

**Basel II Pillar 3 Disclosure for 2025**

- **CIMB Islamic Bank Berhad**

**Contents**

ABBREVIATIONS.....	1
OVERVIEW OF BASEL II AND PILLAR 3 .....	3
RISK MANAGEMENT OVERVIEW .....	5
SHARIAH GOVERNANCE DISCLOSURE .....	14
CAPITAL MANAGEMENT.....	15
CREDIT RISK .....	22
SECURITISATION .....	57
MARKET RISK .....	62
OPERATIONAL RISK.....	63
EQUITY EXPOSURES IN BANKING BOOK .....	65
RATE OF RETURN RISK IN THE BANKING BOOK.....	66
SUSTAINABILITY RISK .....	69
PROFIT SHARING INVESTMENT ACCOUNT (“IA”) DISCLOSURE .....	70

**ABBREVIATIONS**

A-IRB Approach	: Advanced Internal Ratings Based Approach
ALM COE	: Asset Liability Management Centre of Excellence
ASB	: Amanah Saham Bumiputra
BI	: Banking Institutions
BIA	: Basic Indicator Approach
BNM	: Bank Negara Malaysia
BRCC	: Board Risk & Compliance Committee
CAF	: Capital Adequacy Framework and, in some instances referred to as the Risk-Weighted Capital Adequacy Framework
CAFIB	: Capital Adequacy Framework for Islamic Banks
CAR	: Capital Adequacy Ratio and, in some instances referred to as the Risk-Weighted Capital Ratio
CBSM	: Capital and Balance Sheet Management
CCR	: Counterparty Credit Risk
CIMBBG	: CIMB Bank, CIMBISLG, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factorlease Berhad, CIMB Bank (Vietnam) Limited and non-financial subsidiaries
CIMBIBG	: CIMB Investment Bank Berhad and non-financial subsidiaries
CIMBISLG	: CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd
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
KRI	: Key Risk Indicators
LGD	: Loss Given Default
MARC	: Malaysian Rating Corporation Berhad
MDBs	: Multilateral Development Banks
Moody's	: Moody's Investors Service
MTM	: Mark-to-Market and/or Mark-to-Model
ORM	: Operational Risk Management
ORMF	: Operational Risk Management Framework
OTC	: Over the Counter
PD	: Probability of Default
PSEs	: Non-Federal Government Public Sector Entities
PSIA	: Profit Sharing Investment Accounts
QRRE	: Qualifying Revolving Retail Exposures
R&I	: Rating and Investment Information, Inc
RAM	: RAM Rating Services Berhad
RAROC	: Risk Adjusted Return on Capital
RORBB	: Rate of Return Risk in the Banking Book
RRE	: Residential Real Estate
RWA	: Risk-Weighted Assets
RWCAF	: Risk-Weighted Capital Adequacy Framework and, in some instances referred to as the Capital Adequacy Framework
S&P	: Standard & Poor's
SA	: Standardised Approach
SMEs	: Small and Medium Enterprises
SNC	: Shariah Non Compliance
SRM	: Shariah Risk Management
VaR	: Value-at-Risk

### **OVERVIEW OF BASEL II AND PILLAR 3**

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

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

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

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

#### ***Frequency of Disclosure***

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

#### ***Medium and Location of Disclosure***

These disclosures are available on CIMBGH Group's corporate website ([www.cimb.com](http://www.cimb.com)). The consolidated disclosures for CIMB Bank, CIMB Islamic and CIMB IB 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 CAFIB – Disclosure Requirements (Pillar 3). These disclosures published are for the year ended 31 December 2025.

The basis of consolidation for financial accounting purposes is described in the 2025 financial statements. The capital requirements are generally based on the principles of consolidation adopted in the preparation of financial statements. During the financial year, CIMB Islamic did not distribute any 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 Islamic entity disclosures only.

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

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**

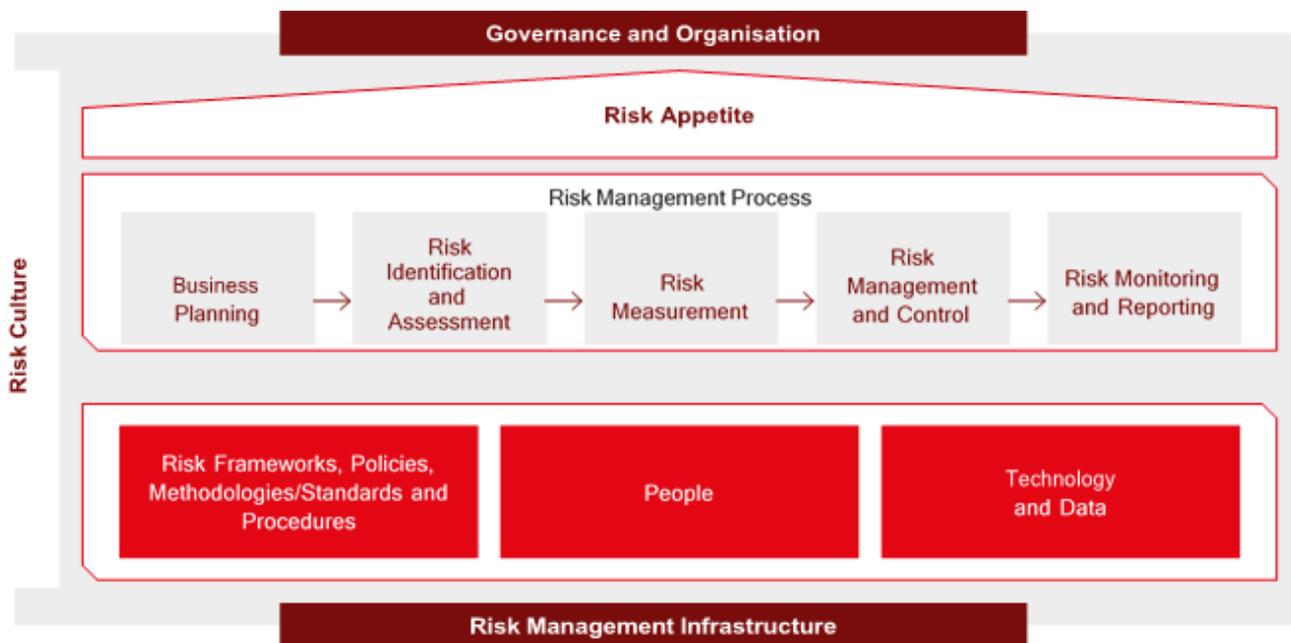
A robust and effective risk management system is critical for the Group to achieve continued risk balanced profitability and create shareholder and stakeholder value in today’s globalised and inter-linked financial and economic environment.

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: (continued)**

##### **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.

**RISK MANAGEMENT OVERVIEW (continued)****Risk Governance (continued)**

- d) Interest rate risk/rate of return risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest rates/profit rates.
- e) Model risk is defined as the type of risk that the method used to measure or quantify the bank's material risk is not accurate due to deterioration of model, hence limiting the usefulness and application of the model itself. It also covers improper implementation and improper usage of methods developed to quantify risk.
- 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.

**RISK MANAGEMENT OVERVIEW (continued)**

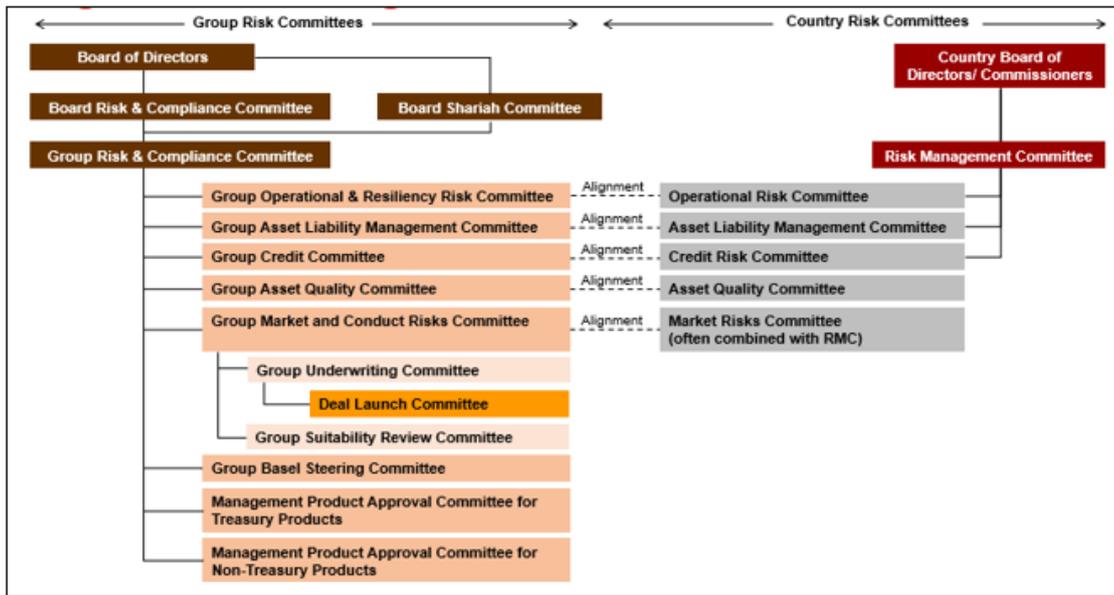
**Risk Governance (continued)**

- 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.
- 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.
- 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:



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)**

(b) Risk Centres of Excellence

- **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 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, one SNC Actual event was recorded, involving approximately RM269,309.97 in profit collected from incidental Qard, arising from the non-execution of Tawarruq renewals for Accepted Bill-i and Multi-Currency Trade Financing-i at the facility level.

### **CAPITAL MANAGEMENT**

#### ***Key Capital Management Principles***

The key driving principles of 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 Islamic Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 18 December 2023. The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach. With effect from 1 January 2025, Operational Risk for CIMB Islamic 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 for Islamic Banks (Capital Components).

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

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

**Table 1: Capital Position for CIMB Islamic**

(RM'000)	CIMB Islamic	
	2025	2024
<b>Common Equity Tier 1 capital</b>		
Ordinary share capital	1,000,000	1,000,000
Other reserves	10,672,061	9,534,751
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>11,672,061</b>	<b>10,534,751</b>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(7,036)	(752)
Deferred tax assets	(219,752)	(253,556)
Regulatory reserve	(642,920)	(397,222)
Others	1,726	(426)
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>10,668,079</b>	<b>9,746,795</b>
<b>Additional Tier 1 capital</b>		
Perpetual preference shares	350,000	350,000
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>350,000</b>	<b>350,000</b>
Less: Regulatory adjustments	-	-
<b>Additional Tier 1 capital after regulatory adjustments</b>	<b>350,000</b>	<b>350,000</b>
<b>Total Tier 1 capital</b>	<b>11,018,079</b>	<b>10,096,795</b>
<b>Tier 2 capital</b>		
Subordinated Sukuk	1,700,000	1,500,000
Surplus eligible provision over expected loss	188,514	210,788
General provisions	88,603	87,849
<b>Total Tier 2 capital</b>	<b>1,977,117</b>	<b>1,798,637</b>
<b>Total capital</b>	<b>12,995,196</b>	<b>11,895,432</b>

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

**Table 1: Capital Position for CIMB Islamic**

(RM'000)	CIMB Islamic	
	2025	2024
<b>RWA</b>		
Credit risk	65,175,488	60,540,722
Market risk	683,467	736,474
Operational risk	5,917,744	5,742,135
<b>Total RWA</b>	<b>71,776,699</b>	<b>67,019,331</b>
<b>Capital Adequacy Ratios</b>		
Common Equity Tier 1 ratio	14.863%	14.543%
Tier 1 ratio	15.350%	15.065%
Total Capital ratio	18.105%	17.749%

Total Capital ratio increased in 2025 compared to 2024 mainly due to (i) higher retained earnings and (ii) issuance of RM200 million Tier 2 Junior Sukuk; offset by (iii) higher Total RWA. The increase in RWA is mainly due to higher Credit RWA and Operational RWA; offset by lower Market RWA.

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

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

**Table 2: Disclosure on Total RWA and Minimum Capital Requirement**

2025	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the SA</b>					
Sovereign/Central Banks	23,613,803	23,613,803	-	-	-
Public Sector Entities	2,830,642	2,830,642	76,637	76,637	6,131
Banks, DFIs & MDBs	226	226	45	45	4
Takaful Operators, Securities Firms & Fund Managers	5,520	5,520	1,466	1,466	117
Corporate	5,388,349	5,325,206	3,146,621	2,745,755	219,660
Regulatory Retail	8,547,578	8,476,140	4,626,707	3,868,220	309,458
RRE Financing	511,863	511,853	248,565	234,589	18,767
Higher Risk Assets	-	-	-	-	-
Other Assets	164,365	164,365	159,449	159,449	12,756
Securitisation	10,303	10,303	2,061	2,061	165
<b>Total for SA</b>	<b>41,072,648</b>	<b>40,938,057</b>	<b>8,261,552</b>	<b>7,088,222</b>	<b>567,058</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	8,605,000	8,605,000	1,153,960	1,153,960	92,317
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	43,534,646	43,534,646	29,764,380	23,356,417	1,868,513
RRE Financing	55,614,790	55,614,790	16,689,907	15,585,933	1,246,875
Qualifying Revolving Retail	1,658,803	1,658,803	1,328,541	1,328,541	106,283
Hire Purchase	21,565,803	21,565,803	17,863,845	7,855,705	628,456
Other Retail	26,428,365	26,428,365	5,568,309	5,518,752	441,500
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>157,407,408</b>	<b>157,407,408</b>	<b>72,368,942</b>	<b>54,799,307</b>	<b>4,383,945</b>

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

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

2025	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	198,480,056	198,345,465	84,972,630	65,175,488	5,214,039
Large Exposure Risk Requirement	-	-	-	-	-
<b>Market Risk (SA)</b>					
Profit Rate Risk			608,387	608,387	48,671
Foreign Currency Risk			75,080	75,080	6,006
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>683,467</b>	<b>683,467</b>	<b>54,677</b>
<b>Operational Risk</b>			<b>5,917,744</b>	<b>5,917,744</b>	<b>473,420</b>
<b>Total RWA and Capital Requirement</b>			<b>91,573,841</b>	<b>71,776,699</b>	<b>5,742,136</b>

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

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

2024	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the SA</b>					
Sovereign/Central Banks	23,592,171	23,592,171	-	-	-
Public Sector Entities	3,158,886	3,158,886	84,336	84,336	6,747
Banks, DFIs & MDBs	88	88	18	18	1
Takaful Operators, Securities Firms & Fund Managers	944	944	944	944	76
Corporate	5,087,176	4,946,483	2,843,884	2,588,815	207,105
Regulatory Retail	8,531,911	8,460,776	4,448,960	3,934,803	314,784
RRE Financing	512,664	512,664	252,740	242,236	19,379
Higher Risk Assets	-	-	-	-	-
Other Assets	175,620	175,620	174,723	174,723	13,978
Securitisation	10,274	10,274	2,055	2,055	164
<b>Total for SA</b>	<b>41,069,735</b>	<b>40,857,907</b>	<b>7,807,660</b>	<b>7,027,928</b>	<b>562,234</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	4,724,813	4,724,813	696,962	696,962	55,757
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	36,443,541	36,443,541	25,073,059	22,840,669	1,827,254
RRE Financing	50,967,923	50,967,923	14,513,090	13,490,990	1,079,279
Qualifying Revolving Retail	1,125,566	1,125,566	709,301	709,301	56,744
Hire Purchase	19,825,730	19,825,730	16,283,701	6,908,279	552,662
Other Retail	28,060,597	28,060,597	5,854,288	5,837,568	467,005
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>141,148,170</b>	<b>141,148,170</b>	<b>63,130,400</b>	<b>50,483,768</b>	<b>4,038,701</b>

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

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

2024	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	182,217,904	182,006,076	74,725,884	60,540,722	4,843,258
Large Exposure Risk Requirement	-	-	-	-	-
<b>Market Risk (SA)</b>					
Profit Rate Risk			706,084	706,084	56,487
Foreign Currency Risk			30,390	30,390	2,431
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>736,474</b>	<b>736,474</b>	<b>58,918</b>
<b>Operational Risk (BIA)</b>			<b>5,742,135</b>	<b>5,742,135</b>	<b>459,371</b>
<b>Total RWA and Capital Requirement</b>			<b>81,204,493</b>	<b>67,019,332</b>	<b>5,361,547</b>

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

#### ***Credit Risk Management***

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

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

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

### CREDIT RISK (continued)

#### *Credit Risk Management (continued)*

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

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

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

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

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

**CREDIT RISK (continued)**

***Credit Risk Management (continued)***

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

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

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

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

CREDIT RISK (continued)

*Summary of Credit Exposures*

i) Gross Credit Exposures by Geographic Distribution

The geographic distribution is based on the country in which the portfolio is geographically managed.

The following tables represent CIMB Islamic 'credit exposures by geographic region:

**Table 3: Geographic Distribution of Credit Exposures**

2025		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	23,613,803	-	-	-	23,613,803
PSE	2,830,642	-	-	-	2,830,642
Bank	8,605,227	-	-	-	8,605,227
Corporate	48,928,515	-	-	-	48,928,515
RRE Financing	56,126,653	-	-	-	56,126,653
HPE	21,565,803	-	-	-	21,565,803
QRRE	1,658,803	-	-	-	1,658,803
Other Retail	34,975,943	-	-	-	34,975,943
Other Exposures	174,668	-	-	-	174,668
<b>Total Gross Credit Exposure</b>	<b>198,480,056</b>	-	-	-	<b>198,480,056</b>

2024		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	23,592,171	-	-	-	23,592,171
PSE	3,158,886	-	-	-	3,158,886
Bank	4,724,901	-	-	-	4,724,901
Corporate	41,531,661	-	-	-	41,531,661
RRE Financing	51,480,588	-	-	-	51,480,588
HPE	19,825,730	-	-	-	19,825,730
QRRE	1,125,566	-	-	-	1,125,566
Other Retail	36,592,508	-	-	-	36,592,508
Other Exposures	185,894	-	-	-	185,894
<b>Total Gross Credit Exposure</b>	<b>182,217,904</b>	-	-	-	<b>182,217,904</b>

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

ii) Gross Credit Exposures by Sector

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

**Table 4: Distribution of Credit Exposures by Sector**

2025	CIMB Islamic											
(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 Communicati on	Islamic Finance, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	524,695	2,995,591	-	1,839,289	5,350,870	11,855,377	-	1,047,981	23,613,803
PSE	22,662	-	-	-	-	-	-	133,497	2,674,482	-	-	2,830,642
Bank	-	-	-	-	-	-	-	8,605,227	-	-	-	8,605,227
Corporate	2,311,282	676,375	4,663,550	3,790,759	6,658,735	7,052,277	5,843,123	16,261,003	1,602,017	12,886	56,509	48,928,515
RRE	-	-	-	-	-	-	-	-	-	56,126,653	-	56,126,653
Financing	-	-	-	-	-	-	-	-	-	21,565,803	-	21,565,803
HPE	-	-	-	-	-	-	-	-	-	1,658,803	-	1,658,803
QRRE	-	-	-	-	-	-	-	-	-	27,093,535	756	34,975,943
Other Retail	82,408	18,558	1,225,584	19,379	501,577	3,498,298	317,303	1,826,431	392,114	-	-	34,975,943
Other Exposures	-	-	-	-	-	-	-	-	-	-	174,668	174,668
<b>Total Gross Credit Exposure</b>	<b>2,416,352</b>	<b>694,933</b>	<b>5,889,134</b>	<b>4,334,833</b>	<b>10,155,903</b>	<b>10,550,575</b>	<b>7,999,715</b>	<b>32,177,028</b>	<b>16,523,989</b>	<b>106,457,681</b>	<b>1,279,914</b>	<b>198,480,056</b>

Note: All sectors above are Shariah compliant.

\*Others are exposures which are not elsewhere classified.

BASEL II PILLAR 3 DISCLOSURE 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 Islamic											
(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 Communicati on	Islamic Finance, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	578,889	2,863,960	-	2,132,417	8,076,647	8,799,830	-	1,140,428	23,592,171
PSE	3,241	-	-	-	-	-	-	113,498	3,042,148	-	-	3,158,886
Bank	-	-	-	-	-	-	-	4,724,901	-	-	-	4,724,901
Corporate	2,641,930	1,196,163	4,155,304	1,713,986	6,317,929	6,565,246	4,799,017	12,100,565	2,015,116	10,321	16,083	41,531,661
RRE	-	-	-	-	-	-	-	-	-	51,480,588	-	51,480,588
Financing	-	-	-	-	-	-	-	-	-	19,825,730	-	19,825,730
HPE	-	-	-	-	-	-	-	-	-	1,125,566	-	1,125,566
QRRE	-	-	-	-	-	-	-	-	-	28,909,154	5,278	36,592,508
Other Retail	81,058	19,892	1,157,175	22,206	492,803	3,461,390	325,719	1,731,022	386,811	-	-	36,592,508
Other Exposures	-	-	-	-	-	-	-	-	-	-	185,894	185,894
<b>Total Gross Credit Exposure</b>	<b>2,726,230</b>	<b>1,216,055</b>	<b>5,312,479</b>	<b>2,315,081</b>	<b>9,674,693</b>	<b>10,026,636</b>	<b>7,257,152</b>	<b>26,746,633</b>	<b>14,243,905</b>	<b>101,351,358</b>	<b>1,347,683</b>	<b>182,217,904</b>

Note: All sectors above are Shariah compliant.

\*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 Islamic's credit exposure analysed by residual contractual maturity:

**Table 5: Distribution of Credit Exposures by Residual Contractual Maturity**

2025	CIMB Islamic			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	5,329,218	6,284,934	11,999,651	23,613,803
PSE	237,198	874,465	1,718,978	2,830,642
Bank	5,737,786	2,620,730	246,711	8,605,227
Corporate	12,879,848	15,662,235	20,386,432	48,928,515
RRE Financing	2,383	144,974	55,979,295	56,126,653
HPE	112,852	6,044,255	15,408,696	21,565,803
QRRE	1,658,803	-	-	1,658,803
Other Retail	142,615	1,682,622	33,150,705	34,975,943
Other Exposures	5,113	5,190	164,365	174,668
<b>Total Gross Credit Exposure</b>	<b>26,105,817</b>	<b>33,319,406</b>	<b>139,054,833</b>	<b>198,480,056</b>

2024	CIMB Islamic			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	7,738,145	4,410,615	11,443,411	23,592,171
PSE	447,786	992,126	1,718,974	3,158,886
Bank	3,146,384	1,407,276	171,241	4,724,901
Corporate	11,747,730	11,627,481	18,156,450	41,531,661
RRE Financing	3,727	112,443	51,364,417	51,480,588
HPE	67,116	5,290,674	14,467,940	19,825,730
QRRE	1,125,566	-	-	1,125,566
Other Retail	125,023	1,628,205	34,839,280	36,592,508
Other Exposures	-	10,274	175,620	185,894
<b>Total Gross Credit Exposure</b>	<b>24,401,477</b>	<b>25,479,092</b>	<b>132,337,335</b>	<b>182,217,904</b>

**CREDIT RISK (continued)**

**Credit Quality of Advances & Financing**

i) Past Due But Not Impaired

A 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 customer can lead to a financial asset being past due but not impaired. Therefore, 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 profit or both, overdue.

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

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

(RM'000)	CIMB Islamic	
	2025	2024
Primary Agriculture	10,094	14,123
Mining and Quarrying	41	236
Manufacturing	46,144	69,100
Electricity, Gas and Water Supply	2,985	2,978
Construction	33,214	28,255
Wholesale and Retail Trade, and Restaurants and Hotels	124,314	115,381
Transport, Storage and Communication	18,058	9,034
Finance, Takaful, Real Estate and Business Activities	185,037	111,364
Education, Health and Others	15,520	25,996
Household	9,239,780	8,709,195
Others*	-	370
<b>Total</b>	<b>9,675,187</b>	<b>9,086,032</b>

*Note: All sectors above are Shariah compliant.*

*\*Others are exposures which are not elsewhere classified.*

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

(RM'000)	CIMB Islamic	
	2025	2024
Malaysia	9,675,187	9,086,032
<b>Total</b>	<b>9,675,187</b>	<b>9,086,032</b>

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

ii) Credit Impaired Financings

The Bank classifies an advances and financing as credit impaired when it meets one or more of the following criteria:

- (a) Where the principal or 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 profit payments are scheduled on intervals of 3 months or longer. For the purpose of ascertaining the period in arrears:
  - Payment on each of the instalment amount must be made in full. A partial 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, s 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 payment capability in doubt resulting in going concern issue in the near term, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

The Bank assesses on a forward-looking basis the expected credit losses (ECL) associated with its 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 profit rate or an approximation thereof.

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

ii) Credit Impaired Financings (continued)

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

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

**Table 8: Credit Impaired Financing, Advances and Other Financing by Sector**

(RM'000)	CIMB Islamic	
	2025	2024
Primary Agriculture	12,842	4
Mining and Quarrying	30,496	644
Manufacturing	43,401	106,196
Electricity, Gas and Water Supply	33	1
Construction	49,039	122,591
Wholesale and Retail Trade, and Restaurants and Hotels	124,474	113,507
Transport, Storage and Communication	9,051	6,544
Finance, Takaful, Real Estate and Business Activities	126,152	72,531
Education, Health and Others	20,650	16,913
Household	1,209,063	1,172,922
Others*	-	377
<b>Total</b>	<b>1,625,201</b>	<b>1,612,230</b>

*Note: All sectors above are Shariah compliant.*

*\*Others are exposures which are not elsewhere classified.*

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

(RM'000)	CIMB Islamic	
	2025	2024
Malaysia	1,625,201	1,612,230
<b>Total</b>	<b>1,625,201</b>	<b>1,612,230</b>

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

iii) Expected Credit Losses

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

(RM'000)	CIMB Islamic			
	2025			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Primary Agriculture	1,244	300	2,509	4,053
Mining and Quarrying	188	18	27,965	28,171
Manufacturing	31,187	11,517	23,129	65,833
Electricity, Gas and Water Supply	1,224	337	13	1,574
Construction	10,354	4,707	34,359	49,420
Wholesale and Retail Trade, and Restaurants and Hotels	64,468	44,825	76,961	186,254
Transport, Storage and Communications	7,587	11,026	6,316	24,929
Finance, Takaful, Real Estate and Business Activities	26,975	6,300	28,536	61,811
Education, Health and Others	6,326	1,843	11,608	19,777
Household	344,213	384,710	500,749	1,229,672
Others*	3	-	-	3
<b>Total</b>	<b>493,769</b>	<b>465,583</b>	<b>712,145</b>	<b>1,671,497</b>

**Note:** All sectors above are Shariah compliant.

\*Others are exposures which are not elsewhere classified.

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	2024			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Primary Agriculture	723	569	375	1,667
Mining and Quarrying	206	63	281	550
Manufacturing	6,199	5,209	86,766	98,174
Electricity, Gas and Water Supply	546	55	209	810
Construction	3,816	4,715	44,214	52,745
Wholesale and Retail Trade, and Restaurants and Hotels	16,785	63,751	72,680	153,216
Transport, Storage and Communications	3,845	5,854	4,890	14,589
Finance, Takaful, Real Estate and Business Activities	8,718	5,298	12,328	26,344
Education, Health and Others	1,448	1,581	7,927	10,956
Household	554,730	403,791	453,344	1,411,865
Others*	8	-	376	384
<b>Total</b>	<b>597,024</b>	<b>490,886</b>	<b>683,390</b>	<b>1,771,300</b>

*Note: All sectors above are Shariah compliant.*

*\*Others are exposures which are not elsewhere classified.*

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	2025			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Malaysia	493,769	465,583	712,145	1,671,497
<b>Total</b>	<b>493,769</b>	<b>465,583</b>	<b>712,145</b>	<b>1,671,497</b>

(RM'000)	CIMB Islamic			
	2024			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Malaysia	597,024	490,886	683,390	1,771,300
<b>Total</b>	<b>597,024</b>	<b>490,886</b>	<b>683,390</b>	<b>1,771,300</b>

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic	
	2025	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	1,753	16
Mining and Quarrying	(396)	26,373
Manufacturing	2,351	6,415
Electricity, Gas and Water Supply	317	5,793
Construction	12,016	15,398
Wholesale and Retail Trade, and Restaurants and Hotels	29,318	29,383
Transport, Storage and Communications	1,912	1,798
Finance, Takaful, Real Estate and Business Activities	21,060	22,367
Education, Health and Others	5,350	2,241
Household	610,529	486,770
Others*	35	379
<b>Total</b>	<b>684,245</b>	<b>596,933</b>

*Note: All sectors above are Shariah compliant.*

*\*Others are exposures which are not elsewhere classified.*

**CREDIT RISK (CONTINUED)**

***Credit Quality of Advances and Financing (continued)***

iii) Expected Credit Losses *(continued)*

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

(RM'000)	CIMB Islamic	
	2024	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	(1,189)	11,597
Mining and Quarrying	108	-
Manufacturing	6,993	6,120
Electricity, Gas and Water Supply	(45)	-
Construction	37,623	4,395
Wholesale and Retail Trade, and Restaurants and Hotels	(2,813)	10,038
Transport, Storage and Communications	2,862	818
Finance, Takaful, Real Estate and Business Activities	5,530	10,959
Education, Health and Others	1,056	3,482
Household	533,204	303,308
Others*	256	-
<b>Total</b>	<b>583,585</b>	<b>350,717</b>

**Note:** All sectors above are Shariah compliant.

\*Others are exposures which are not elsewhere classified.

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	2025			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
<b>At 1 January 2025</b>	597,024	490,886	683,390	1,771,300
Changes in expected credit losses due to transferred within stages	219,487	(129,878)	(89,609)	-
Transferred to Stage 1	412,886	(395,417)	(17,469)	-
Transferred to Stage 2	(193,014)	621,442	(428,428)	-
Transferred to Stage 3	(385)	(355,903)	356,288	-
<b>Total charge to Income Statement</b>	<b>(322,736)</b>	<b>105,507</b>	<b>684,245</b>	<b>467,016</b>
New financial assets originated	110,129	75,649	2,238	188,016
Financial assets that have been derecognised	(72,406)	(145,385)	-	(217,791)
Write back in respect of full recoveries	-	-	(26,293)	(26,293)
Change in credit risk	(360,459)	175,243	708,300	523,084
Write-offs	-	(930)	(596,933)	(597,863)
Other movements	(6)	(2)	31,052	31,044
<b>Total</b>	<b>493,769</b>	<b>465,583</b>	<b>712,145</b>	<b>1,671,497</b>

**CREDIT RISK (continued)**

**Credit Quality of Advances and Financing (continued)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	2024			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
<b>At 1 January 2024</b>	772,112	368,166	549,580	1,689,858
Changes in expected credit losses due to transferred within stages	206,221	(77,025)	(129,196)	-
Transferred to Stage 1	384,972	(359,846)	(25,126)	-
Transferred to Stage 2	(178,369)	613,879	(435,510)	-
Transferred to Stage 3	(382)	(331,058)	331,440	-
<b>Total charge to Income Statement</b>	(381,205)	199,836	583,585	402,216
New financial assets originated	108,718	2,474	1,255	112,447
Financial assets that have been derecognised	(81,014)	(35,679)	-	(116,693)
Write back in respect of full recoveries	-	-	(50,625)	(50,625)
Change in credit risk	(408,909)	233,041	632,955	457,087
Write-offs	-	(164)	(350,717)	(350,881)
Other movements	(104)	73	30,138	30,107
<b>Total</b>	<b>597,024</b>	<b>490,886</b>	<b>683,390</b>	<b>1,771,300</b>

**CREDIT RISK (continued)**

***Capital Treatment for Credit Risk***

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

***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 CAFIB (Risk-Weighted Assets) to map the ratings to the relevant risk weights for computation of regulatory capital.

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

BASEL II PILLAR 3 DISCLOSURE FOR 2025

CREDIT RISK (continued)

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

Table 14: Disclosure by Risk Weight under SA

2025	CIMB Islamic											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	23,613,803	2,573,740	-	-	163	11	-	-	4,916	-	26,192,633	-
20%	-	172,713	226	5,067	159,230	1,226,645	-	-	-	10,303	1,574,185	314,837
35%	-	-	-	-	-	-	63,713	-	-	-	63,713	22,300
50%	-	84,189	-	-	4,109,777	4,955,635	443,747	-	-	-	9,593,349	4,796,674
75%	-	-	-	-	-	1,625,043	-	-	-	-	1,625,043	1,218,782
100%	-	-	-	453	1,048,573	636,859	4,392	-	159,449	-	1,849,726	1,849,726
100% < RW < 1250%	-	-	-	-	7,450	31,946	-	-	-	-	39,396	59,095
1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>23,613,803</b>	<b>2,830,642</b>	<b>226</b>	<b>5,520</b>	<b>5,325,206</b>	<b>8,476,140</b>	<b>511,853</b>	<b>-</b>	<b>164,365</b>	<b>10,303</b>	<b>40,938,057</b>	<b>8,261,552</b>
<b>Average Risk Weight</b>	<b>-</b>	<b>3%</b>	<b>20%</b>	<b>27%</b>	<b>59%</b>	<b>55%</b>	<b>49%</b>	<b>-</b>	<b>97%</b>	<b>20%</b>	<b>20%</b>	
<b>Deduction from Capital Base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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

BASEL II PILLAR 3 DISCLOSURE FOR 2025

CREDIT RISK (continued)

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

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

2024												CIMB Islamic
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	23,592,171	2,910,286	-	-	190	-	-	-	897	-	26,503,545	-
20%	-	133,213	88	-	220,846	1,589,346	-	-	-	10,274	1,953,767	390,753
35%	-	-	-	-	-	-	45,172	-	-	-	45,172	15,810
50%	-	115,387	-	-	3,854,379	4,934,044	461,124	-	-	-	9,364,933	4,682,467
75%	-	-	-	-	-	1,124,930	-	-	-	-	1,124,930	843,698
100%	-	-	-	944	868,397	796,625	6,368	-	174,723	-	1,847,057	1,847,057
100% < RW < 1250%	-	-	-	-	2,661	15,831	-	-	-	-	18,492	27,738
1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>23,592,171</b>	<b>3,158,886</b>	<b>88</b>	<b>944</b>	<b>4,946,483</b>	<b>8,460,776</b>	<b>512,664</b>	<b>-</b>	<b>175,620</b>	<b>10,274</b>	<b>40,857,907</b>	<b>7,807,660</b>
<b>Average Risk Weight</b>	-	<b>3%</b>	<b>20%</b>	<b>100%</b>	<b>57%</b>	<b>53%</b>	<b>49%</b>	-	<b>99%</b>	<b>20%</b>	<b>19%</b>	
<b>Deduction from Capital Base</b>	-	-	-	-	-	-	-	-	-	-	-	

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

**CREDIT RISK (continued)**

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

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

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

2025		CIMB Islamic		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Public Sector Entities	-	-	2,830,642	2,830,642
Takaful Operators, Securities Firms & Fund Managers	5,067	-	453	5,520
Corporate	-	-	5,388,349	5,388,349
Sovereign/Central Banks	22,172,669	-	1,441,133	23,613,803
Banks, MDBs and DFIs	226	-	-	226
<b>Total</b>	<b>22,177,962</b>	<b>-</b>	<b>9,660,577</b>	<b>31,838,539</b>

2024		CIMB Islamic		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Public Sector Entities	-	-	3,158,886	3,158,886
Takaful Operators, Securities Firms & Fund Managers	-	-	944	944
Corporate	10	5,153	5,082,012	5,087,176
Sovereign/Central Banks	21,360,412	-	2,231,759	23,592,171
Banks, MDBs and DFIs	88	-	-	88
<b>Total</b>	<b>21,360,511</b>	<b>5,153</b>	<b>10,473,601</b>	<b>31,839,266</b>

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

2025		CIMB Islamic		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	10,303	-	-	10,303

2024		CIMB Islamic		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	10,274	-	-	10,274

### **CREDIT RISK *(continued)***

#### ***Credit Risk – Disclosure for Portfolios under the IRB Approach***

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

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

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

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

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

#### ***Retail Exposures***

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

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

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

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

**CREDIT RISK (continued)**

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

*Retail Exposures (continued)*

PD Calibration

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

EAD Estimation

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

LGD Estimation

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

**CREDIT RISK (continued)**

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

*Retail Exposures (continued)*

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

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

2025	CIMB Islamic			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
<b>Total Retail Exposure</b>	<b>66,185,450</b>	<b>37,130,203</b>	<b>1,952,108</b>	<b>105,267,761</b>
RRE Financing	46,959,405	7,163,094	1,492,291	55,614,790
QRRE	1,076,926	548,239	33,638	1,658,803
Hire Purchase	5,281,119	16,002,810	281,874	21,565,803
Other Retail	12,868,000	13,416,060	144,305	26,428,365
<b>Exposure Weighted Average LGD</b>				
RRE Financing	22%	25%	36%	
QRRE	90%	90%	90%	
Hire Purchase	44%	59%	56%	
Other Retail	21%	13%	41%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	11%	94%	313%	
QRRE	29%	137%	776%	
Hire Purchase	52%	89%	294%	
Other Retail	20%	20%	190%	

**CREDIT RISK (continued)**

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

*Retail Exposures (continued)*

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

2024	CIMB Islamic			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
<b>Total Retail Exposure</b>	<b>62,819,997</b>	<b>35,327,899</b>	<b>1,831,919</b>	<b>99,979,816</b>
RRE Financing	42,881,473	6,712,854	1,373,597	50,967,923
QRRE	665,660	448,817	11,089	1,125,566
Hire Purchase	5,280,818	14,307,709	237,203	19,825,730
Other Retail	13,992,047	13,858,519	210,031	28,060,597
<b>Exposure Weighted Average LGD</b>				
RRE Financing	22%	25%	36%	
QRRE	90%	90%	90%	
Hire Purchase	44%	58%	56%	
Other Retail	24%	12%	40%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	12%	93%	226%	
QRRE	21%	113%	528%	
Hire Purchase	52%	89%	338%	
Other Retail	21%	18%	207%	

**CREDIT RISK (continued)**

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

*Retail Exposures (continued)*

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

2025	CIMB Islamic			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure</b>	<b>82,315,593</b>	<b>22,904,191</b>	<b>47,978</b>	<b>105,267,761</b>
RRE Financing	51,216,191	4,390,573	8,026	55,614,790
QRRE	756,824	901,979	-	1,658,803
Hire Purchase	7,381,619	14,159,569	24,615	21,565,803
Other Retail	22,960,959	3,452,069	15,336	26,428,365
<b>Exposure Weighted Average LGD</b>				
RRE Financing	22%	30%	46%	
QRRE	90%	90%	90%	
Hire Purchase	42%	62%	56%	
Other Retail	16%	24%	52%	

2024	CIMB Islamic			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure</b>	<b>79,616,164</b>	<b>20,323,619</b>	<b>40,033</b>	<b>99,979,816</b>
RRE Financing	46,931,501	4,029,462	6,960	50,967,923
QRRE	589,371	536,180	14	1,125,566
Hire Purchase	7,348,136	12,462,328	15,266	19,825,730
Other Retail	24,747,156	3,295,648	17,792	28,060,597
<b>Exposure Weighted Average LGD</b>				
RRE Financing	22%	31%	41%	
QRRE	90%	90%	90%	
Hire Purchase	42%	62%	57%	
Other Retail	17%	25%	67%	

**CREDIT RISK (continued)**

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

*Non-retail Exposures*

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

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

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

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

2025		CIMB Islamic				
(RM'000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	162,125	1,573,349	24,559	154	-	1,760,188
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	639,311	1,490,370	28,950	162,239	14,867	2,335,737
<b>RWA</b>	<b>321,331</b>	<b>2,484,775</b>	<b>33,377</b>	<b>405,983</b>	-	<b>3,245,466</b>

2024		CIMB Islamic				
(RM'000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	210,043	370,882	78,489	176	-	659,591
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	588,543	2,141,870	102,719	188,487	0	3,021,619
<b>RWA</b>	<b>401,803</b>	<b>1,991,156</b>	<b>118,126</b>	<b>471,659</b>	-	<b>2,982,744</b>

**CREDIT RISK (continued)**

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

*Non-retail Exposures (continued)*

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

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

2025	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 7	8 - 15	16 - 25	Default	Total
<b>Total Non-Retail Exposure</b>	<b>15,570,186</b>	<b>20,834,479</b>	<b>11,297,394</b>	<b>336,305</b>	<b>48,038,364</b>
Bank	6,136,588	2,468,355	57	-	8,605,000
Corporate (excluding Specialised Financing)	9,433,598	18,366,124	11,297,337	336,305	39,433,364
<b>Exposure Weighted Average LGD</b>					
Bank	36%	45%	45%	-	
Corporate (excluding Specialised Financing)	44%	41%	38%	39%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	11%	19%	215%	0%	
Corporate (excluding Specialised Financing)	14%	66%	116%	0%	

2024	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 7	8 - 15	16 - 25	Default	Total
<b>Total Non-Retail Exposure</b>	<b>9,411,074</b>	<b>17,151,773</b>	<b>9,924,605</b>	<b>999,693</b>	<b>37,487,144</b>
Bank	3,702,733	1,022,058	-	23	4,724,813
Corporate (excluding Specialised Financing)	5,708,341	16,129,715	9,924,605	999,670	32,762,331
<b>Exposure Weighted Average LGD</b>					
Bank	41%	45%	-	45%	
Corporate (excluding Specialised Financing)	44%	41%	38%	43%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	13%	20%	-	0%	
Corporate (excluding Specialised Financing)	18%	61%	113%	0%	

**CREDIT RISK (continued)**

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

*Expected Losses versus Actual Losses by Portfolio Types*

The following tables summarise the expected losses versus actual losses by portfolio type:

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

<b>CIMB Islamic</b>				
(RM'000) Exposure Class	<b>2025</b>		<b>2024</b>	
	Regulatory Expected Losses as at 31 December 2024	Actual Losses for the year ended 31 December 2025	Regulatory Expected Losses as at 31 December 2023	Actual Losses for the year ended 31 December 2024
Sovereign	-	-	-	-
Bank	1,760	-	1,240	-
Corporate	247,585	27,040	215,169	19,923
RRE Financing	258,549	369,933	217,770	319,964
HPE	455,948	183,151	483,252	148,365
QRRE	32,114	16,605	17,078	7,911
Other Retail	167,193	33,939	198,863	48,012
<b>Total</b>	<b>1,163,148</b>	<b>630,668</b>	<b>1,133,371</b>	<b>544,175</b>

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

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

**CREDIT RISK (continued)**

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

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

i) Credit Risk Mitigation

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

ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2025 and 31 December 2024 there was no requirement for additional collateral to be posted.

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

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

**CREDIT RISK (continued)**

**Off-Balance Sheet Exposures and CCR (continued)**

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

2025	CIMB Islamic			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk- Weighted Assets
Direct Credit Substitutes	731,698		731,698	481,388
Transaction Related Contingent Items	1,381,959		690,979	380,666
Short Term Self Liquidating Trade Related Contingencies	55,520		11,104	6,366
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement	227,499		227,499	35,877
Foreign Exchange Related Contracts				
One year or less	5,369,851	15,685	102,878	46,085
Over one year to five years	27,422	81	1,452	363
Over five years	-	-	-	-
Profit Rate Related Contracts				
One year or less	17,201	223	323	273
Over one year to five years	635,026	3,795	62,814	86,668
Over five years	91,594	930	16,501	26,434
Commodity 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	72,187,791	1,148,630	2,710,909	400,762
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	12,905,110		11,241,002	4,720,340
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,000		750	1,053
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 customer's creditworthiness	14,814,204		-	-
Unutilised credit card lines	1,744,042		837,219	314,107
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>110,189,915</b>	<b>1,169,343</b>	<b>16,635,127</b>	<b>6,500,383</b>

**CREDIT RISK (continued)**

**Off-Balance Sheet Exposures and CCR (continued)**

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

2024	CIMB Islamic			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk- Weighted Assets
Direct Credit Substitutes	650,649		650,649	418,722
Transaction Related Contingent Items	1,252,135		626,067	334,314
Short Term Self Liquidating Trade Related Contingencies	148,950		29,790	17,205
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement	174,957		174,957	28,173
Foreign Exchange Related Contracts				
One year or less	2,562,038	57,397	91,324	60,222
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Profit Rate Related Contracts				
One year or less	1,344	2	23	33
Over one year to five years	1,517,618	2,882	33,145	16,401
Over five years	111,894	1,493	7,088	4,490
Commodity 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	59,363,346	176,150	1,143,731	282,875
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	15,018,742		12,967,234	4,582,757
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
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 customer's creditworthiness	15,719,257		-	-
Unutilised credit card lines	1,178,219		570,892	230,706
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>97,699,149</b>	<b>237,924</b>	<b>16,294,901</b>	<b>5,975,899</b>

**CREDIT RISK (continued)**

**Off-Balance Sheet Exposures and CCR (continued)**

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

**Table 23: Disclosure on Credit Derivative Transactions**

(RM'000)	CIMB Islamic			
	2025		2024	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	19,900	-	19,900
<b>Total</b>	-	<b>19,900</b>	-	<b>19,900</b>
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	19,900	-	19,900
<b>Total</b>	-	<b>19,900</b>	-	<b>19,900</b>

**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 sukuk/securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

ii) Collateral Valuation and Management

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

**CREDIT RISK (continued)**

**Credit Risk Mitigation (continued)**

iii) Netting

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

iv) Portfolio diversification for better clarity

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

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

**Table 24: Disclosure on Credit Risk Mitigation**

2025	CIMB Islamic			
(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
<b>Performing Exposures</b>				
Sovereign/Central Banks	23,613,803	-	-	-
Public Sector Entities	2,830,642	2,573,740	-	-
Banks, DFIs & MDBs	8,605,227	-	1,316,049	-
Takaful Operators, Securities Firms & Fund Managers	5,520	-	-	-
Corporate	48,513,174	2,986,364	1,431,236	10,593,779
RRE Financing	54,626,361	-	10	-
Qualifying Revolving Retail	1,625,165	-	-	-
Hire Purchase	21,283,929	-	-	-
Other Retail	34,735,751	1,226,657	71,046	-
Securitisation	10,303	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	164,365	-	-	-
<b>Defaulted Exposures</b>	1,823,481	1,297	6,616	157,706
<b>Total Exposures</b>	<b>197,837,720</b>	<b>6,788,057</b>	<b>2,824,957</b>	<b>10,751,485</b>

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

CREDIT RISK (continued)

Credit Risk Mitigation (continued)

Table 24: Disclosure on Credit Risk Mitigation (continued)

2024	CIMB Islamic			
(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
<b>Performing Exposures</b>				
Sovereign/Central Banks	23,592,171	-	-	-
Public Sector Entities	3,158,886	2,910,286	-	-
Banks, DFIs & MDBs	4,724,878	-	359,230	-
Takaful Operators, Securities Firms & Fund Managers	944	-	-	-
Corporate	40,488,346	1,284,556	1,094,803	9,838,405
RRE Financing	50,095,887	-	-	-
Qualifying Revolving Retail	1,114,477	-	-	-
Hire Purchase	19,588,527	-	-	-
Other Retail	36,312,115	1,589,346	70,495	-
Securitisation	10,274	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	175,620	-	-	-
<b>Defaulted Exposures</b>	2,349,236	2,722	4,947	154,341
<b>Total Exposures</b>	<b>181,611,361</b>	<b>5,786,911</b>	<b>1,529,475</b>	<b>9,992,746</b>

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

**SECURITISATION**

***The Role CIMB Plays in the Securitisation Process***

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

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

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

***Disclosure on Securitisation for Banking Book***

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

**Table 25: Disclosure on Securitisation for Banking Book**

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

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

**SECURITISATION (continued)**

**Disclosure on Securitisation under the SA for Banking Book**

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

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

2025		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>												
<i>Non-originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	10,303	-	-	-	10,303	-	-	-	-	-	-	2,061
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-

SECURITISATION (continued)

Securitisation under the SA for Banking Book (continued)

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

2025		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>												
<i>On-Balance Sheet</i>												
Most senior	-	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	<b>10,303</b>	-	-	-	<b>10,303</b>	-	-	-	-	-	-	<b>2,061</b>

SECURITISATION (continued)

Securitisation under the SA for Banking Book (continued)

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

2024		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>												
<i>Non-originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	10,274	-	-	-	10,274	-	-	-	-	-	-	2,055
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-

**SECURITISATION (continued)**

**Securitisation under the SA for Banking Book (continued)**

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

2024		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>												
<i>On-Balance Sheet</i>												
Most senior	-	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	<b>10,274</b>	-	-	-	<b>10,274</b>	-	-	-	-	-	-	<b>2,055</b>

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

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

### **MARKET RISK**

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as 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 CAFIB (Risk-Weighted Assets).

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

- 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
- 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 Islamic Bank’s banking book equity investments are measured at fair value in accordance with Malaysian Financial Reporting Standards.

As at 31 December 2025 and 31 December 2024, there were no realised and unrealised gains and losses recorded for equity holdings in Banking Book for CIMB Islamic Bank.

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

**Table 27: Analysis of Equity Investments by Grouping and RWA**

(RM'000)	CIMB Islamic			
	2025		2024	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	-	-	-	-
Publicly traded	-	-	-	-
<b>Total</b>	-	-	-	-

### **RATE OF RETURN RISK IN THE BANKING BOOK**

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

#### *RORBB Management*

The Group manages its banking book exposure to fluctuations in the profit in accordance with Board approved policies and framework. Oversight of RORBB is exercised through GALCO, a board-delegated committee which reports to the GRCC. The Group's 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 rate of return risk in the banking book profile to ensure compliance within the established risk appetite. 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.

RORBB is measured by:

- **Economic Value of Equity sensitivity:**  
Measures the long-term impact of sudden profit rate movement across the full maturity spectrum of the Group's assets and liabilities. It defines and quantifies 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 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 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.

**RATE OF RETURN RISK IN THE BANKING BOOK (continued)**

**RORBB Management (continued)**

- Economic Value of Equity sensitivity (continued)

The table below illustrates CIMB Islamic’s RORBB under a 100 bps parallel upward profit rate shock from economic value perspective:

**Table 28: RORBB – Impact on Economic Value**

(RM'000)	CIMB Islamic	
	2025	2024
Currency	+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(1,002,227)	(793,909)
US Dollar	(2,540)	(4,141)
Thai Baht	-	-
Singapore Dollar	7	3
Others	(283)	(254)
<b>Total</b>	<b>(1,005,043)</b>	<b>(798,301)</b>

- Earnings-at-Risk:

The potential impact of 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 profit rates generally affect reported earnings through changes in the Bank’s net profit, which is the difference between total income earned from assets and total 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 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.

**RATE OF RETURN RISK IN THE BANKING BOOK (continued)**

**RORBB Management (continued)**

- Earnings-at-Risk (continued)

The table below illustrates CIMB Islamic’s RORBB under a 100 bps parallel upward profit rate shock from the earnings perspective:

**Table 29: RORBB – Impact on Earnings**

(RM'000)	CIMB Islamic	
	2025	2024
Currency	+100bps Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	38,751	96,091
US Dollar	(19,376)	(52,263)
Thai Baht	9	9
Singapore Dollar	(96)	(68)
Others	(3,040)	(2,367)
<b>Total</b>	<b>16,248</b>	<b>41,402</b>

### 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.

**PROFIT SHARING INVESTMENT ACCOUNT (“IA”) DISCLOSURE**

Following the introduction of the Islamic Financial Services Act 2013 (“IFSA”), a clear regulatory distinction was made between Islamic deposits and Investment Accounts. Investment Accounts are structured using Shariah-compliant contracts designed specifically for investment purposes.

The Bank adopts comprehensive risk management policies to guide asset allocation, ensuring alignment with the investment objectives, risk appetite, and Shariah principles. These policies cover key areas such as portfolio composition, liquidity management, valuation methodology and regulatory compliance. In addition, the Bank retains the discretion to perform portfolio rebalancing as part of the asset allocation strategy to ensure the performance of the selected assets is aligned with the fund’s strategies and objectives.

The governance and oversight framework for Investment Accounts is structured to ensure that all investment activities, mandates, parameters and strategies are carried out responsibly, with a strong emphasis on protecting the interests of Investment Account Holders (IAH) outlining clear roles and responsibilities across various levels of the Bank’s governance structure to ensure sound management and compliance.

**Table 30: Roles and Responsibility**

<b>Roles and Responsibility</b>	
<b>Board of Directors (Board)</b>	Responsible to establish an effective governance arrangement to facilitate effective monitoring and control of the overall management and conduct of the investment account. The adequacy of the governance arrangement shall commensurate with the nature, scale, complexity and risk profile associated with the conduct of the investment account.
<b>Board Investment Committee (BIC)</b>	Responsible to assist the Board in performing the oversight function and provide recommendations in respect of the investment strategies, management and performance of the investment account.
<b>Board Shariah Committee (BSC)</b>	Responsible to ensure activities associated with the investment account are conducted in line with Shariah, including: (a) to endorse the investment account structure, objectives, investment assets and policies and procedures; (b) to advise and provide clarification to the Board on relevant Shariah rulings, decisions or policies on Shariah matters issued by the Bank Negara Malaysia and any other issues on Shariah affecting the operations and activities of the investment account; (c) to endorse and ensure the terms and conditions stipulated in the legal documentations, information published in promotional materials, product manuals or other publications used in the investment account operations are in compliance with Shariah. (d) to assess the work carried out by Shariah review and Shariah audit on the investment account operations; and

PROFIT SHARING INVESTMENT ACCOUNT (“IA”) DISCLOSURE *(Continued)*

Table 30: Roles and Responsibility

Roles and Responsibility	
	(e) to provide opinion on the Shariah compliance of the investment account and the related operations. The opinion shall be prepared in accordance with BNM requirements.
<b>Investment Account Oversight Committee (IAOC)</b>	Responsible to assist the BIC in performing oversight function and providing recommendations in respect of the investment operations and performance of all the Islamic investment accounts offered by CIMB Islamic Bank Berhad and the relevant entities within the CIMB Group.
<b>Risk Committees</b>	The Group Risk & Compliance Committee (GRCC) and the relevant risk sub-committees are responsible to provide oversight function for risk-related matters.

Table 31 (a): PERFORMANCE OF UNRESTRICTED INVESTMENT ACCOUNT

	CIMB Islamic	
	2025	2024
	%	%
Return on Assets (ROA)	5.17%	5.00%
Average Net Distributable Income	5.37%	4.27%
Average Rate of Return		
No specific tenure	0.27%	0.30%
Within 1 year	3.51%	3.75%
More than 1 year	3.01%	2.80%
	(RM'000)	(RM'000)
Gross impaired assets funded by IA	24	318
Total expected credit losses balances for IA	186,072	289,327

PROFIT SHARING INVESTMENT ACCOUNT (“IA”) DISCLOSURE *(Continued)*

Table 31 (b): PERFORMANCE OF UNRESTRICTED INVESTMENT ACCOUNT

	CIMB Islamic	
	31 December 2025	31 December 2024
	%	%
Return on Assets (ROA)	10.65%	8.72%
Average Net Distributable Income	10.65%	8.72%
Average Rate of Return	4.39%	4.51%
	RM'000	RM'000
Gross impaired assets funded by IA	0	634,852
Total expected credit losses balances for IA	0	0

Note: Restricted Investment Account excludes the PSIA arrangement between CIMB Islamic and the parent bank, and the external PSIA balances which have been fully settled in FY2025.

[END OF SECTION]