

Basel II Pillar 3 Disclosures for the period ended 30 June 2016

- **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 Berhad, CIMBTH, CIMB Bank PLC (Cambodia), CIMB Factor Lease Berhad and non-financial subsidiaries
CIMBIBG	: CIMB Investment Bank Berhad, CIMB Futures SdnBhd and non-financial subsidiaries
CIMBISLG	: CIMB Islamic Bank Berhad, CIMB Islamic Nominees (Asing) SdnBhd and CIMB Islamic Nominees (Tempatan) SdnBhd
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 2016.

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.

The risk-weighted assets of the Bank are computed in accordance with Standardised approach (SA approach) for Credit Risk and Market Risk and 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).

The comparative capital adequacy ratios as at 30 June 2015 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 IB:

Table 1: Capital Position

(RM'000)	CIMB IB	
	30 June 2016	30 June 2015
Common Equity Tier 1 capital		
Ordinary shares	100,000	100,000
Other reserves	466,171	491,637
Common Equity Tier 1 capital before regulatory adjustments	566,171	591,637
<u>Less: Regulatory adjustments</u>		
Goodwill	-	-
Deferred Tax Assets	(11,384)	(42,124)
Deductions in excess of Tier 2 capital	(2,374)	(3,888)
Investments in capital instruments of unconsolidated financial and insurance takaful entities	(5,847)	(3,898)
Others	(2,155)	-
Common equity tier 1 capital after regulatory adjustments / Total Tier 1 capital	544,411	541,727
Tier 2 Capital		
Redeemable Preference Shares	6	7
Portfolio impairment allowance and regulatory reserves	2,300	2,973
Tier 2 capital before regulatory adjustments	2,306	2,980
<u>Less: Regulatory adjustments</u>		
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,680)	(6,868)
Total Tier 2 Capital	-	-
Total Capital	544,411	541,727
RWA		
Credit risk	881,827	1,018,900
Market risk	56,914	85,036
Operational risk	592,207	645,588
Total RWA	1,530,948	1,749,524

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 1: Capital Position

(RM'000)	CIMB IB	
	30 June 2016	30 June 2015
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	35.560%	30.964%
Tier 1 ratio	35.560%	30.964%
Total capital ratio	35.560%	30.964%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	35.560%	30.964%
Tier 1 ratio	35.560%	30.964%
Total capital ratio	35.560%	30.964%

The Total Capital Ratio increased in June 2016 compared to June 2015 due to lower deduction from deferred tax assets. The credit RWA decreased mostly contributed by corporate exposures related to soft underwriting. The decrease in market RWA was mostly contributed by decreased FX RWA mainly due to lower exposure to USD, equity RWA due to decreased exposure to local shares and overall Interest Rate RWA mainly attributed to duration decayed overtime.

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 2016	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	1,040,171	1,040,171	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	796,077	796,077	390,466	390,466	31,237
Insurance Cos, Securities Firms & Fund Managers	15,506	15,506	15,506	15,506	1,240
Corporate	50,601	50,601	51,176	51,176	4,094
Regulatory Retail	7,574	7,574	5,834	5,834	467
Residential Mortgages	156,994	156,994	91,800	91,800	7,344
Higher Risk Assets	-	-	-	-	-
Other Assets	327,066	327,066	327,045	327,045	26,164
Securitisation	-	-	-	-	-
Total Credit Risk	2,393,988	2,393,988	881,827	881,827	70,546
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			12,816	12,816	1,025
Foreign Currency Risk			43,855	43,855	3,508
Equity Risk			242	242	19
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			56,914	56,914	4,553
Operational Risk (BIA)			592,207	592,207	47,377
Total RWA and Capital Requirement			1,530,948	1,530,948	122,476

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

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

30 June 2015	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	904,400	904,400	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,124,447	1,124,447	433,817	433,817	34,705
Insurance Cos, Securities Firms & Fund Managers	17,323	17,323	17,323	17,323	1,386
Corporate	93,711	93,711	94,286	94,286	7,543
Regulatory Retail	22,774	22,774	22,243	22,243	1,779
Residential Mortgages	150,901	150,901	93,975	93,975	7,518
Higher Risk Assets	-	-	-	-	-
Other Assets	357,294	357,294	357,257	357,257	28,581
Securitisation	-	-	-	-	-
Total Credit Risk	2,670,850	2,670,850	1,018,900	1,018,900	81,512
Large Exposure Risk Requirement	-	-	-	-	-
Market Risk (SA)					
Interest Rate Risk			15,203	15,203	1,216
Foreign Currency Risk			61,874	61,874	4,950
Equity Risk			7,960	7,960	637
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			85,036	85,036	6,803
Operational Risk (BIA)			645,588	645,588	51,647
Total RWA and Capital Requirement			1,749,525	1,749,525	139,962

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 2016		CIMB IB			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	1,040,171	-	-	-	1,040,171
Bank	796,077	-	-	-	796,077
Corporate	66,107	-	-	-	66,107
Mortgage	156,994	-	-	-	156,994
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	7,574	-	-	-	7,574
Other Exposures	327,066	-	-	-	327,066
Total Gross Credit Exposure	2,393,988	-	-	-	2,393,988

30 June 2015		CIMB IB			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	904,400	-	-	-	904,400
Bank	1,124,447	-	-	-	1,124,447
Corporate	111,033	-	-	-	111,033
Mortgage	150,901	-	-	-	150,901
HPE	-	-	-	-	-
QRRE	-	-	-	-	-
Other Retail	22,774	-	-	-	22,774
Other Exposures	357,294	-	-	-	357,294
Total Gross Credit Exposure	2,670,850	-	-	-	2,670,850

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2016

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 2016												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	-	-	-	-	-	-	-	1,040,171	-	-	-	1,040,171
Bank	-	-	-	-	-	-	-	796,077	-	-	-	796,077
Corporate	-	-	-	-	0.4	0.1	-	10,255	347	37,540	17,964	66,107
Mortgage	-	-	-	-	-	-	-	-	-	156,994	-	156,994
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	7,574	-	7,574
Other Exposures	-	-	-	-	-	-	-	-	-	463	326,602	327,066
Total Gross Credit Exposure	-	-	-	-	0.4	0.1	-	1,846,503	347	202,571	344,567	2,393,988

*Others are exposures which are not elsewhere classified.

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2016

CREDIT RISK (CONTINUED)

ii) Gross Credit Exposures by Sector (continued)

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

30 June 2015	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	-	-	-	-	-	-	-	904,298	103	-	-	904,400
Bank	-	-	-	-	-	-	-	1,124,447	-	-	-	1,124,447
Corporate	-	-	-	-	-	-	-	5,513	211	45,890	59,419	111,033
Mortgage	-	-	-	-	-	-	-	-	-	150,901	-	150,901
HPE	-	-	-	-	-	-	-	-	-	-	-	-
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	-	-	-	-	-	22,774	-	22,774
Other Exposures	-	-	-	-	-	-	-	-	-	-	357,294	357,294
Total Gross Credit Exposure	-	-	-	-	-	-	-	2,034,258	314	219,565	416,713	2,670,850

*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 2016	CIMB IB			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	1,040,090	-	81	1,040,171
Bank	780,766	6,908	8,403	796,077
Corporate	1	1,024	65,081	66,107
Mortgage	2	1,345	155,646	156,994
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	231	4,352	2,991	7,574
Other Exposures	463	-	326,602	327,066
Total Gross Credit Exposure	1,821,553	13,630	558,805	2,393,988

30 June 2015	CIMB IB			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	904,298	-	103	904,400
Bank	1,093,080	30,040	1,327	1,124,447
Corporate	40,288	406	70,340	111,033
Mortgage	79	1,516	149,307	150,901
HPE	-	-	-	-
QRRE	-	-	-	-
Other Retail	179	6,769	15,826	22,774
Other Exposures	232	-	357,062	357,294
Total Gross Credit Exposure	2,038,155	38,731	593,964	2,670,850

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 2016 and 31 December 2015 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 2016	31 December 2015
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	-	-
Others*	-	-
Total	-	-

**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 2016	31 December 2015
Malaysia	-	-
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	-	-

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

ii) *Impaired Loans/Financings*

The following tables provide an analysis of the outstanding balances as at 30 June 2016 and 31 December 2015 which were impaired by sector and geographical respectively:

Table 8: Impaired Loans, Advances and Financing by Sector

(RM'000)	CIMB IB	
	30 June 2016	31 December 2015
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	531	1,228
Others*	-	-
Total	531	1,228

*Others are exposures which are not elsewhere classified.

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

(RM'000)	CIMB IB	
	30 June 2016	31 December 2015
Malaysia	531	1,228
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	531	1,228

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 the period ended 30 June 2016 and 31 December 2015

(RM'000)	CIMB IB			
	30 June 2016		31 December 2015	
	Individual Impairment Allowance	Portfolio Impairment Allowance	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	531	145	1,228	159
Others*	-	-	-	-
Total	531	145	1,228	159

*Others are exposures which are not elsewhere classified.

Table 11: Individual Impairment and Portfolio Impairment Allowances by Geographic Distribution for the period ended 30 June 2016 and 31 December 2015

(RM'000)	CIMB IB			
	30 June 2016		31 December 2015	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	531	145	1,228	159
Singapore	-	-	-	-
Thailand	-	-	-	-
Other Countries	-	-	-	-
Total	531	145	1,228	159

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

ii) Impaired Loans/Financings (continued)

Table 12: Charges for Individual Impairment Provision and Write Offs during the period ended 30 June 2016 and 30 June 2015

(RM'000)	CIMB IB			
	30 June 2016		30 June 2015	
	Charges/Write Back	Write-Off	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	(697)	-	(1,110)	-
Others*	-	-	-	-
Total	(697)	-	(1,110)	-

*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 Loan/Financing Impairment Allowances for the Period Ended 30 June 2016 and 30 June 2015

(RM'000)	CIMB IB			
	30 June 2016		30 June 2015	
	Individual Impairment Allowance	Portfolio Impairment Allowance	Individual Impairment Allowance	Portfolio Impairment Allowance
At 1 January	1,228	159	1,271	2,729
Allowance (written back)/made during the financial period/year	252	(14)	10	244
Amount transferred to portfolio impairment allowance	-	-	-	-
Amount written back in respect of recoveries	(949)	-	(1,120)	-
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	531	145	161	2,973

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 2016

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 2016	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%	1,040,171	-	-	-	-	-	-	-	20	-	1,040,191	-
20%	-	-	25,241	-	-	-	-	-	-	-	25,241	5,048
35%	-	-	-	-	-	-	59,008	-	-	-	59,008	20,653
50%	-	-	770,835	-	-	-	53,528	-	-	-	824,364	412,182
75%	-	-	-	-	-	7,369	296	-	-	-	7,666	5,749
100%	-	-	-	15,506	50,551	-	44,161	-	327,045	-	437,263	437,263
100%<RW<1250%	-	-	-	-	-	204	-	-	-	-	204	307
>1250%	-	-	-	-	50	-	-	-	-	-	50	625
Total	1,040,171	-	796,077	15,506	50,601	7,574	156,994	-	327,066	-	2,393,988	881,827
Average Risk Weight	-	-	49%	100%	101%	77%	58%	-	100%	-	37%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

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

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2016

CREDIT RISK (CONTINUED)

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

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

30 June 2015	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
-%	904,400	-	-	-	-	-	-	-	37	-	904,437	-
20%	-	-	428,022	-	-	-	-	-	-	-	428,022	85,604
35%	-	-	-	-	-	-	56,396	-	-	-	56,396	19,738
50%	-	-	696,425	-	-	-	40,376	-	-	-	736,801	368,401
75%	-	-	-	-	-	2,124	324	-	-	-	2,448	1,836
100%	-	-	-	17,323	93,661	20,650	53,805	-	357,257	-	542,696	542,696
100%<RW<1250%	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	50	-	-	-	-	-	50	625
Total	904,400	-	1,124,447	17,323	93,711	22,774	150,901	-	357,294	-	2,670,850	1,018,900
Average Risk Weight	-	-	39%	100%	101%	98%	62%	-	100%	-	38%	
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 2016	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	-	-	15,506	15,506
Corporate	-	-	50,601	50,601
Sovereign/Central Banks	-	-	1,040,171	1,040,171
Banks, MDBs and DFIs	796,075	-	2	796,077
Total	796,075	-	1,106,280	1,902,355

30 June 2015	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	-	-	17,323	17,323
Corporate	-	-	93,711	93,711
Sovereign/Central Banks	-	-	904,400	904,400
Banks, MDBs and DFIs	1,123,784	-	664	1,124,447
Total	1,123,784	-	1,016,097	2,139,881

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 2016 and 30 June 2015, 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 2016	CIMB IB			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	638,263		638,263	319,132
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	561,243		22,413	18,959
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	14,488		7,244	7,255
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	1,213,993	-	667,920	345,346

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 2015	CIMB IB			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	599,045		599,045	299,523
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	80,573		40,286	40,286
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	328,283		47,363	32,343
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	37,175		18,587	18,552
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	1,045,076	-	705,282	390,704

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 2016		30 June 2015	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	142,550	-	146,350
Total	-	142,550	-	146,350
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	142,550	-	146,350
Total	-	142,550	-	146,350

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 2016	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	1,040,171	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	796,077	-	-	-
Insurance Cos, Securities Firms & Fund Managers	15,506	-	-	-
Corporate	50,601	-	-	-
Residential Mortgages	156,994	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	7,369	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	327,066	-	-	-
Defaulted Exposures	204	-	-	-
Total Exposures	2,393,988	-	-	-

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 2015	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	904,400	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,124,447	-	-	-
Insurance Cos, Securities Firms & Fund Managers	17,323	-	-	-
Corporate	93,711	-	-	-
Residential Mortgages	150,901	-	-	-
Qualifying Revolving Retail	-	-	-	-
Hire Purchase	-	-	-	-
Other Retail	22,774	-	-	-
Securitisation	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	357,294	-	-	-
Defaulted Exposures	-	-	-	-
Total Exposures	2,670,850	-	-	-

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 2016 and 30 June 2015 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 2016		30 June 2015	
	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 2016	30 June 2015
Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(1,832)	(2,243)
US Dollar	6	14
Thai Baht	-	-
Singapore Dollar	-	-
Others	-	-
Total	(1,826)	(2,229)

Table 21: IRRBB – Impact on Earnings

(RM'000)	CIMB IB	
	30 June 2016	30 June 2015
Currency	+100bps Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	1,595	2,187
US Dollar	(136)	(318)
Thai Baht	-	-
Singapore Dollar	-	62
Others	(3)	(4)
Total	1,456	1,927

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] -