

Basel II Pillar 3 Disclosure for 2025

- **CIMB Bank Berhad**

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ABBREVIATIONS

A-IRB Approach	: Advanced Internal Ratings Based Approach
ALM COE	: Asset Liability Management Centre of Excellence
ASB	: Amanah Saham Bumiputra
BI	: Banking Institutions
BIA	: Basic Indicator Approach
BNM	: Bank Negara Malaysia
BRCC	: Board Risk & Compliance Committee
CAF	: Capital Adequacy Framework and, in some instances referred to as the Risk-Weighted Capital Adequacy Framework
CAFIB	: Capital Adequacy Framework for Islamic Banks
CAR	: Capital Adequacy Ratio and, in some instances referred to as the Risk-Weighted Capital Ratio
CBSM	: Capital and Balance Sheet Management
CCR	: Counterparty Credit Risk
CIMBBG	: CIMB Bank, CIMBISLG, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factorlease Berhad, CIMB Bank (Vietnam) Limited and non-financial subsidiaries
CIMBISLG	: CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) SdnBhd
CIMBIBG	: CIMB Investment Bank Berhad and non-financial subsidiaries
CIMBGH Group	: Group of Companies under CIMB Group Holdings Berhad
CIMBTH	: CIMB Thai Bank Public Company Ltd and its subsidiaries
CIMB Bank	: CIMB Bank Berhad and CIMB Bank (L) Ltd (as determined under the CAF (Capital Components) and CAFIB (Capital Components) to include its wholly owned offshore banking subsidiary company)
CIMB Group or the Group	: Collectively CIMBBG, CIMBIBG and CIMBISLG as described within this disclosure
CIMB IB	: CIMB Investment Bank Berhad
CIMB Islamic	: CIMB Islamic Bank Berhad
CRM	: Credit Risk Mitigants
CRO	: Chief Risk Officer
CSA	: Credit Support Annexes, International Swaps and Derivatives Association Agreement
DFIs	: Development Financial Institutions
EAD	: Exposure At Default
EAR	: Earnings-at-Risk
ECAIs	: External Credit Assessment Institutions
EL	: Expected Loss
EP	: Eligible Provision
EVE	: Economic Value of Equity
EWRM	: Enterprise Wide Risk Management
Group EXCO	: Group Executive Committee
GSOC	: Group Strategic Oversight Committee

ABBREVIATIONS (continued)

GSGC	: Group Sustainability and Governance Committee
F-IRB Approach	: Foundation Internal Ratings Based Approach
Fitch	: Fitch Ratings
GALCO	: Group Asset Liability Management Committee
GAQC	: Group Asset Quality Committee
GCC	: Group Credit Committee
GIB	: Group Islamic Banking
GMCRC	: Group Market and Conduct Risks Committee
GRCC	: Group Risk & Compliance Committee
GRD	: Group Risk Division
GUC	: Group Underwriting Committee
HPE	: Hire Purchase Exposures
IRB Approach	: Internal Ratings Based Approach
IRRBB	: Interest Rate Risk in the Banking Book
KRI	: Key Risk Indicators
LGD	: Loss Given Default
MARC	: Malaysian Rating Corporation Berhad
MDBs	: Multilateral Development Banks
Moody's	: Moody's Investors Service
MTM	: Mark-to-Market and/or Mark-to-Model
ORM	: Operational Risk Management
ORMF	: Operational Risk Management Framework
OTC	: Over the Counter
PD	: Probability of Default
PSEs	: Non-Federal Government Public Sector Entities
PSIA	: Profit Sharing Investment Accounts
QRRE	: Qualifying Revolving Retail Exposures
R&I	: Rating and Investment Information, Inc
RAM	: RAM Rating Services Berhad
RAROC	: Risk Adjusted Return on Capital
RORBB	: Rate of Return Risk in the Banking Book
RRE	: Residential Real Estate
RWA	: Risk-Weighted Assets
RWCAF	: Risk-Weighted Capital Adequacy Framework and, in some instances referred to as the Capital Adequacy Framework
S&P	: Standard & Poor's
SA	: Standardised Approach
SMEs	: Small and Medium Enterprises
SNC	: Shariah Non Compliance
SRM	: Shariah Risk Management
VaR	: Value-at-Risk

OVERVIEW OF BASEL II AND PILLAR 3

The 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework' or commonly known as 'Basel II' issued by the Bank of International Settlements, as adopted by BNM seeks to increase the risk sensitivity in capital computations and prescribes a number of different approaches to risk calculation that allow the use of internal models to calculate regulatory capital. The particular approach selected must commensurate with the financial institution's risk management capabilities. The Basel II requirements are stipulated within three broad 'Pillars' or sections.

Pillar 1 focuses on the minimum capital measurement methodologies and their respective qualifying criteria to use specified approaches available to calculate the RWA for credit, market and operational risks. CIMB Bank and its subsidiaries including CIMBISLG which offers Islamic banking financial services (collectively known as 'CIMBBG'), apply the IRB Approach for its major credit exposures. The IRB Approach prescribes two approaches, the F-IRB Approach and A-IRB Approach. Under F-IRB Approach, the Group applies its own PD and the regulator prescribed LGD, whereas under the A-IRB Approach, the Group applies its own risk estimates of PD, LGD and EAD. The remaining credit exposures are on the SA and where relevant, will progressively migrate to the IRB Approach. CIMBIB and its subsidiaries ('CIMBIBG') adopt the SA for credit risk. CIMBBG, CIMBISLG and CIMBIBG (collectively known as 'CIMB Group' or the 'Group') adopt the SA for market risk and BIA for operational risk.

Pillar 2 focuses on how sound risk management practices should be implemented from the Supervisory Review perspective. It requires financial institutions to make their own assessments of capital adequacy in light of their risk profile and to have a strategy in place for maintaining their capital levels.

Pillar 3 complements Pillar 1 and Pillar 2 by presenting disclosures in accordance with requirements aimed to encourage market discipline in a manner that every market participant can assess key pieces of information attributed to the capital adequacy framework of financial institutions.

Frequency of Disclosure

The qualitative disclosures contained herein are required to be updated on an annual basis and more frequently if significant changes to policies are made. The capital structure and adequacy disclosures are published on a quarterly basis. All other quantitative disclosures are published semi-annually in conjunction with the Group's half yearly reporting cycles.

Medium and Location of Disclosure

The disclosures are available on CIMBGH Group's corporate website (www.cimb.com). The consolidated disclosures for CIMB Bank, CIMB Islamic and CIMBIB are also available in CIMBGH Group's 2025 Annual Report and corporate website.

OVERVIEW OF BASEL II AND PILLAR 3 *(continued)*

Basis of Disclosure

These disclosures herein are formulated in accordance with the requirements of BNM's guidelines on RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). These disclosures published are for the year ended 31 December 2025.

The basis of consolidation for financial accounting purposes is described in the 2025 financial statements. The capital requirements are generally based on the principles of consolidation adopted in the preparation of financial statements. During the financial year, CIMB Bank did not experience any impediments in the distribution of dividends. There were also no capital deficiencies in any subsidiaries that are not included in the consolidation for regulatory purposes. For the purposes of this disclosure, the disclosures presented within will be representative of the CIMB Bank entity disclosures only.

The term 'credit exposure' as used in the disclosures is a prescribed definition by BNM based on the RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). Credit exposure is defined as the estimated maximum amount a banking institution may be exposed to a counterparty in the event of a default or EAD. This differs with similar terms applied in the 2025 financial statements as the credit risk exposure definition within the ambit of accounting standards represents the balance outstanding as at balance sheet date and does not take into account the expected undrawn contractual commitments. Therefore, information within this disclosure is not directly comparable to that of the 2025 financial statements for CIMB Bank.

Any discrepancies between the totals and sum of the components in the tables contained in the disclosures are due to actual summation method and then rounded up to the nearest thousands.

These disclosures have been reviewed and verified by internal auditors and approved by the Board Risk & Compliance Committee of CIMB Group, as delegated by the Board of Directors of CIMBGH Group.

RISK MANAGEMENT OVERVIEW

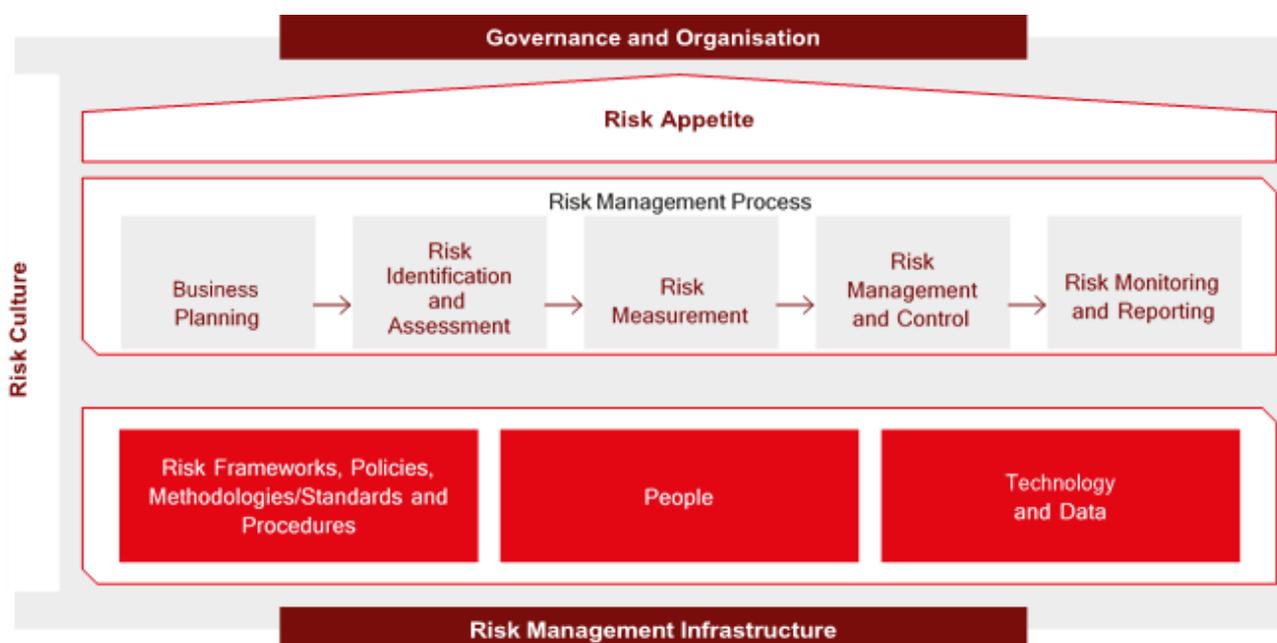
A robust and effective risk management system is critical for the Group to achieve continued risk balanced profitability and create shareholder and stakeholder value in today’s globalised and inter-linked financial and economic environment.

The Group embraces risk management as an integral part of the Group’s strategy, business, operations and decision- making processes. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations and scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

Enterprise Wide Risk Management Framework

The Group employs a Group Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage its risks and opportunities. The Group EWRM framework provides the Board and its management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group’s EWRM framework are represented in the diagram below:



The design of the Group EWRM framework incorporates a complementary ‘top-down strategic’ and ‘bottom-up tactical’ risk management approach.

RISK MANAGEMENT OVERVIEW (continued)

Enterprise Wide Risk Management Framework (continued)

The key features of the Group EWRM framework include:

- a) **Risk Culture**: The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activities. There is clear accountability of risk ownership across the Group.
- b) **Governance & Organisation**: A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.
- c) **Risk Appetite**: Is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning processes to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.
- d) **Risk Management Process**:
 - **Business Planning**: Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new products & business activities.
 - **Risk Identification & Assessment**: Risks are systematically identified and assessed through the robust application of the Group's risk frameworks, policies, methodologies/standards and procedures.
 - **Risk Measurement**: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
 - **Risk Management and Control**: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks. This can be achieved by positioning various control tools to reduce the likelihood of an occurrence or the impact of the risk. The various control tools are accepting, treating, transferring and/or terminating the risk.
 - **Risk Monitoring and Reporting**: Risks on an individual exposure, as well as on a portfolio basis, are monitored on a daily basis and periodically and/or ad-hoc basis in tandem with market developments and reported to the Group Risk & Compliance Committee (GRCC) and the Board Risk & Compliance Committee (BRCC) on a monthly basis or need basis to ensure they remain within the Group's risk appetite.
- e) **Risk Management Infrastructure**
 - **Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks**: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
 - **People**: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.

RISK MANAGEMENT OVERVIEW (continued)

Enterprise Wide Risk Management Framework (continued)

The key features of the Group EWRM framework include: (continued)

e) **Risk Management Infrastructure (continued)**

- Technology and Data: Appropriate technology and sound data management support risk management activities.

Risk Governance

At the apex of the governance structure are the Boards of the respective entities within the Group, which determine each entity's risk appetite in alignment with its business strategies. The BRCC reports directly to the respective Boards and is responsible for the supervision of risk management and control activities on behalf of the respective Boards. The BRCC determines the relevant entity's risk strategies and policies, ensuring they align with the principles within the risk appetite. The BRCC also oversees the implementation of the Group EWRM Framework, provides strategic guidance and reviews the decisions made by the GRCC.

To facilitate the effective implementation of the EWRM framework, the BRCC has established various delegated/sub-risk committees within the Group, each with distinct lines of responsibilities and functions.

The responsibility of risk management supervision and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC, comprising senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised delegated/sub-risk committees, namely Group Credit Committee, Group Market and Conduct Risks Committee, Group Operational and Resiliency Risk Committee, Group Asset Liability Management Committee, Group Asset Quality Committee, Group Basel Steering Committee, Management Product Approval Committee for Treasury Products, and Management Product Approval Committee for Non-Treasury Products, each addressing one or more of the following:

- a) Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.
- b) Market risk, defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.
- c) Liquidity and Funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses.
- d) Interest rate risk/rate of return risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest rates/profit rates;
- e) Model risk is defined as the type of risk that the method used to measure or quantify the bank's material risk is not accurate due to deterioration of model, hence limiting the usefulness and application of the model itself. It also covers improper implementation and improper usage of methods developed to quantify risk.

RISK MANAGEMENT OVERVIEW (continued)

Risk Governance (continued)

- f) Operational risk, defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks.
- g) Financial Crime Risk, defined as the risk that typically arises from illicit activities including money laundering, fraud, corruption, organised crime, smuggling, drug trafficking, terrorism financing and proliferation financing. It carries potential regulatory and legal consequences, and may result in regulatory actions, financial losses, and serious reputational damage, which in turn threatens the integrity of the financial system and undermines stakeholder trust.
- h) Data management risk, defined as the risk of failing to appropriately manage and maintain data (including customer data, employee data, and the Group's proprietary data), and non-compliance with relevant data regulations.
- i) Conduct risk, defined as the risk of failing to have behaviours and practices that deliver suitable, fair and clear outcomes for the Group's employee, and customers while maintaining market integrity.
- j) Tax and regulatory reporting risk, defined as the risk of failing to meet statutory reporting and tax payments/ filing requirements.
- k) Enterprise-wide risk, defined as the risk that arises from events which may affect achieving objectives due to changing risk profiles as dictated by changes in business strategies, operating and regulatory environment, and functional activities.
- l) Strategic risk, defined as the risk of current and/ or prospective impact on the Group's earnings, reputation or position arising from changes in the environment that the Group operates in and from adverse strategic decisions, improper implementation of strategic initiatives, new business lines or markets or the lack of responsiveness to industry, economic or technological changes.
- m) Business risk, defined as the probability of loss inherent in the Group's operations and environment that may impair its ability to provide expected returns on investments.
- n) Investment performance risk, defined as the risk that the return achieved on an investment will be different from that expected or its intended financial objective, and the size of the difference. This includes the possibility of losing some or all of the original investment.
- o) Geopolitical risk, defined as the risk that an investment's returns could suffer as a result of political changes or instability in a country, or at the regional and/ or global level. Instability affecting investment returns could stem from, but are not limited to, the following: a change in government, legal and political institutions, tensions between countries affecting the global and regional political and economic environment, and military conflict.
- p) Reputation risk is defined as the current or prospective risk to earnings and capital arising from the adverse perception by the stakeholders about the Group's business practices, conduct or financial condition. Such adverse perception, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in its customer base, business, revenue or share price.
- q) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology (including emerging technologies e.g. Cloud Artificial Intelligence etc.) or external events, which includes cyber risks, financial risk, regulatory/ compliance risk and the risk of reputational loss/damage;

RISK MANAGEMENT OVERVIEW (continued)

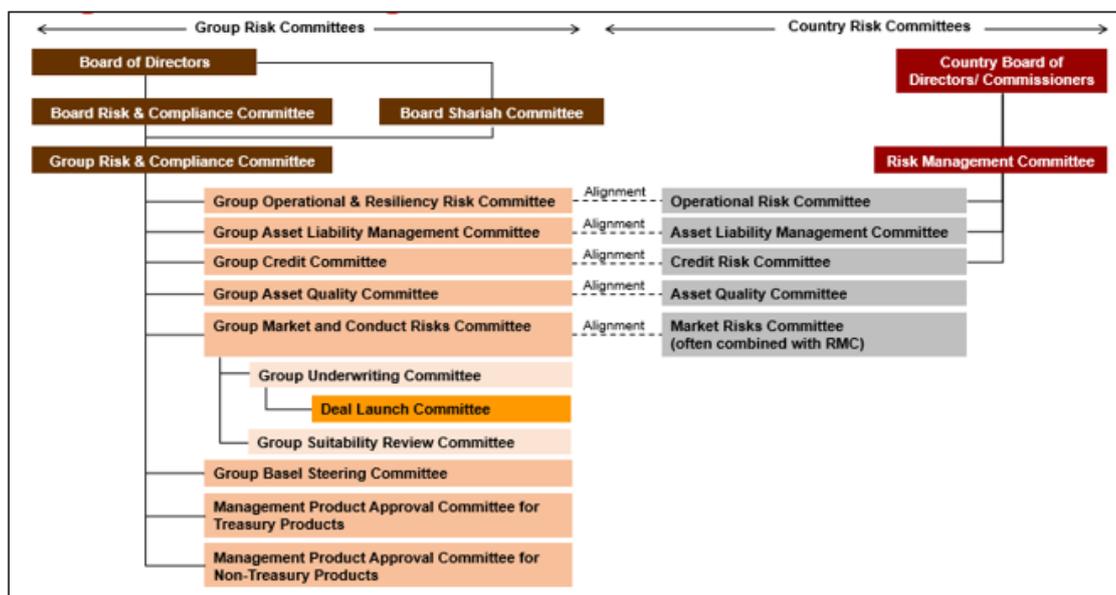
Risk Governance (continued)

- r) Shariah Non-Compliance (SNC) risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from failure to comply with Shariah requirements determined by Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) and Securities Commission (SC), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA; or decisions or advice by Board Shariah Committee (BSC) of CIMB Islamic Bank or other Shariah regulatory authorities of the jurisdictions where the Group operates;
- s) Regulatory compliance risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the applicable laws and regulations of the jurisdictions in which the Group operates; and
- t) Sustainability risk, defined as the risk of financial and non-financial impact arising from environmental, social and economic/ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employees.

RISK MANAGEMENT OVERVIEW (continued)

Risk Governance (continued)

The structure of CIMB Group Risk Committees is depicted in the following chart:



The overseas subsidiaries’ risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance with local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication regarding technical knowledge and best practices. It further enhances support towards managing and responding to risk management issues, thus allowing the Board to have comprehensive view of the activities within the Group.

In addition to the CIMB Group Risk Committees, the Group has established a Board Group Sustainability Committee (BGSC) consisting of Independent Directors to assist the Board in fulfilling its responsibilities to review and guide our Group’s sustainability strategy, frameworks, policies and group-wide targets and to monitor progress against our Group’s climate transition plan. Sustainability is also embedded in the roles and responsibilities of various Board Committees. To ensure information-symmetry and consensus across all Board Committees and entity boards, with regards to the direction and progress of the Group’s sustainability and climate change strategy deliberated at the BGSC, selected business enablers such as Group Sustainability are responsible for providing relevant updates and inputs to the various Board Committees and entity boards on a periodic basis.

RISK MANAGEMENT OVERVIEW (continued)

Risk Governance (continued)

Three Lines-of-Defence

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risk and control management across the Group and Group Risk as an enabler of business units. As the first line-of-defence, the line management (including key business pillars and enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risk through effective controls and within the agreed risk limits / appetite. There is an embedded Risk Control Unit (RCU) within the first line-of-defence, which provides independent advice, support, and assurance for risk & compliance related matters within the Business Pillars and Enablers (the first line-of-defence), integrating business, risk & compliance knowledge. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved risk appetite and is in compliance with regulations. The third line-of-defence is the Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the governance, internal controls and risk management processes.

The Roles of Group CRO and Group Risk Division

Within the second line-of-defence is Group Risk Division, a function independent of business units that assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board-approved risk appetite statement.

Group Risk Division is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

- a) actively engages the respective boards and senior management on risk management issues and initiatives; and
- b) maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

The organisational structure of Group Risk is made up of two major components, namely the CRO and the Risk Centres of Excellence ("CoE"):

(a) CRO

- (i) The Group CRO is supported by the CROs who oversee the risk management functions in overseas branches and banking subsidiaries.
- (ii) CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
- (iii) For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

RISK MANAGEMENT OVERVIEW (continued)

The Roles of Group CRO and Group Risk Division (continued)

(b) Risk Centres of Excellence

- (i) These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs across various geographies. The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational Risk, Business Continuity, Technology Risk, Third Party Risk and Fraud Risk Management), Shariah Risk Management and Enterprise Risk and Infrastructure CoEs.

- **Enterprise Risk And Infrastructure CoE**

The Enterprise Risk and Infrastructure CoE ensures the Group's compliance to capital adequacy and single counterparty exposure limit regulatory requirements, including Basel and underwriting model development, implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the climate risk unit within the CoE is responsible for working with Group Sustainability, various risk CoEs and business units to implement climate risk management at an enterprise level, in support of the Group's 2050 net zero ambition, which is to transition all operational and attributable greenhouse gas emissions from the Group's financing and investment portfolios in alignment with net zero pathways by 2050.

Sustainability risk (including climate risk) is recognised as a principal and cross-cutting risk that manifests itself through existing risk types. Due to the cross-cutting nature of Sustainability risk, the implementation of Group-wide Sustainability Governance Framework is currently spearheaded and managed by Group Sustainability as the Sustainability CoE, which sits outside of Group Risk. Refer to the section on Sustainability Risk for further details. Notwithstanding this, Sustainability risk has been and will continue to be integrated into the Group's existing risk management frameworks.

- **Market Risk CoE**

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits framework, performing mark-to-market valuation, validation of financial models, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

- **Non-Financial Risk Management CoE**

The NFRM CoE ensures that the first line-of-defence manages their non-financial risks (which comprise of Operational, Technology, Third Party, Business Continuity and Fraud risks) effectively by providing frameworks that enable them to identify, assess, manage and report their non-financial risks. The NFRM CoE provides independent feedback, advisory and assessment to the execution of the non-financial risk frameworks by the first line-of-defence.

- **Shariah Risk CoE**

The Shariah Risk Management (SRM) CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and procedures; as well as develops and implements processes to mitigate SNC risk and conducts training to enhance level of awareness on SNC risk.

RISK MANAGEMENT OVERVIEW *(continued)*

The Roles of Group CRO and Group Risk Division (continued)

(b) Risk Centres of Excellence (continued)

- **Asset Liability Management CoE**

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting of liquidity and funding risk and interest rate risk/rate of return risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk/rate of return risk profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

- **Credit Risk CoE**

The Credit Risk CoE consists of Retail and Non-Retail credit risk and is dedicated to the identification and assessment, measurement, management, monitoring and reporting of credit risk in the Group. The scope under the CoE function includes areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and use of credit risk modelling (including rollout of alternative credit underwriting models leveraging on machine learning techniques for retail portfolios).

Strategies and Processes for Various Risk Management

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk Interest Rate Risk/Rate of Return Risk in the Banking Book and Sustainability Risk are available in the later sections.

SHARIAH GOVERNANCE DISCLOSURE

The Islamic business in CIMB Group is managed and overseen by the Group Islamic Banking (GIB). Its products and services are managed in strict compliance with Shariah under the guidance of CIMB Islamic Board Shariah Committee.

The Board of Directors of CIMB Group, CIMB Investment Bank Berhad, and CIMB Bank Berhad delegate and empower the Board of Directors of CIMB Islamic Bank Berhad to undertake the overall oversight function of the Islamic businesses and operations of the whole CIMB Group, which in turn delegates overseeing of the Shariah governance of Islamic businesses and activities in CIMB Group to CIMB's Board Shariah Committee established under CIMB Islamic Bank Berhad.

Whilst the Board of Directors is accountable for the overall Shariah governance and compliance of the Islamic businesses in CIMB Group, the Management is to ensure execution of business and operations are in accordance with Shariah principles and to provide necessary support to the Board Shariah Committee.

Shariah Advisory and Governance Department ("S&G") of GIB which is basically a component of the Management serves as a coordinator of the overall Shariah governance of the Islamic businesses in CIMB Group. S&G is responsible to carry out Shariah Advisory, Secretariat, Governance, Research and Islamic Finance Capacity Building functions, whilst Shariah Review, Shariah Risk Management and Shariah Audit functions are performed by CIMB Group Compliance, Group Risk and Group Corporate Assurance Division respectively.

CIMB Group operates on a dual banking leverage model that utilises the full resources and infrastructure of CIMB Group. Accordingly, all divisions and staff of CIMB Group are responsible for complying with Shariah in their respective Islamic business activities.

In ensuring Islamic business activities are Shariah compliant and Shariah governance process are in place, S&G is to conduct the pre-product approval process, provide Shariah advisory and conduct in-depth Shariah research prior submission to the Board Shariah Committee. It is supported by control measures by Shariah Risk Management, regular review by Shariah Compliance Review and independent assessment by Shariah Audit. In CIMB Group, the Shariah Risk Management, Shariah Review, and Shariah Audit functions reside in Group Risk Division, Group Compliance, and Group Corporate Assurance Division respectively.

Shariah non-compliance income during the year

During the year ended 31 December 2025, there was no SNC income.

CAPITAL MANAGEMENT

Key Capital Management Principles

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group are also provided to the Board of Directors.

Included in the annual Capital Management Plan is the establishment of the internal minimum capital adequacy target which is substantially above the minimum regulatory requirement. In establishing this internal capital adequacy target, the Group considers many critical factors, including, amongst others, phasing-in of the capital adequacy requirement and capital buffer requirements, credit rating implication, current and future operating environment and peer comparisons.

Capital Structure and Adequacy

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components)/Capital Adequacy Framework for Islamic Banks (Capital Components), of which the latest revisions were issued on 14 June 2024. The revised guidelines took effect on 14 June 2024 for all banking institutions and financial holding companies and sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of CIMB Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 18 December 2023. The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach. The components of eligible regulatory capital are based on the Capital Adequacy Framework (Capital Components). With effect from 1 January 2025, Operational Risk for CIMB Bank is based on Standardised Approach as stipulated by the Capital Adequacy Framework (Operational Risk) issued by BNM on 15 December 2023.

CAPITAL MANAGEMENT (continued)
Capital Structure and Adequacy (continued)

The table below presents the Capital Position of CIMB Bank Berhad.

Table 1: Capital Position for CIMB Bank

(RM'000)	CIMB Bank	
	2025	2024
Common Equity Tier 1 capital		
Ordinary share capital	24,539,214	24,539,214
Other reserves	17,578,590	16,680,691
Less: Proposed dividends	(1,944,213)	(1,641,481)
Common Equity Tier 1 capital before regulatory adjustments	40,173,591	39,578,424
<u>Less: Regulatory adjustments</u>		
Goodwill	(3,555,075)	(3,555,075)
Intangible assets	(1,123,850)	(1,083,486)
Deferred tax assets	(835,553)	(949,509)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(6,071,693)	(6,058,685)
Regulatory reserve	(1,756,998)	(1,379,870)
Others	(81,097)	(6,018)
Common Equity Tier 1 capital after regulatory adjustments	26,749,325	26,545,781
Additional Tier 1 capital		
Perpetual subordinated capital securities	1,150,000	1,150,000
Additional Tier 1 capital before regulatory adjustments	1,150,000	1,150,000
<u>Less: Regulatory adjustments</u>		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(350,000)	(350,000)
Additional Tier 1 capital after regulatory adjustments	800,000	800,000
Total Tier 1 capital	27,549,325	27,345,781
Tier 2 capital		
Subordinated obligations	9,400,000	8,400,000
Surplus of eligible provisions over expected loss	745,533	707,665
General provision	394,199	377,087
Tier 2 capital before regulatory adjustments	10,539,732	9,484,752

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 1: Capital Position for CIMB Bank (continued)

(RM'000)	CIMB Bank	
	2025	2024
<u>Less: Regulatory adjustments</u>		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(2,505,764)	(2,319,469)
Total Tier 2 capital	8,033,968	7,165,283
Total capital	35,583,293	34,511,064
RWA		
Credit risk	156,496,052	148,111,112
Market risk	17,099,354	15,864,820
Large exposure risk requirements	1,349,742	1,306,841
Operational risk	24,930,598	21,524,651
Total RWA	199,875,746	186,807,424
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	14.356%	15.089%
Tier 1 ratio	14.756%	15.517%
Total Capital ratio	18.775%	19.353%
After deducting proposed dividend		
Common Equity Tier 1 ratio	13.383%	14.210%
Tier 1 ratio	13.783%	14.638%
Total Capital ratio	17.803%	18.474%

Total Capital ratio decreased in 2025 compared to 2024 primarily due to (i) higher Total RWA, (ii) FY2025 proposed dividend, (iii) higher regulatory reserves; offset by (iv) issuance of RM1.0 billion T2 Sukuk and (v) higher other reserves. The increase in RWA is from higher Credit RWA, Market RWA and Operational RWA.

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

The tables below show the RWA under various exposure classes under the relevant approach and applying the minimum regulatory capital requirement at 8% to establish the minimum capital required for each of the exposure classes:

Table 2: Disclosure on Total RWA and Minimum Capital Requirement

2025	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	76,739,554	76,739,554	1,139,531	1,139,531	91,162
Public Sector Entities	9,585,154	9,585,114	10,994	10,994	880
Banks, DFIs & MDBs	1,818,774	1,818,774	351,456	351,456	28,116
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,155,233	1,081,659	856,805	856,805	68,544
Corporate	13,928,750	8,599,361	8,533,835	8,533,835	682,707
Regulatory Retail	19,263,769	18,254,927	11,674,557	11,674,557	933,965
Residential Mortgages/RRE Financing	2,430,221	2,382,577	861,384	861,384	68,911
Higher Risk Assets	1,873,656	1,873,656	2,810,485	2,810,485	224,839
Other Assets	9,236,254	9,236,254	5,153,026	5,153,026	412,242
Securitisation	321,602	321,602	64,320	64,320	5,146
Equity Exposure	79,518	79,518	79,518	79,518	6,361
Total for SA	136,432,484	129,972,995	31,535,911	31,535,911	2,522,873
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	38,444,158	38,444,158	8,051,203	8,051,203	644,096
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	124,966,381	124,966,381	73,857,119	73,857,119	5,908,570
Residential Mortgages/RRE Financing	69,489,506	69,489,506	15,326,532	15,326,532	1,226,123
Qualifying Revolving Retail	14,618,404	14,618,404	10,318,204	10,318,204	825,456
Hire Purchase	5,663,665	5,663,665	4,136,681	4,136,681	330,935
Other Retail	23,712,049	23,712,049	5,532,469	5,532,469	442,598
Securitisation	-	-	-	-	-
Total for IRB Approach	276,894,162	276,894,162	117,222,209	117,222,209	9,377,777

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 2: Disclosure on Total RWA and Minimum Capital Requirement (continued)

2025	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Exposure to Central Counterparties					
Banks, DFIs & MDBs	1,868,763	1,868,763	264,634	264,634	21,171
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,283,830	1,283,830	439,966	439,966	35,197
Total for Exposure to Central Counterparties	3,152,593	3,152,593	704,600	704,600	56,368
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	416,479,239	410,019,749	156,496,052	156,496,052	12,519,684
Large Exposure Risk Requirement	1,349,742	1,349,742	1,349,742	1,349,742	107,979
Market Risk (SA)					
Interest Rate Risk/Profit Rate Risk			13,788,391	13,788,391	1,103,071
Foreign Currency Risk			1,344,746	1,344,746	107,580
Equity Risk			759,148	759,148	60,732
Commodity Risk			105,083	105,083	8,407
Options Risk			1,101,986	1,101,986	88,159
Total Market Risk			17,099,354	17,099,354	1,367,948
Operational Risk			24,930,598	24,930,598	1,994,448
Total RWA and Capital Requirement			199,875,746	199,875,746	15,990,060

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 2(i): Disclosure on Total RWA and Minimum Capital Requirement Islamic Banking Window

2025	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	9,578,933	9,578,933	9,758	9,758	781
Banks, DFIs & MDBs	-	-	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	3,355	3,355	3,355	3,355	268
Corporate	1,742,018	1,739,509	1,059,217	1,059,217	84,737
Regulatory Retail	2,074,966	2,074,966	1,175,004	1,175,004	94,000
Residential Mortgages/RRE Financing	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
Securitisation	-	-	-	-	-
Equity Exposure	-	-	-	-	-
Total for SA	13,399,273	13,396,764	2,247,335	2,247,335	179,787

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 2(i): Disclosure on Total RWA and Minimum Capital Requirement Islamic Banking Window (continued)

2025	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	3,686,547	3,686,547	467,847	467,847	37,428
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	7,577,888	7,577,888	2,895,960	2,895,960	231,677
Residential Mortgages/RRE Financing	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-
Hire Purchase	-	-	-	-	-
Other Retail	-	-	-	-	-
Securitisation	-	-	-	-	-
Total for IRB Approach	11,264,435	11,264,435	3,363,808	3,363,808	269,105
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	24,663,708	24,661,199	5,812,972	5,812,972	465,038
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			-	-	-
Foreign Currency Risk			-	-	-
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			-	-	-
Operational Risk			-	-	-
Total RWA and Capital Requirement			5,812,972	5,812,972	465,038

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 2: Disclosure on Total RWA and Minimum Capital Requirement (continued)

2024	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	75,875,381	75,875,381	1,110,020	1,110,020	88,802
Public Sector Entities	9,585,840	9,585,787	17,157	17,157	1,373
Banks, DFIs & MDBs	1,072,106	1,072,106	349,606	349,606	27,968
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,618,972	2,305,068	1,619,636	1,619,636	129,571
Corporate	13,364,667	8,447,536	8,474,325	8,474,325	677,946
Regulatory Retail	17,952,555	16,967,759	10,562,087	10,562,087	844,967
Residential Mortgages/RRE Financing	2,257,503	2,246,238	814,342	814,342	65,147
Higher Risk Assets	1,770,044	1,770,044	2,655,066	2,655,066	212,405
Other Assets	8,617,736	8,617,736	4,503,051	4,503,051	360,244
Securitisation	308,089	308,089	61,618	61,618	4,929
Equity Exposure	54	54	54	54	4
Total for SA	133,422,947	127,195,797	30,166,962	30,166,962	2,413,357
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	37,663,618	37,663,618	8,216,082	8,216,082	657,287
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	128,769,005	128,769,005	73,936,284	73,936,284	5,914,903
Residential Mortgages/RRE Financing	69,902,218	69,902,218	13,730,843	13,730,843	1,098,467
Qualifying Revolving Retail	13,999,184	13,999,184	7,362,975	7,362,975	589,038
Hire Purchase	5,577,522	5,577,522	4,176,229	4,176,229	334,098
Other Retail	22,324,842	22,324,842	3,845,654	3,845,654	307,652
Securitisation	-	-	-	-	-
Total for IRB Approach	278,236,389	278,236,389	111,268,066	111,268,066	8,901,445
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	411,659,335	405,432,185	148,111,112	148,111,112	11,848,889

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 2: Disclosure on Total RWA and Minimum Capital Requirement (continued)

2024	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Large Exposure Risk Requirement	1,306,841	1,306,841	1,306,841	1,306,841	104,547
Market Risk (SA)					
Interest Rate Risk/Profit Rate Risk			12,499,051	12,499,051	999,924
Foreign Currency Risk			1,803,897	1,803,897	144,312
Equity Risk			252,456	252,456	20,196
Commodity Risk			307,606	307,606	24,608
Options Risk			1,001,811	1,001,811	80,145
Total Market Risk			15,864,820	15,864,820	1,269,186
Operational Risk (BIA)			21,524,651	21,524,651	1,721,972
Total RWA and Capital Requirement			186,807,424	186,807,424	14,944,594

Table 2(i): Disclosure on Total RWA and Minimum Capital Requirement for Islamic Banking Window

2024	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	9,578,704	9,578,704	15,741	15,741	1,259
Banks, DFIs & MDBs	-	-	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	10,561	10,561	10,561	10,561	845
Corporate	1,468,679	1,466,927	793,357	793,357	63,469
Regulatory Retail	1,921,889	1,921,732	1,016,168	1,016,168	81,293
Residential Mortgages/RRE Financing	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
Securitisation	-	-	-	-	-
Equity Exposure	-	-	-	-	-
Total for SA	12,979,833	12,977,924	1,835,827	1,835,827	146,866

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

Table 2(i): Disclosure on Total RWA and Minimum Capital Requirement Islamic Banking Window (continued)

2024	CIMB Bank				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	2,410,154	2,410,154	443,849	443,849	35,508
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	5,263,689	5,263,689	1,992,093	1,992,093	159,367
Residential Mortgages/RRE Financing	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-
Hire Purchase	-	-	-	-	-
Other Retail	-	-	-	-	-
Securitisation	-	-	-	-	-
Total for IRB Approach	7,673,844	7,673,844	2,435,942	2,435,942	194,875
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	20,653,677	20,651,768	4,417,925	4,417,925	353,434
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			-	-	-
Foreign Currency Risk			-	-	-
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			-	-	-
Operational Risk (BIA)			-	-	-
Total RWA and Capital Requirement			4,417,925	4,417,925	353,434

CAPITAL MANAGEMENT *(continued)*

Internal Capital Adequacy Assessment Process (ICAAP)

The Group has in place an EWRM framework that aligns ICAAP requirements into the Group's risk management and control activities. The coverage of ICAAP includes the following:

- a) Assessing the risk profile of the bank.
- b) Assessing the capital adequacy and capital management strategies.
- c) Monitoring compliance with regulatory requirement on capital adequacy.
- d) Reporting to management and regulator on ICAAP.
- e) Governance and independent review.

The full ICAAP cycle, from initial planning to regulatory submission and independent review, involves close coordination among the risk, capital and finance functions together with business and support units. In line with BNM's guidelines on RWCAF (Basel II) – ICAAP (Pillar 2) and CAFIB – ICAAP (Pillar 2), the Group submits its ICAAP report to the BRCC for approval and the Board for notification.

CREDIT RISK

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance, as well as commitments to support clients' obligations to third parties, e.g. guarantees or kafalah contracts. In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

Credit Risk Management

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with the risks.

Consistent with the Three Lines-of-Defence model on risk management where risks are managed initially from the onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner with Group Risk being independent from the business units, functions as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to specific individuals.

CREDIT RISK (continued)

Credit Risk Management (continued)

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans/financing, credit applications are independently evaluated by the Credit Risk (Non-Retail) CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low value credit facilities. In addition, for loan/financing to sectors and clients that are exposed to high environmental and social risks, the Sustainability CoE conducts due diligence from an environmental and social point of view. For retail loans/financing, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limits submitted to joint delegated authority or relevant committees for approval.

The GRCC, with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and global counterparty limits, are approaches adopted to address concentration risk relating to any large sector or industry, or to a particular counterparty group or individual and country. To align with tightening climate-related regulatory expectations and support the Group's 2050 Net Zero commitment by 2050, a Sustainability Overlay - currently based on sector sensitivities to transition risks using the Transition Risk Heatmap developed by the United Nations Environment Programme Finance Initiative (UNEP-FI) was incorporated into Group Risk's Country Sector Limit Methodology since 2022. The Sustainability Overlay is reviewed and refreshed annually by Group Sustainability and/or the climate risk unit, integrating emerging insights, including those from climate risk stress testing exercises. In order to ensure sustainability considerations are accounted for in the early stages of business planning, an Overall Sustainability Rating has been applied alongside other risk factors as part of the Risk Posture setting since 2022, and annually updated, to set the risk direction for the Group and its entities before the formal budget process starts.

Adherence to the above established credit limits is monitored daily by Group Risk Division, which aggregates all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk Division.

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

CREDIT RISK (continued)

Credit Risk Management (continued)

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to the GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions, including recovery actions, if required.

The Group recognises that our financing activities may have an impact on the environment and society and such impact may in turn result in potential financial and reputational risks to the Group. Our sustainable financing approach integrates environmental, social and economic/ethical considerations, into our credit risk assessment process for our financing practices and capital raising transactions, whereby clients and transactions identified to have high sustainability risk or potential concern are subject to a structured due diligence and escalation process. Refer to the section on Sustainability Risk for further details.

The Group quantifies credit concentration risk by leveraging on the credit VaR engine, CreditMetrics. Using the CreditMetrics approach, the portfolio's Value at Risk is estimated after taking into account the effects of portfolio diversification across obligors and sectors. Hence, the risk computed covers both default/credit migration risk as well as credit concentration risk (single name and sector concentration).

CREDIT RISK (continued)

Summary of Credit Exposures

i) Gross Credit Exposures by Geographic Distribution

The geographic distribution is based on the country in which the portfolio is geographically managed. The following tables represent CIMB Bank's credit exposures by geographic region:

Table 3: Geographic Distribution of Credit Exposures

2025	CIMB Bank				
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	55,068,149	18,945,374	-	2,726,031	76,739,554
PSE	9,585,154	-	-	-	9,585,154
Bank	28,017,343	8,318,571	-	5,795,780	42,131,694
Corporate	85,862,966	44,470,045	-	11,001,182	141,334,193
Mortgage/RRE Financing	63,391,381	8,528,346	-	-	71,919,727
HPE	5,663,665	-	-	-	5,663,665
QRRE	11,653,918	2,964,486	-	-	14,618,404
Other Retail	32,892,740	10,083,025	-	53	42,975,818
Other Exposures	7,518,889	1,155,107	-	2,837,034	11,511,030
Total Gross Credit Exposure	299,654,205	94,464,954	-	22,360,080	416,479,239

2024	CIMB Bank				
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	57,000,329	17,678,767	-	1,196,284	75,875,381
PSE	9,585,840	-	-	-	9,585,840
Bank	29,941,611	4,889,381	-	3,904,732	38,735,724
Corporate	91,095,709	46,551,071	-	7,105,864	144,752,644
Mortgage/RRE Financing	64,050,054	8,109,667	-	-	72,159,721
HPE	5,577,522	-	-	-	5,577,522
QRRE	11,223,967	2,775,217	-	-	13,999,184
Other Retail	31,378,189	8,899,131	-	77	40,277,397
Other Exposures	6,380,855	944,350	-	3,370,717	10,695,922
Total Gross Credit Exposure	306,234,076	89,847,584	-	15,577,675	411,659,335

BASEL II PILLAR 3 DISCLOSURE FOR 2025
CREDIT RISK (continued)
Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector

The following tables represent CIMB Bank's credit exposure analysed by sector:

Table 4: Distribution of Credit Exposures by Sector

2025												CIMB Bank
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communicat ion	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	312,383	5,653,383	-	3,892,492	2,491,679	61,952,387	-	2,437,229	76,739,554
PSE	745	-	-	-	-	-	-	453	9,583,859	-	97	9,585,154
Bank	-	-	-	-	-	-	-	42,131,694	-	-	-	42,131,694
Corporate	3,422,833	3,379,012	9,974,749	12,203,601	11,587,849	14,559,325	11,046,843	56,189,279	8,360,188	7,903,761	2,706,753	141,334,193
Mortgage/ RRE Financing	-	-	-	-	-	-	-	-	-	71,919,727	-	71,919,727
HPE	-	-	-	-	-	-	-	-	-	5,663,665	-	5,663,665
QRRE	-	-	-	-	-	-	-	-	-	14,618,404	-	14,618,404
Other Retail	93,200	22,052	843,325	23,877	584,665	1,854,163	196,777	2,948,459	300,056	36,109,244	-	42,975,818
Other Exposures	-	164,973	-	123,573	-	-	24,911	602,333	909,148	-	9,686,093	11,511,030
Total Gross Credit Exposure	3,516,778	3,566,037	10,818,074	12,663,434	17,825,897	16,413,488	15,161,023	104,363,896	81,105,639	136,214,802	14,830,173	416,479,239

*Others are exposures which are not elsewhere classified.

CREDIT RISK (continued)

Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector (continued)

Table 4: Distribution of Credit Exposures by Sector (continued)

2024												CIMB Bank
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communicat ion	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	293,237	5,933,239	-	4,446,147	3,542,752	59,475,610	-	2,184,396	75,875,381
PSE	759	-	-	-	-	-	-	426	9,584,565	-	89	9,585,840
Bank	-	-	-	-	-	-	-	38,735,724	-	-	-	38,735,724
Corporate	3,657,481	5,636,204	11,423,896	11,494,364	11,057,491	18,906,829	10,735,482	52,967,877	9,150,398	7,392,607	2,330,015	144,752,644
Mortgage/ RRE Financing	-	-	-	-	-	-	-	-	-	72,159,721	-	72,159,721
HPE	-	-	-	-	-	-	-	-	-	5,577,522	-	5,577,522
QRRE	-	-	-	-	-	-	-	-	-	13,999,184	-	13,999,184
Other Retail	100,348	18,841	824,613	23,063	521,854	1,914,024	214,098	2,872,476	389,023	33,399,058	-	40,277,397
Other Exposures	-	-	-	239,660	-	-	24,583	431,800	922,881	-	9,076,998	10,695,922
Total Gross Credit Exposure	3,758,588	5,655,046	12,248,508	12,050,325	17,512,583	20,820,852	15,420,311	98,551,054	79,522,478	132,528,092	13,591,498	411,659,335

*Others are exposures which are not elsewhere classified.

CREDIT RISK (continued)

Summary of Credit Exposures (continued)

iii) Gross Credit Exposures by Residual Contractual Maturity

The following tables represent CIMB Bank's credit exposure analysed by residual contractual maturity:

Table 5: Distribution of Credit Exposures by Residual Contractual Maturity

2025	CIMB Bank			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	16,450,284	27,857,867	32,431,403	76,739,554
PSE	782	1,009,799	8,574,573	9,585,154
Bank	23,758,061	15,317,242	3,056,391	42,131,694
Corporate	50,155,642	55,695,120	35,483,432	141,334,193
Mortgage/RRE Financing	32,366	629,829	71,257,532	71,919,727
HPE	66,125	1,355,027	4,242,514	5,663,665
QRRE	14,618,404	-	-	14,618,404
Other Retail	6,940,629	5,523,601	30,511,588	42,975,818
Other Exposures	136,526	259,310	11,115,193	11,511,030
Total Gross Credit Exposure	112,158,818	107,647,795	196,672,627	416,479,239

2024	CIMB Bank			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	17,009,693	18,004,635	40,861,053	75,875,381
PSE	895	6,241	9,578,704	9,585,840
Bank	22,549,560	13,088,801	3,097,362	38,735,724
Corporate	52,057,596	57,078,890	35,616,158	144,752,644
Mortgage/RRE Financing	27,756	596,558	71,535,406	72,159,721
HPE	98,123	1,471,093	4,008,306	5,577,522
QRRE	13,999,184	-	-	13,999,184
Other Retail	6,286,833	5,161,953	28,828,612	40,277,397
Other Exposures	92,660	210,387	10,392,875	10,695,922
Total Gross Credit Exposure	112,122,300	95,618,559	203,918,477	411,659,335

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing

i) Past Due But Not Impaired

A loan/financing is considered past due when any payment due under strict contractual terms is received late or missed. Late processing and other administrative delays on the side of the borrower/customer can lead to a financial asset being past due but not impaired. Therefore, loans/financing and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. For the purposes of this analysis, an asset is considered past due and included below when any payment due under strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment, of principal or interest/profit or both, overdue.

The following tables provide an analysis of the outstanding balances as at 31 December 2025 and 31 December 2024 which were past due but not impaired by sector and geographical respectively:

Table 6: Past Due but Not Impaired Loans, Advances and Financing by Sector

(RM'000)	CIMB Bank	
	2025	2024
Primary Agriculture	27,417	25,774
Mining and Quarrying	1,349	2,471
Manufacturing	73,979	103,222
Electricity, Gas and Water Supply	1,866	258
Construction	74,162	90,774
Wholesale and Retail Trade, and Restaurants and Hotels	211,380	146,329
Transport, Storage and Communication	26,180	20,387
Finance, Insurance/Takaful, Real Estate and Business Activities	219,915	328,858
Education, Health and Others	20,310	31,746
Household	7,119,263	7,302,990
Others*	133,862	103,511
Total	7,909,683	8,156,320

*Others are exposures which are not elsewhere classified.

Table 7: Past Due but Not Impaired Loans, Advances and Financing by Geographic Distribution

(RM'000)	CIMB Bank	
	2025	2024
Malaysia	7,405,458	7,564,813
Singapore	392,157	499,521
Other Countries	112,068	91,986
Total	7,909,683	8,156,320

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

ii) Credit Impaired Loans/Financings

CIMB Bank classifies a loan, advances and financing as credit impaired when it meets one or more of the following criteria:

- (a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;
- (b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- (c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Bank's internal credit risk rating framework; or
- (d) As soon as a default occurs where the principal and /or interest/profit repayments/payments are scheduled on intervals of 3 months or longer. For the purpose of ascertaining the period in arrears:
 - Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
 - Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Bank's internal policy, the determination of period in arrears shall exclude the moratorium period granted.
- (e) Force Impaired Credit Facilities
The credit facility is force impaired due to various reasons which may include the following: PN17 classification by Bursa, bankruptcy/winding up orders, appointment of Independent Financial Advisor/Liquidator/Receivers & Managers, ceased operations and/or suspended with no likelihood of resuming in the next 12 months, business viability is affected with repayment/payment capability in doubt resulting in going concern issue in the near term, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.
- (f) Cross Default
When an obligor/counterparty has multiple credit facilities with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

The Bank assesses on a forward-looking basis the expected credit losses (ECL) associated with its loans, advances and financing. The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest/profit rate or an approximation thereof.

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

ii) Credit Impaired Loans/Financings (continued)

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

The following tables provide an analysis of the outstanding balances as at 31 December 2025 and 31 December 2024 which were credit impaired by sector and geographical respectively:

Table 8: Credit Impaired Loans, Advances and Financing by Sector

(RM'000)	CIMB Bank	
	2025	2024
Primary Agriculture	259	6,919
Mining and Quarrying	149,480	926,260
Manufacturing	91,041	97,409
Electricity, Gas and Water Supply	63	1,597
Construction	141,342	152,589
Wholesale and Retail Trade, and Restaurants and Hotels	197,122	257,250
Transport, Storage and Communication	49,430	47,672
Finance, Insurance/Takaful, Real Estate and Business Activities	490,180	325,783
Education, Health and Others	12,061	31,065
Household	1,214,670	1,428,606
Others*	162,937	124,208
Total	2,508,585	3,399,358

*Others are exposures which are not elsewhere classified.

Table 9: Credit Impaired Loans, Advances and Financing by Geographic Distribution

(RM'000)	CIMB Bank	
	2025	2024
Malaysia	1,994,394	2,898,291
Singapore	353,847	380,773
Other Countries	160,344	120,294
Total	2,508,585	3,399,358

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses

Table 10: Expected credit losses (Stage 1, 2 and 3) by Sector

(RM'000)	CIMB Bank			
	2025			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Primary Agriculture	8,478	113	89	8,680
Mining and Quarrying	3,117	366	88,052	91,535
Manufacturing	19,683	27,340	65,054	112,077
Electricity, Gas and Water Supply	7,127	134	29	7,290
Construction	5,510	104,664	122,489	232,663
Wholesale and Retail Trade, and Restaurants and Hotels	42,492	57,369	141,125	240,986
Transport, Storage and Communications	6,137	1,953	48,007	56,097
Finance, Insurance/Takaful, Real Estate and Business Activities	129,209	5,799	293,828	428,836
Education, Health and Others	2,412	1,175	10,514	14,101
Household	395,529	432,814	524,640	1,352,983
Others*	61,424	63,014	161,386	285,824
Total	681,118	694,741	1,455,213	2,831,072

*Others are exposures which are not elsewhere classified.

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses (continued)

Table 10: Expected credit losses (Stage 1, 2 and 3) by Sector (continued)

(RM'000)	CIMB Bank			
	2024			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Primary Agriculture	43,786	26	5,574	49,386
Mining and Quarrying	12,434	251	724,469	737,154
Manufacturing	29,397	14,097	79,068	122,562
Electricity, Gas and Water Supply	20,835	34	631	21,500
Construction	5,910	31,055	124,238	161,203
Wholesale and Retail Trade, and Restaurants and Hotels	45,238	64,982	77,686	187,906
Transport, Storage and Communications	5,181	5,013	46,805	56,999
Finance, Insurance/Takaful, Real Estate and Business Activities	181,483	14,576	190,878	386,937
Education, Health and Others	3,542	2,961	25,804	32,307
Household	683,318	440,464	629,867	1,753,649
Others*	66,546	15,596	113,784	195,926
Total	1,097,670	589,055	2,018,804	3,705,529

*Others are exposures which are not elsewhere classified.

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses (continued)

Table 11: Expected credit losses (Stage 1, 2 and 3) by Geographic Distribution

(RM'000)	CIMB Bank			
	2025			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Malaysia	437,884	617,321	1,036,094	2,091,299
Singapore	184,506	25,936	260,074	470,516
Other Countries	58,728	51,484	159,045	269,257
Total	681,118	694,741	1,455,213	2,831,072

(RM'000)	CIMB Bank			
	2024			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Malaysia	713,573	522,765	1,671,803	2,908,141
Singapore	339,018	61,937	236,115	637,070
Other Countries	45,079	4,353	110,886	160,318
Total	1,097,670	589,055	2,018,804	3,705,529

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses (continued)

Table 12: Expected credit losses charges/(write back) and write-off for Stage 3

(RM'000)	CIMB Bank	
	2025	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	1,339	7,318
Mining and Quarrying	(417,704)	34,147
Manufacturing	(5,612)	4,675
Electricity, Gas and Water Supply	551	-
Construction	12,539	10,282
Wholesale and Retail Trade, and Restaurants and Hotels	100,250	44,107
Transport, Storage and Communications	81,484	2,723
Finance, Insurance/Takaful, Real Estate and Business Activities	351,389	34,089
Education, Health and Others	(1,148)	12,557
Household	746,652	910,351
Others*	434,759	424,030
Total	1,304,499	1,484,279

*Others are exposures which are not elsewhere classified.

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses (continued)

Table 12: Expected credit losses charges/(write back) and write-off for Stage 3 (continued)

(RM'000)	CIMB Bank	
	2024	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	(765)	477
Mining and Quarrying	102,079	224,519
Manufacturing	26,845	81,788
Electricity, Gas and Water Supply	280	25
Construction	81,289	9,306
Wholesale and Retail Trade, and Restaurants and Hotels	17,587	36,451
Transport, Storage and Communications	22,096	7,966
Finance, Insurance/Takaful, Real Estate and Business Activities	46,374	49,399
Education, Health and Others	8,482	1,730
Household	795,735	621,819
Others*	319,052	382,231
Total	1,419,054	1,415,711

*Others are exposures which are not elsewhere classified

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses (continued)

Table 13: Analysis of movement in the Expected Credit Losses for Loans, Advances and Financing

(RM'000)	CIMB Bank			
	2025			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
At 1 January 2025	1,097,670	589,055	2,018,804	3,705,529
Changes in expected credit losses due to transferred within stages	255,050	(383,167)	128,117	-
Transferred to Stage 1	596,261	(572,836)	(23,425)	-
Transferred to Stage 2	(280,317)	724,053	(443,736)	-
Transferred to Stage 3	(60,894)	(534,384)	595,278	-
Total charge to Income Statement	(650,055)	493,368	1,304,499	1,147,812
New financial assets originated	689,592	118,992	96,211	904,795
Financial assets that have been derecognised	(540,637)	(160,960)	(90,283)	(791,880)
Writeback in respect of full recoveries	-	-	(150,971)	(150,971)
Change in credit risk	(799,010)	535,336	1,449,542	1,185,868
Write-offs	(888)	(431)	(1,484,279)	(1,485,598)
Exchange fluctuation	(20,480)	(4,222)	(72,924)	(97,626)
Other movements	(179)	138	(439,004)	(439,045)
Total	681,118	694,741	1,455,213	2,831,072

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

iii) Expected Credit Losses (continued)

Table 13: Analysis of movement in the Expected Credit Losses for Loans, Advances and Financing (continued)

(RM'000)	CIMB Bank			
	2024			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
At 1 January 2024	1,387,514	650,622	1,903,724	3,941,860
Changes in expected credit losses due to transferred within stages	294,210	(296,332)	2,122	-
Transferred to Stage 1	587,375	(547,880)	(39,495)	-
Transferred to Stage 2	(224,301)	704,288	(479,987)	-
Transferred to Stage 3	(68,864)	(452,740)	521,604	-
Total charge to Income Statement	(556,361)	240,151	1,419,054	1,102,844
New financial assets originated	837,071	130,336	22,686	990,093
Financial assets that have been derecognised	(805,890)	(191,027)	-	(996,917)
Writeback in respect of full recoveries	-	-	(222,828)	(222,828)
Change in credit risk	(587,542)	300,842	1,619,196	1,332,496
Write-offs	(408)	(282)	(1,415,711)	(1,416,401)
Exchange fluctuation	(26,314)	(5,008)	(39,381)	(70,703)
Other movements	(971)	(96)	148,996	147,929
Total	1,097,670	589,055	2,018,804	3,705,529

CREDIT RISK (continued)

Capital Treatment for Credit Risk

Details on RWA and capital requirements related to Credit Risk are disclosed separately for CIMB Bank in Table 2. Details on the disclosure for portfolios under the SA and the IRB Approach are in the sections that follow.

Credit Risk – Disclosure for Portfolios under the SA

Credit exposures under SA are mainly exposures where the IRB Approach is not applicable or exposures that will eventually adopt the IRB Approach. Under SA, the regulator prescribes the risk weights for all asset types.

Exposures which are rated externally relate to sovereign and central banks while the unrated exposures relate to personal financing and other exposures. The Group applies external ratings for credit exposures under SA from S&P, Moody's, Fitch, RAM, MARC and R&I. CIMB Group follows the process prescribed under BNM's guidelines on CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) to map the ratings to the relevant risk weights for computation of regulatory capital.

The following tables present the credit exposures by risk weights and after credit risk mitigation:

BASEL II PILLAR 3 DISCLOSURE FOR 2025

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the SA (continued)

Table 14: Disclosure by Risk Weight under SA

2025													CIMB Bank	
(RM'000) Risk Weights	Sovereign / Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/Takaf ul Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages /RRE Financing	Higher Risk Assets	Other Assets	Securitisation *	Equity	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets	
0%	73,709,978	9,530,141	1,054,620	-	14,027	244,516	-	-	3,593,646	-	-	88,146,928	-	
20%	1,250,856	54,972	102,070	41,802	496,819	2,949,780	-	-	-	321,602	-	5,217,900	1,043,580	
35%	-	-	-	-	-	-	2,246,803	-	-	-	-	2,246,803	786,381	
50%	1,778,719	-	662,084	382,826	1,748,104	3,237,588	121,542	-	-	-	-	7,930,863	3,965,432	
75%	-	-	-	-	-	9,981,455	-	-	1,958,327	-	-	11,939,783	8,954,837	
100%	-	-	-	657,032	6,141,117	1,414,662	14,232	-	3,684,280	-	79,518	11,990,841	11,990,841	
100% < RW < 1250%	-	-	-	-	97,444	426,926	-	1,873,656	-	-	-	2,398,026	3,521,702	
1250%	-	-	-	-	101,851	-	-	-	-	-	-	101,851	1,273,138	
Total	76,739,554	9,585,114	1,818,774	1,081,659	8,599,361	18,254,927	2,382,577	1,873,656	9,236,254	321,602	79,518	129,972,995	31,535,910	
Average Risk Weight	1%	0%	19%	79%	99%	64%	36%	150%	56%	20%	100%	24%		
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

*The total includes the portion which is deducted from Capital Base, if any.

BASEL II PILLAR 3 DISCLOSURE FOR 2025

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the SA (continued)

Table 14: Disclosure by Risk Weight under SA (continued)

2024												CIMB Bank	
(RM'000) Risk Weights	Sovereign / Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/Takaf ul Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages /RRE Financing	Higher Risk Assets	Other Assets	Securitisation *	Equity	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	73,021,819	9,500,000	298,514	-	25,185	479,852	-	-	3,618,581	-	-	86,943,951	-
20%	1,055,868	85,787	123,968	56,545	466,849	2,964,844	-	-	-	308,089	-	5,061,948	1,012,390
35%	-	-	-	-	-	-	2,108,713	-	-	-	-	2,108,713	738,050
50%	1,797,693	-	649,625	1,280,392	1,564,598	2,553,073	122,458	-	-	-	-	7,967,839	3,983,920
75%	-	-	-	-	-	9,538,687	11	-	1,984,415	-	-	11,523,112	8,642,334
100%	-	-	0	968,131	6,216,123	1,101,752	15,056	-	3,014,740	-	54	11,315,854	11,315,854
100% < RW < 1250%	-	-	-	-	72,930	329,553	-	1,770,044	-	-	-	2,172,528	3,201,277
1250%	-	-	-	-	101,851	-	-	-	-	-	-	101,851	1,273,138
Total	75,875,381	9,585,787	1,072,106	2,305,068	8,447,536	16,967,759	2,246,238	1,770,044	8,617,736	308,089	54	127,195,797	30,166,962
Average Risk Weight	1%	0%	33%	70%	100%	62%	36%	150%	52%	20%	100%	24%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	

*The total includes the portion which is deducted from Capital Base, if any.

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the SA (continued)

The following tables present the non-retail credit exposures before the effect of credit risk mitigation, according to ratings by ECAIs:

Table 15: Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs

2025		CIMB Bank		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	9,585,154	9,585,154
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,842,781	-	596,281	2,439,062
Corporate	14,739	43,177	13,870,835	13,928,750
Sovereign/Central Banks	72,968,557	-	3,770,997	76,739,554
Banks, MDBs and DFIs	1,818,774	-	-	1,818,774
Total	76,644,850	43,177	27,823,267	104,511,294

2024		CIMB Bank		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	9,585,840	9,585,840
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,722,749	-	896,222	2,618,972
Corporate	6,772	110,731	13,247,164	13,364,667
Sovereign/Central Banks	70,671,238	-	5,204,143	75,875,381
Banks, MDBs and DFIs	1,072,106	-	-	1,072,106
Total	73,472,866	110,731	28,933,370	102,516,966

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the SA (continued)

Table 16: Disclosures of Securitisation under SA according to Ratings by ECAIs

2025		CIMB Bank		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Securitisation	321,602	-	-	321,602

2024		CIMB Bank		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Securitisation	308,089	-	-	308,089

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach

CIMB Bank adopts the A-IRB Approach for its retail exposures and F-IRB Approach for its non-retail exposures. The IRB Approach allows CIMB Bank to adopt various rating systems to measure its credit risk for both retail and non-retail exposures. The internal risk rating systems are used not only for regulatory capital purposes, but also for credit approval and risk management reporting.

For retail exposures, application scorecards are integral to the credit approval process. Credit officers use scorecard outputs in the determination of approval of a credit application. Behavioural scorecards are used to determine the future conduct of the account for collection and portfolio management purposes.

For non-retail exposures, internal ratings are used to assist approving committees in making informed decisions for credit applications.

Models used in internal rating systems are subject to strict governance and controls. Models are developed and maintained by Group Risk with input from business units and Credit Risk CoE to ensure that relevant material risks are captured. Models are also subject to Model Risk Management Working Group deliberation followed by internal model governance prior to implementation. Post-implementation, models are subject to regular performance monitoring to ensure that they continue to perform as expected and associated risk parameters remain appropriate.

New models are assessed by the Validation Team, which is independent from the development team, to ensure robustness of the model development process, completeness of the documentation, and accuracy of the risk estimates. The validation exercise also ensures that the models meet regulatory standards. Existing models are assessed on an annual basis by the validation team to ensure that the models continue to be appropriate and the risk estimates continue to be accurate.

Retail Exposures

Retail exposures is a portfolio large in numbers and are similarly managed due to its homogeneous characteristics. This applies to both exposures to individuals as well as exposures to small businesses which are managed on a pooled basis. The exposure of a single retail facility is typically low and usually referred to as program lending/ financing.

Retail exposures covered under the A-IRB Approach include Credit Cards, Auto Financing, Xpress Cash Financing-i, Residential Mortgages, Business Premises Loans/Financing and ASB Financing. The PDs of these exposures are typically estimated from the outputs of application scorecards for new customers and behavioural scorecards for existing customers. The models deployed for retail portfolios include application, behavioural, PD, LGD and EAD segmentation models.

a) PD, LGD and EAD Segmentation Models for Retail Exposures

The risk estimates are generally developed based on internal historical data and complies with BNM guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets). However, in instances of insufficient historical data, the respective model risk estimate is developed based on expert judgement or available industry data with margin of conservatism.

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures (continued)

PD Calibration

- PD is defined as the probability of a borrower/customer defaulting within a one-year time horizon.
- PD estimated for each pool must be representative of the long-term average. In the event the internal historical data is not sufficient to cover an economic cycle, appropriate adjustment (via Cycle Scaling Factor) will be incorporated based on proxy data which are relevant and of longer history to derive the long-term average PD, which is normally referred to as “Central Tendency”.

EAD Estimation

- EAD represents the expected level of usage of the facility when default occurs.
- The EAD for retail exposures is generally based on the respective portfolio’s summed outstanding exposure including any undrawn balances, and for revolving exposures such as credit cards the EAD estimation includes the estimated net additional drawings over the next 12 months.

LGD Estimation

- LGD is the estimated amount of loss expected if a loan/financing defaults, calculated as a percentage of EAD. The value depends on the collateral (if any) and other factors such as internal, external, direct and indirect costs associated with recoveries.
- LGD for retail exposures is estimated based on historical internal data and the following sources of recoveries are incorporated into the estimation:
 - (i) Regularisation of defaulted accounts.
 - (ii) Sale proceeds from collaterals.
 - (iii) Cash receipts from borrowers/customers.

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures (continued)

The following tables summarise the retail credit exposures measured under A-IRB Approach as at 31 December 2025 and 31 December 2024:

Table 17: Retail Exposures under the IRB Approach by PD Band

2025	CIMB Bank			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
Total Retail Exposure	93,378,802	18,214,478	1,890,344	113,483,624
Residential Mortgage/RRE Financing	61,790,032	6,351,354	1,348,121	69,489,506
QRRE	10,288,972	4,052,677	276,756	14,618,404
Hire Purchase	2,665,731	2,918,484	79,449	5,663,665
Other Retail	18,634,067	4,891,963	186,018	23,712,049
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	18%	22%	30%	
QRRE	89%	89%	90%	
Hire Purchase	44%	51%	52%	
Other Retail	19%	25%	34%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	9%	81%	324%	
QRRE	25%	143%	703%	
Hire Purchase	53%	87%	254%	
Other Retail	18%	39%	157%	

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures (continued)

Table 17: Retail Exposures under the IRB Approach by PD Band (continued)

2024	CIMB Bank			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
Total Retail Exposure	92,877,718	16,981,083	1,944,964	111,803,765
Residential Mortgage/RRE Financing	62,114,916	6,382,798	1,404,503	69,902,218
QRRE	9,836,162	4,000,822	162,199	13,999,184
Hire Purchase	2,488,454	3,010,086	78,982	5,577,522
Other Retail	18,438,185	3,587,377	299,280	22,324,842
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	18%	22%	31%	
QRRE	89%	89%	89%	
Hire Purchase	44%	52%	51%	
Other Retail	20%	19%	33%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	10%	81%	188%	
QRRE	19%	119%	467%	
Hire Purchase	53%	88%	269%	
Other Retail	13%	31%	121%	

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Retail Exposures (continued)

Table 18: Retail Exposures under the IRB Approach by Expected Loss Range

2025	CIMB Bank			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
Total Retail Exposure	98,601,136	14,834,526	47,961	113,483,624
Residential Mortgage/RRE Financing	65,659,531	3,815,008	14,967	69,489,506
QRRE	8,440,743	6,174,607	3,054	14,618,404
Hire Purchase	3,363,738	2,290,377	9,550	5,663,665
Other Retail	21,137,124	2,554,534	20,391	23,712,049
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	18%	26%	34%	
QRRE	89%	89%	90%	
Hire Purchase	42%	57%	52%	
Other Retail	20%	28%	81%	

2024	CIMB Bank			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
Total Retail Exposure	99,813,507	11,912,958	77,301	111,803,765
Residential Mortgage/RRE Financing	66,030,234	3,854,231	17,752	69,902,218
QRRE	9,749,419	4,246,893	2,872	13,999,184
Hire Purchase	3,245,455	2,324,414	7,653	5,577,522
Other Retail	20,788,399	1,487,420	49,024	22,324,842
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	18%	26%	40%	
QRRE	89%	89%	90%	
Hire Purchase	42%	58%	50%	
Other Retail	19%	29%	64%	

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Non-retail Exposures

Non-retail exposures covered under the F-IRB Approach include corporates (Specialised Lending/Financing uses supervisory slotting criteria), SMEs and banks. The PDs of these exposures are estimated from internal ratings assigned across a spectrum of risk levels on a master scale. Each internal rating has a corresponding 1-year average PD and a likely corresponding regulatory loan/financing classification. The LGDs of these exposures are assigned as per the CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets); that is an unsecured LGD of 45% for senior exposures and 75% for subordinated exposures, which can be adjusted if there are Basel eligible collateral.

The process by which an internal rating is assigned to an obligor is governed by the Group Credit Risk Rating Methodology. Firstly, a risk model uses a weighted combination of quantitative and qualitative risk factors to generate an initial rating. The quantitative risk factors and weights are derived through statistical techniques and the qualitative risk factors and weights are derived through deliberation with credit experts. The initial rating may subsequently be upgraded or downgraded based on a predefined set of criteria, such as quality of financial statements and support from a parent entity. Finally, an approving authority deliberates before deciding on a final rating. If a facility is guaranteed by one or more corporate guarantors, then the framework recognises the credit risk mitigation by substituting the obligor rating with the corporate guarantor’s rating.

The following tables summarise the non-retail credit exposures measured under F-IRB Approach as at 31 December 2025 and 31 December 2024:

Table 19: Credit Exposures Subject to Supervisory Risk Weight under IRB Approach

2025	CIMB Bank					
(RM '000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	275,736	4,245,369	-	1	-	4,521,106
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	3,472,733	8,058,815	272,079	470,989	68,827	12,343,444
RWA	2,246,702	9,991,546	312,891	1,177,475	-	13,728,614

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Non-retail Exposures (continued)

Table 19: Credit Exposures Subject to Supervisory Risk Weight under IRB Approach (continued)

2024	CIMB Bank					
(RM '000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	605,692	2,894,231	17,651	-	-	3,517,574
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	2,579,355	8,248,321	566,297	633,386	98,022	12,125,381
RWA	1,750,464	9,060,122	671,541	1,583,464	-	13,065,591

CIMB Bank has no exposure to High Volatility Commercial Real Estate and Equities under the Supervisory Slotting Criteria.

Table 20: Non-Retail Exposures under IRB Approach by Risk Grades

2025	CIMB Bank				
(RM'000) Internal Risk Grading	1 - 7	8 - 15	16 - 25	Default	Total
Total Non-Retail Exposure	54,898,093	71,772,952	16,600,078	1,902,696	145,173,820
Sovereign/Central Banks	-	-	-	-	-
Bank	28,757,893	9,337,832	348,432	0	38,444,158
Corporate (excluding Specialised Lending/ Financing)	26,140,200	62,435,120	16,251,646	1,902,696	106,729,662
Exposure Weighted Average LGD					
Sovereign/Central Banks	-	-	-	-	
Bank	44%	43%	45%	45%	
Corporate (excluding Specialised Lending/ Financing)	45%	42%	34%	42%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	-	-	-	-	
Bank	15%	33%	145%	-	
Corporate (excluding Specialised Lending/ Financing)	20%	63%	98%	0%	

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Non-retail Exposures (continued)

Table 20: Non-Retail Exposures under IRB Approach by Risk Grades (continued)

2024	CIMB Bank				
(RM'000) Internal Risk Grading	1 - 7	8 - 15	16 - 25	Default	Total
Total Non-Retail Exposure	55,722,986	72,891,015	17,475,351	3,048,112	149,137,464
Sovereign/Central Banks	-	-	-	-	-
Bank	27,680,745	9,328,543	654,178	152	37,663,618
Corporate (excluding Specialised Lending/ Financing)	28,042,241	63,562,472	16,821,173	3,047,959	111,473,846
Exposure Weighted Average LGD					
Sovereign/Central Banks	-	-	-	-	
Bank	44%	45%	45%	45%	
Corporate (excluding Specialised Lending/ Financing)	45%	40%	35%	43%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	-	-	-	-	
Bank	15%	33%	137%	-	
Corporate (excluding Specialised Lending/ Financing)	21%	60%	101%	-	

CREDIT RISK (continued)

Credit Risk – Disclosure for Portfolios under the IRB Approach (continued)

Expected Losses versus Actual Losses by Portfolio Types

The following table summarises the expected losses versus actual losses by portfolio type:

Table 21: Analysis of Expected Losses versus Actual Losses by Portfolio Types

CIMB Bank				
(RM'000) Exposure Class	2025		2024	
	Regulatory Expected Losses as at 31 December 2024	Actual Losses for the year ended 31 December 2025	Regulatory Expected Losses as at 31 December 2023	Actual Losses for the year ended 31 December 2024
Sovereign	-	-	-	-
Bank	31,625	0	18,798	0
Corporate	672,627	(68,976)	688,471	81,512
Mortgage/RRE Financing	258,171	327,650	250,428	303,515
HPE	395,065	54,086	367,868	50,528
QRRE	341,656	94,538	348,566	85,032
Other Retail	99,901	23,537	111,604	50,751
Total	1,799,046	430,835	1,785,736	571,338

Actual loss refers to impairment provisions and direct write-offs, if any during the year.

On the other hand, EL measures the loss expected from non-defaulted exposures at the start of the year. It is computed based on the risk parameters of the adopted IRB Approach. While a comparison of actual losses and EL provides some insight of the predictive power of the IRB Approach models used by the Group, the two metrics are not directly comparable due to the differences in methodology.

CREDIT RISK (continued)

Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure Method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

i) **Credit Risk Mitigation**

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into CSA with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC or the relevant credit approving authority.

ii) ***Treatment of Rating Downgrade***

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2025 and 31 December 2024 there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

The following tables disclose the Off-Balance Sheet exposures and CCR as at 31 December 2025 and 31 December 2024:

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 22: Disclosure on Off-Balance Sheet Exposures and CCR

2025	CIMB Bank			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	3,856,475		3,856,475	2,030,043
Transaction Related Contingent Items	4,378,440		2,189,220	1,106,828
Short Term Self Liquidating Trade Related Contingencies	2,277,847		455,569	160,232
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	2,895,042		2,895,107	148,844
Foreign Exchange Related Contracts				
One year or less	23,607,866	162,419	457,628	169,423
Over one year to five years	992,894	11,406	64,541	59,756
Over five years	-	-	-	-
Interest/Profit Rate Related Contracts				
One year or less	1,907,586	25,481	42,023	17,463
Over one year to five years	11,213,769	200,183	465,502	236,780
Over five years	624,268	6,362	57,205	38,902
Equity Related Contracts				
One year or less	391,485	814	24,303	21,619
Over one year to five years	468,476	13,712	51,190	38,686
Over five years	-	-	-	-
Commodity Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	638,740,931	2,426,464	9,856,231	2,262,566

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 22: Disclosure on Off-Balance Sheet Exposures and CCR (continued)

2025	CIMB Bank			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	29,483,452		25,612,665	9,503,515
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	160,822		120,504	52,562
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	100,300,469		-	-
Unutilised credit card lines	26,616,960		7,367,687	2,188,387
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	847,916,783	2,846,841	53,515,851	18,035,606

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 22: Disclosure on Off-Balance Sheet Exposures and CCR (continued)

2024	CIMB Bank			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	3,435,869		3,435,869	1,647,421
Transaction Related Contingent Items	4,030,450		2,015,225	1,175,584
Short Term Self Liquidating Trade Related Contingencies	3,443,726		688,745	215,307
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	3,894,583		3,894,612	214,820
Foreign Exchange Related Contracts				
One year or less	26,115,718	223,219	520,332	170,297
Over one year to five years	386,949	2,894	28,167	31,725
Over five years	-	-	-	-
Interest/Profit Rate Related Contracts				
One year or less	1,398,626	3,443	10,628	5,224
Over one year to five years	10,247,595	47,678	357,980	196,389
Over five years	838,080	6,305	74,562	54,704
Equity Related Contracts				
One year or less	122,052	799	8,122	7,287
Over one year to five years	673,479	1,354	55,233	58,185
Over five years	-	-	-	-
Commodity Contracts				
One year or less	2,272	369	596	579
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	965,729,199	2,321,497	11,760,135	2,850,233

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 22: Disclosure on Off-Balance Sheet Exposures and CCR (continued)

2024	CIMB Bank			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	25,306,844		22,322,886	7,701,660
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	79		16	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	102,678,315		-	-
Unutilised credit card lines	25,610,983		7,028,370	1,822,256
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	1,173,914,821	2,607,558	52,201,478	16,151,672

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR

The table below shows the credit derivative transactions that create exposures to CCR (notional value) segregated between own use and client intermediation activities:

Table 23: Disclosure on Credit Derivative Transactions

(RM'000)	CIMB Bank			
	2025		2024	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	1,019,761	951,676	854,707	1,381,187
Client Intermediation Activities	19,900	-	19,900	-
Total	1,039,661	951,676	874,607	1,381,187
Credit Default Swaps	1,019,761	951,676	854,707	1,381,187
Total Return Swaps	19,900	-	19,900	-
Total	1,039,661	951,676	874,607	1,381,187

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support, form an integral part of the credit risk management process. Credit risk mitigants are taken, where possible, and are considered secondary recourse to the obligor for the credit risk underwritten.

i) Collaterals/Securities

All extension of secured credit facilities deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy/standard. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a procedure for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

CREDIT RISK (continued)

Credit Risk Mitigation (continued)

iii) Netting

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

iv) Portfolio diversification for better clarity

The Group avoids unwanted credit or market risk concentrations by diversifying our portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

The following tables summarise the extent of which exposures are covered by eligible credit risk mitigants as at 31 December 2025 and 31 December 2024:

Table 24: Disclosure on Credit Risk Mitigation

2025	CIMB Bank			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	76,739,554	-	-	-
Public Sector Entities	9,585,154	9,530,141	41	-
Banks, DFIs & MDBs	40,262,931	-	1,750,918	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,155,233	-	73,573	-
Corporate	136,808,638	4,934,594	10,552,426	15,713,819
Residential Mortgages/RRE Financing	70,562,456	-	47,644	-
Qualifying Revolving Retail	14,341,648	-	-	-
Hire Purchase	5,584,216	-	-	-
Other Retail	42,615,099	5,277,176	1,008,028	-
Securitisation	321,602	-	-	-
Equity	79,518	-	-	-
Higher Risk Assets	1,873,656	-	-	-
Other Assets	9,236,254	-	-	-
Defaulted Exposures	2,301,235	45,434	35,932	431,255
Total Exposures	411,467,194	19,787,346	13,468,563	16,145,074

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

CREDIT RISK (continued)

Credit Risk Mitigation (continued)

Table 24: Disclosure on Credit Risk Mitigation (continued)

2024	CIMB Bank			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	75,875,381	-	-	-
Public Sector Entities	9,585,840	9,500,000	53	-
Banks, DFIs & MDBs	38,735,572	-	1,011,639	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,618,972	-	313,904	-
Corporate	138,909,868	4,136,299	12,896,868	14,259,914
Residential Mortgages/RRE Financing	70,745,228	-	11,266	-
Qualifying Revolving Retail	13,836,984	-	-	-
Hire Purchase	5,498,540	-	-	-
Other Retail	39,841,894	4,997,365	983,961	-
Securitisation	308,089	-	-	-
Equity	54	-	-	-
Higher Risk Assets	1,770,044	-	-	-
Other Assets	8,617,736	-	-	-
Defaulted Exposures	2,715,408	33,232	37,119	445,391
Total Exposures	409,059,609	18,666,896	15,254,810	14,705,306

The type of collateral recognised in each asset class is in accordance to the approach adopted in computing the RWA. The CRM shown is computed after taking into account the haircut as prescribed by the guidelines. For assets under SA, only financial collateral and guarantee are recognised. For assets under F-IRB Approach, guarantee, financial collateral and other eligible collateral are recognised. For assets under A-IRB Approach, the collateral has been taken into consideration in the computation of LGD, hence, excluded from the CRM disclosure.

SECURITISATION

The Role CIMB Plays in the Securitisation Process

In the course of its business, CIMB Group has undertaken securitisations of its own originated assets as a means of diversifying funding source, as well as advised on securitisations of third party assets as part of its regional debt capital markets services for its clients.

CIMB Group securitises its own assets in order to, amongst others, manage credit risk and to manage term funding for CIMB Group’s balance sheet. Typically, CIMB Group undertakes the following roles in the securitisation activities (either singularly or in combination):

- Originator and servicer of securitised assets
- Asset-backed securities marketing, syndication and trading
- Provider of liquidity facilities to self-originated and third-party transactions
- Investor of third-party securitisations (where CIMB is not originator or sponsor)

Disclosure on Securitisation for Banking Book

The following tables show the disclosure on Securitisation for Banking Book for 31 December 2025 and 31 December 2024:

Table 25: Disclosure on Securitisation for Banking Book

2025 (RM'000)	CIMB Bank			
Underlying Asset	Total Exposures Securitised	Past Due	Impaired	Gains/(Losses) Recognised during the year
TRADITIONAL SECURITISATION (Banking Book) Originated by the Banking Institution				
Hire Purchase Exposure	-	-	-	-

2024 (RM'000)	CIMB Bank			
Underlying Asset	Total Exposures Securitised	Past Due	Impaired	Gains/(Losses) Recognised during the year
TRADITIONAL SECURITISATION (Banking Book) Originated by the Banking Institution				
Hire Purchase Exposure	-	-	-	-

SECURITISATION (continued)

Disclosure on Securitisation under the SA for Banking Book

The tables below represent the disclosure on Securitisation under the SA for Banking Book:

Table 26: Disclosure on Securitisation under the SA for Banking Book Exposures

2025		CIMB Bank										
Exposure Class (RM'000)	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures							Unrated (Look Through)		
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
Traditional Securitisation (Banking Book)												
<i>Non-originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	321,602	-	-	-	321,602	-	-	-	-	-	-	64,320
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-

SECURITISATION (continued)

Disclosure on Securitisation under the SA for Banking Book

Table 26: Disclosure on Securitisation under the SA for Banking Book Exposures (continued)

2025	CIMB Bank											
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<i>Originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	-	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	321,602	-	-	-	321,602	-	-	-	-	-	-	64,320

SECURITISATION (continued)

Disclosure on Securitisation under the SA for Banking Book

Table 26: Disclosure on Securitisation under the SA for Banking Book Exposures (continued)

2024	CIMB Bank											
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
Traditional Securitisation (Banking Book)												
<i>Non-originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	308,089	-	-	-	308,089	-	-	-	-	-	-	61,618
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-

SECURITISATION (continued)

Disclosure on Securitisation under the SA for Banking Book

Table 26: Disclosure on Securitisation under the SA for Banking Book Exposures (continued)

2024	CIMB Bank											
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<i>Originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	-	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	308,089	-	-	-	308,089	-	-	-	-	-	-	61,618

SECURITISATION *(continued)*

Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge

Table 27: Disclosure on Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge

As at 31 December 2025 and 31 December 2024, CIMB Bank has no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

MARKET RISK

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market Risk Management

The Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The Group adopts various measures as part of the risk management process. The GRCC with the assistance of GMCRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework. Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by Market Risk Management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities in relation to changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

MARKET RISK (continued)

Capital Treatment for Market Risk

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

Details on RWA and capital requirements related to Market Risk are disclosed separately for CIMB Bank for the following in Table 2:

- Interest Rate Risk/Profit Rate Risk;
- Foreign Currency Risk;
- Equity Risk;
- Commodity Risk; and
- Options Risk.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks.

Operational Risk encompasses, among others, Fraud, Third Party, and Business Continuity Risks, as outlined below:

- **Fraud Risk** is the risk of loss resulting from a deliberate act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify in order to: (i) obtain unlawful, illegal or unfair personal advantages, (ii) induce another person or persons to surrender willingly or unwillingly a legal right or possession or (iii) cause harm to damage another person or persons, resulting in a loss.
- **Third Party Risk** is the risk emanating from third parties that may result in a disruption to business operations, financial loss or reputational damage if the Group fails to appropriately manage the risks arising from its third-party arrangements or fails to comply with applicable third party or outsourcing regulations.
- **Business Continuity Risk** is the risk of business disruption and failure to establish, maintain, or appropriate business continuity management measures (including inadequate business continuity plans) as well as to comply with applicable regulatory requirements, including the ability to recover business services or operations within the Bank's maximum tolerable downtime.

Operational Risk Management Oversight

The NFRM CoE, within GRD, provides the methodology, tools and processes for the identification, assessment, reporting, and management of operational risks by the respective risk owners across our Group. Identified risks are rated using a defined risk rating methodology applied across our Group's Three Lines-of-Defence. The NFRM CoE also independently oversees the identification and monitoring of operational risk and controls that reside within the first line-of-defence.

Monitoring of the identified risks is primarily done through the Operational Risk Committee or relevant risk management committees operating in each material geography. These committees report to the relevant functional or country level committees.

GORRC is a Group-level committee tasked with overseeing the operational risk framework and policies to ensure they are appropriate for the size and complexity of the current and future operations of CIMB Group, and to make recommendations to our GRCC for approval. GORRC oversees and monitors the overall operational risk control environment of CIMB Group and reports to our GRCC on material operational and reputational risks.

OPERATIONAL RISK (continued)

Operational Risk Management Oversight (continued)

In addition to the GORRC, CIMB Group has established specific oversight committee to look into specialised areas of Fraud, Third Party and Business Continuity Risks.

Operational Risk Management Approach

CIMB Group recognises that the key determinant for a well-managed banking operation is to cultivate an organisation-wide risk management discipline and culture. The Group manages operational risks through the following key measures:

- i) Sound risk management practices in accordance with Basel regulatory guidelines;
- ii) Management oversight ;
- iii) Well-defined responsibilities for all personnel concerned;
- iv) Relevant framework, policies and procedures:
- v) Establishment of a risk management culture; and
- vi) Deployment of Operational Risk Management (ORM) tools that include:
 - Operational Event and Loss Data Management;
 - Risk & Control Self-Assessment;
 - Control Issue Management;
 - Key Risk Indicators;
 - Product Approval Process;
 - Business Impact Analysis and Risk Assessment;
 - Third Party Materiality & Risk Assessment; and
 - Scenario Analysis.

These tools form part of the operational risk framework that allows our Group, to effectively identify, measure, mitigate and report its operational risks. Each material division of our Group self-assesses its internal risks and control environment rating, and reports key control deficiencies with remediation plans.

The NFRM CoE continues to leverage on data analytics via its established Group-wide Operational Risk Dashboards to facilitate regional standardisation and prioritisation of risk issues. Comprehensive Key Risk Indicator dashboards that significantly enhance risk sensing, particularly emerging risk trends and monitoring coverage capabilities, are also in place to facilitate oversight over key risk areas. These dashboards are continuously enhanced and calibrated to strengthen risk management by generating pre-emptive actionable insights.

Each new product and product variation, including changes to the product related process flow, is subjected to rigorous risk review, in which all critical and relevant risk areas are appropriately identified and assessed independently of the risk takers or product owners.

The promotion of a risk management culture within our Group, in which integrity and honesty are non-negotiable, remains the core theme of our operational risk awareness program. Additionally, the e-learning module on ORM has further enhanced the staff awareness of operational risk.

Capital Treatment for Operational Risk

The Group adopts the Standardised Approach to compute operational risk capital requirement under BNM's guidelines on Capital Adequacy Framework (Operational Risk).

Details on RWA and capital requirements related to Operational Risk are disclosed in Table 2.

EQUITY EXPOSURES IN BANKING BOOK

The Group’s banking book equity investments consist of:

- i) Strategic stakes in entities held as part of growth initiatives and/or in support of business operations; and
- ii) Investments held for yield and/or long-term capital gains.

The Group’s and CIMB Bank’s banking book equity investments are measured at fair value in accordance with Malaysian Financial Reporting Standards.

Realised and unrealised gains or losses arising from sales and liquidations of equities for CIMB Bank for the year ended 31 December 2025 and 31 December 2024 is as follows:

Table 28: Realised Gains/(Losses) from Sales and Liquidations, and Unrealised Gains of Equities

(RM'000)	CIMB Bank	
	2025	2024
<u>Realised gains recognised</u>		
Shares, private equity funds and unit trusts	-	85,270
<u>Unrealised (losses)/gains recognised in other comprehensive income</u>		
Shares, private equity funds and unit trusts	(100,333)	1,757
	2025	2024
<u>Cumulative unrealised gains as at reporting period</u>		
Shares, private equity funds and unit trusts	52,770	151,975

The following table shows an analysis of equity investments by appropriate equity groupings and risk weighted assets as at 31 December 2025 and 31 December 2024:

Table 29: Analysis of Equity Investments by Grouping and RWA

(RM'000)	CIMB Bank			
	2025		2024	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	1,873,656	2,810,485	1,770,044	2,655,066
Publicly traded	79,518	79,518	54	54
Total	1,953,174	2,890,003	1,770,098	2,655,120

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

IRRBB/RORBB is defined as the current and potential risk to the Group's earnings and economic value arising from movement of interest rates/profit rates.

IRRBB/RORBB Management

The Group manages its banking book exposure to fluctuations in the interest rates or profit rates in accordance with Board approved policies and framework. Oversight of IRRBB / RORBB is exercised through GALCO, a board-delegated committee which reports to the GRCC. The Group's IRRBB/RORBB profile is managed within a risk appetite framework set by the Board. The risk appetite defines the acceptable level of risk to be assumed by the Group. With support from Group Risk-ALM COE, EXCO Balance Sheet Management under Group Corporate Treasury and Group Finance-Capital Management, GALCO is responsible for steering the Group's balance sheet and hedging strategies and monitoring the overall interest rate risk/rate of return risk in the banking book profile to ensure compliance within the established risk appetite. IRRBB/RORBB exposures are assessed using balance sheet forecasts and relevant risk drivers, which are projected to support business planning and hedging strategies. Treasury & Markets, together with EXCO Balance Sheet Management and Capital Management, are responsible for the day-to-day management of exposures and gapping activities including execution of hedging strategies.

IRRBB is measured by:

- **Economic Value of Equity sensitivity:**
Measures the long-term impact of sudden interest rate/profit rate movement across the full maturity spectrum of the Group's assets and liabilities. It defines and quantifies interest rate risk/rate of return risk as the change in the economic value of equity (e.g. present value of potential future earnings and capital) as asset portfolio values and liability portfolio values would rise and fall with changes in interest rates/profit rates. This measure helps the Group to quantify the risk and impact on capital with the focus on current banking book positions.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/ profit rate shock is applied. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing are profiled based on core balance assumptions. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (continued)

IRRBB Management (continued)

The table below illustrates CIMB Bank’s IRRBB under a 100 bps parallel upward interest rate/profit rate shock from economic value perspective:

Table 30: IRRBB – Impact on Economic Value

(RM'000)	CIMB Bank	
	2025	2024
Currency	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(2,231,561)	(2,587,189)
US Dollar	(393,808)	(261,342)
Thai Baht	267	405
Singapore Dollar	(243,551)	(190,012)
Others	(110,354)	(103,098)
Total	(2,979,007)	(3,141,236)

- Earnings-at-Risk:

The potential impact of interest/profit rate changes on the Bank’s accruing or reported earnings. It focuses on risk-to-earnings in the near term, typically the next one year. Fluctuations in interest rates/profit rates generally affect reported earnings through changes in the Bank’s net interest/profit income, which is the difference between total interest/profit income earned from assets and total interest/profit expense incurred from liabilities. The Group’s EAR is applied to the flat balance sheet position with product pricing strategies.

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest rate/profit rate shock is applied to the static balance sheet positions. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing are profiled based on core balance assumptions. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (continued)

IRRBB Management (continued)

The table below illustrates CIMB Bank's IRRBB under a 100 bps parallel upward interest rate/profit rate shock from the earnings perspective:

Table 31: IRRBB – Impact on Earnings

(RM'000)	CIMB Bank	
	2025	2024
Currency	+100bps Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	(30,331)	16,261
US Dollar	(359,463)	(253,378)
Thai Baht	(589)	(624)
Singapore Dollar	(24,350)	(113,618)
Others	(7,003)	57,410
Total	(421,736)	(293,949)

SUSTAINABILITY RISK

Sustainability risk is defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employee.

The Sustainability Governance Framework defines the roles and responsibilities of Board, management and the rest of the organisation in fulfilling our aspiration to become a high performing purpose-driven organisation to help advance customers and society. The framework also aims to ensure that sustainability-related risks are effectively identified, assessed and managed in a timely manner, while improving transparency through disclosures and reporting to promote overall accountability. The Sustainability Governance Framework, including the sustainability operating model, sustainability risk management framework, as well as policies and procedures, are regularly reviewed and strengthened to ensure continued relevance in view of emerging risks and evolving stakeholder priorities.

Three main policies ensure proper governance and management of sustainability risks across the Group. These are:

- The Group Sustainability Policy (GSP) outlines our overarching principles and approach to sustainability, covering sustainability and climate-related risk management, strategy in achieving net zero within the Group's operations, sustainable procurement, governance and reporting of Green, Social, Sustainable Impact Products and Services (GSSIPS), effective sustainability communication and reporting. The Policy sets out how sustainability is embedded across the Group's strategy, operations and decision-making processes, including oversight by relevant Management and Board committees.
- Group Sustainable Financing Policy (GSFP) guides the integration of environmental and social (E&S) considerations into financing and capital-raising activities. The Policy provides a structured framework for assessing clients and transactions, supporting the identification and management of E&S risks and advancing sustainable finance solutions aligned with regional and international best practices.
- Group Human Rights Policy (GHR) articulates CIMB's commitment to upholding human rights across its value chain. The Policy outlines how key human rights risks are identified and managed, and strengthens due diligence, grievance and remediation processes. It also enables stakeholders, including employees, clients, suppliers and communities, to raise concerns and seek appropriate redress.

[END OF SECTION]