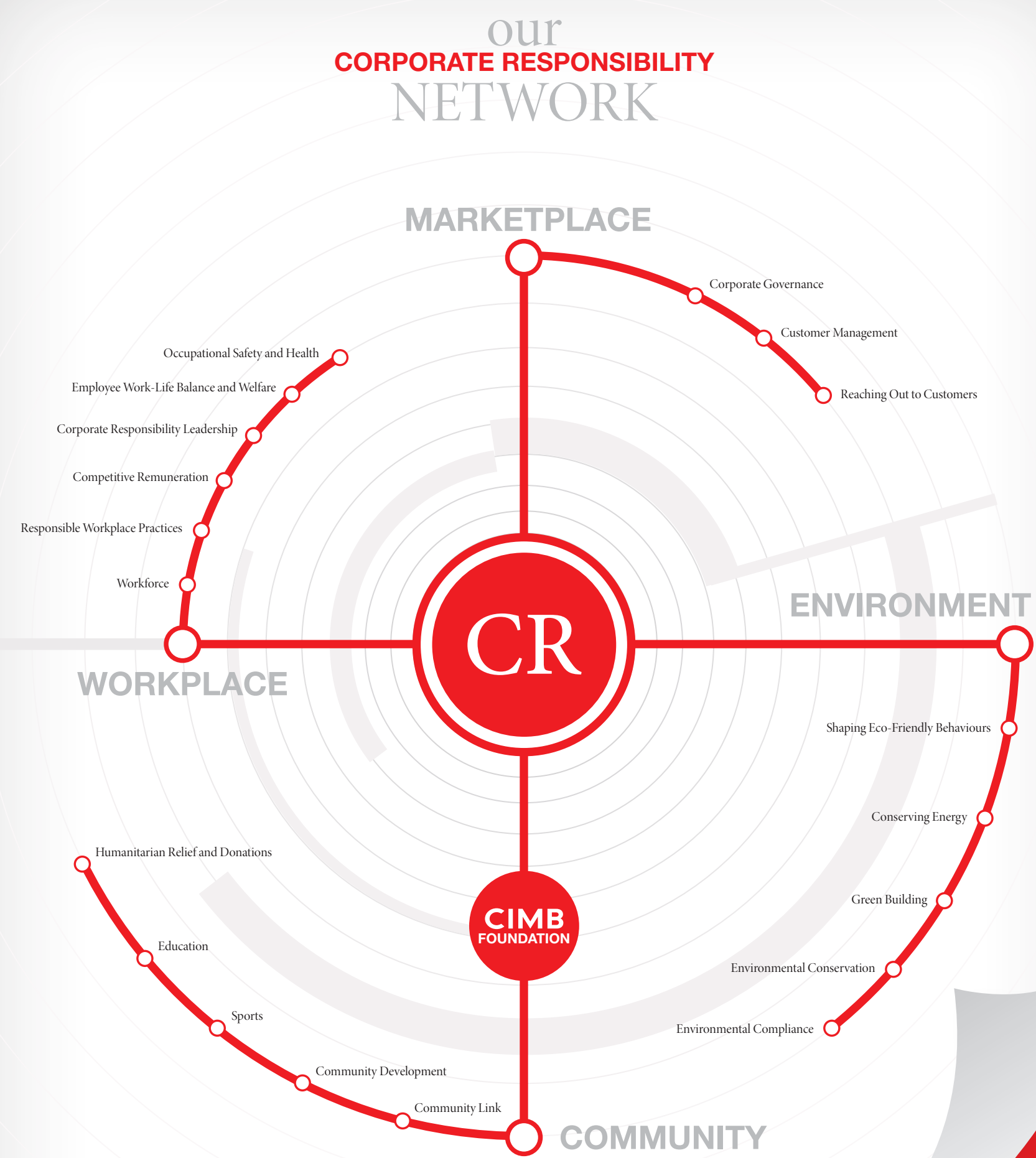


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CIMB GROUP HOLDINGS BERHAD (50841-W)

CIMB GROUP

CORPORATE RESPONSIBILITY REPORT 2012





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**CIMB FOUNDATION'S
FINANCIAL STATEMENTS**



CIMB GROUP'S CORPORATE RESPONSIBILITY REPORT 2012



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“ Giving back to the communities we serve is a key part of our Group DNA and is specifically enshrined in our corporate value of enabling people.”

NAZIR RAZAK

Statement by Group Chief Executive



Dear Shareholders,

We place great importance on our social responsibilities at CIMB Group. Giving back to the communities we serve is a key part of our Group DNA and is specifically enshrined in our corporate value of enabling people - we empower and align our people to innovate and deliver value in their workplace as well as for the community they serve.

Statement by Group Chief Executive



Talking at a Rotary Club Seminar on the prevention of blindness.

At CIMB Group, we are also 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.

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. Our not-for-profit foundation 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 and overall we have affected more than three million people with 771 projects since 2007.

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. I also pay particular attention to Malaysian youth football, where I am team manager for CIMB-

YFA Bintang Muda junior football club. We won a string of championships in 2012 and the club has also produced a number of state and national football players since 2010.

Continuing on the theme of youth development, we awarded the prestigious CIMB Regional Scholarship to five post-graduate ASEAN scholars who demonstrated passion and ability in nutrition and genetics. Six CIMB-Niaga scholars also graduated from Malaysian universities in 2012.

Also in 2012, we started a programme to help young offenders in Malaysian jails by equipping libraries with educational and reference books to assist the Sekolah Integriti to provide education to juveniles in detention.

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. I attended the event along with Raja Noorma Othman, CIMB Foundation's new CEO. She has been with CIMB Group since 2005 and oversees the asset management businesses of CIMB Group. Raja Noorma took up the reins of CIMB Foundation from its first CEO, Dato' Mohd Shukri Hussin, a key figure who spent 26 years with CIMB Group and was executive director

until his retirement in 2011. I thank Dato' Shukri for his five years of dedicated service to the Foundation and am very pleased that he remains on the Foundation's Board of Trustees.

Another welcome addition to CIMB Foundation in 2012 was Tan Sri G K Rama Iyer, who joined the Board of Trustees. Amongst many highlights in his distinguished career, Tan Sri Rama was the first Chairman of Malaysian Airline System Berhad and a Director of CIMB Bank Berhad for more than two decades.

In 2012, a highlight of our workplace initiatives 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 by CIMB Islamic which focused on simple ways to reduce solid waste and promote long term sustainable benefits to the environment. Recently, I attended a Rotary Club seminar in Kuala Lumpur on the prevention of blindness. At the event, CIMB Foundation was commended for its work in this field since 2008. It is really encouraging to reflect on the positive changes and sustainable improvements we have been able to bring over the years.

In particular, I would like to thank the trustees of CIMB Foundation, including our CIMB Group Chairman Tan Sri Md Nor Yusof, for their guidance and participation in championing our activities in the communities we serve. I would also like to thank CIMB Foundation CEO Raja Noorma and my colleagues across the region who have worked hard to create long term value and build our corporate social responsibility network.

Nazir Razak
Group Chief Executive



CIMB
FOUNDATION



COMMUNITY

CORPORATE RESPONSIBILITY

COMMUNITY

**THE COMMUNITY AS A STAKEHOLDER OF OUR BUSINESS**

CIMB Foundation, which is tasked with the job of strategising and implementing CIMB Group's corporate responsibility initiatives, has today disbursed nearly RM60 million to various programmes under our three pillars of community development, sports and education.

Giving back to the community is very much a part of CIMB Group's DNA. CIMB Foundation, which was launched in November 2007, is one of the leading CSR advocates in ASEAN.

Our Flagship Programme

Community Link is the flagship CR programme of CIMB Group. Implemented initially as a partnership between the Group's consumer banking franchises in Malaysia - CIMB Bank and CIMB Islamic, we leverage on the nationwide reach and coverage of our consumer banking branch network to deliver benefits to our community and social welfare projects in the heart of the communities that we serve nationwide. All the projects are funded by CIMB Foundation.

In 2010, the Group witnessed the launch of Community Link through its various entities in Indonesia, Singapore and Thailand. Cambodia followed in 2011 and to date we have approved and implemented close to 700 projects with a funding of over RM28 million in these countries.

Between 2011 and 2012, we approved and implemented 183 projects spending RM5.2 million for Community Link programmes in five countries. We then reviewed the

implementation of Community Link and felt that there were measures we could take to ensure greater impact. New procedures were put in place, ensuring that the NGOs we partner with are reliable and able to deliver sustainable outcomes and results to the communities. We also closely monitor the projects that we fund to ensure strict adherence to the funding criteria.

There was also significant hands-on participation in CR activities by the management and the members of the Board, the Trustees of CIMB Foundation, the Group Chief Executive as well as our staff throughout the region. This involvement was on a purely voluntary basis and is a testament to the support of our people for the Group's CR activities. We were heartened by the quality of projects that we have undertaken and we were also touched by the time and effort put in to achieve the results.

COMMUNITY



Malaysia



PROJECTS IMPLEMENTED ACROSS THE REGION



Indonesia

COMMUNITY

Impacting Over 3 Million Lives



Cambodia



Thailand

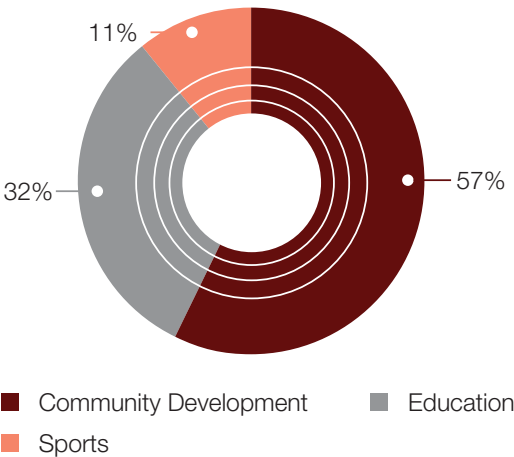


COMMUNITY

COMMUNITY DEVELOPMENT

Community Development is one of the three pillars of CIMB Foundation. Under this pillar we concentrate on socio-economic development, the environment, healthcare and national unity. Projects are funded according to established criteria to bring lasting benefits and sustainable changes to the community. In the following pages, we will showcase some of the projects under Community Development.

Environmental projects will be detailed under the Environment segment of this report.



Pillars	Number of Projects	Budget Approved
Community Development	76	RM2,964,889
Education	87	RM1,645,068
Sports	20	RM549,691
Total	183	RM5,159,648

SOCIO-ECONOMIC

Socio-economic development has been a focus of our Community Development efforts since the inception of Community Link. As a universal bank that caters to all customers from the smallest retail customers to the largest corporations, the Group does not forget those who are disadvantaged and unable to participate fully in economic activity.

Therefore, in our community outreach efforts, we work with NGOs to create opportunities for this segment of society to empower them by improving their ability to generate income. We focus on capacity building in which we provide skills training and education on running businesses. Typically, the participants in these programmes are taught skills which can be translated into employment or starting a business.

CIMB Foundation funded 23 socio-economic projects under Community Link amounting to RM796,845 between 2011 and 2012.

Soap Making and Skills Training for Disabled People

CIMB Foundation partnered with the Malaysian Red Crescent Society Sunflower Centre in Miri, Sarawak to help disabled people earn an income. Participants were taught how to make soaps. At the end of the programme they produced approximately 3,000 bars of soap and earned RM5,115 from the sales.



COMMUNITY

Banana Fritters

This project was monitored and executed by our Muar branch in Johor. The NGO involved, Perhubungan Pengasih Negeri Johor, approached the Foundation to fund the expansion of their Pisang Goreng business.

Our funding of RM15,000 allowed them to purchase a banana cutting machine, a stove and frying utensils that helped to increase their productivity.

Over 20 ex-drug addicts were involved in expanding this business. After 5 months, their income rose from RM350 to RM750 a month. With these extra profits, they were able to open a welding shop, creating jobs for another 50 inmates.

Their future projects include plans to open a restaurant from the profits generated by the banana fritter business.

**Rose-based Soap Development**

In partnership with Wangsa Jelita, CIMB Niaga helped a community in Lembang, West Java to increase their income by developing their rose-farming industry.

Skills such as soap-making, management, and marketing were taught to the farmers in this area. Tools and equipment for soap-making were also purchased with our funding.

Today there are two soap variants sold by 25 partner social enterprises in Indonesia.

Through this profit sharing scheme, 25 beneficiaries have increased their income from IDR1,000,000 (approximately RM333) per month to IDR1,300,000 (approximately RM430) per month.

Banten Gumi Park Development

Banten Gumi Park Development is a community-based biodiversity programme in Renon Village, Bali, Indonesia. This project was a collaborative submission by Denpasar, Thamrin, Melati, and Kuta branches of CIMB Niaga.

The aim of the project was to increase the income of the villagers through ecotourism and farming. With our funding, the villagers were able to cultivate selected plant varieties that are widely used for traditional offerings by the Balinese.

The two-acre park is also in line with the government's programme 'Bali Green and Clean', making it a potential tourist attraction.

Over 700 households were involved in this project which included farmers, craftswomen, eco-tour guides and park administration.



COMMUNITY

SOCIO-ECONOMIC PROJECTS THROUGH UNIVERSITY PARTNERSHIPS

In looking at ways to enhance the results of our community funding, starting in 2010 we accelerated our collaboration with universities on socio-economic development programmes. We tap on the ideas, energy and enthusiasm of university students, the research undertaken in universities and the knowledge within the universities to improve the socio-economic standing of communities surrounding the universities.

This partnership allows students and lecturers to bring their research to fruition, affording communities new knowledge and technical expertise in their quest for higher incomes.

Between 2011 to 2012, we approved and funded 6 socio-economic projects involving 4 universities across the country.

4Nature

Universiti Utara Malaysia executed their 4Nature project which took place in Pokok Sena, Kedah. Seventeen farmers were taught how to produce and to fertilise their land with organic indigenous microorganism (IMO) fertiliser. It helped the farmers tremendously as it meant cutting down their operational cost by up to 35% and at the same time it also helped them avoid polluting their land with chemical fertilisers.

Fruit for Thought

We partnered with Universiti Utara Malaysia to assist single mothers from the low income group to increase their earnings. The project was implemented in Alor Setar, Kedah with ten single mothers participating in the programme. They were taught how to produce fruit bio-enzymes and turn them into detergent and hand-made soaps.

They each increased their monthly income from RM100 to RM150, after executing the project.



The farmers recycled their food waste and produce, mainly fruits, and each reduced their operational cost by approximately RM200 per hectare per month after using the IMO fertiliser. Seven of them have started to produce IMO on a large scale, cumulatively producing 100kg of IMO fertiliser a month.



COMMUNITY

Crabby Fatty

Universiti Malaysia Terengganu (UMT) initiated a crab cultivation project in which crabs are fattened to a specific size before being taken to market. This project is based in Kampong Pengkalan Gelap in Terengganu which is home to a community of fishermen whose monthly income was approximately RM500. This income is derived solely from conventional fishing methods with absolutely no side earnings.

Five fishermen took part in the initial stage of the project. Crabs were caught and placed in three ponds and were harvested after seven months once they had reached a specific size. These larger crabs helped to increase the fishermen's incomes by 144%, giving them a monthly income of RM1,220.

The Foundation's funding of RM30,000 was used to build the three ponds. This project affords the fishermen an increased income, especially important during the monsoon months when they cannot go to sea.

**Roselle Plantation**

We also partnered with UMT in the development, training and production of roselle in Rhu Tapai, Terengganu.

The aim of this project was to increase the income and socio-economic status of farmers and residents of the Projek Perumahan Rakyat Termiskin (PPRT) in Rhu Tapai. The project developed fallow land around Lembah Bidong to grow roselle.

Roselle has seen its market share rise since being chosen as the official drink of Terengganu. UMT provided training to the farmers on improved farming methods, post-harvest handling, marketing strategies, and financial and accounting skills. They also taught the farmers to identify market opportunities for their products.

Our grant of RM42,376 has been translated into a 10% increase in roselle production leading to a 47% increase in income from RM1,500 to RM2,200 a month.



COMMUNITY

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 Tharad 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.



COMMUNITY

NATIONAL UNITY

In 2102 we funded arts and culture projects to promote national unity.

Sepak Takraw

In the Klang Valley, our sepak takraw programme involved over 160 students from 4 schools. The project was initiated to reignite interest in our national sport, teaching these students the techniques and tactics of this agile game. At the end of the learning session, these 4 schools set up their own teams with a view to competing at the national level.

**Unity Drum**

In 2009, we funded the Unity Drum percussion troupe at SMK Sultan Ibrahim in Kulai, Johor. The troupe initially used Chinese flower drums and later expanded using the Malay kompang and jidor and the Indian tappe and urumi in their performances. In 2012, they requested further funding enabling them to enlarge the troupe, buy new instruments and to perform in public at local events.

**Dondang Sayang**

Pertubuhan Belia Kampung Duyung (BEDUMA) teaches the local community the art of dondang sayang. A song and dance art form, dondang sayang has traces of Malay, Chinese, Nyonya and Portuguese influences. Our funding was used to teach 100 young people this traditional art form. A competition was held and prizes were awarded for the best compositions and renditions of dondang sayang.



COMMUNITY

SPORTS

Sports has always played a vital part in CIMB Group's CR programmes. The ethos of sportsmanship is a reflection of the high performance culture of the Group. The constancy of sports is also seen in our drive for innovation and improvement in our business.

Since its establishment, CIMB Foundation has been active in promoting and improving sports at the grass roots level. We believe in creating opportunities for young people to excel in sports.

➔ **700**

Juniors took part in the CIMB Junior Squash Development Programme in 2012

Squash

CIMB Group became 'Rakan Sukan Squash' in 2005 through our partnership with the National Sports Council (NSC) and the Squash Racquets Association of Malaysia (SRAM). Since then, we have become ubiquitous with squash.

Our funding provides for the promotion of squash to increase the number of Malaysians playing the sport. It also enables more people to watch world class matches through our sponsorship of the KL Open and the Malaysian Open tournaments.

We also fund the CIMB Junior Squash Development Programme that was initiated in 2006. In 2012, 700 young people were involved in a variety of programmes for six different age groups from U9 to U19. Two tournament circuits are the mainstay of this development programme, namely the CIMB Rising Stars National Junior Circuit and the CIMB National Junior Circuit.

The Foundation also continued its benchmarking and incentive scheme that began in 2010. This scheme sponsors the winners of each group of the two circuits to compete in international tournaments. This enables us to gauge the standard of our players against their peers around the globe.

The results speak for themselves. Twelve of our junior players were selected for the Hong Kong

Junior Open in August 2012. And there were cheers all round when S. Sivasangari and Aifa Azman won the girls' U15 and U11 respectively. S. Sivasangari was then ranked the No 1 Asian Junior Squash player. The boys, too, did Malaysia proud when Mohammad Shafiq emerged champion in the U17 category whilst Mohd Farez Izwan won the U15 title and Jesse Foo won the U13 title.

Our juniors emerged champions in three categories in the Asian Junior Championships. S. Sivasangari won the girls' U15 title, Ng Eain Yow the boys' U15 title, and Nor Alia Izzati the girls' U13 title.

The winners of the Hong Kong Junior Open and Asian Junior Championships were further sponsored to compete in the British Junior Open 2013, the premier international tournament for junior squash which is ranked second after the World Junior Championships. Seven juniors were sent to compete in the tournament and Ng Eain Yow was crowned the champion for the boys' U15 category while S. Sivasangari was the runner-up for the girls' U15 category.

The CIMB Junior Squash Development Programme continues to produce squash players who win at international and regional tournaments, ranking them among the best in the world.



COMMUNITY

CIMB Junior Squash Development Programme 2012 – Top Performers

Ng Eain Yow

- British Junior Open 2013 – BU15 Champion
- British Junior Open 2012 – BU15 3rd Place
- Asian Junior Championships 2012 – BU15 Champion
- Penang (Malaysian) Junior Open 2012 – BU15 Champion
- CIMB National Junior Circuit 2012 – BU15 Overall Champion
- Milo All Stars 2012 – BU15 Champion

**S. Sivasangari**

- British Junior Open 2013 – GU15 Runner-up
- British Junior Open 2012 – GU15 3rd Place
- Asian Junior Championships 2012 – GU15 Champion
- Penang (Malaysian) Junior Open 2012 – GU15 Champion
- Milo All Stars 2012 – GU15 Champion
- Hong Kong Junior Open 2012 – GU15 Champion
- CIMB National Junior Circuit 2012 – GU15 Overall Champion

**Mohammad Syafiq Bin Mohd Kamal**

- Penang (Malaysian) Junior Open 2012 – BU17 Champion
- Hong Kong Junior Open 2012 – BU17 Champion
- CIMB National Junior Circuit 2012 – BU17 Overall Champion

**Jesse Foo Kok Sheng**

- Hong Kong Junior Open 2012 – BU13 Champion
- CIMB Rising Stars National Champion
- Junior Circuit 2012 – BU13 Overall Champion

**Mohd Farez Izwan**

- Hong Kong Junior Open 2012 – BU15 Champion



COMMUNITY

Golf

Initiated in 2010, the CIMB Junior Golf Programme is a part of the Group's title sponsorship of the CIMB Asia Pacific Classic, Malaysia tournament, the first PGA-sanctioned event in ASEAN.

Using resources from our title sponsorship, CIMB Group has created a programme to benefit junior golfers in ASEAN, with participation from Malaysia, Indonesia, Thailand and Singapore. The Group consulted with the TOUR Academy and the golf associations of the four nations on the structure and content of the programme.

This programme provides for professional instruction from the TOUR Academy in a series of training camps to hone the skills of the selected juniors. The best of the best are then rewarded with a two-week stint at TOUR Academy's headquarters in TPC Sawgrass, Florida.

In 2012, more junior golfers participated and a wider range of activities was covered. A total of 144 juniors were selected from the 4 countries in 2012 (128 juniors in 2011) with an equal number of boys and girls taking part. They were informed of the structure of the programme and the selection criteria in a handbook that was given to all participants.

There are three levels to the camps. Level One is held locally in each country with all 144 juniors participating. Level Two is narrowed down to the top 128 players. And Level Three is for the best 25 players. The Level Three camp is held in conjunction with the CIMB Asia Pacific Classic held in November in Kuala Lumpur. The ten day camp received a visit from the Malaysian Prime Minister, Dato' Seri Mohd Najib Tun Razak.

The programme culminated in a two-day tournament which saw Paul San of Malaysia and Pajaree Anantnarukam of Thailand winning the CIMB Junior Golf Development Programme Level Three Tournament titles in the boys' and girls' divisions respectively.

Tiger Woods

“ I think what CIMB has done for junior golf and trying to develop junior golf here is just fantastic. We see these kids out there so enthused about the game of golf. It's about giving them a chance to make something of themselves. You can inspire people, but you've got to give them places to play and compete. I think that what has been such a huge turnaround since the time I've been on TOUR is the growth of junior golf throughout all of Asia. It's just growing by leaps and bounds. ”

Selected top junior golfers underwent a pro clinic conducted by Martin Laird, winner of the Arnold Palmer Invitational in 2011. They also followed the professional players who were competing in the CIMB Asia Pacific Classic. This interaction proved invaluable to the youngsters.

Peter Gunawan from Indonesia, Prin Phookan from Thailand and Paul San of Malaysia were the lucky three who were chosen to walk with Tiger Woods during the ProAm. Meanwhile, Malaysia's Natasha Andrea Onn, Indonesia's Paquita Gadin, Singapore's Lucius Toh and Thailand's Putt Sridarma were selected to take part in a photo opportunity with Tiger Woods and Dato' Sri Nazir Razak.

An event was also held to celebrate and recognise the success of our junior golfers. Dato' Sri Nazir Razak presented certificates of achievement to the top 23 junior golfers from ASEAN at the CIMB Junior Golf Development Programme Player Recognition Ceremony.



COMMUNITY

Football

Established in 2002, YFA-Bintang Muda is a community football academy with 894 members in 9 centres in Kuala Lumpur and Selangor.

CIMB Foundation has been a proud sponsor of this club which provides young children with opportunities to receive coaching for play football since 2009. Our funding helps the youngsters to buy equipment, football apparel and pay for training. The sponsorship also allows the club to lower their fees to enable more underprivileged children to participate in the sport.

A portion of the funding is channeled towards the club's elite teams, to enable them to receive quality training and take part in tournaments.

YFA-Bintang Muda has been adopted by our Group Chief Executive's Office as its Community Link programme. Dato' Sri Nazir Razak acts as team manager for the club's U12 team, and meets with the boys to check on their progress.

We are extremely proud of the club's progress and achievements, which include a string of championships in 2012. Among the highlights of the club's performance in the year was to be crowned the overall champion of the RSC Dato' Chu Ah Ngee trophy, retaining the titles they won for four years running since 2009.

The club's U10, U12 and U14 teams were also crowned champions of 1MCC-Hong Leong Yamaha 2012 football league in May. The U16 team, on the other hand, successfully progressed to the league's quarter final.

It was a proud moment for us when the club presented the 1MCC-Hong Leong Yamaha trophy to Dato' Sri Nazir Razak, in recognition of his contributions and the funding provided by CIMB Foundation to the club.

Besides winning tournaments, CIMB-YFA Bintang Muda has also produced a number of state and national football players.

➔ **894**
Children received
football training
in 2012



COMMUNITY

**CIMB-COBRA Schools Rugby Programme**

In alliance with the Combined Old Boys Rugby Association (COBRA), IJM Corporation Berhad, Penguin Rugby Club of the United Kingdom and the Malaysian Ministry of Education, CIMB Foundation funds rugby development programmes in schools. This programme is designed to create an environment of growth for Malaysian rugby through the training of school teachers to become rugby coaches, while introducing rugby programmes into schools across the country. Although the Foundation only assumed sponsorship of this programme in 2008, CIMB Group's association with the programme began in 2005 when Bumiputra-Commerce Holdings Berhad first became a sponsor.

In 2012, 20 teams participated in the 9th CIMB Foundation-COBRA Schools 10s tournament comprising the 13 states and federal territories of Malaysia as well as 5 teams from Thailand, Australia, New Zealand, Chinese Taipei, and China. Sekolah Tuanku Abdul Rahman (STAR), Perak emerged the winner of the tournament when they defeated Sekolah Dato' Abdul Razak, Negeri Sembilan during the finals.

The programme has also trained more than 670 teachers as qualified rugby coaches. The holistic approach of the programme has also produced referees and competition managers so that there will be a continuous addition to the talent pool necessary for planning and organising tournaments at school, state and national levels.

Cycling

In 2009, CIMB Foundation lent its support to the Penang government to designate bicycle lanes on the island. In partnership with the G Cycling Club and Rotary Club of Tanjung Bungah, we organised a cycling tour round the island. In 2009 1,081 cyclists joined us and in 2010 the number grew to 2,500 cyclists making this the largest single cycling event ever in Malaysia. This earned it an entry into the Malaysian Book of Records in 2010. By 2011 participation increased to 3,066 and 2012 saw the number rise to 4,000 cyclists.

Our contribution also led to the placement of 213 bicycle signs in historical UNESCO assigned George Town and around the island. This has helped create greater awareness of the Foundation throughout the state.

→ **4,000**
Cyclists campaigned
for a bicycle lane in 2012



COMMUNITY

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.



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.



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.



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

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.

COMMUNITY

CIMB Foundation also offers the CIMB-Niaga Scholarship which was one of the Foundation's first education initiatives established in 2008. The scholarship aims to improve cross-border and cross-cultural understanding between Malaysia and Indonesia and is offered to Indonesian students to pursue tertiary education at Malaysian universities.

In 2012, we awarded three CIMB-Niaga Scholarships bringing the total of such scholars to 15. In October 2012, six scholars graduated from Universiti Malaya and Universiti Kebangsaan Malaysia.

Pramudita Lestari, Mohamad Reza Assani, Armelita Febri Fitroya, Nanda Anugerah Rizky and Astivani Haratsulisan each received Business Administration degrees from Universiti Kebangsaan Malaysia, while Adilla Arantika Wiranto graduated with honours in Business Administration from Universiti Malaya.

Five of the graduates are now enrolled in The Complete Banker™ Programme in Indonesia and Malaysia.

CIMB Niaga's 'Beasiswa Unggulan' (Premier Scholarship) programme was awarded to 31 Indonesian students in 2012, bringing that to a total of 255 since its inception in 2006. This programme is a joint venture with the Ministry of National Education of Indonesia, which enables bright Indonesian students from under privileged families to obtain a tertiary education. The scholarship is tenable at the top universities throughout Indonesia.



Adilla Arantika Wiranto,
CIMB-Niaga Scholar

“ The scholarship was my door to limitless opportunities – performing my best academically, participating in a world competition, running student projects, making friends with people from all around the globe. I have grown as a person and expanded my knowledge. ”



COMMUNITY

PINTAR

PINTAR is a programme introduced by Khazanah Nasional Berhad to provide access to quality education for rural school children. The Group's participation in PINTAR dates back to 2007, when we began by adopting two schools in Penang. The following year, the number rose to 10 schools across Malaysia. At the end of 2011, we graduated the schools after more than 3 years of funding and we hope the schools will continue to improve with all the facilities that we have afforded them over the years.

In 2012, we re-examined the programme and felt that it could be given more focus if the schools were concentrated within the same area. We then chose 5 primary schools in Perlis to execute our PINTAR programme for the next three years. We kicked off the programme by creating a competitive environment which encouraged academic excellence through rewards and incentives. We also introduced 2 mentor schools to help them achieve the targeted results. With a total funding of RM432,553 we helped the schools to create programmes and activities that help their pupils improve academically.

In the 2012 UPSR, we are proud to announce that the schools cumulatively scored better compared to the year before the funding. There was an increase in the overall pass rate in the five schools with a 66% increase of students obtaining A for English. The schools also cumulatively increased their English National Average Grade to 3.31 compared to 3.42 the previous year (a lower value indicates better performance).

We held a ceremony to reward the students and for their achievements. Each of the students who scored 5As was awarded RM500 and also received an Adidas school bag, tumbler and various other gifts. Additionally, the students will be awarded RM1,000 if they secure a place in a boarding school.

During the ceremony, Sekolah Seri Perlis was proclaimed as the best school. They have improved tremendously since our funding. Their overall pass rate increased from 58% the year before to 78%. They also increased their English pass rate from 58% the year before to 90%. The most significant achievements was the number of students scoring 5As for the UPSR. Eleven Sekolah Seri Perlis students scored 5As compared to only one the year before.



➔ **66%**

**Increase in students
obtaining an A in
UPSR English**



COMMUNITY

State Education Programme

With a focus on improving the standard of English, the Foundation continued its funding for English language programmes.

Since 2009, we have collaborated with the State Education Department of Perlis to improve the performance of their primary school students in English. The state provided revision classes to the pupils who hovered on the borderline between pass and fail, and aimed to help them reach the standard necessary to pass the UPSR exams. We then expanded the portfolio to include Johor, Melaka, Kelantan, Sabah and Labuan. A total of RM597,039 was provided for teaching materials, English workshops and intensive revision for 425 primary school pupils.

We are pleased with the results. Overall, the states have been showing encouraging results from the funding.

English pass rate over a 3 year period

State	2010	2011	2012
Kelantan	80.8%	86.6%	84.8%
Johor	68.3%	69.4%	69.8%
Sabah	57.2%	52.6%	58.0%
WP Labuan	62.1%	68.4%	67.6%
Perlis	68.1%	70.2%	76.0%
Melaka	68.6%	68.8%	69.7%



Improving English and ICT in schools across the region

CIMB Foundation also provided funding directly to schools for English and ICT programmes. Between 2011 and 2012, 54 schools were funded across the region amounting to a total of RM949,514.

Funding was provided to buy TVs, books, magazines, newspapers and other materials for activities such as reading programmes, public speaking, choral speaking, drama classes, Scrabble and other English-based activities. We also provided funding to improve their ICT skills by buying computers and other hardware.

One of our projects equipped a library in Thailand at the Ban Nonghi Community School. CIMB Thai, through Community Link, built an ICT centre that also functions as a library for the school's 160 students.

This project has helped students with disabilities and learning disorders. Since the building of the ICT centre, these students have improved their concentration and communication skills.

About 2,500 adults in the community also benefit from the ICT centre through learning materials that are made accessible to the public.

COMMUNITY

NEW INITIATIVES IN 2012

We embarked on two new initiatives under the Education pillar in the year 2012. One was to equip the libraries of Sekolah Integriti and Sekolah Henry Gurney across the country. Sekolah Integriti are schools meant for underaged prisoners who are detained at correctional facilities across the country. There are a total of 10 Sekolah Integriti and Sekolah Henry Gurney in the country and we plan to equip the libraries of all the schools.

The second initiative was the CIMB Young Leaders ASEAN Summit, where we invited students from ASEAN to step into the shoes of policy makers for two days and come up with a solution on specific issues regarding ASEAN. The purpose of the summit is to groom future young leaders and hone their diplomatic skills and increase awareness of ASEAN issues.



Education aid for juvenile delinquents

CIMB Foundation officially launched a Community Link project at Sekolah Integriti Kajang at Kajang Prison in November 2012, greatly benefiting many young inmates housed there. The initiative equipped the library at Sekolah Integriti Kajang with educational and reference books valued at RM10,000.

Sekolah Integriti were established to enable juveniles who were tried as adults to receive quality education whilst in prison. While juveniles who were tried as children were sent to Sekolah Henry Gurney and were able to receive proper education in custody, juveniles tried as adults were not as fortunate before the establishment of Sekolah Integriti. Thanks to

the formation of Sekolah Integriti in 1998, these young inmates are now able to receive a much-needed education that will help them lead a better life upon release. Equipping the libraries at the various Sekolah Integriti with sufficient reading materials will further enhance the quality of education the young prisoners receive.

Besides Kajang Prison, Sekolah Integriti Kota Kinabalu and Sekolah Henry Gurney in Keningau, Sabah have also received their education materials. CIMB Foundation plans to work with other Sekolah Integriti and Henry Gurney schools nationwide in 2013.

COMMUNITY

Dato' Sri Nazir Razak

“ It is inspiring to see such an embrace of diversity and how much our young people today can contribute when they are given the right platform, treated with respect and heard with open minds. ”

CIMB Young Leaders ASEAN Summit

The inaugural CIMB Young Leaders ASEAN Summit was held from 17-18 September in ASEAN Hall, ASEAN Secretariat, Jakarta, Indonesia. 50 university students and fresh graduates from the 10 ASEAN countries stepped in to the shoes of ASEAN policy-makers, debated issues relating to ASEAN economic integration and formed resolutions. Jointly organised by CIMB Foundation and CIMB ASEAN Research Institute (CARI), the Summit raised awareness and created interest among the region's future leaders about issues surrounding the formation of the ASEAN Community by 2015. They discussed topics such as access to quality education and the role of youths in the ASEAN Community.

On the first day of the summit, the delegates attended seminars on current ASEAN issues. Among the speakers were His Excellency Ong Keng Yong, High Commissioner of Singapore to Malaysia and former ASEAN Secretary-General; and Rozieyanahayu Ab. Rahman, Principal Assistant Director of the Ministry of International Trade and Industry of Malaysia.

On the second day, they were divided into teams representing the 10 ASEAN countries and assumed the roles of ASEAN ministers and heads of states. Led by Raja Nurshirwan Zainal Abidin, Deputy Director-General of Malaysia's Foreign Affairs Ministry, they discussed the region's prospects and challenges from the perspective of each country, particularly in leadership and innovation. The 5 best delegates from the summit were chosen to attend the ASEAN Business Club (ABC) Gala Dinner on 18 September 2012.

Based on the delegates' dedication and enthusiasm during the two-day event, it was evident that the identity of ASEAN as a community is already taking root among the young. For ASEAN to succeed and be relevant in the international arena, it is critical for the next generation of ASEAN leaders to learn about the 45-year-old regional grouping's challenges and accomplishments. Many of the delegates were in the dark about most issues affecting ASEAN and through the CIMB Young Leaders ASEAN Summit, they were exposed to many aspects of decision-making at the regional level. Most of them said they would be more than thrilled to attend a second round of talks in the future. They were keen to better understand how ASEAN can continue to be competitive, stronger and more cohesive in the coming years.

Witnessing their newfound interest in ASEAN and their enthusiasm in contributing towards the formation of the ASEAN Community, we believe that the inaugural CIMB Young Leaders ASEAN Summit has indeed achieved its objectives.

Arwin Rasyid, Chief Executive Officer of CIMB Niaga expressed the hope that the Summit would continue to be organised in coming years and inspire more next-generation leaders to support the ASEAN agenda.

COMMUNITY



→ **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."

COMMUNITY

RUMAH KITA

Rumah Kita, a shelter for Indonesian domestic workers in Kuala Lumpur, was established through a partnership between CIMB Group, CIMB Niaga and the Indonesian Embassy in Kuala Lumpur in 2010.

It was designed to ease the problem of overcrowding at an existing shelter on the embassy’s premises and provides board and lodging for up to 50 people who are mainly female domestic workers in need of assistance. The shelter is fully funded by CIMB Niaga and CIMB Group while the Indonesian Embassy manages the day-to-day operations and is responsible for security at the shelter.

In 2012, the Group continued its funding of the shelter with approximately RM234,000 for rental, renovation, repairs, food supplies and utilities. Our staff meet regularly with representatives of the Indonesian Embassy to discuss operational matters.



AWARDS

In 2012, CIMB Niaga was recognised as The Best Bank in Corporate Social Responsibility for a private bank with assets of more than IDR1 trillion.

The award was jointly given by Business Review magazine, Woman Review magazine and Indonesia’s National Banking Association (PERBANAS) during the Indonesian Banking Awards for our continuous efforts in giving back to the communities that we serve.

CIMB FOUNDATION’S
APPROVED DISBURSEMENTS IN 2012 (RM)

SPORTS	58,058,554
EDUCATION	3,941,693
COMMUNITY DEVELOPMENT	2,964,889
HUMANITARIAN RELIEF AND OTHER DONATIONS	228,782
TOTAL	65,193,918

COMMUNITY

CIMB FOUNDATION'S TOP 20 APPROVED DISBURSEMENTS IN 2012

Beneficiary	Project Description	Amount (RM)
Event organisation, players and selected charities	CIMB Asia Pacific Classic	52,329,492
144 junior golfers	CIMB Junior Golf Development Programme	2,120,888
Squash Racquets Association of Malaysia	Rakan Sukan Squash sponsorship	1,724,401
1,606 cataract patients	Preventable blindness programme	1,528,000
7 CIMB Regional Scholarship recipients	CIMB Regional Scholarship for citizens of ASEAN countries	913,740
54 schools and 9 communities	Improving English in schools and communities across the region	949,514
22 communities and 1 school	Skills training programme for communities across the region	757,822
The Combined Old Boys Rugby Association	CIMB-COBRA schools rugby development programme	700,000
State Education Departments of Johor, Kelantan, Melaka, Perlis, Sabah and Labuan	Statewide English workshops for 4,744 UPSR students	597,039
17 communities and 12 schools	Community sports programme for schools and communities	549,691
5 rural schools under the 'PINTAR' programme	Capacity building in rural schools through ICT and other programmes	432,553
5 communities and 12 schools	End-to-end waste management initiatives	358,391
YFA-Bintang Muda	Community football club programme	298,700
11 CIMB-Niaga Scholarship recipients	CIMB-Niaga Scholarship for Indonesians studying in Malaysia	235,070
14 schools and 6 communities	Health programmes for communities	214,410
Kelab Berbasikal G Pulau Pinang	Campaign for a Bicycle Lane in Penang	144,882
50 university students delegates from 10 ASEAN countries	CIMB Young Leaders ASEAN Summit	121,223
Malaysia Extreme Sport Association	Sirkuit Sukan Ekstrem Negeri Melaka	60,000
30 adults within the SME sector	English online course for adults	50,000
1 community and 1 school	National unity projects for youths	48,175



WORKPLACE

CORPORATE RESPONSIBILITY

WORKPLACE

The Workplace section of this report is to be read in conjunction with 'Human Capital Growth and Talent Development Initiatives' in the corporate section of the Annual Report which covers the strategic position of Human Resources in the overall transformation of CIMB Group. It also covers in greater detail the talent management and regional training programmes.

RESPONSIBLE WORKPLACE PRACTICES

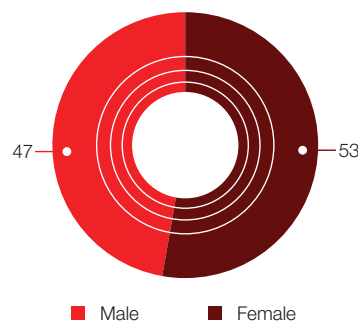
People are at the core of CIMB Group. This belief is reflected in the way we enable our people to achieve their full potential. We engage with our staff in an open, honest and respectful manner and we are committed to providing a workplace that enhances employee safety and promotes their health and well-being. Our workplace programmes remain a core strength with the Group being widely regarded as an employer of choice in ASEAN.

We continue to offer a working environment that is respectful, and we look at our employees as individuals and offer them opportunities to develop. Helping people work effectively with one another across different markets is a priority through multicultural project teams and with employees working overseas.

As an employer of choice, we are able to attract people of the highest calibre, providing them with opportunities to grow and focus on what they do best, rewarding performance, and providing a safe and conducive work environment.

We recognise and respect our employees' rights to join organisations and choose representatives for collective bargaining that is consistent with applicable laws, rules, regulations and local customs.

Diversity and equality of employment opportunities is a commitment the Group makes to all employees and job candidates regardless of race, age, gender, sexual orientation, creed, national origins, or disabilities. We do not tolerate any form of workplace harassment, including sexual harassment.

Workforce Breakdown
Workforce by gender**Percentage of female representation in the workforce**

Category	2011	2012
Senior Management	35%	33%
Middle Management	52%	46%

➔ **41,993**
Employees as at
31 December 2012

SUPPORTING LOCAL TALENT

Throughout all the Group's brands, sustainable practices are greatly encouraged. These practices include supporting local communities by providing employment opportunities to locals.

Meritocracy is a practice in our selection and hiring processes. A diverse and inclusive culture, which is part of the Group's heritage, is something we are proud of, and to which we are committed to developing and maintaining.

We always select appointments on a best fit basis for available vacancies. Our overseas entities, such as CIMB Niaga and CIMB Thai, are headed by nationals of the country, and senior management is also largely local.

WORKPLACE

ENGAGING OUR PEOPLE

Engaging our people is key to our operations and forms the core focus of our workplace practices. We encourage two-way communication between management and employees to ensure openness in the workplace.

Employee engagement survey

The Group conducts an employee engagement survey every two years to gauge our engagement levels and promote positive organisational change.

We work with external consultants to conduct the survey, which is primarily completed online. All responses are processed independently by external consultants to maintain confidentiality.

We plan to administer the next employee engagement survey in mid-2013, targeting all staff across the Group, including our network in Asia, Australia, United Kingdom, and the United States of America.

Two-way communication between management and employees

Two-way communication enables management to understand current issues faced by employees and to formulate an effective approach.

It also enables employees to understand management decisions and its rationale. The Group facilitates the communication by coming up with communications channels as well as activities and events to promote understanding among all levels of employees. Some of the engagement methods employed by the Group are highlighted as follows.

Communications	<ul style="list-style-type: none"> • CEO's Blog • CIMBNET • HR Newsletter – Yours Truly HR • CIMB news • Annual Management Summit
Competitions and quizzes	<ul style="list-style-type: none"> • CIMB Star • CIMB iCON
Sports and recreation	<ul style="list-style-type: none"> • CIMB ASEAN Dance Troupe • Mount Kinabalu Expedition • CIMB SEA Games
Divisional/Departmental activities	<ul style="list-style-type: none"> • Conventions • Townhall sessions • Team luncheons and dinners • Departmental team building activities • Divisional Annual Management Dialogue • Lunch meetings
Caring initiatives/Caring employer	<ul style="list-style-type: none"> • Free health talks • Free health screenings • Health tips and guides • Safety talks and training • Staff rejuvenation programme • Staff welfare fund/Disaster relief fund
CSR initiatives	<ul style="list-style-type: none"> • Community Link initiatives • CIMB Young Leaders ASEAN Summit
Induction/Learning and development	<ul style="list-style-type: none"> • CIMB Group Orientation • The Complete Banker™ Programme • CIMB-INSEAD Leadership Programme • Accelerated Universal Banking Programme • Essentials of Universal Banking Programme



WORKPLACE

Engaging our people through competitions



CIMB iCON: In search of 21st Century Bankers

The 21st century brings profound changes in the way business is conducted. The rise of modern technology creates more demanding customers who expect nothing less than efficient and immediate service.

There is a need for our people to solely meet these expectations by becoming 21st century bankers. The three distinctive qualities of a 21st century banker are:

- Intuitive—One who instinctively understands customer needs and wants;
- Intelligent—One who has complete knowledge of all the bank's products and services; and
- Interconnected—One who embraces and employs the advantages of technology.

To motivate and engage staff to make the change and adopt these qualities, the 21st Century Banker programme initiated a search for ten CIMB iCONs from 15 to 30 April 2012. The search is for CIMB Bank staff from Consumer Sales and Distribution (CSD), Group Cards and Personal Financing, Commercial Banking and Retail Financial Services departments in Malaysia.

To participate in the CIMB iCON search, staff from these areas need only to log on to CIMBNET, join the CIMB iCON community page and submit their answers to any of the six questions posted. Staff are able to visit the community page and vote for their favourite answers. Participants whose answers receive the most votes are shortlisted to be selected by the judges as the 10 CIMB iCONs.

After months of deliberation, the chosen 10 CIMB iCONs were Rosman Nordin (CSD), Chung Kok Heng (CSD), Tan Lay Juan (Commercial Banking), Choo Lai Peng (CSD), Liew Yu Soon (CSD), Safian Bujang (CSD), Koh Siew Aun (Group Cards and Personal Financing), Martina Newarni a/p Amar Singh (Retail Financial Services), Guruvammah a/p Gurusamy (Commercial Banking), and Tan Len Chui (Commercial Banking).

Their efforts were rewarded with a special luncheon with Group Chief Executive Dato' Sri Nazir Razak on 6 November 2012, specialised training programmes and dynamic personal career mapping with Group Human Resources.



WORKPLACE

COMPETITIVE REMUNERATION

Our remuneration policy is aligned with regulatory requirements and best practice. We ensure that our employees are competitively rewarded based on performance. Such compensation is governed by independent remuneration committees which balance the risks and rewards that do not actively encourage imprudent risk taking. A large portion of variable compensation of key executives and senior management are deferred and subject to forfeiture provisions. These compensation awards, whilst based on achievement, also take into account the manner in which the results are achieved, stressing adherence to risk and compliance policies.

With the continuing expansion of our network, workforce and geographical reach, there is a compelling need to review our approach to measure and manage employee performance.

In 2012, we endorsed the view that it is no longer effective and accurate to measure an employee's performance based solely on individual achievement of KPIs. Rather, to drive and to reward breakthrough performance, we concluded that we had to measure the network performance of employees: their effectiveness at improving others' performance and using the contributions of others to improve their own achievements. With this, Group Corporate Resources initiated and commenced the groundwork in 2012, for the implementation of a new and more relevant performance measurement framework in 2013.

The Group's bonus plan for non-unionised employees is performance based, and is dependent on corporate performance, performance of the relevant division or department and personal performance.

Benefits

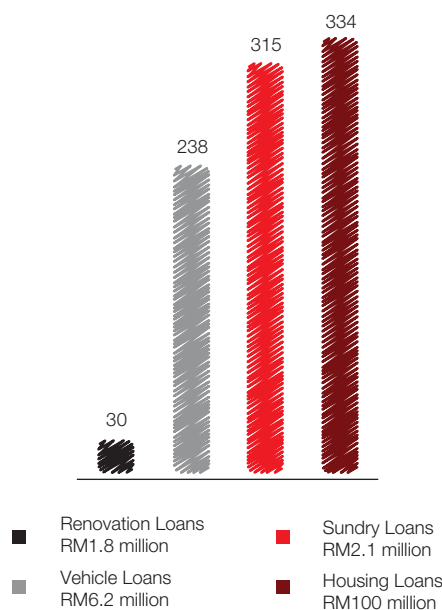
All our employees (including their families) enjoy coverage on medical care, health, disability insurance and maternity and paternity benefits.

The Group offers 'CIMB Plan', a benefits programme that gives staff the freedom and flexibility to choose how to spend the money that CIMB contributes towards their staff benefits. As such, CIMB Plan puts our staff in control of their benefits packages and lets them choose from a variety of benefit options to make up a package which meets their needs and circumstances, and gives them the most value. Staff may also exchange a portion of their annual leave entitlement in the CIMB Plan to increase coverage in certain areas, for example married staff with young children may choose to increase their medical and dental benefits.

The Bank contributes 4% above the statutory rate towards an employee retirement fund, and for new recruits who join the Group after 1 November 2012, the 4% is redirected to a Private Retirement Scheme (PRS).

Employees also enjoy preferential rates for employee housing and vehicle loans. Sundry loans and festival advances are also made available to certain categories of staff. In 2012, the Group approved over RM110 million in employee loans.

Total number of staff who have received financing from the Group



High performance culture

CIMB promotes a culture of meritocracy and high performance. We work to ensure that all employees are engaged and understand the goals and values of the Group. Our performance management system enables the Group to systematically assess how employees are performing, and is able to evaluate not just end results, but also how those goals were achieved. Open communications between all levels of staff are highly encouraged to ensure goals are aligned and achieved. Clarity of expectation that comes from open ended communications invariably leads to better understanding of challenges and needs. Effective performance management also allows the Group to chart the personal development of employees and correctly align their reward and compensation.

CIMB Group's performance management is based on the financial year, running from January to December.

The performance process consists of 4 phases:

- Performance planning - by first quarter (current year)
- Performance monitoring and development (feedback and coaching throughout the year)
- Performance review
 - Informal mid-year review - July (current year)
 - Formal annual review - December (current year)/January (subsequent year)
- Performance rewarding - during first quarter (subsequent year)

Rewarding employee loyalty

The Group also offers a long service recognition award to reward staff for their loyalty. Upon reaching the 20 year milestone in serving the Group, staff members receive RM3,000 worth of unit trust funds. Retirees, on the other hand, receive a Gold Deposit Account or Fixed Return Investment Account (FRIA) worth RM5,000. In 2012, a total of 1,510 staff were rewarded for their long service with the Group.

Employee turnover

The Group's employee turnover rate was 16.5% in 2012. Out of these employees, 17% were from Malaysia, 13.5% from Indonesia, 21.3% from Thailand, 25.4% from Singapore and the balance was from Cambodia and other countries.

WORKPLACE

Family-friendly policies

We recognise that family is an important aspect of our employees' lives, and therefore, have in place numerous family-friendly policies including medical and hospitalisation benefits for immediate family members, maternity and paternity leave, a flexible benefits programme (CIMB Plan) and scholarships for children of eligible employees.

Employee Handbook

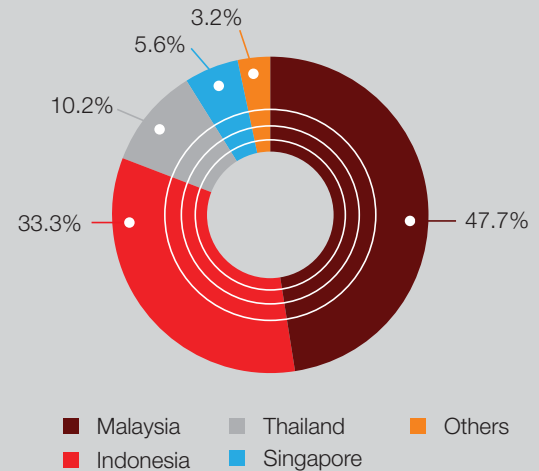
Handbooks and manuals which spell out the conditions of employment and the way disciplinary matters and employee complaints are to be handled are made available to all employees and are also communicated to new employees during induction courses. All human resource policies and guidelines are accessible through the CIMBNET and employee handbooks.

THRIVING ON DIVERSITY

CIMB Group has a diverse workforce of 38 nationalities, most of whom are from ASEAN. The Global Employee Mobility (GEM) scheme is a platform for cross-cultural exchange among our employees for them to gain regional exposure.

GEM also cultivates a collaborative work culture within the Group for greater synergy and acts as an extension of our talent development framework. This enables our employees to learn to operate in a multi-cultural environment and build on the strengths and experience of their colleagues.

In 2012, 63 employees within the Group were offered regional postings.

Workforce by countries

Global Employee Mobility Scheme

What our people say about their experiences

**Sophal Maliny**

Home Country: **Cambodia**
Host Country: **Malaysia**
Department: **Segment Management**

This regional attachment is one of my greatest opportunities in life. Learning about people from all walks of life and the collective culture in Malaysia is priceless.

**Foong Yu Min**

Home Country: **Malaysia**
Host Country: **Singapore**
Department: **Treasury**

The opportunity to understand Singapore's vibrant market, client behaviour, product sophistication and how business is done, has been a real eye-opener.

**Cheam Tze Shen**

Home Country: **Singapore**
Host Country: **Hong Kong**
Department: **Equities Research**

This is definitely a good chance to experience life abroad. While being away from the comforts and familiarity of your home, it gives you an opportunity to learn about yourself and forge new friendships.

**Pravin Vijay**

Home Country: **Malaysia**
Host Country: **Sri Lanka**
Department: **Corporate Finance**

Working in an investment bank which has a global footprint allowed me to be at the forefront of this growth, facilitating the entry of many entities into this new market.

**Rusdi Dahardin**

Home Country: **Indonesia**
Host Country: **Malaysia**
Department: **Islamic Banking**

I am proud of the way CIMB Group has shaped the Islamic financial landscape in this region. I feel honoured to work for a dynamic and forward thinking organisation.

**Rafique Mat Tahir**

Home Country: **Malaysia**
Host Country: **Indonesia**
Department: **Structured Finance**

There are many advantages of going for a mobility assignment. The main one is that you will be exposed to people of different cultures and backgrounds.

WORKPLACE

TALENT GROWTH AS A KEY TO DEVELOPMENT

In becoming an ASEAN champion, the Group is committed to helping employees realise their full potential through training and development opportunities. The Group's geographical and functional coverage mean that it is important that we prepare our people to become ASEAN citizens.

We offer a host of learning and development opportunities for all employees as an investment for the long-term future of our people.

We have dedicated teams within both Human Resources and business units which deliver learning solutions. Access to learning is provided to all employees through e-learning, classroom learning, and experiential training.

The Commerce Leadership Institute (CLI) is the Group's dedicated leadership development centre. It 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.



Training delivered in 2012 includes induction, role-based certification, technical, regulatory and compliance, innovation and continuous improvement, leadership development and culture programmes. Key training initiatives include 1View Training, Essentials of Universal Banking, Accelerated Universal Bankers programme, The Complete Manager, the CIMB ASEAN Smart Banker Challenge, CSD Preferred Centre of Excellence programmes as well as sales and service role-based certification programmes. These key training initiatives are categorised into five areas: critical skills, CLI programmes, management development, organisation and culture, and professional development.

CIMB-INSEAD Leadership Programme

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. 87 management staff graduated from the programme in 2012.

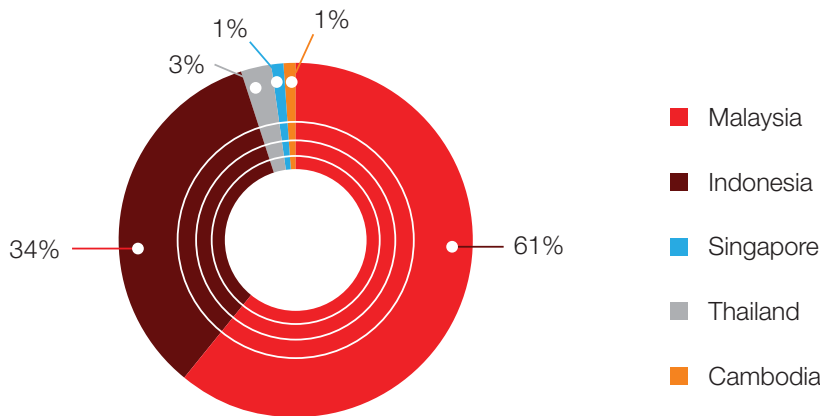
The Accelerated Universal Bankers Programme (AUB)

This is a six-month executive development programme initiative for the Group's middle managers, organised in partnership with Singapore's Nanyang Technological University. The three modules taught in this course are: 'Doing Business in ASEAN', 'Universal Banking and Innovation Strategies', and 'Strategic Execution of Universal Banking in ASEAN'.



WORKPLACE

Distribution of Management Trainees according to countries



The Complete Banker™ Programme

The Complete Banker™ (TCB) Programme is a highly sought after management trainee programme for fresh graduates. Established in 2003, the TCB Programme is designed to nurture and groom a pool of talented future ASEAN bankers.

In tandem with the growing business needs of CIMB Group, the TCB Programme has, since October 2011, provided two main streams: the Consumer Banking stream and the Investment Banking stream, enabling the young graduates to chart their career path in accordance with their career aspirations.

For 2012, 119 graduates were recruited across ASEAN, with 64% being trained in the consumer banking stream and 36% in the investment banking stream. Nineteen of them were sent for regional attachments in various countries in the region to further enrich their learning experience.

To date, the TCB Programme has trained a total of 603 young graduates for CIMB Group.

Newly-hired employees are required to attend the CIMB Group Orientation (conducted several times a year), the aim of which is to provide them with an overview of CIMB Group’s vision, mission, culture, organisational structure, policies and procedures. In addition to Group Orientation, there are some divisions that organise induction for their new employees giving them an overview of the division’s business and operations. Role-based certification and familiarisation programmes are also offered to selected critical workforce, e.g. sales and service personnel.

In 2012, the Group invested approximately RM63.2 million for e-learning and classroom learning regionally with 1,483,123 learning hours recorded in Malaysia, Indonesia, Singapore and Thailand.

Penetration rate of e-learning in Malaysia, Singapore and Thailand was recorded at 80% and above.

In Malaysia alone, our employees received 562,492 hours of training in 2012. An average of 30 learning hours per employee was established, meeting the minimum learning hour guidelines for staff (24 hours for executives and above; 16 hours for non-executives).

The average training hours by employee category:

Employee category	Average training hours per employee
Non-executive	20
Executive	38
Managerial	38
Senior Managerial	40

CIMB Fusion

The Group recently partnered with PwC Malaysia in the CIMB Fusion programme, which is a four year programme designed to expose graduates to two world class working environments in PwC Malaysia and CIMB Group.

In the first and second year of the programme graduates will be employed by PwC Malaysia as an Associate. They are given the opportunity to pursue professional accounting papers: The Institute of Chartered Accountants in England and Wales (ICAEW) or The Association of Chartered Certified Accountants (ACCA).

In the third year, graduates will be employed by CIMB Group as an Assistant Manager, before going back to PwC Malaysia as a Senior Associate in the fourth year. Upon graduation from the programme, they are free to make a career choice by remaining with PwC Malaysia or joining CIMB Group.

WORKPLACE

Learning facilities

CIMB Group's classroom training is conducted at our dedicated training centres, such as Akademi CIMB Putra, Menara Bumiputra-Commerce, CIMB Learning Centre (Jalan Semantan), and various regional training centres located in major towns in Malaysia. Training facilities include standard classrooms, computer laboratories for systems training as well as recreational amenities.

Our main training centre, Akademi CIMB Putra, provides accommodation for employees who attend training sessions. In addition to nine fully equipped training rooms and four computer training rooms, the training centre is equipped with air-conditioned residential facilities, a dining hall, sports facilities for football, volleyball, netball, squash and tennis. The centre is also equipped with a gymnasium and a swimming pool.

To further promote learning among employees, the Group provides a variety of facilities, including access to the latest work-related books and magazines through our Knowledge Centres located at our main office buildings. Other learning facilities available for our employees include the CIMB Learning Centre and various regional training centres located in major towns in Malaysia.



→ Akademi CIMB Putra

Corporate scholarship and sponsorship schemes

The Corporate Scholarship and Sponsorship Schemes are aimed at building a skilled workforce contributing to the personal and professional development of our employees.

The CIMB Corporate Scholarship Scheme is targeted primarily at helping children of employees who have achieved excellent academic results and want to carve a successful career in banking. The scholarships are offered for studies in approved undergraduate programmes. They are also offered to eligible employees of CIMB Group to pursue approved post-graduate qualifications. Employees on this scheme apply for unpaid study leave and upon completion, are able to return to their previous roles without affecting their length of service.

In 2012, there were 4 applications received with an outcome of 3 successful candidates. RM500,000 was allocated for this programme.

The Corporate Sponsorship Scheme, on the other hand, gives employees the option to pursue part-time studies locally towards acquiring diplomas, degrees, post-graduate degrees and professional/technical certifications. Staff who pursue professional qualification studies on their own or under the Corporate Sponsorship Scheme on a part-time basis may apply for study leave where required. In 2012, close to RM500,000 was spent on this scheme which benefitted 67 employees.



WORKPLACE

NURTURING FUTURE GENERATIONS

Part of the Group's efforts to nurture the next generation of leaders was the CIMB Young Leaders ASEAN Summit in September 2012 and the CIMB Youth ASEAN Stock Challenge in November 2012.

CIMB Young Leaders ASEAN Summit

Aptly themed 'Our Next Generation: Leadership and Innovation for the New ASEAN', the CIMB Young Leaders ASEAN Summit was modeled after the annual ASEAN Summit and brought together 50 of the region's brightest and most outstanding undergraduates and recent graduates from all 10 ASEAN countries.

More information about the CIMB Young Leaders ASEAN Summit is available in the Community segment of this book.

**CIMB ASEAN Youth Stock Challenge**

Besides the Summit, the Group organised the CIMB ASEAN Youth Stock Challenge, a virtual stock trading competition to provide undergraduates with the opportunity to experience the excitement of buying and selling shares in a fully simulated virtual market environment.

The team Amazon Lily from Universitas Kristen Petrahas Indonesia emerged as champion beating 276 participating teams from the entire ASEAN region, winning USD10,000.

A similar stock competition, the CIMB Securities Youth Challenge, was also held by CIMB Singapore.



WORKPLACE



Mafazah Mustaffa,
Skim Latihan 1Malaysia (SL1M) candidate

“ Through this scheme I have learned a lot and I have developed valuable skills from the training. I have also become more confident as I now know what to expect in the working world. This is a great opportunity for fresh graduates. ”

Skim Latihan 1Malaysia (SL1M)

Skim Latihan 1Malaysia (SL1M), or the 1Malaysia Training Scheme, is the government's joint effort with prominent corporations to increase the marketability and employability of Malaysian graduates.

The four month programme is aimed at providing soft-skills and on-the-job training to these graduates. Fresh graduates in any field

with less than two years' working experience are encouraged to apply to this programme.

Candidates are equipped with one month's training with a key focus on thinking and communication skills as well as work habits. The following 3 months consist of on-the-job attachments with business units to provide candidates with a well rounded, hands-on work experience.

At the end of the programme, these graduates will have developed communication skills, learned the best work habits and gained work experience in the corporate world through accelerated work-based learning.

In 2012, we trained 66 fresh graduates, 24 of whom were recruited as CIMB Group staff.



WORKPLACE

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.



WORKPLACE

Staff Engagement

Community Link

Community Link is the Group's flagship corporate responsibility programme.

Through Community Link, our branches and departments work with local NGOs to implement projects which bring long term sustainable benefits to the communities served by the Group across ASEAN.

To date, close to 700 Community Link projects were approved and implemented. As the participation of employees is purely voluntary, we are greatly heartened by their commitment and efforts. Feedback from our employees indicate that they are proud to work for an organisation that not only does good in the community, but also enables employees to give to society.



Staff Book Donation and Book Sale

The Group organised a staff book donation drive and book sale in April 2012 at the headquarters of our consumer banking business in Menara Bumiputra-Commerce in Kuala Lumpur, Malaysia.

The purpose of the donation drive was to raise funds to refurbish the cancer ward at Hospital Kuala Lumpur. Staff donated their books and volunteered their time before and during the sale, sorting out books and helping to manage the booth.

Over 4,000 books were sold during the three day sale period. All the books were donated by CIMB Group's staff. We also partnered with Touch 'n Go Sdn Bhd and MPH Bookstores Sdn Bhd who set up their booths during the book sale and donated a percentage of their profits for this purpose.

A total of RM26,828 was raised for this cause. Some of the items that we donated included goods that were purchased by our staff through our 'Sponsor a Gift' programme. These gifts were donated directly to the cancer ward.

Over 800 books were donated to the ward whilst the collected cash was used to purchase sofa sets, coffee tables, televisions, ovens and stoves, some of which were placed at the nurses' stations.



WORKPLACE

EMPLOYEE WORK-LIFE BALANCE AND WELFARE

The Group recognises the need to enhance workplace practices to promote work-life balance among our employees. Our employees often go the extra mile to achieve the Group's goals, and in light of that, we facilitate the efforts to create work-life balance among our employees.

Staff Rejuvenation Programme

We understand that at the pace and intensity at which our employees work, there may be a time when a break from work is needed. Perhaps to spend more time with family, to catch up on personal pursuits, travel, or simply an opportunity to rest, relax and recharge. We believe that a person who takes such a break is likely to come back refreshed and ready for greater challenges.

In view of this, the Group launched a Staff Rejuvenation programme in March 2009, to allow employees, entirely at their own option, to apply for unpaid leave for a period of one to six months, without any loss in service or disadvantage in career progression. A total of 32 employees benefited from this programme in 2012. Since its inception, 472 employees have taken leave under the programme for a variety of reasons.



Projek Sihat

Projek Sihat was launched in February 2009. Its aim is to create a dynamic and vibrant branch workforce by enhancing employees' physical, emotional and mental well-being.

In 2012, a total of 311 branches and 12 departments in Malaysia comprising approximately 8,800 employees participated in the programme. Each branch was rated according to the attendance rate and percentage of employees who had been on medical leave during the week. Branches were categorised into three main groups namely, Super Sihat, Paling Sihat, Sihat and Kurang Sihat depending on their results.

To motivate the employees and to remind them of the importance of work-life balance, senior management visited 215 branches in 2012. In conjunction with the programme, every Friday is celebrated as a 'Health Day' where employees are encouraged to do simple exercises at the office. Health talks are also organised with the help of the Group's panel doctors.

A Sihat Lifestyle Award is a quarterly recognition programme for the 'healthiest' branches based on best attendance record and business performance. 11 branches won this award in 2012. Recognition was also given to employees with zero days of medical leave taken throughout the year. A total of 3,021 employees received the award in 2012.

Staff Welfare Fund

The Group's Staff Welfare Fund, with its tagline 'CIMBians helping CIMBians', provides financial assistance to employees and their family members to cope with high medical expenses as a result of accidents or serious illness, and to assist in the event of loss or damage to property resulting from natural disasters.

Employees contribute to the Fund, and the Group matches amounts donated by employees ringgit-for-ringgit up to RM100,000 per annum.

Total contributions from staff together with matching donations from CIMB Group up to the end of 2012 amounted to

RM158,940. To date, a total of 24 employees have benefitted from the Fund with RM58,359 disbursed.

In 2012, we launched a staff donation drive across the Group to help our Philippine counterparts affected by floods with a total donation of RM100,000. Over the course of one month, a total of RM73,391 was collected through staff donations and an additional of RM26,609 was contributed from our Staff Welfare Fund.

Aside from that, we also disbursed RM8,250 for medical purposes, RM1,500 for colleagues affected by storms and RM22,000 for colleagues impacted by the recent floods in Malaysia.

WORKPLACE

**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.



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.



WORKPLACE

Charunee Suvichano,

CIMB Thai supporter at the basketball court of Chulalongkorn University Sports Complex.

“ You can see today that geographical boundaries, ethnic divides and cultural differences just don't matter. It seems like all CIMBians here have known each other for years and the Games have helped them achieve this feeling. ”

There was warm interaction among the staff as they grouped together to brainstorm and strategise their next move in each game. It was obvious that they not only shared a common goal during the Games but also many other qualities.

The event was attended by CIMB Group Chief Executive, Dato' Sri Nazir Razak, CIMB Group Chairman, Tan Sri Md Nor Yusof, CIMB Bank Chairman Dato' Zainal Abidin Putih, CIMB Thai Chief Executive Officer, Subhak Siwaraksa, CIMB Niaga, Chief Executive Officer, Arwin Rasyid and Head of Group Corporate Resources, Hamidah Naziadin. Some of them took turns to present trophies to the champions of the different categories. Zone 4 emerged as the overall champion of the CIMB SEA Games 2012 after gaining the highest scores.

Although the drive to win is expected in any competition, cultivating team spirit and regional oneness are more significant. The unique thing about the CIMB SEA Games was that it presented a rare opportunity where staff from all ranks could battle it out in basketball courts, bowling alleys and on the golf courses. Yet at the closing ceremony, they were huddled together like old friends and continued to cheer one another at every mention of victory. Such scenarios radiate positive vibes that can only translate to the way CIMBians carry out their daily work tasks.

The sporting event successfully bridged the gap between races, ages and ranks. It created a sense of heightened self-belief among all staff as well as broadening their horizons.



WORKPLACE

CIMB Group Hari Raya Aidil Fitri 2012 Celebrations

The recent Hari Raya Aidil Fitri celebrations provided a good reason to gather staff from all ranks, races and religions in Malaysia and Indonesia as the events were made open to all staff. Capturing the joy of friendship and community, the festival enhanced the idea of togetherness that is a vital part of CIMB's culture.

The Group organised an exclusive Hari Raya Aidil Fitri open house for staff in Menara Bumiputra-Commerce, Kuala Lumpur, in August 2012. About 7,000 people filled the lobby for a feast comprising traditional Malay fare such as lemang, ketupat, beef rendang, and much more. Apart from enjoying the delicious spread, staff had a chance to personally extend their Raya wishes to the Group Chief Executive, Dato' Sri Nazir Razak, along with other leaders such as CIMB Investment Bank CEO Dato' Charon Wardini Mokhzani, and Head of Group Corporate Resources, Hamidah Naziadin.

Similarly, CIMB Niaga held its annual Halal-bi-halal on 29 August 2012 in Plaza Bapindo Jakarta. Featuring Indonesia's top artiste Andien and other performances, the event was graced by Dato' Sri Nazir Razak and senior management. With the theme 'Bringing ASEAN Culture to You', the audience was treated to unique ASEAN dishes like tom yum and satay.



WORKPLACE

OCCUPATIONAL SAFETY AND HEALTH

The Group places a strong emphasis on occupational safety and health administration (OSHA) and has implemented a strong OSHA policy.

It is guided by the MS 1722 OSHA management system which provides practical techniques for planning, implementing and monitoring an effective OSHA system.

Social Responsibility, High Performance and Integrity are some of CIMB Group's core values that underpin our commitment to protecting the safety and health of our workforce and the communities where we operate. The safety and health management system and its processes are the key to our operational excellence.

The CIMB Safety and Health Committee drives continuous improvement in the Group's safety culture and performance. The Group's Occupational Safety and Health Administration Unit is responsible for maintaining compliance with the Occupational Safety and Health Act 1994 and other regulations by the Department of Occupational Safety and Health (DOSH), Ministry of Human Resource, Malaysia. Among its responsibilities are:

- To advise the Group or any person in charge of a place of work on the measures to be taken in the interests of the safety and health in the place of work;
- To assist the Group in providing and promoting a positive, safe and healthy working and banking environment to all employees, customers, tenants, contractors and others by providing a safe system of work;
- To assist the Group in providing continuous improvement for safety and health through proactive training, campaign, seminar, instruction, information and supervision of everyone at work;
- To conduct and inspect the place of work to determine whether any machinery, equipment, substance, appliances or process or any description of manual labour used in the place of work, is of such nature liable to cause bodily injury to any person working in the place of work. Site audits and inspections are conducted periodically to ensure the standards are maintained and risks controlled;

- To investigate any accident, near-miss accident, dangerous occurrence, occupational poisoning or occupational disease which has happened in the place of work;
- To assist the employer or the safety and health committee, if any, pursuant to regulation 11 of the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 [P.U.(A) 616/96] in organising and implementing occupational safety and health programme at the place of work;
- To collect, analyse and maintain statistics on any accident, dangerous occurrence, occupational poisoning and occupational disease which has occurred at the place of work;
- To provide so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and
- To provide advice on the provision and maintenance of a working environment for his employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work.

The Occupational Safety and Health statistics which include accidents and incidences are tracked and reviewed so that we can proactively and effectively manage safety risks and hazards. Therefore, following every accident reporting, we take proactive measures such as enforcement of education and training, provision of counselling and preventive action including risk-control programmes to minimise future recurrence.

Types of OSHA training include basic first aid and CPR, basic fire rescue, defensive riding, and safety risk management. One of the important modules included in the training teaches participants how to run an OSHA committee effectively at branch and building levels.

Occupational Safety and Health statistics

Injury rate*	0.01%
Occupational diseases*	0.06%
Absentee rate*	2.77%
Absolute number of fatalities*	0

Statistics above are for Malaysian workforce only

* Measured against total workforce (total employees plus supervised workers)



WORKPLACE

Emergency response and preparedness

The Group strives for safe and incident free operations. As a responsible partner in the communities in which we operate, we frequently conduct emergency evacuation exercises and drills, applying our site specific emergency response and continuity plans and corporate crisis management plan. We share best practices across the Group using internal networks. We work closely with government agencies to ensure an integrated and systematic approach to emergency response management.

We conduct simulations of crisis situations that exercise our emergency response plan, incident support and crisis management capabilities in our business units and joint ventures. The increased competencies that result from successful execution of these drills and the incorporation of lessons learned into our plans have prepared us to deal effectively with emergencies.

There are two types of safety and health committees in CIMB: the CIMB Group Main OSHA Committee and the Branch OSHA Committee. All branches including other Business Units (centres/hub) that are housed at the same location are required to form a safety and health committee.

Each committee must consist of a chairperson, a secretary, employer’s representatives and employees’ representatives. The guidelines for the composition of the safety & health committee is tabulated below:

No. of employees	100 or less	More than 100
Chairperson	1	1
Secretary	1	1
Employer’s representatives	2 or more	4 or more
Employees’ representatives	2 or more	4 or more

- i. The composition of the Branch OSHA Committee must include representatives from all Business Units that are housed together in the same building.
- ii. The Director of Group Corporate Resources is the chairperson of the Main OSHA Committee.
- iii. The branch manager is the chairperson of the Branch OSHA Committee.

The Officer/OSHA Manager (OSHA Main Committee) or person (Branch OSHA Committee) appointed by the chairperson must be the secretary for the respective committees.

The number of employer’s representatives and employees’ representatives must be equal for Branch OSHA Committees.

Both representatives are to be nominated by the employees but the employer has the right to nominate both representatives if there are no nominations from the employees.

Operational Guidelines of the Safety & Health Committee

- (a) Meet at least once every three months.
- (b) Written notice and meeting agenda are to be given to all members a week before the meeting.
- (c) The meeting can only be conducted with enough attendants, i.e. the chairperson, secretary and at least half of its members
- (d) The committee can invite anyone to attend its meeting if required.
- (e) Only matters related to safety, health and welfare at the workplace must be discussed in the committee meeting.
- (f) A copy of minutes of meeting must be given to every member of the committee within 2 weeks after the meeting, by the Secretary of the OSHA Committee. The minutes of meetings must be kept for at least seven (7) years by the respective OSHA Committee Secretary.
- (g) A committee member can be removed if he/she fails to attend more than 3 consecutive meetings, has committed an offence or is unable/incapable to discharge his/her duties as a committee member.



Functions of the Safety and Health Committee Members

- (a) Promote safe and healthy work culture.
- (b) Assist development of safety and health rules and safe system of work.
- (c) Review effectiveness of safety and health policy and programmes.
- (d) Study trends of incidents and illnesses and report to the Management of any unsafe or unhealthy conditions or practices of work together with recommendations for corrective/preventive actions.
- (e) Inspect the workplace at least once every three months.

Investigate incidents and illnesses that occurred at the workplace.

CIMB Group regards the safety and health of its employees as highest priority and is committed at the highest level of management in this respect. Safety and health is a shared responsibility for all CIMB employees and requires cooperation and collaboration between all levels of management and employees.

WORKPLACE

**CONDUCTIVE AND EFFICIENT
WORKPLACE****Work environment**

The Group strives to create a work environment that encourages high productivity and creativity, one which will provide our people with a sense of fulfillment and work-life balance.

The headquarters for our Malaysian consumer banking business, Menara Bumiputra-Commerce, is a workplace that addresses the needs of staff in a holistic manner. It is a place that offers spacious pantry areas for better interaction among staff, state-of-the-art gymnasium facilities, breastfeeding rooms for mothers, a surau on every floor, library facilities, a food court and much more. The building is also equipped with telepresence rooms.

At the same time, the building has been designed to empower our people to serve their customers better. Our spacious banking hall is based on an open office concept, making it easy for customers to approach our staff. Private meeting rooms are available for confidential meetings while separate conventional and Islamic banking areas make it convenient for customers.

Our banking hall is also equipped with tighter security features for customers' peace of mind.

As this report goes to print, we are in the final stages of completing Menara CIMB which will be the new corporate headquarters. Located in KL Sentral, these new premises are built according to the Green Building specifications as certified by Pertubuhan Arkitek Malaysia (PAM), the Engineers Association of Malaysia and the Building and Construction Authority of the Ministry of National Development of Singapore. Our new building rises majestically as one approaches KL Sentral and is designed to be a work friendly space that caters to the needs of our staff. There is a child care centre, a gym and food outlets amongst other amenities specially for our staff. In line with our policy of reducing our carbon footprint, Menara CIMB's location will also encourage staff to use public transport, thus generating less greenhouse gases.

**Human Resource Information System**

The Group's Human Resource Information System (HRIS) was launched in Malaysia in June 2010, covering 14 entities of CIMB Group and was made available to close to 20,000 users. It was also subsequently launched in Singapore in November 2010 to over 1,200 active users spread over four entities. Over the next 5 years, we plan to roll out the system to the whole of ASEAN.

The HRIS is a single integrated system for the Group and is currently used by all entities across Malaysia and Singapore.

Heads and supervisors can simply access the system to approve leave, claims, training, employee performance as well as obtain employee information. This system enhances human resource operational efficiency through more effective processing and management of information. It is also robust enough to cater for future expansion.

WORKPLACE

New CIMBNET

In line with the CIMB 2.0 mindset of constantly upgrading ourselves to keep abreast of the times, a new and enhanced intranet is gracing the computer screens of all CIMB Group staff. First launched in Malaysia in February 2012, the new CIMBNET will be rolled out in stages in Singapore, Cambodia, Thailand and Indonesia.

With the new intranet, staff from different countries will be able to view the same Group content in addition to their respective localised content. The new intranet will help promote greater interaction and collaboration among staff through a suite of powerful facilities, which include the following:

- Being a common Group-wide intranet platform, the new CIMBNET allows management and departments to communicate key corporate messages and information across borders more efficiently.
- A common Group-wide directory allows staff to search the regional database to easily find the relevant people and contact information.
- Knowledge-sharing features allow staff to share articles and files with colleagues across the region and collaborate on joint projects more effectively.
- Social media and Web 2.0 features – such as blogs for CEOs and division heads, Facebook-style social networking and comments functions in various sections of the intranet – promote interaction and overall engagement among staff who will be able to exchange opinions and ideas with their colleagues.



MAINTAINING HARMONIOUS RELATIONS WITH OUR UNIONS

- ↓ An amicable and fruitful Collective Agreement was reached on 17 July 2012 between the Bank and CIMB Bank Berhad Executive Staff Union benefitting around 3900 members of staff.

- Celebrating the Silver Jubilee of the Executive Staff Union on 18 January 2013.



WORKPLACE

The details of unions representing our employees are as follows:

No.	Name of union	Covered Grade	Staff population (total staff 15,194)		Last CA signed	Effective date of CA
1.	Union Executive CIMB (in house union)	35 & 36	3,851	25.35%	17 Jul 2012	1 Jan 2012 – 31 Dec 2014
2.	Association Of Bank Officers Peninsular Malaysia (ABOM)	34	1,296	8.53%	18 Jan 2013	1 Jan 2012 – 31 Dec 2014
3.	National Union of Bank Employees (NUBE)	32, 33 & 33S	4,160	27.38%	10 Aug 2010	1 Jan 2009 – 31 Dec 2011
4.	Sabah Banking Employees' Union (SBEU Sabah)	32, 33 & 33S	191	1.26%	2 Nov 2010	1 Jan 2009 – 31 Dec 2011
5.	Sarawak Banking Employees' Union (SBEU Sarawak)	32, 33 & 33S	232	1.53%	26 Mar 2010	1 Jan 2009 – 31 Dec 2011
6.	Kesatuan Pegawai-Pegawai Bank, Sabah (KPPBS Sabah)	34	50	0.33%	10 Nov 2012	1 Jan 2012 – 31 Dec 2014
7.	Kesatuan Pegawai-Pegawai Bank, Sarawak (KPPBS Sarawak)	34	41	0.27%	11 Aug 2012	1 Jan 2012 – 31 Dec 2014
8.	Kesatuan Pegawai-Pegawai Bank, Sabah (KPPBS Sabah)	35	69	0.45%	10 Nov 2012	1 Jan 2012 – 31 Dec 2014
9.	Kesatuan Pegawai-Pegawai Bank, Sarawak (KPPBS Sarawak)	35	88	0.58%	11 Aug 2012	1 Jan 2012 – 31 Dec 2014

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Should any changes in HR policies and procedures arise, we will do our utmost to inform staff as quickly as possible. We adhere strictly to all the requirements of respective collective agreements wherever applicable. Such notice will be communicated by memo through email.



AWARD

Our efforts in human capital development have been recognised by two Indonesian magazines: Business Review and Women Review. The magazines together with Indonesia's National Banking Association (PERBANAS) awarded CIMB Niaga with 'The Best Bank 2012 in Human Capital'. CIMB Niaga received the award in the category of Bank with assets above IDR1 trillion.

In 2012 CIMB Niaga also won the HR Excellence 2012 award under the development category from SWA Magazine.



CORPORATE GOVERNANCE

CUSTOMER MANAGEMENT

REACHING OUT TO CUSTOMERS

MARKETPLACE

CORPORATE RESPONSIBILITY

MARKETPLACE

This section on responsible marketplace practices explains how CIMB Group's activities relating to its customers, shareholders and business partners create value for these stakeholders. The Group today serves 13.5 million customers throughout ASEAN. As a universal bank, we serve all customers, from the largest corporations to the small retail customers at home, fulfilling all their financial needs from cradle to retirement.

CORPORATE GOVERNANCE

In line with the Group's corporate values and the nature of our business, integrity is a non-negotiable issue, and is central to the sustainability of the Group's business. For our efforts, we were recognised as a leader in corporate governance in Indonesia as we recently received the 'Indonesia Good Corporate Governance Award 2012 – Very Trusted' title from SWA Magazine and The Indonesian Institute for Corporate Governance.

The Group has prepared a separate Statement on Corporate Governance in the corporate section of the Group's Annual Report for 2012.

Compliance and risk

We have a comprehensive quality control and risk assessment system that is regularly evaluated and improved. There has been no significant incidence of non-compliance with laws and regulations concerning our products and services delivered during this period.

Precautions against insider dealing, money laundering and other offences

The Group complies with the 'Silver Book' as specified by the Putrajaya Committee GLC Transformation. Any dealing, buying or selling of shares by employees must be done through trading accounts with CIMB Securities, so that all share transactions can be closely monitored. Trading in the Group's shares by employees is undertaken very carefully to avoid the implications of insider trading laws.

As we handle many forms of transactions in the course of business, we adhere very closely to 'know your customer' rules and other precautionary measures as prescribed by internal and external anti-money laundering guidelines. Any form of business undertakings are carefully overseen, to avoid the implications of money laundering as defined by the statutory laws.

Anti-competitive behaviour

We are pleased to report that there were no incidents or penalties for violations involving anti-competitive, anti-trust and monopolistic practices at any time during this reporting period. We are also pleased to report that there was no significant incident or penalties for non-compliance with laws and regulations at any time during this period.

Prevention of corruption

Our Code of Business Ethics and Employees Code of Conduct states categorically that any form of bribery is not tolerated.

Among the measures prescribed by the codes are that employees must not put themselves in an obligated or compromised position in any business dealing. Employees should not accept gifts from principals, vendors, suppliers, contractors, customers and other third parties that may influence or are perceived to be able to influence any decision-making process in the organisation.

There have been no significant penalties incurred by the Group for non-compliance with applicable laws and regulations with regards to corruption.

Supporting public policy development

The Group ensures full compliance with applicable laws and regulations. At all times the Group shall not harm the relationship with government offices or departments. Our employees are committed to cooperating with requests for information from government agencies and regulators.

Supplier Management

The Group is committed to a strong and diverse supplier network which supports our goal of making a positive contribution to the communities where we do business. Through our supplier diversity policy and programme, we focus on providing increased opportunities to certified small and diverse businesses.

We purchase items from locally based suppliers to support local industries. Almost 98% of suppliers appointed by GAPM (Group Assets and Property Management) are locally based suppliers.

Other factors that the Group considers in selecting our suppliers include:

- Quality of goods
- Support and commitment before and after sales
- Track record of services, delivery and performance
- Financial capability
- Network capability

MARKETPLACE

e-Procurement system

The Group's e-Procurement System was introduced in 2010. Since then, we regularly conduct training sessions for our suppliers and internal users to train them to use the system. After implementing the system for over two years, we are pleased to see the positive outcomes resulting from it in 2012.

Our current procurement procedures are highlighted below:

(i) Request for Information (RFI)

This process checks and identifies the capabilities of the potential suppliers. Suppliers are required to reply to the RFI and submit a copy of their company profile together with other relevant supporting documents to the Tender Committee. Scoring and grading systems are used by the Tender Committee to short-list the suppliers for subsequent Tender processes.

(ii) Request for Quotation (RFQ)

Short-listed suppliers will be invited to submit best prices based on items listed in the quotation list for the respective categories.

(iii) RFQ Evaluation and Re-negotiation

Comparison of prices and specification will be tabled for Tender Committee evaluation and consideration. Short-listed suppliers will be invited to attend tender interview together with the Tender Committee.

(iv) Recommendation for Management's Approval

The Tender Committee will select the most competitive offer and submit the evaluation result to the management for approval.

(v) Finalise Award

Successful suppliers/bidders will receive an offer letter/agreement from the Bank.

CUSTOMER MANAGEMENT

Keeping customers informed

Our integrity is reflected in our commitment to provide accurate and transparent information to our customers. We always keep our customers informed on any products and services we deliver.

When new products are launched, our frontline staff conduct special product briefing sessions for selected groups of customers through seminars and other customer events. For example, on investments and structured products for CIMB Preferred customers, experts from CIMB Group and CIMB Bank are invited to talk about the products and educate the customers on the potential returns and risk involved in investments.

Product owners are also responsible in providing marketing collateral and product information including brochures and booklets. Information on products are also published on the Group's website for easy reference.

At the branch level, all employees are required to know our products well and educate customers on individual products including the risks involved as specified in the guidelines by Bank Negara Malaysia. Customers are also advised based on their financial needs and requirements before we propose any products.

Customer privacy

Customer privacy and confidentiality of customer information are governed by the Banking and Financial Institutions Act, 1989. Strict penalties apply to breaches of confidentiality, and all our employees are constantly reminded of the consequences. Any employees found in breach of these laws will be subject to disciplinary action which may include dismissal.

Customer satisfaction and complaints

We are committed to customer satisfaction and privacy, truth in advertising and compliance with applicable laws and regulations. Our business units receive feedback from customers to track their performance and improve their products and services. As more of our customers go online, we now receive more direct, 'real time' feedback through online channels.

At CIMB Group, we are transparent in handling customer-based complaints. We are accessible to customers 24/7 via our call centre at 1-300-88-0900 and our corporate website. Customers can provide complaints and feedback in many ways – emails, letters, telephone calls or by walking into any of our branches and centres, as well as through social media channels like Twitter and Facebook.

Our Customer Resolutions Unit (CRU) was set up to assist branches as their second level escalation point of contact for all complaints. CRU helps frontline employees who need any assistance in resolving customer issues. All they need to do is escalate the issue via a Complaint Log-in form which is faxed or emailed to CRU.

For customers' easy reference, CRU's contact details are also available on our official website, Bank Negara Malaysia's weblink and printed on most of our forms such as remittance applications, letters of offer and collection communications.

Upon receiving complaints, the information is sent to CRU who will record the data and attend to the issues highlighted. Case Executives will contact customers and escalate issues to product owners where necessary. Case Executives will follow up with the customers until the matter is resolved.

Any complaints received by CRU are logged, attended to and treated with the utmost importance. The data is then collated and reviewed for further improvements in our products and services, and policies and procedures.

MARKETPLACE

The Group is committed in ensuring all cases, feedback and complaints are resolved and a root cause analysis is also undertaken by the respective units to ensure the highlighted shortcomings are fixed. To this end, a Six Sigma 'Kaizen' project has been initiated for product improvement and higher quality service.

CRU is guided by the Group's policies and procedures and Bank Negara Malaysia's guidelines, and is governed by Internal Standard Operating Procedures for timely resolution of customer issues. To ensure quality service, we have a team of internal quality officers who perform audits on our correspondence and call quality.

In 2012, the Group carried out a customer satisfaction survey to gauge customer satisfaction in terms of complaints handling. Customers provide feedback through an email survey once the handling of their complaints ends.

In our 2012 customer satisfaction survey, CRU received a 9% increase from 2011. In a refreshing change, a CRU staff also received 144 compliments in 2012.



REACHING OUT TO CUSTOMERS

Marketing and communications

While we continue to practise active communications with our customers and the public through channels such as events, advertisements, brochures, the media, public relations and our websites, an increasingly important channel is social media.

The Group is a leading proponent of the use of social media to reach out to customers and the public. This has proven to be an effective way to understand our market better, provide up-to-date information to our customers, target a large market segment and address issues more efficiently.

In monitoring our online presence, we look at the number of visitors to the Group's website, the number of 'likes' we receive on Facebook and the number of followers on Twitter. We have been awarded the 'Best in Social Media' in the Consumer Internet Banks sub-category of Global Finance's World's Best Internet Banks 2012 Competition, and recognised for 'Best Social Media Engagement' across Asia, Africa and the Gulf region in The Asian Banker International Excellence in Retail Financial Services Awards 2012 - a clear testament to our well-executed social media strategies.



CIMB Cares

We reach out to NGOs through CIMB Cares, an online donation portal which runs on our online banking system, CIMB Clicks. The benefits of the portal are two-fold: first it links charitable organisations to donors, and secondly, it provides a secure payment channel for donations.

In addition, NGOs that have signed up for CIMB Cares are eligible for a host of benefits including higher deposit rates and lower bank charges. At the end of 2012, a total of 151 NGOs have signed up to CIMB Cares.

They can be divided into 5 categories: welfare, healthcare, educational, environmental and cultural.



1,535,091
likes



21,219
followers*



7,300,000
visitors

* As of 31 December 2012.

MARKETPLACE

Personal financing

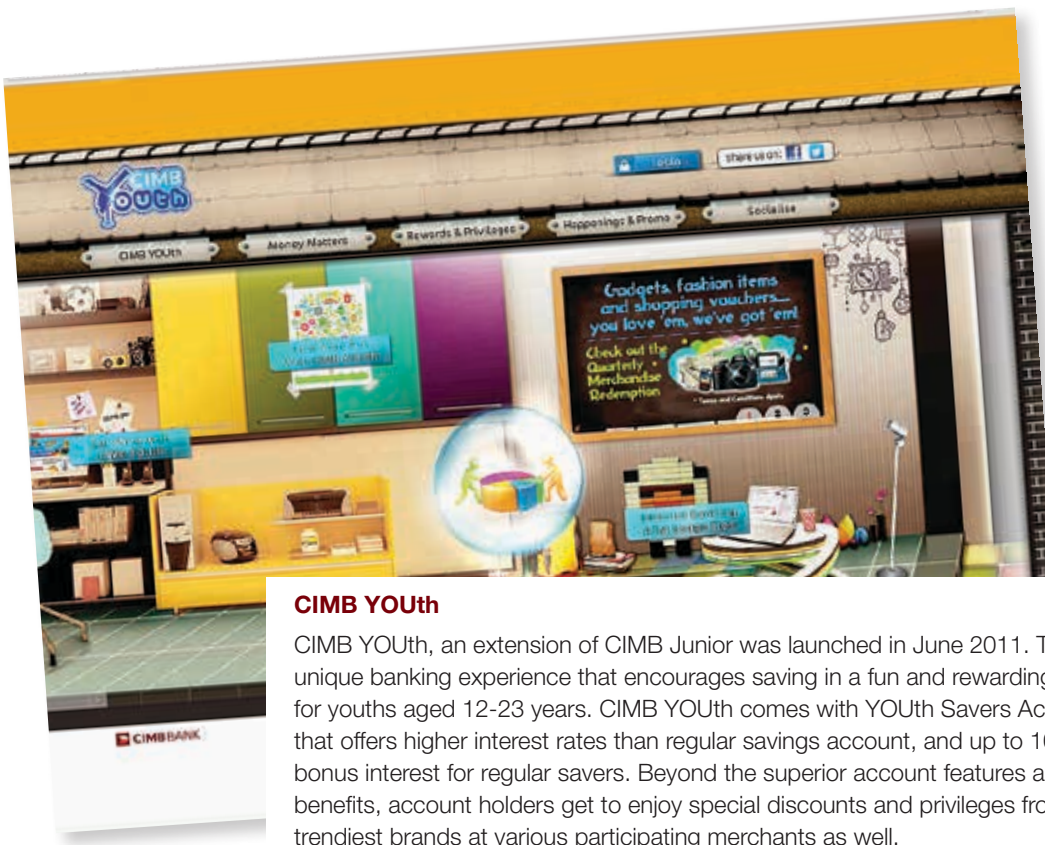
Personal Financing is a division of CIMB Bank that caters to lower income customers. This is in line with our universal banking proposition to serve all customers including the lower income segment of society, who typically have little or no access to financial institutions. These customers are either denied financial services or do not seek them, as mainstream financial products do not match their needs or their means. A disturbing trend highlighted in recent local media reports is that many have had to resort to the 'informal sector' for financing.

Personal loans are provided to customers who earn as little as RM800 a month. While the sums for these loans may be relatively small, the impact is large as we assist customers to increase their income, acquire capital to run businesses, manage risks and work their way to a better and more secure future.



CIMB Junior

CIMB Junior is a product designed for children aged 12 years and below. There are three elements to the product: a savings account, investments and bancassurance. The product promotes healthy savings habits among the young. Subscribing to CIMB Junior also enables children to enjoy attractive rewards simply by saving or investing and they can also get discounts from participating merchants.



CIMB Youth

CIMB Youth, an extension of CIMB Junior was launched in June 2011. This is a unique banking experience that encourages saving in a fun and rewarding way for youths aged 12-23 years. CIMB Youth comes with Youth Savers Account that offers higher interest rates than regular savings account, and up to 100% bonus interest for regular savers. Beyond the superior account features and benefits, account holders get to enjoy special discounts and privileges from the trendiest brands at various participating merchants as well.

Through this programme we hope to instil the importance of saving and managing finances responsibly among youths in an entertaining and rewarding way. In reaching out and engaging youths, we continue to utilise social media sites like Facebook as well as host activities in universities such as the very popular 'Mad Deals Campaign'.

We have also created a CIMB Youth microsite to serve as a virtual hangout for youths to get the latest updates on CIMB Youth Rewards and Privileges, upcoming programmes and promotions.

It is also a space where they can enjoy playing fun online games. The site is now packed with interesting and useful topics ranging from financial planning, money management, career planning and personality profiling.

A dedicated CIMB Youth application in CIMB Clicks, aptly called 'My Savings Goals Tool', has also been designed to provide an avenue for youths to create savings goals which they can monitor from time to time. The tool serves as a support mechanism as well, where account holders can share their savings progress with their family and friends via email, and social media sites like Facebook and Twitter.

Besides that, in 2012 CIMB Youth also presented the first-ever fantasy horror novel to be written and published in Asia. The book, *Midnight Walking*, is authored by 17-year-old Kathryn Chua. Complimentary autographed copies of *Midnight Walking* were distributed to selected CIMB Youth customers as part of our efforts to cultivate a reading culture amongst youth.

MARKETPLACE

**Foreign currency ATMs**

Foreign cash ATM enable CIMB Bank and CIMB Islamic ATM and credit card holders to withdraw foreign currencies namely, US Dollar, Euro, Australian Dollar, Singapore Dollar, Hong Kong Dollar, Thai Baht, Chinese Renminbi and Indonesian Rupiah – and offers some of the best exchange rates in the market. ATM card holders with Malaysian Electronic Payment System (MEPS) from selected banks are also able to enjoy this facility.

Sixteen foreign cash ATMs are conveniently located at strategic locations such as airport terminals, KL Sentral station, malls, and our main branches.

CIMB Property Mart

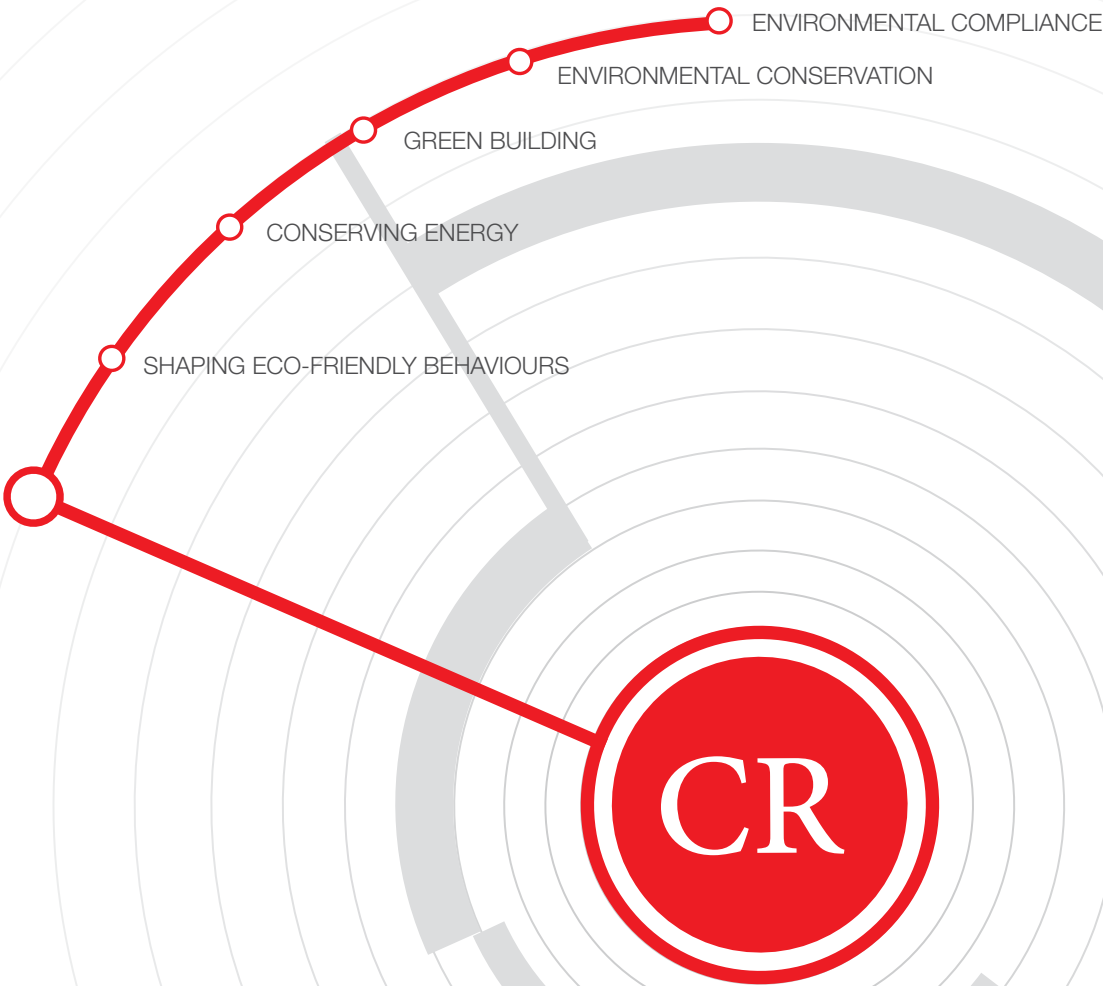
CIMB Group provides a one-stop centre for the sale of properties by auction. In addition to providing a showroom where prospective purchasers can view photos of auction properties, our employees are available to answer questions on the properties and the auction process as well as provide information on financing. By setting up CIMB Property Mart as an alternative sales channel, we aim to raise the profile of auction properties and persuade the public that they represent a viable and sound real estate investment.

**Savings Circle**

In December 2012, CIMB Bank launched Savings Circle, the world's first fully integrated bank deposit campaign on Facebook. The more points customers have in their 'circle', the more points they accumulate towards a chance to win RM500,000. Our customers can earn points on our Facebook application by depositing money (every RM250 is a point), or for spending RM50 cumulatively on their debit cards or for referring their friends. The grand prize will be distributed equally to all the circle's members. The campaign is a breakthrough in terms of integrating social media into the business and monetising the great progress we have made in the use of social media.

ENVIRONMENT

CORPORATE RESPONSIBILITY



ENVIRONMENT

Managing the impact our business has on the environment is key to being a responsible organisation. We are committed to reducing our impact on the environment and creating value for stakeholders by enabling our staff and our business to become more environmentally-friendly, offering green products and services to our customers, and empowering communities to go green by promoting environmental awareness projects and campaigns, with a strong focus on schools and universities.

POLICIES AND PROCEDURES

Environmental policies, procedures and programmes are in place at the corporate, business unit and facility levels. We dedicate a significant number of employees and resources to ensure that we operate in compliance with applicable environmental laws, regulations and permits that conform to international standards and voluntary commitments.

Company and business segment policies, management systems and standards set expectations and provide tools for managing water use and biodiversity, discharges and waste and environmental site assessment and remediation.

In keeping with the precautionary principle, we screen our operations for environmental, safety, health and social risks and conduct environmental and social impact activities.

INTEGRATING ENVIRONMENTAL CONCERNS INTO OUR BUSINESS**Ecosave account**

CIMB Islamic's EcoSave is a savings account that is truly environmentally-friendly.

Account holders help reduce paper usage as the account is operated on a paperless basis: no passbooks, no printed bank statements and no mail. To reduce their carbon footprint, we encourage our customers to perform transactions via CIMB Clicks, our online banking portal, or via ATMs.

Account holders are rewarded with cash incentives of RM5 on a monthly basis, if they do not have any over-the-counter or paper transactions throughout the month and maintain an average monthly balance of RM5,000. In addition, CIMB Islamic makes a quarterly contribution of 0.2% of the total EcoSave portfolio balance towards environmental activities.

In 2012, CIMB Islamic initiated the Ecosave Green Kitchen Challenge in partnership with Pusat Sumber Alam Sekitar Seberang Perai Tengah and KDU Universiti College. It was a green competition held for 41 secondary schools in Kuala Lumpur and Selangor. The details of the competition are set out in the following page.

ENVIRONMENT

“ Through this programme, we hope to instill the importance of environmental awareness early in the minds of youths by encouraging them to go green in their own schools. ”

Badlisyah Abdul Ghani,
CEO, CIMB Islamic

EcoSave Green Kitchen Challenge

In 2012, CIMB Islamic together with Corporate Responsibility Department successfully ran the EcoSave Green Kitchen Challenge, a competition aimed at secondary school students in the Klang Valley. Forty-one schools from Subang Jaya, Shah Alam, Kuala Lumpur, Rawang and Klang took part.

Two partners were chosen to make this competition a success. The first partner, an NGO – Pusat Sumber Alam Sekitar Seberang Perai Tengah was chosen to do the composting and vegetable planting while KDU University College, School of Hospitality, Tourism & Culinary Arts lent their expertise at the cooking stage.

The challenge consisted of two parts: the first was the composting stage where students turned food waste from their school canteen into fertiliser. They then planted vegetables in their school gardens and used the fertiliser that they produced. The second part was the cooking stage where they produced gourmet food from their vegetable garden.

We kicked off the competition with a briefing to teachers from 50 schools in the Klang Valley on 5 July 2012 after obtaining approvals from the Ministry of Education, Federal Territory and Selangor State Education Departments. From there 41 schools stated their interest in taking part in the competition.



“ The challenge has taught us environmental awareness, such as to separate our garbage into those that can be recycled or used for composting. ”

Aisyah Amira,
student representing
SMK SS17 in the final

Two workshops were then held for the schools, first on composting and second on planting. From there 10 schools with the best vegetable gardens were chosen to enter the finals, the cooking competition.

The final competition and announcement of the winners were held at KDU University College on 20 October 2012. Sekolah Menengah Kebangsaan SS17 was declared the winner for both the composting and the cooking challenge. The school was also declared the overall winner of EcoSave Green Kitchen Challenge. They took home a total of RM6,500 in winnings.

All ten schools which reached the finals were awarded RM500 each.



ENVIRONMENT

Tree planting

CIMB Niaga also executed some activity with regards to the environment.

They provided opportunities for employees to contribute to a cleaner environment through a tree planting programme which was organised by the staff.

A total of 10,000 bamboo plants were planted in West Java and Bali. The peak of the event was held in Pupuan Village, Tabanan in Bali. More than 50 staff were involved in both projects.

**LEVERAGING ON TECHNOLOGY**

The Group also leverages on technology to cut down the use of physical resources for its business activities. This includes the use of teleconference facilities, online capabilities and software in place of physical meetings and paper based systems.

Reducing travel

In 2012, we continued to encourage our employees to reduce air travel by using video conferencing. We have rooms equipped with telepresence systems across the Group's regional offices in Kuala Lumpur, Jakarta, Singapore and Bangkok for this purpose.

In 2012, a total of 9,508 hours of usage were recorded for the telepresence facilities throughout the Group.

Employees are also encouraged to combine official travel for multiple trips to minimise overall distance travelled and to take the most direct route in air travel.



➔ **9,508**
Hours of usage of
telepresence
rooms in 2012

Virtual Career Fair

In November 2010, we launched our regional virtual career fair as a recruitment tool to attract graduates and experienced hires from all over the world. It showcased our businesses and advertised Group vacancies across the region. It also allowed candidates to interact with our regional recruiters in real time. Over 7,589 registrants from 74 countries visited the Virtual Career Fair.

ENVIRONMENT



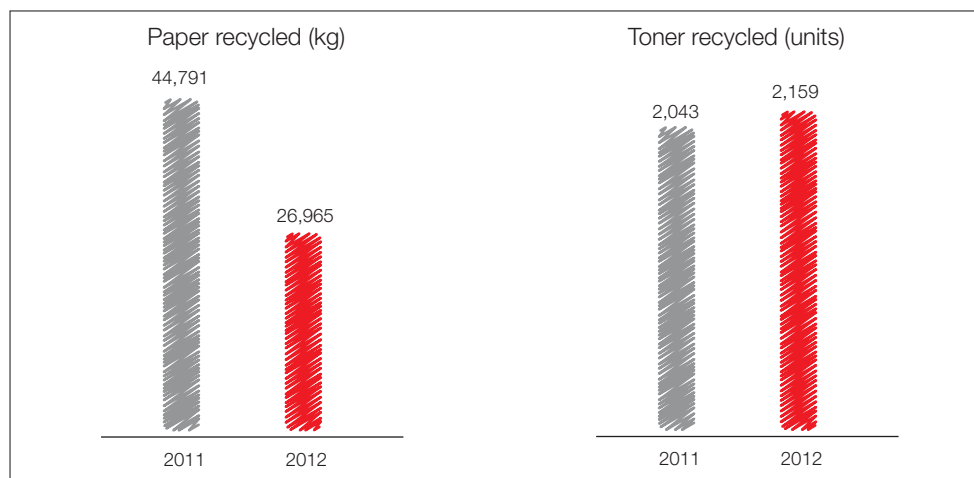
SHAPING BEHAVIOURS

We initiate measures for energy saving and environmental conservation such as recycling and reducing travel, and facilitate our employees in their recycling efforts.

Recycling

Each department at our headquarters has a recycling corner, and a recycling vendor has been appointed by the Group to collect the recyclable material once a week. As an incentive to employees, the money received for the recycling efforts are channelled back to the respective departments.

This has been implemented since July 2010.



CIMB Niaga Green Office Project

CIMB Niaga continued its Green Office project throughout its offices in Indonesia. CIMB Niaga, in cooperation with building managers, formed partnerships to make use of organic waste to produce liquid fertiliser by providing rubbish bins for composting in several of their offices.

Staff now reduce waste through some simple yet practical measures:

- Combining copiers, printers and scanners in one device.
- Removing printers from individual desks to a central location and minimising the number of printers in use.
- Implementing default settings to save energy, ink, toner and paper (e.g. double-sided printing and black and white settings). Reducing waste in procurement of ink, toner and paper.
- Re-using envelopes as often as 18 times.

Future plans

Aside from implementing fax server facilities to reduce the use of toner and paper in our new home, Menara CIMB, the Group also envisages lower electricity consumption in the building thanks to the glass façade that lets ample light flow in. The window panes also limit the amount of ultra-violet light, allowing the interiors to remain cool.

In addition, priority will be given to hybrid car users in the allocation of parking spaces at Menara CIMB. Our carbon footprint will also be smaller once we move in thanks to the fact that Menara CIMB is located at KL Sentral, Kuala Lumpur's transport hub. This ideal location will encourage staff and customers to use public transport.

E-statements have proven extremely popular with our customers leading to a big reduction in the use of paper and associated products.

ENVIRONMENT

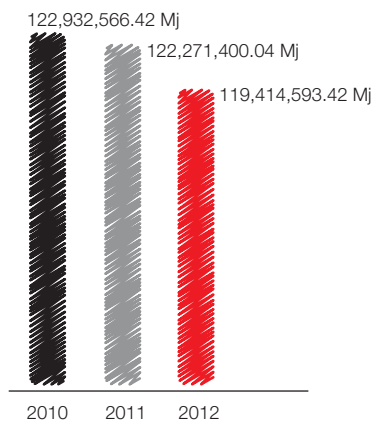
CONSERVING ENERGY

CIMB's resource conservation programmes are governed by the 3Rs principle (reduce, reuse, and recycle). Since November 2009, we started a Group-wide campaign for resource conservation using electronic messages which all employees are able to access. The campaign focuses on reducing solid waste and conserving electricity, water, and paper.

Energy consumption

Our total energy consumption* in 2012 decreased by 2.34% from 122,271,400.04 Mj in 2011 to 119,414,593.42 Mj in 2012.

Electricity consumption at the Group's main office buildings in Kuala Lumpur



*Data only represents the Group's main office buildings in Kuala Lumpur

This is the result of our energy saving initiatives from the efforts outlined as our employees become more diligent in conserving resources by:

- switching off lights and air conditioners when not in use
- installing movement and daylight sensors to ensure lights are only on when needed
- improving air-conditioning controls

In addition, we supplement the initiatives through central control of lights and other facilities:

- parking areas are on a timer which switches electricity off at midnight
- at Menara Bumiputra-Commerce, we use normal lighting (T8 + electronic ballast) throughout the office and toilet areas which are more energy efficient. The use of T5 lights is limited to decorative lights at cornices of our plaster ceilings.

GREEN BUILDING

The Group is undertaking a series of climate change initiatives including the implementation of Green Building initiatives at our new offices at Bangsar South and our new headquarters Menara CIMB which is due to be completed in mid-2013.

The new offices will be rated by GBI Malaysia and LEEDS Singapore where we aim to achieve gold standard certifications.

We will work on specific areas such as energy efficiency, increased natural light, visual and acoustic comfort, increased greenery around the building, recycling of water and reduction of pollutants.

Some of the Green Building attributes include building design features for low heat absorption, including air space between the granite slabs on the exterior to dissipate heat; heavy duty aluminium window grills to diffuse light; and shatter-resistant film windows to provide protection and filter out 99% of ultraviolet rays. Windows along hallways and the inner atrium allow light in, thus lowering lighting requirements.



ENVIRONMENT

ENABLING COMMUNITY EFFORTS IN ENVIRONMENTAL CONSERVATION

In addition to the Group's efforts in this area, through Community Link, we also support community efforts in environmental conservation.

Between 2011 and 2012, the Group through CIMB Foundation approved and implemented a total of 12 environmental projects with a value of over RM400,000 for the community.

Some of the projects were an expansion of projects implemented in previous years which produced good results.

Wind turbine project

In 2012, we formed a partnership with Universiti Malaysia Perlis to build a wind turbine in a school in Felda Chuping, Perlis. The wind turbine is expected to convert wind energy into electricity.

We plan to channel the electricity to light up the school's library and prayer room. The project is being implemented at the time this report goes to print.

Kitchen Waste Management in Penang

Our Kitchen Waste Management project entered its second year after its successful implementation in 2010 and early 2011. We gave the NGO, Pusat Sumber Alam Sekitar Seberang Perai Tengah, a follow-up grant of RM113,547 to implement the project further, reaching out to a total of three communities in Sungai Bakap, Taman Selat and Kampung Permatang Nibong. Close to 1,500 residents were involved in the project.

The communities are taught how to compost their food waste into fertiliser. They then plant vegetables and fertilise it with the compost they produced.

Besides composting, the communities are also made aware of the dangers of filling up the land fills with plastic bags. To date, through this two-pronged approach, they have successfully turned at least 14 tonnes of kitchen solid waste into organic compost and saved 28,000 pieces of plastic bags from filling up the land fills.



Biowaste management project

In the district of Pokok Sena, Kedah, cattle waste posed a serious ecological problem. Without proper disposal procedures, the waste can cause harm to the surrounding environment and threaten the health of the community.

CIMB Foundation partnered with Universiti Sains Malaysia and constructed a waste management system at a cattle shed with almost 100 cows. The gas emitted from the waste was turned to methane gas for cooking and the residue of the waste processed into fertiliser for the district's pineapple farming industry.

5 cattle farmers were involved in this pilot project. Forty more will be taught and trained to adopt this waste management system.



ENVIRONMENT

Zero Waste Project

In 2012, we partnered with Recycling Community Selangor (RCOMM) to educate 12,600 school children on the concept of 3R (reduce, reuse, recycle) to be implemented on a simple daily waste management system. This project also instilled the importance of environmental awareness early in the minds of children by encouraging them to go green in their own schools.

All the twelve schools involved in this project received three sets of recycling bins and one composting bin. The children were taught to separate organic and inorganic waste, as well as producing fertiliser for the school garden and their own use.

In 2012, the schools collectively turned 951.2 kg of food waste into 212 kg of compost.

➔ **12,600**
School children
were taught
the 3R concept

**Charcoal fertiliser**

In partnership with Universiti Kuala Lumpur, we were able to help farmers in Taboh Naning in Melaka improve their standard of living through the use of biochar, a charcoal based fertiliser that increased the yields of their vegetable farms.

Biochar is a mix of charcoal and soil that improves the quality and fertility of the land. Farmers recorded a drop of RM350 a month in operational costs after they started using biochar.

The university is now studying the possibility of teaching the farmers to produce biochar for their own use and for commercial purposes, thereby affording them a new revenue stream.

Animal rescue project

Our care for the environment also extends to stray animals in our community. Partnering with Noah's Ark Animal Rescue, we granted RM30,000 for an animal rescue project.

The objective of this project is to rescue unwanted, lost or sick stray animals and provide them with care and shelter until they are healthy enough to be spayed or neutered.

At the same time, they also educated the public on this cause through pet adoption drives, awareness campaigns, as well as knowledge sharing sessions for school children.

About 138 stray animals were spayed or neutered in 2012.

Waste disposal management project

In conjunction with a branch opening, CIMB Niaga formed a partnership with Komunitas Hijau Pondok Indah (KHPI). KHPI is a non-profit organisation focusing on green activities in the Pondok Indah area in Jakarta.

The partnership educates residents and dustbin men of Pondok Indah on types of wastes (organic and inorganic) as well as building two composting stations in the area.

As a follow-up to this project, eighteen CIMB Niaga staff volunteered in a garbage selection event together with a number of Pondok Indah residents.

ENVIRONMENT

SCHOLARSHIPS FOR ENVIRONMENTAL DEVELOPMENT

CIMB Group's effort to conserve the environment is also reflected in our CIMB Regional Scholarship programme. The prestigious scholarship is awarded to citizens of ASEAN, who have an outstanding track record of achievements, demonstrate a passion for their work and have the potential to make a significant contribution 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 untapped and underfunded, including Renewable Energy, Environmental Studies, and Marine Biology. The scholarship does not bond successful candidates to work with the Group, but instead requires them to contribute to the region's development by working in the ASEAN region for a minimum of three years upon completion of their studies.

Our regional scholars speak of their plans to contribute to the region's development in relation to the environment:



Su Su Myat (Myanmarese)

Currently pursuing a Master's degree in Environment Engineering and Management at the Asian Institute of Technology, Thailand; a member of Myanmar Engineering Society

“ In most of the ASEAN countries, the state of environmental sanitation suffers, to a substantial extent, from not only insufficient facilities, waste disposal and treatment facilities, but also by the lack of awareness and locally adopted technology. I plan,

following my graduation, to participate in research on decentralised wastewater or waste treatment and technologies in the way of protecting the nature and saving lives. ”



Chen Pelf Nyok (Malaysian)

Currently pursuing a Ph.D. in Zoology at Universiti Kebangsaan Malaysia, Malaysia

“ I recently co-founded the Turtle Conservation Society of Malaysia (TCS), an NGO that focuses on the research and conservation of a critically endangered freshwater turtle in Malaysia. Additionally, I am currently leading a river terrapin research and

conservation project in Kemaman, as well as carrying out educational and public outreach activities. I hope to be able to continue championing the cause of river terrapins in Malaysia, especially because they are practically unknown to the general public, and they are at a very high risk of becoming extinct if our conservation efforts are not intensified. ”



Joseph Santhi Pechsiri (Thai)

Currently pursuing a Ph.D. in Industrial Ecology at the Royal Institute of Technology, Sweden

“ My current work with mass microalgae and cyanobacteria harvesting for biofuels would allow the integration of preserving the environment through treating waste streams while producing renewable products like biofuels and green chemicals. I plan to apply such ideas

so that less pollution would affect the Gulf of Thailand, which would ultimately reduce the pressure on the coral reefs in the area. ”

ENVIRONMENT

**Sooksun Popun-Ngarm** (Thai)

Currently pursuing a Master's in law in Environmental Law and Policy at University College London, United Kingdom

“ In Laos, I have found a significant conflict between the need for economic development of the country, and a growing concern for environmental depletion. A large number of potential hydropower projects and mining concessions inevitably entail the massive

exploitation of natural resources and increasing pollution. As an advisor providing legal and environmental advice to both public and private sectors, I believe that I can substantially contribute towards reconciliation of economic enhancement and environmental protection of the Lao PDR. ”

**Nur Muna Mazlan** (Malaysian)

Currently pursuing a Ph.D. in Chemical Engineering at Bath University, United Kingdom

“ The environmental issues in ASEAN are related to ecological disasters, air pollution, deteriorating water quality, deforestation, decreasing biodiversity and depleting fish stocks. I hope to contribute by providing and deploying technology in a way

that is economically viable, sustainable, and adaptive to local needs to solve these issues. ”

**Khaira Ismail** (Malaysian)

Currently pursuing a Ph.D. in Ocean and Earth Science at University of Southampton, United Kingdom

“ The ASEAN region is particularly rich in marine species, causing growing interest in its exploration. Data integration is one of the crucial elements in ensuring the right balance between conservation and industries. I wish to be an expert in Marine Spatial Planning (MSP) in order

to provide a management framework for new and previously inaccessible scientific data. ”

ENVIRONMENTAL COMPLIANCE

We monitor our corporate risk of non-compliance of statutory and regulatory requirements related to the environment. In 2012, we were not penalised for any violation of environment-related laws and regulations. The Group complied with all significant environmental legal requirements under the Department of Environment's legal regulations. There were no significant fines or penalties incurred for environmental non-compliance during the course of our operations.

**AWARDS**

Our Indonesian colleagues at CIMB Niaga were recently honored with the Green Banking Award by La Tofi School of CSR, Ministry of Forestry and Industry, Indonesia.

The award was given at the Indonesia Green Awards in Jakarta, Indonesia in July 2012 for the efforts of CIMB Niaga in integrating environmental concerns into its core business and operational activities. The award recognised the role of CIMB Niaga in giving loans to environmentally conscious companies and the Bank's own internal practice of reduce, reuse, and recycle.



CIMB FOUNDATION'S CHARTER

CIMB FOUNDATION'S CHARTER

OBJECTIVE OF CIMB FOUNDATION

**SUPPORT**

the development and empowerment of communities

**IDENTIFY**

and implement quality projects within our key areas of focus, give priority to those that are sustainable, build local capacity and have measureable and realistic outcomes.

**BUILD**

meaningful relationships and strategic partnerships with communities and key stakeholders in achieving the Foundation's vision.

**REALISE**

CIMB Group's commitment to be a responsible corporate citizen, with active participation of its employees.

CIMB Foundation is established as a non-profit organisation limited by guarantee. CIMB Group will make financial contributions to the Foundation for the sole purpose of implementing CIMB Group's corporate social responsibility (CSR) initiatives and philanthropic activities. This Charter has been adopted by the Foundation.

At CIMB Group, our vision is 'To be the leading ASEAN company' which means that CIMB Group strives to be the bank of choice to the community, the preferred employer to its employees and the bank that accords the highest premium to its shareholders.

The Group continuously anticipates and delivers on its customers' needs, and looks beyond present circumstances and requirements to actively anticipate the future, always with the aim of creating value.

Premised on this philosophy, the Foundation's commitment to value-creation extends to a wider community, and aims to empower communities through sustainable capacity building initiatives.

AREAS OF FOCUS

The causes which the Foundation supports are as follows:

Community Development

The Foundation's initiatives within this category create opportunities for and build the capacity of communities by providing them with the necessary resources to improve their quality of life and promote sustainable development. It encourages communities to work together to identify and solve problems, cultivate socially valuable relationships and support leadership development.

Sport

The Foundation will support activities related to sports development with a particular focus on efforts aimed at nurturing young talent by providing opportunities, financial support and programmes for the development of young athletes.

Education

The Foundation will support projects that provide community-based learning opportunities as well as facilitating access to knowledge and learning.

ACCOUNTABILITY

The Foundation is committed to the highest standards of governance, transparency and accountability. It will have sound financial management systems and controls to ensure that all expenditure is fully accounted for and audited on an annual basis. The Foundation is given overall guidance by the Board of Trustees. Community and/or partner agencies will be engaged by the Foundation in the identification and implementation of projects.

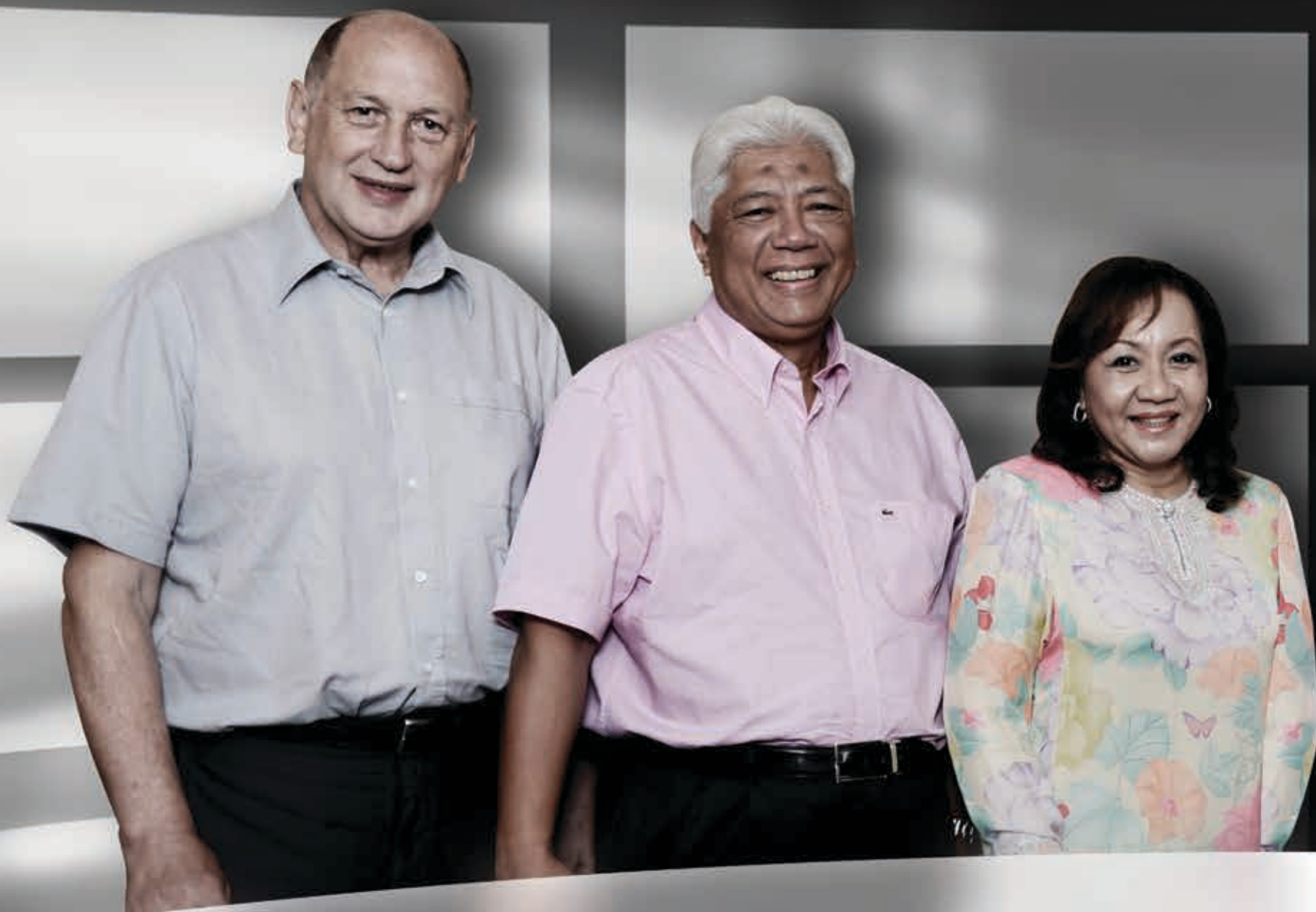
BOARD OF TRUSTEES

The Board will ensure that funds are properly administered and disbursed according to the Foundation's vision, objectives, and areas of focus. Board meetings will be held at least once quarterly and more frequently, if needed.

Working committee

The Board will be assisted by a Working Committee. The Working Committee will evaluate projects submitted to the Foundation against a pre-determined set of criteria. Projects that satisfy the criteria will be recommended by the Working Committee to the Chief Executive Officer of the Foundation or the Board for approval.

CIMB FOUNDATION'S BOARD OF TRUSTEES



Datuk Dr Richard Leete
Trustee

Dato' Mohd Shukri Hussin
Trustee

Puan Rosnah Kamarul Zaman
Trustee

CIMB FOUNDATION'S BOARD OF TRUSTEES



Tan Sri Dato' Seri Siti Norma Yaakob
Chairperson

Tan Sri G K Rama Iyer
Trustee

Tan Sri Dato' Md Nor Yusof
Trustee

CIMB FOUNDATION'S BOARD OF TRUSTEES



Tan Sri Dato' Seri Siti Norma Yaakob

Appointed as Chairperson of CIMB Foundation on 15 November 2007.

Tan Sri Dato' Seri Siti Norma Yaakob was first called to the English Bar in 1962. Her career achievements marked many firsts for women in the Judicial and Legal Service of Malaysia. She rose to become the first woman to be appointed to an executive position in the Judicial and Legal Service in 1963 and was elevated to the High Court Bench in 1983. In 1994 she was appointed as a Court of Appeal Judge and as a Federal Court Judge in 2001. Sworn in as Chief Judge of Malaya on 8 February 2005, Tan Sri Siti Norma subsequently retired in January 2007.

In January 2008, the Dubai International Financial Centre (DIFC) Courts appointed Tan Sri Siti Norma as one of their six new judges, becoming the first female judge to join the DIFC Courts.

In addition to her distinguished career on the Bench, Tan Sri Siti Norma was also the President of both the Federation of Women Lawyers and the Judicial and Legal Service Officers Association, a Regional Vice-President of the Commonwealth Magistrates' and Judges' Association, and a member of the Judicial and Legal Service Commission. She has represented Malaysia in many conferences, including a UN forum on the Commission on the Status of Women in Vienna, Austria and a number of conferences organised by the Commonwealth Magistrates' and Judges' Association. She was also a member of the Organising Committee for the first Judicial Workshop on Judicial Accountability held in Malaysia in 2002. Currently she is also a Pro-Chancellor of Universiti Malaya, appointed in 2007 as well as an Honorary Bencher of Gray's Inn, London.

Tan Sri Dato' Md Nor Yusof

Appointed to the Board of Trustees of CIMB Foundation on 15 November 2007.

Tan Sri Md Nor Yusof is currently the Chairman of the Board of Directors of CIMB Group Holdings Berhad. He has spent a significant amount of his working career with CIMB Group as a director and more notably as President and Chief Executive Officer of Bank of Commerce Berhad.

He is also currently the Chairman of Malaysian Airline System Berhad, a Director and Chairman of the Executive Committee of Khazanah Nasional Berhad and sits on the Boards of several companies and institutions. Tan Sri Md Nor has held several prominent positions including that of Chairman of the Securities Commission and Advisor in the Ministry of Finance.



Her accolades include the Women Development Institute Fellowship in 1988, an international award as an Eisenhower Exchange Fellow in 1990, and the 'Anugerah Nur Gemilang 2001 – Guaman' in 2001 awarded jointly by the Ministry of Women and Family Development and the Association of Women Graduates Malaysia.

In November 2011, Tan Sri Siti Norma was awarded one of the top honours in the BrandLaureate Brand ICON Leadership Awards 2010-2011 celebrating iconic Malaysians, receiving the BrandLaureate Most Eminent Brand Icon Leadership Award 2011.

She was conferred the Johan Setia Mahkota (JSM) in 1978, the Panglima Mangku Negara (PMN) Honours in 2005 by His Majesty the Yang di-Pertuan Agong of Malaysia, the Dato' Setia Negeri Sembilan (DSNS) in 1987 and the Darjah Seri Paduka Tuanku Ja'afar Yang Amat Terpuji (SPTJ) in 2007 by His Royal Highness The Ruler of Negeri Sembilan Darul Khusus.

Tan Sri Siti Norma currently sits on the Boards of the following companies:

- 1) Chairman of RAM Holdings Berhad
- 2) Chairman of RAM Rating Services Berhad
- 3) Chairman of RAM Ratings (Lanka) Limited
- 4) Chairman of the Financial Mediation Bureau
- 5) Chairman of the Malaysia Competition Commission
- 6) Director of Tenaga Nasional Berhad



Tan Sri G K Rama Iyer

Appointed to the Board of Trustees of CIMB Foundation on 7 September 2012.

Tan Sri G K Rama Iyer holds a Master's degree in Public Administration from Harvard University and a Bachelor of Arts in Economics (Hons) degree from University of Malaya (Singapore). He also completed the Advanced Management Programme Course at Harvard Business School.

In his 30 year career in the civil service, he was the Secretary-General of the Ministry of General Planning and Social Economic Research, the Ministry of Works and Utilities and the Ministry of Primary Industries. Tan Sri Rama was also the first Chairman of Malaysian Airline System Berhad and a founder Director of Malaysian International Shipping Corporation Berhad. He also serves as a Director of YTR Harta Sdn Bhd and the Maritime Institute of Malaysia and is a Trustee of a number of foundations.

Tan Sri Rama was a Director of CIMB Bank Berhad and its antecedents from 1987 to 2012.

CIMB FOUNDATION'S BOARD OF TRUSTEES

**Dato' Mohd Shukri Hussin**

Appointed to the Board of Trustees of CIMB Foundation on 15 November 2007.

He was the Foundation's first CEO from 2007 to 2011. Dato' Mohd Shukri holds a Bachelor of Economics (Hons) Degree from Universiti Malaya and qualified as a Chartered Accountant with the Institute of Chartered Accountants of England and Wales (ICAEW).

His history with CIMB Group Holdings Berhad is a long and respected one. He was its Chief Operating Officer from February 2003 to January 2006, after which he was appointed Executive Director until retirement in December 2011. He served as Commissioner of CIMB Niaga from May 2006 to December 2011 and as President Commissioner from May 2006 to December 2011.

Datuk Dr. Richard Leete

Appointed to the Board of Trustees of CIMB Foundation on 15 November 2007.

Datuk Dr. Richard Leete obtained his Ph.D. in Economics (in Population Studies) from the London School of Economics. He has an extensive knowledge of Asia having served most of his working life in the region and has published several books and articles on population and development themes.

During Malaysia's golden decade of 1985 to 1995, Datuk Dr. Richard Leete was an adviser in Human Resource Development at the Economic Planning Unit, Prime Minister's Department, Malaysia. From 1996 to 2003, he served as the Chief of Population Planning and Development Branch at the United Nations Population Fund (UNFPA) at its headquarters in New York City.

From October 2003 to March 2008, Datuk Dr. Richard Leete was the UN Resident Coordinator for Malaysia, the Resident Representative of the United Nations Development Programme (UNDP) for Malaysia, Singapore and Brunei Darussalam, and the United Nations Population Fund (UNFPA) Representative for Malaysia.

Whilst serving with the UN in Malaysia, he initiated numerous development projects



across the country, and reoriented the programmatic focus of UNDP's Country Office to reflect Malaysia's successful development experience in meeting strategic national development challenges.

He is currently the Director of Social Development at the General Secretariat of Development Planning, Doha, Qatar, responsible for providing strategic, policy and technical leadership relating to the Social, Human and Environmental Development pillars of the Qatar National Vision 2030.

In June 2007, Datuk Dr. Richard Leete was conferred the Darjah Kebesaran Panglima Jasa Negara (PJN) (Honorary) that carries the title Datuk by His Majesty the Yang di-Pertuan Agong XIII of Malaysia. He is also a distinguished Fellow of Malaysia's Institute of International and Strategic Studies (ISIS).

**Puan Rosnah Kamarul Zaman**

Appointed to the Board of Trustees of CIMB Foundation on 15 November 2007.

Puan Rosnah has extensive experience in banking and finance, covering the full spectrum of services, including consumer, commercial and corporate banking, as well as non-banking functions such as policy and control, human resources, corporate planning and finance.

She began her career in banking as a Management Trainee with Bank of Commerce Bhd, (now known as CIMB Bank Berhad) in 1979. Early in her career she was seconded to JP Morgan in New York and attended their Commercial Bank Management Programme.

Puan Rosnah has presented at various local and international seminars on banking and is well respected in banking circles. In 2004 she completed the Global Leadership Development Program, initiated by the government to develop leaders in the financial industry.

Her last appointment at CIMB was as Senior Executive Vice President heading the Banking Unit, responsible for the strategic businesses of Retail Banking, Business Banking, Corporate Banking, Treasury and International Banking.

In January 2012, she was appointed to the Board of Directors of CIMB Bank Berhad. Puan Rosnah also sits on the board of Time Engineering Berhad.



CIMB FOUNDATION'S FINANCIAL STATEMENTS

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Trustees' Report

for the financial year ended 31 December 2012

The Trustees of CIMB Foundation ("the Foundation") hereby submit their report together with the audited Financial Statements of the Foundation for the financial year ended 31 December 2012. The Foundation is incorporated as a company limited by guarantee and does not have a share capital.

The Trustees regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the ultimate holding company.

OBJECTS

The objects of the Foundation are to receive and administer funds for public welfare, religious, educational, cultural, artistic and charitable purposes. There was no significant change in the objects of the Foundation during the financial year.

FINANCIAL RESULTS

	RM
Net shortfall of income over expenditure for the financial year	(6,066,889)

TRUSTEES

The Trustees who have held office since the date of the last report and as at the date of this report are as follows:

Tan Sri Dato' Seri Siti Norma binti Yaakob
 Tan Sri Dato' Md Nor bin Md Yusof
 Dato' Mohd Shukri bin Hussin
 Datuk Dr Richard Leete
 Puan Rosnah binti Dato' Kamarul Zaman
 Tan Sri G.K. Rama Iyer A/L V.R.G Iyer (appointed on 7 September 2012)

In accordance with articles 46 and 47 of the Articles of Association, the following Trustees retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

Tan Sri Dato' Seri Siti Norma binti Yaakob
 Tan Sri Dato' Md Nor bin Md Yusof
 Dato' Mohd Shukri bin Hussin
 Datuk Dr Richard Leete
 Puan Rosnah binti Dato' Kamarul Zaman
 Tan Sri G.K. Rama Iyer A/L V.R.G Iyer

Trustees' Report

for the financial year ended 31 December 2012

TRUSTEES' INTERESTS IN SHARES AND SHARE OPTIONS

According to the Register of Trustees' Shareholdings, the beneficial interests of Trustees who held office at the end of the financial year in the shares of the ultimate holding company during the financial year are as follows:

	No. of ordinary shares of RM1 each			
	As at 1 January/ Date of Appointment	Acquired/ Granted	Disposed	As at 31 December
Ultimate holding company				
CIMB Group Holdings Berhad				
Direct Interest				
Tan Sri Dato' Md Nor bin Md Yusof	400,000	—	—	400,000
Dato' Mohd Shukri bin Hussin	600,224	—	350,000	250,224*
Tan Sri Dato' Seri Siti Norma binti Yaakob	2,000	—	—	2,000
# Tan Sri G.K. Rama Iyer A/L V.R.G Iyer	51,624	—	—	51,624

* Deemed interested by virtue of shares held under a discretionary trust with his children as beneficiaries.

Note: Includes shareholding of spouse/child, details of which are as follows:

	No. of ordinary shares of RM1 each			
	As at 1 January/ Date of Appointment	Acquired/ Granted	Disposed	As at 31 December
# Vijayalakshmi A/P Krishnaswamy	37,624	—	—	37,624
# Ganapathy Srihari A/L Rama Iyer	12,000	—	—	12,000

Other than as disclosed above, according to the Register of Trustees' Shareholdings, the other Trustees in office at the end of the financial year did not hold any interests in shares and share options of the ultimate holding company and related companies during the financial year.

TRUSTEES' BENEFITS

During the financial year, no arrangements subsisted to which the Foundation is a party, with the object or objects of enabling Trustees of the Foundation to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

Since the inception of the Foundation, no Trustee of the Foundation has received or become entitled to receive a benefit by reason of a contract made by the Foundation or with a firm of which the Trustee is a member, or with a company in which the Trustee has a substantial financial interest.

Trustees' Report

for the financial year ended 31 December 2012

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statement of income and expenditure and statement of assets and liabilities of the Foundation were made out, the Trustees took reasonable steps:

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- b) to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their value as shown in the accounting records of the Foundation have been written down to an amount which they might be expected so to realise.

At the date of this report, the Trustees are not aware of any circumstances:

- a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the Financial Statements of the Foundation inadequate to any substantial extent; or
- b) which would render the values attributed to current assets in the Financial Statements of the Foundation misleading; or
- c) which have arisen that render adherence to the existing method of valuation of assets or liabilities of the Foundation misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Trustees, will or may substantially affect the ability of the Foundation to meet its obligations as and when they fall due.

At the date of this report, there does not exist:

- a) any charge on the assets of the Foundation which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Foundation which has arisen since the end of the financial year.

At the date of this report, the Trustees are not aware of any circumstances not otherwise dealt with in this report or the Financial Statements which would render any amount stated in the Financial Statements misleading.

In the opinion of the Trustees,

- a) the results of the Foundation's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- a) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Foundation for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Trustees in accordance with their resolution.



Tan Sri Dato' Seri Siti Norma binti Yaakob
Trustee



Dato' Mohd Shukri bin Hussin
Trustee

Statement of Assets and Liabilities

as at 31 December 2012

	Note	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Current assets				
Other assets	2	15,136,712	350,452	1,177,502
Financial investments held-to-maturity	3	9,718,584	9,985,699	9,947,649
Cash and short term funds	4	9,612,658	39,803,293	50,621,507
Deposits and placements with a related licensed bank		23,045,653	–	–
		57,513,607	50,139,444	61,746,658
Less: Current liabilities				
Payables and accruals	5	15,279,648	1,838,596	3,299,700
Net current assets		42,233,959	48,300,848	58,446,958
Represented by:				
Accumulated funds		42,233,959	48,300,848	58,446,958
		42,233,959	48,300,848	58,446,958

Statement of Income and Expenditure

for the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Income			
Donations		57,948,082	309,926
Income and hibah	6	1,018,578	1,241,695
Accretion from financial investments held-to-maturity	6	296,658	282,301
		59,263,318	1,833,922
Less: Expenditure			
Contribution for charitable expenses	7	(65,193,918)	(11,667,487)
Advertising		47,130	(138,231)
Accommodation		–	(2,235)
Annual general meeting expenses		–	(542)
Meeting allowance (Trustees)		(36,500)	(24,000)
Withholding tax		(37,829)	–
Audit fees		(3,000)	(3,000)
Tax agent fees		(2,200)	(2,446)
Transportation cost		(19,584)	(32,230)
Bank charges		(4,563)	(4,241)
Equipment rental		(2,500)	(10,000)
IT outsource services		(74,699)	(59,257)
Professional and consultancy fees		(1,589)	(14,476)
Other general expenses		(955)	(21,887)
		(65,330,207)	(11,980,032)
Shortfall of income over expenditure		(6,066,889)	(10,146,110)
Taxation	8	–	–
Net shortfall of income over expenditure		(6,066,889)	(10,146,110)

Statement of Changes in Accumulated Funds

for the financial year ended 31 December 2012

	Total RM
At 1 January 2012	48,300,848
Net shortfall of income over expenditure	(6,066,889)
At 31 December 2012	42,233,959
At 1 January 2011	58,446,958
Net shortfall of income over expenditure	(10,146,110)
At 31 December 2011	48,300,848

Statement of Cash Flows

for the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Cash flows from operating activities			
Shortfall of income over expenditure		(6,066,889)	(10,146,110)
Adjustment for:			
Donations received		(57,948,082)	(309,926)
Accretion from financial investments held-to-maturity		(296,658)	(282,301)
(Increase)/decrease in operating assets		(64,311,629)	(10,738,337)
Other assets		(14,786,260)	827,050
Increase/(decrease) in operating liabilities			
Payables and accruals		13,441,052	(1,461,104)
Net cash flows used in operating activities		(65,656,837)	(11,372,391)
Cash flows from investing activities			
Purchase of financial investments held-to-maturity		(29,436,227)	(29,755,749)
Proceeds from maturity of financial investments held-to-maturity		30,000,000	30,000,000
Net cash flows generated from investing activities		563,773	244,251
Cash flows from financing activity			
Donations received		57,948,082	309,926
Net cash flows generated from financing activity		57,948,082	309,926
Net decrease in cash and cash equivalents during the financial year		(7,144,982)	(10,818,214)
Cash and cash equivalents at beginning of the financial year		39,803,293	50,621,507
Cash and cash equivalents at end of the financial year		32,658,311	39,803,293
Cash and cash equivalents comprise:			
Cash and bank balances	4	2,100,945	1,164,412
Deposits and placements with banks maturing within one month	4	7,511,713	38,638,881
Deposits and placements with a related licensed bank		23,045,653	–
		32,658,311	39,803,293

Summary of Significant Accounting Policies

for the financial year ended 31 December 2012

The following significant accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

A BASIS OF PREPARATION

The Financial Statements of the Foundation have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia.

The Financial Statements of the Foundation have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of Financial Statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires Trustees to exercise their judgement in the process of applying Foundation's accounting policies. Although these estimates and judgement are based on the Trustees' best knowledge of current events and actions, actual results may differ from those estimates.

There are no critical accounting estimates and assumptions used that are significant to the Financial Statements.

The Financial Statements of the Foundation for the year ended 31 December 2012 are the first set of Financial Statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Foundation has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. The transition from FRS to MFRS has had no impact on the Foundation's reported financial position, financial performance and cash flows.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Foundation but not yet effective

There are no new standards, amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on financial results of the Foundation.

The adoption of the new standards and amendments to published standards are not expected to have a material impact on the financial results of the Foundation.

B FINANCIAL ASSETS

(a) Classification

The Foundation allocates their financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of financial assets held for trading and other financial assets designated by the Foundation as fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

The Foundation did not designate any financial assets at fair value through profit or loss upon initial recognition during the financial year ended 31 December 2012.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2012

B FINANCIAL ASSETS (CONTINUED)

(a) Classification (Continued)

(iii) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intent and ability to hold to maturity. If the Foundation sells other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale.

(iv) Financial investments available-for-sale

Financial investments available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as financial assets at fair value through profit or loss, loans and receivables and financial investments held-to-maturity.

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the statement of income and expenditure.

(c) Subsequent measurement

Financial assets at fair value through profit or loss and financial investments available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of income and expenditure in the period which they arise. Gains and losses arising from changes in fair value of financial investments available-for-sale are recognised directly in equity, until the securities are derecognised or impaired at which time the cumulative gains or loss previously recognised in equity are recognised in the statement of income and expenditure. Foreign exchange gains or losses of financial investments available-for-sale are recognised in the statement of income and expenditure in the period it arises.

Financial investments held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the statement of income and expenditure.

Interest from financial assets held at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity are calculated using the effective interest method and is recognised in the statement of income and expenditure. Dividends from available-for-sale equity instruments are recognised in the statement of income and expenditure when the entity's right to receive payment is established.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the receivables including the transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on receivables is included in the statement of income and expenditure. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income and expenditure.

(d) Reclassification of financial assets

The Foundation may choose to reclassify a non-derivative financial assets held for trading out of the held for trading category if the financial asset is no longer held for the purposes of selling in the near term. In addition, the Foundation may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Foundation has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rates for the securities reclassified to held-to-maturity category are determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rates.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2012

C FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are payables and accruals.

D DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Foundation tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

E IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria the Foundation uses to determine that there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Foundation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Foundation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income and expenditure. If a loan or financial investment held-to-maturity have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These financial assets are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Foundation to reduce any differences between loss estimates and actual loss experience.

When a receivable is uncollectible, it is written off against the related allowance for receivable impairment. Such loans are written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income and expenditure.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2012

E IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(b) Assets classified as available-for-sale

The Foundation assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired.

For debt securities, the Foundation uses criteria and measurement of impairment loss applicable for “assets carried at amortised cost” above. If in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of income and expenditure, the impairment loss is reversed through statement of income and expenditure.

In the case of equity instruments classified as financial investments available-for-sale in addition to the criteria for “assets carried at amortised cost” above, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is objective evidence that an impairment loss on financial investments available-for-sale has incurred, the cumulative loss that has been recognised directly in equity is removed from equity and recognised in the statement of income and expenditure. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of income and expenditure. Impairment losses recognised in statement of income and expenditure on equity instruments are not reversed through the statement of income and expenditure.

F CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and deposits placements with banks.

G PROVISIONS

Provisions are recognised by the Foundation when all of the following conditions have been met:

- (i) the Foundation has a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Foundation expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

H RECOGNITION OF DONATION

Donations are recognised in the statement of income and expenditure of the Foundation when the Foundation is entitled to receive the donations.

I RECOGNITION OF INCOME AND HIBAH

Income and hibah for all profit-bearing financial instruments are recognised within “Income and hibah” in the statement of income and expenditure using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating the income and hibah over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective profit rate, the Foundation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate, but not future credit losses.

Notes to the Financial Statements

for the financial year ended 31 December 2012

1 GENERAL INFORMATION

The objects of the Foundation are to receive and administer funds for public welfare, religious, educational, cultural, artistic and charitable purposes. There was no significant change in the objects of the Foundation during the financial year.

The Foundation is incorporated and domiciled in Malaysia as a company limited by guarantee, without share capital.

The Trustees regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the ultimate holding company.

The address of the registered office of the Foundation is 5th Floor, Bangunan CIMB, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

2 OTHER ASSETS

	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Membership fees receivable	2	2	2
Prepayment	511,445	350,000	1,177,500
Sundry debtors	450	450	–
Sponsorship receivable	14,624,815	–	–
	15,136,712	350,452	1,177,502

3 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Money market instrument:			
Unquoted			
Bank Negara Malaysia Negotiable Notes	9,708,622	9,926,110	9,880,671
Accretion of discount	9,962	59,589	66,978
	9,718,584	9,985,699	9,947,649

The Bank Negara Malaysia Negotiable Notes has a principal of RM10 million, with a discount rate of 3.03% (2011: 2.90%), and matures on 6 December 2013.

4 CASH AND SHORT TERM FUNDS

	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Cash and short term funds maintained with related licensed banks:			
a) Cash and bank balances	2,100,945	1,164,412	2,698,641
b) Deposits and placements	7,511,713	38,638,881	47,922,866
	9,612,658	39,803,293	50,621,507

The effective weighted average interest rate is 3.00% (2011: 3.00%) and the deposits have a remaining maturity of 24 days (2011: 29 days).

Notes to the Financial Statements

for the financial year ended 31 December 2012

5 PAYABLES AND ACCRUALS

	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Donations payable	7,724,830	1,089,295	2,837,754
Accrued expenses	517,682	566,233	372,666
Income received in advance	13,674	64,973	74,514
Amounts due to related companies	7,023,462	118,095	14,766
	15,279,648	1,838,596	3,299,700

The balances with related parties at the year end carried out in normal Foundation transactions are unsecured, interest free and are repayable on demand.

6 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationship

The related parties of, and their relationship with the Foundation are as follows:

Related party

CIMB Group Holdings Berhad ('CIMB Group')
Subsidiaries and associates of CIMB Group as disclosed
in the notes to CIMB Group's Financial Statements

Relationship

Ultimate holding company
Subsidiaries and associates of ultimate holding company

(b) Related party transactions

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated. Interest rates on short-term deposits were at normal commercial rates.

	2012 RM	2011 RM
Income and hibah received from CIMB Islamic Bank Berhad	1,018,578	1,241,695
Accretion from financial investments held-to-maturity with Bank Negara Malaysia	296,658	282,301
Donation received from CIMB Bank Berhad	30,908,000	–
Donation received from CIMB Investment Bank Berhad	4,800	–

(c) Related party balances

	31 December 2012 RM	31 December 2011 RM	1 January 2011 RM
Amount due to CIMB Bank Berhad	7,023,462	112,095	6,000
Amount due to CIMB Investment Bank Berhad	–	6,000	8,766
Financial investments held-to-maturity with Bank Negara Malaysia	9,718,584	9,985,699	9,947,649

The balances with related parties at the year end carried out in normal Foundation transactions are unsecured, interest free and are repayable on demand.

Notes to the Financial Statements

for the financial year ended 31 December 2012

6 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Transactions with Shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company owns 29% of the issued capital of the ultimate holding company (31 December 2011: 24%). KNB is an entity controlled by the Malaysian Government. The Foundation considers that, for the purpose of MFRS 124 – "Related Party Disclosures", KNB and the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Foundation. The transactions are done in the Foundations normal course of business, and they are done in accordance with the Foundations' internal policies.

7 CONTRIBUTION FOR CHARITABLE EXPENSES

	2012 RM	2011 RM
Community development	2,964,889	830,852
Sports	58,058,554	6,446,107
Education	3,941,693	2,993,855
Miscellaneous contributions	228,782	1,396,673
	65,193,918	11,667,487

8 TAXATION

The Foundation is an approved charitable institution under Section 44(6) of the Income Tax Act, 1967. With effect from year of assessment 2001, any organisation or institution which is approved under Subsection 44(6) of the Income Tax Act, 1967 will automatically be granted tax exemption on its income (except dividend income) under paragraph 13, Schedule 6, Income Tax Act, 1967.

9 USE OF FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Foundation does not face significant exposure to financial risks, except for credit risk, market risk and liquidity risk. It is anticipated that the Foundation may be exposed to some operational risk.

Operational risk is the risk resulting from inadequate or failed internal processes, people and systems or from external events. To monitor and control such risk, the Foundation is following the CIMB Group enterprise-wide risk management framework.

9.1 Credit risk

Credit risk is the risk of loss due to failure of counterparty to meet its financial obligations due to the Foundation.

Except for financial investments held-to-maturity (Note 3), cash and short term funds, deposits and placements with a related licensed bank and sundry debtors, the Foundation is not exposed to any other significant credit risk.

9.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)

For financial assets recognised in the statement of assets and liabilities, the maximum exposure to credit risk equals their carrying amount as at 31 December 2012, 31 December 2011 and 1 January 2011.

Notes to the Financial Statements

for the financial year ended 31 December 2012

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Credit risk (Continued)

9.1.2 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The credit risk concentration of the financial assets of the Foundation (without taking into account any collateral held or other credit enhancements) are as follows:

(a) Industry sectors

The analyses of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the industry sectors of the counterparty for items recognised in the statement of assets and liabilities are as follows:

31 December 2012	Financial investments held-to-maturity RM	Cash and short term funds RM	Deposits and placements with a related licensed bank RM	Sundry debtors RM	Total credit expose RM
Finance, insurance and business services	9,718,584	9,612,658	23,045,653	–	42,376,895
Others	–	–	–	14,625,265	14,625,265
	9,718,584	9,612,658	23,045,653	14,625,265	57,002,160

31 December 2011	Financial investments held-to-maturity RM	Cash and short term funds RM	Sundry debtors RM	Total credit expose RM
Finance, insurance and business services	9,985,699	39,803,293	–	49,788,992
Others	–	–	450	450
	9,985,699	39,803,293	450	49,789,442

1 January 2011	Financial investments held-to-maturity RM	Cash and short term funds RM	Sundry debtors RM	Total credit expose RM
Finance, insurance and business service	9,947,649	50,621,507	–	60,569,156
	9,947,649	50,621,507	–	60,569,156

Notes to the Financial Statements

for the financial year ended 31 December 2012

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Credit risk (Continued)

9.1.3 Credit quality of financial assets

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

Financial investments held-to-maturity, cash and short term funds and sundry debtors of the Foundation as at 31 December 2012, 31 December 2011 and 1 January 2011 are categorised as “neither past due nor impaired”. There is a high likelihood of these assets being recovered in full and therefore, of no cause for concern to the Foundation.

An analysis of the credit quality of the Foundation's financial assets that are “neither past due nor impaired” are set out below.

31 December 2012	Sovereign RM	Investment grade (IG) RM	No rating RM	Total RM
Financial investments held-to-maturity – Money market instruments	9,718,584	–	–	9,718,584
Cash and short term funds	–	9,612,658	–	9,612,658
Deposits and placements with a related licensed bank	–	23,045,653	–	23,045,653
Sundry debtors	–	–	14,625,265	14,625,265
	9,718,584	32,658,311	14,625,265	57,002,160

31 December 2011	Sovereign RM	Investment grade (IG) RM	No rating RM	Total RM
Financial investments held-to-maturity – Money market instruments	9,985,699	–	–	9,985,699
Cash and short term funds	–	39,803,293	–	39,803,293
Sundry debtors	–	–	450	450
	9,985,699	39,803,293	450	49,789,442

1 January 2011	Sovereign RM	Investment grade (IG) RM	No rating RM	Total RM
Financial investments held-to-maturity – Money market instruments	9,947,649	–	–	9,947,649
Cash and short term funds	–	50,621,507	–	50,621,507
	9,947,649	50,621,507	–	60,569,156

Notes to the Financial Statements

for the financial year ended 31 December 2012

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Market risk

Market risk is defined as the potential change in market value of trading and investment securities held by the Foundation arising from adverse changes to market parameters such as interest rates, credit spreads, foreign exchange rates, equity prices, commodity prices and volatility.

9.2.1 Interest rate risk

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities.

The table below summarises the Foundation's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

31 December 2012	Non-trading book		Non-interest sensitive RM	Total RM
	Up to 1 month RM	> 6 – 12 months RM		
Financial assets				
Financial investments held-to-maturity	–	9,718,584	–	9,718,584
Cash and short term funds	7,511,460	–	2,101,198	9,612,658
Deposits and placements with a related licensed bank	–	23,000,000	45,653	23,045,653
Sundry debtors	–	–	14,625,265	14,625,265
Total assets	7,511,460	32,718,584	16,772,116	57,002,160
Financial liabilities				
Payables and accruals	–	–	15,265,974*	15,265,974
Total liabilities	–	–	15,265,974	15,265,974
Net interest sensitivity gap	7,511,460	32,718,584		

* Excluded interest income received in advance of RM13,674.

31 December 2011	Non-trading book		Non-interest sensitive RM	Total RM
	Up to 1 month RM	> 1 – 3 months RM		
Financial assets				
Financial investments held-to-maturity	9,985,699	–	–	9,985,699
Cash and short term funds	38,638,304	–	1,164,989	39,803,293
Sundry debtors	–	–	450	450
Total assets	48,624,003	–	1,165,439	49,789,442
Financial liabilities				
Payables and accruals	–	–	1,773,623*	1,773,623
Total liabilities	–	–	1,773,623	1,773,623
Net interest sensitivity gap	48,624,003	–		

* Excluded interest income received in advance of RM64,973.

Notes to the Financial Statements

for the financial year ended 31 December 2012

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Market risk (Continued)

9.2.1 Interest rate risk (Continued)

1 January 2011	Non-trading book			Total RM
	Up to 1 month RM	> 1 – 3 months RM	Non-interest sensitive RM	
Financial assets				
Financial investments held-to-maturity	–	9,947,649	–	9,947,649
Cash and short term funds	47,922,326	–	2,699,181	50,621,507
Total assets	47,922,326	9,947,649	2,699,181	60,569,156
Financial liabilities				
Payables and accruals	–	–	3,225,186*	3,225,186
Total liabilities	–	–	3,225,186	3,225,186
Net interest sensitivity gap	47,922,326	9,947,649		

* Excluded interest income received in advance of RM74,514.

9.2.2 Foreign exchange risk

The Foundation has no exposure to foreign exchange risk as all its assets and liabilities are denominated in Ringgit Malaysia.

9.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Foundation's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

9.3.1 Contractual maturity of financial liabilities on an undiscounted basis

Non-derivative financial liabilities

The table below presents the cash flows payable by the Foundation under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

31 December 2012	Up to 1 month RM	Total RM
Financial liabilities		
Payables and accruals	15,265,974*	15,265,974
Total liabilities	15,265,974	15,265,974

* Excluded interest income received in advance of RM13,674.

31 December 2011	Up to 1 month RM	Total RM
Financial liabilities		
Payables and accruals	1,773,623*	1,773,623
Total liabilities	1,773,623	1,773,623

* Excluded interest income received in advance of RM64,973.

Notes to the Financial Statements

for the financial year ended 31 December 2012

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Liquidity risk (Continued)

9.3.1 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

1 January 2011	Up to 1 month RM	Total RM
Financial liabilities		
Payables and accruals	3,225,186*	3,225,186
Total liabilities	3,225,186	3,225,186

* Excluded interest income received in advance of RM74,514.

9.4 Fair value of the financial instruments

Financial instruments comprise financial assets, financial liabilities and items not recognised in the statement of assets and liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

The fair value of the Foundation's financial instruments, which include cash and short term funds, deposits and placements with a related licensed bank, financial investments held-to-maturity, other assets, payables and accruals are not materially sensitive to shifts in market interest rates because of the limited term to maturity of these instruments.

As such, the carrying amount of all financial assets and financial liabilities at the end of the reporting period approximates their fair value.

10 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Financial Statements have been authorised for issue by the Board of Trustees in accordance with a resolution dated 12 March 2013.

Statement by Trustees

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Seri Siti Norma binti Yaakob and Dato' Mohd Shukri bin Hussin, being two of the Trustees of the Board of Trustees of CIMB Foundation, state that, in the opinion of the Trustees, the Financial Statements set out on pages 079 to 094 are drawn up so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2012 and of its results and cash flows for the year ended on that date, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Trustees in accordance with their resolution.



Tan Sri Dato' Seri Siti Norma binti Yaakob
Trustee



Dato' Mohd Shukri bin Hussin
Trustee

Kuala Lumpur
12 March 2013

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Shafiq Abdul Jabbar, the officer primarily responsible for the financial management of CIMB Foundation, do solemnly and sincerely declare that the Financial Statements set out on pages 079 to 094 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Shafiq Abdul Jabbar

Subscribed and solemnly declared by the abovenamed Shafiq Abdul Jabbar at Kuala Lumpur before me on 12 March 2013.

Commissioner for Oath



205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur

Independent Auditors' Report

to the members of CIMB Foundation

(Incorporated in Malaysia as a company limited by guarantee and not having a share capital) (Company No: 795634-H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of CIMB Foundation on pages 079 to 094, which comprise the statement of assets and liabilities as at 31 December 2012 of the Foundation and the statements of income and expenditure, changes in accumulated funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 10.

Trustees' Responsibility for the Financial Statements

The Trustees of the Foundation are responsible for the preparation of Financial Statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Foundation as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Foundation have been properly kept in accordance with the provisions of the Act.



PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur
12 March 2013



SOO HOO KHOON YEAP

(No. 2682/10/13 (J))

Chartered Accountant