate Event Highlights



Kuala Lumpur: Launch of CIMB-Principal Private Retirement Scheme – A new alternative to complement savings held by the Malaysian government’s Employees Provident Fund, the CIMB-Principal PRS Plus will initially work with seven partner companies. Pictured with Dato’ Sri Nazir Razak, Group Chief Executive CIMB Group, are Cyril Quenneville, Country Sales Head Asian Tigers Transpo Movers; Dato’ Hafsa Hashim, CEO SME Corporation Malaysia; Datuk Izaddin Idris, CEO UEM Holdings; Shah Hakim Zain, CEO Scomi Group; Abdul Rauf Rashid, Country Managing Partner Ernst & Young; Datuk Azmi Ahmad, CEO Alam Maritim Resources and Winnie Loo, Founder A Cut Above.



Kuala Lumpur: Launch of CIMB Bank Savings Circle on Facebook – Renzo Viegas, Deputy CEO CIMB Group & Head of Consumer Banking CIMB Bank and Peter England, Head of Retail Financial Services CIMB Bank launching the world’s first bank deposit campaign that runs fully on Facebook.

Corporate **Event Highlights**



DEAL-RELATED EVENTS



Corporate Event Highlights



Kuala Lumpur: Felda Global Ventures in RM10.4 billion IPO – CIMB Investment Bank was joint principal adviser, joint global coordinator and joint bookrunner for Malaysia's largest initial public offering of 2012. Pictured at the prospectus launch are Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia and the management team of Felda Global Ventures. At the far right is Dato' Charon Wardini Mokhzani, Deputy CEO CIMB Group & CEO CIMB Investment Bank.

Corporate **Event Highlights**

Top:

Jakarta: Launch of strategic alliance with Shizuoka Bank – Arwin Rasyid, President Director and CEO CIMB Niaga launching a strategic alliance to facilitate banking services for Shizuoka Bank customers in Indonesia. Shizuoka Bank is the largest regional bank in Japan.

Bottom:

Kuala Lumpur: PLUS in RM30.6 billion sukuk issuance – CIMB Investment Bank was financial adviser, sole principal adviser, sole lead arranger and joint lead manager for Malaysia's biggest toll expressway company Projek Lebuhraya Usahasama Berhad's sukuk issuance. Pictured are Kok Tuck Cheong, CEO AmInvestment Bank; Dato' Sri Nazir Razak, Group Chief Executive CIMB Group; Dato' Izzaddin Idris, CEO UEM Group; Dato' Shahril Ridza Ridzuan, Deputy CEO Investment Division EPF; Dato' Sri Abdul Wahid Omar, President & CEO Maybank and Mike Chan, Officer-In-Charge RHB Investment Bank.



Corporate Event Highlights



Top:

Kuala Lumpur: IHH Healthcare in RM6.7 billion IPO

CIMB Investment Bank was a lead global coordinator for the initial public offering of Asia's largest private hospital operator IHH (Integrated Healthcare Holdings). The company was the first to be simultaneously listed in Malaysia and Singapore. Pictured at the prospectus launch are Dato' Sri Nazir Razak, Group Chief Executive CIMB Group; Dr Lim Cheok Peng, Managing Director IHH; Dato' Mohammed Azlan Hashim, Director of Khazanah Nasional; Dato' Mustapa Mohamed, Minister Of International Trade And Industry; Tan Sri Dato' Dr Abu Bakar Suleiman, Chairman IHH; Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia; Tan Sri Dato' Azman Hj. Mokhtar, Managing Director Khazanah Nasional; Saiga Daisuke, Senior Executive Managing Officer Mitsui & Co; Mehmet Ali Aydinlar, Chairman and CEO Acibadem Group and Omar Lodhi, CEO Abraaj Capital.

Bottom:

Kuala Lumpur: IGB Real Estate Investment Trust's USD260 million IPO

– CIMB Investment Bank was joint principal adviser, joint global coordinator, joint bookrunner and joint managing underwriter for the initial public offering of IGB REIT, which owns Mid-Valley Megamall and the Gardens Mall in Kuala Lumpur. Pictured are Robert Tan, Managing Director IGB REIT Management; Kong Sooi Lin, Deputy CEO CIMB Investment Bank; Elizabeth Tan, Joint Chief Operating Officer (The Gardens Mall) IGB REIT Management and Anthony Barragry, CEO IGB REIT Management.



Corporate **Event Highlights**



GROUP EXPANSION

Corporate Event Highlights

Top:

Hong Kong: CIMB strengthens presence in Hong Kong – Matthew Kirkby, CEO for Hong Kong and Co-Head of Investment Banking, Dato’ Sri Nazir Razak, Group Chief Executive CIMB Group and Dato’ Charon Wardini Mokhzani, Deputy CEO CIMB Group & CEO CIMB Investment Bank at the launch of the Group’s extended investment banking operations in Hong Kong. CIMB Group acquired the Royal Bank of Scotland’s investment banking businesses in Hong Kong and integrated the operations into CIMB’s existing franchise.



Bottom:

Kuala Lumpur: CIMB Bank Commercial Banking Centre relocates for business growth – Renzo Viegas, Deputy CEO CIMB Group and Head of Consumer Banking CIMB Bank at the launch of the bank’s largest Commercial Banking Centre. Relocated to a new premise, it is one of CIMB Bank’s 45 Commercial Banking Centres in Malaysia. To the left is Ahmad Shazli Kamarulzaman, Head of Commercial Banking, CIMB Bank.



Corporate **Event Highlights**

Top:

Sydney: CIMB launches Australian operations – Nick Rowe, Head CIMB Australia, Dato' Sri Nazir Razak, Group Chief Executive CIMB Group and Simon Perrott, Chairman CIMB Australia after the launch of the investment banking operations in Australia. CIMB Group started operations in Sydney and Melbourne after acquiring the investment banking businesses of the Royal Bank of Scotland in Australia.

Bottom:

Kalimantan: CIMB Niaga opens second Islamic branch in Kalimantan – Present at the opening of Banjarmasin Islamic branch were Handoyo Soebali, Director CIMB Niaga Commercial and Syariah Banking; Maurids H Damanik, Director of Bank Indonesia, Kalimantan Area; Herman Taufan, representing Governor of Kalimantan Selatan; HM Muhyar, representing Mayor of Banjarmasin and U Saefudin Noer, CIMB Niaga Head of Syariah Banking.



Corporate Event Highlights



Top:

Phnom Penh: Four new branches in Cambodia – Dato’ Shaarani Ibrahim, Chairman CIMB Bank PLC and Dr Mey Kalyan, Director CIMB Bank PLC, with the Cambodian management team during the launch of four new branches located in Toul Kork district Phnom Penh, Heng Ly district Phomn Penh, Kampongcham City and Battambang City.

Bottom:

Bangkok: CIMB Thai Bank launches seven branches - Mrs. Piyawan Yimcharoen and staff at the launch of Mega Bangna branch, one of the seven new branches for CIMB Thai Bank in 2012.



Corporate **Event Highlights**



SEMINARS AND BRIEFINGS

Corporate Event Highlights



Top:

Kuala Lumpur: CIMB ASEAN Series Malaysia Corporate Day 2012

As preparation for CIMB ASEAN Conference 2012, CIMB Investment Bank organised corporate days in four ASEAN nations. The first was in Malaysia and was themed “The Will To Transform.” Dato’ Sri Nazir Razak, Group Chief Executive CIMB Group moderated the discussion with panelists Professor Dr Terence Gomez, University of Malaya; Wan Saiful Wan Jan, Chief Executive Institute for Democracy and Economic Affairs; Rita Sim, Co-founder Centre for Strategic Engagement and Dr Ong Kian Ming, Lecturer USCI University.

Bottom:

Kuala Lumpur: CIMB ASEAN SME Forum – This regional roadshow shares perspectives on conducting business in ASEAN. Pictured is John Pang, CEO CIMB ASEAN Research Institute (CARI) speaking on opportunities in ASEAN.



Corporate **Event Highlights**

Top:

Singapore: CIMB ASEAN Series Singapore Corporate Day 2012 – Song Seng Wun, Executive Director and Regional Economist CIMB Research speaking on the creation of ASEAN Economic Community (AEC) 2015.

Bottom:

Bangkok: Doing Business in ASEAN – Subhak Siwaraska, President & CEO CIMB Thai Bank, speaking at a seminar jointly organised with Baker & McKenzie on investment opportunities in Southeast Asia, particularly Malaysia and Indonesia.

Corporate Event Highlights

Top:

Hong Kong: CIMB 8th Hong Kong/China Conference – Steve Vickers, CEO Steve Vickers & Associates addressing CIMB clients at the conference on mitigating corporate risk in emerging markets.

Bottom:

Kuala Lumpur: CARI Roundtable on Myanmar – John Pang, CEO CIMB ASEAN Research Institute (CARI), hosted several delegates from Myanmar and discussed on Myanmar’s economic developments and business opportunities.



Corporate Event Highlights



Corporate Event Highlights



Kuala Lumpur: 2nd CIMB ASEAN Conference – After the success of CIMB’s first ASEAN Conference in 2011, CIMB Investment Bank’s second ASEAN Conference in 2012 attracted record number of corporates and regional fund managers. The conference theme was ‘ASEAN Integration: Mind the Gap’ and 32 regional corporates and over 500 regional fund managers gathered to discuss key issues which need to be addressed by both private and public sectors as the region draws closer to the creation of an ASEAN Economic Community by 2015.

Corporate **Event Highlights**



SPONSORSHIP AND OTHER EVENT HIGHLIGHTS



Corporate Event Highlights



Top:

Kuala Lumpur: CIMB Islamic supports halal industry – Datuk Dr Syed Muhammad Syed Abdul Kadir, Chairman CIMB Islamic; Badliyah Abdul Ghani, CEO CIMB Islamic; Dato’ Seri Ahmad Husni Mohamad Hanadzlah, Second Minister of Finance of Malaysia; Mohd Shukri Abdullah, CEO Shapers Malaysia; Dato’ Syed Hussein Al Habshee, Chairman Shapers Malaysia; Mohd Rosdi Ismail, Deputy Director General MARA and Yahya Ibrahim, Director Entrepreneurship Development Division MARA announcing financial support to entrepreneurs who join the International Halal Showcase and Halal Fiesta Malaysia.

Bottom:

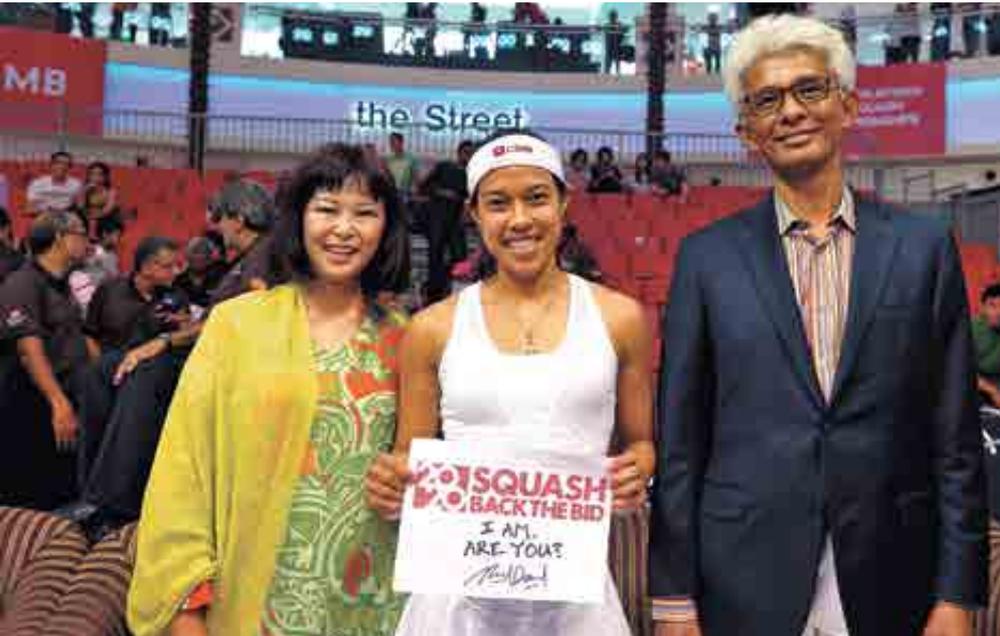
Kuala Lumpur: Running in the Rat Race – After the stock market closes at 5pm, financial professionals take to the streets of Kuala Lumpur in their running shoes and work clothes for the annual race. CIMB was well represented and several winners emerged from CIMB’s ranks.



Corporate Event Highlights



Corporate Event Highlights



CIMB Investment Bank renewed the sponsorship of world number one squash player Datuk Nicol David for the seventh year and renamed CIMB KL Open to CIMB Nicol David KL Open in her honour. CIMB Investment Bank also sponsored CIMB Malaysian Open and feted seven outstanding junior squash players as part of its youth squash development programme.

Corporate Event Highlights



Top:

Kuala Lumpur: CIMB spreads festive cheer to children during Ramadhan – Dato' Sri Nazir Razak, Group Chief Executive CIMB Group, handing out gifts to underprivileged children at the Ar-Rahah mosque during the breaking of fast.

Bottom:

Kuala Lumpur: CIMB Bank brings festive joy to the “dragon” babies born in the first week of Chinese New Year – Dato' Sulaiman Mohd Tahir, Executive Director CIMB Bank, presenting a mother “Ang Pow” that will be credited into her baby’s CIMB Junior Savers Account. Present at the event is Amir Firdaus Abdullah, CEO Gleneagles Kuala Lumpur.

Corporate Event Highlights



Top:

Jakarta: Westwood wins CIMB Niaga Indonesian Masters – Andi Mallarangeng, Indonesian Minister of Youth and Sports presenting British golfer Lee Westwood with his winning trophy. Also present were Tan Sri Md Nor Yusof, Chairman CIMB Group and Arwin Rasyid, President Director & CEO CIMB Niaga.

Bottom:

Singapore: CIMB ASEAN Youth Stock Challenge
At CIMB Group's inaugural virtual stock trading competition, the Indonesian team took top prize. The challenge gave young aspiring traders the exposure to cross-border trading in four major ASEAN stock exchanges.



Corporate Event Highlights



Corporate Event Highlights



Sponsoring world-class golf tournaments magnifies CIMB Group branding across the region. In 2012, a world class field of players led by Tiger Woods, one of the most successful golfers of all time, took part in the USD6.1 million prize purse CIMB Classic. American golfer Nick Watney emerged as the champion and the event was broadcast to over 460 million households across the globe. In 2013, CIMB Group expects an even bigger audience as the event will become an official Money Event on the PGA Tour.

Corporate Profile

CIMB GROUP

CIMB GROUP

CIMB Group is a leading ASEAN universal bank, the largest Asia Pacific (ex-Japan) investment bank and one of the world's largest Islamic banks.

The group is headquartered in Kuala Lumpur, Malaysia and offers consumer banking, wholesale banking, Islamic banking and asset management. It is the fifth largest banking group by assets in Southeast Asia and at the end of 2012 had about 42,000 staff and 13.5 million customers.

The Group's retail banking branch network is the widest in the region, with 1,080 retail branches in Malaysia, Indonesia, Singapore, Thailand and Cambodia.

The Group has substantial wholesale banking operations. Its corporate banking and treasury markets business offers one of the most comprehensive and integrated product and service suites among universal banks in ASEAN. Its investment bank is the largest in Asia Pacific (ex-Japan) with offices in ASEAN's main markets and in Bahrain, Colombo, Hong Kong, Melbourne, Mumbai, Shanghai, Seoul, Sydney and Taipei. In addition it has equity sales operations in London and New York.

Products and services are complemented by partnerships and alliances with various leading companies including the Principal Financial Group, Bank of Tokyo-Mitsubishi UFJ, Sun Life Assurance, Allianz Insurance, Thai Life Insurance, Sri Ayudhya General Insurance, and Mapletree Investments.

CIMB Group operates its business through several main brand entities; CIMB Bank, CIMB Investment Bank and CIMB Islamic in Malaysia, CIMB Niaga in Indonesia, CIMB Securities and CIMB Bank in Singapore and CIMB Thai in Thailand.

CIMB Group Holdings Berhad (CGHB) is the listed company of CIMB Group. CGHB has been listed on the main market of Bursa Malaysia since 1987 and was one of the largest companies at the end of 2012 with a market capitalisation of about RM56.7 billion. The total assets at the end of 2012 were approximately RM337.1 billion, with total shareholders' funds of around RM28.4 billion and total funds under management of approximately RM43.2 billion. Major shareholders at the end of 2012 were Khazanah Nasional with 29.9%, Employees Provident Fund (EPF) with 13.7%, Kumpulan Wang Persaraan (KWAP) with 2.7% and Mitsubishi UFJ Financial Group with 5.0%.

CIMB BANK

CIMB BANK

CIMB Bank is the Group's consumer bank in Malaysia. CIMB Bank's most significant branch operation is in Singapore. It also has a branch in London and representative offices in Shanghai, Yangon and Mumbai. CIMB Bank's main subsidiaries are CIMB Thai and CIMB Bank Cambodia.

In Malaysia CIMB Bank had 312 branches, 8.6 million customers and 2,284 ATMs at the end of 2012 and was the second largest consumer bank in Malaysia. Singapore had two branches, 327,000 customers and six ATMs and Cambodia had 7,300 customers, 11 branches and 17 ATMs.

CIMB NIAGA

BANK CIMB NIAGA

CIMB Niaga is CIMB 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 2012.

Total assets at the end of 2012 were approximately Rp197.4 trillion (RM62.4 billion) with total shareholders' funds of around Rp22.6 trillion (RM7.1 billion). It had 509 branches, 3.8 million customers and 2,257 ATMs at the end of 2012.

CIMB Group Holdings Berhad had a 97.9% stake in CIMB Niaga at the end of 2012.

Corporate Profile

**CIMB INVESTMENT BANKING**

CIMB's investment banking franchise offers institutional and retail brokerage, placements and underwriting, and corporate finance advisory services. It consists of CIMB Investment Bank, which operates in Malaysia, and CIMB Securities International, which operates in the rest of the Group's markets, and has offices in ASEAN's main markets, Bahrain, Colombo, Hong Kong, London, Melbourne, Mumbai, New York, Shanghai, Seoul, Sydney and Taipei.

The investment banking franchise had a strong year in 2012, maintaining market dominance in Malaysia and improving in rankings in Singapore and Thailand. In Malaysia, the Investment Bank was No.1 in stockbroking, initial public offerings (IPOs) and ECM. In Singapore, it rose to No.1 in stockbroking and IPOs and No.3 for ECM, while in Thailand it was No.1 for IPOs and No.5 for ECM.

**CIMB ISLAMIC**

CIMB Islamic is the Group's global Islamic banking and finance franchise. It offers the full complement of Shariah-compliant financial solutions, operating in parallel with the Group's universal banking platform.

At the end of 2012, the Group's total Islamic deposits were RM38.9 billion and total Islamic financing assets were RM36.3 billion.

In Malaysia, CIMB Islamic is the second largest Islamic bank. CIMB Islamic is also recognised as a pioneer in Islamic financial markets. In 2012, CIMB Islamic maintained leadership in the Sukuk market, topping the Malaysian league tables and securing 2nd position globally.

**CIMB THAI BANK**

CIMB Thai is CIMB Group's banking franchise in Thailand. It has been listed on the Stock Exchange of Thailand since 1978 and was the tenth largest bank in Thailand by assets at the end of 2012.

Total assets at the end of 2012 were approximately THB201.5 billion (RM20.1 billion) with total shareholders' funds of around THB19.7 billion (RM2.0 billion). It had 164 branches, 1.1 million customers and 509 ATMs at the end of 2012.

CIMB Group Holdings Berhad had a 93.7% stake in CIMB Thai at the end of 2012.

Alliances Across the Region

CIMB Group's geographical reach and its products and services are complemented by smart partnerships. In 2012, we joined forces with new partners and expanded existing partnerships:

THE ROHATYN GROUP

THE ROHATYN GROUP

Founded in 2003, The Rohatyn Group (TRG) is a leading emerging markets asset management firm based in New York, with assets under management of approximately USD 3 billion. TRG holds a 60 percent interest in CapAsia, a joint-venture infrastructure private equity firm with CIMB, which focuses on Asia (excluding India and China).



Life in the fast lane

Touch 'n Go

Touch 'n Go is Malaysia's leading prepaid card that is used at all highways, Klang Valley public transport systems and growing its presence in the retail sector. Realising the vast potential of e-payment within the country's financial ecosystem, CIMB Group increased its stake in Touch N Go in 2010 to entrench the Group's position in the rapidly growing sector. In 2012, Touch N Go continued its footprint into retail, commenced the replacement and implementation of its core system which will further enhance Touch 'n Go products and services, and continued working with regulators and stakeholders in cementing TnG as the one card for transit commuters, drivers and consumers alike.



JOHN KEELLS STOCK BROKERS

John Keells Stock Brokers (JKSB), a founder member of the Colombo Stock Exchange (CSE) and a subsidiary of John Keells Holdings PLC, the largest listed entity on the CSE, is CIMB Group's trade execution partner in Sri Lanka as well as supports CIMB in its sales initiatives to generate trade flows to the CSE. JKSB also supplies CIMB Group with research which is disseminated to CIMB's clientele globally under a CIMB/JKSB co-branded banner

Alliances Across the Region

Other Alliances



ADDITIONAL INFORMATION

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- Proxy Form

Shareholders' Statistics

as at 22 February 2013

Authorised Share Capital	:	RM10,000,000,000
Issued and Paid-up Share Capital	:	RM7,432,774,646 comprising 7,432,774,646 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
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	478	1.43	14,131	— *1
100 – 1,000	10,313	30.83	8,848,675	0.12
1,001 – 10,000	17,523	52.38	69,460,870	0.94
10,001 – 100,000	3,932	11.75	113,678,550	1.53
100,001 – 371,638,732	1,206	3.61	4,057,800,321	54.59
371,638,733 and above	2	— *1	3,182,972,099	42.82
Total	33,454	100.00	7,432,774,646	100.00

Notes:

*1 Less than 0.01%.

*2 Excludes 3,308 shares retained as treasury shares as at 22 February 2013.

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Directors	Direct Interest	No. of Shares Held		
		%*1	Deemed Interest	%*1
Tan Sri Dato' Md Nor Yusof	400,000	— *2	—	—
Dato' Sri Nazir Razak	47,784,281	0.64	4,000,000*3	0.05
Dato' Zainal Abidin Putih	80,000	— *2	30,000*4	— *2
Dato' Robert Cheim Dau Meng	134,122	— *2	46,522*5	— *2

Notes:

*1 Excludes 3,308 shares retained as treasury shares as at 22 February 2013.

*2 Less than 0.1%.

*3 These shares are held by his spouse.

*4 These shares are held by his spouse and son.

*5 These shares are held by his son.

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of Substantial Shareholders	Direct	No. of Shares Held		
		%*1	Indirect	%*1
Khazanah Nasional Berhad	2,222,466,767	29.90	—	—
Employees Provident Fund Board	1,034,269,732*2	13.91	—	—
Mitsubishi UFJ Financial Group, Inc	—	—	772,012,631*3	10.39

Notes:

*1 Exclude 3,308 shares retained as treasury shares as at 22 February 2013.

*2 Includes shares held through nominees.

*3 Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965.

Shareholders' Statistics

as at 22 February 2013

30 LARGEST SHAREHOLDERS (AS PER THE REGISTER OF MEMBERS AND RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	% of Issued Capital*1
1 Khazanah Nasional Berhad	2,222,466,767	29.90
2 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	960,505,332	12.92
3 The Bank of Tokyo-Mitsubishi UFJ, Ltd.	371,638,700	5.00
4 Kumpulan Wang Persaraan (Diperbadankan)	207,356,226	2.79
5 Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT 0D67)	149,690,548	2.01
6 HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	128,422,482	1.73
7 HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	109,267,726	1.47
8 HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Lux for Aberdeen Global	109,141,560	1.47
9 AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	103,538,000	1.39
10 HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Resident USA-2)	97,988,760	1.32
11 HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	95,997,548	1.29
12 Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	90,760,804	1.22
13 AmanahRaya Trustees Berhad Amanah Saham Malaysia	85,242,000	1.15
14 AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	83,850,310	1.13
15 HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (Mellon Acct)	54,272,691	0.73
16 HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	53,094,312	0.71
17 HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	49,579,932	0.67
18 Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	46,554,692	0.63
19 HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	45,753,300	0.62
20 HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Netherlands)	45,434,843	0.61
21 Cartaban Nominees (Asing) Sdn Bhd SSBT Fund DRNA for Aberdeen Emerging Markets Fund	43,869,600	0.59
22 HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A.	40,259,042	0.54

Shareholders' Statistics

as at 22 February 2013

Name of Shareholders		No. of Shares Held	% of Issued Capital*1
23	AmanahRaya Trustees Berhad As 1Malaysia	40,204,500	0.54
24	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	39,416,082	0.53
25	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	39,001,200	0.52
26	HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-TEMP)	33,300,568	0.45
27	Pertubuhan Keselamatan Sosial	31,730,500	0.43
28	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs Svs Paris for Aberdeen Emerging Markets Fund (Aberdeen IFICVC)	30,674,500	0.41
29	Valuecap Sdn Bhd	30,582,800	0.41
30	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund AM4R for Aberdeen Institutional Commingled Funds LLC	27,886,000	0.38
		5,467,481,325	73.56

Note:

*1 Excludes 3,308 shares retained as treasury shares as at 22 February 2013.

Additional Disclosures

(as at 31 December 2012 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 2012, the Group has collectively issued the following instruments:

(a) HKD462 million 5-year Senior Unsecured Notes

On 8 May 2012, CIMB Bank Berhad, an indirect subsidiary of the Company, acting through its Labuan Offshore Branch, issued a HKD462 million 5-year Senior Unsecured Notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 8 May 2017. It bears a coupon rate of 2.55% per annum payable annually in arrears.

(b) USD350 million 5-year Senior Unsecured Notes

On 26 July 2012, CIMB Bank Berhad, an indirect subsidiary of the Company, issued a USD350 million 5-year Senior Unsecured Notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. The Notes will mature on 26 July 2017. It bears a coupon rate of 2.375% per annum payable semi-annually in arrears.

(c) Subordinated Sukuk – RM300 million

On 18 September 2012, CIMB Islamic Bank Berhad issued a RM300 million Subordinated Sukuk under its RM2 billion Tier 2 Junior Sukuk Program which was approved by the Securities Commission on 22 May 2009. The Sukuk will mature on 18 September 2022, with an optional redemption on 18 September 2017 or any periodic payment date thereafter, subject to prior approval of Bank Negara Malaysia. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The Sukuk qualifies as Tier-2 capital for the purpose of the Risk Weighted Capital Ratio (RWCR) computation.

(d) IDR2,000,000 million Bonds

In 2012, PT Bank CIMB Niaga Tbk, an indirect subsidiary of the Company, issued IDR2,000,000 million Bonds with fixed interest rates. The Bonds are divided into two series:

(i) Series A Bonds

The nominal value of the Bonds amounted to IDR600,000 million with a tenure of 3 years which will mature on 30 October 2015. It bears fixed interest rate of 7.35% per annum.

(ii) Series B Bonds

The nominal value of the Bonds amounted to IDR1,400,000 million with a tenure of 5 years which will mature on 30 October 2017. It bears fixed interest rate of 7.75% per annum.

(e) Subordinated Debt – RM300 million

CIMB Thai Bank Public Company Limited (CIMB Thai), issued a RM300 million Tier 2 Subordinated Debt which was approved by the Board of Directors of CIMB Thai on 28 September 2012. The Subordinated Debt was issued on 9 November 2012 and will mature on 9 November 2022, with an optional redemption on 9 November 2017. The Subordinated Debt bears an interest rate of 4.8% per annum, payable semi-annually in arrears.

(f) Subordinated Debt – RM1,500 million

CIMB Bank Berhad, an indirect subsidiary of the Company, has on 30 November 2012 completed the issuance RM1,500 million Tier 2 Subordinated Debt. The Subordinated Debt was issued under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt is rated AA+ by Malaysian Rating Corporation Berhad.

The Subordinated Debt has a maturity of 10 years from the issue date and is callable on any coupon payment date on or after 5 years prior to the maturity date (10NC5). The coupon rate of the Subordinated Debt is 4.15% per annum to be paid semi-annually. The exercise of the call option on the Sub-debt is amongst others, subject to the approval of Bank Negara Malaysia.

Additional Disclosures

(as at 31 December 2012 pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

2. SHARES BUY-BACK

Details of the shares purchased during the financial year ended 31 December 2012 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	11	6.98	6.98	6.98	89.81
March	1	7.63	7.63	7.63	20.64
April	1	7.41	7.41	7.41	20.42
May	17	7.12	7.12	7.12	134.08
June	5	7.48	7.22	7.35	62.38
July	1	7.60	7.60	7.60	20.61
August	100	7.82	7.82	7.82	823.24
October	45	7.76	7.46	7.61	405.80
November	24	7.54	7.42	7.48	206.91
Total	205			8.70	1,783.89

* Inclusive of transaction cost

All the shares purchased during the financial year ended 31 December 2012 were held as treasury shares. There were no resales of treasury shares made during the financial year.

Further details of the Shares Buy-Back and treasury shares are available in Note 30(a) 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 SANCTION AND/OR PENALTIES

There were no public sanctions and/or material penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory body during the financial year under review.

6. NON-AUDIT FEES

Non-audit fees payable to the External Auditors, Messrs. PricewaterhouseCoopers and its affiliates amounted to RM1,416 million for advisory works in connection with acquisition of subsidiary in the Philippines and other professional services including tax compliance and advisory.

7. VARIATION IN RESULTS

There were no variation in results for the financial year ended 31 December 2012 from the unaudited results released on 25 February 2013.

8. PROFIT GUARANTEE

The Group did not receive any profit guarantee during the financial year ended 31 December 2012.

9. REVALUATION POLICY ON LANDED PROPERTIES

Please refer to the accounting policy on Property, Plant and Equipment in Notes J, K and M 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 46 and 47 to the Financial Statements which are in the Financial Statements section of the Annual Report.

FINANCIAL CALENDAR

2012



Financial Calendar

MONDAY

27 FEBRUARY 2012

Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2011

THURSDAY

1 MARCH 2012

Notice of book closure for single tier interim dividend of 10.0 sen per share for the financial year ended 31 December 2011

TUESDAY

13 MARCH 2012

Date of entitlement for the single tier interim dividend of 10.0 sen per share for the financial year ended 31 December 2011

FRIDAY

23 MARCH 2012

Notice of 54th Annual General Meeting ("AGM") and issuance of Annual Report for the financial year ended 31 December 2011

FRIDAY

30 MARCH 2012

Payment of the single tier interim dividend of 10.0 sen per share for the financial year ended 31 December 2011

TUESDAY

17 APRIL 2012

55th AGM

THURSDAY

24 MAY 2012

Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2012

WEDNESDAY

15 AUGUST 2012

Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2012

THURSDAY

16 AUGUST 2012

Notice of book closure for the single tier interim dividend of 5.0 sen per share for the financial year ended 31 December 2012

FRIDAY

7 SEPTEMBER 2012

Date of entitlement for the single tier interim dividend of 5.0 sen per share for the financial year ended 31 December 2012

FRIDAY

28 SEPTEMBER 2012

Payment of the single tier interim dividend of 5.0 sen per share for the financial year ended 31 December 2012

TUESDAY

20 NOVEMBER 2012

Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2012

Top 10 Properties Owned by the Group

Location	Description/ Existing Use	Tenure/ Date of Expiry	Remaining Lease (years)	Age of Property (years)	Net Book Value (RM'000)	Year of Acquisition	Date of Revaluation
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	Not Applicable	13	155,276	1999	Dec-11
Bangunan CIMB Aviva, 338 Jln Tuanku Abd Rahman, KL	16 level office building with a 2-storey classical pre-war façade owned by CIMB Aviva. CIMB Bank occupies the Ground Floor and the rest of the floors are used by CIMB AVIVA	Freehold	Not Applicable	16	36,000	1997	Jan-13
Sinergy Building, Jl. Sutera Barat Kav 17, Alam Sutera, Serpong Tangerang, Banten	21 storey office building, CIMB Niaga owned 7 Floors (GF, UG, 1st, 2nd, 3rd, 5th, 6th), used as CIMB Niaga Branch and Head Office business support	Leasehold expiring on 2036 and 2041	24 and 29	1	31,552	2012	–
Menara BHL Jalan Sultan Ahmad Shah Pulau Pinang	11 floors of a 30 storey office building, comprising 4 floors at the podium block and 7 floors at the tower block. The podium block is occupied by CIMB Bank, (Menara BHL branch) and offices of CIMB Bank while the offices at the tower block are partly leased out.	Freehold	Not Applicable	17	31,179	1997	Lower Podium – Dec 2011 Higher Floors – Jan 2011
Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan"	10 Storey office building; Head office for both CIMB Investment and CIMB Group.	Leasehold 99 years expiring 24 Jun 2073	61	20	20,424	2002	Nov-11
Menara CIMB Niaga Jl Diponegoro 101, Karawaci Tangerang, Banten	19 storey office building. CIMB Niaga Head Office and business premises.	Leasehold expiring consist of two land certificates: – 25 December 2030 – 25 December 2031"	various	17	19,828	1996	Oct-08
Jl Ir H Juanda No 165, Lebak Bandung	CIMB Niaga Branch premises	Leasehold expiring on 14 July 2041	28	2	16,295	2011	–
Bintaro Sektor VII Blok D1 No 05 Tangerang	Land use for parking area of CIMB Niaga Head Office Bintaro	Leasedhold expiring consist of several land certificates: – 5 July 2017 – 30 Aug 2029 – 27 Dec 2015 – 26 Dec 2038 – 30 Dec 2029 – 24 July 2015 – 11 March 2023	various	3	15,871	2010	–
Jl Gajah Mada 18, Jakarta Pusat	4 storey office building. used as CIMB Niaga Head Office and Branch	Leasehold expiring on 17 January 2036	23	7	15,779	2006	Aug-05
Commerce Square, Jalan Semantan Damansara Heights 50490 Kuala Lumpur	12 storey office building. CIMB Group Holdings Head Office and business premises.	Leasehold 99 years expiring 30 January 2073	61	20	14,772	1992	Nov-11

Past Awards

ASEAN BUSINESS AWARDS

- Most Admired ASEAN Enterprise for the Employment Category – Large Size Company

ASIAMONEY

BEST BANK AWARDS 2011

- Best Domestic Bank in Malaysia
- Best Domestic Equity House in Malaysia
- Best Domestic Debt House in Malaysia

BEST ISLAMIC BANK AWARDS 2011

- Best Islamic Bank in Asia
- Best Islamic Bank in Malaysia

COUNTRY AWARDS 2011

- Country Deal of the Year for Malaysia
Deal: Bumi Armada USD888 million IPO

CASH MANAGEMENT POLL 2011

- Best Local Currency Cash Management Services – Malaysia MYR (as voted by financial institutions)
- Best Local Cash Management Bank – Malaysia (as voted by large-sized corporates)
- Best Local Cash Management Bank, Malaysia (as voted by medium-sized corporates)
- Best Local Cash Management Bank Malaysia (as voted by small-sized corporates)

PRIVATE BANKING POLL AWARDS 2011

- Overall Best Private Bank in Malaysia as voted by HNWI's with USD5.01m-25m

FIXED INCOME POLL AWARDS 2011

- Overall Best Domestic Credit Service Provider in Malaysia
- Overall Best Local Currency Bonds Bookrunner in Malaysia for MYR
- Overall Best Credit Research & Market Coverage for the Local Currency Bonds in Malaysia for MYR
- Overall Best Credit Derivatives Sales Services on the Local Currency Bonds in Malaysia for MYR
- Overall Best Domestic Interest Rates Services in Malaysia
- Overall Best Interest Rates Research & Market Coverage in Malaysia
- Overall Best for Credit and Interest Rates in Malaysia

FOREIGN EXCHANGE POLL 2011

- Best Single-bank Electronic Trading Platform in Malaysia
- Best FX Prime Broking Services in Malaysia
- Best for Innovative FX Products and Structured Ideas in Malaysia
- Best Domestic Provider of FX services in Malaysia as Voted by Corporates
- Best Domestic Provider of FX services in Malaysia as Voted by Financial Institutions

BROKERS POLL 2011

- Best Local Brokerage in Malaysia
- Best for Overall Country Research
- Best Analyst in Malaysia – Terrence Wong
- Best Overall Sales Services in Malaysia
- Best Execution in Malaysia
- Best in Sales Trading in Malaysia
- The Most Improved Brokerage over the last 12 months in Indonesia

ASIA ASSET MANAGEMENT

BEST OF THE BEST AWARDS 2011

- CEO of the Year in Malaysia: Campbell Tupling
- Islamic Fund House of the Year in Malaysia
- ETF Manager of the Year in Malaysia

ASIAN INVESTOR

INVESTMENT PERFORMANCE AWARDS 2011

- Best Malaysia Onshore Fund House: CIMB-Principal Asset Management
- Best Malaysia Onshore Fund House, Islamic Investments: CIMB Islamic

ALPHA SOUTHEAST ASIA MAGAZINE

BEST FINANCIAL INSTITUTION AWARDS IN SOUTHEAST ASIA 2011

- Special Marquee Awards: Best Islamic Finance Bank in Southeast Asia
- Special Marquee Awards: Best Asset Manager in Southeast Asia
- Best Islamic Finance Bank in Malaysia
- Best Investment Bank in Malaysia
- Best Bond House in Malaysia
- Best Cash Management Bank in Malaysia
- Best FX Bank for Corporates & FIs in Malaysia
- Best Institutional Broker in Malaysia
- Best Wealth Management Bank in Malaysia
- Best Equity House in Malaysia

SOUTHEAST ASIA DEAL & SOLUTION AWARDS 2011

- Best Deal/Most Innovative Deal of the Year in Southeast Asia
Deal: SapuraCrest Petroleum-Kencana Petroleum's RM11.85 billion M&A
- Best Equity/IPO Deal of the Year in Southeast Asia
Deal: Bumi Armada's USD888 million IPO
- Best Local Currency Bond Deal of the Year in Southeast Asia
Deal: Khazanah Nasional (via Danga Capital)'s CNY500 million sukuk
- Best Islamic Finance/Most Innovative Deal of the Year in Southeast Asia
Deal: Government of Malaysia's USD1.2 billion & USD800 million Wakala Global Sukuk
- Best Small-Cap Equity Deal of the Year in Southeast Asia
Deal: MSM Malaysia's USD270 million IPO
- Best Deal of the Year in Malaysia
Deal: Khazanah Nasional USD1.1 billion 30% Disposal of Integrated Healthcare to Mitsui
- Best Investment Bank in ASEAN

ASIA RISK AWARDS

- Islamic Product House of the Year
- House of the Year – Malaysia

ALB SOUTHEAST ASIA LAW AWARDS

- IPP Financial Advisers Award Singapore M&A Deal of the Year
Deal: Khazanah/Fortis competing Takeover Offer for Parkway
- Islamic Finance Deal of the Year
Deal: Danga Capital SGD1.5 billion Sukuk Issue
- Singapore Deal of the Year
Deal: Khazanah/Fortis competing Takeover Offer for Parkway

CORPORATE GOVERNANCE ASIA

THE BEST OF ASIA

- Corporate Governance Asia Recognition Awards 2011

Past Awards

EUROMONEY

AWARDS FOR EXCELLENCE 2011

- Best Investment Bank in Malaysia
- Best Bank in Malaysia

ISLAMIC FINANCE AWARDS 2011

- Best Islamic Bank in Asia
- Islamic Deal of the Year
Deal: Government of Malaysia USD1.25 billion sukuk

PRIVATE BANKING SURVEY AWARDS 2011

- Best Private Bank in Malaysia

FINANCE ASIA

BEST MANAGED COMPANIES POLL 2011

- Best CEO – Dato' Sri Nazir Razak: CIMB Group
- Best Investor Relations: CIMB Group

ACHIEVEMENT AWARDS 2011

- Best Islamic Finance House
- Best Islamic Financing
Deal: Malaysia's USD2 billion dual-tranche global sukuk
- Best Malaysia Deal
Deal: Bumi Armada USD888 million IPO

COUNTRY AWARDS FOR ACHIEVEMENT 2011

- Best Investment Bank in Malaysia
- Best Bond House in Malaysia
- Best Equity House in Malaysia
- Best Cash Management Bank in Malaysia
- Best Broker in Malaysia
- Best Foreign Exchange Bank in Malaysia
- Best Private Bank in Malaysia

GLOBAL FINANCE

WORLD'S BEST ISLAMIC FINANCIAL INSTITUTIONS AWARDS 2011

- Best Islamic Institution in Asia
- Best Islamic Institution in Malaysia
- Best Sukuk Bank
- Best Asset Management Company

WORLD'S BEST INTERNET BANKS IN ASIA AWARDS 2011

- Best Consumer Internet Bank in Malaysia

IFR ASIA AWARDS

- Islamic Deal of the Year 2011
Deal: Government of Malaysia USD2 billion sukuk

IR MAGAZINE

SOUTHEAST ASIA AWARDS 2011

- Best investor relations in the Singapore market by a Malaysian company: CIMB Group Holdings Berhad
- In recognition of CIMB Group's best practices and award winning investor relations initiatives in Singapore

ISLAMIC FINANCE NEWS AWARDS

- Ijarah Deal of the Year
Deal: Tenaga Nasional's USD1.55 billion Islamic Securities Program
- Cross-Border Deal of the Year
Deal: Danga Capital CNY500 million Islamic Trust Certificates
- Sovereign Deal of the Year
Deal: Wakalah Global Sukuk
- Malaysia Deal of the Year
Deal: Wakalah Global Sukuk
- IPO/Equity Deal of the Year
Deal: Bumi Armada USD888 million IPO
- Best Islamic Wealth Management Provider
- Best Asset Management Company in Asia
- Best Overall Islamic Asset Management Company
- Most Innovative Islamic Bank

MINISTRY OF HUMAN RESOURCES, MALAYSIA

- Anugerah Majikan Prihatin/Malaysia's Most Caring Employer (large company)

MINORITY SHAREHOLDER WATCHDOG GROUP

MALAYSIAN CORPORATE GOVERNANCE INDEX 2011

- Distinction Award
In recognition of CIMB Group Holdings Berhad's best practices in corporate governance
- Best CSR Award
In recognition of CIMB Group Holdings Berhad's best CSR practices

MALAYSIA INVESTOR RELATIONS AWARDS 2011

- Best CEO for Investor Relations (large cap): Dato' Sri Nazir Razak, Group Chief Executive
- Best Company for Investor Relations (large cap)
- Best Investor Relations Website (large cap)
- Best Investor Relations Professional (large cap): Steven Tan Chek Chye

PROJECT FINANCE INTERNATIONAL AWARDS

- Asia Pacific Bond Deal of the Year 2011
Deal: Manjung Island Energy

PROFESSIONAL WEALTH MANAGEMENT & THE BANKER

GLOBAL PRIVATE BANKING AWARDS 2011

- Best Emerging Private Bank: CIMB Private Banking

STRUCTURED PRODUCTS ASIA AWARDS

- Structured Products, Best in Malaysia

THE ASSET

TRIPLE A COUNTRY AWARDS 2011

- Best Domestic Investment Bank in Malaysia
- Best Equity House in Malaysia
- Best M&A House in Malaysia
- Deal of the Year in Malaysia
Deal: Hong Leong RM5.06 billion acquisition of EON Capital

Past Awards

TRIPLE A INVESTMENT BANKING AWARDS 2011

- Asset Management Company of the Year in Southeast Asia
- Best Private Bank in Malaysia
- Best Wealth Management House in Malaysia
- Best Derivatives House in Malaysia
- Highly commended investment product, retail: CIMB Flexi Select NID-i

TRIPLE A ISLAMIC FINANCE AWARDS 2011

- Best Islamic Structured Product
168 Asian Infrastructure Income Protected PLUS-i
- Best Islamic Commodity-Linked Murabaha
Deal: Cagamas RM230 million variable rate sukuk commodity murabaha
- Highly commended Islamic Project Finance
Deal: Konsortium Lebuhraya Utara-Timur RM820 million musharaka and RM50 million redeemable secured junior bonds
- Best Islamic Project Finance
Deal: Trans Thai-Malaysia (Thailand) RM600 million sukuk
- Highly Commended Corporate Sukuk
Deal: Malaysia Airports Capital RM1 billion Islamic medium-term notes
- Best Sovereign Sukuk
Deal: Government of Malaysia USD1.25 billion sukuk ijara trust certificates
- Best Corporate Sukuk
Deal: Khazanah Nasional SGD1.5 billion dual trust certificates
- Best Islamic Equity Deal
Deal: Petronas Chemicals Group RM14.8 billion IPO
- Best Islamic Deal for Thailand
Deal: Trans Thai-Malaysia (Thailand) RM600 million sukuk
- Best Islamic Deal for Indonesia
Deal: Republic of Indonesia IDR8.03 trillion retail sukuk
- Best Islamic Asset Management House: Ucits
- Best Islamic Bank in Malaysia
- Islamic Bank of the Year

TRIPLE A TRANSACTION BANKING AWARDS 2011

- Rising Star Cash Management Bank: CIMB Niaga, Indonesia
- Rising Star Trade Finance Bank: CIMB Niaga, Indonesia

ASIAN BOND AWARDS 2011

- Top Bank in the Secondary Market for Corporate Bonds, Malaysia
- Top Bank in the Secondary Market for Government Bonds, Malaysia
- Top Bank Arranger – Quality and Number of Primary Corporate Bond Deals, Malaysia

THE ASIAN BANKER**TRANSACTION BANKING AWARDS 2011**

- Achievement Award for Cash Management: CIMB Niaga, Indonesia

EXCELLENCE IN RETAIL FINANCIAL SERVICES AWARDS 2012

- Best Social Media Engagement

THE BANKER**DEALS OF THE YEAR 2011**

- Islamic Deal of the Year for Asia Pacific
Deal: Khazanah Nasional's SGD1.5 billion sukuk

THE EDGE**BILLION RINGGIT CLUB CORPORATE AWARDS 2011**

- Top 10 CSR Companies 2011: CIMB Group Holdings Berhad

BEST DEALS OF THE YEAR AWARDS 2011

- Best Share Placement
Deal: S P Setia Bhd. RM884.7 million Primary Placement
- Best IPO
Deal: Bumi Armada Bhd. RM2.7 billion IPO

THE EDGE-LIPPER MALAYSIA FUND AWARDS 2011

- Best Overall Fund Group Award
- CIMB-Principal Equity Fund: Equity Malaysia, 3 years
- CIMB-Principal Equity Fund: Equity Malaysia, 10 years
- CIMB Islamic Equity Fund: Equity Asia Pacific Ex-Japan (Islamic), 3 years
- CIMB Islamic Balanced Growth Fund: Mixed Asset MYR Balance – Malaysia (Islamic), 3 years
- CIMB Islamic Balanced Fund: Mixed Asset MYR Balance – Malaysia (Islamic), 10 years

TRADE FINANCE**AWARDS FOR EXCELLENCE 2011**

- Best Trade Bank in Malaysia
- Best Islamic Trade Bank in Asia

VRL FINANCIAL NEWS**PRIVATE BANKER INTERNATIONAL AWARDS 2011**

- Outstanding Young Private Bankers 2011: Carolyn Leng

Group Corporate Directory



CIMB Group Holdings Berhad
CIMB Group Sdn. Bhd.
CIMB Investment Bank Berhad
CIMB Futures Sdn. Bhd.
CIMB SI Sdn. Bhd.

10th Floor, Bangunan CIMB
 Jalan Semantan
 Damansara Heights
 50490 Kuala Lumpur
 Malaysia
 Tel : 603 2084 8888
 Fax : 603 2084 8899
 Website : www.cimb.com

CIMB 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, 14th Floor
 Jl. Jend Sudirman Kav. 58
 Jakarta 12190
 Indonesia
 Tel : 6221 250 5252
 Fax : 6221 250 5202
 Website : www.cimbniaga.com

CIMB Thai Bank Public Company Limited

44 Langsuan Road Lumpini
 Pathumwan
 Bangkok 10330
 Thailand
 Tel : 662 638 8000/662 626 7000
 Fax : 662 633 9026
 Website : www.cimbthai.com

CIMB Bank Berhad
Singapore Branch

50 Raffles Place #09-01
 Singapore Land Tower
 Singapore 048623
 Tel : 65 6337 5115
 Fax : 65 6337 5335
 Website : www.cimb.com

CIMB Bank Berhad
London Branch

Ground Floor, 27 Knightbridge
 London SW1X 7YB
 United Kingdom
 Tel : 44 0 20 7201 3150
 Fax : 44 0 20 7201 3151

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

Group Corporate Directory

CIMB Bank PLC

20AB Corner Preah
Norodom Boulevard & Street 118
Sangkat Phsar Chas
Phnom Penh 12203
Kingdom of Cambodia
Tel : 855 23 988 088
Fax : 855 23 988 099

CIMB Middle East BSC (C)

304, Almoayyed Tower
Seef District, Manama
Kingdom of Bahrain
Tel : 00 973 17 567 111
Fax : 00 973 17 583 180
Website : www.cimb.com

CIMB Investment Bank Berhad**Brunei Branch**

14th Floor, PGGMB Building
Jalan Kianggeh
Bandar Seri Begawan BS8111
Brunei Darussalam
Tel : 673 224 1888
Fax : 673 224 0999

CIMB Securities International Pte. Ltd.**CIMB Securities (Singapore) Pte. Ltd.**

50 Raffles Place #19-00
Singapore Land Tower
Singapore 048623
Tel : 65 6225 1228
Fax : 65 6225 1522

CIMB Securities Ltd.**(formerly known as CIMB Securities (HK) Ltd.)**

Unit 7706-08, Level 77
International Commerce Centre
1 Austin Road West, Kowloon Hong Kong
Tel : 852 2868 0380
Fax : 852 2537 1928

CIMB Securities (UK) Ltd.

27 Knightsbridge
London SW1X 7YB
United Kingdom
Tel : 44 20 7201 2199
Fax : 44 20 7201 2191

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

CIMB Securities (Thailand) Co., Ltd.

130-132 Sindhorn Tower 2, 1st & 2nd Floor
and Sindhron Tower 3, 12th Floor
Wireless Road, Lumpini
Pathumwan
Bangkok 10330
Thailand
Tel : 66 841 9000
Fax : 66 841 9090
Website : www.cimbsecurities-int.co.th

CIMB Securities (USA), Inc.

540 Madison Avenue
11th Floor, New York
NY 10022 USA
Tel : 1 212 616 8600
Fax : 1 212 616 8639
Website : www.us.cimb.com

CIMB Securities Limited**Korea Branch**

15th Floor, S-Tower Building
#116 Shinmunro-1 ga
Jongro-gu
Seoul 110-700
South Korea
Tel : 822 6730 6000
Fax : 822 6730 6182

CIMB Vinashin Securities LLC

1st Floor Building 34T
Trung Hoa Nhan Chinh
Cau Giay District
Hanoi, Vietnam
Tel : 04 2221 0483
Fax : 04 2221 0484

Bank of Yingkou Co. Ltd.

8 West, Jinniushan Street
Yingkou, Liaoning, China
Post Code 115000
Tel : 86 417 280 2079
Fax : 86 417 282 7926

CIMB Aviva Assurance Berhad**CIMB Aviva Takaful Berhad**

Level 8 & 11
338 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia
Tel : 603 2612 3600
Fax : 603 2698 7035
Website : www.cimbaviva.com

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

CIMB Islamic Trustee Berhad

UL Wisma Amanah Raya
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 8888
Fax : 603 2092 2717

CIMB Commerce Trustee Berhad

UL Wisma Amanah Raya
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 8888
Fax : 603 2095 5469

CIMB-Mapletree Management Sdn. Bhd.**CMREF 1 Sdn. Bhd.**

Level 17, Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 2000
Fax : 603 2096 1591

Group **Corporate Directory****CIMB-Principal Asset Management Berhad
CIMB-Principal Islamic Asset Management
Sdn. Bhd.**

Level 5, Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 2000
Fax : 603 2084 2233
Website : www.cimb-principal.com.my

Capital Advisors Partners Asia Sdn. Bhd.

Lot 17.4, Level 17
Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2093 8942
Fax : 603 2093 9677
Website : www.cap-asia.net

CIMB Wealth Advisors Berhad

50, 52 & 54 Jalan SS21/39
Damansara Utama
47400 Petaling Jaya
Malaysia
Tel : 603 7712 2888
Fax : 603 7726 5088
Website : www.cwealthadvisors.com.my

iCIMB (Malaysia) Sdn. Bhd.

iCIMB (MSC) Sdn. Bhd.
19th Floor, Tower 5, Avenue 7,
Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : 603 2180 7000
Fax : 603 2180 7100

Commerce Asset Ventures Sdn. Bhd.

CIMB Private Equity Sdn. Bhd.
Level 33, Menara Bumiputra-Commerce
11 Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Tel : 603 2619 1188
Fax : 603 2619 2288
Website : www.cimb.com

CIMB Foundation

22-B, Commerce House
Jalan Sri Semantan 1
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 603 2084 8888
Fax : 603 2084 6704
Website : www.cimbfoundation.com

**CIMB Bank Berhad
Shanghai Representative Office**

Unit 802 AZIA Center
1233 Lujiazui Ring Road
Pudong New District
Shanghai 200120
China
Tel : 8621 6194 0218
Fax : 8621 6194 0210

**CIMB Bank Berhad
Yangon Representative Office**

1008 Level 10 Sakura Tower
Kyauktada Township Yangon
Myanmar
Tel : 951 255 430
Fax : 951 255 431

**CIMB Bank Berhad
Mumbai Representative Office**

No. 85, 8th Floor
3 North Avenue, Maker Maxity
Bandra Kurla Complex
Bandra (East)
Mumbai – 400051
India
Tel : 91 22 6676 8888
Fax : 91 22 6676 8899

CIMB (Private) Limited

Level 33, West Tower
World Trade Centre
Echelon Square
Colombo 01, Sri Lanka
Tel : 00 94 11 234 8888
Fax : 00 94 11 244 1801
Website : www.cimb.com

**CIMB Securities International (Thailand)
Public Company Limited
(formerly known as SICCO Securities
Public Company Limited)
CIMB Advisory (Thailand) Company
Limited
(formerly known as SICCO Advisory
Company Limited)**

130-132 Floor 1-2 Sindhorn
Tower 2 and Floor 12
Sindhorn Tower 3
Wireless Road, Lumpini
Pathumwan
Bangkok 10330
Thailand
Tel : 66 2627 3100
Fax : 66 2263 2043

**CIMB Securities International (Australia)
Pty Ltd**

Level 29, Aurora Place
88 Phillip Street
Sydney, NSW 2000
Australia
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Fax : 61 2 9694 5001

To locate the nearest branch for your banking needs and to know more about our products and services, please visit our websites:

Malaysia	www.cimb.com
Indonesia	www.cimbniaga.com
Singapore	www.cimbbank.com.sg
Thailand	www.cimbthai.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 56th Annual General Meeting of CIMB Group Holdings Berhad (“CIMB” or “the Company”) will be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, on Wednesday, 17 April 2013 at 9.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. **Resolution 1 (Ordinary)**
2. To re-elect the following Directors who retire pursuant to Article 76 of the Company’s Articles of Association:
 - 2.1 Dato’ Robert Cheim Dau Meng **Resolution 2 (Ordinary)**
 - 2.2 Glenn Muhammad Surya Yusuf **Resolution 3 (Ordinary)**
 - 2.3 Watanan Petersik **Resolution 4 (Ordinary)**
3. To approve the payment of Directors’ fees amounting to RM885,229 for the financial year ended 31 December 2012. **Resolution 5 (Ordinary)**
4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6 (Ordinary)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

5. Proposed renewal of the authority for Directors to issue shares

“**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant governmental and/or regulatory authorities.”

Resolution 7 (Ordinary)

6. Proposed renewal of the authority for Directors to allot and issue new ordinary shares of RM1.00 each in the Company (CIMB Shares) in relation to the Dividend Reinvestment Scheme that provides the shareholders of the Company the option to elect to reinvest their cash dividend entitlements in new ordinary shares of RM1.00 each in the Company (Dividend Reinvestment Scheme).

“**THAT** pursuant to the Dividend Reinvestment Scheme (DRS) approved at the Extraordinary General Meeting held on 25 February 2013, 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 five (5)-day volume weighted average market price (VWAMP) of CIMB Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price; and not less than the par value of CIMB shares at the material time;

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

Resolution 8 (Ordinary)

7. Proposed renewal of the authority to purchase own shares

“**THAT**, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company’s Memorandum and Articles of Association and the requirements of 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 of RM1.00 each 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

Notice of Annual General Meeting

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 RM1,522 million and/or share premium account of approximately RM4,193 million of the Company based on the Audited Financial Statements for the financial year ended 31 December 2012 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 either subsequently be cancelled, distributed as dividends or re-sold on Bursa Securities **AND THAT** the Board of Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Shares Buy-Back with full power to assent to any conditions, modifications, revaluations and/or amendments (if any) as may be imposed by the relevant authorities 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, 1965, Articles of Association of the Company, Listing Requirements of Bursa Securities and any other relevant rules and regulations that may be in force from time to time **AND THAT** such authority shall commence immediately upon passing of this ordinary resolution until:

- i. the conclusion of the next Annual General Meeting of the Company in 2014 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.”

Resolution 9 (Ordinary)

8. Proposed Amendments to the Articles of Association
“**THAT** approval be and is hereby given to the Proposed Amendments to the Articles of Association of the Company as follows:-

- (a) By deleting the existing Article 70. (2) in its entirety and inserting in substitution thereof, the following new Article 70. (2):-

Existing Article 70. (2)

Appointment of more than one proxy

70. (2) Where a Member is an Authorised Nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities.

New Article 70. (2)

Appointment of multiple proxies

70. (2) Where a member of the Company is an Exempt Authorised nominee (as defined under the Central Depositories Act) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- (b) By inserting the following new Article 70. (3) after Article 70. (2):-

New Article 70. (3)

Qualification and rights of proxy to speak

70. (3) A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Resolution 10 (Special)

9. To transact any other business of which due notice shall have been duly given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

Datin Rossaya Mohd Nashir
(LS 0007591)
Group Company Secretary

Kuala Lumpur
25 March 2013

Notice of Annual General Meeting

NOTES:

Proxy

1. 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. 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.
2. Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy may but need not be a member of the Company.
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. The instrument appointing a proxy 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.
5. For the purpose of determining a member who shall be entitled to attend the 56th 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 11 April 2013. Only a depositor whose name appears on the Record of Depositors as at 11 April 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTES

1. Resolutions 3 and 4 – Proposed Re-election of Directors

The Group Nomination and Remuneration Committee had conducted assessment on the independence of the Independent Directors and is satisfied that the Independent Directors continue to bring independent and objective judgment to Board deliberations.

2. Resolution 7 – Proposed renewal of the authority for Directors to issue shares

The Resolution 7 is proposed for the purpose of granting a general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. The Resolution 7, if passed, 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 not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate sought at the 55th Annual General Meeting held on 17 April 2012, which will lapse upon the conclusion of the forthcoming 56th Annual General Meeting to be held on 17 April 2013.

3. Resolution 8 – Proposed renewal of the authority for Directors to allot and issue new Ordinary Shares of RM1.00 each in the Company in relation to the Dividend Reinvestment Scheme

This proposed Resolution 8 will give authority to the Directors to issue ordinary shares in the Company in respect of dividends to be declared, if any, under the Dividend Reinvestment Scheme, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at the subsequent Annual General Meeting.

4. Resolution 9 – Proposed renewal of the authority to purchase own shares

Resolution 9, if passed, will empower 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 2012 Annual Report.

5. Resolution 10 – Proposed Amendments to the Articles of Association

The Proposed Amendments to the Articles of Association of the Company is to reflect recent amendments to the Listing Requirements of Bursa Securities.

Resolution 10, if passed, will allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds; and expressly disallows any restriction on a proxy's qualification and accord proxies the same rights as members to speak at general meetings.

Statement Accompanying Notice of Annual General Meeting

(pursuant to Paragraph 12.06(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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 17 April 2012, 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 RM1,282 million and/or share premium account of approximately RM4,193 million based on the Audited Financial Statements of the Company for the financial year ended 31 December 2011.

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 56th Annual General Meeting to be held on 17 April 2013, unless renewed by an ordinary resolution.

On 22 February 2013, the Company announced its intention to seek shareholders' approval at the forthcoming 56th 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 56th 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 22 February 2013 of RM7,432,774,646 comprising 7,432,774,646 ordinary shares of RM1.00 each in the Company (CIMB Shares), a total of 743,277,464 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 2014 at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant authorities.

The Board proposed to allocate an amount of up to retained profits and/or share premium account of the Company for the purchase of its own shares subject to Section 67A of the Companies Act, 1965 (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 the 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 2012 was RM1,522 million whilst the audited share premium account of the Company as at 31 December 2012 was approximately RM4,193 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

Statement Accompanying Notice of Annual General Meeting

(pursuant to Paragraph 12.06(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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 to the 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 i.e. 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 or 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 67A of the Companies Act, 1965, 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	58.91% ^{*1}	48.91% ^{*2}

Notes:

*1 As at 22 February 2013

*2 Based on the assumption that:

- (i) the Proposed Shares Buy-Back involves the aggregate purchase of 743,277,464 CIMB Shares (being 10% of issued and paid-up capital of the Company as at 22 February 2013) which are to be retained as treasury shares; and
- (ii) the number of CIMB Shares held by the Directors of CIMB, the substantial shareholders of CIMB and person connected to them remain unchanged.

3. RATIONALE FOR THE PROPOSED SHARES BUY-BACK

The Proposed Shares Buy-Back will enable CIMB to utilise its surplus financial resources to buy-back CIMB Shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

The purchased shares can be held as treasury shares and re-sold on Bursa Securities to realise potential gain without affecting the total issued and paid-up share capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the shareholders of the Company.

4. EVALUATION OF THE PROPOSED SHARES BUY-BACK

4.1 Advantages

The potential advantages of the Proposed Shares Buy-Back are as follows:

- (i) Allow the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) Allow the Company more flexibility in fine-tuning its capital structure;
- (iii) The resultant reduction of share capital base is expected to improve the earnings per share and may strengthen the net tangible assets of the remaining shares as well as the probability of declaring a higher quantum of dividend in the future;
- (iv) To stabilise a downward trend of the market price of the Company's shares;

Statement Accompanying Notice of Annual General Meeting

(pursuant to Paragraph 12.06(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- (v) Treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board of Directors is confident of CIMB's future prospects and performance in the long term; and
- (vi) If the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

4.2 Disadvantages

The potential disadvantages of the Proposed Shares Buy-Back are as follows:

- (i) The purchases can only be made out of distributable reserves resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- (ii) The purchases of existing shares involve cash outflow from the Company which may otherwise be retained and used for the businesses of the Company.

Nevertheless, the Board of Directors will be mindful of the interests of the Company and its shareholders in exercising the authority to purchase its own shares.

5. EFFECTS OF PROPOSED SHARES BUY-BACK

Assuming that the Company buys back up to 743,277,464 CIMB Shares representing 10% of its issued and paid-up share capital as at 22 February 2013 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 follows:

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 Group as at 22 February 2013 to be reduced from RM7,432,774,646 comprising 7,432,774,646 CIMB Shares to RM6,689,497,182 comprising 6,689,497,182 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 statements as at 31 December 2012	As at 22 February 2013	After share purchase and cancellation
Issued and paid-up share capital (RM)	7,432,774,646	7,432,774,646	6,689,497,182 ^{*1}

Note:

^{*1} Assuming up to 10% of the issued and paid-up share capital of CIMB or 743,277,464 CIMB Shares are purchased and cancelled.

5.2 Net Assets and Working Capital

The effects of the Proposed Shares Buy-Back on the net assets per share of the Group are dependent on the purchase price of CIMB Shares and the effective funding cost or loss in interest income to the Group.

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 increase 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 the Group, 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 the Group are dependent on the purchase price of CIMB Shares and the effective funding cost or loss in interest income to the Group.

Statement Accompanying **Notice of Annual General Meeting**
(pursuant to Paragraph 12.06(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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 22 February 2013 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	2,222,466,767	29.90	–	–	2,222,466,767	33.22	–	–
Employees Provident Fund Board	1,034,269,732 ^{*3}	13.91	–	–	1,034,269,732	15.46	–	–
Mitsubishi UFJ Financial Group, Inc	–	–	772,012,631 ^{*4}	10.39	–	–	772,012,631	11.54

Notes:

*1 Adjusted for the number of treasury shares held as at 22 February 2013.

*2 Assuming that 10% of the issued and paid-up capital is purchased and retained as treasury shares.

*3 2,996,000 CIMB Shares are held directly and the remaining 1,031,273,732 CIMB Shares are held through nominees.

*4 Deemed interested in CIMB Shares held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965.

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	%
Tan Sri Dato' Md Nor Yusof	400,000	– ^{*3}	400,000	– ^{*3}
Dato' Sri Nazir Razak ^{*4}	51,784,281	0.70	51,784,281	0.71
Dato' Zainal Abidin Putih ^{*5}	110,000	– ^{*3}	110,000	– ^{*3}
Dato' Robert Chem Dau Meng ^{*6}	180,644	– ^{*3}	180,644	– ^{*3}

Notes:

*1 Adjusted for the number of treasury shares held as at 22 February 2013.

*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 Includes the shareholdings of his spouse and son.

*6 Includes the shareholdings of his son.

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 56th 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)

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 2012 to February 2013 are as follows:

2012	High (RM)	Low (RM)
March	7.72	7.14
April	7.96	7.31
May	7.75	7.13
June	7.64	7.30
July	7.93	7.53
August	7.96	7.72
September	7.87	7.15
October	7.82	7.49
November	7.77	7.45
December	7.71	7.44
2013		
January	7.72	7.02
February	7.25	6.98

8. PURCHASES, RESALE AND CANCELLATION OF TREASURY SHARES MADE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

During the financial year ended 31 December 2012, the Company purchased a total of 205 CIMB shares from the open market at an average price of RM8.70 per share or a total consideration of RM1,783.89. All the shares purchased were retained as treasury shares.

Information on shares purchased during the financial year ended 31 December 2012 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 56th Annual General Meeting.



CIMB GROUP HOLDINGS BERHAD (50841-W)

(Incorporated in Malaysia)

Proxy Form

CDS Account No. _____

Number of Shares _____

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 56th Annual General Meeting of the Company to be held at the Grand Ballroom, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 17 April 2013 at 9.30 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	Resolution 1	
2.	Re-election of Directors:		
2.1	Dato' Robert Cheim Dau Meng	Resolution 2	
2.2	Glenn Muhammad Surya Yusuf	Resolution 3	
2.3	Watanan Petersik	Resolution 4	
3.	Payment of Directors' Fees	Resolution 5	
4.	Re-appointment of Auditors	Resolution 6	
5.	Proposed Renewal of the Authority for Directors to Issue Shares	Resolution 7	
6.	Proposed Renewal of the Authority for Directors to Issue Shares in relation to the Dividend Reinvestment Scheme	Resolution 8	
7.	Proposed Renewal of the Authority to Purchase Own Shares	Resolution 9	
8.	Proposed Amendments to the Articles of Association	Resolution 10	

(Please indicate with an "X" how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal _____

Date: _____

NOTES:

1. 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. 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.
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4. The instrument appointing a proxy 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.
5. For the purpose of determining a member who shall be entitled to attend the 56th 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 11 April 2013. Only a depositor whose name appears on the Record of Depositors as at 11 April 2013 shall be entitled to attend the said meeting or appoint proxies to attend 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