

Basel II Pillar 3 Disclosure for 2025

- **CIMB Investment 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 other non-financial subsidiaries
CIMBISLG	: CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd
CIMBIBG	: CIMB Investment Bank Berhad and other 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
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

These 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

The disclosures herein are formulated in accordance with the requirements of BNM's guidelines on RWCAF (Basel II) – Disclosure Requirements (Pillar 3). The 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 IB 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 IB 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). 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 of CIMB IB.

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.

RISK MANAGEMENT OVERVIEW (continued)

Enterprise Wide Risk Management Framework (continued)

The key features of the Group EWRM framework include:

e) Risk Management Infrastructure

- 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.
- 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.

RISK MANAGEMENT OVERVIEW (continued)

Risk Governance (continued)

- 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.
- 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.

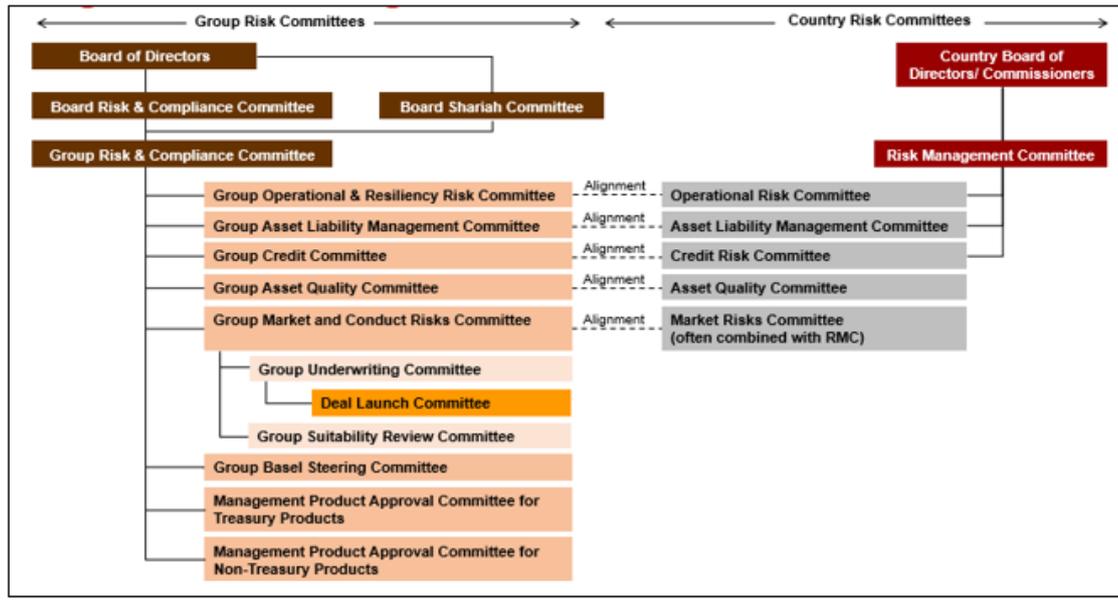
RISK MANAGEMENT OVERVIEW (continued)

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 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. It 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)*

Risk Governance (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.
- (ii) The Risk CoEs consist of Asset Liability Management, Credit Risk , Market Risk, Non-Financial Risk Management (comprising Operational, Business Continuity, Technology, Third Party 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)

Risk Governance (continued)

The Roles of Group CRO and Group Risk Division (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 the Group EXCO who periodically assess and review 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 Investment Bank are computed in accordance with the Standardised approach (SA approach) for Credit Risk and Market Risk based on the Capital Adequacy Framework (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 18 December 2023. With effect from 1 January 2025, Operational Risk for CIMB Investment Bank is based on Standardised Approach as stipulated by Capital Adequacy Framework (Operational Risk) issued by BNM on 15 December 2023. The components of eligible regulatory capital are based on the Capital Adequacy Framework (Capital Components).

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

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

Table 1: Capital Position for CIMB Investment

(RM'000)	CIMB IB	
	2025	2024
Common Equity Tier 1 capital		
Ordinary share capital	100,000	100,000
Other reserves	560,569	551,911
Less: Proposed dividends	(89,780)	(81,400)
Common Equity Tier 1 capital before regulatory adjustments	570,789	570,511
<u>Less: Regulatory adjustments</u>		
Deferred tax assets	(16,895)	(15,627)
Investments in capital instruments of unconsolidated financial entities	(144,706)	(144,706)
Intangible assets	(19,993)	(24,079)
Common Equity tier 1 capital after regulatory adjustments / total Tier 1 capital	389,195	386,099
RWA		
Credit risk	87,336	77,000
Market risk	10,266	9,727
Operational risk	486,124	482,161
Total RWA	583,726	568,888
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	82.055%	82.178%
Tier 1 ratio	82.055%	82.178%
Total Capital ratio	82.055%	82.178%
After deducting proposed dividend		
Common Equity Tier 1 ratio	66.674%	67.869%
Tier 1 ratio	66.674%	67.869%
Total Capital ratio	66.674%	67.869%

Total Capital ratio decreased in 2025 compared to 2024 mainly due to increase in RWA; offset by higher retained earnings. The increase in RWA is mainly arising from higher Credit RWA, Market RWA and Operational RWA.

BASEL II PILLAR 3 DISCLOSURES FOR 2025

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 IB				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	378,616	378,616	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	118,819	118,819	24,952	24,952	1,996
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	15,295	15,295	15,640	15,640	1,251
Regulatory Retail	-	-	-	-	-
Residential Mortgages	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	46,749	46,749	46,744	46,744	3,740
Securitisation	-	-	-	-	-
Total Credit Risk	559,478	559,478	87,336	87,336	6,987
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			-	-	-
Foreign Currency Risk			10,266	10,266	821
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			10,266	10,266	821
Operational Risk			486,124	486,124	38,890
Total RWA and Capital Requirement			583,726	583,726	46,698

BASEL II PILLAR 3 DISCLOSURES FOR 2025

Capital Structure and Adequacy (continued)

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

2025	CIMB IB				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	10,017	10,017	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	95,073	95,073	19,015	19,015	1,521
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	97	97	97	97	8
Regulatory Retail	-	-	-	-	-
Residential Mortgages	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	4,600	4,600	4,600	4,600	368
Securitisation	-	-	-	-	-
Total Credit Risk	109,787	109,787	23,711	23,711	1,897
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			-	-	-
Foreign Currency Risk			-	-	-
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			-	-	-
Operational Risk			-	-	-
Total RWA and Capital Requirement			23,711	23,711	1,897

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

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

2024	CIMB IB				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	413,217	413,217	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	104,204	104,204	22,063	22,063	1,765
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	12,297	12,297	12,642	12,642	1,011
Regulatory Retail	-	-	-	-	-
Residential Mortgages	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	42,301	42,301	42,296	42,296	3,384
Securitisation	-	-	-	-	-
Total Credit Risk	572,019	572,019	77,000	77,000	6,160
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			-	-	-
Foreign Currency Risk			9,727	9,727	778
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			9,727	9,727	778
Operational Risk (BIA)			482,161	482,161	38,573
Total RWA and Capital Requirement			568,889	568,889	45,511

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

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

2024	CIMB IB				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	10,014	10,014	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	79,536	79,536	15,934	15,934	1,275
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	62	62	62	62	5
Regulatory Retail	-	-	-	-	-
Residential Mortgages	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	3,550	3,550	3,550	3,550	284
Securitisation	-	-	-	-	-
Total Credit Risk	93,163	93,163	19,547	19,547	1,564
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			-	-	-
Foreign Currency Risk			-	-	-
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			-	-	-
Operational Risk (BIA)			79,415	79,415	6,353
Total RWA and Capital Requirement			98,962	98,962	7,917

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.

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.

CREDIT RISK (continued)

Credit Risk Management (continued)

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 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.

CREDIT RISK (continued)

Credit Risk Management (continued)

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 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 IB's credit exposures by geographic region:

Table 3: Geographic Distribution of Credit Exposures

2025		CIMB IB			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	378,616	-	-	-	378,616
PSE	-	-	-	-	-
Bank	118,819	-	-	-	118,819
Corporate	15,295	-	-	-	15,295
Mortgage	-	-	-	-	-
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	-	-	-	-	-
Other Exposures	46,749	-	-	-	46,749
Total Gross Credit Exposure	559,478	-	-	-	559,478

2024		CIMB IB			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	413,217	-	-	-	413,217
PSE	-	-	-	-	-
Bank	104,204	-	-	-	104,204
Corporate	12,297	-	-	-	12,297
Mortgage	-	-	-	-	-
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	-	-	-	-	-
Other Exposures	42,301	-	-	-	42,301
Total Gross Credit Exposure	572,019	-	-	-	572,019

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

ii) Gross Credit Exposures by Sector

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

Table 4: Distribution of Credit Exposures by Sector

2025	CIMB IB											
(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 Communication	Finance, Insurance, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	30,112	40,935	-	73,330	156,986	77,253	-	-	378,616
PSE	-	-	-	-	-	-	-	-	-	-	-	-
Bank	-	-	-	-	-	-	-	118,819	-	-	-	118,819
Corporate	-	-	-	-	-	-	-	15,265	-	-	30	15,295
Mortgage	-	-	-	-	-	-	-	-	-	-	-	-
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-	-	46,749	46,749
Total Gross Credit Exposure	-	-	-	30,112	40,935	-	73,330	291,069	77,253	-	46,779	559,478

*Others are exposures which are not elsewhere classified.

BASEL II PILLAR 3 DISCLOSURES FOR 2025

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 IB											
(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 Communication	Finance, Insurance, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	60,160	42,700	-	113,022	110,033	45,659	-	41,643	413,217
PSE	-	-	-	-	-	-	-	-	-	-	-	-
Bank	-	-	-	-	-	-	-	104,204	-	-	-	104,204
Corporate	-	-	-	-	-	-	-	12,267	-	-	30	12,297
Mortgage	-	-	-	-	-	-	-	-	-	-	-	-
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	-	-	-
Other Exposures	-	-	-	-	-	-	-	-	-	-	42,301	42,301
Total Gross Credit Exposure	-	-	-	60,160	42,700	-	113,022	226,504	45,659	-	83,973	572,019

*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 IB's credit exposure analysed by residual contractual maturity:

Table 5: Distribution of Credit Exposures by Residual Contractual Maturity

2025	CIMB IB			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	81,006	132,236	165,373	378,616
PSE	-	-	-	-
Bank	114,858	-	3,961	118,819
Corporate	-	-	15,295	15,295
Mortgage	-	-	-	-
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	-	-	-	-
Other Exposures	-	-	46,749	46,749
Total Gross Credit Exposure	195,864	132,236	231,378	559,478

2024	CIMB IB			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	110,009	25,337	277,871	413,217
PSE	-	-	-	-
Bank	100,132	-	4,072	104,204
Corporate	-	-	12,297	12,297
Mortgage	-	-	-	-
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	-	-	-	-
Other Exposures	-	-	42,301	42,301
Total Gross Credit Exposure	210,141	25,337	336,541	572,019

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.

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

There are no loans, advances and financing exposures in CIMB IB as at 31 December 2025 and 31 December 2024.

ii) Credit Impaired Loans/Financings

CIMB IB 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.

CREDIT RISK (continued)

Credit Quality of Loans, Advances & Financing (continued)

ii) Credit Impaired Loans/Financings (continued)

(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.

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 7: Credit Impaired Loans, Advances and Financing by Sector

There are no loans, advances and financing exposures in CIMB IB as at 31 December 2025 and 31 December 2024.

iii) Expected Credit Losses

Table 8: Expected credit losses (Stage 1, 2 and 3) by Sector

There are no expected credit losses as at 31 December 2025 and 31 December 2024.

Table 9: Expected credit losses charges/(write back) and write-off for Stage 3

There are no expected credit losses charges/(write back) and write-off for stages 3 as at 31 December 2025 and 31 December 2024.

Table 10: Analysis of Movement in the Expected Credit Losses for Loans, Advances and Financing

There are no expected credit losses as at 31 December 2025 and 31 December 2024.

CREDIT RISK *(continued)*

Capital Treatment for Credit Risk

Details on RWA and capital requirements related to Credit Risk are disclosed separately for CIMB IB in Table 2. Details on the disclosure for portfolios under the SA are in the following section.

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) 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 DISCLOSURES FOR 2025

CREDIT RISK (continued)

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

Table 11: Disclosure by Risk Weight under SA

2025	CIMB IB											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	378,616	-	-	-	-	-	-	-	5	-	378,621	-
20%	-	-	114,858	-	-	-	-	-	-	-	114,858	22,972
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	3,961	-	-	-	-	-	-	-	3,961	1,981
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	15,265	-	-	-	46,744	-	62,009	62,009
100% < RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	30	-	-	-	-	-	30	375
Total	378,616	-	118,819	-	15,295	-	-	-	46,749	-	559,478	87,336
Average Risk Weight	-	-	21%	-	102%	-	-	-	100%	-	16%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

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

BASEL II PILLAR 3 DISCLOSURES FOR 2025

CREDIT RISK (continued)

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

Table 11: Disclosure by Risk Weight under SA(continued)

2024	CIMB IB											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	413,217	-	-	-	-	-	-	-	5	-	413,222	-
20%	-	-	100,132	-	-	-	-	-	-	-	100,132	20,026
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	4,072	-	-	-	-	-	-	-	4,072	2,036
75%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	12,267	-	-	-	42,296	-	54,563	54,563
100% < RW < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	30	-	-	-	-	-	30	375
Total	413,217	-	104,204	-	12,297	-	-	-	42,301	-	572,019	77,000
Average Risk Weight	-	-	21%	-	103%	-	-	-	100%	-	13%	
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 12: Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs

2025	CIMB IB			
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	-	-	15,295	15,295
Sovereign/Central Banks	357,963	-	20,653	378,616
Banks, MDBs and DFIs	24,156	-	94,663	118,819
Total	382,119	-	130,610	512,729

2024	CIMB IB			
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	-	-	12,297	12,297
Sovereign/Central Banks	392,564	-	20,653	413,217
Banks, MDBs and DFIs	23,856	-	80,348	104,204
Total	416,420	-	113,298	529,718

As at 31 December 2025 and 31 December 2024, CIMB IB has no Securitisation exposure under SA according to ratings by ECAIs.

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).

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 CSA and exposure as at 31 December 2025 and 31 December 2024 respectively, 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 13: Disclosure on Off-Balance Sheet Exposures and CCR

2025	CIMB IB			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	-		-	-
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending 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)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
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	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-		-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 13: Disclosure on Off-Balance Sheet Exposures and CCR (continued)

2025	CIMB IB			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
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 creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	-	-	-	-

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 13: Disclosure on Off-Balance Sheet Exposures and CCR (continued)

2024	CIMB IB			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	-		-	-
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending 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)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
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	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-		-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

Table 13: Disclosure on Off-Balance Sheet Exposures and CCR (continued)

2024	CIMB IB			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
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 creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	-	-	-	-

CREDIT RISK (continued)

Off-Balance Sheet Exposures and CCR (continued)

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

Table 14: Disclosure on Credit Derivative Transactions

(RM'000)	CIMB IB			
	2025		2024	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	-	-	-
Total	-	-	-	-
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	-	-	-
Total	-	-	-	-

CREDIT RISK (continued)

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) 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 collateral 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.

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.

CREDIT RISK (continued)

Credit Risk Mitigation (continued)

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 15: Disclosure on Credit Risk Mitigation

2025	CIMB IB			
(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	378,616	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	118,819	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	15,295	-	-	-
Residential Mortgages	-	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	-	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	46,749	-	-	-
Defaulted Exposures	-	-	-	-
Total Exposures	559,478	-	-	-

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 15: Disclosure on Credit Risk Mitigation (continued)

2024	CIMB IB			
(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
<i>Performing Exposures</i>				
Sovereign/Central Banks	413,217	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	104,204	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporate	12,297	-	-	-
Residential Mortgages	-	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	-	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	42,301	-	-	-
<i>Defaulted Exposures</i>	-	-	-	-
Total Exposures	572,019	-	-	-

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 Trading and Banking Book

As at 31 December 2025 and 31 December 2024, there was no outstanding exposure securitised by CIMB IB for Trading and Banking Book.

Disclosure on Securitisation under the SA for Banking Book

As at 31 December 2025 and 31 December 2024, there was no exposure for securitisation under the SA for Banking Book exposures.

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

As at 31 December 2025 and 31 December 2024, there was no exposure for 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.

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).

Details on RWA and capital requirements related to Market Risk are disclosed separately for CIMB IB 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.

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

OPERATIONAL RISK (continued)

Operational Risk Management Approach (continued)

- 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 IB'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 IB for the year ended 31 December 2025 and 31 December 2024 is as follows:

Table 16: Realised Gains/Losses from Sales and Liquidations, and Unrealised Gains of Equities

There are no equity exposures in banking book in CIMB IB as at 31 December 2025 and 31 December 2024.

Table 17: Analysis of Equity Investments by Grouping and RWA

There are no equity exposures in banking book in CIMB IB as at 31 December 2025 and 31 December 2024.

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

IRRBB/RORRBB 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/RORRBB 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 IB's IRRBB under a 100 bps parallel upward interest rate/profit rate shock from economic value perspective:

Table 18: IRRBB – Impact on Economic Value

(RM'000)	CIMB IB	
	2025	2024
Currency	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(11,220)	(13,261)
US Dollar	-	-
Thai Baht	-	-
Singapore Dollar	-	-
Others	-	-
Total	(11,220)	(13,261)

- 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 IB's IRRBB under a 100 bps parallel upward interest rate/profit rate shock from the earnings perspective:

Table 19: IRRBB – Impact on Earnings

(RM'000)	CIMB IB	
	2025	2024
Currency	+100bps Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	1,671	1,776
US Dollar	-	-
Thai Baht	-	-
Singapore Dollar	-	-
Others	-	-
Total	1,671	1,776

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]