



REDEFINING
ASEAN FOR YOU

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ABOUT THE
**CIMB GROUP
SUSTAINABILITY
REPORT 2011**

This Sustainability Report presents the efforts and initiatives of CIMB Group Holdings Berhad as a responsible corporate citizen for the benefit of its stakeholders. This report which forms part of the Group's Annual Report for 2011, provides a clear, comprehensive and transparent representation of the Group's performance in managing the economic, social and environmental aspects of its operations.

In line with the regionalisation of the Group's business, our stakeholders have diverse issues and concerns. This Sustainability Report therefore focuses on inclusivity, namely addressing the material issues of our stakeholders, particularly those impacting the long term sustainability of the Group's business.

In this report, quantitative indicators are used, wherever relevant, for better accuracy. It is important to note that some of the information originates from operations outside the Group's control. In this regard however, the Group ensures that the measurements and claims in this Report are accurately collected and reported. It also ensures that the underlying methodology is sound.

The level of transparency of reporting has been reviewed and enhanced, and is reflected in this Report.

SCOPE OF REPORT

Reporting Period

1 January to 31 December 2011

Reporting Cycle

Annually

Coverage

CIMB Group and its subsidiaries as included in the Group's consolidated financial statements. Subsidiaries refer to all companies in which the Group holds a majority stake or has direct managerial control.

REFERENCE AND GUIDELINES

Principal Guidelines

- GRI-G3.1 Sustainability Reporting Framework

Additional Guidelines

- Bursa Malaysia's Corporate Social Responsibility Framework
- Silver Book: The Putrajaya Committee GLC Transformation Manual
- ACCA Malaysia Sustainable Reporting Guidelines for Malaysian Companies
- ISO 26000: Guidance on Social Responsibility

FEEDBACK

This Report is available to stakeholders in hard copy on request and can be downloaded from the Group's corporate website – www.cimb.com

For further information and comments, please contact:

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Statement by **Group Chief Executive**



Dear Shareholders

- In 2011, CIMB Group embarked on our next phase of transformative growth, Vision 2015, which clearly articulates our mid-term goal to be The Leading ASEAN Franchise, not just amongst financial institutions, but across all industries.

Statement by **Group Chief Executive**



Tan Sri Dato' Md Nor Yusof, Chairman of CIMB Group, presents junior golfer, Rachel Cheang, with a scholarship to train at TPC Sawgrass, Florida



Dato' Mohd Shukri Hussin, former Executive Director of CIMB Group, with YFA-Bintang Muda footballers



Dato' Sulaiman Mohd Tahir, Executive Director of CIMB Bank, presenting awards for staff efforts in Community Link

To achieve this, we will need to further evolve our business model, and build on the strong foundations which we have established. This includes our approach to corporate responsibility and sustainability as we need to lead in corporate responsibility and champion sustainable business practices in ASEAN.

Moving forwards, we will look beyond areas in which we have become market leaders, such as the Workplace and Community spheres, and place more emphasis on our contribution towards conserving the environment and shaping good marketplace practices. We will also look to increase stakeholder engagement beyond investors, customers, employees and regulators, and include the general public forming the larger ASEAN community.

First Sustainability Report

The production of our first Sustainability Report is one of our maiden initiatives in that direction, to formally recognise the growing number of stakeholders and to respond to them with greater transparency and increased focus. By referring to the Global Reporting Initiative as a guide, we are putting into place the necessary steps to measure, disclose and be accountable to stakeholders for the economic, environmental and social impact of the Group's activities.

This is also in line with our corporate values of value creation, enabling our people and acting with integrity. Corporate responsibility requires us to think

beyond the customers and shareholders for value creation, to think beyond employees in enabling our people and to always remember acting with integrity as the key guiding principle in dealing with all stakeholders of the Group.

Corporate responsibility function reorganised

Corporate responsibility is one of the areas which is undergoing changes in line with CIMB 2.0. The first wave of our work in institutionalising corporate responsibility activities was undertaken some four years ago in 2007. In that year, we launched both Community Link and CIMB Foundation, to recognise the communities in which we operate as a stakeholder of the Group, and to put in place a structured approach towards giving back to these communities. By focusing on bringing about long term sustainable benefits in the communities, this marked our move away from our previous approach which was largely ad hoc and donations-driven.

As a result of that, our corporate responsibility practices are very much embedded in our business. In 2007, we established a department dedicated to corporate responsibility, and included corporate responsibility as part of our Group's business planning process. It is treated in the same way as other departments in the Group, which require budgets, resource planning, goals and objectives as well as performance measurement to be put in place each year.

At the beginning of 2011, the Corporate Responsibility department moved from Group Marketing and Communications to become part of Group Corporate Resources. Through the reorganisation, there is now greater synergy as our community initiatives are housed in the same division overseeing our human resources, procurement and environmental initiatives.

Leadership in Workplace and Community spheres

Today, CIMB Group is recognised as a leader in corporate responsibility, particularly in the Workplace and Community spheres. I am greatly encouraged by the energy and enthusiasm that my colleagues throughout the Group have shown in taking part in our corporate responsibility activities, and the positive changes in terms of team work and personal growth that they attribute to participation in these activities.

I was therefore pleased that in 2011, the Group was honoured with several accolades in recognition of our achievements in corporate responsibility.

It was a great honour for the Group to win the ASEAN Business Awards 2011 for the "Most Admired ASEAN Enterprise" in the Employment category. In addition, we received the Asia's Best Employer Brand Award from the Employer Branding Institute. We were also named "Malaysia's Most Caring Employer" by the Malaysian Ministry of Human Resource.

Statement by **Group Chief Executive**

Dato' Zainal Abidin Putih, Chairman of CIMB Bank, launches *Swing From the Heart*, a CIMB Foundation initiative to raise funds for IJN Foundation



Datuk Dr Syed Muhamad Syed Abdul Kadir, Chairman of CIMB Islamic Bank, joins our juniors for a round of golf



Subhak Siwaraksa, President and CEO of CIMB Thai, launches a *Community Link* programme in Lei province, Thailand

In the Community sphere, it was an honour for the Group to receive the “Best CSR” award from the Minority Shareholders Watchdog Group of Malaysia for the second consecutive year. In Indonesia, CIMB Niaga received an Education Care Award from the Ministry of Education and National Culture of Indonesia, in recognition of its contribution towards the advancement of education in the country. And in Thailand, CIMB Thai won two awards for its funding for projects to increase energy efficiency – the Thailand Energy Award in the Energy Efficiency and Alternative Energy category, and the ESCO (Energy Service Company) Excellent Supporting Bank Award from the Institute of Industrial Energy of the Federation of Thai Industries.

The accolades that we have received in 2011 as well as in the past are made possible by the efforts and contributions of my colleagues throughout CIMB Group. A significant part of those contributions are made on a voluntary basis, driven purely by their intention to “give back”.

These awards are a befitting recognition for their efforts and the personal sacrifices they had made for the benefit of our stakeholders. I believe the awards will spur them on towards greater achievements and success.

Giving back is led from the top

The efforts of my colleagues are amplified by the leadership by example displayed by our directors and senior management. Our Group Chairman, Tan Sri Dato' Md Nor Yusof, is a passionate advocate

of “giving back”, and his role as a Trustee of CIMB Foundation is testament to his commitment. In addition, Tan Sri Dato' Md Nor also makes time to meet up with the beneficiaries of CIMB Foundation and to take part in the Foundation's events.

Dato' Shukri Hussin, who retired as Executive Director of the Group at the end of 2011, inspired us with his commitment, dedication and wholehearted participation as a Trustee of CIMB Foundation, and its first CEO from inception till end 2011. He has been a tremendous driving force behind our community initiatives.

There are other Board members of CIMB Group who are also active proponents of “giving back”. Dato' Zainal Abidin Putih, Chairman of CIMB Bank, Datuk Dr Syed Muhamad Syed Abdul Kadir, Dato' Robert Cheim and Mr Hiroyuki Kudo, who are keen golfers, are familiar faces to the beneficiaries of the CIMB Junior Golf Development Programme as they participate in the programme to follow the progress of the junior golfers.

Under the leadership of Dato' Sulaiman Mohd Tahir, Executive Director of CIMB Bank, and our country heads in Indonesia, Singapore, Thailand and Cambodia - Arwin Rasyid, Mak Lye Mun, Subhak Siwaraksa and Yew Wan Kup - Community Link has become the flagship corporate responsibility programme of the Group, and with consumer banking branches across the region participating in it. Their efforts in driving staff participation has been a key factor in the success of Community Link, which

saw over 500 project proposals being submitted for consideration in 2011, of which 178 were approved for funding with total grants amounting to RM5.8 million.

Our senior managers have also been responsible for driving our Way Forward programme, our career guidance programme aimed at students at both secondary school and university levels. Over 260 of them, led by Hamidah Naziadin, our Head of Group Corporate Resources, reached out to students in the course of the year, starting dialogues on career options available in banking and finance generally.

An enriching experience

On a personal note, I always look forward to taking part in our corporate responsibility activities. Since 2009, my office has had our own Community Link programme, helping to develop a community-based football club in Kuala Lumpur which targets lower-income communities.

Funding from CIMB Foundation enables the club, YFA-Bintang Muda (or commonly dubbed “CIMB-YFA”) to provide attire and training to 780 junior players in five age groups from under-8 to 16 and to form elite squads in the five age groups to compete at club-level tournaments. And I am the manager for CIMB-YFA's under-12 team, a post I have held for three years.

Statement by **Group Chief Executive**



Tan Sri Dato' Seri Siti Norma Yaakob, Chairperson of CIMB Foundation, presents talented squash player, Zoe Foo, with a CIMB Foundation Sports Scholarship



Dato' Robert Cheim shares a light-hearted moment with Alvin Hiew, a junior golfer, during the CIMB Junior Golf Development Camp in Malaysia



Azlina and me with my YFA-Bintang Muda boys at the CIMB Foundation Sports Appreciation Dinner 2011

It is always such a pleasure for me and my colleagues to see how the club has grown into one of the leading community clubs in Malaysia. I have seen my boys flourish as they progressed from getting knocked out in the second round of the knock-out stages of the league in 2009, to finishing fourth in 2010 and to being edged out in the finals in 2011. I was proud that our striker, Alif Haikal bin Lokman, was named the best player for 2011 from among over 300 players in the under-12 league.

At the end of 2011, CIMB-YFA had a surprise in store for us. Earlier in the year, they had won the Royal Selangor Club International 7's tournament trophy outright, having emerged overall champions for the third year running. In December 2011, at a simple ceremony at our office, CIMB-YFA presented the trophy to CIMB Group and CIMB Foundation, to thank us for our support for the club. I was extremely touched when I received the trophy on behalf of the Group and the Foundation.

My wife, Azlina, also has a keen interest in our corporate responsibility activities, and we make it a point to make time to meet with the beneficiaries of CIMB Foundation each year.

In 2011, we met with the beneficiaries in the Foundation's Sports pillar at a Sports Appreciation Night. Over 200 of our talented juniors turned up with their parents and representatives of our

sports partners. As parents ourselves, Azlina and I understood the determination, commitment and effort that the juniors put in every day in improving their performance. It was an impressive roll call of achievements when we honoured the top performers and presented certificates of achievement to them. And we felt privileged that night to have the opportunity to catch a glimpse of our country's future sports stars.

In conjunction with Hari Raya Aidilfitri, Azlina and I had the opportunity to host some of the Foundation's beneficiaries in the Community Development pillar. Seven NGOs which had received grants from the Foundation to start small food businesses were invited to join the festive celebrations. Our funding for the NGOs enable them to provide skills training for persons with disabilities, persons who are undergoing occupational therapy as well as disadvantaged groups such as single mothers. From the pride on their faces as we sampled their food, and from the quality of the food, it was clear to us that our funding had brought about positive changes to the beneficiaries in terms of both skills and confidence-building.

We are constantly inspired by the successes of our beneficiaries, and how the Group has brought sustainable improvements to their lives.

Acknowledgements

On behalf of CIMB Group, I would like to thank the Trustees of CIMB Foundation for their guidance and participation in championing our activities in the communities that we serve. And for Dato' Shukri Hussin who ends his stint as the first CEO of CIMB Foundation, I would like to thank him for his untiring efforts towards making CIMB Group a leader in corporate responsibility, especially in the Community sphere.

In addition, I would like to thank my colleagues throughout the Group who have worked tirelessly for the benefit of stakeholders in ASEAN as well as our many partners who have worked alongside my colleagues in the implementation of the projects we have undertaken.

And for the interest, input and participation of my fellow board members, I am thankful for their strong support and their company in CIMB Group's corporate responsibility journey.

Nazir Razak
Group Chief Executive

Project **Highlights**

Community Link

Community Link is the flagship corporate responsibility programme of CIMB Group. The programme was launched initially in Malaysia in May 2007 to enable CIMB Islamic and CIMB Bank nationwide to “give back” to communities served by their branches nationwide.

In 2010, the Group witnessed the launch of Community Link by CIMB Niaga in Indonesia, by CIMB Thai and by CIMB Bank in Singapore, and followed by CIMB Bank in Cambodia in 2011. We are proud of our regional network’s adoption of Community Link.

Today, Community Link is implemented as a partnership between the Group’s consumer banking franchise throughout ASEAN and CIMB Foundation. We leverage on the regional reach and coverage of the branch network to implement initiatives that will bring long term sustainable benefits to communities that we serve.

We believe that Community Link initiatives should come from our hearts, driven by our aim to “give back” to the communities in which we operate. As such, our branch staff work with local community organisations to identify, plan and implement programmes on a voluntary basis. Approximately 3,060 staff volunteered for Community Link in 2011.

In 2011, a total of 178 Community Link initiatives were approved with total grants of RM5.8 million.

This brings the total number of projects across ASEAN to 695, with total funding of RM29.3 million.

695 projects
across ASEAN

RM29 million
total grant value

Get involved!

COMMUNITYLINK
funded by CIMB Foundation

CIMB ISLAMIC **CIMB BANK** **CIMB NIAGA**

CIMB THAI **CIMB BANK ធនាគារ ស៊ីអាយអិចប៊ី ភីអិលស៊ី**

Project **Highlights**

Empowering Communities

Community Link programmes cover all three focus areas of CIMB Foundation – Community Development, Sports and Education. Here are some of the outstanding programmes implemented through our branches in 2011.

1 Sheltered workshop in Jitra, Malaysia

A group of 12 ladies with physical and intellectual disabilities run a bag-making business in a sheltered workshop. Through Community Link, the equipment in the workshop was upgraded and their production capacity increased. By the end of 2011, the workshop was self-sustaining and the group stopped relying on government aid.



2 ICT education in Nakhon Ratchasima and Nongkhai provinces, Thailand

Through Community Link, we provided audio and ICT equipment to two schools to enable distance learning to be implemented in the schools. The computer labs have also become learning and information centres for the community.



3 Ibu Kreatif (“Creative Ladies”) programme in Jakarta, Indonesia

We funded a sewing programme by Al-Azhar Peduli Umat for 50 ladies in Tangerang, Jakarta. Successful trainees were also given seed capital to start small businesses.



Project **Highlights**

Giving back to communities

The Community Development pillar relates to our initiatives in socio-economic development, healthcare, national unity and environment. Among the 2011 project highlights are:

1 Healthcare initiatives in Bangkok, Thailand

Community health screenings and blood donation drives in partnership with the Red Cross and Vibharam Hospital are two initiatives by CIMB Thai under Community Link. The programmes are implemented in the Pathumwan district of Bangkok where the CIMB Thai headquarters is located, as well as in other parts of Bangkok.



2 Unity Drums percussion troupe in Kulai, Malaysia

This is an innovative programme by a secondary school, SMK Sultan Ibrahim, which promotes national unity through music. The percussion troupe combines instruments such as the kompang and jidur (traditional Malay instruments), Chinese flower drums and the tappe and urumi (Indian drums).



3 Rumah Kita in Kuala Lumpur, Malaysia

This shelter for Indonesian domestic workers is a partnership between CIMB Group, CIMB Niaga and the Indonesian Embassy in Kuala Lumpur. It is designed to ease the problem of overcrowding at an existing shelter in the embassy premises and provides board and lodging for up to 50 people who are mainly female domestic workers who are in need of assistance.



4 Positive Choice programme in Singapore

We funded Hope Worldwide Singapore's Positive Choice programme to educate youths on the health risks associated with sexual activities at an early age to enable them to make informed choices on the subject. In the first phase of the programme, a total of 75 secondary students, 12 junior college students and 13 polytechnic students participated, while the second phase will see a roll out to selected schools from 2012 onwards.

Project **Highlights**

Conserving the environment



CIMB Foundation also funds communities in their environmental conservation initiatives. In 2011, our funding covered 12 projects in the areas of waste management, recycling as well as biodiversity and mangrove conservation. Here are some of the projects implemented in 2011:

1 Reduction of solid waste and plastic bags in Bukit Mertajam, Malaysia

Five residents' associations and the local council collaborated to change the behaviour of local residents who use plastic bags to contain kitchen waste. The residents were taught to compost their kitchen waste, which was then used for a community farming scheme on land provided by the council.

At the end of six months, nine tonnes of kitchen waste and close to 17,000 plastic bags were saved from the land fill and polluting the environment. There has also been a mind-set change among the residents who now use a composting bin for kitchen waste disposal. This project won our Community Link Challenge award for Best Project.

2 Mangrove conservation in Lembah Bujang, Malaysia

This project involved the funding of a mangrove nursery, which supplies mangrove saplings to boost mangrove conservation efforts in the area. In addition, the nursery project also provides employment and income to five hard-core poor families.

3 Biodiversity programme in Bali, Indonesia

In association with the Kehati Foundation, we provided funding for a biodiversity programme at the Gumi Garden, Renon for cultivating plants for ceremonial use. These plants are used in Balinese traditional ceremonies, which carry deep significance in Balinese culture.



Project **Highlights**

CIMB Junior Squash Development Programme

In partnership with the National Sports Council (NSC) and the Squash Racquets Association of Malaysia (SRAM), CIMB Foundation supports the development of squash in Malaysia through a junior development programme covering six age groups from under-9 to under-19 through the CIMB National Junior Circuit and the CIMB Rising Stars National Junior Circuit. This programme was launched in 2006.

In addition to the circuit, the CIMB Junior Squash Development Programme incorporates a benchmarking scheme to assess the quality of our juniors relative to their regional and global peers. The Foundation funds the winners of the junior circuits to take part in the Hong Kong Junior Open, the region's premier tournament. Winners of the Hong Kong Junior Open, together with winners of other significant regional tournaments, such as the Asian Junior Squash Championships, are sent compete in the British Junior Open, widely considered to be the premier international junior tournament for the sport.



Project **Highlights**

Developing the world's best players

Today, Malaysian juniors are a force to be reckoned with in the international arena. They dominate the Asian junior squash rankings, topping six out of 10 age groups at the end of 2011.

In terms of international titles, Ng Eain Yow gave us much cheer when he won the Boys Under-13 title at the British Junior Open at the start of the year. Andrea Lee was the Girls Under-13 runner-up, while Mohd Farez Izwan and S. Sivasangari reached the semifinals in their age groups.

At the Asian Junior Squash Championships 2011, Mohd Shafiq Kamal, Mohd Farez Izwan and S. Sivasangari emerged champions, while Ng Eain Yow and Andrea Lee came in as runners-up.

The Foundation sponsored 16 top players from the junior circuits to compete in the Hong Kong Junior Open. Mohd Hafiz Zhafri won the Boys Under-11 category, and five other Malaysian juniors emerged runners-up.

We are extremely proud of the results achieved by our collaboration with SRAM and the NSC.



Project **Highlights**

CIMB Junior Golf Development Programme

CIMB Group's first regional sports development programme works with top junior golfers from Malaysia, Indonesia, Singapore and Thailand in collaboration with their national golf associations and the PGA TOUR Academy. The programme has strong support from the parents of the junior golfers.

128 junior golfers in the four countries attended the programme in 2011, more than double the number in 2010. Four training camps were conducted in the year by a team of TOUR Academy instructors.

Among the year's highlights was the charity programme which the juniors initiated, "Swing From the Heart - Birdie Programme". For birdies scored by the juniors in tournaments from June to September 2011, CIMB Foundation pledged to give a "back to school" kit to a needy child. The juniors surpassed the target of 1,000 school kits, scoring 1,205 birdies and 22 eagles, resulting in a donation of 1,249 school kits to needy children.



Project **Highlights**

Creating opportunities for top junior golfers

During the 2011 CIMB Asia Pacific Classic tournament, the juniors were thrilled when they had the opportunity to meet their favourite PGA TOUR players and to observe their practice rounds. They also walked with the TOUR players during a section of the Pro-Am tournament, and picked up tips and advice from the professionals.

At the tournament also, CIMB Foundation awarded eight top juniors from the four countries with scholarships for an intensive training stint at the TOUR Academy's headquarters at TPC Sawgrass, Florida from 8-22 December 2011.



Project **Highlights**

Community football training

CIMB Foundation's funding for the community football club, YFA-Bintang Muda, entered its third year in 2011.

This programme has been the Community Link programme of the Group CEO's Office since inception, and Dato' Sri Nazir Razak acts as team manager for the club's Under-12 team.

His team emerged runners up in the nationwide 1MCC Junior Football League, and improvement from 4th placing in 2010. The team's top striker, Alif Haikal bin Lokman, was named the league's best player for 2011.

Today, YFA-Bintang Muda provides football training to 780 players, and the club has expanded to nine centres in the Klang Valley.



Project **Highlights**

A stellar year for YFA

2011 was also a stellar year for the club in other respects. Its elite teams also emerged runners up in the nationwide 1MCC Junior Football League in the Under-16 category and reached the quarter-finals in the Under-14 category.

The club won 29 tournaments throughout the year. This included the Royal Selangor Club International 7's and the Dato' Chu Ah Ngee Cup, both of which YFA-Bintang Muda had won for the third consecutive year, and winning the two trophies outright.

To express their thanks to Dato' Sri Nazir for his support and to CIMB Foundation for our funding, YFA-Bintang Muda presented the Royal Selangor Club International 7's trophy to him.



Project **Highlights**

Cycling for good causes across the region

1 Campaign for a bike lane achieves success

Our funding for the “Campaign for a Lane” in Penang, Malaysia entered its third year with 3,066 cyclists participating in the campaign, the largest number since inception. This has become a regional event attracting 40% of its entries from Singapore, Thailand, Indonesia and Cambodia.

Cycling along with them was the Chief Minister of Penang. The campaign for a bicycle lane achieved a milestone when the Chief Minister later announced that the state intends to build 180 km of bicycle lanes on the island, and was studying the implementation plan.

2 Cycling for charity in Cambodia

In 2011, CIMB Group and CIMB Foundation also jointly supported The Angkor Wat Bike Race and Ride, a charity cycling initiative in Cambodia, following on from our support for the initiative in 2010.

The cycling event aimed to raise money in support of the Young Bamboo Shoots School in Battambang, Cambodia. In 2011, 620 cyclists from almost 50 countries took part, a sharp increase from 385 in 2010.



Project **Highlights**

Enabling young people to realise their dreams



1 CIMB Regional Scholarship

The CIMB Regional Scholarship aims to build capabilities and knowledge in ASEAN, especially in areas which are relatively untapped. In 2011, we focused on two areas - the Environment and the Arts.

We awarded the scholarships to five candidates who displayed great passion in their areas of interest, and a deep desire to make a real difference to the region. They are Chen Pelf Nyok (Malaysia), Khaira Ismail (Malaysia), Nur Muna Mazlan (Malaysia), Sooksun Popun-Ngarm (Thailand), and Su Su Myat (Myanmar).

2 CIMB-Niaga Scholarship

The CIMB-Niaga scholarship which offers opportunities for Indonesian students to pursue tertiary education at Malaysian universities entered its fourth year. From over 6,000 applicants throughout Indonesia, three candidates were offered scholarships to study at the University of Malaya, bringing the total number of scholars to 15 since inception.



Project **Highlights**

Improving the standard of English

One of our focus areas in Education is improving the standard of English. 67 grants were approved in 2011 for English programmes. Among the highlights of programmes running in 2011 are:

1 Reading programmes for urban poor in Jakarta, Indonesia

This programme focuses on improving English literacy among children in low-income communities in the Cilincing, Tangerang and Depok districts of Jakarta. A total of 422 children and youths enrolled in the programme in the three locations throughout 2011.

2 English for Ubian children on Mantanani Island, Malaysia

CIMB Foundation funded a programme by Universiti Malaysia Sabah's Education Faculty to improve the English literacy rate among 94 Ubian children. After only six months, they had made significant improvements, going from hardly being able to speak any English to grasping the 30 pronunciation types taught to them. Being able to speak English is crucial for the children as their island depends heavily on tourism.

3 Intensive English workshops in six states, Malaysia

We collaborated with the State Education Departments of six states, funding an intensive English programme to help students pass the English paper for the UPSR exams. 7,589 primary school students in Perlis, Melaka, Johor, Kelantan, Sabah and WP Labuan participated in the programme. Five states improved their English passing rate compared to 2010, while overall the rate of improvement in all the states surpassed the national average.

4 "Radio On Air" and other programmes at SK Putra in Kangar, Malaysia

We funded several programmes at the school, including setting up an English lab and running the innovative "radio on air" programme, which requires the school children to become radio DJs before school every day, making announcements in English using audio equipment funded by us. The staff of CIMB Bank's Kangar branch whose children attend the school also speak with pride about how well their children converse in English. We think that parents' testimonies are the best indication of the achievement and potential of this project.



Project **Highlights**

Rural schools achieve 100% passes in English

In 2011, two schools under CIMB Foundation's sponsorship achieved 100% passes in English at UPSR level, a significant feat, particularly for rural schools. All ten schools under the Foundation's sponsorship beat or equalled the National Average Grade for rural schools for the UPSR exams, and two schools achieved more than 80% passes for the exams.

We were proud of these achievements as 2011 marked the fourth and final year of sponsorship for the first batch of 10 rural primary schools. In the four years we had empowered the students by equipping them with ICT skills, improving their standard of English and creating a competitive environment which encourages academic excellence.



Project **Highlights**

A tale of three schools

1 SK Buayan in Penampang, Malaysia

Imagine a school like SK Buayan, so remotely located deep in Sabah's Crocker Range that it is accessible only by foot or by helicopter. Its students walk for six hours to the exam centre for their UPSR exams. Through Community Link, we funded the repair and refurbishment of the school, and equipped its library with books and computers. With that, and visits by our staff to the school, we aimed to motivate the students towards better academic achievement.

There was much joy all around when we learnt that the school had achieved 80% passes for the UPSR exam, with four out of its five students passing the exam, a huge improvement from the year before, in which none of them had passed their exams.

2 Wat Paklad School in Samutsongkram province, Thailand

At the Wat Paklad School, through Community Link, the school started an ecological learning centre which acts as a knowledge centre in the community. The students combine the practical knowledge of the local community with the current scientific methods they learn in school to undertake research projects such as making natural fertiliser, producing palm sugar and the cultivation of a herb garden. A mangrove learning centre also forms part of this programme capitalising on the location of the Samutsongkram Province where the Mae Klong River enters the Gulf of Thailand.

3 Young Bamboo Shoots School in Battambang, Cambodia

Our funding for the Young Bamboo Shoots School continued for its second year in 2011. The school is a beneficiary of The Angkor Wat Bike Race and Ride, an initiative supported by CIMB Bank in Cambodia. The school provides education to 125 children who live in a slum area near the central railway station in Battambang. The children are taught English, IT literacy, dance, vocational skills as well as health and nutrition.



Project **Highlights**

Lending a helping hand

In 2011, the Group was quick to respond to humanitarian crises, working with local community organisations on the ground to ensure our funding reached those in need quickly and efficiently.

Our funding was channeled towards emergency relief in the immediate aftermath of natural disasters, as well as post-disaster reconstruction and rehabilitation work and replacement of essential items such as school equipment, books, uniforms and shoes.

Among the humanitarian crises that the Group responded to were floods in Thailand, Cambodia and Malaysia, as well as the earthquake and tsunami in Japan. Aid was also channeled towards rehabilitation work following the Merapi volcano eruption in late 2010.

We are also pleased to report the completion and handover of the seven primary schools reconstructed by the CIMB-The Star Padang Relief Fund in 2011. The fund, which was set up in 2009 following the devastating earthquake in Padang, Indonesia, was administered by CIMB Foundation.



Stakeholder **Inclusivity and Engagement**



INCLUSIVITY AND ENGAGEMENT

Our annual report theme for 2011, "Redefining ASEAN For You", encapsulates the spirit of stakeholder engagement and inclusivity at CIMB Group. It also encompasses our corporate values of value creation, enabling our people and acting with integrity, which guide our dealings with stakeholders.

We consider our stakeholders to be those who have a direct interest in our business and those who have an interest in how we manage our business because of the wider impact of our actions. They include employees, customers, shareholders,

government bodies, regulators, consumer groups, non-governmental organisations (NGOs), suppliers and the media.

There is an increasing need for all businesses to help society meet global and local challenges ranging from climate change to consumer credit. As a leading ASEAN universal bank, we are determined to fulfil our role in meeting these challenges. We are committed to developing constructive relationships with all groups affected by our business as we progress towards our goal of becoming The Leading ASEAN Franchise by 2015. The results of our engagement with stakeholders across ASEAN are vital to managing our business and feed into our decision-making process across our operations.

Stakeholder **Inclusivity and Engagement**



The many facets of stakeholder engagement

| STAKEHOLDERS | TYPE OF ENGAGEMENT |
|--|---|
| <p>EMPLOYEES</p> <p>➔</p> | <p>Staff orientation and induction Leadership programmes Employee Engagement Survey Staff activities – eg sports and recreation, roadshows, competitions, quarterly conventions Messaging via CIMB TV, video conferencing, email, CIMBnet (intranet), CIMB News and other newsletters</p> |
| <p>SHAREHOLDERS</p> <p>➔</p> | <p>Quarterly results announcements One-on-one meetings with investors, analysts and fund managers Participation in investor roadshows and conferences Annual General Meeting Annual Report</p> |
| <p>CUSTOMERS</p> <p>➔</p> | <p>Interaction with branch and other frontline staff CIMB Clicks CIMB website Call centre Branch TV Social media Advertising Events Media and public relations</p> |
| <p>GOVERNMENT AND REGULATORY</p> <p>➔</p> | <p>Regulatory Liaison department activities Compliance and other regulatory reports and updates</p> |
| <p>MEDIA</p> <p>➔</p> | <p>Press conferences Media releases Media engagement</p> |
| <p>NGOs</p> <p>➔</p> | <p>CIMB Cares Community Link and other CIMB Foundation activities Collaborative activities and joint programmes</p> |

Stakeholder **Inclusivity and Engagement**

Materiality - determining what issues are important to CIMB Group and our stakeholders

Our extensive stakeholder engagement process with internal and external stakeholders allows us to track and manage current and emerging issues. We determine the relevance and significance of each issue to the Group and our stakeholders and prioritise them according to their impact on the sustainability of our business. Issues which have the most significance and greatest impact are reported below.

We monitor the changing environment in which we operate continuously to ensure stakeholder concerns are captured and managed on an on-going basis. Material issues can be very complex with conflicting stakeholder expectations and we try to manage these expectations transparently and fairly.

Responsiveness - responding to material issues and being transparent about our performance

The comprehensive identification and prioritisation process allows us to respond to the material issues in a considered and managed way. Our response to some issues, such as the company's financial performance and customer complaints, are well established and already embedded into our business practices. Our response to new and emerging issues are also disclosed in this Report. We continue to be committed to responding to these issues, improving our understanding of them and the impact they have on our stakeholders.

Material issues raised by stakeholders in 2011 and our responses

| DESCRIPTION OF ISSUES | OUR TARGETED RESPONSE | FOLLOW-UP ACTION TAKEN |
|--|--|--|
| SERVICE QUALITY | | |
| <ul style="list-style-type: none"> Efficiency and quality of delivery of banking services | <ul style="list-style-type: none"> To enhance employees' training on customer interaction. | <ul style="list-style-type: none"> Our target response time was met 100%. Each staff member is to undergo 8 hours of training on customer service and interaction each year. |
| CORPORATE GOVERNANCE | | |
| <ul style="list-style-type: none"> Negotiations with RHB Capital on a proposed merger | <ul style="list-style-type: none"> To update stakeholders regularly on progress and to reply to queries promptly. | <ul style="list-style-type: none"> Our Investor Relations team, which includes the Group Chief Executive and his deputies, selected members of senior management and the Investment Relations Department, responded promptly to queries and provided updates throughout the period. |
| <ul style="list-style-type: none"> Proposed change to the Indonesian banking regulations relating to foreign shareholdings in local banks | <ul style="list-style-type: none"> To update stakeholders regularly on progress and to reply to queries promptly. | <ul style="list-style-type: none"> Our Investor Relations team, which includes the Group Chief Executive and his deputies, selected members of senior management and the Investment Relations Department, has continued to respond promptly to queries and to provide updates. |
| <ul style="list-style-type: none"> The impact of the global economic turmoil on the Group's business and operations | <ul style="list-style-type: none"> To update stakeholders regularly on the Group's response and initiatives and to reply to queries promptly. | <ul style="list-style-type: none"> Our Investor Relations team, which includes the Group Chief Executive and his deputies, selected members of senior management and the Investment Relations Department, update stakeholders regularly on the initiatives undertaken by the Group to navigate the challenging operating environment. |
| <ul style="list-style-type: none"> Potential acquisition of a stake in Bank of Commerce in the Philippines | <ul style="list-style-type: none"> To update stakeholders regularly on progress and to reply to queries promptly. | <ul style="list-style-type: none"> Our Investor Relations team, which includes the Group Chief Executive and his deputies, selected members of senior management and the Investment Relations Department, has continued to respond promptly to queries and to provide updates. |

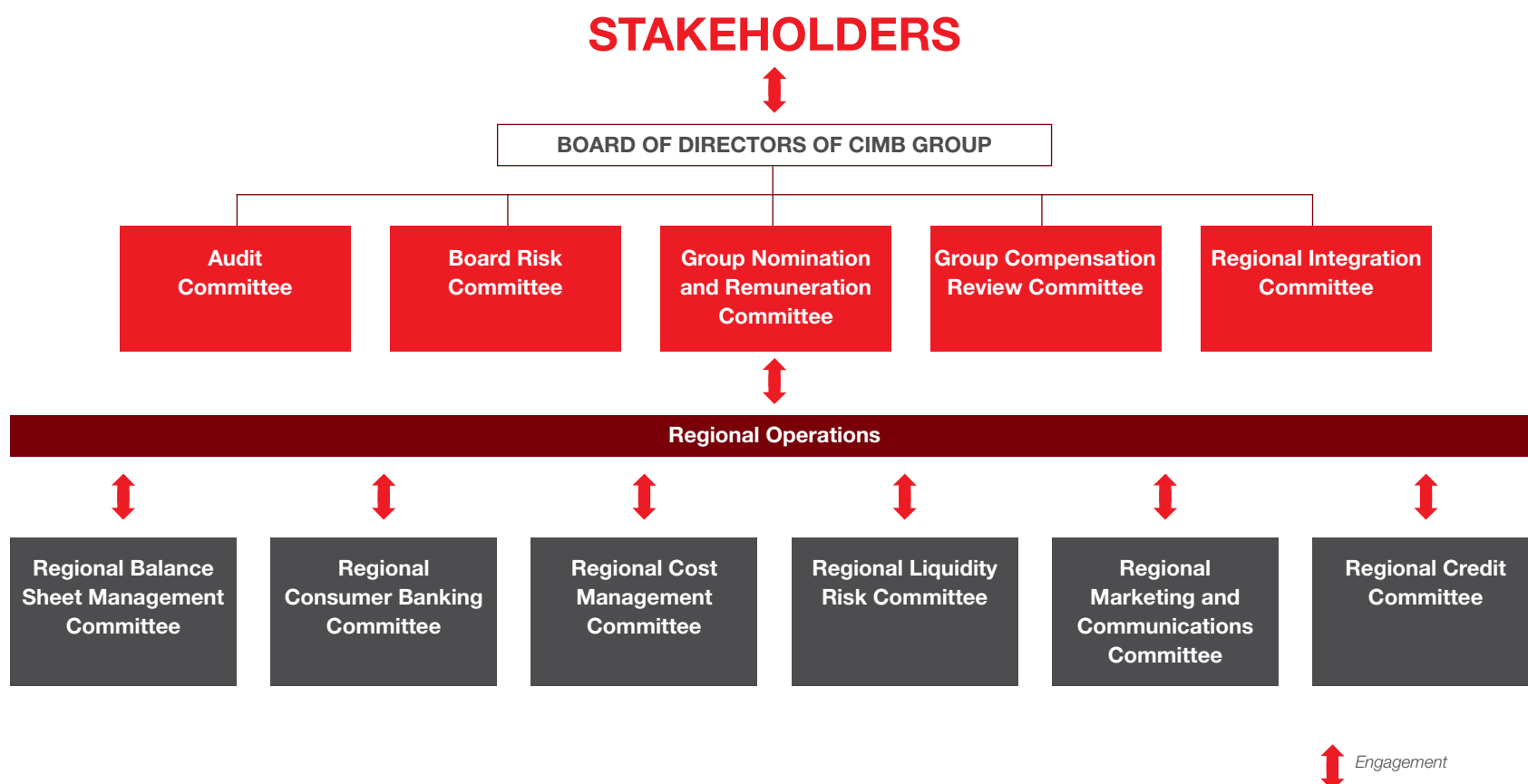
Stakeholder **Inclusivity and Engagement**



| DESCRIPTION OF ISSUES | OUR TARGETED RESPONSE | FOLLOW-UP ACTION TAKEN |
|---|---|---|
| COMPLIANCE | | |
| <ul style="list-style-type: none"> Improve oversight on marketing and selling practices Process enhancements required for Anti Money Laundering/Counter Financing of Terrorism and internal control framework | <ul style="list-style-type: none"> Table the issues to the Group's Board of Directors for consideration and take the appropriate action promptly. | <ul style="list-style-type: none"> The issues have been tabled by Group Compliance to the Board for consideration together with recommended appropriate measures to be adopted. On Group Compliance's part, the measures taken were: <ul style="list-style-type: none"> initiated reviews and evaluation of sales practices and procedures which commenced in August 2011 and is still on-going completed Anti Money Laundering/Counter Financing of Terrorism initiatives in 3rd quarter of 2011 covering policies, processes and systems The Board's Audit Committee is kept updated on any outstanding issues at its quarterly meetings. |
| SUPPLIER MANAGEMENT | | |
| <ul style="list-style-type: none"> Difficulties in submitting invoices for a 10-month period via the e-Procurement system due to a system bug Cases of non-compliance with policies and procedures relating to receipt and acceptance of goods delivered Late delivery of goods from suppliers due to their capacity constraint during peak periods. | <ul style="list-style-type: none"> To rectify the system bug and monitor the performance of the system. To train staff on the policies and procedures. To have in place back-up measures to handle orders during peak periods. | <ul style="list-style-type: none"> The system bug was rectified by October 2011. Group Administration consistently followed up with the suppliers and made progress reports at monthly management meetings. Staff were trained on the policies and procedures via memos and circulars; Group Administration also follows up with spot checks. A reserve list of suppliers was put in place to boost capacity during peak periods. |
| COMMUNITY FUNDING | | |
| <ul style="list-style-type: none"> Manual tracking of grant applications and implementation of projects were not efficient. Projects needed a longer time frame to demonstrate results than the current project life-cycle for Community Link. Communication with stakeholders on community funding needed to be improved. | <ul style="list-style-type: none"> To put in place an electronic system to track grants and projects. To introduce a longer period for the implementation of projects. To improve communication with internal and external stakeholders. | <ul style="list-style-type: none"> An online grant management system is being implemented to address these concerns. The life-cycle for Community Link projects has been extended from 12 months to 24 months. The CIMB Foundation website is being revamped. A Corporate Responsibility Community Page is being introduced on CIMBnet, the Group's intranet. |

Corporate Governance

GOVERNANCE FRAMEWORK



An effective corporate governance structure and culture are critical elements in determining how the Group functions and this has been continuously emphasised to all employees. The governance framework adopted by the Group is developed based on the principles and best practices recommended by the Malaysian Code on Corporate Governance (Code), Bank Negara Malaysia Guidelines on Corporate Governance for Licensed Institutions (Revised BNM/GP1) and Shariah Governance Framework for Islamic Financial Institutions, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as international best practices in corporate governance, where applicable.

The Group's corporate governance practices are also entrenched in its brand values: Value Creation, Enabling People and Integrity.

During the year under review, the Group has complied with all the principles as set out in Part I and the Best Practices contained in Part II of the Code.

The Statement on Corporate Governance contained in the corporate section of the Annual Report explains how the Group has applied all the principles and best practices set out in the Code and the Revised BNM/GP1, which covers the following areas:

- The Board and Board Balance
- Board of Directors' Size and Composition
- Directors' Code of Ethics
- Duties and Responsibilities of the Board
- Appointments to the Board
- Re-appointment and Re-election of Directors
- Number of Directorships
- Meeting and Supply of Information to the Board

- Training and Development of Directors
- Roles of Company Secretary
- Directors' Remuneration
- Board Committees
- Communication with Shareholders
- Accountability and Audit
- Related Party Transactions
- Internal Control
- Whistle-Blowing Policy
- Relationship with Internal and External Auditors.

For further details, please refer to the Statement on Corporate Governance in the corporate section of the Annual Report.

Core Philosophies **of the Group**

CREATING
VALUE

ENABLING OUR
PEOPLE

ACTING WITH
INTEGRITY

COMMUNITY



Community

THE COMMUNITY AS A STAKEHOLDER OF OUR BUSINESS

Giving back to the community is very much a part of CIMB Group's DNA. In November 2007, we launched CIMB Foundation, and entrusted the Foundation with the task of strategising and implementing CIMB Group's Corporate Responsibility initiatives.

To date, CIMB Group has donated over RM100 million to CIMB Foundation to enable it to carry out the Group's community programmes in three pillars – Community Development, Sports and Education.



funded by CIMB Foundation



This signalled the Group's determination to move away from activities which were donations-based and ad hoc towards long term programmes with sustainable positive impact on the communities served by the Group.

COMMUNITY LINK

Community Link is the flagship CSR programme of CIMB Group. Implemented initially as a partnership between the Group's consumer banking franchise in Malaysia - CIMB Bank and CIMB Islamic - and CIMB Foundation, we leverage on the nationwide reach and coverage of the consumer banking branch network to deliver the benefit of our community and social welfare projects right into the heart of the communities that we serve nationwide.

In 2010, the Group witnessed the launch of Community Link by CIMB Niaga in Indonesia, by CIMB Thai and by CIMB Bank in Singapore, and followed by CIMB Bank in Cambodia in 2011. We are proud of our regional network's adoption of Community Link.

To date, we have approved 695 Community Link projects with total funding of RM29.3 million.

In 2011, the Community Link activities broadly encompassed two main events. First, the final stages of the Community Link Challenge 2010, the competition among branches in Malaysia for the best projects of the year. The projects were evaluated and winners of the various categories were selected by the judging panel comprising Puan Rosnah Kamarul Zaman, Trustee of CIMB Foundation, and Dato' Sulaiman Mohd Tahir, Executive Director of CIMB Bank.

Community

We were very pleased with the quality of Community Link projects, and the many Community Link champions emerging from among branch staff. The introduction of new prize categories for the 2010 Community Link Challenge such as “Best Team Effort” and “Most Outstanding Individual Volunteer” also spurred our staff to action.

Approximately 37% of the branches and related HQ departments in Malaysia took part in the Challenge, involving approximately 3,060 staff.

The Community Link champions who had emerged were inspiring in their efforts. For example, our Ipoh Garden branch staff made 10 visits to the NGO's premises over the six months of the project span, helping the NGO to set up a café for mentally challenged adults, and even helped them bake cookies to raise additional funds for the café. Our branch in Sungai Petani which adopted a mangrove replanting project not only worked with the villagers on the project, but also collected books and clothes for donation to the villagers. Our branch manager in Jalan Kapar, Klang, who was the year's most outstanding individual volunteer, went beyond the call of duty to source good projects for other branches in the vicinity.

The winning branch for the Community Link Challenge, Jalan Stesen in Bukit Mertajam, attended their project's events on eight consecutive weekends. Their staff also turned up in full force to support other Community Link events in Seberang Prai.

We were also heartened by the quality of the projects this year, and we were also touched to see the effort put in by our staff who work on Community Link projects on a purely voluntary basis. Working in tandem with local NGOs, Community Link has brought about long term sustainable benefits to the communities that are served by our network.

We would like to share with you some of the award-winning efforts of our colleagues.



Best Overall Community Link Project: Reduction of solid waste and plastic bags Jalan Stesen branch, Bukit Mertajam, Penang

The branch forged a partnership with five residents' associations and the local council to change the behaviour of local residents who usually dispose of kitchen waste by putting them into plastic bags and throwing them into the garbage bin.

The residents were taught how to turn their kitchen waste into organic compost. The compost was then used for a community farming scheme on land provided by the local council. The majority of the residents planted vegetables for their own consumption, and some sold the produce to raise funds for charity.

At the end of the project, nine tonnes of kitchen waste and close to 17,000 plastic bags were saved from the land fill and polluting the environment. There has also been a mind-set change among the residents who now use a composting bin for their kitchen waste.

This project has also been highlighted in the media, and publications of the Penang State Government. It has also become a community initiative that continues to receive a lot of interest from among local and international organisations.

Community

Best Education Project: English Programme for SK Putra Kangar branch, Perlis

Our Kangar branch identified a school located about 10 minutes away from the branch which was keen to improve the standard of English of its students.

A variety of programmes were implemented including setting up an English lab and running the innovative “radio on air” programme. “Radio on air” requires the school children to play the role of radio DJs before school every day, making announcements in English using the audio equipment funded by us.

The school also ran competitions throughout the school in story-telling, choral speaking, drama and other activities to select the best students to represent the school in district-level competitions, in which they emerged champions in several categories.

All in all, the school succeeded in improving the level of English, both spoken and written. This was clearly demonstrated in the school’s exam achievement, where they were able to halve the failure rate of the Year 6 students in English some four months into the programme.

Our Kangar branch staff whose children attend the school also spoke with pride about how well their kids were able to converse in English nowadays, and we think that parents’ testimonies are about the best indication of the achievement and potential of this project.

Top 5 Finalist for Best Overall Project: Sheltered Workshop for Making Bags Jitra branch, Kedah

Jitra branch, the winner of the Best Overall Project in the 2009 Community Link Challenge, returned with a very interesting project which was one of the top five projects for the year.

Our branch staff had noticed a lady who was wheelchair-bound who did her banking at our branch. On inquiry, they found out that she was a trainer and supervisor at a sheltered workshop for persons with disabilities.

The workshop is run entirely by ladies with disabilities, and their primary business is making bags. The 12 ladies who live on the workshop premises also run a small catering business. They sought a Community Link grant to purchase a long arm machine which will enable them to produce bags with more complex designs and in larger quantities, as well as to renovate the toilets in the premises to make them more disabled-friendly.

With our funding, the beneficiaries had made good use of the new machine, and increased their order book. It is likely that the orders are substantial enough to cover their living expenses. We were also impressed that the training of the workers and bag design are done by a wheelchair-bound person, proving that given the right opportunities, we continue to be amazed by the achievements of persons with disabilities.



Community

In 2011, we also rolled out a new Community Link Challenge in Malaysia, which built on the momentum of the previous Community Link Challenge initiatives in 2009 and 2010. This injects friendly competition among branches to propose and implement the best community programmes for the year.

The Community Link Challenge 2011 is a structured campaign, giving the programme the same publicity, collaterals, head office support and back office processing that other products and services receive.

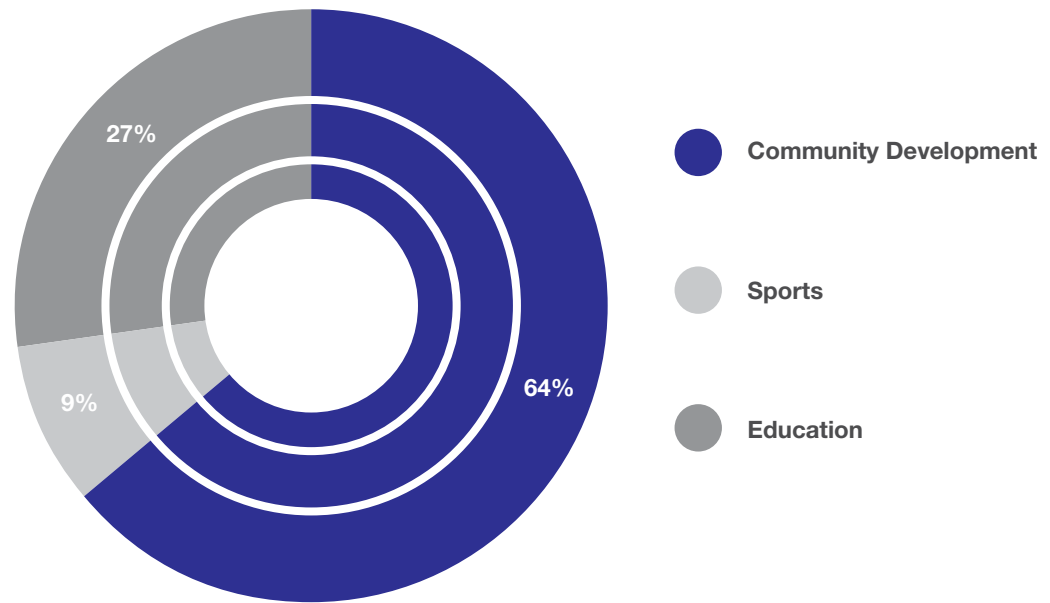
Spearheaded by the Community Link Taskforce, the Challenge was launched with a set of very comprehensive guidelines for Community Link. This set out the categories of funding, details of projects that were eligible for funding, specific criteria for various categories, details of the grant process and timeline and the grant application form. These were made available widely through soft copies which could be emailed out to all branch staff and potential applicants and also in hard copy for branch managers in a handy notebook.

This ensures that Community Link projects keep to specific project categories which can bring long-term sustainable benefits. Specific criteria and guidelines also helped NGOs plan their projects in line with our funding.

The response to the Community Link Challenge 2011 was overwhelming. We received over 500 proposals from our branches in Malaysia, and to date 135 have been approved for implementation with total funding of over RM4 million. The projects will be implemented throughout 2012, with evaluation of the projects being conducted at the end of 2012.

In total, across ASEAN, we approved 178 new Community Link projects with a budget of RM5.8 million. This includes 43 projects in Indonesia, Singapore, Thailand and Cambodia to enable our employees in those countries to familiarise themselves with Community Link. These projects were approved in 2011 but grants will only be disbursed and the programmes implemented in 2012.

2011 Community Link projects according to pillars



| PILLARS | NUMBER OF PROJECTS | BUDGET APPROVED |
|-----------------------|--------------------|---------------------|
| Community Development | 91 | RM 3,693,536 |
| Education | 67 | RM 1,563,303 |
| Sports | 20 | RM 514,483 |
| Total | 178 | RM 5,771,322 |



Community

COMMUNITY DEVELOPMENT

Community Development is one of the three pillars of CIMB Foundation. Broadly, this encompasses our efforts in socio-economic development, healthcare, the environment and national unity. We partner with community organisations to bring about long term sustainable changes in these areas.

In 2011, CIMB Foundation approved 91 new Community Development projects with total funding of RM3.7 million. The main categories of funding are reported below.

Preventable blindness

Our work in preventable blindness was initiated in 2010, in which we had approved 36 grants with a total value of RM1.8 million to return sight to 1,300 disadvantaged persons. In disadvantaged communities, due to lack of knowledge or lack of means, there are persons who suffer from blindness which may be prevented or reversed, such as those resulting from cataracts, diabetes and glaucoma.

In 2011, we increased the efficiency of our funding and identified strong partners who were able to provide services at lower prices. CIMB Foundation approved 29 new projects with a grant value of RM1.5 million were aimed at providing free eye screenings, free cataract operations and follow-up treatment for members of the public who would otherwise not be able to afford medical treatment. Through our funding for preventable blindness in 2011, we expect to return sight to 1,800 persons, and prevent blindness for many more.

7,000

people benefitted from health projects in 2011



Community health screenings

We also partner with local community organisations to increase awareness on health, especially for those in the lower-income bracket, mainly through community health screenings. These health programmes have been a feature of our Community Development pillar since inception.

In 2010, we funded 13 projects with total funding of RM777,218, benefitting 4,000 people, while in 2011, we increased the number of beneficiaries to 7,000 through three projects which were more focused and targeted, with a total spend of RM136,446.

One of our highlights is the health screenings and health awareness programmes done through Community Link at CIMB Thai. In 2010, we kick-started Community Link in Thailand with community health screenings and blood donation drives in partnership with the Red Cross and Vibharam Hospital to benefit the community in the Pathumwan district of Bangkok where the CIMB Thai headquarters is located.

In 2011, we took the programme to the north-eastern part of Bangkok, and conducted the health screenings at Zeer Rangsit IT Mall, located in the vicinity of our branch. There, 200 of the workers in the mall underwent health checks for common health indicators such as cholesterol, blood sugar and blood pressure. Many more benefited by obtaining health information to increase awareness on their own health. In these events, our staff assist in registration of participants at the health check stations, and to help manage the crowd.



In November 2011, CIMB Thai joined hands with the Pathumwan area office to hold a special blood donation drive to address the nationwide blood shortage caused by the floods in Thailand. The event received tremendous response from our staff and the public. HE Dato' Nazirah Hussain, the Malaysian ambassador to Thailand, and staff from the Malaysian embassy also took part in the event.

Socio-economic development

Socio-economic development has also 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 customer to the largest corporations, the Group does not forget those who are disadvantaged and are unable to participate fully in economic activity.

Therefore, in our community outreach efforts, we work with NGOs to create opportunities for this segment of the market and to empower them by improving their ability to generate income. The programmes in this area include providing skills training and education on running a business. Typically, the participants in these programmes are taught skills which can be translated into employment or starting a business. They are also taught business skills such as pricing, packaging, accounting and advertising.

In 2010, 26 socio-economic programmes were funded with total funding of RM1.5 million, while in 2011, 34 programmes were funded with total funding of RM1.1 million. Four of these were past programmes which received follow-on funding.

Community



Among the notable projects running in 2011 is a vocational training programme for at-risk youths in the districts of Cilincing and Pulogadong in Jakarta, Indonesia. Partnering with Rumah Zakat Indonesia, the programme enables 20 youths who come from among hardcore poor communities to be trained as mechanics. They are taught the theory of mechanical and electronic aspects of the job, and undergo practical training so that they are ready for employment according to industry standards. Now all 20 of them are employed, primarily in motorcycle workshops, in Cilincing and Pulogadong.



In 2011, we also took the opportunity to revisit Harmony Bakery, a programme that received seed funding from us in 2008. Harmony Bakery is run by the management of Hospital Permai in Tampoi, Johor. The programme was started with an initial grant from CIMB Foundation of RM49,100 in 2008. The funds were used to buy professional baking equipment such as a multi-deck oven, a semi-auto bun divider, multi purpose mixers and kneaders, upgrading the bakery from its original one single oven and basic household baking equipment.

At the bakery, recovering psychiatric patients undergo vocational training to make bread, muffins, buns and cakes. In addition to baking, patients also gain basic skills in packaging and labeling, marketing, delivery, purchasing of raw material, cleaning and maintenance of the equipment, and basic accounting. Hospital staff volunteer at the bakery during their days off.

Today, Harmony Bakery has relocated from a small kitchen in the hospital building to a spacious bungalow located near the hospital entrance for easy access by the public. It is open on weekdays and caters to walk-in customers as well as factories and businesses in its vicinity.

To help expand the bakery's business, in 2011 CIMB Foundation provided the bakery with follow-on funding of RM92,400 to purchase an 11-seater van for marketing and deliveries.

Enhancing socio-economic projects through university partnerships

In looking at ways to enhance the results of our community funding, in 2011 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.

In 2010, we had initiated partnerships with five universities, funding nine programmes with funding of RM639,335. In 2011, we further funded nine programmes involving six universities with funding of RM314,467. In addition, we provided funding to SIFE (Students In Free Enterprise) through the SIFE Malaysia chapter. We were also a sponsor of the SIFE World Cup to further enhance our relationship with university students who share our focus and passion for bringing sustainable improvements to disadvantaged communities in their midst.

We were pleased by the results of our partnership with Universiti Teknologi Petronas (UTP) in this area. CIMB Foundation had provided funding for two projects undertaken by the university's SIFE team.



Community

The first of the projects was a social enterprise, “Kita Semua”, in which our funding was used to purchase sewing machines and other equipment, and for training the single mothers to enable them to run a sewing business. In addition, the UTP students conducted market research and helped market their products. They also helped the ladies generate publicity to create awareness and advertise their services.

The second project involved creating awareness in 14 schools involving 280 students and teachers about the importance of recycling in environment conservation, and to translate the knowledge into “upcycling”. Upcycling involves converting trash, waste or discarded goods and turning them into new products or materials. We were also impressed by the inventiveness demonstrated by the school children. Old jeans were turned into trendy handbags and pencil cases, banana peel became the basic ingredient for shoe polish, orange peel and other ingredients were turned into dish washing liquid, and egg shells became fertiliser.

With these two projects together with a third one, UTP won the SIFE national finals, and was selected to represent Malaysia at the SIFE World Cup. At the World Cup, UTP reached the semifinals on the strength of the same projects.



National unity

In 2010, we had funded four projects in the area of national unity with total funding of RM151,650 benefitting 2,380 people. Out of those projects, two of them received follow-on funding in 2011 totalling RM48,715 to further expand their programmes.

The first of the projects is Unity Drums, an innovative programme by SMK Sultan Ibrahim in Kulai, Johor. Unity Drums is a percussion troupe whose instruments include the kompang and jidur (traditional Malay instruments), Chinese flower drums and the tappe and urumi (Indian drums). The percussion troupe performs at local events, including the Supercar Charity Challenge 2011 sponsored by the Group.

The other beneficiary is Pertubuhan Belia Kampung Duyung, who in 2011, used the grant to expand their programme from teaching traditional dance to children in Melaka to reviving interest in Dondang Sayang, a traditional art form which juxtaposes poetry and vocals with traditional music. The programme is expected to teach Dondang Sayang to 100 people.

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 is designed to ease the problem of overcrowding at an existing shelter in the embassy’s premises and provides board and lodging for up to 50 people who are mainly female domestic workers who are 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 2011, the Group continued its funding of the shelter with approximately RM290,000 for rental, renovation, repairs, food supplies and utilities. Our staff meet regularly with representatives of the Indonesian Embassy to discuss operational issues.

The Group also hosted a breaking of fast dinner for the occupants of Rumah Kita during the Ramadan in 2011. Among those who attended were representatives from the Indonesian Embassy including Pak Mulya Wirawan, the Deputy Ambassador, and his wife Ibu Rini Wirawan. Representing CIMB Group was Dato’ Mohd Shukri Hussin.



Community

SPORTS

Sports has been a cornerstone of CIMB Group's corporate responsibility activities. The sports arena reflects the high performance culture associated with the Group, and also embodies our tenet of continuous self-improvement as a driving force behind our innovation in business. While the Group is best known for its sponsorship of six-time World Squash Champion, Datuk Nicol David, CIMB Foundation also funds sports development initiatives as we believe in creating opportunities for young people to excel in sports.

Squash

CIMB Group has been associated with squash since 2005 when CIMB Investment Bank became the "Rakan Sukan Squash" in partnership with the National Sports Council (NSC) and the Squash Racquets Association of Malaysia (SRAM). The funding for this programme is currently provided by CIMB Foundation.

The funding is provided to promote squash including increasing the opportunity for Malaysians to participate in and watch world-class squash through the sponsorship of the KL Open and the Malaysian Open tournaments.

In addition, the funding is also used for the CIMB Junior Squash Development Programme which was initiated in 2006, and which today, covers 600 girls and boys in six age groups from under nine to 19. Two tournament circuits, the CIMB Rising Stars National Junior Circuit and the CIMB National Junior Circuit, form the mainstay of the junior development programme.

In 2011, the Foundation continued with its benchmarking and incentive scheme initiated in 2010 which sponsors winners of each age group for the two circuits to compete in international tournaments. This would enable us to gauge the standard and competitiveness of our players in comparison to their peers internationally.

In January 2011, there were cheers all around when Ng Eain Yow won the British Junior Open Boys Under-13 title. He had previously won the Hong Kong Junior Open in 2010.



Three other players also had outstanding results. Andrea Lee was runner up in the Girls Under-13, while Mohd Farez Izwan emerged 3rd in the Boys Under-13, while S. Sivasangari was 4th in the Girls Under-13.

16 juniors, being the 12 circuit winners together with four other outstanding performers were sent to compete in the Hong Kong Junior Open in 2011, a premier junior tournament in the region. Although many of them chose to compete in age groups which were higher than those corresponding with their ages, seven of them reached the semi-finals and five of them advanced to the finals. One of them, Mohd Hafiz Zhafri, won the Boys Under-11 title.

We were also pleased that in the Asian Junior Championships 2011, three of our circuit participants (S Sivasangari, Mohd Farez Izwan and Mohd Syafiq Kamal) won in their respective age groups, while two others (Ng Eain Yow and Andrea Lee) emerged runners-up.

The winners of the Asian Junior Championships together with the winner of the Hong Kong Junior Open were further sponsored to compete in the British Junior Open 2012 which is the premier international tournament for junior squash.

The CIMB Junior Squash Development Programme has produced squash players who are winning international and regional tournaments, ranking them among the best in the world.

In 2011, CIMB Foundation also renewed its Rakan Sukan Squash sponsorship for 2012.

600

juniors took part in the CIMB Junior Squash Development Programme in 2011

Community

CIMB JUNIOR SQUASH DEVELOPMENT PROGRAMME 2011 – TOP PERFORMERS



NG EAIN YOW

- British Junior Open 2011 (Boys U-13) – Champion
- Pontefract Junior Open 2011 (Boys U-15) – Champion
- KL Junior Open 2011 (Boys U-15) – Champion
- Asian Junior Championships 2011 (Boys U-15) – Runner-up
- Hong Kong Junior Open 2011 (Boys U-15) – Runner-up



ANDREA LEE

- British Junior Open 2011 (Girls U-13) – Runner-up
- Asian Junior Championships 2011 (Girls U-13) – Runner-up
- Milo All Stars 2011 (Girls U-13) – Runner-up
- KL Junior Open 2011 (Girls U-13) – Runner-up



S. SIVASANGSARI

- Asian Junior Championships 2011 (Girls U-13) – Champion
- Milo All Stars 2011 (Girls U-13) – Champion
- Penang Junior Open 2011 (Girls U-13) – Champion



MOHD FAREZ IZWAN

- Asian Junior Championships 2011 (Boys U-13) – Champion
- Milo All Stars 2011 (Boys U-13) – Champion
- Penang Junior Open 2011 (Boys U-13) – Champion
- KL Junior Open 2011 (Boys U-15) – Runner-up



MOHD SYAFIQ KAMAL

- Asian Junior Championships 2011 (Boys U-15) – Champion



MOHD HAFIZ ZHAFRI

- Hong Kong Junior Open 2011 (Boys U-11) – Champion

Community

Golf

The CIMB Junior Golf Development Programme was initiated in 2010 as part of the Group's title sponsorship of the CIMB Asia Pacific Classic, Malaysia tournament, the first PGA-sanctioned event in ASEAN.

The Group leveraged the resources from its title sponsorship to formulate a programme to benefit junior golfers in the region, in particular Malaysia, Indonesia, Singapore and Thailand. The Group partnered with the TOUR Academy and the national golf associations of the four countries to gather input on the structure and content of the programme.

In 2010, the programme covered 60 top juniors from the four countries in two age groups, 12 and under and 15 and under. The programme is divided into a series of training camps in which the juniors receive top-notch instruction from the top instructors of the TOUR Academy to hone their basics and improve their skills. They also gain exposure to the world's top players at the CIMB Asia Pacific Classic.

The camps culminate in the selection of the programme's best performers in an intensive training stint at the TOUR Academy's headquarters at TPC Sawgrass, Florida.

In 2011, the Group increased its funding for the programme to RM2.1 million, to cover more junior golfers and a wider range of activities.

First, the selection process was enhanced as new participants were selected through qualifying tournaments held in all four countries. A total of 128 juniors were selected from the four countries, with equal numbers of boys and girls given opportunities to participate. An information booklet was given to all participants outlining the structure of the programme and selection criteria for each player to progress throughout the programme.

The camps were structured into four levels, with the first camp being conducted locally in each country. Based on the selection criteria, 64 players were selected for the Level 2 camp in Kuala Lumpur, while another 12 attended a mini-camp in lieu of Level 2.

21 participants were selected for Level 3 which coincided with the CIMB Asia Pacific Classic 2011 tournament in Kuala Lumpur. There the juniors were allowed to follow the professional players during the practice round and the Pro-Am tournament, enabling them to interact with the players and receive tips and advice from them.

A final selection was made to determine the eight players for the Level 4 camp, a two-week intensive programme at the TOUR Academy's headquarters at TPC Sawgrass, Florida. The players are:

Malaysia

Sarfina Seretharan
Paul San

Indonesia

Putri Aisyah Amani
Joshua Andrew Wirawan

Singapore

Rachel Cheang
Caleb Ng

Thailand

Savitree Thavong
Puwit Anupansuebsai



Community

The TPC Sawgrass stint was held in December 2011. It was a thrill for the juniors to have access to the same resources as those made available to TOUR players, and to meet some TOUR players training at the club. They also underwent the TOUR Player Experience, playing the famed Stadium Course at TPC Sawgrass, the home of the prestigious “The Players Championship”.

The juniors also met with senior officials of the PGA TOUR, Ed Moorhouse, the Co-Chief Operating Officer; Ty Votaw, EVP for International Relations and Communications; Julie Tyson, VP for Marketing; and Bill Hughes, General Manager of TPC Sawgrass.

In line with the sports development focus of CIMB Foundation, we also provided funding to the Malaysian Golf Association to conduct five state clinics to introduce golf at the grassroots. A total of 199 new golfers attended the state clinics.

We also enhanced our presence in golf by partnering with Sportexcel, an NGO which focuses on sports development. We sponsored the Sportexcel Elite Tournament Circuit for golf, in which 6 legs were played in Malaysia involving 489 juniors aged 9-20.



128

junior golfers from 4 countries in 2011

Community

780

children received football training in 2011



Football

YFA-Bintang Muda is a community football academy established in 2002. The club has 780 members in nine centres in and around Kuala Lumpur.

CIMB Foundation has funded this club since early 2009, providing opportunities for young children to learn the game. Our funding which goes towards equipment, apparel, training and events enables the club to lower its fees and provide apparel for free so that children from lower-income families are able to participate. 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.

In 2011, CIMB Foundation also agreed to fund a three year project with the club. The objective of the project is for the club to qualify for final stages of the Manchester United Premier Cup in 2013, the leading international inter-club tournament which brings together the best teams worldwide to compete for honours.

YFA-Bintang Muda has been adopted by our Group CEO's Office as their Community Link programme. Dato' Sri Nazir Razak acts as team manager for the club's Under-12 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 trophies in 2011. Among the highlights of the club's performance in the year was that its under-12 and under-16 teams reached the finals of the 32-team 1MCC Junior Football League before losing in the finals. The Under-14 team reached the quarter-finals of the same league.



The Foundation sponsored the participation of the club in two regional tournaments. The under-12 team emerged champions for the Ramada International Cup tournament in Bangkok and runners-up for the Singapore Crossway International tournament. Their under-14 and under-16 team mates emerged champions in the Singapore tournament.

The club were the overall champions of the Royal Selangor Club (RSC) International 7-aside tournament in 2011 as well as the RSC Dato' Chu Ah Ngee trophy, retaining the titles they won three years running since 2009, and winning both trophies outright.

It was a proud moment for us when the club presented the RSC International 7's trophy to Dato' Sri Nazir Razak, in recognition of his contribution to the club, and in appreciation of the funding provided by CIMB Foundation to the club.



Community

CIMB-COBRA Schools Rugby Programme

In alliance with the Combined Old Boys Rugby Association (COBRA), IJM Corporation Berhad, Penguin Rugby Club of United Kingdom and the Malaysian Ministry of Education, CIMB Foundation funds a schools rugby development programme. 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 2011, 20 teams participated in the 8th CIMB Foundation-COBRA Schools 10s tournament comprising the 16 champions of the states and Federal Territories of Malaysia. Sekolah Sukan Tunku Mahkota Ismail emerged the winner of the tournament when they defeated SM Sains, Selangor in a keenly contested final. In addition, the CIMB Foundation Under-18 selection team won the Bangkok Junior International tournament in 2011 for the second year running. A number of the players from the 10's tournament are now playing for the national age-group teams.

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 is continuous addition to the talent pool necessary for planning and organising tournaments at school, state and national levels.

Coaching clinics are an effective means of reaching out to school-boys, especially those who are beginning to learn the game. The coaching clinics have benefited students in 72 schools in Malaysia. These have been conducted on a regular basis since the inception of the programme and have introduced rugby to thousands of boys over the years.

The Penguin Rugby Club sent two coaches from their academy to conduct specialised clinics to take the more established teams to a higher level as the standard of rugby in schools continued to improve.



Community

Cycling

Since 2009, CIMB Foundation has supported a campaign run by a group of cycling enthusiasts in Penang, known as the “G Cycling Club”, and the Rotary Club of Tanjung Bungah. The campaign aims to persuade the Government and local authorities to build a bicycle lane on the island.

The programme kicked off in 2009 to demonstrate to the Chief Minister of Penang that this was a worthwhile cause to support. A modest target of 500 cyclists was set, which if met, would convince the Chief Minister to ride along to show his support for the proposed bicycle lane.

From inception, the programme has had resounding support. 1,081 cyclists joined the cause in its first year including the Chief Minister. The event encouraged the authorities to agree to introduce the concept of “road sharing” between cyclists and other road users. The number of participants grew to 2,500 entries in 2010 making it the largest cycling event ever in Malaysia and earning the event an entry in the Malaysian Book of Records in 2010.

In 2011, the number of participants grew to 3,066, with 40% of them from neighbouring countries such as Indonesia, Singapore and Thailand.

To date, a total of 183 bicycle signs are placed strategically in the historical enclave of inner city Georgetown, along the popular coastal road from Gurney Drive to Telok Bahang, Pulau Betong and onwards to Queensbay Mall. This activity has helped increase the Foundation’s visibility throughout Penang.

We were also pleased that the campaign is moving towards its goal. The Chief Minister of Penang announced in November 2011 that he hoped to turn Penang into a “bicycle” state in the next five years.

The proposal to put in place 180 km of bicycle lanes throughout the island is being studied by the state government.

We also supported a charity cycling event in Penang to raise funds for the St Nicholas Home for the Blind, a beneficiary of CIMB Foundation. A total of 200 people showed up to ride for the cause, including blind cyclists who rode with sighted assistants on tandem bikes. The campaign raised a total of RM52,000 for the St Nicholas Home.

In 2011, CIMB Group and CIMB Foundation also jointly supported The Angkor Wat Bike Race and Ride, a charity cycling initiative in Cambodia, following on from our support for the initiative in 2010.

The Angkor Wat Bike Race and Ride charity cycling event organised by Village Focus International aimed to raise money in support of the Young Bamboo Shoots School in Battambang, Cambodia. In 2011, 620 cyclists from almost 50 countries took part, a sharp increase from 385 in 2010. Fourteen CIMB Bank employees from Phnom Penh and Siam Reap together with Peter England, Head of CIMB Bank’s Retail Banking Division also took part.



3,306

cyclists campaigned for a bicycle lane in 2011

Community

CIMB Foundation Sports Scholarship

In 2011, CIMB Foundation launched its Sports Scholarship Scheme and awarded scholarships to 18 top juniors in its sports development programmes. The scholarship recipients were selected from three sports – squash, golf and football.

The recipients for squash included Ng Eain Yow (winner of the Boys Under-13 category of the British Junior Open Squash Championships) and Andrea Lee (runner-up in the Girls Under-13 category at the same tournament). Mohd Farez Izwan Mohd Mukhtar, Rachel Arnold, Sivasangari Subramaniam and Zoe Foo also received scholarships.

Golfing recipients included Loy Hee Ying who is a member of the current Malaysian national squad. Paul San, Ervin Chang and Siti Zulaikha bt Shaari, national back-up players, and Aaerishna Shahsty Balakrishna, a member of the national under-14 squad, as well as Nuralissa bt Abdullah made up the other golf recipients.

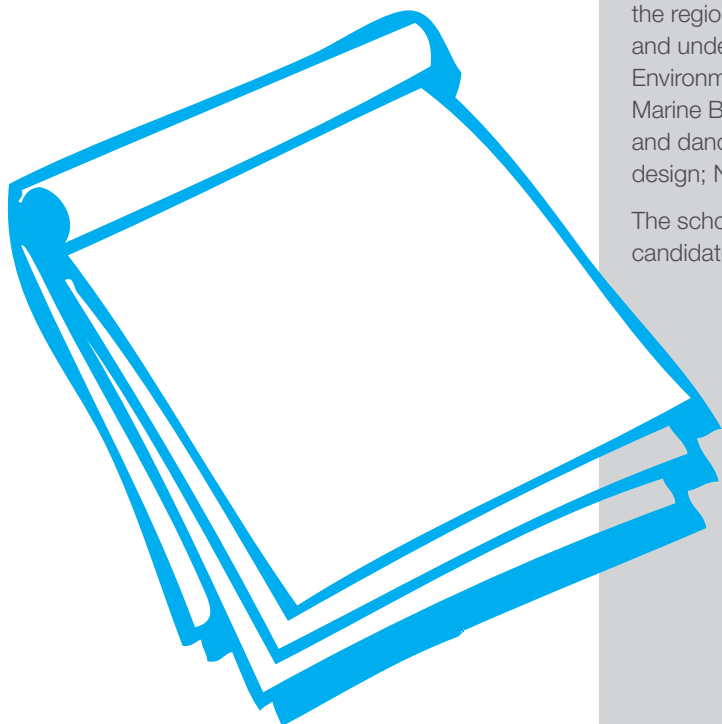
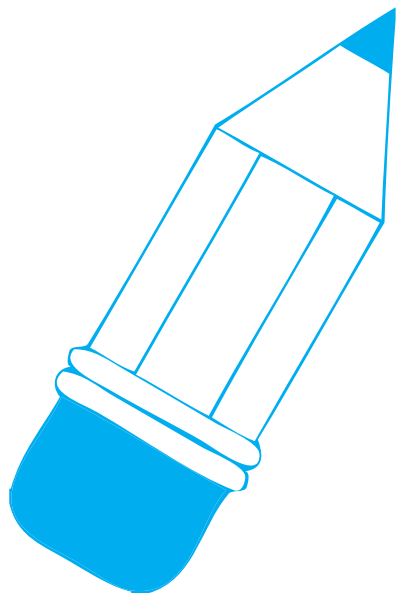
Among those selected from the YFA Bintang Muda football club teams were state players Muhammad Aidil Haziq bin Mohd Damanhuri, Muhammad Fawzal bin Abdul Muthalib and Muhammad Hadin bin Azman. Three other footballers, Varathan s/o Murugarajan, Muhammad Aiman Khalidi and Muhammad Nurikhwan Ismail, also received scholarships.

CIMB Foundation Sports Appreciation Dinner

CIMB Foundation held a Sports Appreciation Dinner to recognise the top performers in the sports development programmes sponsored by the Foundation. 47 talented juniors received certificates of achievement from CIMB Group Chief Executive, Dato' Sri Nazir Razak, and his wife, Dato' Azlina Aziz. Also present were Dato' Mohd Shukri Hussin, the CEO of CIMB Foundation, 200 juniors and their parents.



Community

**EDUCATION**

Our main Education initiatives are scholarships, our rural schools programme, and programmes to improve the standard of English in schools.

Scholarships

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 were important for the development of the region but remained 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 the ASEAN region for a minimum of three years upon completion of their studies.

In 2011, we narrowed our focus to the area of Environmental Studies and the Arts. We received over 1,300 applications and awarded five scholarships, bringing the total number to 10 since inception. The five recipients of the 2011 CIMB Regional Scholarship are Chen Pelf Nyok (Malaysia), Khaira Ismail (Malaysia), Nur Muna Mazlan (Malaysia), Sooksun Popun-Ngarm (Thailand), and Su Su Myat (Myanmar).

The total value of the new scholarships awarded in 2011 was RM1.8 million.

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.

As at 2011, there were 12 CIMB-Niaga scholars in total, pursuing undergraduate studies at University of Malaya and Universiti Kebangsaan Malaysia, with the first batch of scholars graduating in 2012. At the end of 2011, three more scholarships were awarded to a fresh batch of scholars starting their academic year in early 2012.

Community



A total of RM236,893 was spent on the CIMB-Niaga scholarships in 2011.

CIMB Niaga’s “Beasiswa Unggulan” (Premier Scholarship) programme was awarded to 30 Indonesian students in 2011, bringing that to a total of 225 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 less privileged families who lack the financial means for tertiary education. The scholarship is tenable at the top universities throughout Indonesia.

CIMB Niaga also administers the prestigious Khazanah Asia Scholarship Programme. In 2011, the scholarship was awarded to three new scholars, bringing the total to four since inception in 2009.

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, in which we began by adopting two schools in Penang.

Our funding in 2011 amounted to RM1.2 million which benefitted 3,600 students and 322 teachers in the 10 schools.

2011 marked our fourth and final year of sponsorship for the first batch of 10 rural primary schools. In four years we had empowered the students by equipping them with ICT skills, improving their standard of English and creating a competitive environment which encourages academic excellence.

We equipped all the schools with computers and access to online learning which enabled all students in one class to use the computers at the same time. The teachers also received training in English teaching methodology by British Council instructors.

In addition, we also celebrated the achievements of the schools by rewarding the best schools, students and teachers.

CIMB Foundation’s PINTAR Carnival was held in Kuala Lumpur on 8 December 2011 to celebrate the achievements of the schools, teachers and students. The event was officiated by Tan Sri Ramalyer, Director of CIMB Bank, and attended by the Trustees of CIMB Foundation and the senior management of CIMB Group.

A total of 40 teachers and 180 students from the 10 schools attended the event.

Rewards were handed out to the top performing schools for 2011 as well as the schools which had shown remarkable improvement since 2008. Students who scored five As and four As and one B in the UPSR exams received rewards of RM500 and RM200 each respectively.

The students’ English proficiency has shown a significant improvement with two schools achieving 100% passes for UPSR English in 2011, which is a feat, particularly for rural schools.

With regards to the overall passing rate, two schools achieved more than 80% passes, while eight schools equalled or beat the National Average Grade for rural schools.

The total number of students who obtained five As also hit the highest number over the past four years with 53 students with straight As despite a drop nationally.

Following four years of funding, we can now proudly claim that upon their “graduation” from the PINTAR programme, all 3,600 students and 322 teachers in the 10 rural primary schools are computer-literate, and use the computers regularly, especially in preparing for the UPSR exams. Their English competency has also improved significantly.

53

students scored straight As for their UPSR exams

100%

passing rate of 2 PINTAR schools for UPSR English

Community

Grants in support of improving the standard of English

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

In 2009 and 2010, we collaborated with the State Education Department of Perlis to improve the performance of their primary school students in English. The state provided intensive instruction to the students who hovered on the borderline between pass and fail, and aimed to help them reach the standard necessary to pass the UPSR exams.

Buoyed by their achievements, in 2011, we expanded the funding to six states, collaborating with the State Education Departments. The objective of the programme was to boost their students' command of the English language and to help them prepare for the UPSR exams.

A total of RM959,627 was provided for teaching materials, English workshops and intensive revision for a total of 7,589 primary school students in Perlis, Melaka, Johor, Kelantan, Sabah and WP Labuan.

We are pleased with the results. Overall, the states showed an improvement from 2010 results and their rate of improvement surpassed the national average.

In addition, we also provided funding directly to schools for English programmes. In 2010, we funded 31 programmes with total grants of RM1.2 million. In 2011, 67 new programmes were approved, primarily in schools, across the region with a total grant amount of RM1.6 million.

Funding was provided to buy TVs, books, magazines and newspapers and other materials for activities such as reading programmes, public speaking, choral speaking, drama classes, Scrabble and other English-based activities.

One of these initiatives is a partnership with Hope Worldwide Indonesia. This builds on our past funding for similar programmes conducted by Hope Worldwide in Malaysia in 2008 and 2009

This programme focuses on improving English literacy among children in low-income communities in Jakarta. Three language centres were set up in the Cilincing, Tangerang and Depok districts of Jakarta.

In 2011, a total of 422 children and youths enrolled into the programme in the three locations. Each batch consists of 25 to 50 students which attended English classes for three months. An evaluation is made at the end of three months to determine the student's progress. At total of 70 students have graduated from the programme while the remaining students are still attending the classes.



Community

IT Literacy and other education programmes

Based on our positive experience with PINTAR, and the interest in learning generated by IT and online learning tools, we have funded other innovative programmes in the communities we serve.

We funded distance learning in two rural schools, Baan Nong Samong School in Nakhon Ratchasima province and Chumchon Baan Mor School in Nongkai province in Thailand. Through Community Link, we provided audio and ICT equipment to the schools to enable distance learning to be implemented in the schools. The computer lab has also become a learning and information centre for the community. CIMB Thai, together with other partners, also provided textbooks and other learning materials for the school and community.

In Wat Paklad School in Samutsongkram province in Thailand, we provided funding to start an ecological learning centre. The centre combines the knowledge of local farmers with current scientific methods employed by the students. Projects undertaken at the centre include making natural fertiliser and palm sugar, as well as the cultivation of a herb garden and a mangrove learning centre. The students and the local community exchange information on the projects to bring together their theoretical and practical knowledge to improve the methods and results.

In 2011, we also continued our funding for the Young Bamboo Shoots School in Battambang, Cambodia. The funding was initiated in 2010, as the school was a beneficiary of The Angkor Wat Bike Race and Ride, an initiative of Village Focus International. The programme benefits 125 children who live in a slum area near the central railway station in Battambang. The children are taught English, IT literacy, dance, vocational skills as well as health and nutrition.

Humanitarian relief and donations

In 2011, the Group spent RM517,016 on humanitarian relief, to lend a helping hand in times of crisis. We worked with local community organisations to ensure our funding reached those in need quickly and efficiently.

Our funding was channeled towards emergency relief, as well as post-disaster reconstruction and rehabilitation work and replacement of essential items such as school equipment, books, uniforms and shoes.



Humanitarian relief in 2011

| BENEFICIARIES | DESCRIPTION | AMOUNT (RM) |
|---|---|-------------|
| Mercy Malaysia | Humanitarian relief for Japan earthquake victims | 200,000 |
| Tokuhi Japan Platform | Humanitarian relief for Japan earthquake victims | 100,000 |
| 25 rural primary schools in southern Thailand | Library kits for schools affected by floods | 52,170 |
| Flood victims in Bangkok | Distribution of emergency amenity packs | 42,086 |
| Flood victims in central Thailand | Distribution of drinking water | 32,070 |
| Termsangkaipakchongvitaya School in Korat, Thailand | Post-flood rehabilitation of the school | 31,195 |
| Lion Club of Labis | Emergency relief for flood victims in Labis, Malaysia | 25,000 |
| Lions Club of Segamat | Emergency relief for flood victims in Segamat, Malaysia | 25,000 |
| Flood victims in Cambodia | Distribution of emergency amenity packs | 9,495 |

Community

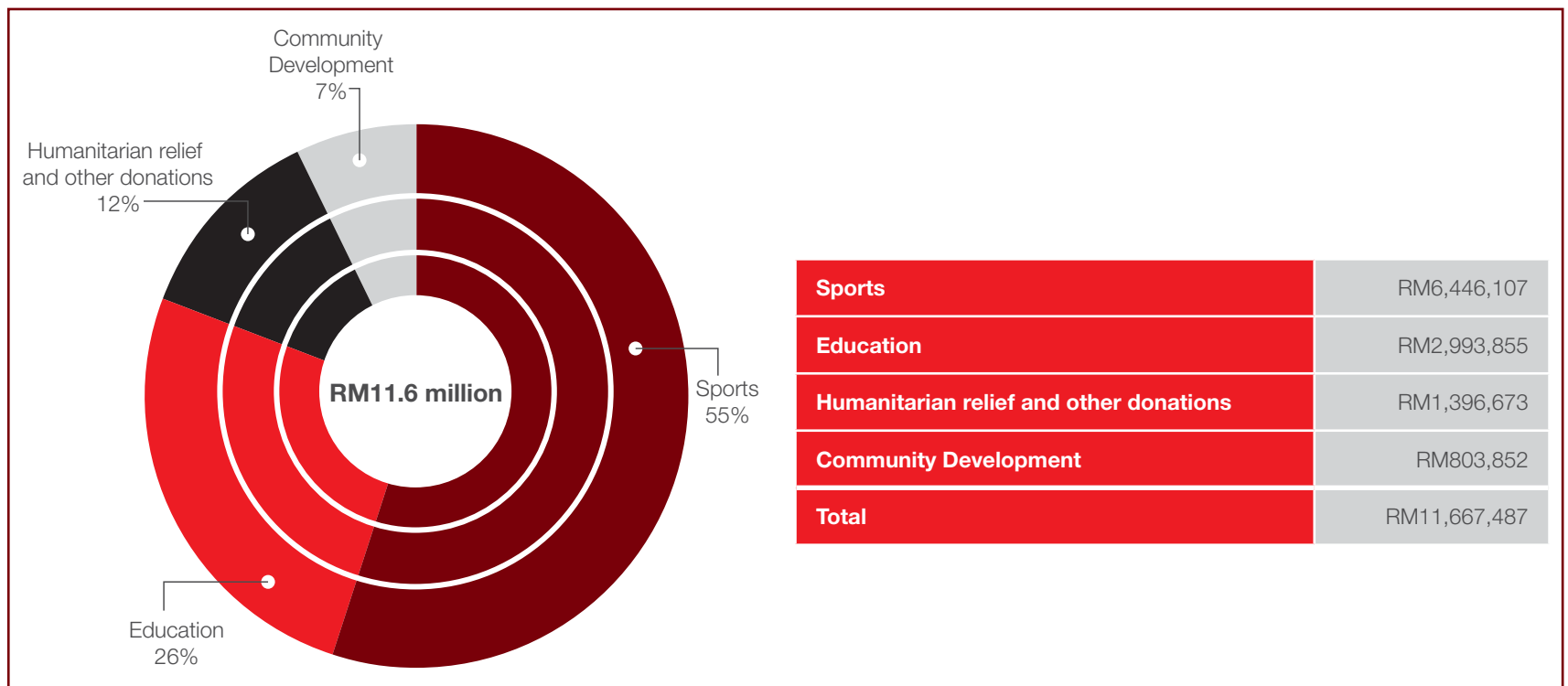
We are also pleased to report the handover of the seven primary schools reconstructed by the CIMB-The Star Padang Relief Fund. The fund, which was set up in 2009 following the devastating earthquake in Padang, Indonesia, was administered by CIMB Foundation.

In January 2011, a launching ceremony was held at one of the reconstructed schools, SDN 18 in the city of Padang, to mark the reopening of the schools. The Governor of West Sumatra officiated the event, which was attended by Dato' Sri Nazir Razak, members of the Supervisory Committee of the Fund and Trustees of CIMB Foundation.

A total of 1,850 students will benefit from the reconstruction of the seven schools.



CIMB FOUNDATION - GRANTS DISBURSED IN 2011



An additional amount of RM6.8 million was approved in 2011 for Community Link to be drawn down in the first quarter of 2012. This was due to the extension of Community Link projects from one to two years for better long term impact.

Community

CIMB FOUNDATION'S TOP 20 GRANTS APPROVED IN 2011

| BENEFICIARY | PROJECT DESCRIPTION | AMOUNT (RM) |
|--|---|-------------|
| Squash Racquets Association of Malaysia | Rakan Sukan Squash sponsorship | 2,500,000 |
| 128 junior golfers | CIMB Junior Golf Development Programme | 2,071,757 |
| 1,548 cataract patients | Preventable blindness programme | 1,533,800 |
| 10 rural schools under the "PINTAR" programme | Capacity building in rural schools through ICT and other programmes | 1,237,430 |
| 48 schools and 4 NGOs | Improving English in schools and communities across the region | 982,803 |
| State Education Departments of Johor, Kelantan, Melaka, Perlis Sabah and WP Labuan | Statewide English workshops for 7,589 UPSR students | 959,627 |
| The Combined Old Boys Rugby Association | CIMB-COBRA schools rugby development programme | 700,000 |
| 2 Universities and 3 NGOs | End-to-end waste management initiatives | 487,007 |
| 5 CIMB Regional Scholarship recipients | CIMB Regional Scholarship for citizens of ASEAN countries | 463,251 |
| YFA-Bintang Muda | Community football club programme | 379,578 |
| 12 CIMB-Niaga Scholarship recipients | CIMB-Niaga Scholarship for Indonesians studying in Malaysia | 236,893 |
| Bar Council of Malaysia | Legal Aid Scheme | 225,000 |
| Mercy Malaysia | Humanitarian relief for Japan earthquake victims | 200,000 |
| The Federation of Chinese Associations Malaysia | Donation to building fund | 200,000 |
| 6 NGOs being the beneficiaries of Super Car Charity Challenge 2011 | Super Car Charity Challenge 2011 | 200,000 |
| Kelab Berbasikal G Pulau Pinang | Campaign for a Bicycle Lane in Penang | 187,800 |
| Eco Knights Sdn Bhd | Environmental competition for schools | 153,390 |
| Tokuhi Japan Platform | Humanitarian relief for Japan earthquake victims | 100,000 |
| Suzana Binti Radin Pangat | Family members of the late Noorhisham Mohamad | 100,000 |
| Badan Kebajikan Psikiatri Permai | Van and training for Harmony Bakery | 92,400 |

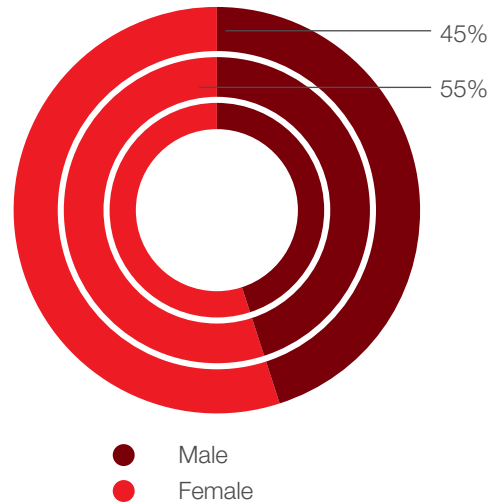


Workplace

The Workplace section of this report is to be read in conjunction with “Our People Across ASEAN” 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.

WORKFORCE BREAKDOWN

Workforce by gender



Percentage of female representation in workforce

| Category | 2010 | 2011 |
|-------------------|------|------|
| Senior Management | 32% | 35% |
| Middle Management | 43% | 52% |

Responsible workplace practices

Our core values define the way that the Group treats employees, and we believe in enabling our people. We help our people achieve their full potential by engaging with them openly, honestly and with respect. We are committed to providing a workplace that protects employee safety and promotes their health and well-being. Our workplace programmes remain a core strength with the Group being regarded as an employer of choice in ASEAN.

We continue to create a working environment that respects our employees as individuals and offers opportunities for them to develop, both personally and professionally. Helping people work effectively with one another across our different markets is a priority such as multi-cultural project teams or employees working overseas. We are committed to attracting the highest calibre people, providing opportunities for them to grow and focus on what they do best, rewarding great performance and providing a safe and stable workplace.

We do not permit the employment of children or the use of forced or compulsory labour in our workforce. We recognise and respect our employees’ right to join associations and choose representative organisations for the purpose of engaging in collective bargaining in a manner that is consistent with applicable laws, rules, regulations and local customs.

Within this framework, we have not identified significant risks in global workforce from child, forced or compulsory labour, freedom of association or collective bargaining violations.

The Group is committed to diversity and equal employment opportunities for all employees and job candidates regardless of race, colour, gender, age, sexual orientation, creed, national origin or disability. We do not tolerate any form of workplace harassment including sexual harassment.

Supporting local talents

Throughout all of the Group’s brand entities, sustainable practices are greatly encouraged. These practices include supporting the local community by providing employment opportunities to the locals. We practice meritocracy in our selection and hiring processes.

Our commitment to developing and maintaining a diverse and inclusive culture is part of the Group’s heritage. We always select appointments on best fit for available vacancies. Our overseas entities such as CIMB Niaga and CIMB Thai are headed by locals, and the senior management is largely local also.

40,244

Employees as at 31 December 2011

Workplace

Engaging our people

Engaging our people is key to our operations, and forms the heart of our workplace practices. We encourage two-way communications between management and employees and work to ensure openness in the communications channels.

Employee engagement survey

The Group conducts an employee engagement survey every two years to gauge our employee engagement levels and promote positive organisational change. Over 82% of employees participated in the survey taken in August and September 2011, compared to 51% and 78% respectively in 2007 and 2009.

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

The overall engagement index improved from 77 in 2009 and to 81 in 2011, suggesting that we are progressing in the right direction. This is also comparable to levels in global financial services firms and global high performing companies.

Two-way communication between management and employees

We encourage two-way communication between the management and employees to understand current issues faced by our employees and formulate an effective approach. The Group facilitates the communication by coming up with communications channels as well as activities and events to promote communication among all levels of employees. Some of the engagement methods employed by the Group are highlighted below.

This results of the past three employee engagement surveys are as follows:

| | | | |
|-------------------------|-------------|-------------|-------------|
| ENGAGEMENT INDEX | 78 | 77 | 81 |
| YEAR | 2007 | 2009 | 2011 |



| | |
|--|--|
| Communications | <ul style="list-style-type: none"> • CEO Blog • CIMBnet • HR Newsletter - Yours Truly HR • CIMB News |
| Competitions and Quizzes | <ul style="list-style-type: none"> • Blue Ocean Challenge • CIMB Star • ASEAN Smart Banker Challenge |
| Sports and Recreation | <ul style="list-style-type: none"> • CIMB Thrill Hunt • CIMB ASEAN Dance Troupe • Explorace • Mount Kinabalu Expedition |
| Divisional/ Departmental Activities | <ul style="list-style-type: none"> • Conventions • Townhall sessions • Team luncheons and dinners • Departmental team building activities |
| Induction/ Learning and Development | <ul style="list-style-type: none"> • CIMB Group Orientation • The Complete Banker™ Programme • CIMB-INSEAD Leadership Programme • Top Leadership Dialogue Series • Accelerated Universal Banking Programme • Essentials of Universal Banking Programme • Regional Team Building - Explorers Expeditions |

Workplace

Engaging our people through competitions



HR Open Day 2011

This event was organised by Group Corporate Resources in Kuala Lumpur in December 2011 and served as a valuable platform for open engagement with our staff.

At the event, the CIMB Employee Value Proposition (EVP) was formalised, reinforcing the Group's promise to employees on what they get in return through employment with the Group. The six key commitments are Towards an ASEAN Champion, Thriving on Diversity, Obsessed with Talent Growth, Competitive Remuneration, Corporate Responsibility Leadership and Dynamic Workplace. An exhibition was held to demonstrate the EVP in action.

The event was attended by Dato' Sri Nazir Razak, members of the Group Management Committee, division and department heads as well as senior HR staff across the region.

70 top line trainers comprising employees from across ASEAN received certificates of recognition for their contribution in training our staff.

During the event, Dato' Sri Nazir Razak presented a donation of RM257,875 to help our Thai colleagues who had been affected by floods. The donation represented the results of the Group-wide donation drive by staff. CIMB Thai's Head of Human Resources, Dr Kongpob Watanasin, received the donation on behalf of his colleagues.



Workplace

COMPETITIVE REMUNERATION

We align our remuneration policy with regulatory requirements and best practice, while ensuring that our people are rewarded competitively for their achievements. In making performance and reward decisions, we consider not just 'what' our employees deliver, but 'how' they deliver it.

We benchmark our compensation packages against leading companies in our industry and calibrate the performance of employees in similar positions to ensure we provide total pay and benefits that are competitive and fair.

The Group recognises differences in performance and provides greater rewards to employees who make a larger contribution or perform at higher levels.

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.

High performance culture

We operate a structured process to ensure that all employees have clear objectives that are linked to long-term plans designed to drive business objectives including financial performance, risk, people and customer measures. Assessment of individuals' performance is subject to a rigorous review of achievements against their objectives.

All employees (100%) receive performance appraisals in which scheduled formal discussions of their performance are conducted annually, and supervisors are expected to provide their employees with constructive feedback on an ongoing basis.

Each employee's performance is evaluated based on two components, Key Performance Indicators (KPI) and Competencies. The KPI refers to the quantitative results obtained by a particular employee. Competencies refer to the behaviours displayed by the employee.

Each employee's performance is rated yearly and salary increases are based on performance. Rewards are calculated based on the Group's bonus matrix. This matrix is influenced by organisation's performance, business unit's performance and industry practices.

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

Benefits

All our employees enjoy coverage on medical care (including their families), 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 charge of their

benefits package 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 sell a portion of their annual leave entitlement towards the CIMB Plan so as to increase coverage in certain areas, for example married staff with young children may choose to increase their clinical and dental benefits.

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 2011, the Group approved RM45 million in employee loans.

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 receive RM3,000 worth of unit trust funds. Retirees, on the other hand, receive a gold coin worth RM5,000. In 2011, a total of 119 staff were rewarded for their long service with the Group.

Employee turnover

The Group's employee turnover rate was 15.5% in 2011. Out of these employees, 53% were from Malaysia, 27% from Indonesia, 15% from Thailand, 0.5% from Singapore and the balance were from Cambodia and other countries. By age group, 65% were Gen-Y, 23% Gen-X, 7% Baby Boomers and 5% veterans.

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 resources policies and guidelines are accessible through the intranet and employee handbooks.



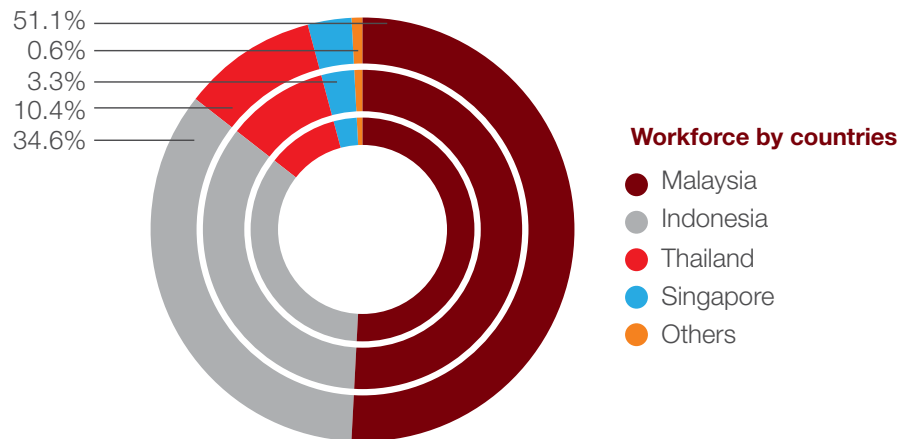
Workplace

Thriving on diversity

Harnessing the diversity of our workforce is important for us as we serve a diverse range of customers we have across the region. The Global Employee Mobility (GEM) scheme is a platform for cross-cultural exchange among our employees and 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 upon the strengths and experience of their colleagues.

In 2011, 92 employees within the Group were offered regional postings.



Global Employee Mobility Scheme

What our people are saying about their experiences



Home Country: **Thailand**
Host Country: **Malaysia**
Department: **Finance**

I am lucky to be in the TCB programme, so I never really felt alone or without friends in Malaysia. They are also very accommodating and are always trying to make me feel at home.

THANAWAN WICHIEKUER



Home Country: **Malaysia**
Host Country: **Cambodia**
Department: **Retail Financial Services**

There is so much to experience while in Cambodia and it has indeed made me more confident and proud to talk about our ASEAN For You tagline.

WAN BAN ONG



Home Country: **Singapore**
Host Country: **Indonesia**
Department: **Private, Preferred and Wealth Management**

This cross-cultural exposure helps me to look at different strategies and new execution methods. Despite the language, I have made many new friends and we learn a lot from one another.

PADMINI VENKATARAMAN



Home Country: **Malaysia**
Host Country: **China**
Department: **Bank of Yingkuo**

Working and living in another environment will enrich one's knowledge and experience. Key is being open-minded and understanding, while continuing to focus on the task at hand.

TAN CHOON THYE



Home Country: **Indonesia**
Host Country: **Thailand**
Department: **IT - 1Platform Team**

The way I adapted to my new working environment in Thailand was to place myself as a partner whose role was to support their jobs. As a result, this worked well in helping me integrate.

AGUNG SULISTYAWAN



Home Country: **Malaysia**
Host Country: **Thailand**
Department: **Sathorn Asset Management Co**

This mobility assignment has allowed me to get to know Thailand as a country, the people, the different culture, the food in a whole new way through interactions with Thai people.

WILLIAM GOH

Workplace

OBSESSED WITH TALENT GROWTH

We are committed to helping employees realise their potential through training and development opportunities. Another critical challenge is to create a pipeline of talented future leaders for our business. Given the Group's wide geographical and functional coverage, it is important that we prepare our people to face the challenges of becoming an ASEAN champion.

Investing in the long term future of our people is important to us, and we offer a range of learning and development opportunities for all employees across the Group.

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. Our management talent pool is particularly involved in the CIMB-INSEAD Leadership Programme, which is run by the CLI and is in its second year of operation. 57 management staff graduated from the programme in 2011.

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

The training delivered in 2011 include induction, role-based certification, technical, regulatory and compliance, innovation and continuous improvement, leadership development and culture programmes. The 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.

In 2011, the Group invested approximately RM60 million for e-learning and classroom learning. We introduced 64 e-learning courses which resulted in 182,807 e-learning hours being recorded across the region.

In Malaysia, our employees received 646,529 hours of training in 2011. The average training hours by employee category is as follows:

| Employee category | Average training hours per employee |
|-------------------|-------------------------------------|
| Non-executive | 35.6 |
| Executive | 20.9 |
| Managerial | 53.3 |
| Senior Managerial | 67.3 |

Learning facilities

CIMB Group has training centres in the region which are well equipped to provide an atmosphere conducive to learning for our employees. 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, dining hall, sports facilities for football, volleyball, netball, squash and tennis. The centre also comes 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.

Corporate Scholarship and Sponsorship Schemes

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

The Corporate Scholarship Scheme is for employees to pursue post-graduate degrees abroad on a full-time basis. Employees on this scheme apply for unpaid study leave and upon completion, they are able to return to their previous work roles without sacrificing their length of service.

The Corporate Sponsorship Scheme, on the other hand, gives employees the option to pursue part-time studies locally towards acquiring diploma, degree, post-graduate degrees and professional/technical certifications. In 2011, RM356,611 was spent on this scheme which benefitted 36 employees.



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 fourth year of our "Way Forward" Programme, through which we reach out to secondary school students in a series of career talks. Our senior employees took time off to visit schools nationwide to speak to students in Forms 5 and 6 and 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 2011, we made 61 school visits in Malaysia, and reached out to 8,500 students. Over 200 staff took part in this programme, including 19 of our senior management staff. We also expanded the programme regionally to Indonesia, Singapore and Thailand in 2011, visiting 16 schools in the pilot phase of regionalisation.

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 43 lecture series at various universities across the region. Among the prominent universities visited were the University of Malaya, Monash University, Universitas Indonesia, National University of Singapore and Chulalongkorn University.

We also organised an online trading game as part of this programme. 83 teams from across the region took part. The trading competition provides undergraduates the opportunity to experience the excitement of buying and selling shares in a fully simulated virtual market environment.

Community Link

Community Link is the Group's flagship corporate responsibility programme. Through Community Link, our branches and other departments work with local NGOs to implement projects which will bring long term sustainable benefits to the communities served by the Group across ASEAN.

In 2011, over 500 Community Link proposals were received and 178 have been approved for implementation. In Malaysia, 37% of our branches were involved in a Community Link project in 2011, and approximately 3,330 employees took part in Community Link activities. 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 back.



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 the light of that, we facilitate the efforts to create work-life balance among our employees.

Staff Rejuvenation Programme

We understand that bearing in mind 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. At the same time, 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 between one to six months, without any loss in service or disadvantage in career progression. A total of 118 employees benefited from this programme in 2011. Since inception, 440 employees have taken leave under the programme for a variety of reasons since the programme introduction.

"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 2011, a total of 324 branches in Malaysia comprising approximately 6,000 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 Healthy, Healthy and Less Healthy – depending on their results.

To motivate the employees and to remind them about the importance of work-life balance, senior management visited 200 branches in 2011. 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 the lowest medical leave days taken by their staff. 24 branches won this award in 2011. Recognition was also given to employees with zero days of medical leave taken throughout the year. A total of 2,193 employees received this recognition in 2011.

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 accident 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 up to the end of 2011 amounted to RM255,115. Together with matching donations from CIMB Group, the total donations in the year amounted to RM510,230.

To date a total of 140 employees have benefitted from the Fund with over RM208,300 disbursed.

In October 2011, we launched a staff donation drive across the Group to help our Thai colleagues who had been affected by floods. Over the course of one month, a total of RM257,875.41 had been collected through staff donations.

The monies were used to help 230 CIMB Thai employees who were not eligible for financial assistance under the existing employee scheme as their homes were rented property.

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, Performance and Value Creation are among the CIMB Group 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, tenant, contractors and others by providing a safe system of work.
- To assist the Group in providing a continuous improvement for safety & 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 have 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;
- 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* | 0.2% |
| Occupational diseases* | 0.2% |
| Lost day rate* | 7.35% |
| Absentee rate* | 0.03% |
| 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 competency that results from successful execution of these drills and the incorporation of lessons learned into our plans have prepared us to deal effectively with emergencies.

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 work-life balance and fulfillment.

The headquarters for 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 a work-life balance, for example, 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 many others.

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.

The latest addition to the Menara Bumiputra-Commerce is a new Telepresence Room which has 18 screens and is able to accommodate 18 people. It complements the existing Telepresence Room which currently accommodates 10 people and comes with a single screen.

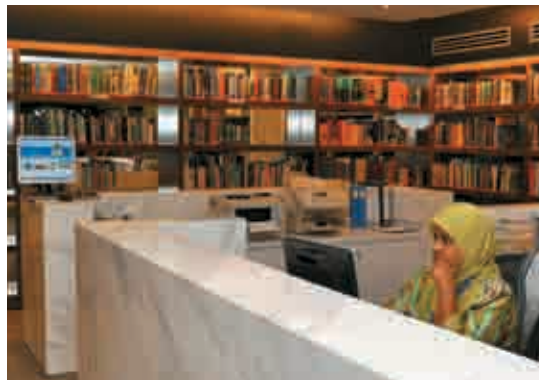
We are in the midst of building the new Menara CIMB which will house the investment banking arm of the Group in Malaysia. The building is being built according to the specifications of the Green Building certification by Pertubuhan Arkitek Malaysia (PAM) and Association of Engineers Malaysia. It is also being built according to the specifications of the Green Building Certification by the Building and Construction Authority, Ministry of National Development Singapore.

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.

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, employees 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

COLLECTIVE BARGAINING

We recognise and respect our employees' right to join associations and choose representative organisations for the purpose of engaging in collective bargaining in a manner that is consistent with applicable laws, rules, regulations and local customs.

The details of unions representing our employees are as follows:

| Name of Union | Representing | No. of employees in the category | Percentage of employees paying for union subscription (within the scope of representation) |
|--|---|----------------------------------|--|
| CIMB Bank Berhad Executive Staff Union (Peninsular Malaysia) | Grade 35 (Executive Officer) and 36 (Assistant Manager) based in Peninsular Malaysia | 3,777 | 49.9% (1,883 employees) |
| Association of Bank Officers Peninsular Malaysia (ABOM) | Grade 34 (Officer) based in Peninsular Malaysia | 1,433 | 38.5% (552 employees) |
| Kesatuan Pegawai Pegawai Bank Sarawak (KPPBS Sarawak) | Grade 34 (Officer) and 35 (Executive Officer) based in Sarawak | 134 | 36.6% (49 employees) |
| National Union of Bank Employees, States of Malaya (NUBE) | Grade 32 (non-clerical), 33 (clerical) and 33S (special grade clerk) based in Peninsular Malaysia | 4,361 | 90.2% (3,932 employees) |
| Sarawak Bank Employees' Union (SBEU Sarawak) | Grade 32 (non-clerical), 33 (clerical) and 33S (special grade clerk) based in Sarawak | 235 | 97.4% (229 employees) |
| Sabah Bank Employees' Union (SBEU Sabah) | Grade 32 (non-clerical), 33 (clerical) and 33S (special grade clerk) based in Sabah | 200 | 94.0% (188 employees) |

MARKETPLACE



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 over 14 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 integral to the sustainability of the Group's business. We have been recognised as leaders in the area of corporate governance by Corporate Governance Asia and Finance Asia, and was most recently recognised by the Minority Shareholders Watchdog Group of Malaysia (MSWG) with a Platinum award in the MSWG Corporate Governance Index 2011 Awards.

The Group has prepared a separate Statement on Corporate Governance in the corporate section of the Group's Annual Report for 2011.

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.

Marketplace

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. More than 90% of our suppliers are locally sourced.

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

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



“CIMB has given us the opportunity to leapfrog Cyber Village, as an indigenous Malaysian brand, into the regional space for Internet Banking”

Sua Shii Huey,
E-Business Director

CyberVillage has been providing internet banking solutions to CIMB since 2004. CyberVillage has helped CIMB internet banking grow from 40,000 to 2 million users and was recently awarded contracts in Singapore and Thailand, making it a regional business.



“CIMB Group has given us the opportunity to grow in ASEAN and beyond.”

Goh Peng Ooi,
Executive Chairman

Silverlake Axis is currently a key vendor in CIMB Group's new regional integrated core banking system. Silverlake Axis' relationship with CIMB has enabled it to expand its businesses in regional markets.



“The trust generated while serving CIMB Group helped to propel our growth.”

Mohamed Ali Bin
Noordin,
CEO

ABX has been providing courier services to CIMB Group since 1992. With CIMB's support as its largest client, ABX has since grown its turnover from RM2 million to RM49 million today.



“Our relationship with CIMB Group has provided us with a paradigm shift on how we perceive our business.”

Mohd. Zackir Rakesh
Abu Bakar Seddek,
Director

Chendrasari first started catering for CIMB Group in 2008, when it was a small home-based operation. In obtaining regular business opportunities from CIMB, Chendrasari has improved its product and service standards, and is today able to cater for weddings and large functions.

Marketplace

E-Procurement System

The Group's E-Procurement System was introduced in 2010. Since then, we regularly conduct training sessions to our suppliers and internal users to train them to use the system. After implementing the system for over a year, we are pleased to see the positive outcomes resulting from it in 2011. They include the following:

- Streamlining processes in one system and platform
- Increased efficiency and effective cost management
- Minimise manual intervention with paperless system
- Straight through processing with Group Finance's payment system
- Reduction in turnaround time for the procurement process
- Improved turnaround time with online negotiation and e-bidding with new iSourcing module

CUSTOMER MANAGEMENT

Keeping customers informed

Our integrity is reflected in our commitment in providing 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 are also now receiving more direct, 'real time' feedback through online channels.

At CIMB Group, we are very transparent in handling customer-based complaints. We are accessible to customers 24-7 via our call centre at 1-300-880900 and via 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 will help 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 out to CRU who will record the data and attend to the issues highlighted. Case Executives will contact customers and escalate issues accordingly to product owners where necessary, for their input. 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.

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 better quality services.

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 to perform audits on our correspondence and call quality.

The Group is currently carrying 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 2011, in customer satisfaction surveys, CRU had received an average score of 59%. In a refreshing change, a total of 357 compliments were also received by respective CRU staff in 2011.

Marketplace

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 websites, the number of "like"s we received on Facebook and the number of followers on Twitter. We were recently listed by Retail Banker International as the sixth most socially active bank in the world, 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 with donors, and secondly, it provides a secure payment channel for donations.

In addition, NGOs who 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 2011, a total of 125 NGOs have signed up on CIMB Cares. They can be categorised into five categories - welfare, healthcare, education, environment and cultural.

Business Advisory Team for SMEs

The Business Advisory Team in CIMB Bank provides financial advisory services to small and medium enterprise (SME) customers across all sectors with the aim of matching customers' financing needs to the right form of financing instruments. It also provides a link between the Bank's business clientele and the Group's venture capital and private equity arms, reaffirming CIMB Group's commitment to support viable entrepreneurs with sound business models and growth potential with equity financing.

The advisory services are also extended to external customers through active participation in SME programmes and seminars organised by government agencies and the private sector. We also provide advisory services to SME Bank, SME Corp and MARA on matters relating to the guidelines in providing financing to SMEs.

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 had 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 nor 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 segment proposition designed for children aged 12 years and below. There are three elements to the product, which are a savings account, investments and bancassurance. The product promotes a healthy savings habit among the young. Subscribing to CIMB Junior also enables the children to enjoy attractive rewards simply by saving or investing and they also stand to get discounts from participating merchants.



* As of 26 February 2012.

Marketplace



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 on 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 the youth, we continue to utilise social media sites like Facebook to host activities and contests such as the very popular “Jammin’ With CIMB YOUTH”.

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

or be a space where they can enjoy playing fun online games. The site is now packed with interesting and handy 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.

Foreign currency ATMs

The foreign cash ATM machines enable CIMB Bank and CIMB Islamic ATM and credit card holders to withdraw in foreign currencies - namely the US Dollar, Euro, Australian Dollar, Singapore Dollar, Hong Kong Dollar, Thai Baht, Chinese Renminbi and Indonesian Rupiah – and offers one 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.

The foreign cash ATMs are conveniently located at nine locations such as at airport terminals, 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 auctioned properties, our employees are available to answer questions on the properties, the auction process as well as provide information on financing packages. 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.



ENVIRONMENT

Environment

As a responsible business we need to manage the impact we have on the environment. We are committed to reducing our impact on the environment and creating value for stakeholders through three main methods:

1. Enabling our staff and our business to become more environmentally-friendly.
2. Offering “Green Products” and services to our customers.
3. Empowering communities to go green by promoting environmental awareness projects and campaigns, with a 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 significant employees and resources to ensure that we operate in compliance with applicable environmental laws, regulations and permits and in conformance with 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.

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 wastage as the account is operated on a paperless basis without passbooks, printed bank statements and or mail. To reduce their carbon footprint, we encourage our customers not to perform over-the-counter transactions but instead perform transactions via CIMB Clicks, our online banking portal, or via ATMs.

Account holders are rewarded with cash incentive of RM5 on monthly basis, if they do not have any over-the-counter or paper transactions throughout the month and maintained 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.

CIMB Thai – loans for energy efficiency

CIMB Thai is a market leader in providing loans for energy conservation and alternative energy projects, an area which started in 2001. In 2011, the Bank was honoured with two accolades - the Thailand Energy Award 2011 in the category of Energy Efficiency and Alternative Energy from the Department of Alternative Energy Development and Efficiency, Ministry of Energy, and the ESCO Excellent Supporting Bank Award from the Institute of Industrial Energy of the Federation of Thai Industries.

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 showcases our businesses and advertises Group vacancies across the region as well as allows candidates to interact with our regional recruiters in real time. Over 11,000 registrants from 65 countries have visited the Virtual Career Fair.

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.

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 CIMB Niaga 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 many as 18 times or more.



Environment



Reducing travel

In 2011, we continued to encourage our employees to reduce air travel by using video conferencing. We have six rooms equipped with telepresence systems across the Group's regional offices in Kuala Lumpur, Jakarta, Singapore and Bangkok for this purpose.

In 2011, a total of 9,972 hours of usage were recorded for the telepresence facilities throughout the Group compared to 6,590 hours in 2010. This represents an increase of 51.3% as our employees become more familiar with the use of the telepresence facilities.

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

Recycling

Each department at our headquarters has a recycling corner, and a recycling vendor has been appointed by the Group to collect the waste 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.

Future plans

The Group plans to implement fax server facilities to cut down on the usage of toner and paper in our new headquarters, Menara CIMB, in the last quarter of 2012 when we move to the building. In addition, we will also encourage our clients to convert to paperless e-statements instead of the traditional paper statements. This has been implemented in various businesses of the Group for certain consumer banking products and retail equity services.

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 where 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 2011 has decreased by 661,166.38MJ from 122,932,566.42MJ in 2010 to 122,271,400.04 in 2010, a decrease of 1%. (Data only represents the Group's main office buildings in Kuala Lumpur.)

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

- switching off the lights and the 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 are limited to decorative lights at cornices of our plaster ceilings.

9,972

hours of usage of telepresence rooms in 2011

Environment



Artist's impression of Menara CIMB

GREEN BUILDINGS

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 at the end of 2012.

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 features 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 bring in light, thus lowering lighting requirements.

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 environment conservation.

In 2010, we had funded 31 projects with total grants of RM1.7 million for environmental conservation, focusing on waste management, recycling and mangrove conservation. In 2011, we continued our focus in these areas and further approved 12 projects through grants of RM532,007. Out of these new projects, eight of them were expansion of 2010 projects which had shown good results.

The highlights of projects executed in 2011 are as follows:

Anugerah Hijau

CIMB Foundation has supported the Anugerah Hijau or Green Awards programme since 2009, partnering with EcoKnights. It is a programme which aims to inculcate eco-consciousness among youths, aged between 14 and 25, and to provide a platform to motivate and encourage youths to tackle pressing environmental problems through creative and innovative projects. The programme runs as a competition among youth teams to tackle environment issues in a creative and practical manner.

UM Zero Trash programme

The Zero Trash programme at University of Malaya which was launched in 2010 continued to be implemented in 2011. As a result of the programme, a total of nine tonnes of food waste was composted, reducing 3.7 tonnes of carbon emission in 2011.

"Say No to Plastic Bags"

This was a campaign which was implemented in 2011 in shopping malls in the northern region. The campaign involved eight CIMB Islamic and CIMB Bank branches in partnership with two NGOs. Campaigns were run in eight malls and hypermarkets to encourage shoppers to switch to reusable shopping bags instead of using plastic bags. This was supplemented by a kitchen waste composting programme which won the "Best Community Link Project" for the year.



ENVIRONMENTAL COMPLIANCE

We monitor our corporate risk of non-compliance of statutory and regulatory requirements related to the environment. During 2011, we did not face any penalties for violations 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.

CIMB Foundation's Charter

OBJECTIVES OF CIMB FOUNDATION



SUPPORT

the development and empowerment of communities



IDENTIFY

and implement quality projects within our key areas of focus, giving 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.

BACKGROUND

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 responsibility (CR) initiatives and philanthropic activities. This Charter has been adopted by the Foundation.

ALIGNMENT WITH CIMB GROUP'S VISION

CIMB Group's Vision 2015 is to be The Leading ASEAN Franchise. To achieve this vision, we have begun to lay the foundations for this next phase of transformative growth, which includes being a leader in corporate responsibility in the region.

COMMITMENT

In line with the core philosophies of the Group - Creating Value, Enabling our People and Acting with Integrity - 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 and build 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.

Sports

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 will be 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 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**



Seated from left :

- Puan Rosnah Kamarul Zaman
- Tan Sri Dato' Seri Siti Norma Yaakob (Chairperson)

Standing from left :

- Datuk Dr. Richard Leete
- Dato' Mohd Shukri Hussin
- Tan Sri Dato' Md Nor Yusof

Global Reporting Initiative **Index Summary**

- - **Not Disclosed**
- N/A - **Not Applicable**

PROFILE DISCLOSURES

| Strategy and Analysis | | |
|------------------------|--|--------------------|
| 1.1 | Statement from the most senior decision-maker of the organisation | P4-7 |
| 1.2 | Description of key impacts, risks, and opportunities | P5-7, 26-27 |
| Organisational Profile | | |
| 2.1 | Name of the organisation | Front Cover |
| 2.2 | Primary brands, products, and/or services | Annual Report 2011 |
| 2.3 | Operational structure of the organisation | Annual Report 2011 |
| 2.4 | Location of organisation's headquarters | P3 |
| 2.5 | Number of countries where the organisation operates | P8 |
| 2.6 | Nature of ownership and legal form | Annual Report 2011 |
| 2.7 | Markets served | Annual Report 2011 |
| 2.8 | Scale of the reporting organisation | P3 |
| 2.9 | Significant changes during the reporting period | P3, P5-7 |
| 2.10 | Awards received in the reporting period | P5-6 |
| Report Parameters | | |
| 3.1 | Reporting period | P3 |
| 3.2 | Date of most recent previous report | P3, P5 |
| 3.3 | Reporting cycle | P3 |
| 3.4 | Contact point for questions regarding the report or its contents | P3 |
| 3.5 | Process for defining report content | P3 |
| 3.6 | Boundary of the report | P3 |
| 3.7 | Specific limitations on the scope or boundary of the report | P3 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, etc | P3 |
| 3.9 | Data measurement techniques and the bases of calculations | P3 |
| 3.10 | Explanation of the effect of any re-statements of information | P3, P5-7 |
| 3.11 | Significant changes from previous reporting period | P5-7 |
| 3.12 | Table identifying the location of the Standard Disclosures | GRI Content Index |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report | • |

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| Governance, Commitments, and Engagement | | |
|--|--|--------------------|
| 4.1 | Governance structure of the organisation | P28 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer | Annual Report 2011 |
| 4.3 | Independent and/or non-executive members of the Board | Annual Report 2011 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body | Annual Report 2011 |
| 4.5 | Linkage between compensation and the organisation's performance | Annual Report 2011 |
| 4.6 | Processes in place to ensure conflicts of interest are avoided | Annual Report 2011 |
| 4.7 | Qualifications and expertise of the Board | Annual Report 2011 |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles | Annual Report 2011 |
| 4.9 | Identification and management of economic, environmental and social performance, conduct, and principles | Annual Report 2011 |
| 4.10 | Processes for evaluating the highest governance body's own performance | Annual Report 2011 |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organisation | Annual Report 2011 |
| 4.12 | Externally developed economic, environmental, and social charters, principles | Annual Report 2011 |
| 4.13 | Memberships in associations | Annual Report 2011 |
| 4.14 | List of stakeholder groups engaged by the organisation | P25 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage | P24-25 |
| 4.16 | Approaches to stakeholder engagement | P24-25 |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics | P26-27 |

Performance Indicators : ECONOMIC

| Economic Performance | | |
|----------------------------------|--|----------|
| EC1 | Direct economic value generated and distributed | P83 |
| EC2 | Financial implications and other risks and opportunities for the organisation's activities due to climate change | P73 |
| EC3 | Coverage of the organisation's defined benefit plan obligations | P56, P60 |
| EC4 | Significant financial assistance received from government | P65 |
| Market Presence | | |
| EC5 | Standard entry level wage vs. local minimum wage | P56 |
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers | P66 |
| EC7 | Procedures for local hiring | P53, P66 |
| Indirect economic impacts | | |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit | P33-37 |
| EC9 | Understanding and describing significant indirect economic impacts | P35-38 |

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Performance Indicators : ENVIRONMENTAL

| Materials | | |
|---------------------------------------|---|--------|
| EN1 | Materials used by weight or volume | N/A |
| EN2 | Percentage of materials used that are recycled input materials | N/A |
| Energy | | |
| EN3 | Direct energy consumption by primary energy source | P72 |
| EN4 | Indirect energy consumption by primary source | P72 |
| EN5 | Energy saved due to conservation and efficiency improvements | P72-73 |
| EN6 | Initiatives to provide energy-efficient or renewable energy | • |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | P71-73 |
| Water | | |
| EN8 | Total water withdrawal by source | • |
| EN9 | Significant impact of withdrawal of water | • |
| EN10 | Percentage and total volume of water recycled and reused | • |
| Biodiversity | | |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas | • |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas | P11 |
| EN13 | Habitats protected or restored | P11 |
| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity | P11 |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations | • |
| Emissions, Effluents and Waste | | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight | N/A |
| EN17 | Other relevant indirect greenhouse gas emissions by weight | N/A |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | N/A |
| EN19 | Emissions of ozone-depleting substances by weight | N/A |
| EN20 | NOx, SOx, and other significant air emissions by type and weight | N/A |
| EN21 | Total water discharge by quality and destination | • |
| EN22 | Total weight of waste by type and disposal method | • |
| EN23 | Total number and volume of significant spills | N/A |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous | N/A |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff | • |

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| Products and Services | | |
|------------------------------|--|--------|
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation | P71-75 |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category | N/A |
| Compliance | | |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | P73 |
| Transport | | |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce | N/A |
| Overall | | |
| EN30 | Total environmental protection expenditures and investments by type | • |

Performance Indicators : SOCIAL - Labour Practices and Decent Work

| Employment | | |
|---------------------------------------|--|---------|
| LA1 | Total workforce by employment type, employment contract, and region | P53 |
| LA2 | Total number and rate of employee turnover by age group, gender, and region | P56 |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations | P56 |
| L15 | Return to work and retention rates after parental leave, by gender | • |
| Labour/Management Relations | | |
| LA4 | Percentage of employees covered by collective bargaining agreements | P63 |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements | • |
| Occupational Health and Safety | | |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | • |
| LA7 | Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region | P61 |
| LA8 | Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases | P61 |
| LA9 | Health and safety topics covered in formal agreements with trade unions | P61, 63 |

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| Training and Education | | |
|--|---|--------|
| LA10 | Average hours of training per year per employee by employee category | P58 |
| LA11 | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | P58-59 |
| LA12 | Percentage of employees receiving regular performance and career development reviews | P56 |
| Diversity and Equal Opportunity | | |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity | P53 |
| LA14 | Ratio of basic salary of men to women by employee category | • |

Performance Indicators : SOCIAL - Human Rights

| Diversity and Equal Opportunity | | |
|---|---|-----|
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening | • |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken | • |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | • |
| Non-Discrimination | | |
| HR4 | Total number of incidents of discrimination and actions taken | P53 |
| Freedom of Association and Collective Bargaining | | |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights | P63 |
| Child Labour | | |
| HR6 | Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour | P53 |
| Forced and Compulsory Labour | | |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour | P53 |
| Security Practices | | |
| HR8 | Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations | • |

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| Indigenous Rights | | |
|--------------------------|--|-----|
| HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken | P53 |
| Assessment | | |
| HR10 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments | P53 |
| Remediation | | |
| HR11 | Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanism | • |

Performance Indicators : SOCIETY

| Community | | |
|-----------------------------------|--|--------|
| SO1 | Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting | P31-50 |
| S09 | Operations with significant potential or actual negative impacts on local communities | P35-37 |
| S010 | Prevention and mitigation measured implemented in operations with significant potential or actual negative impacts on local community | P31-50 |
| Corruption | | |
| SO2 | Percentage and total number of business units analysed for risks related to corruption | P65 |
| SO3 | Percentage of employees trained in organisation's anti-corruption policies and procedures | P65 |
| SO4 | Actions taken in response to incidents of corruption | P65 |
| Public Policy | | |
| SO5 | Public policy positions and participation in public policy development and lobbying | P65 |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | P65 |
| Anti-competitive Behaviour | | |
| SO7 | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes | P65 |
| Compliance | | |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | P65 |

Global Reporting Initiative **Index Summary**

Performance Indicators : PRODUCT RESPONSIBILITY

| Customer Health and Safety | | |
|--------------------------------------|---|--------|
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures | • |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes | • |
| Product and Service Labelling | | |
| PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements | P67 |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes | P67 |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction | P67 |
| Marketing Communications | | |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship | P68-69 |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | • |
| Customer Privacy | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | • |
| Compliance | | |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | P65 |

Note: The disclosed GRI indicators above refer to fully or partially disclosed data. This is the first time we have adopted the GRI reporting guidelines and we aim to improve on disclosure levels in the next Sustainability Report.

CIMB Foundation's

FINANCIAL STATEMENTS

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Trustees' Report

for the financial year ended 31 December 2011

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 2011. 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'000

Net shortfall of income over expenditure for the financial year

(10,146,110)

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

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

Trustees' Report

for the financial year ended 31 December 2011 (continued)

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 | 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 | – | – | 600,224 |
| Tan Sri Dato' Seri Siti Norma binti Yaakob | – | 2,000 | – | 2,000 |

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 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.

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:

- 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
- 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:

- 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
- which would render the values attributed to current assets in the financial statements of the Foundation misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Foundation misleading or inappropriate.

Trustees' **Report**

for the financial year ended 31 December 2011 (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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
- b) 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

Kuala Lumpur

12 March 2012

Dato' Mohd Shukri bin Hussin

Trustee

Statement of Assets and Liabilities

as at 31 December 2011

| | Note | 2011 RM | 2010 RM |
|--|------|-------------------|------------|
| Current assets | | | |
| Other assets | 2 | 350,452 | 1,177,502 |
| Financial investments held-to-maturity | 3 | 9,985,699 | 9,947,649 |
| Cash and short term funds | 4 | 39,803,293 | 50,621,507 |
| | | 50,139,444 | 61,746,658 |
| Less: Current liabilities | | | |
| Payables and accruals | 5 | 1,838,596 | 3,299,700 |
| Net current assets | | 48,300,848 | 58,446,958 |
| Represented by: | | | |
| Accumulated funds | | 48,300,848 | 58,446,958 |
| | | 48,300,848 | 58,446,958 |

Statement of Income and Expenditure

for the financial year ended 31 December 2011

| | Note | 2011 RM | 2010 RM |
|---|------|---------------------|--------------|
| Income | | | |
| Donations | | 309,926 | 35,974,490 |
| Income and hibah | 6 | 1,241,695 | 698,249 |
| Accretion from financial investments held-to-maturity | | 282,301 | 66,978 |
| | | 1,833,922 | 36,739,717 |
| Less : Expenditure | | | |
| Contribution for charitable expenses | 7 | (11,667,487) | (16,791,917) |
| Advertising | | (138,231) | (2,405,318) |
| Accommodation | | (2,235) | (7,084) |
| Annual general meeting expenses | | (542) | (65,045) |
| Meeting allowance (Trustees) | | (24,000) | (27,500) |
| Legal fees | | – | (25,092) |
| Audit fees | | (3,000) | (3,000) |
| Tax agent fees | | (2,446) | (2,100) |
| Transportation cost | | (32,230) | (40,506) |
| Bank charges | | (4,241) | (3,169) |
| Equipment rental | | (10,000) | – |
| IT outsource services | | (59,257) | – |
| Professional and consultancy fees | | (14,476) | – |
| Other general expenses | | (21,887) | (5,617) |
| | | (11,980,032) | (19,376,348) |
| (Shortfall)/surplus of income over expenditure | | (10,146,110) | 17,363,369 |
| Taxation | 8 | – | – |
| Net (shortfall)/surplus of income over expenditure | | (10,146,110) | 17,363,369 |

Statement of Changes in Accumulated Funds

for the financial year ended 31 December 2011

| | Total RM |
|--|---------------------|
| At 1 January 2011 | 58,446,958 |
| Net shortfall of income over expenditure | (10,146,110) |
| <hr/> | |
| At 31 December 2011 | 48,300,848 |
| <hr/> | |
| At 1 January 2010 | 41,083,589 |
| Net surplus of income over expenditure | 17,363,369 |
| <hr/> | |
| At 31 December 2010 | 58,446,958 |
| <hr/> | |

Statement of Cash Flows

for the financial year ended 31 December 2011

| | Note | 2011 RM | 2010 RM |
|---|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| (Shortfall)/surplus of income over expenditure | | (10,146,110) | 17,363,369 |
| Adjustment for: | | | |
| Donations received | | (309,926) | (35,974,490) |
| Accretion from financial investments held-to-maturity | | (282,301) | (66,978) |
| | | (10,738,337) | (18,678,099) |
| Decrease in operating assets | | | |
| Other assets | | 827,050 | 172,500 |
| Decrease in operating liabilities | | | |
| Payables and accruals | | (1,461,104) | (1,554,041) |
| Net cash flows used in operating activities | | (11,372,391) | (20,059,640) |
| Cash flows from investing activities | | | |
| Purchase of financial investments held-to-maturity | | (29,755,749) | (9,880,671) |
| Proceeds from maturity of financial investments held-to-maturity | | 30,000,000 | – |
| Net cash flows generated from/(used in) investing activities | | 244,251 | (9,880,671) |
| Cash flows from financing activity | | | |
| Donations received | | 309,926 | 35,974,490 |
| Net cash flows generated from financing activity | | 309,926 | 35,974,490 |
| Net (decrease)/increase in cash and cash equivalents during the financial year | | (10,818,214) | 6,034,179 |
| Cash and cash equivalents at beginning of the financial year | | 50,621,507 | 44,587,328 |
| Cash and cash equivalents at end of the financial year | | 39,803,293 | 50,621,507 |
| Cash and cash equivalents comprise: | | | |
| Cash and bank balances | | 1,164,412 | 2,698,641 |
| Deposits and placements with banks maturing within one month | | 38,638,881 | 47,922,866 |
| | 4 | 39,803,293 | 50,621,507 |

Summary of Significant Accounting Policies

for the financial year ended 31 December 2011

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 provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Financial Reporting Standards 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 the 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements of the Foundation.

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Foundation

The new accounting standards, amendments to published standards and interpretations that are effective for the Foundation for the financial year beginning 1 January 2011 are as follows:

- Amendment to FRS 7 "Financial instruments: Disclosures-Improving Disclosures about Financial Instruments"
- Improvements to FRSs (2010)

The adoption of the new accounting standards, amendments to published standards and interpretations did not have a material impact on the financial statements of the Foundation.

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

In November 2011, the Malaysian Accounting Standards Board formally announced the Malaysian reporting entities would be required to comply with the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for financial years commencing on or after 1 January 2012. MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

The Foundation will be required to adopt the new standards, amendments to standards and interpretations in the following period and comparative financial information prepared in compliance with MFRS will be required for the year commencing 1 January 2010:

(i) Financial year beginning on/after 1 January 2012

- The revised MFRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
 - The name of the government and the nature of their relationship;
 - The nature and amount of each individually significant transactions; and
 - The extent of any collectively significant transactions, qualitatively or quantitatively.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2011 (continued)

A BASIS OF PREPARATION (CONTINUED)

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

(ii) Financial year beginning on/after 1 January 2013

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.

The change to MFRS is 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 2011.

(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 2011 (continued)

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 2011 (continued)

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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2011 (continued)

E IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(a) Assets carried at amortised cost (continued)

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.

(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 maturing within one month.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2011 (continued)

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 2011

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

| | 2011 RM | 2010 RM |
|---------------------------------------|----------------|------------------|
| Membership fees receivable | 2 | 2 |
| Prepayment for charitable sponsorship | 350,000 | 1,177,500 |
| Sundry debtors | 450 | – |
| | 350,452 | 1,177,502 |

3 FINANCIAL INVESTMENTS HELD-TO-MATURITY

| | 2011 RM | 2010 RM |
|---------------------------------------|------------------|------------------|
| Money market instrument: | | |
| Unquoted | | |
| Bank Negara Malaysia Negotiable Notes | 9,926,110 | 9,880,671 |
| Accretion of discount | 59,589 | 66,978 |
| | 9,985,699 | 9,947,649 |

The Bank Negara Malaysia Negotiable Notes has a principal of RM10 million, with a discount rate of 2.90% (2010: 2.81%), and matures on 19 January 2012.

4 CASH AND SHORT TERM FUNDS

| | 2011 RM | 2010 RM |
|---|-------------------|-------------------|
| Cash and short term funds maintained with related licensed banks: | | |
| (a) Cash and bank balances | 1,164,412 | 2,698,641 |
| (b) Deposits and placements | 38,638,881 | 47,922,866 |
| | 39,803,293 | 50,621,507 |

The effective weighted average interest rate is 3.00% (2010: 1.87%) and the deposits have a remaining maturity of 29 days (2010: 29 days).

Notes to the Financial Statements

for the financial year ended 31 December 2011 (continued)

5 PAYABLES AND ACCRUALS

| | 2011 RM | 2010 RM |
|----------------------------------|------------------|------------------|
| Donations payable | 1,089,295 | 2,837,754 |
| Accrued expenses | 566,233 | 372,666 |
| Income received in advance | 64,973 | 74,514 |
| Amounts due to related companies | 118,095 | 14,766 |
| | 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:

| <u>Related party</u> | <u>Relationship</u> |
|--|---|
| CIMB Group Holdings Berhad ('CIMB Group') | Ultimate holding company |
| Subsidiaries and associates of CIMB Group as disclosed in the notes to CIMB Group's financial statements | 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.

| | 2011 RM | 2010 RM |
|---|------------|------------|
| Income and hibah received from CIMB Islamic Bank Berhad | 1,241,695 | 698,249 |

(c) Related party balances

| | 2011 RM | 2010 RM |
|---|------------|------------|
| Amount due to CIMB Bank Berhad | 112,095 | 6,000 |
| Amount due to CIMB Investment Bank Berhad | 6,000 | 8,766 |

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 2011 (continued)

7 CONTRIBUTION FOR CHARITABLE EXPENSES

| | 2011 RM | 2010 RM |
|-----------------------------|-------------------|------------|
| Community development | 830,852 | 6,809,901 |
| Sports | 6,446,107 | 5,309,081 |
| Education | 2,993,855 | 3,850,875 |
| Miscellaneous contributions | 1,396,673 | 822,060 |
| | 11,667,487 | 16,791,917 |

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 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 2011 and 31 December 2010.

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:

Notes to the Financial Statements

for the financial year ended 31 December 2011 (continued)

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Credit risk (continued)

9.1.2 Concentration of risks of financial assets with credit risk exposure (continued)

(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:

| 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 |

| 2010 | Financial investments held-to-maturity RM | Cash and short term funds RM | Sundry debtors RM | Total credit expose RM |
|--|--|---------------------------------|----------------------|---------------------------|
| Finance, insurance and business services | 9,947,649 | 50,621,507 | – | 60,569,156 |
| | 9,947,649 | 50,621,507 | – | 60,569,156 |

9.1.3 Credit quality of financial assets

Financial assets are required under FRS 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 2011 and 31 December 2010 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.

Notes to the Financial Statements

for the financial year ended 31 December 2011 (continued)

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Credit risk (continued)

9.1.3 Credit quality of financial assets (continued)

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

| 2011 | Sovereign RM | No rating RM | Investment grade (IG) 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 |

| 2010 | Sovereign RM | No rating RM | Investment grade (IG) 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 |

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.

Notes to the Financial Statements

for the financial year ended 31 December 2011 (continued)

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Market risk (continued)

9.2.1 Interest rate risk (continued)

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.

| 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 | 9,985,699 | – | – | 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.

| 2010 | <----- 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 income received in advance of RM74,514.

Notes to the Financial Statements

for the financial year ended 31 December 2011 (continued)

9 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Market risk (continued)

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.

| 2011 | No specific maturity 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.

| 2010 | No specific maturity RM | Total RM |
|------------------------------|----------------------------|-------------|
| Financial liabilities | | |
| Payables and accruals | 3,225,186* | 3,225,186 |
| Total liabilities | 3,225,186 | 3,225,186 |

* Excluded income received in advance of RM74,514.

9.4 Fair value of the financial instruments

Financial instruments comprise financial assets and financial 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, 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 2012.

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 087 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2011 and of its results and cash flows for the year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and with the provisions of the Companies Act, 1965.

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

Tan Sri Dato' Seri Siti Norma binti Yaakob

Trustee

Kuala Lumpur

12 March 2012

Dato' Mohd Shukri bin Hussin

Trustee

Statutory **Declaration**

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

I, Ng Ing Peng, the officer primarily responsible for the financial management of CIMB Foundation, do solemnly and sincerely declare that the financial statements set out on pages 087 to 103 are, in my opinion, 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.

Ng Ing Peng

Subscribed and solemnly declared by the abovenamed Ng Ing Peng at Kuala Lumpur before me on 12 March 2012.

Commissioner for Oaths

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 087 to 103, which comprise the statement of assets and liabilities as at 31 December 2011 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 and fair presentation of financial statements that give a true and fair view in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act, 1965, and for such internal controls as the Trustees determine are 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 the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2011 and of its financial performance and cash flows for the financial 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.

OTHER MATTERS

This report is made solely to the members of the Foundation, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

12 March 2012

Soo Hoo Khoon Yean

(No. 2682/10/11 (J))

Chartered Accountant

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