Basel II Pillar 3 Disclosure for 2024

- **CIMB Bank Berhad**

Contents

ABBREVIATIONS

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

ABBREVIATIONS *(continued)*

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

OVERVIEW OF BASEL II AND PILLAR 3

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

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

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

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

Frequency of Disclosure

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

Medium and Location of Disclosure

The disclosures are available on CIMBGH Group's corporate website (www.cimb.com). The consolidated disclosures for CIMB Bank, CIMB Islamic and CIMBIB are also available in CIMBGH Group's 2024 Annual Report and corporate website.

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

Basis of Disclosure

These disclosures herein are formulated in accordance with the requirements of BNM's guidelines on RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). These disclosures published are for the year ended 31 December 2024.

The basis of consolidation for financial accounting purposes is described in the 2024 financial statements. The capital requirements are generally based on the principles of consolidation adopted in the preparation of financial statements. During the financial year, CIMB Bank did not experience any impediments in the distribution of dividends. There were also no capital deficiencies in any subsidiaries that are not included in the consolidation for regulatory purposes. For the purposes of this disclosure, the disclosures presented within will be representative of the CIMB Bank entity disclosures only.

The term 'credit exposure' as used in the disclosures is a prescribed definition by BNM based on the RWCAF (Basel II) – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3). Credit exposure is defined as the estimated maximum amount a banking institution may be exposed to a counterparty in the event of a default or EAD. This differs with similar terms applied in the 2024 financial statements as the credit risk exposure definition within the ambit of accounting standards represents the balance outstanding as at balance sheet date and does not take into account the expected undrawn contractual commitments. Therefore, information within this disclosure is not directly comparable to that of the 2024 financial statements for CIMB Bank.

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

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

RISK MANAGEMENT OVERVIEW

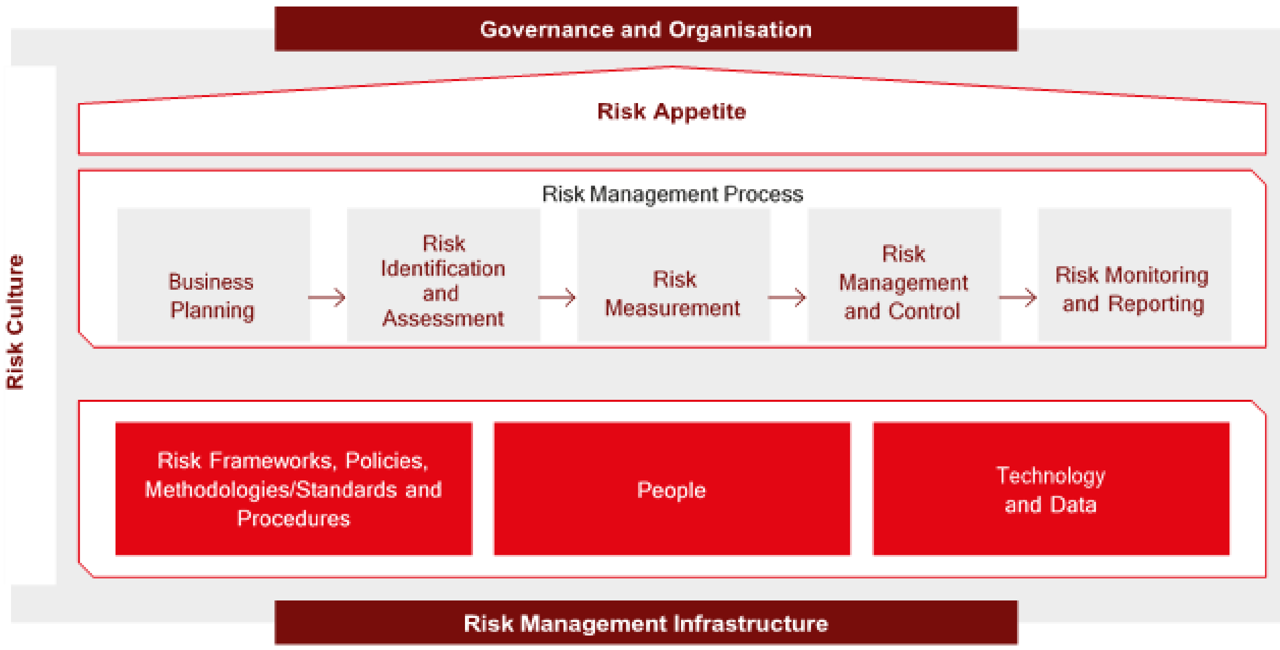
A robust and effective risk management system is critical for the Group to achieve continued risk balanced profitability and create shareholder and stakeholder value in today's globalised and inter-linked financial and economic environment.

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 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. This can be achieved by positioning various control tools to reduce the likelihood of an occurrence or the impact of the risk. The various control tools are accepting, treating, transferring and/or terminating the risk.
- Risk Monitoring and Reporting: Risks on an individual exposure, as well as on a portfolio basis, are monitored on a daily basis and periodically and/or ad-hoc basis in tandem with market developments and reported to the Group Risk & Compliance Committee (GRCC) and the Board Risk & Compliance Committee (BRCC) on a monthly basis or need basis to ensure they remain within the Group's risk appetite.

e) **Risk Management Infrastructure**
- Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

RISK MANAGEMENT OVERVIEW *(continued)*

Risk Governance

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each BRCC reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the GRCC.

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;

(vi) Model risk is defined as the type of risk that the method used to measure or quantify the bank's material risk is not accurate due to deterioration of model, hence limiting the usefulness and application of the model itself. It also covers improper implementation and improper usage of methods developed to quantify risk.

RISK MANAGEMENT OVERVIEW *(continued)*

Risk Governance (continued)

(vii) 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;

(viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another;

(ix) 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.

(x) 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;

(xi) Outsourcing risk, defined as the risk emanating from outsourcing arrangements that could result in a disruption to business operations, financial loss or reputational damage to the Group

(xii) 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 the CIMB Islamic Bank or other Shariah regulatory authorities of the jurisdictions where the Group operates;

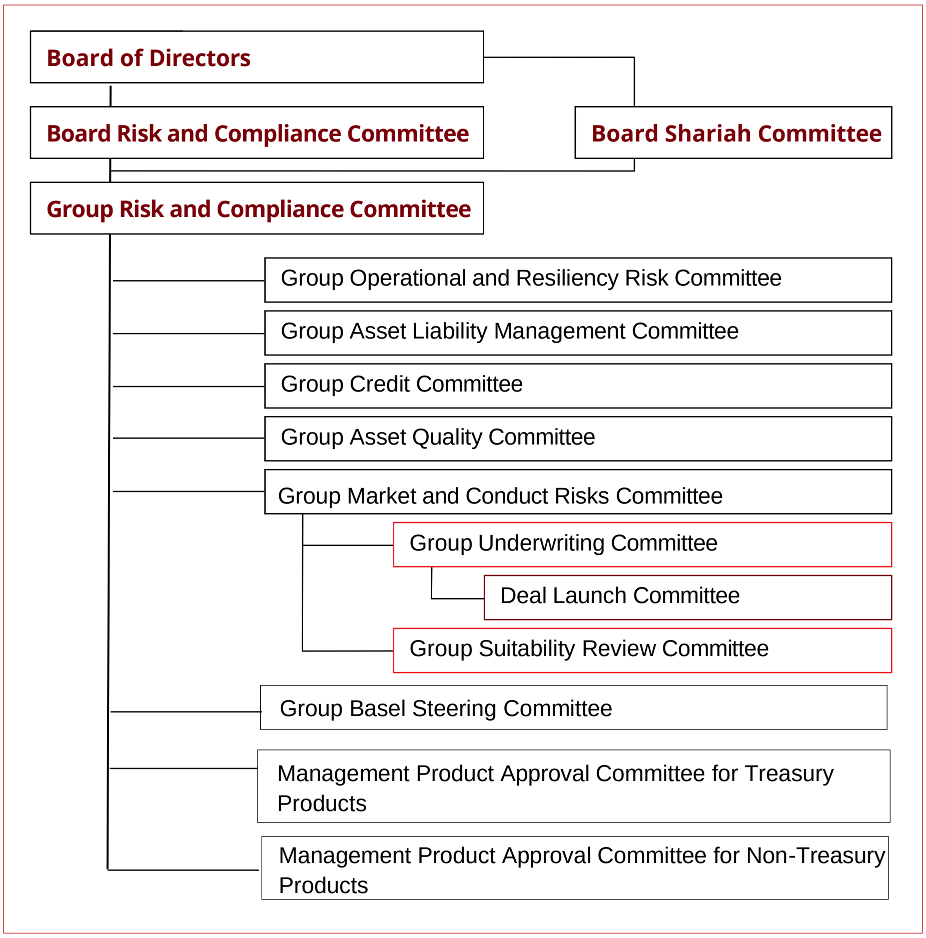
(xiii) Regulatory compliance risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the applicable laws and regulations of the jurisdictions in which the Group operates; and

(xiv) Sustainability risk, 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 employees.

RISK MANAGEMENT OVERVIEW *(continued)*

Risk Governance (continued)

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



Our 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 to 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 and sharing of technical knowledge and best practices. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

In addition to the CIMB Group Risk Committees, the Group has established a Group Sustainability and Governance Committee (GSGC) consisting of Independent Directors to assist the Board in fulfilling its responsibilities in advocating and fostering a culture/DNA of sustainability, ethical conduct, and integrity across the Group.

RISK MANAGEMENT OVERVIEW *(continued)*

Risk Governance (continued)

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 GSGC, selected GSGC members and business units such as Group Sustainability are responsible for providing relevant updates and inputs to the various Board Committees and entity boards on a periodic basis.

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 across the Group and Group Risk as an enabler of business units. As a 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. There is an embedded Risk Control Unit (RCU) within the first line-of-defence, which provides advice, support, and assurance for risk & compliance related matters within the Business Pillars and Enablers. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Management to ensure that our Group conducts business and operates within the approved appetite and is in compliance with the regulations. The third line-of-defence is GCAD who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

The Roles of Group CRO and Group Risk Division

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

Group Risk 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.

RISK MANAGEMENT OVERVIEW *(continued)*
The Roles of Group CRO and Group Risk Division (continued)

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.

(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 in the various geographies.
(ii) The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Business Continuity Management, Technology, Outsourcing and Fraud Risk Management), Shariah Risk Management and Enterprise Risk and Infrastructure CoEs.

- **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 include 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).

- **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.

RISK MANAGEMENT OVERVIEW *(continued)*

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

(b) Risk Centres of Excellence (continued)

- **Non-Financial Risk Management CoE**
  The NFRM CoE ensures that the first line-of-defence manages their non-financial risks (which comprise Operational, Technology, Outsourcing, Business Continuity and Fraud risks) effectively by providing frameworks that enables them to identify, assess, manage and report their non-financial risks. The NFRM CoE provides independent feedback, advisory and assessment to the first line-of-defence's execution of the non-financial risk frameworks.

- **Shariah Risk Management 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.

- **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.

Strategies and Processes for Various Risk Management

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

SHARIAH GOVERNANCE DISCLOSURE

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

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

Whilst the Board of Directors is accountable for the overall Shariah governance and compliance of the Islamic businesses in CIMB Group, the Management is to ensure executions 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 2024, there was no SNC income.

CAPITAL MANAGEMENT

Key Capital Management Principles

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

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

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

Capital Structure and Adequacy

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

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

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

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

Table 1: Capital Position for CIMB Bank

(RM'000)	CIMB Bank	
	2024	**2023**
Common Equity Tier 1 capital		
Ordinary share capital	24,539,214	23,039,242
Other reserves	16,680,691	17,737,806
Less: Proposed dividends	(1,641,481)	(1,693,307)
Common Equity Tier 1 capital before regulatory adjustments	**39,578,424**	**39,083,741**
Less: Regulatory adjustments		
Goodwill	(3,555,075)	(3,555,075)
Intangible assets	(1,083,486)	(1,043,055)
Deferred tax assets	(949,509)	(932,197)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(6,058,685)	(6,006,160)
Regulatory reserve	(1,379,870)	(891,938)
Others	(6,018)	(5,173)
Common Equity Tier 1 capital after regulatory adjustments	**26,545,781**	**26,650,143**
Additional Tier 1 capital		
Perpetual subordinated capital securities	1,150,000	1,150,000
Additional Tier 1 capital before regulatory adjustments	**1,150,000**	**1,150,000**
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(350,000)	(350,000)
Additional Tier 1 capital after regulatory adjustments	**800,000**	**800,000**
Total Tier 1 capital	**27,345,781**	**27,450,143**
Tier 2 capital		
Subordinated obligations	8,400,000	8,400,000
Surplus of eligible provisions over expected loss	707,665	733,313
General provision	377,087	343,464
Tier 2 capital before regulatory adjustments	**9,484,752**	**9,476,777**

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

Table 1: Capital Position for CIMB Bank *(continued)*

(RM'000)	CIMB Bank	
	2024	2023
Less: Regulatory adjustments		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(2,319,469)	(2,440,683)
Total Tier 2 capital	**7,165,283**	**7,036,094**
Total capital	**34,511,064**	**34,486,237**
RWA		
Credit risk	148,111,112	149,695,988
Market risk	15,864,820	10,803,073
Large exposure risk requirements	1,306,841	1,235,055
Operational risk	21,524,651	19,625,465
Total RWA	**186,807,424**	**181,359,581**
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 ratio	15.089%	15.628%
Tier 1 ratio	15.517%	16.069%
Total Capital ratio	19.353%	19.949%
After deducting proposed dividend		
Common Equity Tier 1 ratio	14.210%	14.695%
Tier 1 ratio	14.638%	15.136%
Total Capital ratio	18.474%	19.015%

Total Capital ratio decreased in 2024 compared to 2023 primarily due to (i) higher Total RWA, (ii) FY2024 proposed dividend, (iii) higher regulatory reserves; offset by (v) increase in ordinary share capital (vi) higher retained earnings. The increase in RWA is mainly due to higher Market RWA and Operational RWA; offset by lower Credit 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

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

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

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

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

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

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

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

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

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

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

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

2023					**CIMB Bank**
(RM'000) Exposure Class	**Gross Exposure before CRM (SA)/EAD (IRB)**	**Net Exposure after CRM (SA)/EAD (IRB)**	**RWA**	**Total RWA after effects of PSIA**	**Minimum capital requirement at 8%**
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	73,817,985	73,817,985	664,502	664,502	53,160
Public Sector Entities	9,597,679	9,597,616	19,523	19,523	1,562
Banks, DFIs & MDBs	1,182,103	1,182,103	363,989	363,989	29,119
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,041,579	1,847,321	1,105,275	1,105,275	88,422
Corporate	12,039,330	7,438,983	7,625,609	7,625,609	610,049
Regulatory Retail	17,215,690	16,206,892	9,827,909	9,827,909	786,233
Residential Mortgages/RRE Financing	2,163,878	2,163,139	780,723	780,723	62,458
Higher Risk Assets	1,698,929	1,698,929	2,548,394	2,548,394	203,872
Other Assets	8,396,641	8,396,641	4,462,304	4,462,304	356,984
Securitisation	394,061	394,061	78,812	78,812	6,305
Equity Exposure	60	60	60	60	5
Total for SA	**128,547,937**	**122,743,732**	**27,477,101**	**27,477,101**	**2,198,168**
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	32,861,333	32,861,333	5,637,855	5,637,855	451,028
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	128,549,927	128,549,927	77,645,828	77,645,828	6,211,666
Residential Mortgages/RRE Financing	71,798,047	71,798,047	15,988,213	15,988,213	1,279,057
Qualifying Revolving Retail	13,807,537	13,807,537	7,462,816	7,462,816	597,025
Hire Purchase	5,551,834	5,551,834	4,291,109	4,291,109	343,289
Other Retail	23,281,554	23,281,554	4,275,017	4,275,017	342,001
Securitisation	-	-	-	-	-
Total for IRB Approach	**275,850,232**	**275,850,232**	**115,300,838**	**115,300,838**	**9,224,067**
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	**404,398,169**	**398,593,963**	**149,695,988**	**149,695,988**	**11,975,679**

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

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

2023					CIMB Bank
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Large Exposure Risk Requirement	**1,235,055**	**1,235,055**	**1,235,055**	**1,235,055**	**98,804**
Market Risk (SA)					
Interest Rate Risk/Profit Rate Risk			8,904,171	8,904,171	712,334
Foreign Currency Risk			1,129,515	1,129,515	90,361
Equity Risk			239,162	239,162	19,133
Commodity Risk			99,599	99,599	7,968
Options Risk			430,625	430,625	34,450
Total Market Risk			**10,803,073**	**10,803,073**	**864,246**
Operational Risk (BIA)			**19,625,465**	**19,625,465**	**1,570,037**
Total RWA and Capital Requirement			**181,359,581**	**181,359,581**	**14,508,766**

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

2023					CIMB Bank
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk					
Exposures under the SA					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	9,577,937	9,577,937	15,587	15,587	1,247
Banks, DFIs & MDBs	-	-	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	3,494	3,494	3,494	3,494	280
Corporate	974,414	972,994	522,114	522,114	41,769
Regulatory Retail	1,485,782	1,485,782	756,455	756,455	60,516
Residential Mortgages/RRE Financing	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
Securitisation	-	-	-	-	-
Equity Exposure	-	-	-	-	-
Total for SA	**12,041,627**	**12,040,207**	**1,297,650**	**1,297,650**	**103,812**

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

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

2023					CIMB Bank
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Exposures under the IRB Approach					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	2,152,349	2,152,349	331,261	331,261	26,501
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	4,518,282	4,518,282	1,725,116	1,725,116	138,009
Residential Mortgages/RRE Financing	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-
Hire Purchase	-	-	-	-	-
Other Retail	-	-	-	-	-
Securitisation	-	-	-	-	-
Total for IRB Approach	**6,670,632**	**6,670,632**	**2,056,377**	**2,056,377**	**164,510**
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	**18,712,259**	**18,710,838**	**3,477,410**	**3,477,410**	**278,193**
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk/profit Rate Risk			-	-	-
Foreign Currency Risk			-	-	-
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			-	-	-
Operational Risk (BIA)			-	-	-
Total RWA and Capital Requirement			**3,477,410**	**3,477,410**	**278,193**

CAPITAL MANAGEMENT *(continued)*

Internal Capital Adequacy Assessment Process (ICAAP)

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

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

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

CREDIT RISK

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

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

Credit Risk Management

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

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

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

CREDIT RISK (continued)

Credit Risk Management (continued)

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

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

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual. In view of the tightening regulations around climate change and to support the Group's Net Zero commitment by 2050, a climate overlay focusing on sector sensitivity to transition risks (which references the Transition Risk Heatmap developed under United Nations Environment Program Finance Initiative) was integrated into Group Risk's Country Sector Limit Methodology for 2024. In order to ensure sustainability considerations are accounted for in the early stages of business planning, an overall sustainability rating was also developed and applied alongside other risk factors as part of the Risk Posture setting for 2023 to set the high level 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, which combines 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.

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 effects of portfolio diversification across obligors and sectors. Hence, the risk computed covers both default/credit migration risk as well as credit concentration risk (single name and sector concentration).

CREDIT RISK *(continued)*

Summary of Credit Exposures

i) Gross Credit Exposures by Geographic Distribution

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

Table 3: Geographic Distribution of Credit Exposures

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

2023					CIMB Bank
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	59,499,932	13,850,888	-	467,165	73,817,985
PSE	9,597,679	-	-	-	9,597,679
Bank	26,211,316	4,301,313	-	3,530,807	34,043,436
Corporate	96,500,473	42,331,142	-	3,799,221	142,630,836
Mortgage/RRE Financing	64,397,166	9,564,758	-	-	73,961,925
HPE	5,551,834	-	-	-	5,551,834
QRRE	10,815,982	2,991,556	-	-	13,807,537
Other Retail	32,286,231	8,210,961	-	52	40,497,244
Other Exposures	6,530,995	891,615	-	3,067,082	10,489,692
Total Gross Credit Exposure	**311,391,608**	**82,142,233**	**-**	**10,864,327**	**404,398,169**

CREDIT RISK *(continued)*

Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector

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

Table 4: Distribution of Credit Exposures by Sector

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

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

CREDIT RISK *(continued)*

Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector *(continued)*

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

2023												CIMB Bank
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance/ Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	-	-	-	303,842	6,284,631	-	4,609,248	6,151,980	54,298,671	-	2,169,612	73,817,985
PSE	13,559	-	-	-	-	-	-	447	9,583,547	-	126	9,597,679
Bank	-	-	-	-	-	-	-	34,043,436	-	-	-	34,043,436
Corporate	4,660,367	6,112,620	12,697,254	10,210,960	11,186,999	19,614,909	12,007,635	47,964,802	7,573,804	7,430,284	3,171,201	142,630,836
Mortgage/ RRE Financing	-	-	-	-	-	-	-	-	-	73,961,925	-	73,961,925
HPE	-	-	-	-	-	-	-	-	-	5,551,834	-	5,551,834
QRRE	-	-	-	-	-	-	-	-	-	13,807,537	-	13,807,537
Other Retail	135,843	25,029	894,826	23,029	626,434	2,171,265	246,976	2,714,487	477,253	33,182,101	-	40,497,244
Other Exposures	-	-	-	291,981	-	-	24,725	420,456	855,278	-	8,897,253	10,489,692
Total Gross Credit Exposure	**4,809,769**	**6,137,649**	**13,592,080**	**10,829,813**	**18,098,064**	**21,786,174**	**16,888,584**	**91,295,608**	**72,788,553**	**133,933,681**	**14,238,193**	**404,398,169**

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

CREDIT RISK *(continued)*

Summary of Credit Exposures (continued)

iii) Gross Credit Exposures by Residual Contractual Maturity

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

Table 5: Distribution of Credit Exposures by Residual Contractual Maturity

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

2023				CIMB Bank
(RM'000) Exposure Class	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Sovereign	17,627,384	16,635,190	39,555,411	73,817,985
PSE	12,877	6,310	9,578,493	9,597,679
Bank	23,484,824	8,214,107	2,344,505	34,043,436
Corporate	50,263,895	58,274,611	34,092,330	142,630,836
Mortgage/RRE Financing	26,766	619,679	73,315,480	73,961,925
HPE	117,940	1,634,169	3,799,725	5,551,834
QRRE	13,807,537	-	-	13,807,537
Other Retail	5,912,978	4,846,323	29,737,942	40,497,244
Other Exposures	73,719	320,342	10,095,631	10,489,692
Total Gross Credit Exposure	**111,327,921**	**90,550,730**	**202,519,517**	**404,398,169**

CREDIT RISK *(continued)d*

Credit Quality of Loans, Advances & Financing

i) Past Due But Not Impaired

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

The following tables provide an analysis of the outstanding balances as at 31 December 2024 and 31 December 2023 which were past due but not impaired by sector and geographical respectively:

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

(RM'000)	CIMB Bank	
	2024	2023
Primary Agriculture	25,774	26,861
Mining and Quarrying	2,471	1,184
Manufacturing	103,222	63,839
Electricity, Gas and Water Supply	258	633
Construction	90,774	94,722
Wholesale and Retail Trade, and Restaurants and Hotels	146,329	170,164
Transport, Storage and Communication	20,387	15,079
Finance, Insurance/Takaful, Real Estate and Business Activities	328,858	220,727
Education, Health and Others	31,746	46,252
Household	7,302,990	6,836,969
Others*	103,511	18,327
Total	**8,156,320**	**7,494,757**

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

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

(RM'000)	CIMB Bank	
	2024	2023
Malaysia	7,564,813	6,864,291
Singapore	499,521	625,336
Other Countries	91,986	5,130
Total	**8,156,320**	**7,494,757**

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances & Financing (continued)

ii) Credit Impaired Loans/Financings

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

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

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

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

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances & Financing (continued)

ii) Credit Impaired Loans/Financings *(continued)*

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

The following tables provide an analysis of the outstanding balances as at 31 December 2024 and 31 December 2023 which were credit impaired by sector and geographical respectively:

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

(RM'000)	CIMB Bank	
	2024	2023
Primary Agriculture	6,919	14,491
Mining and Quarrying	926,260	1,060,400
Manufacturing	97,409	176,642
Electricity, Gas and Water Supply	1,597	496
Construction	152,589	65,275
Wholesale and Retail Trade, and Restaurants and Hotels	257,250	367,297
Transport, Storage and Communication	47,672	253,052
Finance, Insurance/Takaful, Real Estate and Business Activities	325,783	252,022
Education, Health and Others	31,065	29,421
Household	1,428,606	1,722,017
Others*	124,208	144,733
Total	**3,399,358**	**4,085,846**

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

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

(RM'000)	CIMB Bank	
	2024	2023
Malaysia	2,898,291	3,589,970
Singapore	380,773	354,493
Other Countries	120,294	141,383
Total	**3,399,358**	**4,085,846**

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses

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

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

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

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses *(continued)*

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

(RM'000)	CIMB Bank			
	2023			
	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	36,790	170	6,197	43,157
Mining and Quarrying	27,364	1	791,888	819,253
Manufacturing	51,188	19,663	121,566	192,417
Electricity, Gas and Water Supply	23,070	225	233	23,528
Construction	8,253	19,649	42,666	70,568
Wholesale and Retail Trade, and Restaurants and Hotels	61,520	93,448	101,454	256,422
Transport, Storage and Communications	6,892	5,563	121,765	134,220
Finance, Insurance/Takaful, Real Estate and Business Activities	156,154	61,397	92,343	309,894
Education, Health and Others	18,005	3,724	17,707	39,436
Household	915,030	429,812	506,480	1,851,322
Others*	83,248	16,970	101,425	201,643
Total	**1,387,514**	**650,622**	**1,903,724**	**3,941,860**

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

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses *(continued)*

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

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

(RM'000)	CIMB Bank 2023			
	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	994,255	526,657	1,591,511	3,112,423
Singapore	346,722	118,494	213,333	678,549
Other Countries	46,537	5,471	98,880	150,888
Total	**1,387,514**	**650,622**	**1,903,724**	**3,941,860**

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances &Financing (continued)

iii) Expected Credit Losses (*continued*)

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

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

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

CREDIT RISK (continued)

Credit Quality of Loans, Advances &Financing (continued)

iii) Expected Credit Losses *(continued)*

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

(RM'000)	CIMB Bank	
	2023	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	11,273	11,194
Mining and Quarrying	60,497	14,869
Manufacturing	47,231	19,578
Electricity, Gas and Water Supply	53	66
Construction	22,694	33,538
Wholesale and Retail Trade, and Restaurants and Hotels	68,197	322,761
Transport, Storage and Communications	27,655	2,462
Finance, Insurance/Takaful, Real Estate and Business Activities	5,295	82,423
Education, Health and Others	7,788	207,719
Household	623,450	513,986
Others*	409,930	950,531
Total	**1,284,063**	**2,159,127**

**Others are exposures which are not elsewhere classified*

CREDIT RISK *(continued)*

Credit Quality of Loans, Advances & Financing (continued)

iii) Expected Credit Losses *(continued)*

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

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

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

iii) Expected Credit Losses *(continued)*

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

(RM'000)	CIMB Bank			
	2023			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
At 1 January 2023	746,781	1,774,325	2,733,149	5,254,255
Changes in expected credit losses due to transferred within stages	1,200,657	(1,071,204)	(129,453)	-
Transferred to Stage 1	1,468,561	(1,374,985)	(93,576)	-
Transferred to Stage 2	(258,340)	859,482	(601,142)	-
Transferred to Stage 3	(9,564)	(555,701)	565,265	-
Total charge to Income Statement	(559,499)	(54,319)	1,284,063	670,245
New financial assets originated	737,966	194,037	36,946	968,949
Financial assets that have been derecognised	(417,811)	(226,078)	-	(643,889)
Writeback in respect of full recoveries	-	-	(107,806)	(107,806)
Change in credit risk	(879,654)	(22,278)	1,354,923	452,991
Write-offs	(76)	(210)	(2,159,127)	(2,159,413)
Exchange fluctuation	20,807	6,372	105,036	132,215
Other movements	(21,156)	(4,342)	70,056	44,558
Total	**1,387,514**	**650,622**	**1,903,724**	**3,941,860**

CREDIT RISK *(continued)*

Capital Treatment for Credit Risk

Details on RWA and capital requirements related to Credit Risk are disclosed separately for CIMB Bank in Table 2. Details on the disclosure for portfolios under the SA and the IRB Approach are in the sections that 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 CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) to map the ratings to the relevant risk weights for computation of regulatory capital.

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

CREDIT RISK *(continued)*

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

Table 14: Disclosure by Risk Weight under SA

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

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

CREDIT RISK *(continued)*

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

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

2023													CIMB Bank
(RM'000) Risk Weights	Sovereign / Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages /RRE Financing	Higher Risk Assets	Other Assets	Securitisation *	Equity	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk-Weighted Assets
0%	72,248,940	9,500,000	316,788	-	29,793	715,974	-	-	3,537,772	-	-	86,349,266	-
20%	400,183	97,616	228,896	118,041	585,770	3,173,176	-	-	-	394,061	-	4,997,743	999,549
35%	-	-	-	-	-	-	2,045,909	-	-	-	-	2,045,909	716,068
50%	1,168,795	-	636,420	1,295,225	1,043,826	1,645,121	105,143	-	-	-	-	5,894,529	2,947,264
75%	-	-	-	-	-	9,626,751	11	-	1,586,264	-	-	11,213,026	8,409,769
100%	68	-	0	434,054	5,606,972	772,235	12,075	-	3,272,606	-	60	10,098,071	10,098,071
100% < RW < 1250%	-	-	-	-	70,746	273,637	-	1,698,929	-	-	-	2,043,312	3,032,928
1250%	-	-	-	-	101,876	-	-	-	-	-	-	101,876	1,273,451
Total	**73,817,985**	**9,597,616**	**1,182,103**	**1,847,321**	**7,438,983**	**16,206,892**	**2,163,139**	**1,698,929**	**8,396,641**	**394,061**	**60**	**122,743,732**	**27,477,100**
Average Risk Weight	**1%**	**0%**	**31%**	**60%**	**103%**	**61%**	**36%**	**150%**	**53%**	**20%**	**100%**	**22%**	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-		-	

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

CREDIT RISK *(continued)*

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

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

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

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

2023				CIMB Bank
(RM '000) Exposure Class	**Investment Grade**	**Non-Investment Grade**	**No Rating**	**Total**
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	9,597,679	9,597,679
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	1,597,529	-	444,050	2,041,579
Corporate	7,986	128,418	11,902,926	12,039,330
Sovereign/Central Banks	68,730,964	-	5,087,021	73,817,985
Banks, MDBs and DFIs	1,182,103	-	-	1,182,103
Total	**71,518,582**	**128,418**	**27,031,676**	**98,678,677**

CREDIT RISK *(continued)*

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

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

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

2023				CIMB Bank
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Securitisation	394,061	-	-	**394,061**

CREDIT RISK *(continued)*

Credit Risk – Disclosure for Portfolios under the IRB Approach

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

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

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

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

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

Retail Exposures

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

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

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

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

CREDIT RISK *(continued)*

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

Retail Exposures (continued)

PD Calibration

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

EAD Estimation

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

LGD Estimation

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

CREDIT RISK *(continued)*

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

Retail Exposures (continued)

The following tables summarise the retail credit exposures measured under A-IRB Approach as at 31 December 2024 and 31 December 2023:

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

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

CREDIT RISK *(continued)*

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

Retail Exposures (continued)

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

2023				**CIMB Bank**
(RM'000) PD Range of Retail Exposures	**0% ≤ PD < 2%**	**2% ≤ PD < 100%**	**100% Or Default**	**Total**
Total Retail Exposure	**94,376,785**	**17,524,366**	**2,537,821**	**114,438,972**
Residential Mortgage/RRE Financing	63,826,954	6,132,980	1,838,112	71,798,047
QRRE	9,638,942	4,011,529	157,067	13,807,537
Hire Purchase	2,128,022	3,326,162	97,651	5,551,834
Other Retail	18,782,867	4,053,695	444,992	23,281,554
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	18%	22%	31%	
QRRE	89%	89%	89%	
Hire Purchase	44%	52%	51%	
Other Retail	20%	18%	30%	
Exposure Weighted Average Risk Weight				
Residential Mortgage/RRE Financing	10%	81%	257%	
QRRE	19%	121%	499%	
Hire Purchase	53%	87%	275%	
Other Retail	13%	30%	150%	

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

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

2023				**CIMB Bank**
(RM'000) EL Range of Retail Exposures	**EL ≤ 1%**	**1% < EL < 100%**	**EL = 100%**	**Total**
Total Retail Exposure	**101,799,829**	**12,596,064**	**43,080**	**114,438,972**
Residential Mortgage/RRE Financing	67,810,785	3,981,351	5,911	71,798,047
QRRE	9,470,166	4,334,642	2,729	13,807,537
Hire Purchase	3,004,532	2,539,387	7,915	5,551,834
Other Retail	21,514,345	1,740,684	26,524	23,281,554
Exposure Weighted Average LGD				
Residential Mortgage/RRE Financing	18%	27%	36%	
QRRE	89%	89%	90%	
Hire Purchase	42%	58%	46%	
Other Retail	19%	28%	83%	

CREDIT RISK *(continued)*

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

Non-retail Exposures

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

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

The following tables summarise the non-retail credit exposures measured under F-IRB Approach as at 31 December 2024 and 31 December 2023:

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

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

CREDIT RISK *(continued)*

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

Non-retail Exposures (continued)

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

2023						**CIMB Bank**
(RM '000) Supervisory Categories	**Strong**	**Good**	**Satisfactory**	**Weak**	**Default**	**Total**
Project Finance	631,428	2,483,907	24,976	333	-	3,140,643
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	1,325,010	7,573,465	1,019,989	720,203	145,180	10,783,847
RWA	**978,219**	**8,001,687**	**1,201,710**	**1,801,340**	**-**	**11,982,955**

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

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

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

CREDIT RISK *(continued)*

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

Non-retail Exposures (continued)

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

2023					**CIMB Bank**
(RM'000) Internal Risk Grading	**1 - 7**	**8 - 15**	**16 - 25**	**Default**	**Total**
Total Non-Retail Exposure	**51,440,985**	**69,285,824**	**21,765,384**	**3,155,807**	**145,648,000**
Sovereign/Central Banks	-	-	-	-	-
Bank	24,107,640	8,535,026	218,651	16	32,861,333
Corporate (excluding Specialised Lending/ Financing)	27,333,344	60,750,798	21,546,733	3,155,791	112,786,667
Exposure Weighted Average LGD					
Sovereign/Central Banks	-	-	-	-	
Bank	44%	44%	45%	45%	
Corporate (excluding Specialised Lending/ Financing)	44%	39%	36%	42%	
Exposure Weighted Average Risk Weight					
Sovereign/Central Banks	-	-	-	-	
Bank	14%	23%	141%	-	
Corporate (excluding Specialised Lending/ Financing)	21%	63%	100%	-	

CREDIT RISK *(continued)*

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

Expected Losses versus Actual Losses by Portfolio Types

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

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

				CIMB Bank
	2024		2023	
(RM'000) Exposure Class	Regulatory Expected Losses as at 31 December 2023	Actual Losses for the year ended 31 December 2024	Regulatory Expected Losses as at 31 December 2022	Actual Losses for the year ended 31 December 2023
Sovereign	-	-	-	-
Bank	18,798	0	17,881	0
Corporate	688,471	81,512	724,768	139,763
Mortgage/RRE Financing	250,428	303,515	293,803	130,789
HPE	367,868	50,528	256,739	79,207
QRRE	348,566	85,032	301,548	112,391
Other Retail	111,604	50,751	138,497	63,897
Total	**1,785,736**	**571,338**	**1,733,236**	**526,047**

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

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

CREDIT RISK *(continued)*

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

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

i) Credit Risk Mitigation

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

ii) *Treatment of Rating Downgrade*

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 31 December 2024 and 31 December 2023 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 2024 and 31 December 2023:

CREDIT RISK *(continued)*

Off-Balance Sheet Exposures and CCR (continued)

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

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

CREDIT RISK *(continued)*

Off-Balance Sheet Exposures and CCR (continued)

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

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

CREDIT RISK *(continued)*

Off-Balance Sheet Exposures and CCR (continued)

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

2023				CIMB Bank
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	4,095,851		4,095,851	1,786,577
Transaction Related Contingent Items	4,080,178		2,040,089	1,008,123
Short Term Self Liquidating Trade Related Contingencies	2,253,582		450,716	103,195
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending/Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)/Commitments to buy back Islamic securities under Sales and Buy Back Agreement	4,249,301		4,249,388	185,222
Foreign Exchange Related Contracts				
One year or less	21,195,001	121,207	345,783	155,321
Over one year to five years	849,914	1,564	53,174	49,120
Over five years	-	-	-	-
Interest/Profit Rate Related Contracts				
One year or less	2,815,567	3,998	9,132	5,619
Over one year to five years	5,747,180	66,979	257,967	139,405
Over five years	938,083	7,167	85,384	74,930
Equity Related Contracts				
One year or less	421,781	16,126	41,432	39,626
Over one year to five years	237,101	16,110	35,078	43,731
Over five years	-	-	-	-
Commodity Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	667,723,248	2,298,127	8,927,238	2,508,492

CREDIT RISK *(continued)*

Off-Balance Sheet Exposures and CCR (continued)

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

2023				CIMB Bank
(RM '000) **Description**	**Principal Amount**	**Positive Fair Value of Derivative Contracts**	**Credit Equivalent Amount**	**Risk-Weighted Assets**
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	24,476,718		21,865,025	6,652,348
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,468		294	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's/customer's creditworthiness	98,480,358		-	-
Unutilised credit card lines	25,794,828		6,991,468	1,924,729
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	**863,360,159**	**2,531,278**	**49,448,020**	**14,676,439**

CREDIT RISK *(continued)*

Off-Balance Sheet Exposures and CCR

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

Table 23: Disclosure on Credit Derivative Transactions

(RM'000)	CIMB Bank			
	2024		2023	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	854,707	1,381,187	1,008,106	1,388,509
Client Intermediation Activities	19,900	-	19,900	-
Total	**874,607**	**1,381,187**	**1,028,006**	**1,388,509**
Credit Default Swaps	854,707	1,381,187	1,008,106	1,388,509
Total Return Swaps	19,900	-	19,900	-
Total	**874,607**	**1,381,187**	**1,028,006**	**1,388,509**

Credit Risk Mitigation

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

i) Collaterals/Securities

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

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

ii) Collateral Valuation and Management

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

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

CREDIT RISK *(continued)*

Credit Risk Mitigation (continued)

iii) Netting

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

iv) Portfolio diversification for better clarity

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

The following tables summarise the extent of which exposures are covered by eligible credit risk mitigants as at 31 December 2024 and 31 December 2023:

Table 24: Disclosure on Credit Risk Mitigation

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

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

CREDIT RISK *(continued)*

Credit Risk Mitigation (continued)

Table 24: Disclosure on Credit Risk Mitigation (continued)

2023				**CIMB Bank**
(RM'000) Exposure Class	**Exposures before CRM**	**Exposures Covered by Guarantees/ Credit Derivatives**	**Exposures Covered by Eligible Financial Collateral**	**Exposures Covered by Other Eligible Collateral**
Performing Exposures				
Sovereign/Central Banks	73,817,917	-	-	-
Public Sector Entities	9,597,679	9,500,000	63	-
Banks, DFIs & MDBs	34,043,420	-	1,308,928	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	2,041,579	-	194,258	-
Corporate	137,199,194	4,388,552	13,899,062	16,289,001
Residential Mortgages/RRE Financing	72,119,857	-	740	-
Qualifying Revolving Retail	13,650,471	-	-	-
Hire Purchase	5,454,183	-	-	-
Other Retail	39,866,749	4,993,273	1,008,173	-
Securitisation	394,061	-	-	-
Equity	60	-	-	-
Higher Risk Assets	1,698,929	-	-	-
Other Assets	8,396,641	-	-	-
Defaulted Exposures	3,846,313	43,920	53,563	576,443
Total Exposures	**402,127,056**	**18,925,745**	**16,464,787**	**16,865,444**

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 2024 and 31 December 2023

Table 25: Disclosure on Securitisation for Banking Book

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

2023 (RM'000)	CIMB Bank			
Underlying Asset	**Total Exposures Securitised**	**Past Due**	**Impaired**	**Gains/(Losses) Recognised during the year**
TRADITIONAL SECURITISATION (Banking Book)				
Originated by the Banking Institution				
Hire Purchase Exposure	11,406	2,156	1,151	(127)

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

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

SECURITISATION *(continued)*

Disclosure on Securitisation under the SA for Banking Book

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

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

SECURITISATION *(continued)*

Disclosure on Securitisation under the SA for Banking Book

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

2023												CIMB Bank
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures							Unrated (Look Through)		
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
Traditional Securitisation (Banking Book)												
Non-originating Banking Institution												
On-Balance Sheet												
Most senior	394,061	-	-	-	394,061	-	-	-	-			78,812
Mezzanine	-	-	-	-	-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities	-	-			-	-	-	-	-			-
Guarantees and credit derivatives	-	-			-	-	-	-	-			-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			-

SECURITISATION *(continued)*

Disclosure on Securitisation under the SA for Banking Book

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

2023												CIMB Bank
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures							Unrated (Look Through)		
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>*Originating Banking Institution*</u>												
On-Balance Sheet												
Most senior	-	-	-	-	-	-	-	-	-			-
Mezzanine	-	-			-	-	-	-	-			-
First loss	-	-	-	-	-	-	-	-	-			-
Off-Balance Sheet												
Rated eligible liquidity facilities	-	-			-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-			-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-			-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-			-	-	-	-	-			-
Eligible underwriting facilities												
Guarantees and credit derivatives	-	-			-	-	-	-	-			
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-			-	-	-	-	-			
Total Exposures	**394,061**	**-**	**-**	**-**	**394,061**	**-**	**-**	**-**	**-**	**-**	**-**	**78,812**

SECURITISATION *(continued)*

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

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

As at 31 December 2024 and 31 December 2023, CIMB Bank has no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

MARKET RISK

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

Market Risk Management

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

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

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

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

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

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

MARKET RISK (continued)

Capital Treatment for Market Risk

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

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

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

OPERATIONAL RISK

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

Operational Risk Management Oversight

The NFRM CoE, within Group Risk , provides the methodology, tools and processes for the identification, assessment, reporting and management of operational risks by the respective risk owners across the Group. Identified risks are rated using a defined risk rating methodology applied across the Group's Three Lines-of-Defence. The NFRM CoE also independently oversees identification and monitoring of operational risk and controls that resides 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 and business line. These committees report up to the relevant functional or country level committees.

The Group Operational and Resiliency Risk Management Committee (GORRC) is the committee established at the Group-level that is tasked to oversee 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 make recommendation to the GRCC for approval. GORRC oversees and monitors the overall operational risk control environment of CIMB Group and reports to the GRCC on material operational and reputational risks. Reputation risk is defined as 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.

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) Establishment of a risk management culture; and

OPERATIONAL RISK *(continued)*

Operational Risk Management Approach (continued)

v) Deployment of ORM tools that include:
- Operational Event and Loss Data Management;
- Risk & Control Self-Assessment;
- Control Issue Management;
- Key Risk Indicators;
- Product Approval Process; and
- Scenario Analysis

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

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

The promotion of a risk management culture within the Group, whereby the demand for integrity and honesty is non-negotiable, remains the core theme in our operational risk awareness program. Additionally, the e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

Capital Treatment for Operational Risk

The Bank adopts the Basic Indicator Approach to compute operational risk capital requirement under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

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

EQUITY EXPOSURES IN BANKING BOOK

The Group's banking book equity investments consist of:

i) Strategic stakes in entities held as part of growth initiatives and/or in support of business operations; and

ii) Investments held for yield and/or long-term capital gains.

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

Realised and unrealised gains or losses arising from sales and liquidations of equities for CIMB Bank for the year ended 31 December 2024 and 31 December 2023 is as follows:

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

(RM'000)	CIMB Bank	
	2024	2023
Realised gains/(loss)		
Shares, private equity funds and unit trusts	-	-
Unrealised gains		
Shares, private equity funds and unit trusts	**151,975**	64,349

The following table shows an analysis of equity investments by appropriate equity groupings and risk weighted assets as at 31 December 2024 and 31 December 2023:

Table 29: Analysis of Equity Investments by Grouping and RWA

(RM'000)	CIMB Bank			
	2024		2023	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	1,770,044	2,655,066	1,698,929	2,548,394
Publicly traded	54	54	60	60
Total	**1,770,098**	**2,655,120**	**1,698,990**	**2,548,454**

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

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

IRRBB/RORBB Management

The Group manages its banking book exposure to fluctuations in the interest rates/profit rates through policies established by GALCO. The GALCO is a board-delegated committee which reports to the GRCC. IRRBB/RORBB undertaken by the Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the Group. The risk appetite is established by the Board. With the support from ALM COE under Group Risk, EXCO Balance Sheet Management under Group Corporate Treasury and Capital Management under Group Finance, the GALCO is responsible for steering the Group's balance sheet and hedging strategies, the overall interest rate risk/rate of return risk in the banking book profile and ensuring that such risk profile is within the established risk appetite. Interest rate risk/rate of return risk in the banking book exposure based on balance sheet forecasts and relevant risk drivers are projected to help in business and hedging strategies planning. Treasury & Markets, together with EXCO Balance Sheet Management and Capital Management, are responsible for the day-to-day management of exposures and gapping activities including execution of hedging strategies.

IRRBB is measured by:

- Economic Value of Equity sensitivity:

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

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

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

IRRBB Management (continued)

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

Table 30: IRRBB – Impact on Economic Value

(RM'000)	CIMB Bank	
	2024	2023
Currency	**+100bps Increase/(Decline) in Economic Value (Value in RM Equivalent)**	
Ringgit Malaysia	(2,587,189)	(2,613,061)
US Dollar	(261,342)	(124,921)
Thai Baht	405	256
Singapore Dollar	(190,012)	(171,140)
Others	(103,098)	(85,336)
Total	**(3,141,236)**	**(2,994,202)**

- Earnings-at-Risk:

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

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

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

IRRBB Management (continued)

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

Table 31: IRRBB – Impact on Earnings

(RM'000)	CIMB Bank	
	2024	2023
Currency	+100bps Increase/(Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	16,261	(36,197)
US Dollar	(253,378)	(302,192)
Thai Baht	(624)	(576)
Singapore Dollar	(113,618)	20,146
Others	57,410	84,311
Total	**(293,949)**	**(234,508)**

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:

- Group Sustainability Policy (GSP), which outlines our overarching principles and approach to sustainability and sustainability risk management.

- Group Sustainable Financing Policy (GSFP) governs the handling of environmental and social risks in non-retail financing and capital raising transactions for clients. CIMB has identified 148 sub-sectors, within 10 main industries, that are classified as high sustainability risk. We have developed seven Sector Guides that cover palm oil, forestry, oil and gas, construction and infrastructure, coal, mining and quarrying, and manufacturing sectors.

- Group Human Rights Policy (GHR), which lays out our overarching commitments, principles and approaches to respecting Human Rights.

[END OF SECTION]