

Basel II Pillar 3 Disclosures for the period ended 30 June 2018

- **CIMB Investment Bank Berhad**

Abbreviations

A-IRB Approach	: Advanced Internal Ratings Based Approach
BIA	: Basic Indicator Approach
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
CIMBBG	: CIMB Bank, CIMB Islamic Bank Group 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 CAFIB (Capital Components) 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
EaR	: Earnings-at-Risk
ECAIs	: External Credit Assessment Institutions
EVE	: Economic Value of Equity
HPE	: Hire Purchase Exposures
IRB Approach	: Internal Ratings Based Approach
IRRBB	: Interest Rate Risk in the Banking Book
MDBs	: Multilateral Development Bank
OTC	: Over the Counter
PSEs	: Non-Federal Government Public Sector Entities
PSIA	: Profit Sharing Investment Accounts
QRRE	: Qualifying Revolving Retail Exposures
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 is published for the period ended 30 June 2018.

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.

The disclosure has 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 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.

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.

On 2 February 2018, BNM issued an updated Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework (Capital Components). The framework has been updated to incorporate the revised definition of General Provisions and Specific Provisions arising from the implementation of MFRS 9 Financial Instruments.

The risk-weighted assets of the Bank are computed in accordance with the Standardised approach (SA approach) for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk based on the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The components of eligible regulatory capital are based on the Capital Adequacy Framework (Capital Components).

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 IB:

Table 1: Capital Position

(RM'000)	CIMB IB	
	30 June 2018	30 June 2017
Common Equity Tier 1 capital		
Ordinary shares	100,000	100,000
Other reserves	462,501	465,516
Common Equity Tier 1 capital before regulatory adjustments	562,501	565,516
<u>Less: Regulatory adjustments</u>		
Goodwill	-	-
Deferred Tax Assets	(16,589)	(14,007)
Deductions in excess of Tier 2 capital	-	(82)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(9,000)	(7,689)
Regulatory reserve	(3,242)	(2,048)
Others	-	-
Common equity tier 1 capital after regulatory adjustments / Total Tier 1 capital	533,670	541,690
Tier 2 Capital		
Redeemable Preference Shares	4	5
General provisions/Portfolio impairment allowance and regulatory reserves	3,339	2,135
Tier 2 capital before regulatory adjustments	3,343	2,140
<u>Less: Regulatory adjustments</u>		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(1,381)	(2,222)
Total Tier 2 Capital	1,962	-*
Total Capital	535,632	541,690
RWA		
Credit risk	861,459	890,428
Market risk	42,754	150,530
Operational risk	590,469	570,122
Total RWA	1,494,682	1,611,080

Note: * The excess of Tier 2 capital was deducted under Common Equity Tier 1 Capital

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 1: Capital Position

(RM'000)	CIMB IB	
	30 June 2018	30 June 2017
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	35.705%	33.623%
Tier 1 ratio	35.705%	33.623%
Total capital ratio	35.836%	33.623%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	35.705%	33.623%
Tier 1 ratio	35.705%	33.623%
Total capital ratio	35.836%	33.623%

The Total Capital Ratio increased in June 2018 compared to June 2017 mainly due to decreased total RWA mostly contributed by Market RWA due to decreased Option 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

30 June 2018	CIMB IB				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	637,284	637,284	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,022,862	1,022,862	490,398	490,398	39,232
Insurance Cos, Securities Firms & Fund Managers	10,920	10,920	10,920	10,920	874
Corporate	14,596	14,596	15,209	15,209	1,217
Regulatory Retail	57	57	43	43	3
Residential Mortgages	150,925	150,925	77,691	77,691	6,215
Higher Risk Assets	-	-	-	-	-
Other Assets	267,217	267,217	267,199	267,199	21,376
Securitisation	-	-	-	-	-
Total Credit Risk	2,103,861	2,103,861	861,459	861,459	68,917
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			8,223	8,223	658
Foreign Currency Risk			33,030	33,030	2,642
Equity Risk			1,501	1,501	120
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			42,754	42,754	3,420
Operational Risk (BIA)			590,469	590,469	47,238
Total RWA and Capital Requirement			1,494,682	1,494,682	119,575

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

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

30 June 2017	CIMB IB				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)	Net Exposure after CRM (SA)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
Credit Risk (SA)					
Sovereign/Central Banks	2,878,406	2,878,406	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,005,176	1,005,176	476,437	476,437	38,115
Insurance Cos, Securities Firms & Fund Managers	13,028	13,028	13,028	13,028	1,042
Corporate	26,288	26,156	26,731	26,731	2,138
Regulatory Retail	258	258	194	194	15
Residential Mortgages	156,024	156,024	84,264	84,264	6,741
Higher Risk Assets	-	-	-	-	-
Other Assets	289,792	289,792	289,774	289,774	23,182
Securitisation	-	-	-	-	-
Total Credit Risk	4,368,974	4,368,842	890,428	890,428	71,234
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			9,463	9,463	757
Foreign Currency Risk			48,644	48,644	3,892
Equity Risk			573	573	46
Commodity Risk			-	-	-
Options Risk			91,850	91,850	7,348
Total Market Risk			150,530	150,530	12,042
Operational Risk (BIA)			570,122	570,122	45,610
Total RWA and Capital Requirement			1,611,080	1,611,080	128,886

CREDITRISK

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

30 June 2018		CIMB IB			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	637,284	-	-	-	637,284
Bank	1,022,862	-	-	-	1,022,862
Corporate	25,516	-	-	-	25,516
Mortgage	150,925	-	-	-	150,925
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	57	-	-	-	57
Other Exposures	267,217	-	-	-	267,217
Total Gross Credit Exposure	2,103,861	-	-	-	2,103,861

30 June 2017		CIMB IB			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	2,878,406	-	-	-	2,878,406
Bank	1,005,176	-	-	-	1,005,176
Corporate	39,317	-	-	-	39,317
Mortgage	156,024	-	-	-	156,024
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	258	-	-	-	258
Other Exposures	289,792	-	-	-	289,792
Total Gross Credit Exposure	4,368,974	-	-	-	4,368,974

CREDIT RISK (CONTINUED)

Summary of Credit Exposures

ii) *Gross Credit Exposures by Sector*

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

Table 4: Distribution of Credit Exposures by Sector

30 June 2018	CIMB IB											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity , Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance, Real Estate and Business Activities	Education , Health and Others	Household	Others*	Total
Sovereign	-	-	-	-	-	-	-	637,284	-	-	-	637,284
Bank	-	-	-	-	-	-	-	1,022,862	-	-	-	1,022,862
Corporate	-	-	-	-	0.02	-	-	942	197	13,116	11,262	25,516
Mortgage	-	-	-	-	-	-	-	-	-	150,925	-	150,925
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	57	-	57
Other Exposures	-	-	-	-	-	-	-	-	-	443	266,774	267,217
Total Gross Credit Exposure	-	-	-	-	0.02	-	-	1,661,088	197	164,541	278,036	2,103,861

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)

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

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

30 June 2017	CIMB IB											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity , Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Finance, Insurance, Real Estate and Business Activities	Education , Health and Others	Household	Others*	Total
Sovereign	-	-	-	-	-	-	-	2,878,406	-	-	-	2,878,406
Bank	-	-	-	-	-	-	-	1,005,176	-	-	-	1,005,176
Corporate	-	-	-	-	0.02	0.10	-	2,355	197	23,425	13,340	39,317
Mortgage	-	-	-	-	-	-	-	-	-	156,024	-	156,024
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	258	-	258
Other Exposures	-	-	-	-	-	-	-	-	-	512	289,280	289,792
Total Gross Credit Exposure	-	-	-	-	0.02	0.10	-	3,885,937	197	180,219	302,620	4,368,974

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONITNUED)

Summary of Credit Exposures

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

30 June 2018		CIMB IB		
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	637,111	-	173	637,284
Bank	1,003,329	16,671	2,862	1,022,862
Corporate	87	1,687	23,742	25,516
Mortgage	114	1,134	149,677	150,925
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	26	31	-	57
Other Exposures	443	-	266,774	267,217
Total Gross Credit Exposure	1,641,110	19,524	443,228	2,103,861

30 June 2017		CIMB IB		
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	2,878,231	-	176	2,878,406
Bank	992,266	-	12,911	1,005,176
Corporate	42	3,667	35,607	39,317
Mortgage	35	1,272	154,718	156,024
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	68	158	33	258
Other Exposures	512	-	289,280	289,792
Total Gross Credit Exposure	3,871,153	5,097	492,724	4,368,974

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 2018 and 31 December 2017 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

(RM'000)	CIMB IB	
	30 June 2018	31 December 2017
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communications	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	886	-
Others*	-	-
Total	886	-

**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 IB	
	30 June 2018	31 December 2017
Malaysia	886	-
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	886	-

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

ii) Credit Impaired/Impaired Loans/Financings

The following tables provide an analysis of the outstanding balances as at 30 June 2018 and 31 December 2017 which were credit impaired by sector and geographical respectively:

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

(RM'000)	CIMB IB	
	30 June 2018	31 December 2017
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communications	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	2,807	1,905
Others*	-	-
Total	2,807	1,905

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

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

(RM'000)	CIMB IB	
	30 June 2018	31 December 2017
Malaysia	2,807	1,905
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	2,807	1,905

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

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

Table 10: Expected credit losses (Stage 1, 2 and 3, and Purchased Credit Impaired) by Sector for the period ended 30 June 2018

(RM'000)	CIMB IB				
	30 June 2018				
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
Primary Agriculture	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-
Manufacturing	-	-	-	-	-
Electricity, Gas and Water Supply	-	-	-	-	-
Construction	-	-	-	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-	-	-	-
Transport, Storage and Communications	-	-	-	-	-
Finance, Insurance/Takaful, Real Estate and Business Activities	-	-	-	-	-
Education, Health and Others	-	-	-	-	-
Household	58	39	803	-	900
Others*	-	-	-	-	-
Total	58	39	803	-	900

*Others are exposures which are not elsewhere classified.

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2018

 ii) *Credit Impaired/Impaired Loans/Financings (continued)*
Table 10: Individual Impairment and Portfolio Impairment Allowances by Sector for the period ended 31 December 2017

(RM'000)	CIMB IB	
	31 December 2017	
	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communication	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	1,905	85
Others*	-	-
Total	1,905	85

*Others are exposures which are not elsewhere classified.

Table 11: Expected credit losses (Stage 1, 2 and 3, and Purchased Credit Impaired) by Geographic Distribution for the period ended 30 June 2018

(RM'000)	CIMB IB				
	30 June 2018				
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
Malaysia	58	39	803	-	900
Singapore	-	-	-	-	-
Thailand	-	-	-	-	-
Other Countries	-	-	-	-	-
Total	58	39	803	-	900

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

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

Table 11: Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution for the period ended 31 December 2017

(RM'000)	CIMB IB	
	31 December 2017	
	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	1,905	85
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	1,905	85

Table 12: Expected credit losses charges/(write back) and write-off for Stage 3 and purchased credit impaired for the period ended 30 June 2018

(RM'000)	CIMB IB			
	30 June 2018			
	Charges/(write back)		Write-off	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired
Primary Agriculture	-	-	-	-
Mining and Quarrying	-	-	-	-
Manufacturing	-	-	-	-
Electricity, Gas and Water Supply	-	-	-	-
Construction	-	-	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-	-	-
Transport, Storage and Communications	-	-	-	-
Finance, Insurance/Takaful, Real Estate and Business Activities	-	-	-	-
Education, Health and Others	-	-	-	-
Household	106	-	-	-
Others*	-	-	-	-
Total	106	-	-	-

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

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

Table 12: Charges for Individual Impairment Provision and Write Offs during the period ended 30 June 2017

(RM'000)	CIMB IB	
	30 June 2017	
	Charges/Write Back	Write-Off
Primary Agriculture	-	-
Mining and Quarrying	-	-
Manufacturing	-	-
Electricity, Gas and Water Supply	-	-
Construction	-	-
Wholesale and Retail Trade, and Restaurants and Hotels	-	-
Transport, Storage and Communication	-	-
Finance, Insurance, Real Estate and Business Activities	-	-
Education, Health and Others	-	-
Household	1,281	-
Others*	-	-
Total	1,281	-

*Others are exposures which are not elsewhere classified.

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

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

Table 13: Analysis of movement in the Expected Credit Losses for Loans, Advances and Financing for the Period Ended 30 June 2018

(RM'000)	CIMB IB				
	30 June 2018				
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Total
At 1 January 2018	-	-	-	-	-
Effect of adopting MFRS 9	132	19	621	-	772
Adjusted 1 January 2018	132	19	621	-	772
Changes in expected credit losses due to					
transferred within stages	26	(102)	76	-	-
Transferred to Stage 1	32	(32)	-	-	-
Transferred to Stage 2	(6)	29	(23)	-	-
Transferred to Stage 3	-	(99)	99	-	-
Total charge to Income Statement	(100)	122	106	-	128
New financial assets originated	-	-	-	-	-
Financial assets that have been derecognised	(2)	-	-	-	(2)
Write back in respect of full recoveries	-	-	-	-	-
Change in credit risk	(98)	122	106	-	130
Write-offs	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-
Other movements	-	-	-	-	-
Total	58	39	803	-	900

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

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

Table 13: Analysis of movement for Loan/Financing Impairment Allowances for the Period Ended 30 June 2017

(RM'000)	CIMB IB	
	30 June 2017	
	Individual Impairment Allowance	Portfolio Impairment Allowance
At 1 January 2017	2,075	99
Allowance made/(written back) during the financial period	1,299	(12)
Amount transferred to portfolio impairment allowance	-	-
Amount written back in respect of recoveries	(18)	-
Allowance made and charged to deferred assets	-	-
Allowance made in relation to jointly controlled entity	-	-
Amount written off	-	-
Transfer(to)/from intercompany	-	-
Disposal of subsidiary	-	-
Unwinding income	-	-
Exchange fluctuation	-	-
Total	3,356	87

Capital Treatment for Credit Risk

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

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2018
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

30 June 2018	CIMB IB											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	637,284	-	-	-	-	-	-	-	18	-	637,302	-
20%	-	-	70,111	-	-	-	-	-	-	-	70,111	14,022
35%	-	-	-	-	-	-	65,798	-	-	-	65,798	23,029
50%	-	-	952,751	-	21	-	60,840	-	-	-	1,013,612	506,806
75%	-	-	-	-	-	57	184	-	-	-	241	181
100%	-	-	-	10,920	14,429	-	24,104	-	267,199	-	316,651	316,651
100%<RW<1250%	-	-	-	-	96	-	-	-	-	-	96	144
>1250%	-	-	-	-	50	-	-	-	-	-	50	625
Total	637,284	-	1,022,862	10,920	14,596	57	150,925	-	267,217	-	2,103,861	861,459
Average Risk Weight	-	-	48%	100%	104%	75%	51%	-	100%	-	41%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

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

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CREDIT RISK (CONTINUED)

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

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

30 June 2017	CIMB IB											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos, Securities Firms & Fund Managers	Corporate	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
-%	2,878,406	-	-	-	-	-	-	-	18	-	2,878,425	-
20%	-	-	87,171	-	-	-	-	-	-	-	87,171	17,434
35%	-	-	-	-	-	-	55,330	-	-	-	55,330	19,365
50%	-	-	918,005	-	-	-	71,491	-	-	-	989,496	494,748
75%	-	-	-	-	-	258	201	-	-	-	460	345
100%	-	-	-	13,028	26,106	-	29,002	-	289,774	-	357,910	357,910
100%<RW<1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	50	-	-	-	-	-	50	625
Total	2,878,406	-	1,005,176	13,028	26,156	258	156,024	-	289,792	-	4,368,842	890,428
Average Risk Weight	-	-	47%	100%	102%	75%	54%	-	100%	-	20%	
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

30 June 2018		CIMB IB		
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	10,920	10,920
Corporate	-	-	14,596	14,596
Sovereign/Central Banks	-	-	637,284	637,284
Banks, MDBs and DFIs	960,567	-	62,294	1,022,862
Total	960,567	-	725,095	1,685,662

30 June 2017		CIMB IB		
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Public Sector Entities	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers	-	-	13,028	13,028
Corporate	-	-	26,288	26,288
Sovereign/Central Banks	-	-	2,878,406	2,878,406
Banks, MDBs and DFIs	1,005,060	-	116	1,005,176
Total	1,005,060	-	2,917,839	3,922,899

The Bank has no Securitisation exposure under SA according to Ratings by ECAIs.

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 2018 and 30 June 2017, there was no requirement for additional collateral to be posted. The following tables disclose the Off-Balance Sheet exposures and Counterparty Credit Risk:

CREDIT RISK (CONTINUED)

Off-Balance Sheet Exposures and Counterparty Credit Risk

Table 16: Disclosure on Off-Balance Sheet Exposures and Counterparty Credit Risk

30 June 2018	CIMB IB			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	805,924		805,924	402,962
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Equity related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Commodity contracts				
One year or less	-	-	-	-
Over one year to five years	138,924	-	16,671	8,335
Over five years	-	-	-	-
Credit derivative contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	137,550	-	10,920	10,920
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	845		423	421

CREDIT RISK (CONTINUED)

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

Table 16: Disclosure on Off-Balance Sheet Exposures and Counterparty Credit Risk (continued)

30 June 2018	CIMB IB			
(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 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 borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	1,083,244	-	833,938	422,638

CREDIT RISK (continued)

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

Table 16: Disclosure on Off-Balance Sheet Exposures and Counterparty Credit Risk (continued)

30 June 2017	CIMB IB			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	775,414		775,414	387,707
Transaction Related Contingent Items	-		-	-
Short Term Self Liquidating Trade Related Contingencies	-		-	-
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions)	-		-	-
Foreign Exchange Related Contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Equity related 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	511,819	-	23,775	18,402
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,782		1,891	1,886
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 borrower's creditworthiness	-		-	-
Unutilised credit card lines	-		-	-
Off-balance sheet items for securitisation exposures	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
Total	1,291,015	-	801,080	407,995

CREDIT RISK (continued)

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

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

Table 17: Disclosure on Credit Derivative Transactions

(RM'000)	CIMB IB			
	30 June 2018		30 June 2017	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	137,550	-	140,300
Total	-	137,550	-	140,300
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	137,550	-	140,300
Total	-	137,550	-	140,300

CREDIT RISK (continued)

Credit Risk Mitigation

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

Table 18: Disclosure on Credit Risk Mitigation

30 June 2018	CIMB IB			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
Performing Exposures				
Sovereign/Central Banks	637,284	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,022,862	-	-	-
Insurance Cos, Securities Firms & Fund Managers	10,920	-	-	-
Corporate	14,479	-	-	-
Residential Mortgages	148,944	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	57	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	267,217	-	-	-
Defaulted Exposures	2,098	-	-	-
Total Exposures	2,103,861	-	-	-

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 18: Disclosure on Credit Risk Mitigation (continued)

30 June 2017	CIMB IB			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<i>Performing Exposures</i>				
Sovereign/Central Banks	2,878,406	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,005,176	-	-	-
Insurance Cos, Securities Firms & Fund Managers	13,028	-	-	-
Corporate	26,083	-	-	-
Residential Mortgages	156,024	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	258	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	289,792	-	-	-
<i>Defaulted Exposures</i>	205	-	132	-
Total Exposures	4,368,974	-	132	-

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 Bank has no Securitisation exposure under the SA for Banking Book for Securitisation under the SA or for Trading Book Exposures subject to Market Risk capital charge for 30 June 2018 and 30 June 2017 respectively.

MARKET RISK

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

OPERATIONAL RISK

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

EQUITY EXPOSURES IN BANKING BOOK

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

Table 19: Analysis of Equity Investments by Grouping and RWA

In RM('000)	CIMB IB			
	30 June 2018		30 June 2017	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	-	-	-	-
Publicly traded	-	-	-	-
Total	-	-	-	-

INTEREST RATE RISK IN THE BANKING BOOK

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel interest 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 CIMB IB IRRBB under a 100 bps parallel upward interest rate shock from economic value and earnings perspectives.

Table 20: IRRBB – Impact on Economic Value

(RM'000)	CIMB IB	
	30 June 2018	30 June 2017
Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(1,198)	(517)
US Dollar	-	(1)
Thai Baht	-	-
Singapore Dollar	-	(667)
Others	-	-
Total	(1,198)	(1,185)

Table 21: IRRBB – Impact on Earnings

(RM'000)	CIMB IB	
	30 June 2018	30 June 2017
Currency	+100bps Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	2,492	(12,668)
US Dollar	-	26
Thai Baht	-	-
Singapore Dollar	-	15,506
Others	(5)	(5)
Total	2,487	2,859

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

- [END OF SECTION] -