2023 Financed Emissions
Supplementary Report

MOVING FORWARD WITH YOU

May 2024

THANK YOU FROM TOMORROW

Contents

Introduction

As a financial institution, our largest emission type is our Scope 3 Category 15 (Investment) emissions, contributing more than 99% of our overall emissions. This category of emissions are attributed to the business activities of our clients that we finance and invest in, and their respective value chains.

In 2022, we disclosed our first portfolio financed emissions inventory covering our FY2021 on-balance sheet financing for clients across four key operational markets: Malaysia, Indonesia, Singapore and Thailand. The scope of our FY2021 financed emissions included nine carbon-intensive sectors (Agriculture, Aluminium, Cement, Coal, Iron & Steel, Oil & Gas, Real Estate, Transport, and Power) and four asset classes (Business Loans and Unlisted Equity, Commercial Real Estate, Mortgages, and Motor Vehicle Loans).

In 2023, we established our first baseline as of 31 December 2022 which included an updated calculation methodology and expanded our coverage to include an additional asset class, Listed Equities and Corporate Bonds and expansion of the Utilities Sector to include non-power generation segments. In estimating our financed emissions, we reference the Global GHG Accounting and Reporting Standard developed by the Partnership for Carbon Accounting Financials (PCAF Standard) and the UN Environment Programme Finance Initiative (UNEP FI) Guidelines for Climate Target Setting for Banks.

Despite the above achievements, we acknowledge there are gaps and improvements that require our attention, such as a one-year reporting time-lag for our financed emissions, expansion of scope to include other relevant PCAF asset classes, and other process enhancements. This supplementary report is published with the intention of closing some of these gaps.

CIMB's Net Zero Targets

In November 2023, we published "Our Path to Net Zero: Charting a Course to Decarbonisation" Whitepaper. The comprehensive whitepaper detailed the principles, approach and methodologies that were adopted to set our ambitious 2030 Net Zero aligned sector-specific targets for our Cement, Coal, Power and Palm Oil portfolios. It also outlined high-level transition strategies aimed at achieving these targets and offered insights into CIMB's strategy for managing emissions within our highly carbon intensive sectors. The introduction of these targets was a significant milestone, with the Palm sector target making CIMB the first financial institution globally to set net zero targets for this sector.

CIMB's Net Zero targets are focused on the sectors that are most critical to CIMB and the real economy, as well as those that are the most highly intensive and significant in exposure. In addition, in order to prioritise action in the areas with most significant impact, our Net Zero targets in each sector are tailored to focus on emission scopes that are most significant (such as Scope 1 Emissions in Power), as well as the parts of the sector value chain that determine or control the amount of emissions (e.g. for thermal coal, we focus on thermal coal mining, and deprioritise coal trading). In addition, aside from Thermal Coal, where we aim to reduce our financial exposure, the other Net Zero targets are set based on physical emissions intensity. As such, readers should note that the Financed Emissions reported as part of our Net Zero performance tracking are not the same as the overall Financed Emissions in this report, which cover more sectors, value chain segments and emission scopes.

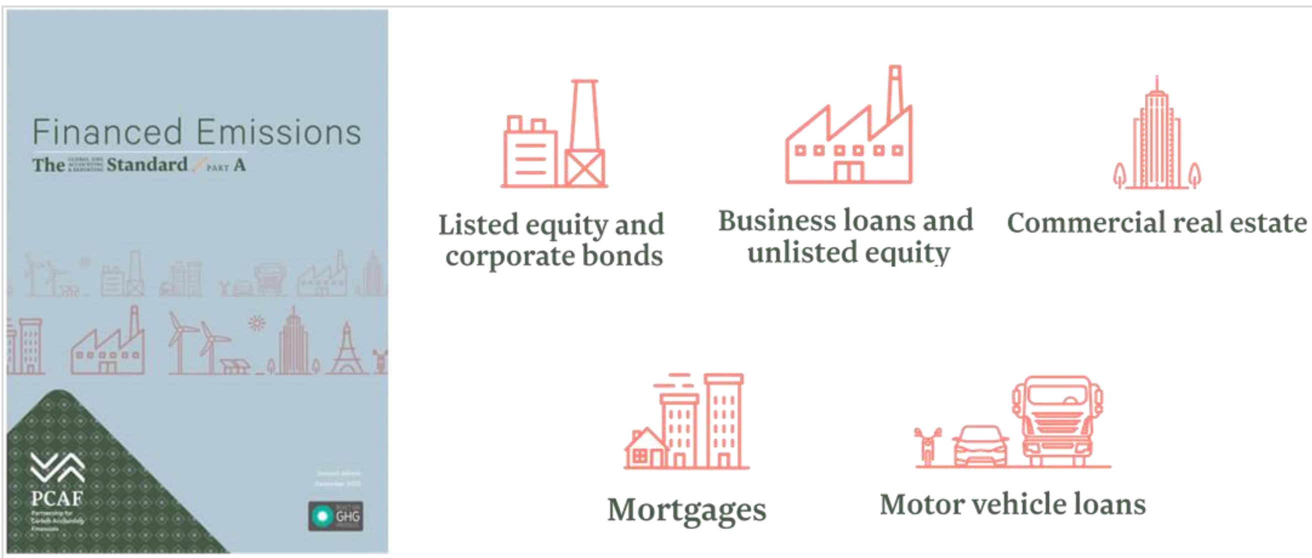
Our Scope and Boundary

<table>
<tr><th colspan="2">Coverage by</th><th>Scope</th></tr>
<tr><td colspan="2">Operational Market</td><td>Malaysia (i.e., CIMB Bank Berhad, CIMB Islamic Berhad), CIMB Niaga (i.e., PT CIMB Niaga), CIMB Singapore (i.e., CIMB Bank Singapore branch), CIMB Thailand (i.e., CIMB Thai PCL) are in-scope, which collectively contribute to more than 95% of the Group’s portfolios in terms of total assets and net interest income respectively</td></tr>
<tr><td rowspan="5">Asset Class</td><td>Listed Equity and Corporate Bonds</td><td>Available-for-sale and held-to-maturity securities (including wholesale bond funds managed on a discretionary basis) held by CIMB</td></tr>
<tr><td>Business Loans and Unlisted Equity</td><td>All on-balance sheet loans/financing extended to non-retail clients of Group Corporate Banking and Group Commercial Banking (i.e., Business Banking and SME Banking/Enterprise Banking)</td></tr>
<tr><td>Commercial Real Estate</td><td>Commercial Real Estate loans/financing extended to individuals and small and medium-sized enterprises (SMEs)</td></tr>
<tr><td>Mortgages</td><td>Mortgages (including green home financing) extended to individual customers</td></tr>
<tr><td>Motor Vehicle Loans</td><td>Auto loans/financing (including hybrid/electric vehicles) extended to individual customers</td></tr>
<tr><td colspan="2">Sector</td><td>Nine carbon-intensive sectors as guided by the UNEP FI Guidelines for Climate Target Setting for Banks: Agriculture, Aluminium, Cement, Coal, Iron & Steel, Oil & Gas, Real Estate, Transport, Utilities (including Power)</td></tr>
<tr><td colspan="2">GHG Scope</td><td>Scope 1 and 2 emissions of financing clients and investee companies. Scope 3 is not covered except for Oil and Gas due to challenges associated with data availability</td></tr>
<tr><td colspan="2">Carbon Credits</td><td>Gross absolute emissions are reported without taking into account carbon credits retired by our financing clients/investee companies to offset their emissions</td></tr>
<tr><td colspan="2">Avoided Emissions</td><td>Avoided emissions are not reported due to limited data availability</td></tr>
<tr><td colspan="2">Emission Removals</td><td>Emission removals are not reported due to limited data availability</td></tr>
<tr><td colspan="2">Facilitated Emissions</td><td>We have yet to estimate the Group’s facilitated emissions as the PCAF Facilitated Emissions Standard was only launched in December 2023</td></tr>
</table>

Methodology

In 2022, we became a member of the Partnership for Carbon Accounting Financials (PCAF), which defines and develops greenhouse gas accounting standards for financial institutions. Our financed emissions are measured and calculated according to PCAF's Global GHG Accounting and Reporting Standards for Financed Emissions, which provide comprehensive methodological guidance for the measurement and disclosure of these emissions.

Our overall methodology estimates our counterparties' emissions and attributes a proportion of these emissions to us, as we are responsible for enabling their activities through our financing. Specific calculation details vary by asset class and sector, with guidance provided by PCAF on how to aggregate emissions intensities. CIMB's methodology closely mirrors PCAF, and any divergence from PCAF is noted and explained below.



The general equation, shown below, uses company emissions and an attribution factor to assign emissions to our financing activities.

$$Financed\ emissions = \sum_{c} Attribution\ factor_c \times Company\ emissions_c$$

$$where\ c = borrower\ or\ investee\ company$$

The attribution factor represents the proportional share of a given company – that is, the ratio of the outstanding amount to total equity and debt for private companies, Enterprise Value Including Cash (EVIC) for listed companies, and property value at origination for commercial real estate and mortgages.

Understanding our Financed Emissions

In 2022, we began measuring the emissions associated with our on-balance sheet financing for clients in Malaysia, Indonesia, Singapore and Thailand. As standards, market practices and data availability continue to evolve, we strive to enhance and update our financed emissions calculation methodology and streamline internal processes with a view to improving the completeness, accuracy and data quality of our outputs.

In 2023, the following enhancements were completed:

- Strengthened **CIMB Group's Financed Emissions Methodology,** which provided greater clarity of our calculation approach, metrics, data requirements, assumptions, baseline recalculation principles and appropriate deviations (if any) from the PCAF Standard.
- Established and rolled out of a suite of **Excel-based calculators** for five PCAF asset classes: Listed Equity and Corporate Bonds, Business Loans and Unlisted Equity, Commercial Real Estate, Mortgages, as well as Motor Vehicle Loans, to ensure that financed emissions are calculated in a systematic and structured way, as well as to reduce human errors and ensure an auditable process.
- Developed **supplementary guidance**, including sector code mapping to facilitate scoping and data aggregation across different countries, a consolidated emission factors database updated with the emission factors from PCAF (March 2023) and other external sources, and data dictionaries containing definitions and interpretations of various internal and external data points needed for financed emissions calculations.

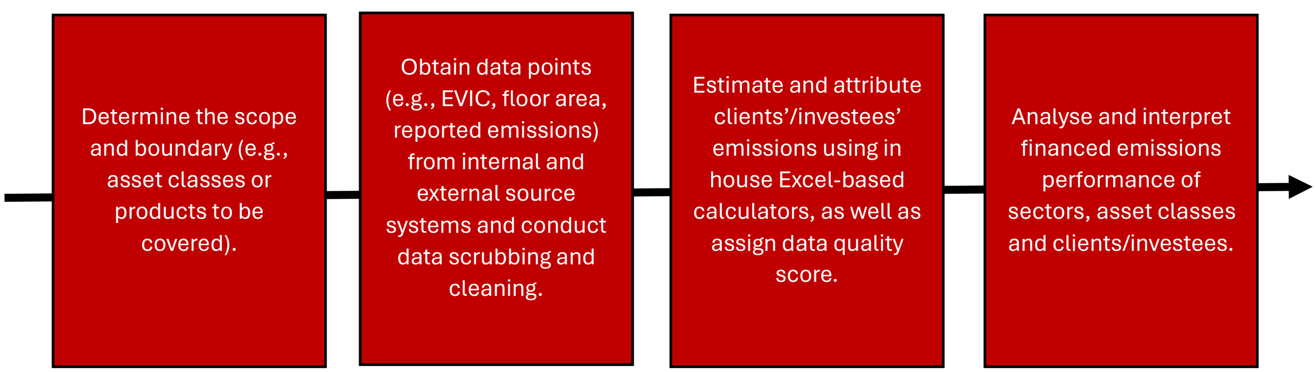


Figure 1: CIMB Financed Emissions Calculation and Estimation Methodology

To ensure data accuracy, our financed emissions calculators are structured to prioritise reported emissions of our clients (or direct parent/ultimate owner). Where self-reported data is not available, proxies such as physical activity data (e.g., metric tonnes of steel produced) or revenues/assets are used to estimate clients' emissions according to the PCAF Standard. When client's financial and/or physical activity data is absent, we apply an extrapolation technique to estimate the emissions.

Limitations of Data and Methodology

1. Our financed emissions are measured and estimated according to the GHG Accounting and Reporting Standard for the Financial Industry, developed by PCAF. The estimates and methodological choices are shaped by the availability of data for the sectors we analyse. We are committed to continuously improving our estimates and refining our methodologies. Additionally, we aim to enhance our processes for collecting actual emissions data from customers and investees.
2. We have worked to improve our data quality scores in each successive report, although these have shown slight variations across different sectors and years. While we expect these scores to improve further as companies enhance their disclosures in response to growing regulatory and stakeholder expectations, there will likely be annual fluctuations and inter-sectoral differences due to changes in data availability. We are also actively encouraging all our clients to disclose their emissions publicly.
3. In the past, we reported financed emissions with a 12-month time lag, as our clients only report their emissions after their financial year end. This year, we attempted to reduce the reporting time lag to five months, by starting our data gathering and calculation exercise in February. However, as our data gathering period is from February to mid-May, a significant proportion of our clients have yet to report their 2023 emissions. In these cases, we have relied on their last-reported emissions to form our financed emissions estimates.
4. We operate largely in developing markets, where reporting regulations are nascent or are still being rolled out. Most of our clients have yet to measure or disclose their greenhouse gas emissions, in particular Scope 3 emissions. In the absence of client-reported data, we rely on emission proxies based on company production and revenue figures. Despite our efforts to minimise reliance on non-company-specific data, we apply industry averages where specific data is unavailable. We will refine our estimate as data availability and quality improves.
5. The methodologies and data used to assess financed emissions and set targets are continuously evolving. We anticipate ongoing changes in industry guidance, market practices, and regulations, and plan to refine our analysis using appropriate data sources and the latest methodologies as they become available.
6. We are aware that the attribution factors used in our financed emissions are sensitive to changes in drawn amounts or market fluctuations, in addition to PCAF guidance and emission factors being updated from year to year. We commit to being transparent about the drivers of change in our portfolio's financed emissions as much as possible.
7. The classification of our clients by sector is performed with input from subject matter experts and will continue to evolve with improvements in our data and sector classification approach. As sub-sector and value chain classifications are based on judgment, they may be revised as data becomes available. Consequently, this may result in inconsistencies or changes in our financed emissions.

CIMB 2023 Financed Emissions

	FY2023[1]									FY2022[1,2,4]	FY2021[1,2]
	In-Scope Exposures Assessed for Financed Emissions[3] (RM mil)	Scope 1 & 2					Scope 3			Scope 1 & 2 Absolute Emissions (tCO_2e)	Scope 1 & 2 Absolute Emissions (tCO_2e)
		Absolute Emissions (tCO_2e)			Emission Intensity (tCO_2e/RM mil)	Weighted Data Quality Score	Absolute Emissions (tCO_2e)	Emission Intensity (tCO_2e/RM mil)	Weighted Data Quality Score		
		Scope 1	Scope 2	Total							
CIMB Group	**341,080**			**18,816,782**	**55.17**		**2,476,491**			**16,259,968**	**13,810,648**
Breakdown by PCAF Asset Class											
Business Loans & Unlisted Equity	111,341	8,422,128	1,572,643	9,994,772	89.77	4.11	2,229,594	282.33	4.35	8,887,859	10,503,676
Commercial Real Estate	33,855			1,944,032	57.42	4.10				1,184,487	412,032
Listed Equity & Corporate Bonds	20,903	2,584,863	300,571	2,885,434	138.04	3.62	246,897	102.67	3.07	2,438,889	
Mortgages	143,203			1,934,163	13.51	4.00				1,796,413	1,397,560
Motor Vehicles	31,777	2,057,536	846	2,058,382	64.78	2.61				1,952,320	1,497,380
Breakdown by Sector											
Agriculture	25,864	2,461,753	810,659	3,272,412	126.53	3.85				2,932,700	1,120,200
Cement	1,784	529,181	61,490	590,671	331.13	3.39				1,145,749	2,782,768
Coal	2,116	357,119	38,534	395,653	186.98	3.31				415,723	1,302,374
Iron, Steel & Aluminium	3,738	405,951	36,285	442,236	118.32	4.45				453,350	29,640
Oil & Gas	10,302	875,440	112,475	987,915	95.90	3.77	2,476,491	240.39	4.05	957,047	3,070,049
Real Estate	235,448			4,540,959	19.29	4.10				3,513,339	1,832,402
Transport	44,809	2,498,973	77,936	2,576,909	57.51	3.06				2,289,468	1,715,140
Utilities	17,020	5,418,950	591,077	6,010,027	353.12	3.43				4,552,591	1,958,077

[1] Emission intensity calculation covers scope 1 and 2 only. Scope 3 emissions currently only extend to Oil & Gas sector of the Group's financing and investment portfolios.

[2] 2022 Baseline was established based on the Group's Financed Emissions Calculation Methodology, which was strengthened in 2023 to cover, among others, the following:

- *calculation and estimation approach for the newly added Listed Equity and Corporate Bonds asset class;*
- *inclusion/exclusion of selected sub-sectors and/or clients to be subjected to financed emissions assessment (i.e., in-scope exposures assessed for financed emissions);*
- *an updated list of PCAF emission factors as of March 2023;*
- *revised assumptions including estimated local/regional statistical data on distance travelled for motor vehicle loans asset class and average floor area per building type for mortgages asset class, as well as the baseline recalculation criteria.*

Financed emissions for FY2021 was not restated or recalculated per the enhanced Financed Emissions Calculation Methodology on the grounds that FY2022 serves as the base year for the Group's financed emissions inventory (in line with the base year used in selected sector-specific climate targets of the Group), and that recalculation of previous years' performance requires a significant level of effort to complete. Any variations in terms of absolute emissions between FY2021-2022 are not solely an indication of the Group's decarbonisation outcomes but rather attributable to methodological differences.

[3] This refers to the total outstanding amount that is in-scope for financed emissions calculation and estimation. Scoping was undertaken to exclude certain types of financing facilities and investments such as individual clients (applicable to Business Loans and Unlisted Equity asset class), investments that are held for trading (applicable to Listed Equity and Corporate Bonds asset class) and home equity loans/lines of credit (applicable to Mortgages asset class).

[4] The 2022 Baseline was restated in 2023 due to updated client classifications, resulting in a material change in the Oil & Gas sector emissions, as well as non-material changes to the following sectors (i) Agriculture, (ii) Coal, (iii) Real Estate, and (iv) Utilities.

CIMB's overall financed emissions in 2023 increased by 2.6% to 18,816,782 metric tonnes of carbon dioxide equivalent (tCO_2e), from 16,259,968 tCO_2e in 2022. This increase is primarily attributed to the changes in the Utilities, Real Estate, and Agriculture sectors, the largest contributors to our financed emissions, collectively accounting for 74% of the total 2023 figures above.

As of 31 December 2023, the Group's financed emissions inventory covered 54% of the Group's financing and investment portfolios. An analysis of material emission intensity changes from FY2022 to FY2023, is shown below:

Classification	Emission Intensity Change vs FY 2022	Change Notes
Commercial Real Estate	▲21.3%	• Exposure increased by 35%, with the floor area within asset class doubling in the same period. • One of the factors contributing the Real Estate sector's 14.5% increase in emission intensity compared to FY2022.
Listed Equity & Corporate Bonds	▼13.5%	• Exposure to Corporate bonds increased by 36% while Listed Equities increased from RM1.83 million to RM20.9 million. • Minor shift in composition from higher intensity sectors (e.g. Cement) towards lower intensity sectors (such as Real Estate).
Agriculture	▲9.8%	• Expansion of upstream Palm and Poultry portfolio in Indonesia, which have higher emissions than midstream and downstream operations.
Cement	▼36.4%	• The Cement sector emission intensity declined by 36.4% compared to 2022, mainly attributed to financing maturity of several high emission intensity clients.
Coal	▲6.2%	• Despite a slight increase in emissions intensity, the exposure to the sector has declined by 10%, in line with our target to exit Thermal Coal Mining by 2040.
Iron, Steel & Aluminium	▼12.6%	• Shift of financing composition from upstream segments i.e., mining and extraction, towards lower intensity activity such as manufacturing and production.

CIMB 2022 Financed Emissions

	FY2022[1,2,4]						
	In-Scope Exposures Assessed for Financed Emissions[3] (RM mil)	Scope 1 & 2			Scope 3		
		Absolute Emissions (tCO_2e)	Emission Intensity (tCO_2e/RM mil)	Weighted Data Quality Score	Absolute Emissions (tCO_2e)	Emission Intensity (tCO_2e/RM mil)	Weighted Data Quality Score for Scope 3
CIMB Group	**302,339**	**16,259,968**	**53.78**		**2,213,032**		
Breakdown by PCAF Asset Class							
Business Loans & Unlisted Equity	102,376	8,887,859	86.82	4.16	2,004,584	259.99	4.24
Commercial Real Estate	25,011	1,184,487	47.36	4.03			
Listed Equity & Corporate Bonds	15,291	2,438,889	159.50	3.13	208,448	97.43	2.77
Mortgages	131,472	1,796,413	13.66	4.00			
Motor Vehicles	28,189	1,952,320	69.26	2.60			
Breakdown by Sector							
Agriculture	25,442	2,932,700	115.27	3.93			
Cement	2,202	1,145,749	520.34	2.89			
Coal	2,362	415,723	176.04	3.05			
Iron, Steel & Aluminium	3,350	453,350	135.33	4.38			
Oil & Gas	9,850	957,047	97.16	3.68	2,213,032	224.68	3.92
Real Estate	208,640	3,513,339	16.84	4.09			
Transport	37,341	2,289,468	61.31	2.95			
Utilities	13,154	4,552,591	346.11	3.37			

[1] Emission intensity calculation covers scope 1 and 2 only. Scope 3 emissions currently only extend to Oil & Gas sector of the Group's financing and investment portfolios.

[2] 2022 Baseline was established based on the Group's Financed Emissions Calculation Methodology, which was strengthened in 2023 to cover, among others, the following:

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- *inclusion/exclusion of selected sub-sectors and/or clients to be subjected to financed emissions assessment (i.e., in-scope exposures assessed for financed emissions);*
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- *revised assumptions including estimated local/regional statistical data on distance travelled for motor vehicle loans asset class and average floor area per building type for mortgages asset class, as well as the baseline recalculation criteria.*

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[3] This refers to the total outstanding amount that is in-scope for financed emissions calculation and estimation. Scoping was undertaken to exclude certain types of financing facilities and investments such as individual clients (applicable to Business Loans and Unlisted Equity asset class), investments that are held for trading (applicable to Listed Equity and Corporate Bonds asset class) and home equity loans/lines of credit (applicable to Mortgages asset class)

[4] The 2022 Baseline was restated in 2023 due to updated client classifications, resulting in material change in the Oil & Gas sector while having minimal changes to the following sectors (i) Agriculture, (ii) Coal, (iii) Real Estate, and (iv) Utilities.