

**Basel II Pillar 3 Disclosures for the period ended 30 June 2017**

- **CIMB Islamic Bank Berhad**

## Abbreviations

A-IRB Approach	: Advanced Internal Ratings Based Approach
BIA	: Basic Indicator Approach
CAF	: Capital Adequacy Framework or in some instances referred to as the Risk-Weighted Capital Adequacy Framework (RWCAF)
CAFIB	: Capital Adequacy Framework for Islamic Banks
CAR	: Capital Adequacy Ratio or in some instances referred to as the Risk-Weighted Capital Ratio
CIMBBG	: CIMB Bank, CIMB Islamic Bank Berhad, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factor Lease Berhad and non-financial subsidiaries
CIMBIBG	: CIMB Investment Bank Berhad, CIMB Futures Sdn Bhd and non-financial subsidiaries
CIMBISLG	: CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) Sdn Bhd and CIMB Islamic Nominees (Tempatan) Sdn Bhd
CIMBGH Group	: Group of Companies under CIMB Group Holdings Berhad
CIMBTH	: CIMB Thai Bank Public Company Ltd and its subsidiaries
CIMB Bank	: CIMB Bank Berhad and CIMB Bank (L) Ltd (as determined under the Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) to include its wholly owned offshore banking subsidiary company)
CIMB Group or the Group	: Collectively CIMBBG, CIMBIBG and CIMB Islamic as described within this Report
CIMB IB	: CIMB Investment Bank Berhad
CIMB Islamic	: CIMB Islamic Bank Berhad
CRM	: Credit Risk Mitigants
DFIs	: Development Financial Institutions
EAD	: Exposure at Default
ECAIs	: External Credit Assessment Institutions
EL	: Expected Loss
EP	: Eligible Provision
F-IRB Approach	: Foundation Internal Ratings Based Approach
HPE	: Hire Purchase Exposures
IRB Approach	: Internal Ratings Based Approach
IRRBB	: Interest Rate Risk/Rate of Return Risk in the Banking Book
LGD	: Loss Given Default
MDBs	: Multilateral Development Bank
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
RORBB	: Rate of Return Risk in the Banking Book
RRE	: Residential Real Estate
RWA	: Risk-Weighted Assets
SA	: Standardised Approach

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### OVERVIEW

The information herein is disclosed pursuant to the requirements of Bank Negara Malaysia's RWCAF – Disclosure Requirements (Pillar 3) and CAFIB – Disclosure Requirements (Pillar 3) and is published for the period ended 30 June 2017.

Any discrepancies between the totals and sum of the components in the tables contained in this disclosure 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 Board of Directors of CIMBGH Group.

### CAPITAL MANAGEMENT

#### *Capital Structure and Adequacy*

On 13 October 2015, BNM issued revised guidelines on the Capital Adequacy Framework (Capital Components), of which will take effect beginning 1 January 2016 and 1 January 2019 for banking institutions and financial holding company respectively. BNM also issued updated guidelines on the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) which are applicable to all banking institutions with immediate effect and all financial holding companies with effect from 1 January 2019.

On 1 August 2016, BNM issued an updated framework which revised capital treatment for credit derivatives transactions in the trading book. In addition, the framework also clarifies on the following;

- (i) Application of a 20% risk weight for the portion of residential mortgages guaranteed by Cagamas SRP Berhad under Cagamas MGP, Skim Rumah Pertamaku, and Skim Perumahan Belia;
- (ii) Application of a 100% risk weight to all residential mortgages with a financing/loan-to-value ratio of more than 90% approved and disbursed by banking institutions on or after 1 February 2011; and
- (iii) Removal of the treatment for CGC's SME Assistance Guarantee Scheme as the scheme is no longer available.

Effective 1 August 2016, Commodity Finance and Object Finance portfolios are treated under Standardised Approach.

On 2 March 2017, BNM issued an updated framework whereby Banking institutions are provided the option to adopt the internal estimate method in computing effective maturity for non-retail exposures under F-IRB upon notifying the Bank. In addition, the framework also lists additional requirements to determine effective maturity for each facility under Advanced IRB approach.

The risk weighted assets of the CIMB Islamic Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). 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 Basic Indicator Approach. The components of eligible regulatory capital are based on the Capital Adequacy Framework (Capital Components).

The comparative capital adequacy ratios as at 30 June 2016 were based on BNM's Capital Adequacy Framework (CAF).

**CAPITAL MANAGEMENT (CONTINUED)**

***Capital Structure and Adequacy (continued)***

The minimum regulatory capital adequacy requirement for the total capital ratio is 8%. The tables below present the Capital Position of CIMB Islamic:

**Table 1: Capital Position**

(RM'000)	CIMB Islamic	
	30 June 2017	30 June 2016
<b>Common Equity Tier 1 capital</b>		
Ordinary shares	1,000,000	1,000,000
Other reserves	3,219,052	2,676,921
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>4,219,052</b>	<b>3,676,921</b>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(78,891)	(77,482)
Deferred tax assets	(13,352)	(23,116)
Shortfall of eligible provisions to expected losses	(24,692)	(64,949)
Others	(223,229)	(133,972)
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>3,742,888</b>	<b>3,241,402</b>
<b>Additional Tier 1 capital</b>		
Perpetual preference shares	185,000	192,000
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>185,000</b>	<b>192,000</b>
<u>Less: Regulatory adjustments</u>	-	-
<b>Additional Tier 1 capital after regulatory adjustments</b>	<b>185,000</b>	<b>192,000</b>
<b>Total Tier 1 capital</b>	<b>3,927,888</b>	<b>3,433,402</b>
<b>Tier 2 capital</b>		
Subordinated notes	435,000	510,000
Portfolio impairment allowance and regulatory reserves	76,409	58,048
<b>Tier 2 capital before regulatory adjustments</b>	<b>511,409</b>	<b>568,048</b>
<u>Less: Regulatory adjustments</u>	-	-
<b>Total Tier 2 Capital</b>	<b>511,409</b>	<b>568,048</b>
<b>Total Capital</b>	<b>4,439,297</b>	<b>4,001,450</b>

**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

**Table 1: Capital Position (continued)**

(RM'000)	CIMB Islamic	
	30 June 2017	30 June 2016
<b>RWA</b>		
Credit risk	24,014,645	21,232,539
Market risk	621,429	478,033
Operational risk	2,249,324	2,133,932
<b>Total RWA</b>	<b>26,885,398</b>	<b>23,844,504</b>
<b>Capital Adequacy Ratios</b>		
<b>Before deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	13.922%	13.594%
Tier 1 ratio	14.610%	14.399%
Total capital ratio	16.512%	16.781%
<b>After deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	13.922%	13.594%
Tier 1 ratio	14.610%	14.399%
Total capital ratio	16.512%	16.781%

**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 for CIMB Islamic**

30 June 2017	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the SA</b>					
Sovereign/Central Banks	18,684,404	18,684,404	4,744	4,744	380
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	930,247	930,247	390,863	390,863	31,269
Takaful Operators, Securities Firms & Fund Managers	4,202	3,692	3,692	3,692	295
Corporate	8,753,861	3,009,190	3,015,004	3,015,004	241,200
Regulatory Retail	2,899,882	2,875,431	2,646,428	2,646,428	211,714
RRE Financing	-	-	-	-	-
Higher Risk Assets	575	575	863	863	69
Other Assets	51,416	51,416	37,915	37,915	3,033
Securitisation	66,060	66,060	13,212	13,212	1,057
<b>Total for SA</b>	<b>31,390,648</b>	<b>25,621,015</b>	<b>6,112,721</b>	<b>6,112,721</b>	<b>489,018</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,826,132	1,826,132	369,084	369,084	29,527
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	18,160,662	18,160,662	10,694,606	8,404,708	672,377
RRE Financing	12,086,443	12,086,443	3,268,959	3,268,959	261,517
Qualifying Revolving Retail	227,962	227,962	161,668	161,668	12,933
Hire Purchase	4,861,428	4,861,428	2,980,869	2,980,869	238,470
Other Retail	5,074,100	5,074,100	1,703,320	1,703,320	136,266
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>42,236,726</b>	<b>42,236,726</b>	<b>19,178,506</b>	<b>16,888,608</b>	<b>1,351,089</b>

**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

30 June 2017	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)	73,627,374	67,857,741	26,441,937	24,014,645	1,921,172
Large Exposure Risk Requirement	-	-	-	-	-
<b>Market Risk (SA)</b>					
Benchmark Rate Risk			507,998	507,998	40,640
Foreign Currency Risk			113,430	113,430	9,074
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>621,429</b>	<b>621,429</b>	<b>49,714</b>
<b>Operational Risk (BIA)</b>			<b>2,249,324</b>	<b>2,249,324</b>	<b>179,946</b>
<b>Total RWA and Capital Requirement</b>			<b>29,312,690</b>	<b>26,885,398</b>	<b>2,150,832</b>



**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

30 June 2016	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the SA</b>					
Sovereign/Central Banks	18,070,904	18,070,904	4,575	4,575	366
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	573,405	573,405	262,519	262,519	21,002
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	799	289	289	289	23
Corporate	4,642,147	1,758,594	1,695,234	1,695,234	135,619
Regulatory Retail	3,169,357	3,143,824	2,684,652	2,684,652	214,772
RRE Financing	-	-	-	-	-
Higher Risk Assets	575	575	863	863	69
Other Assets	49,250	49,250	37,658	37,658	3,013
Securitisation	51,337	51,337	10,267	10,267	821
<b>Total for SA</b>	<b>26,557,773</b>	<b>23,648,177</b>	<b>4,696,057</b>	<b>4,696,057</b>	<b>375,685</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	2,217,274	2,217,274	428,802	428,802	34,304
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	15,796,023	15,796,023	9,614,421	7,701,736	616,139
RRE Financing	10,568,125	10,568,125	3,439,563	3,439,563	275,165
Qualifying Revolving Retail	218,038	218,038	163,447	163,447	13,076
Hire Purchase	3,945,800	3,945,800	2,458,244	2,458,244	196,660
Other Retail	3,950,464	3,950,464	1,408,662	1,408,662	112,693
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>36,695,724</b>	<b>36,695,724</b>	<b>17,513,140</b>	<b>15,600,455</b>	<b>1,248,036</b>
<b>Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)</b>	<b>63,253,497</b>	<b>60,343,901</b>	<b>23,259,985</b>	<b>21,232,539</b>	<b>1,698,603</b>
<b>Large Exposure Risk Requirement</b>	-	-	-	-	-

**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

30 June 2016	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Market Risk (SA)</b>					
Benchmark Rate Risk			370,993	370,993	29,679
Foreign Currency Risk			107,040	107,040	8,563
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>478,033</b>	<b>478,033</b>	<b>38,243</b>
<b>Operational Risk (BIA)</b>			<b>2,133,932</b>	<b>2,133,932</b>	<b>170,715</b>
<b>Total RWA and Capital Requirement</b>			<b>25,871,951</b>	<b>23,844,504</b>	<b>1,907,560</b>

**CREDIT RISK**

**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 tables show the credit exposures by geographic region:

**Table 3: Geographic Distribution of Credit Exposures for CIMB Islamic**

30 June 2017		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	18,684,404	-	-	-	18,684,404
Bank	2,756,379	-	-	-	2,756,379
Corporate	26,918,726	-	-	-	26,918,726
RRE Financing	12,086,443	-	-	-	12,086,443
HPE	4,861,428	-	-	-	4,861,428
QRRE	227,962	-	-	-	227,962
Other Retail	7,973,982	-	-	-	7,973,982
Other Exposures	118,050	-	-	-	118,050
<b>Total Gross Credit Exposure</b>	<b>73,627,374</b>	-	-	-	<b>73,627,374</b>

30 June 2016		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	18,070,904	-	-	-	18,070,904
Bank	2,790,679	-	-	-	2,790,679
Corporate	20,438,968	-	-	-	20,438,968
RRE Financing	10,568,125	-	-	-	10,568,125
HPE	3,945,800	-	-	-	3,945,800
QRRE	218,038	-	-	-	218,038
Other Retail	7,119,821	-	-	-	7,119,821
Other Exposures	101,162	-	-	-	101,162
<b>Total Gross Credit Exposure</b>	<b>63,253,496</b>	-	-	-	<b>63,253,496</b>

**CREDIT RISK (CONTINUED)**

**Summary of Credit Exposures (continued)**

ii) *Gross Credit Exposures by Sector*

The following tables represent the Group's credit exposure analysed by sector:

**Table 4: Distribution of Credit Exposures by Sector for CIMB Islamic**

30 June 2017	CIMB Islamic											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	54,534	-	-	215,734	554,292	-	186,808	8,593,444	8,403,700	-	675,893	18,684,404
Bank	-	-	-	-	-	-	-	2,756,379	-	-	-	2,756,379
Corporate	1,653,789	1,291,819	1,526,540	446,352	2,803,563	1,116,679	2,900,481	5,830,907	1,372,578	7,941,420	34,598	26,918,726
RRE	-	-	-	-	-	-	-	-	-	12,086,443	-	12,086,443
Financing	-	-	-	-	-	-	-	-	-	4,861,428	-	4,861,428
HPE	-	-	-	-	-	-	-	-	-	227,962	-	227,962
QRRE	-	-	-	-	-	-	-	-	-	7,428,000	34,776	7,973,982
Other Retail	12,693	8,408	47,735	2,032	71,337	128,459	4,980	200,307	35,256	7,428,000	34,776	7,973,982
Other Exposures	-	-	-	-	-	-	-	575	66,060	-	51,416	118,050
<b>Total Gross Credit Exposure</b>	<b>1,721,015</b>	<b>1,300,227</b>	<b>1,574,275</b>	<b>664,117</b>	<b>3,429,191</b>	<b>1,245,138</b>	<b>3,092,269</b>	<b>17,381,611</b>	<b>9,877,594</b>	<b>32,545,253</b>	<b>796,683</b>	<b>73,627,374</b>

Note: All sectors above are Shariah compliant.

\*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 for CIMB Islamic (continued)**

30 June 2016	CIMB Islamic											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	54,356	-	-	276,309	439,848	-	114,597	9,186,311	7,999,482	-	-	18,070,904
Bank	-	-	-	-	-	-	-	2,790,679	-	-	-	2,790,679
Corporate	1,416,492	905,998	1,331,268	404,419	2,662,950	1,053,518	2,287,780	5,263,275	858,564	4,092,255	162,450	20,438,968
RRE Financing	-	-	-	-	-	-	-	-	-	10,568,125	-	10,568,125
HPE	-	-	-	-	-	-	-	-	-	3,945,800	-	3,945,800
QRRE	-	-	-	-	-	-	-	-	-	218,038	-	218,038
Other Retail	12,297	8,919	53,065	2,053	68,223	157,893	5,213	207,257	37,115	6,529,076	38,711	7,119,821
Other Exposures	-	-	-	-	-	-	-	575	51,337	-	49,250	101,162
<b>Total Gross Credit Exposure</b>	<b>1,483,145</b>	<b>914,917</b>	<b>1,384,332</b>	<b>682,781</b>	<b>3,171,021</b>	<b>1,211,411</b>	<b>2,407,589</b>	<b>17,448,097</b>	<b>8,946,498</b>	<b>25,353,293</b>	<b>250,411</b>	<b>63,253,496</b>

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

**Summary of Credit Exposures (continued)**

iii) *Gross Credit Exposures by Residual Contractual Maturity*

The tables below present the distribution of credit exposures by residual contractual maturity:

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

<b>30 June 2017</b>	<b>CIMB Islamic</b>			
<b>(RM'000) Exposure Class</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Sovereign	7,333,961	7,876,011	3,474,433	18,684,404
Bank	1,340,812	491,855	923,712	2,756,379
Corporate	4,775,579	5,482,056	16,661,091	26,918,726
RRE Financing	2,995	82,969	12,000,479	12,086,443
HPE	73,796	2,089,496	2,698,136	4,861,428
QRRE	227,962	-	-	227,962
Other Retail	40,889	299,663	7,633,430	7,973,982
Other Exposures	65,557	502	51,991	118,050
<b>Total Gross Credit Exposure</b>	<b>13,861,551</b>	<b>16,322,551</b>	<b>43,443,272</b>	<b>73,627,374</b>

<b>30 June 2016</b>	<b>CIMB Islamic</b>			
<b>(RM'000) Exposure Class</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Sovereign	8,397,098	5,498,146	4,175,660	18,070,904
Bank	1,401,451	380,139	1,009,089	2,790,679
Corporate	3,751,910	3,294,730	13,392,329	20,438,968
RRE Financing	2,509	82,883	10,482,732	10,568,125
HPE	54,879	1,858,481	2,032,441	3,945,800
QRRE	218,038	-	-	218,038
Other Retail	48,949	330,254	6,740,618	7,119,821
Other Exposures	-	46,362	54,800	101,162
<b>Total Gross Credit Exposure</b>	<b>13,874,833</b>	<b>11,490,994</b>	<b>37,887,669</b>	<b>63,253,496</b>

**CREDIT RISK (CONTINUED)**

***Credit Quality of Loans, Advances and Financing***

*i) Past Due But Not Impaired*

The following tables provide an analysis of the outstanding balances as at 30 June 2017 and 31 December 2016 which were past due but not impaired by sector and geographic respectively:

**Table 6: Past Due but Not Impaired Loans, Advances and Financing by Sector for CIMB Islamic**

(RM'000)	CIMB Islamic	
	30 June 2017	31 December 2016
Primary Agriculture	15,922	12,971
Mining and Quarrying	26	35
Manufacturing	5,088	7,513
Electricity, Gas and Water Supply	-	-
Construction	14,640	33,638
Wholesale and Retail Trade, and Restaurants and Hotels	47,940	19,449
Transport, Storage and Communications	1,939	2,859
Islamic Finance, takaful, Real Estate and Business Activities	71,703	48,394
Education, Health and Others	4,734	6,337
Household	3,584,745	2,935,679
Others*	2,220	2,120
<b>Total</b>	<b>3,748,957</b>	<b>3,068,995</b>

*Note: All sectors above are Shariah compliant.*

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

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

(RM'000)	CIMB Islamic	
	30 June 2017	31 December 2016
Malaysia	3,748,957	3,068,995
Singapore	-	-
Thailand	-	-
Other Countries	-	-
<b>Total</b>	<b>3,748,957</b>	<b>3,068,995</b>

**CREDIT RISK (CONTINUED)**

***Credit Quality of Loans, Advances and Financing***

*ii) Impaired Loans/Financings*

The following tables provide an analysis of the outstanding balances as at 30 June 2017 and 31 December 2016 which were impaired by sector and geographical respectively:

**Table 8: Impaired Loans, Advances and Financing by Sector for CIMB Islamic**

(RM'000)	CIMB Islamic	
	30 June 2017	31 December 2016
Primary Agriculture	6,667	45,049
Mining and Quarrying	2,419	2,490
Manufacturing	19,216	20,348
Electricity, Gas and Water Supply	-	-
Construction	6,230	16,114
Wholesale and Retail Trade, and Restaurants and Hotels	5,266	16,845
Transport, Storage and Communications	65,081	69,253
Islamic Finance, Takaful, Real Estate and Business Activities	25,550	46,433
Education, Health and Others	18,653	19,200
Household	230,583	230,392
Others*	384	241
<b>Total</b>	<b>380,049</b>	<b>466,365</b>

*Note: All sectors above are Shariah compliant.*

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

**Table 9: Impaired Loans, Advances and Financing by Geographic Distribution for CIMB Islamic**

(RM'000)	CIMB Islamic	
	30 June 2017	31 December 2016
Malaysia	380,049	466,365
Singapore	-	-
Thailand	-	-
Other Countries	-	-
<b>Total</b>	<b>380,049</b>	<b>466,365</b>



**CREDIT RISK (CONTINUED)**

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

*ii) Impaired Loans/Financings (continued)*

**Table 10: Individual Impairment and Portfolio Impairment Allowances by Sector for CIMB Islamic for the period ended 30 June 2017 and 31 December 2016**

(RM'000)	CIMB Islamic			
	30 June 2017		31 December 2016	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	(17)	5,543	7,380	4,243
Mining and Quarrying	7	439	343	164
Manufacturing	1,488	3,844	1,306	3,709
Electricity, Gas and Water Supply	-	140	-	284
Construction	448	4,652	6,712	5,046
Wholesale and Retail Trade, and Restaurants and Hotels	1,643	6,504	5,280	4,806
Transport, Storage and Communications	19,332	1,857	19,295	2,040
Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	3,740	8,801	4,587	11,581
Education, Health and Others	3,378	3,815	3,159	4,987
Household	-	223,908	-	205,727
Others*	-	241	-	275
<b>Total</b>	<b>30,019</b>	<b>259,744</b>	<b>48,062</b>	<b>242,862</b>

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

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

*ii) Impaired Loans/Financings (continued)*

**Table 11: Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution for CIMB Islamic for the period ended 30 June 2017 and 31 December 2016**

(RM'000)	CIMB Islamic			
	30 June 2017		31 December 2016	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	30,019	259,744	48,062	242,862
Singapore	-	-	-	-
Thailand	-	-	-	-
Other Countries	-	-	-	-
<b>Total</b>	<b>30,019</b>	<b>259,744</b>	<b>48,062</b>	<b>242,862</b>

**Table 12: Charges for Individual Impairment Provision and Write Offs During the Period for CIMB Islamic for the period ended 30 June 2017 and 30 June 2016**

(RM'000)	CIMB Islamic			
	30 June 2017		30 June 2016	
	Charges/ (Writeback)	Write-off	Charges/ (Writeback)	Write-off
Primary Agriculture	(7,681)	-	7,457	-
Mining and Quarrying	(336)	-	-	-
Manufacturing	177	-	777	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	(718)	5,108	843	-
Wholesale and Retail Trade, and Restaurants and Hotels	(3,784)	-	57	-
Transport, Storage and Communications	37	-	(5,222)	-
Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	(849)	-	790	-
Education, Health and Others	219	-	1,246	-
Household	-	-	-	-
Others*	-	-	-	-
<b>Total</b>	<b>(12,935)</b>	<b>5,108</b>	<b>5,948</b>	<b>-</b>

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

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

*ii) Impaired Loans/Financings (continued)*

**Table 13: Analysis of movement for Financing Impairment Allowances for the Period Ended 30 June 2017 and 30 June 2016 for CIMB Islamic**

(RM'000)	CIMB Islamic			
	30 June 2017		30 June 2016	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Balance as at 1 January	48,062	242,862	46,167	314,054
Allowance (write back)/ made during the financial period	(12,935)	77,293	5,948	11,322
Amount transferred to portfolio impairment allowance	-	-	-	-
Allowance made and charged to deferred assets	-	-	-	-
Allowance made in relation to jointly controlled entity	-	-	-	-
Amount written off	(5,108)	(60,371)	-	(66,525)
Transfer (to)/from intercompany	-	(14)	-	-
Disposal of subsidiary	-	-	-	-
Unwinding income	-	-	-	-
Exchange fluctuation	-	(26)	-	-
<b>Total</b>	<b>30,019</b>	<b>259,744</b>	<b>52,115</b>	<b>258,851</b>

***Capital Treatment for Credit Risk***

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

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2017

**CREDIT RISK (CONTINUED)**

***Credit Risk – Disclosure for Portfolios under the SA***

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

**Table 14: Disclosure by Risk Weight under SA for CIMB Islamic**

30 June 2017	CIMB Islamic											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	18,660,682	-	148,510	-	-	-	-	-	13,501	-	18,822,693	-
20%	23,722	-	20	-	1,290	723	-	-	-	66,060	91,815	18,363
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	781,717	-	318	2,064	-	-	-	-	784,099	392,050
75%	-	-	-	-	-	917,340	-	-	-	-	917,340	688,005
100%	-	-	-	3,692	2,993,813	1,951,419	-	-	37,915	-	4,986,839	4,986,839
100% < RW <1250%	-	-	-	-	13,757	3,885	-	575	-	-	18,218	27,327
>1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>18,684,404</b>		<b>930,247</b>	<b>3,692</b>	<b>3,009,190</b>	<b>2,875,431</b>		<b>575</b>	<b>51,416</b>	<b>66,060</b>	<b>25,621,015</b>	<b>6,112,721</b>
<b>Average Risk Weight</b>	<b>0%</b>		<b>42%</b>	<b>100%</b>	<b>100%</b>	<b>92%</b>	<b>-</b>	<b>150%</b>	<b>74%</b>	<b>20%</b>	<b>24%</b>	
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 for CIMB Islamic (continued)**

30 June 2016	CIMB Islamic											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	18,048,028	-	48,360	-	-	-	-	-	11,592	-	18,107,979	-
20%	22,876	-	11	-	-	-	-	-	-	51,337	74,224	14,845
35%	-	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	525,033	-	135,386	677,891	-	-	-	-	1,338,310	669,155
75%	-	-	-	-	-	482,002	-	-	-	-	482,002	361,502
100%	-	-	-	289	1,614,786	1,983,382	-	-	37,658	-	3,636,115	3,636,115
100% < RW <1250%	-	-	-	-	8,412	549	-	575	-	-	9,535	14,303
>1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>18,070,904</b>		<b>573,405</b>	<b>289</b>	<b>1,758,594</b>	<b>3,143,824</b>	<b>-</b>	<b>575</b>	<b>49,250</b>	<b>51,337</b>	<b>23,648,177</b>	<b>4,696,057</b>
<b>Average Risk Weight</b>	<b>0%</b>	<b>-</b>	<b>46%</b>	<b>100%</b>	<b>96%</b>	<b>85%</b>	<b>-</b>	<b>150%</b>	<b>76%</b>	<b>20%</b>	<b>20%</b>	
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 for CIMB Islamic**

30 June 2017	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Public Sector Entities	-	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	4,202	4,202
Corporate	-	-	8,753,861	8,753,861
Sovereign/Central Banks	2,324,080	-	16,360,325	18,684,404
Banks, MDBs and DFIs	781,737	-	148,510	930,247
<b>Total</b>	<b>3,105,817</b>	<b>-</b>	<b>25,266,899</b>	<b>28,372,715</b>

30 June 2016	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Public Sector Entities	-	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	799	799
Corporate	-	-	4,642,147	4,642,147
Sovereign/Central Banks	1,411,954	-	16,658,950	18,070,904
Banks, MDBs and DFIs	525,045	-	48,360	573,405
<b>Total</b>	<b>1,936,999</b>	<b>-</b>	<b>21,350,255</b>	<b>23,287,254</b>

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

30 June 2017	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	66,060	-	-	66,060

**CREDIT RISK (CONTINUED)**

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

**Table 16: Disclosures of Securitisation under SA according to Ratings by ECAIs for CIMB Islamic (continued)**

30 June 2016	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	51,337	-	-	<b>51,337</b>

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

*Retail Exposures*

Retail exposures covered under the A-IRB Approach include credit cards, auto financing, personal financing, business premises financing and RRE Financing.

The following tables summarise CIMB Islamic’s retail credit exposures measured under A-IRB Approach:

**Table 17: Retail Credit Exposures by PD Band for CIMB Islamic**

30 June 2017	CIMB Islamic			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
<b>Total Retail Exposure</b>	<b>17,436,754</b>	<b>4,516,932</b>	<b>296,247</b>	<b>22,249,933</b>
RRE Financing	9,968,434	1,953,396	164,613	12,086,443
QRRE	137,098	88,530	2,334	227,962
Hire Purchase	3,614,009	1,154,249	93,170	4,861,428
Other Retail	3,717,213	1,320,757	36,130	5,074,100
<b>Exposure Weighted Average LGD</b>				
RRE Financing	23%	24%	26%	
QRRE	90%	90%	90%	
Hire Purchase	52%	54%	59%	
Other Retail	28%	34%	52%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	15%	79%	170%	
QRRE	32%	125%	279%	
Hire Purchase	51%	85%	181%	
Other Retail	24%	56%	182%	

**CREDIT RISK (CONTINUED)**

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

*Retail Exposures (continued)*

**Table 17: Retail Credit Exposures by PD Band for CIMB Islamic (continued)**

30 June 2016	CIMB Islamic			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
<b>Total Retail Exposure</b>	<b>16,689,654</b>	<b>1,761,730</b>	<b>231,042</b>	<b>18,682,427</b>
RRE Financing	10,077,455	406,780	83,889	10,568,125
QRRE	116,680	98,962	2,396	218,038
Hire Purchase	3,260,620	578,955	106,225	3,945,800
Other Retail	3,234,900	677,032	38,532	3,950,464
<b>Exposure Weighted Average LGD</b>				
RRE Financing	24%	24%	28%	
QRRE	90%	90%	90%	
Hire Purchase	53%	55%	59%	
Other Retail	29%	38%	54%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	30%	86%	78%	
QRRE	33%	126%	0%	
Hire Purchase	53%	95%	172%	
Other Retail	29%	61%	135%	



**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 for CIMB Islamic**

30 June 2017	CIMB Islamic			
(RM'000) Expected Loss Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure (EAD)</b>	<b>19,136,397</b>	<b>3,112,738</b>	<b>798</b>	<b>22,249,933</b>
RRE Financing	11,267,239	819,181	23	12,086,443
QRRE *	95,060	132,892	10	227,962
Hire Purchase	3,623,902	1,237,029	496	4,861,428
Other Retail	4,150,195	923,636	269	5,074,100
<b>Exposure Weighted Average LGD (%)</b>				
RRE Financing	23%	26%	15%	
QRRE *	90%	90%	90%	
Hire Purchase	52%	54%	56%	
Other Retail	27%	39%	100%	

Note: \* Effective June 2017, the computation of EL for QRRE is based on PD at account level to be consistent with EL computation for other retail products. Previously, the EL was computed based on range of PDs.

30 June 2016	CIMB Islamic			
(RM'000) Expected Loss Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure (EAD)</b>	<b>17,330,789</b>	<b>1,350,643</b>	<b>996</b>	<b>18,682,427</b>
RRE Financing	10,251,699	316,403	22	10,568,125
QRRE	79,325	138,713	-	218,038
Hire Purchase	3,261,962	683,312	527	3,945,800
Other Retail	3,601,486	348,532	446	3,950,464
<b>Exposure Weighted Average LGD (%)</b>				
RRE Financing	24%	26%	15%	
QRRE	90%	90%	-	
Hire Purchase	53%	56%	61%	
Other Retail	29%	53%	94%	

**CREDIT RISK (CONTINUED)**

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

*Non-retail Exposures*

The following tables summarise CIMBBG and CIMB Islamic's non-retail credit exposures measured under F-IRB Approach:

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

30 June 2017	CIMB Islamic					
(RM '000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	99,819	145,144	-	-	-	244,963
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	45,498	1,277,573	12,261	23,892	11,897	1,371,122
<b>RWA</b>	<b>72,658</b>	<b>1,109,134</b>	<b>14,100</b>	<b>59,731</b>	<b>-</b>	<b>1,255,623</b>

30 June 2016	CIMB Islamic					
(RM '000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	114,319	-	-	-	-	114,319
Object Finance	215,935	-	16,009	-	-	231,944
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	389,678	1,032,083	32,864	-	13,047	1,467,672
<b>RWA</b>	<b>403,153</b>	<b>781,005</b>	<b>56,204</b>	<b>-</b>	<b>-</b>	<b>1,240,361</b>

There is no exposure to High Volatility Commercial Real Estate and Equities under the Simple Risk Weight Approach.

**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 for CIMB Islamic**

30 June 2017	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
<b>Total Non-Retail Exposure</b>	<b>7,342,811</b>	<b>6,998,498</b>	<b>3,890,697</b>	<b>138,703</b>	<b>18,370,709</b>
Bank	1,729,880	94,412	1,840	-	1,826,132
Corporate (excluding Specialised Financing)	5,612,931	6,904,085	3,888,857	138,703	16,544,577
<b>Exposure Weighted Average LGD</b>					
Bank	45%	45%	45%	-	
Corporate (excluding Specialised Financing)	44%	40%	38%	40%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	19%	40%	129%	-	
Corporate (excluding Specialised Financing)	14%	68%	102%	-	

30 June 2016	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
<b>Total Non-Retail Exposure</b>	<b>6,639,536</b>	<b>6,063,296</b>	<b>3,239,557</b>	<b>256,973</b>	<b>16,199,362</b>
Bank	2,171,482	44,225	1,567	-	2,217,274
Corporate (excluding Specialised Financing)	4,468,054	6,019,071	3,237,990	256,973	13,982,088
<b>Exposure Weighted Average LGD</b>					
Bank	45%	45%	45%	-	
Corporate (excluding Specialised Financing)	45%	41%	37%	41%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	19%	44%	123%	-	
Corporate (excluding Specialised Financing)	15%	73%	102%	-	

**CREDIT RISK (CONTINUED)**

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

*Expected Losses versus Actual Losses by Portfolio Types*

The following tables summarises the actual losses by portfolio type:

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

<b>CIMB Islamic</b>				
<b>(RM'000) Exposure Class</b>	<b>30 June 2017</b>		<b>30 June 2016</b>	
	<b>Regulatory Expected Losses as at 30 June 2016</b>	<b>Actual Losses for the period ended 30 June 2017</b>	<b>Regulatory Expected Losses as at 30 June 2015</b>	<b>Actual Losses for the period ended 30 June 2016</b>
Sovereign	-	-	-	-
Bank	518	-	625	-
Corporate	88,632	(16,984)	97,780	(4,756)
RRE Financing	29,206	6,709	23,739	(4,785)
HPE	51,246	32,967	63,731	28,771
QRRE	8,230	3,969	8,879	4,851
Other Retail	32,524	11,005	34,139	3,308
Other Exposures	-	-	-	-
<b>Total</b>	<b>210,356</b>	<b>37,666</b>	<b>228,893</b>	<b>27,389</b>

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

On the other hand, EL measures the loss expected from non-defaulted exposures at the start of the period. 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**

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 30 June 2017 and 30 June 2016, there was no requirement for additional collateral to be posted.

The following tables disclose the Off-Balance Sheet exposures and Counterparty Credit Risk:

**Table 22: Disclosure on Off-Balance Sheet Exposures and Counterparty Credit Risk for CIMB Islamic**

30 June 2017	CIMB Islamic			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	195,364		195,364	146,705
Transaction Related Contingent Items	521,020		260,510	115,010
Short Term Self Liquidating Trade Related Contingencies	65,736		13,147	7,439
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement transactions	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions subject to valid bilateral netting agreements	36,725,015	216,476	862,156	166,109
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,677,691		4,125,466	1,775,247
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	3,912,556		-	-
Unutilised credit card lines	272,926		107,169	58,619
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>46,370,308</b>	<b>216,476</b>	<b>5,563,812</b>	<b>2,269,129</b>

**CREDIT RISK (CONTINUED)**

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

**Table 22: Disclosure on Off-Balance Sheet Exposures and Counterparty Credit Risk for CIMB Islamic (continued)**

30 June 2016	CIMB Islamic			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	159,713		159,713	85,086
Transaction Related Contingent Items	503,508		251,754	122,944
Short Term Self Liquidating Trade Related Contingencies	146,552		29,310	8,774
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement transactions	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions subject to valid bilateral netting agreements	34,920,314	73,067	579,862	139,402
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,541,012		3,749,112	1,769,160
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	2,855,601		-	-
Unutilised credit card lines	243,045		104,212	60,934
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>43,369,745</b>	<b>73,067</b>	<b>4,873,962</b>	<b>2,186,300</b>

**CREDIT RISK (CONTINUED)**

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

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

**Table 23: Disclosure on Credit Derivative Transactions for CIMB Islamic**

(RM'000)	CIMB Islamic			
	30 June 2017		30 June 2016	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	38,125	-	41,575
<b>Total</b>	-	<b>38,125</b>	-	<b>41,575</b>
Total Return Swaps	-	-	-	-
<b>Total</b>	-	<b>38,125</b>	-	<b>41,575</b>

**CREDIT RISK (CONTINUED)**

***Credit Risk Mitigation***

The following tables summarise the extent of which exposures are covered by eligible credit risk mitigants:

**Table 24: Disclosure on Credit Risk Mitigation for CIMB Islamic**

30 June 2017	CIMB Islamic			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><i>Performing Exposures</i></b>				
Sovereign/Central Banks	18,684,404	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	2,756,379	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	4,202	-	510	-
Corporate	26,741,148	680,816	6,376,497	3,976,064
RRE Financing	11,983,112	-	-	-
Qualifying Revolving Retail	225,628	-	-	-
Hire Purchase	4,768,258	-	-	-
Other Retail	7,935,524	723	24,451	-
Securitisation	66,060	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	51,416	-	-	-
<b><i>Defaulted Exposures</i></b>	288,041	-	8,314	44,793
<b>Total Exposures</b>	<b>73,504,747</b>	<b>681,539</b>	<b>6,409,771</b>	<b>4,020,856</b>

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



**CREDIT RISK (CONTINUED)**

*Credit Risk Mitigation (continued)*

**Table 24: Disclosure on Credit Risk Mitigation for CIMB Islamic (continued)**

30 June 2016	CIMB Islamic			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><i>Performing Exposures</i></b>				
Sovereign/Central Banks	18,070,904	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	2,790,679	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	799	-	510	-
Corporate	20,148,897	784,186	3,334,220	3,310,771
RRE Financing	10,484,235	-	-	-
Qualifying Revolving Retail	215,642	-	-	-
Hire Purchase	3,839,575	-	-	-
Other Retail	7,076,103	-	25,360	-
Securitisation	51,337	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	49,250	-	-	-
<b><i>Defaulted Exposures</i></b>	367,767	-	6,980	67,782
<b>Total Exposures</b>	<b>63,095,762</b>	<b>784,186</b>	<b>3,367,070</b>	<b>3,378,553</b>

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

**SECURITISATION**

The following tables show the disclosure on Securitisation for Trading and Banking Book:

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

30 June 2017		CIMB Islamic		
(RM'000) Underlying Asset	Total Exposures Securitized	Past Due	Impaired	Gain/Losses Recognised during the period
TRADITIONAL SECURITISATION (Banking Book) <u>Originated by the Banking Institution</u> Hire Purchase Exposure	674,206	241,362	7,060	839

31 December 2016		CIMB Islamic		
(RM'000) Underlying Asset	Total Exposures Securitized	Past Due	Impaired	Gain/Losses Recognised during the period
TRADITIONAL SECURITISATION (Banking Book) <u>Originated by the Banking Institution</u> Hire Purchase Exposure	799,552	276,143	2,916	249

\* Gains/losses recognised during the period represent gain/losses recognised during the 6 months period from 1 January 2016 to 30 June 2016 and 1 January 2017 to 30 June 2017.

**SECURITISATION (CONTINUED)**

There were no outstanding exposures securitised by CIMB Islamic as at 30 June 2016 and 30 June 2015 respectively. 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 for CIMB Islamic**

30 June 2017		CIMB Islamic									
(RM'000) Exposure Class	Net Exposure After CRM	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk Weighted Assets
		Rated Securitisation Exposures							Unrated (Look Through)		
		0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>											
<i>Non-originating Banking Institution</i>											
<i>On-Balance Sheet</i>											
Most senior	66,060	-	-	66,060	-	-	-	-	-	-	13,212
Mezzanine	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>											
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-

SECURITISATION (CONTINUED)

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

30 June 2017		CIMB Islamic									
(RM'000) Exposure Class	Net Exposure After CRM	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk Weighted Assets
		Rated Securitisation Exposures							Unrated (Look Through)		
		0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<i>Originating Banking Institution</i>											
<i>On-Balance Sheet</i>											
Most senior	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>											
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	<b>66,060</b>	-	-	<b>66,060</b>	-	-	-	-	-	-	<b>13,212</b>

SECURITISATION (CONTINUED)

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

30 June 2016		CIMB Islamic									
(RM'000) Exposure Class	Net Exposure After CRM	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk Weighted Assets
		Rated Securitisation Exposures							Unrated (Look Through)		
		0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>											
<i>Non-originating Banking Institution</i>											
<i>On-Balance Sheet</i>											
Most senior	51,337	-	-	51,337	-	-	-	-	-	-	10,267
Mezzanine	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>											
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-

SECURITISATION (CONTINUED)

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

30 June 2016		CIMB Islamic									
(RM'000) Exposure Class	Net Exposure After CRM	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk Weighted Assets
		Rated Securitisation Exposures							Unrated (Look Through)		
		0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<i>Originating Banking Institution</i>											
<i>On-Balance Sheet</i>											
Most senior	-	-	-	-	-	-	-	-	-	-	-
Mezzanine	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>											
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Exposures</b>	<b>51,337</b>	-	-	<b>51,337</b>	-	-	-	-	-	-	<b>10,267</b>

## BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2017

### SECURITISATION (CONTINUED)

As at 30 June 2017 and 30 June 2016, CIMB Islamic has no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

### MARKET RISK

Details on RWA and capital requirements related to Market Risk are disclosed for the Group in Table 2.

### OPERATIONAL RISK

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

### EQUITY EXPOSURES IN BANKING BOOK

The table below present the analysis of Equity investments by Grouping and RWA:

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

in RM('000)	CIMB Islamic			
	30 June 2017		30 June 2016	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	575	863	575	863
Publicly traded	-	-	-	-
<b>Total</b>	<b>575</b>	<b>863</b>	<b>575</b>	<b>863</b>

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

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel benchmark 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 maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

The tables below illustrate the Group's RORBB under a 100 bps parallel upward benchmark rate shock from economic value and earnings perspectives:

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

(RM'000)	CIMB Islamic	
	30 June 2017	30 June 2016
Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(510,176)	(640,302)
US Dollar	28,671	8,261
Thai Baht	(3)	(1)
Singapore Dollar	(172)	2
Others	118	(76)
<b>Total</b>	<b>(481,562)</b>	<b>(632,116)</b>

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

(RM'000)	CIMB Islamic	
	30 June 2017	30 June 2016
Currency	+100bps Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	(16,319)	(76,152)
US Dollar	(8,524)	(6,247)
Thai Baht	66	19
Singapore Dollar	3,999	(54)
Others	516	1,774
<b>Total</b>	<b>(20,262)</b>	<b>(80,660)</b>

The sign reflects the nature of the rate sensitivity, with a negative number indicating exposure to increase in benchmark rate and vice versa.

- [END OF SECTION] -