

## **BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2020**

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### **Basel II Pillar 3 Disclosure for the period ended 30 June 2020**

- **CIMB Islamic Bank Berhad**

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**ABBREVIATIONS**

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

**ABBREVIATIONS (continued)**

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

### OVERVIEW

The disclosures herein are formulated in accordance with the requirements of Bank Negara Malaysia's guidelines on CAFIB – Disclosure Requirements (Pillar 3). These disclosures published are for the period ended 30 June 2020.

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

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

### CAPITAL MANAGEMENT

#### *Capital Structure and Adequacy*

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components)/Capital Adequacy Framework for Islamic Banks (Capital Components), of which the latest revisions were issued on 5 February 2020. These guidelines set out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III and were made applicable for all banking institutions and financial holding companies on 1 January 2018 and 1 January 2019 respectively.

The risk-weighted assets of CIMB Islamic Bank are computed in accordance with the Capital Adequacy Framework for Islamic Banks (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 3 May 2019. The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. The components of eligible regulatory capital are based on the Capital Adequacy Framework for Islamic Banks (Capital Components).

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

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

**Table 1: Capital Position for CIMB Islamic**

(RM'000)	CIMB Islamic	
	30 June 2020	30 June 2019
<b>Common Equity Tier I capital</b>		
Ordinary share capital	1,000,000	1,000,000
Other reserves	5,332,156	4,764,764
<b>Common Equity Tier I capital before regulatory adjustments</b>	<b>6,332,156</b>	<b>5,764,764</b>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(59,197)	(67,505)
Deferred tax assets	(41,886)	(53,436)
Regulatory reserve	-	(489,968)
Shortfall eligible provisions over expected loss	(263,661)	-
Others	(20,134)	(20,133)
<b>Common equity Tier I capital after regulatory adjustments</b>	<b>5,811,278</b>	<b>4,997,722</b>
<b>Additional Tier I capital</b>		
Perpetual preference shares	364,000	171,000
<b>Total Tier I capital</b>	<b>6,175,278</b>	<b>5,168,722</b>
<b>Tier II Capital</b>		
Subordinated Sukuk	1,110,000	565,000
Surplus of eligible provision over expected loss	-	69,077
General provisions	56,900	75,028
<b>Tier II capital before regulatory adjustments</b>	<b>1,166,900</b>	<b>709,105</b>
<b>Total Tier II Capital</b>	<b>1,166,900</b>	<b>709,105</b>
<b>Total Capital</b>	<b>7,342,178</b>	<b>5,877,827</b>

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

**Table 1: Capital Position for CIMB Islamic**

(RM'000)	CIMB Islamic	
	30 June 2020	30 June 2019
<b>RWA</b>		
Credit risk	39,129,344	34,241,751
Market risk	914,254	784,877
Operational risk	3,362,472	2,950,487
<b>Total RWA</b>	<b>43,406,070</b>	<b>37,977,115</b>
<b>Capital Adequacy Ratios</b>		
Common Equity Tier I Ratio	13.388%	13.160%
Tier I ratio	14.227%	13.610%
Total capital ratio	16.915%	15.477%

The total capital ratio increased in 2020 compared to 2019 mainly due to (i) higher retained earnings and audited profits, and (ii) issuance of RM800 mil 10 years non-callable 5 years Tier II Junior Sukuk; offset by (iii) redemption of RM300 mil Tier II Junior Sukuk on its first optional redemption date. The increase in RWA is mainly due to higher Credit RWA.

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

The tables below show the RWA under various exposure classes under the relevant approach and applying the minimum regulatory capital requirement at 8% to establish the minimum capital required for each of the exposure classes:

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

30 June 2020	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	21,024,915	21,024,915	-	-	-
Public Sector Entities	4,243,834	4,243,834	148,767	148,767	11,901
Banks, DFIs & MDBs	5,104	5,104	2,552	2,552	204
Takaful Operators, Securities Firms & Fund Managers	15,555	15,555	3,111	3,111	249
Corporate	1,682,990	1,652,523	1,031,578	991,967	79,357
Regulatory Retail	6,818,009	6,507,147	4,156,146	3,979,350	318,348
RRE Financing	89,842	89,842	44,452	40,827	3,266
Higher Risk Assets	-	-	-	-	-
Other Assets	220,347	220,347	179,858	179,858	14,389
Securitisation	20,209	20,209	4,042	4,042	323
<b>Total for SA</b>	<b>34,120,805</b>	<b>33,779,475</b>	<b>5,570,506</b>	<b>5,350,473</b>	<b>428,038</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,380,300	1,380,300	289,497	289,497	23,160
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	26,509,817	26,509,817	16,670,013	15,172,762	1,213,821
RRE Financing	22,500,181	22,500,181	6,530,337	6,289,507	503,161
Qualifying Revolving Retail	267,222	267,222	190,466	190,466	15,237
Hire Purchase	9,898,620	9,898,620	5,785,477	5,343,824	427,506
Other Retail	23,214,737	23,214,737	4,586,057	4,580,803	366,464
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>83,770,876</b>	<b>83,770,876</b>	<b>34,051,848</b>	<b>31,866,859</b>	<b>2,549,349</b>



BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2020

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy *(continued)*

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

30 June 2020	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)	117,891,681	117,550,351	41,665,464	39,129,344	3,130,348
Large Exposure Risk Requirement	-	-	-	-	-
<b>Market Risk (SA)</b>					
Profit Rate Risk			847,940	847,940	67,835
Foreign Currency Risk			66,314	66,314	5,305
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>914,254</b>	<b>914,254</b>	<b>73,140</b>
<b>Operational Risk (BIA)</b>			<b>3,362,472</b>	<b>3,362,472</b>	<b>268,998</b>
<b>Total RWA and Capital Requirement</b>			<b>45,942,191</b>	<b>43,406,070</b>	<b>3,472,486</b>

**CAPITAL MANAGEMENT (continued)**

**Capital Structure and Adequacy (continued)**

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

30 June 2019	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	17,881,861	17,881,861	-	-	-
Public Sector Entities	5,243,758	5,243,758	48,752	48,752	3,900
Banks, DFIs & MDBs	75,035	75,035	2,598	2,598	208
Takaful Operators, Securities Firms & Fund Managers	15,547	15,417	3,083	3,083	247
Corporate	4,001,191	3,874,309	3,689,568	3,687,235	294,979
Regulatory Retail	2,603,879	2,538,007	2,177,379	2,177,122	174,170
RRE Financing	31,938	31,938	15,840	12,271	982
Higher Risk Assets	575	575	863	863	69
Other Assets	100,139	100,139	66,242	66,242	5,299
Securitisation	20,484	20,484	4,097	4,097	328
<b>Total for SA</b>	<b>29,974,408</b>	<b>29,781,524</b>	<b>6,008,421</b>	<b>6,002,262</b>	<b>480,181</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,954,510	1,954,510	401,308	401,308	32,105
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	28,393,006	28,393,006	15,618,803	12,322,449	985,796
RRE Financing	18,620,833	18,620,833	4,789,338	4,725,865	378,069
Qualifying Revolving Retail	270,457	270,457	186,993	186,993	14,959
Hire Purchase	7,947,746	7,947,746	4,637,469	4,556,853	364,548
Other Retail	23,298,676	23,298,676	4,456,825	4,447,559	355,805
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>80,485,228</b>	<b>80,485,228</b>	<b>30,090,736</b>	<b>26,641,028</b>	<b>2,131,282</b>

CAPITAL MANAGEMENT (continued)

Capital Structure and Adequacy (continued)

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

30 June 2019	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)	110,459,635	110,266,752	37,904,601	34,241,751	2,739,340
Large Exposure Risk Requirement	-	-	-	-	-
<b>Market Risk (SA)</b>					
Profit Rate Risk			693,400	693,400	55,472
Foreign Currency Risk			91,476	91,476	7,318
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>784,876</b>	<b>784,876</b>	<b>62,790</b>
<b>Operational Risk (BIA)</b>			<b>2,950,487</b>	<b>2,950,487</b>	<b>236,039</b>
<b>Total RWA and Capital Requirement</b>			<b>41,639,965</b>	<b>37,977,115</b>	<b>3,038,169</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 following tables represent CIMB Islamic 'credit exposures by geographic region:

**Table 3: Geographic Distribution of Credit Exposures**

30 June 2020		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	21,024,915	-	-	-	21,024,915
PSE	4,243,834	-	-	-	4,243,834
Bank	1,385,404	-	-	-	1,385,404
Corporate	28,208,361	-	-	-	28,208,361
RRE Financing	22,590,023	-	-	-	22,590,023
HPE	9,898,620	-	-	-	9,898,620
QRRE	267,222	-	-	-	267,222
Other Retail	30,032,746	-	-	-	30,032,746
Other Exposures	240,555	-	-	-	240,555
<b>Total Gross Credit Exposure</b>	<b>117,891,681</b>	-	-	-	<b>117,891,681</b>

30 June 2019		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	17,881,861	-	-	-	17,881,861
PSE	5,243,758	-	-	-	5,243,758
Bank	2,029,545	-	-	-	2,029,545
Corporate	32,409,744	-	-	-	32,409,744
RRE Financing	18,652,771	-	-	-	18,652,771
HPE	7,947,746	-	-	-	7,947,746
QRRE	270,457	-	-	-	270,457
Other Retail	25,902,554	-	-	-	25,902,554
Other Exposures	121,199	-	-	-	121,199
<b>Total Gross Credit Exposure</b>	<b>110,459,635</b>	-	-	-	<b>110,459,635</b>

**BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2020**
**CREDIT RISK (continued)**
**Summary of Credit Exposures (continued)**

## ii) Gross Credit Exposures by Sector

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

**Table 4: Distribution of Credit Exposures by Sector**

30 June 2020	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, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	9,883	-	-	418,573	1,755,561	-	1,016,310	12,198,048	4,274,634	-	1,351,906	21,024,915
PSE	-	-	-	-	-	-	-	228,353	4,015,481	-	-	4,243,834
Bank	-	-	-	-	-	-	-	1,385,404	-	-	-	1,385,404
Corporate	3,657,171	1,455,562	2,695,239	609,504	3,578,179	2,433,629	3,871,452	8,687,285	1,168,644	15,432	36,266	28,208,361
RRE Financing	-	-	-	-	-	-	-	-	-	22,590,023	-	22,590,023
HPE	-	-	-	-	-	-	-	-	-	9,898,620	-	9,898,620
QRRE	-	-	-	-	-	-	-	-	-	267,222	-	267,222
Other Retail	124,295	12,342	698,188	17,475	418,543	1,322,164	147,817	1,072,733	194,634	25,977,899	46,655	30,032,746
Other Exposures	-	-	-	-	-	-	-	-	20,209	-	220,347	240,555
<b>Total Gross Credit Exposure</b>	<b>3,791,349</b>	<b>1,467,904</b>	<b>3,393,427</b>	<b>1,045,552</b>	<b>5,752,283</b>	<b>3,755,793</b>	<b>5,035,578</b>	<b>23,571,823</b>	<b>9,673,601</b>	<b>58,749,195</b>	<b>1,655,175</b>	<b>117,891,681</b>

*Note: All sectors above are Shariah compliant.*
*\*Others are exposures which are not elsewhere classified.*

**BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2020**
**CREDIT RISK (continued)**
**Summary of Credit Exposures (continued)**

ii) Gross Credit Exposures by Sector (continued)

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

30 June 2019	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, Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	9,821	-	-	444,338	1,720,850	-	1,031,057	9,376,870	3,783,195	-	1,515,731	17,881,861
PSE	-	-	-	-	-	-	-	200,447	5,043,311	-	-	5,243,758
Bank	-	-	-	-	-	-	-	2,029,545	-	-	-	2,029,545
Corporate	2,783,593	1,323,837	2,769,142	604,417	5,306,660	2,637,000	5,229,674	9,749,563	1,230,479	655,820	119,560	32,409,744
RRE	-	-	-	-	-	-	-	-	-	18,652,771	-	18,652,771
Financing	-	-	-	-	-	-	-	-	-	7,947,746	-	7,947,746
HPE	-	-	-	-	-	-	-	-	-	270,457	-	270,457
QRRE	-	-	-	-	-	-	-	-	-	25,217,662	-	25,217,662
Other Retail	23,905	8,451	91,556	3,215	81,556	178,457	18,836	212,672	40,542	-	25,703	25,902,554
Other Exposures	-	-	-	-	-	-	-	575	20,484	-	100,139	121,199
<b>Total Gross Credit Exposure</b>	<b>2,817,318</b>	<b>1,332,288</b>	<b>2,860,697</b>	<b>1,051,969</b>	<b>7,109,066</b>	<b>2,815,457</b>	<b>6,279,567</b>	<b>21,569,671</b>	<b>10,118,011</b>	<b>52,744,456</b>	<b>1,761,133</b>	<b>110,459,635</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 following tables represent CIMB Islamic's credit exposure analysed by residual contractual maturity:

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

30 June 2020	CIMB Islamic			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	12,412,654	4,254,542	4,357,720	21,024,915
PSE	3,084,062	1,047,007	112,766	4,243,834
Bank	928,996	150,464	305,944	1,385,404
Corporate	8,521,934	6,910,368	12,776,059	28,208,361
RRE Financing	4,941	78,081	22,507,001	22,590,023
HPE	28,376	1,358,452	8,511,791	9,898,620
QRRE	267,222	-	-	267,222
Other Retail	77,611	744,006	29,211,129	30,032,746
Other Exposures	20,209	-	220,347	240,555
<b>Total Gross Credit Exposure</b>	<b>25,346,005</b>	<b>14,542,921</b>	<b>78,002,756</b>	<b>117,891,681</b>

30 June 2019	CIMB Islamic			
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
Sovereign	7,306,977	2,804,432	7,770,453	17,881,861
PSE	4,588,495	516,052	139,211	5,243,758
Bank	1,393,860	402,988	232,697	2,029,545
Corporate	9,930,442	7,569,899	14,909,403	32,409,744
RRE Financing	6,067	82,343	18,564,360	18,652,771
HPE	57,729	1,487,944	6,402,072	7,947,746
QRRE	270,457	-	-	270,457
Other Retail	53,806	567,014	25,281,735	25,902,554
Other Exposures	-	20,484	100,714	121,199
<b>Total Gross Credit Exposure</b>	<b>23,607,835</b>	<b>13,451,156</b>	<b>73,400,645</b>	<b>110,459,635</b>

**CREDIT RISK (continued)**

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

i) Past Due But Not Impaired

The following tables provide an analysis of the outstanding balances as at 30 June 2020 and 31 December 2019 which were past due but not impaired by sector and geographical respectively:

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

(RM'000)	CIMB Islamic	
	30 June 2020	31 December 2019
Primary Agriculture	10,652	16,605
Mining and Quarrying	2,847	1,429
Manufacturing	16,072	6,891
Electricity, Gas and Water Supply	4,380	88
Construction	60,231	21,001
Wholesale and Retail Trade, and Restaurants and Hotels	42,632	27,755
Transport, Storage and Communication	3,932	5,370
Finance, Takaful, Real Estate and Business Activities	100,395	49,098
Education, Health and Others	7,284	6,659
Household	4,278,675	3,738,069
Others*	5,246	3,962
<b>Total</b>	<b>4,532,346</b>	<b>3,876,927</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**

(RM'000)	CIMB Islamic	
	30 June 2020	31 December 2019
Malaysia	4,532,346	3,876,927
<b>Total</b>	<b>4,532,346</b>	<b>3,876,927</b>



**CREDIT RISK (continued)**

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

ii) Credit Impaired Loans/Financings

The following tables provide an analysis of the outstanding balances as at 30 June 2020 and 31 December 2019 which were credit impaired by sector and geographical respectively:

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

(RM'000)	CIMB Islamic	
	30 June 2020	31 December 2019
Primary Agriculture	17,401	18,391
Mining and Quarrying	-	812
Manufacturing	770,837	747,255
Electricity, Gas and Water Supply	-	-
Construction	18,088	9,705
Wholesale and Retail Trade, and Restaurants and Hotels	68,988	49,806
Transport, Storage and Communication	2,673	861
Finance, Takaful, Real Estate and Business Activities	36,833	47,080
Education, Health and Others	3,803	4,576
Household	358,083	363,609
Others*	2	2
<b>Total</b>	<b>1,276,708</b>	<b>1,242,097</b>

*Note: All sectors above are Shariah compliant.*

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

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

(RM'000)	CIMB Islamic	
	30 June 2020	31 December 2019
Malaysia	1,276,708	1,242,097
<b>Total</b>	<b>1,276,708</b>	<b>1,242,097</b>

**CREDIT RISK (continued)**

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

ii) Expected Credit Losses

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

(RM'000)	CIMB Islamic			
	30 June 2020			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Primary Agriculture	1,387	14,875	591	16,853
Mining and Quarrying	1,614	822	-	2,436
Manufacturing	3,667	2,000	29,657	35,324
Electricity, Gas and Water Supply	76	236	-	312
Construction	1,975	400	5,495	7,870
Wholesale and Retail Trade, and Restaurants and Hotels	6,281	1,418	17,810	25,509
Transport, Storage and Communications	3,103	421	1,928	5,452
Finance, Takaful, Real Estate and Business Activities	4,678	2,171	3,182	10,031
Education, Health and Others	3,315	74	588	3,977
Household	157,533	170,668	120,878	449,079
Others*	89	117	1	207
<b>Total</b>	<b>183,718</b>	<b>193,202</b>	<b>180,130</b>	<b>557,050</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)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	31 December 2019			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Primary Agriculture	4,327	2,020	944	7,291
Mining and Quarrying	1,413	-	-	1,413
Manufacturing	2,589	715	27,408	30,712
Electricity, Gas and Water Supply	87	-	-	87
Construction	1,906	273	4,106	6,285
Wholesale and Retail Trade, and Restaurants and Hotels	4,630	906	6,315	11,851
Transport, Storage and Communications	2,812	320	252	3,384
Finance, Takaful, Real Estate and Business Activities	4,106	2,587	2,192	8,885
Education, Health and Others	542	81	505	1,128
Household	112,083	125,036	126,303	363,422
Others*	72	116	2	190
<b>Total</b>	<b>134,567</b>	<b>132,054</b>	<b>168,027</b>	<b>434,648</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)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	30 June 2020			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Malaysia	183,718	193,202	180,130	557,050
<b>Total</b>	<b>183,718</b>	<b>193,202</b>	<b>180,130</b>	<b>557,050</b>

(RM'000)	CIMB Islamic			
	31 December 2019			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Total
Malaysia	134,567	132,054	168,027	434,648
<b>Total</b>	<b>134,567</b>	<b>132,054</b>	<b>168,027</b>	<b>434,648</b>

**CREDIT RISK (continued)**

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

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic	
	30 June 2020	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	(420)	-
Mining and Quarrying	-	-
Manufacturing	2,071	66
Electricity, Gas and Water Supply	-	-
Construction	1,326	6
Wholesale and Retail Trade, and Restaurants and Hotels	12,216	11
Transport, Storage and Communications	1,010	9
Finance, Takaful, Real Estate and Business Activities	857	94
Education, Health and Others	273	-
Household	58,905	54,610
Others*	-	-
<b>Total</b>	<b>76,238</b>	<b>54,796</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)***

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic	
	30 June 2019	
	Charges/(write back)	Write-off
	Lifetime expected credit losses - Credit impaired (Stage 3)	Lifetime expected credit losses - Credit impaired (Stage 3)
Primary Agriculture	1,863	1,604
Mining and Quarrying	1,494	583
Manufacturing	15,738	3,455
Electricity, Gas and Water Supply	-	-
Construction	(2,287)	9,811
Wholesale and Retail Trade, and Restaurants and Hotels	4,216	4,066
Transport, Storage and Communications	207	47
Finance, Takaful, Real Estate and Business Activities	2,970	4,951
Education, Health and Others	(1,428)	32
Household	102,242	50,776
Others*	-	-
<b>Total</b>	<b>125,015</b>	<b>75,325</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)**

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	30 June 2020			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
<b>At 1 January 2020</b>	134,567	132,054	168,027	434,648
Changes in expected credit losses due to transferred within stages	33,600	(21,679)	(11,921)	-
Transferred to Stage 1	48,956	(43,391)	(5,565)	-
Transferred to Stage 2	(15,126)	65,659	(50,533)	-
Transferred to Stage 3	(230)	(43,947)	44,177	-
<b>Total charge to Income Statement</b>	15,436	82,831	76,238	174,505
New financial assets originated	46,576	63	31,473	78,112
Financial assets that have been derecognised	(26,126)	(6,377)	-	(32,503)
Write back in respect of full recoveries	-	-	(29,544)	(29,544)
Change in credit risk	(5,014)	89,145	74,309	158,440
Write-offs	-	-	(54,796)	(54,796)
Exchange fluctuation	115	(4)	-	111
Other movements	-	-	2,582	2,582
<b>Total</b>	<b>183,718</b>	<b>193,202</b>	<b>180,130</b>	<b>557,050</b>

**CREDIT RISK (continued)**

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

iii) Expected Credit Losses (continued)

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

(RM'000)	CIMB Islamic			
	30 June 2019			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	Total
<b>At 1 January 2019</b>	172,096	75,042	199,048	446,186
Changes in expected credit losses due to transferred within stages	124,285	(76,987)	(47,298)	-
Transferred to Stage 1	151,389	(131,657)	(19,732)	-
Transferred to Stage 2	(26,856)	78,905	(52,049)	-
Transferred to Stage 3	(248)	(24,235)	24,483	-
<b>Total charge to Income Statement</b>	(151,772)	121,762	125,015	95,005
New financial assets originated	52,102	23	4,396	56,521
Financial assets that have been derecognised	(101,225)	(1,944)	-	(103,169)
Write back in respect of full recoveries	-	-	(7,632)	(7,632)
Change in credit risk	(102,649)	123,683	128,251	149,285
Write-offs	-	-	(75,325)	(75,325)
Other movements	(1,095)	-	5,056	3,961
<b>Total</b>	<b>143,514</b>	<b>119,817</b>	<b>206,496</b>	<b>469,827</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 followed.



**BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2020**
**CREDIT RISK (continued)**
**Credit Risk – Disclosure for Portfolios under the SA (continued)**

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 2020	CIMB Islamic											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	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%	21,024,915	3,500,000	-	-	-	23	-	-	40,488	-	24,565,426	-
20%	-	743,834	-	15,555	2,042	361,352	-	-	-	20,209	1,142,991	228,598
35%	-	-	-	-	-	-	3,797	-	-	-	3,797	1,329
50%	-	-	5,104	-	1,238,875	3,611,488	85,844	-	-	-	4,941,311	2,470,655
75%	-	-	-	-	-	1,030,692	-	-	-	-	1,030,692	773,019
100%	-	-	-	-	411,595	1,500,555	201	-	179,858	-	2,092,209	2,092,209
100% < RW < 1250%	-	-	-	-	0	3,039	-	-	-	-	3,039	4,558
1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>21,024,915</b>	<b>4,243,834</b>	<b>5,104</b>	<b>15,555</b>	<b>1,652,523</b>	<b>6,507,147</b>	<b>89,842</b>	<b>-</b>	<b>220,347</b>	<b>20,209</b>	<b>33,779,475</b>	<b>5,570,506</b>
<b>Average Risk Weight</b>	-	4%	50%	20%	62%	64%	49%	-	82%	20%	16%	
<b>Deduction from Capital Base</b>	-	-	-	-	-	-	-	-	-	-	-	

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

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 2020

CREDIT RISK (continued)

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

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

30 June 2019	CIMB Islamic											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	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%	17,881,861	5,000,000	67,897	-	-	1,712	-	-	33,897	-	22,985,368	-
20%	-	243,758	3,238	15,417	173,363	181	-	-	-	20,484	456,443	91,289
35%	-	-	-	-	-	-	861	-	-	-	861	301
50%	-	-	3,900	-	98,704	530,001	31,077	-	-	-	663,682	331,841
75%	-	-	-	-	-	378,152	-	-	-	-	378,152	283,614
100%	-	-	-	-	3,595,881	1,626,423	-	-	66,242	-	5,288,546	5,288,546
100% < RW < 1250%	-	-	-	-	6,350	1,537	-	575	-	-	8,462	12,693
1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>17,881,861</b>	<b>5,243,758</b>	<b>75,035</b>	<b>15,417</b>	<b>3,874,309</b>	<b>2,538,007</b>	<b>31,938</b>	<b>575</b>	<b>100,139</b>	<b>20,484</b>	<b>29,781,524</b>	<b>6,008,421</b>
<b>Average Risk Weight</b>	-	1%	3%	20%	95%	86%	50%	150%	66%	20%	20%	
<b>Deduction from Capital Base</b>	-	-	-	-	-	-	-	-	-	-	-	

\*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 2020		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	-	-	4,243,834	4,243,834
Takaful Operators, Securities Firms & Fund Managers	15,555	-	-	15,555
Corporate	-	-	1,682,990	1,682,990
Sovereign/Central Banks	8,591,780	-	12,433,135	21,024,915
Banks, MDBs and DFIs	5,104	-	-	5,104
<b>Total</b>	<b>8,612,440</b>	<b>-</b>	<b>18,359,958</b>	<b>26,972,398</b>

30 June 2019		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	-	-	5,243,758	5,243,758
Takaful Operators, Securities Firms & Fund Managers	15,417	-	130	15,547
Corporate	-	-	4,001,191	4,001,191
Sovereign/Central Banks	8,627,783	-	9,254,078	17,881,861
Banks, MDBs and DFIs	7,138	-	67,897	75,035
<b>Total</b>	<b>8,650,338</b>	<b>-</b>	<b>18,567,054</b>	<b>27,217,393</b>

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

30 June 2020		CIMB Islamic		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	20,209	-	-	20,209

30 June 2019		CIMB Islamic		
(RM '000) Exposure Class	Investment Grade	Non-Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	20,484	-	-	20,484

**CREDIT RISK (continued)**

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

*Retail Exposures*

Retail exposures covered under the A-IRB Approach include credit cards, auto loans/financing, Xpress Cash, residential mortgages, business premises loans/financing and ASB financing.

The following tables summarise the retail credit exposures measured under A-IRB Approach:

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

30 June 2020	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>35,743,880</b>	<b>19,472,702</b>	<b>664,177</b>	<b>55,880,759</b>
RRE Financing	19,023,096	2,954,610	522,474	22,500,181
QRRE	162,206	103,343	1,673	267,222
Hire Purchase	8,614,661	1,235,858	48,101	9,898,620
Other Retail	7,943,917	15,178,892	91,928	23,214,737
<b>Exposure Weighted Average LGD</b>				
RRE Financing	22%	25%	29%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	57%	
Other Retail	27%	10%	40%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	14%	90%	234%	
QRRE	34%	125%	361%	
Hire Purchase	54%	86%	195%	
Other Retail	24%	16%	224%	

**CREDIT RISK (continued)**

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

**Retail Exposures (continued)**

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

30 June 2019	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>29,725,241</b>	<b>19,893,489</b>	<b>518,982</b>	<b>50,137,712</b>
RRE Financing	15,668,785	2,568,900	383,148	18,620,833
QRRE	160,577	107,825	2,056	270,457
Hire Purchase	6,769,037	1,110,640	68,069	7,947,746
Other Retail	7,126,842	16,106,125	65,709	23,298,676
<b>Exposure Weighted Average LGD</b>				
RRE Financing	21%	22%	27%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	57%	
Other Retail	26%	10%	45%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	13%	79%	205%	
QRRE	32%	118%	370%	
Hire Purchase	53%	83%	217%	
Other Retail	23%	17%	180%	

**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**

30 June 2020	CIMB Islamic			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure</b>	<b>49,570,786</b>	<b>6,273,209</b>	<b>36,763</b>	<b>55,880,759</b>
RRE Financing	20,701,434	1,776,740	22,007	22,500,181
QRRE	123,689	143,527	5	267,222
Hire Purchase	8,622,395	1,274,742	1,483	9,898,620
Other Retail	20,123,268	3,078,201	13,269	23,214,737
<b>Exposure Weighted Average LGD</b>				
RRE Financing	22%	30%	40%	
QRRE	90%	90%	90%	
Hire Purchase	53%	55%	54%	
Other Retail	15%	25%	55%	

30 June 2019	CIMB Islamic			
(RM'000) EL Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure</b>	<b>43,733,217</b>	<b>6,373,652</b>	<b>30,844</b>	<b>50,137,712</b>
RRE Financing	17,339,943	1,264,324	16,567	18,620,833
QRRE	111,795	158,662	0	270,457
Hire Purchase	6,774,866	1,171,946	934	7,947,746
Other Retail	19,506,613	3,778,720	13,343	23,298,676
<b>Exposure Weighted Average LGD</b>				
RRE Financing	21%	25%	41%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	55%	
Other Retail	14%	21%	54%	

**CREDIT RISK (continued)**

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

*Non-retail Exposures*

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

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

<b>30 June 2020</b>		<b>CIMB Islamic</b>				
<b>(RM'000) Supervisory Categories</b>	<b>Strong</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Weak</b>	<b>Default</b>	<b>Total</b>
Project Finance	73,712	246,117	-	-	-	319,830
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	108,071	1,099,415	78,320	102,248	-	1,388,054
<b>RWA</b>	<b>90,892</b>	<b>926,748</b>	<b>90,068</b>	<b>255,621</b>	<b>-</b>	<b>1,363,329</b>

<b>30 June 2019</b>		<b>CIMB Islamic</b>				
<b>(RM'000) Supervisory Categories</b>	<b>Strong</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Weak</b>	<b>Default</b>	<b>Total</b>
Project Finance	122,493	287,861	-	12,850	-	423,205
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	112,834	1,510,800	111,523	25,786	69,969	1,830,912
<b>RWA</b>	<b>117,664</b>	<b>1,390,406</b>	<b>128,251</b>	<b>96,590</b>	<b>-</b>	<b>1,732,911</b>

**CREDIT RISK (continued)**

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

*Non-retail Exposures (continued)*

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

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

30 June 2020	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
<b>Total Non-Retail Exposure</b>	<b>8,417,043</b>	<b>10,906,118</b>	<b>5,878,804</b>	<b>980,268</b>	<b>26,182,233</b>
Bank	1,209,235	170,979	86	-	1,380,300
Corporate (excluding Specialised Financing)	7,207,808	10,735,139	5,878,718	980,268	24,801,933
<b>Exposure Weighted Average LGD</b>					
Bank	45%	40%	45%	-	
Corporate (excluding Specialised Financing)	44%	41%	37%	41%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	19%	36%	191%	-	
Corporate (excluding Specialised Financing)	10%	78%	105%	0%	

30 June 2019	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
<b>Total Non-Retail Exposure</b>	<b>11,607,967</b>	<b>10,852,548</b>	<b>4,626,488</b>	<b>1,006,397</b>	<b>28,093,399</b>
Bank	1,828,193	126,260	56	-	1,954,510
Corporate (excluding Specialised Financing)	9,779,774	10,726,288	4,626,431	1,006,397	26,138,890
<b>Exposure Weighted Average LGD</b>					
Bank	45%	43%	45%	-	
Corporate (excluding Specialised Financing)	44%	41%	37%	40%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	19%	44%	191%	-	
Corporate (excluding Specialised Financing)	10%	74%	107%	-	



**CREDIT RISK (continued)**

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

*Expected Losses versus Actual Losses by Portfolio Types*

The following tables summarise the expected losses versus actual losses by portfolio type:

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

<b>CIMB Islamic</b>				
<b>(RM'000) Exposure Class</b>	<b>30 June 2020</b>		<b>30 June 2019</b>	
	<b>Regulatory Expected Losses as at 30 June 2019</b>	<b>Actual Losses for the period ended 30 June 2020</b>	<b>Regulatory Expected Losses as at 30 June 2018</b>	<b>Actual Losses for the period ended 30 June 2019</b>
Sovereign	-	-	-	-
Bank	519	-	488	-
Corporate	161,691	17,329	104,432	20,123
RRE Financing	76,191	18,046	54,109	36,367
HPE	75,269	76,407	70,932	95,523
QRRE	8,748	3,578	8,556	5,092
Other Retail	161,430	21,268	134,097	33,761
<b>Total</b>	<b>483,847</b>	<b>136,628</b>	<b>372,613</b>	<b>190,866</b>

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

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

**CREDIT RISK (continued)**

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

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 30 June 2020 and 30 June 2019 there was no requirement for additional collateral to be posted.

The following tables disclose the Off-Balance Sheet exposures and CCR:

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

30 June 2020	CIMB Islamic			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	273,977		273,977	185,344
Transaction Related Contingent Items	802,770		401,385	267,003
Short Term Self Liquidating Trade Related Contingencies	34,645		6,929	5,821
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	-		-	-
<b>Foreign Exchange Related Contracts</b>				
One year or less	3,759,132	35,160	85,065	31,289
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
<b>Profit Rate Related Contracts</b>				
One year or less	252,992	1,644	8,729	1,901
Over one year to five years	443,190	35,023	62,662	10,443
Over five years	493,102	52,526	141,007	41,162
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	17,202,000	94,150	285,443	90,935
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	10,324,817		9,111,014	3,027,779
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	7,769,690		-	-
Unutilised credit card lines	442,088		137,190	73,315
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>41,798,403</b>	<b>218,502</b>	<b>10,513,401</b>	<b>3,734,993</b>

**CREDIT RISK (continued)**

**Off-Balance Sheet Exposures and CCR (continued)**

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

30 June 2019	CIMB Islamic			
(RM'000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	233,624		233,624	164,223
Transaction Related Contingent Items	859,210		429,605	278,404
Short Term Self Liquidating Trade Related Contingencies	80,516		16,103	8,264
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	-		-	-
Foreign Exchange Related Contracts				
One year or less	3,724,981	19,038	72,569	26,903
Over one year to five years	249,746	-	16,226	7,443
Over five years	-	-	-	-
Profit Rate Related Contracts				
One year or less	343,428	118	7,711	4,285
Over one year to five years	4,596,233	63,011	148,604	26,820
Over five years	392,920	49,667	139,211	27,842
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	28,177,086	80,885	335,634	110,442
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	11,354,132		9,866,025	3,153,412
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	7,068,274		-	-
Unutilised credit card lines	406,519		132,098	71,796
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>57,486,668</b>	<b>212,719</b>	<b>11,397,409</b>	<b>3,879,816</b>

**CREDIT RISK (continued)**

**Off-Balance Sheet Exposures and CCR (continued)**

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

**Table 23: Disclosure on Credit Derivative Transactions**

(RM'000)	CIMB Islamic			
	30 June 2020		30 June 2019	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	20,750	-	20,750
<b>Total</b>	-	<b>20,750</b>	-	<b>20,750</b>
Credit Default Swaps	-	-	-	-
Total Return Swaps	-	20,750	-	20,750
<b>Total</b>	-	<b>20,750</b>	-	<b>20,750</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**

30 June 2020	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>Performing Exposures</b>				
Sovereign/Central Banks	21,024,915	-	-	-
Public Sector Entities	4,243,834	3,500,000	-	-
Banks, DFIs & MDBs	1,385,404	-	18,750	-
Takaful Operators, Securities Firms & Fund Managers	15,555	-	-	-
Corporate	27,201,269	2,880,847	648,986	6,519,204
RRE Financing	22,330,074	-	-	-
Qualifying Revolving Retail	265,583	-	-	-
Hire Purchase	9,850,519	-	-	-
Other Retail	29,944,747	361,371	308,742	-
Securitisation	20,209	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	220,347	-	-	-
<b>Defaulted Exposures</b>	1,100,699	15	54,314	160,934
<b>Total Exposures</b>	<b>117,603,154</b>	<b>6,742,232</b>	<b>1,030,792</b>	<b>6,680,138</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 (continued)

30 June 2019	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>Performing Exposures</b>				
Sovereign/Central Banks	17,881,861	-	-	-
Public Sector Entities	5,243,758	5,000,000	-	-
Banks, DFIs & MDBs	2,029,545	-	4,858	-
Takaful Operators, Securities Firms & Fund Managers	15,547	-	130	-
Corporate	31,306,169	4,705,162	744,184	5,862,614
RRE Financing	18,460,747	-	-	-
Qualifying Revolving Retail	268,464	-	-	-
Hire Purchase	7,879,677	-	-	-
Other Retail	25,849,723	1,894	65,872	-
Securitisation	20,484	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	100,139	-	-	-
<b>Defaulted Exposures</b>	1,094,933	-	51,779	228,749
<b>Total Exposures</b>	<b>110,151,622</b>	<b>9,707,056</b>	<b>866,823</b>	<b>6,091,363</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 Banking Book:

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

30 June 2020 (RM'000)	CIMB Islamic			
Underlying Asset	Total Exposures Securitised	Past Due	Credit Impaired	Gains/(Losses) Recognised during the period
<b>TRADITIONAL SECURITISATION (Banking Book) Originated by the Banking Institution</b>				
Hire Purchase Exposure	149,764	20,231	3,112	(1,176)

31 December 2019 (RM'000)	CIMB Islamic			
Underlying Asset	Total Exposures Securitised	Past Due	Credit Impaired	Gains/(Losses) Recognised during the period
<b>TRADITIONAL SECURITISATION (Banking Book) Originated by the Banking Institution</b>				
Hire Purchase Exposure	187,803	23,186	5,132	(1,494)

\* Gains/(losses) recognised during the period represent gain/(losses) recognised during the 6 months period from 1 January 2020 to 30 June 2020 and 1 January 2019 to 30 June 2019.

**SECURITISATION (continued)**

**Disclosure on Securitisation under the SA for Banking Book**

The tables below represent the disclosure on Securitisation under the SA for Banking Book:

**Table 26: Disclosure on Securitisation under the SA for Banking Book Exposures**

30 June 2020		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>												
<i>Non-originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	20,209	-	-	-	20,209	-	-	-	-	-	-	4,042
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)

Securitisation under the SA for Banking Book (continued)

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

2020		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>												
<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>20,209</b>	-	-	-	<b>20,209</b>	-	-	-	-	-	-	<b>4,042</b>

SECURITISATION (continued)

Securitisation under the SA for Banking Book (continued)

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

30 June 2019		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>												
<i>Non-originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	20,484	-	-	-	20,484	-	-	-	-	-	-	4,097
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)

Securitisation under the SA for Banking Book (continued)

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

2019		CIMB Islamic										
(RM'000) Exposure Class	Net Exposure After CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk-Weighted Assets
			Rated Securitisation Exposures						Unrated (Look Through)			
			0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<u>Originating Banking Institution</u>												
<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>20,484</b>	-	-	-	<b>20,484</b>	-	-	-	-	-	-	<b>4,097</b>

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

As at 30 June 2020 and 30 June 2019, 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**

As at 30 June 2020 and 30 June 2019, there were no realised and unrealised gains and losses recorded for equity holdings in Banking Book for CIMB Islamic Bank.

The following table shows an analysis of equity investments by appropriate equity groupings and risk weighted assets:

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

(RM'000)	CIMB Islamic			
	30 June 2020		30 June 2019	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	-	-	575	863
Publicly traded	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</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 interest rate/ profit rate shock is applied. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing 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 table below illustrates CIMB Islamic's RORBB under a 100 bps parallel upward profit rate shock from economic value perspective:

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

(RM'000)	CIMB Islamic	
	30 June 2020	30 June 2019
Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(614,199)	(586,995)
US Dollar	(3,765)	(2,470)
Thai Baht	-	(2)
Singapore Dollar	-	(1)
Others	362	1,195
<b>Total</b>	<b>(617,602)</b>	<b>(588,273)</b>

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

(RM'000)	CIMB Islamic	
	30 June 2020	30 June 2019
Currency	+100bps Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	(12,263)	(46,791)
US Dollar	(12,697)	(14,141)
Thai Baht	-	55
Singapore Dollar	3	22
Others	170	(4,980)
<b>Total</b>	<b>(24,787)</b>	<b>(65,835)</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]