

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

- **CIMB Islamic Bank Berhad**

## Abbreviations

A-IRB Approach	: Advanced Internal Ratings Based Approach
BIA	: Basic Indicator Approach
CAF	: Capital Adequacy Framework or in some instances referred to as the Risk-Weighted Capital Adequacy Framework (RWCAF)
CAFIB	: Capital Adequacy Framework for Islamic Banks
CAR	: Capital Adequacy Ratio or in some instances referred to as the Risk-Weighted Capital Ratio
CIMBBG	: CIMB Bank, CIMB Islamic Bank 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 Capital Adequacy Framework (Basel II - Risk-Weighted Assets) to include its wholly owned offshore banking subsidiary company)
CIMB Group or the Group	: Collectively CIMBBG, CIMBIBG and CIMB Islamic as described within this Report
CIMB IB	: CIMB Investment Bank Berhad
CIMB Islamic	: CIMB Islamic Bank Berhad
CRM	: Credit Risk Mitigants
DFIs	: Development Financial Institutions
EAD	: Exposure at Default
ECAIs	: External Credit Assessment Institutions
EL	: Expected Loss
EP	: Eligible Provision
F-IRB Approach	: Foundation Internal Ratings Based Approach
HPE	: Hire Purchase Exposures
IRB Approach	: Internal Ratings Based Approach
IRRBB	: Interest Rate Risk/Rate of Return Risk in the Banking Book
LGD	: Loss Given Default
MDBs	: Multilateral Development Bank
OTC	: Over the Counter
PD	: Probability of Default
PSEs	: Non-Federal Government Public Sector Entities
PSIA	: Profit Sharing Investment Accounts
QRRE	: Qualifying Revolving Retail Exposures
RORBB	: Rate of Return Risk in the Banking Book
RRE	: Residential Real Estate
RWA	: Risk-Weighted Assets
SA	: Standardised Approach

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### OVERVIEW

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

These disclosures have been reviewed and verified by internal auditors and approved by Board of Directors of CIMBGH Group.

### CAPITAL MANAGEMENT

#### *Capital Structure and Adequacy*

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

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

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

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 CIMB Islamic Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets). The IRB Approach is applied for the major credit exposures. It prescribes two approaches, the F-IRB Approach and A-IRB Approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. 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 Islamic:

**Table 1: Capital Position**

(RM'000)	CIMB Islamic	
	30 June 2018	30 June 2017
<b>Common Equity Tier 1 capital</b>		
Ordinary shares	1,000,000	1,000,000
Other reserves	3,824,848	3,219,052
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>4,824,848</b>	<b>4,219,052</b>
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(73,564)	(78,891)
Deferred tax assets	(17,832)	(13,352)
Shortfall of eligible provisions to expected losses	-	(24,692)
Regulatory reserve	(349,997)	(223,229)
<b>Common Equity Tier 1 capital after regulatory adjustments</b>	<b>4,247,455</b>	<b>3,742,888</b>
<b>Additional Tier 1 capital</b>		
Perpetual preference shares	178,000	185,000
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>178,000</b>	<b>185,000</b>
<u>Less: Regulatory adjustments</u>	-	-
<b>Additional Tier 1 capital after regulatory adjustments</b>	<b>178,000</b>	<b>185,000</b>
<b>Total Tier 1 capital</b>	<b>4,425,455</b>	<b>3,927,888</b>
<b>Tier 2 capital</b>		
Subordinated notes	610,000	435,000
Surplus of eligible provision over expected loss	135,922	-
General provisions/Portfolio impairment allowance and regulatory reserves	53,347	76,409
<b>Tier 2 capital before regulatory adjustments</b>	<b>799,269</b>	<b>511,409</b>
<u>Less: Regulatory adjustments</u>	-	-
<b>Total Tier 2 Capital</b>	<b>799,269</b>	<b>511,409</b>
<b>Total Capital</b>	<b>5,224,724</b>	<b>4,439,297</b>

**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

(RM'000)	CIMB Islamic	
	30 June 2018	30 June 2017
<b>RWA</b>		
Credit risk	26,921,357	24,014,645
Market risk	685,797	621,429
Operational risk	2,542,315	2,249,324
<b>Total RWA</b>	<b>30,149,469</b>	<b>26,885,398</b>
<b>Capital Adequacy Ratios</b>		
<b>Before deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	14.088%	13.922%
Tier 1 ratio	14.678%	14.610%
Total capital ratio	17.329%	16.512%
<b>After deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	14.088%	13.922%
Tier 1 ratio	14.678%	14.610%
Total capital ratio	17.329%	16.512%

Total Capital Ratio increased in June 2018 compared to June 2017 mainly due to higher retained earnings and issuance of RM300m Tier 2 Junior Sukuk. Credit RWA increased mostly from Corporate RWA due to increased exposures. Market RWA increased mainly from FX RWA and Profit Risk 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 for CIMB Islamic**

30 June 2018	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the SA</b>					
Sovereign/Central Banks	18,301,363	18,301,363	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	190,984	190,984	2,595	2,595	208
Takaful Operators, Securities Firms & Fund Managers	547,494	546,984	350,171	300,171	24,014
Corporate	1,661,460	1,646,576	1,606,324	1,582,570	126,606
Regulatory Retail	2,750,456	2,711,035	2,329,645	2,328,852	186,308
RRE Financing	16,128	16,128	8,005	7,076	566
Higher Risk Assets	575	575	863	863	69
Other Assets	66,567	66,567	45,545	45,545	3,644
Securitisation	501	501	100	100	8
<b>Total for SA</b>	<b>23,535,528</b>	<b>23,480,713</b>	<b>4,343,247</b>	<b>4,267,771</b>	<b>341,422</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,509,332	1,509,332	341,914	329,674	26,374
Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	32,254,223	32,254,223	15,012,528	9,993,424	799,474
RRE Financing	15,073,711	15,073,711	3,781,945	3,516,094	281,288
Qualifying Revolving Retail	272,136	272,136	186,286	186,286	14,903
Hire Purchase	6,818,225	6,818,225	4,088,514	3,810,256	304,820
Other Retail	18,488,146	18,488,146	3,539,278	3,535,573	282,846
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>74,415,772</b>	<b>74,415,772</b>	<b>26,950,466</b>	<b>21,371,307</b>	<b>1,709,705</b>

**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

30 June 2018	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>Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)</b>	97,951,301	97,896,486	32,910,742	26,921,357	2,153,709
<b>Large Exposure Risk Requirement</b>	-	-	-	-	-
<b>Market Risk (SA)</b>					
Benchmark Rate Risk			520,193	520,193	41,615
Foreign Currency Risk			165,603	165,603	13,248
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>685,797</b>	<b>685,797</b>	<b>54,864</b>
<b>Operational Risk (BIA)</b>			<b>2,542,315</b>	<b>2,542,315</b>	<b>203,385</b>
<b>Total RWA and Capital Requirement</b>			<b>36,138,853</b>	<b>30,149,468</b>	<b>2,411,957</b>



**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

30 June 2017	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Credit Risk</b>					
<b>Exposures under the SA</b>					
Sovereign/Central Banks	18,684,404	18,684,404	4,744	4,744	380
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	930,247	930,247	390,863	390,863	31,269
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	4,202	3,692	3,692	3,692	295
Corporate	8,753,861	3,009,190	3,015,004	3,015,004	241,200
Regulatory Retail	2,899,882	2,875,431	2,646,428	2,646,428	211,714
RRE Financing	-	-	-	-	-
Higher Risk Assets	575	575	863	863	69
Other Assets	51,416	51,416	37,915	37,915	3,033
Securitisation	66,060	66,060	13,212	13,212	1,057
<b>Total for SA</b>	<b>31,390,648</b>	<b>25,621,015</b>	<b>6,112,721</b>	<b>6,112,721</b>	<b>489,018</b>
<b>Exposures under the IRB Approach</b>					
Sovereign/Central Banks	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Banks, DFIs & MDBs	1,826,132	1,826,132	369,084	369,084	29,527
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	-	-	-	-	-
Corporate	18,160,662	18,160,662	10,694,606	8,404,708	672,377
RRE Financing	12,086,443	12,086,443	3,268,959	3,268,959	261,517
Qualifying Revolving Retail	227,962	227,962	161,668	161,668	12,933
Hire Purchase	4,861,428	4,861,428	2,980,869	2,980,869	238,470
Other Retail	5,074,100	5,074,100	1,703,320	1,703,320	136,266
Securitisation	-	-	-	-	-
<b>Total for IRB Approach</b>	<b>42,236,726</b>	<b>42,236,726</b>	<b>19,178,506</b>	<b>16,888,608</b>	<b>1,351,089</b>
<b>Total Credit Risk (Exempted Exposures and Exposures under the IRB Approach After Scaling Factor)</b>	<b>73,627,374</b>	<b>67,857,741</b>	<b>26,441,937</b>	<b>24,014,645</b>	<b>1,921,172</b>
<b>Large Exposure Risk Requirement</b>	-	-	-	-	-

**CAPITAL MANAGEMENT (CONTINUED)**

*Capital Structure and Adequacy (continued)*

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

30 June 2017	CIMB Islamic				
(RM'000) Exposure Class	Gross Exposure before CRM (SA)/EAD (IRB)	Net Exposure after CRM (SA)/EAD (IRB)	RWA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
<b>Market Risk (SA)</b>					
Benchmark Rate Risk			507,998	507,998	40,640
Foreign Currency Risk			113,430	113,430	9,074
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
<b>Total Market Risk</b>			<b>621,429</b>	<b>621,429</b>	<b>49,714</b>
<b>Operational Risk (BIA)</b>			<b>2,249,324</b>	<b>2,249,324</b>	<b>179,946</b>
<b>Total RWA and Capital Requirement</b>			<b>29,312,690</b>	<b>26,885,398</b>	<b>2,150,832</b>

**CREDIT RISK**

**Summary of Credit Exposures**

i) Gross Credit Exposures by Geographic Distribution

The geographic distribution is based on the country in which the portfolio is geographically managed. The tables show the credit exposures by geographic region:

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

30 June 2018		CIMB Islamic			
(RM'000) Exposure Class	Malaysia	Singapore	Thailand	Other Countries	Total
Sovereign	18,301,363	-	-	-	18,301,363
Bank	1,700,316	-	-	-	1,700,316
Corporate	34,463,177	-	-	-	34,463,177
RRE Financing	15,089,838	-	-	-	15,089,838
HPE	6,818,225	-	-	-	6,818,225
QRRE	272,136	-	-	-	272,136
Other Retail	21,238,602	-	-	-	21,238,602
Other Exposures	67,643	-	-	-	67,643
<b>Total Gross Credit Exposure</b>	<b>97,951,301</b>	-	-	-	<b>97,951,301</b>

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

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CREDIT RISK (CONTINUED)

Summary of Credit Exposures (continued)

ii) Gross Credit Exposures by Sector

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

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

30 June 2018	CIMB Islamic											
(RM'000) Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Wholesale and Retail Trade, and Restaurants and Hotels	Transport, Storage and Communication	Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	Education, Health and Others	Household	Others*	Total
Sovereign	54,715	-	-	235,825	1,095,376	-	769,645	12,167,082	2,968,967	-	1,009,753	18,301,363
Bank	-	-	-	-	-	-	-	1,700,316	-	-	-	1,700,316
Corporate	2,377,747	1,655,190	2,128,442	523,233	4,373,446	1,632,178	4,758,054	8,477,918	8,095,091	347,165	94,715	34,463,177
RRE	-	-	-	-	-	-	-	-	-	15,089,838	-	15,089,838
Financing	-	-	-	-	-	-	-	-	-	6,818,225	-	6,818,225
HPE	-	-	-	-	-	-	-	-	-	272,136	-	272,136
QRRE	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	15,031	7,513	67,863	1,941	79,315	148,867	6,634	222,189	40,527	20,619,046	29,676	21,238,602
Other Exposures	-	-	-	-	-	-	-	575	501	-	66,567	67,643
<b>Total Gross Credit Exposure</b>	<b>2,447,492</b>	<b>1,662,702</b>	<b>2,196,304</b>	<b>760,999</b>	<b>5,548,137</b>	<b>1,781,046</b>	<b>5,534,332</b>	<b>22,568,080</b>	<b>11,105,086</b>	<b>43,146,410</b>	<b>1,200,712</b>	<b>97,951,301</b>

Note: All sectors above are Shariah compliant.

\*Others are exposures which are not elsewhere classified.

**CREDIT RISK (CONTINUED)**

**Summary of Credit Exposures (continued)**

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

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

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

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

**Summary of Credit Exposures (continued)**

iii) *Gross Credit Exposures by Residual Contractual Maturity*

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

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

<b>30 June 2018</b>		<b>CIMB Islamic</b>		
<b>(RM'000)</b> <b>Exposure Class</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Sovereign	10,305,927	1,879,110	6,116,326	18,301,363
Bank	1,044,335	523,544	132,437	1,700,316
Corporate	8,559,514	13,732,899	12,170,764	34,463,177
RRE Financing	4,748	79,460	15,005,631	15,089,838
HPE	92,235	1,686,611	5,039,379	6,818,225
QRRE	272,136	-	-	272,136
Other Retail	49,462	419,985	20,769,154	21,238,602
Other Exposures	501	-	67,142	67,643
<b>Total Gross Credit Exposure</b>	<b>20,328,858</b>	<b>18,321,608</b>	<b>59,300,834</b>	<b>97,951,301</b>

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

**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 for CIMB Islamic**

(RM'000)	CIMB Islamic	
	30 June 2018	31 December 2017
Primary Agriculture	84,130	6,437
Mining and Quarrying	2,238	24
Manufacturing	13,108	7,454
Electricity, Gas and Water Supply	1	-
Construction	11,985	19,925
Wholesale and Retail Trade, and Restaurants and Hotels	59,503	47,302
Transport, Storage and Communications	3,682	2,112
Islamic Finance, takaful, Real Estate and Business Activities	30,011	43,771
Education, Health and Others	5,823	4,725
Household	3,229,320	2,953,212
Others*	1,182	278
<b>Total</b>	<b>3,440,983</b>	<b>3,085,240</b>

*Note: All sectors above are Shariah compliant.*

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

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

(RM'000)	CIMB Islamic	
	30 June 2018	31 December 2017
Malaysia	3,440,983	3,085,240
Singapore	-	-
Thailand	-	-
Other Countries	-	-
<b>Total</b>	<b>3,440,983</b>	<b>3,085,240</b>

**CREDIT RISK (CONTINUED)**

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

*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/impaired by sector and geographical respectively:

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

(RM'000)	CIMB Islamic	
	30 June 2018	31 December 2017
Primary Agriculture	6,438	2,589
Mining and Quarrying	2,714	2,528
Manufacturing	25,284	21,636
Electricity, Gas and Water Supply	-	-
Construction	28,255	7,306
Wholesale and Retail Trade, and Restaurants and Hotels	8,766	1,672
Transport, Storage and Communications	57,542	60,185
Islamic Finance, Takaful, Real Estate and Business Activities	46,784	23,886
Education, Health and Others	11,980	11,967
Household	248,086	248,060
Others*	17	2,041
<b>Total</b>	<b>435,866</b>	<b>381,870</b>

*Note: All sectors above are Shariah compliant.*

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

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

(RM'000)	CIMB Islamic	
	30 June 2018	31 December 2017
Malaysia	435,866	381,870
Singapore	-	-
Thailand	-	-
Other Countries	-	-
<b>Total</b>	<b>435,866</b>	<b>381,870</b>



**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**

<b>(RM'000)</b>	<b>CIMB Islamic</b>				
	<b>30 June 2018</b>				
	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses – not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses – credit impaired (Stage 3)</b>	<b>Purchased credit impaired</b>	<b>Total</b>
Primary Agriculture	6,665	2,884	1,508	-	11,057
Mining and Quarrying	648	38	256	-	942
Manufacturing	4,979	1,702	8,549	-	15,230
Electricity, Gas and Water Supply	142	-	-	-	142
Construction	9,568	634	19,822	-	30,024
Wholesale and Retail Trade, and Restaurants and Hotels	7,777	5,052	1,379	-	14,208
Transport, Storage and Communications	1,891	696	57,218	-	59,805
Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	16,811	4,941	4,510	-	26,262
Education, Health and Others	2,875	1,685	2,860	-	7,420
Household	92,614	58,438	96,933	-	247,985
Others*	462	315	-	-	777
<b>Total</b>	<b>144,432</b>	<b>76,385</b>	<b>193,035</b>	<b>-</b>	<b>413,852</b>

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

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

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

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

(RM'000)	CIMB Islamic	
	31 December 2017	
	Individual Impairment Allowance	Portfolio Impairment Allowance
Primary Agriculture	-	5,646
Mining and Quarrying	52	548
Manufacturing	1,377	3,847
Electricity, Gas and Water Supply	-	166
Construction	450	4,183
Wholesale and Retail Trade, and Restaurants and Hotels	-	7,479
Transport, Storage and Communications	41,342	2,308
Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	4,395	16,634
Education, Health and Others	1,736	4,785
Household	-	198,408
Others*	-	669
<b>Total</b>	<b>49,352</b>	<b>244,673</b>

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

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

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

**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 Islamic				
	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	144,432	76,385	193,035	-	413,852
Singapore	-	-	-	-	-
Thailand	-	-	-	-	-
Other Countries	-	-	-	-	-
<b>Total</b>	<b>144,432</b>	<b>76,385</b>	<b>193,035</b>	<b>-</b>	<b>413,852</b>

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

(RM'000)	CIMB Islamic	
	31 December 2017	
	Individual Impairment Allowance	Portfolio Impairment Allowance
Malaysia	49,352	244,673
Singapore	-	-
Thailand	-	-
Other Countries	-	-
<b>Total</b>	<b>49,352</b>	<b>244,673</b>

**CREDIT RISK (CONTINUED)**

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

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

**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**

<b>(RM'000)</b>	<b>CIMB Islamic</b>			
	<b>30 June 2018</b>			
	<b>Charges/(write back)</b>		<b>Write-off</b>	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired
Primary Agriculture	496	-	-	-
Mining and Quarrying	204	-	-	-
Manufacturing	4,263	-	-	-
Electricity, Gas and Water Supply	17,566	-	-	-
Construction	1,159	-	427	-
Wholesale and Retail Trade, and Restaurants and Hotels	15,746	-	398	-
Transport, Storage and Communications	(837)	-	-	-
Finance, Insurance/Takaful, Real Estate and Business Activities	(3,937)	-	-	-
Education, Health and Others	(181)	-	-	-
Household	51,723	-	53,567	-
Others*	6,850	-	-	-
<b>Total</b>	<b>93,052</b>	<b>-</b>	<b>54,392</b>	<b>-</b>

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

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

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

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

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

*Note: All sectors above are Shariah compliant.*

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

**CREDIT RISK (CONTINUED)**

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

*ii) 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**

<b>(RM'000)</b>	<b>CIMB Islamic</b>				
	<b>30 June 2018</b>				
	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
<b>At 1 January 2018</b>	-	-	-	-	-
Effect of adopting MFRS 9	114,725	116,363	161,712	-	392,800
<b>Adjusted 1 January 2018</b>	114,725	116,363	161,712	-	392,800
Changes in expected credit losses due to transferred within stages	134,274	(123,405)	(10,869)	-	-
Transferred to Stage 1	162,328	(139,162)	(23,166)	-	-
Transferred to Stage 2	(27,938)	56,516	(28,578)	-	-
Transferred to Stage 3	(116)	(40,759)	40,875	-	-
<b>Total charge to Income Statement</b>	(104,461)	83,570	93,052	-	72,161
New financial assets originated	83,071	-	386	-	83,457
Financial assets that have been derecognised	(57,166)	(1,159)	-	-	(58,325)
Write back in respect of full recoveries	-	-	(1,525)	-	(1,525)
Change in credit risk	(130,336)	84,729	94,191	-	48,554
Write-offs	-	-	(54,392)	-	(54,392)
Exchange fluctuation	-	-	-	-	-
Other movements	(106)	(143)	3,532	-	3,283
<b>Total</b>	<b>144,432</b>	<b>76,385</b>	<b>193,035</b>	<b>-</b>	<b>413,852</b>

**CREDIT RISK (CONTINUED)**

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

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

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

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

***Capital Treatment for Credit Risk***

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

BASEL II PILLAR 3 DISCLOSURES FOR 30 JUNE 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 for CIMB Islamic**

30 June 2018	CIMB Islamic											
(RM'000) Risk Weights	Sovereign/ Central Banks	PSEs	Banks, MDBs and DFIs	Insurance Cos/ Takaful Operators, Securities Firms & Fund Managers	Corporate	Regulatory Retail	RRE Financing	Higher Risk Assets	Other Assets	Securitisation*	Total Exposures after Netting and Credit Risk Mitigation*	Total Risk- Weighted Assets
0%	18,301,363	-	183,346	183,028	-	-	-	-	21,022	-	18,688,760	-
20%	-	-	4,080	15,158	2,625	348	-	-	-	501	22,713	4,543
35%	-	-	-	-	-	-	393	-	-	-	393	137
50%	-	-	3,558	3,316	76,581	608,061	15,735	-	-	-	707,251	353,625
75%	-	-	-	-	-	310,927	-	-	-	-	310,927	233,195
100%	-	-	-	345,481	1,567,336	1,790,398	-	-	45,545	-	3,748,761	3,748,761
100% < RW <1250%	-	-	-	-	23	1,301	-	575	-	-	1,899	2,849
>1250%	-	-	-	-	11	-	-	-	-	-	11	138
<b>Total</b>	<b>18,301,363</b>	<b>-</b>	<b>190,984</b>	<b>546,984</b>	<b>1,646,576</b>	<b>2,711,035</b>	<b>16,128</b>	<b>575</b>	<b>66,567</b>	<b>501</b>	<b>23,480,713</b>	<b>4,343,247</b>
<b>Average Risk Weight</b>	<b>0%</b>	<b>-</b>	<b>1%</b>	<b>64%</b>	<b>98%</b>	<b>86%</b>	<b>50%</b>	<b>150%</b>	<b>68%</b>	<b>20%</b>	<b>18%</b>	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

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



**CREDIT RISK (CONTINUED)**

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

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

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

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

**CREDIT RISK (CONTINUED)**

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

The following tables present the non-retail credit exposures before the effect of credit risk mitigation, according to ratings by ECAIs:

**Table 15: Disclosures of Rated and Unrated Non-Retail Exposures under SA according to Ratings by ECAIs for CIMB Islamic**

30 June 2018	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Public Sector Entities	-	-	-	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	15,158	-	532,335	547,494
Corporate	-	-	1,661,460	1,661,460
Sovereign/Central Banks	6,235,146	-	12,066,217	18,301,363
Banks, MDBs and DFIs	7,638	-	183,346	190,984
<b>Total</b>	<b>6,257,943</b>	<b>-</b>	<b>14,443,358</b>	<b>20,701,301</b>

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

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

30 June 2018	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
<b>On and Off-Balance-Sheet Exposures</b>				
Securitisation	501	-	-	501

**CREDIT RISK (CONTINUED)**

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

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

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

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

*Retail Exposures*

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

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

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

30 June 2018	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>23,924,680</b>	<b>16,329,339</b>	<b>398,199</b>	<b>40,652,217</b>
RRE Financing	12,727,302	2,081,182	265,226	15,073,711
QRRE	163,484	107,140	1,513	272,136
Hire Purchase	5,437,960	1,301,580	78,684	6,818,225
Other Retail	5,595,934	12,839,437	52,775	18,488,146
<b>Exposure Weighted Average LGD</b>				
RRE Financing	21%	22%	27%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	58%	
Other Retail	25%	11%	45%	
<b>Exposure Weighted Average Risk Weight</b>				
RRE Financing	13%	76%	200%	
QRRE	32%	120%	334%	
Hire Purchase	52%	83%	229%	
Other Retail	23%	17%	129%	

**CREDIT RISK (CONTINUED)**

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

*Retail Exposures (continued)*

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

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

**CREDIT RISK (CONTINUED)**

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

*Retail Exposures (continued)*

**Table 18: Retail Exposures under the IRB Approach by Expected Loss Range for CIMB Islamic**

30 June 2018	CIMB Islamic			
(RM'000) Expected Loss Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
<b>Total Retail Exposure (EAD)</b>	<b>34,869,111</b>	<b>5,759,614</b>	<b>23,492</b>	<b>40,652,217</b>
RRE Financing	14,086,314	973,511	13,886	15,073,711
QRRE	112,293	159,786	57	272,136
Hire Purchase	5,446,806	1,370,962	457	6,818,225
Other Retail	15,223,699	3,255,355	9,092	18,488,146
<b>Exposure Weighted Average LGD (%)</b>				
RRE Financing	21%	25%	43%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	56%	
Other Retail	14%	20%	65%	

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

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

**CREDIT RISK (CONTINUED)**

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

*Non-retail Exposures*

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

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

30 June 2018	CIMB Islamic					
(RM '000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
Project Finance	202,271	399,807	-	13,500	-	615,578
Object Finance	-	-	-	-	-	-
Commodities Finance	-	-	-	-	-	-
Income Producing Real Estate	6,720	1,255,066	90,112	24,950	12,551	1,389,399
<b>RWA</b>	<b>107,695</b>	<b>1,261,815</b>	<b>103,629</b>	<b>96,125</b>	<b>-</b>	<b>1,569,263</b>

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

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

**CREDIT RISK (CONTINUED)**

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

*Non-retail Exposures (continued)*

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

30 June 2018	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
<b>Total Non-Retail Exposure</b>	<b>16,344,067</b>	<b>10,336,204</b>	<b>4,919,418</b>	<b>158,890</b>	<b>31,758,579</b>
Bank	1,290,306	216,697	2,329	-	1,509,332
Corporate (excluding Specialised Financing)	15,053,761	10,119,507	4,917,088	158,890	30,249,247
<b>Exposure Weighted Average LGD</b>					
Bank	45%	45%	45%	-	
Corporate (excluding Specialised Financing)	45%	41%	39%	40%	
<b>Exposure Weighted Average Risk Weight</b>					
Bank	19%	41%	131%	-	
Corporate (excluding Specialised Financing)	5%	73%	108%	-	

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

**CREDIT RISK (CONTINUED)**

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

*Expected Losses versus Actual Losses by Portfolio Types*

The following tables summarises the actual losses by portfolio type:

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

<b>CIMB Islamic</b>				
<b>(RM'000) Exposure Class</b>	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>Regulatory Expected Losses as at 30 June 2017</b>	<b>Actual Losses for the period ended 30 June 2018</b>	<b>Regulatory Expected Losses as at 30 June 2016</b>	<b>Actual Losses for the period ended 30 June 2017</b>
Sovereign	-	-	-	-
Bank	472	-	518	-
Corporate	95,148	60,945	88,632	(16,984)
RRE Financing	51,440	6,750	29,206	6,709
HPE	62,749	63,260	51,246	32,967
QRRE	7,796	3,872	8,230	3,969
Other Retail	51,465	22,903	32,524	11,005
Other Exposures	-	-	-	-
<b>Total</b>	<b>269,070</b>	<b>157,729</b>	<b>210,356</b>	<b>37,666</b>

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

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



**CREDIT RISK (CONTINUED)**

**Off-Balance Sheet Exposures and Counterparty Credit Risk**

In the event of a one-notch downgrade of rating, based on the terms of the existing Credit Support Annexes, International Swaps and Derivatives Association Agreement and exposure as at 30 June 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:

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

30 June 2018	CIMB Islamic			
(RM '000) Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk-Weighted Assets
Direct Credit Substitutes	255,087		255,087	193,745
Transaction Related Contingent Items	738,985		369,493	246,053
Short Term Self Liquidating Trade Related Contingencies	34,615		6,923	4,427
Assets Sold With Recourse	-		-	-
Forward Asset Purchases	-		-	-
Obligations under an On-going Underwriting Agreement	-		-	-
Commitments to buy back Islamic securities under Sales and Buy Back agreement transactions	-		-	-
Foreign Exchange Related Contracts				
One year or less	7,574,444	121,999	225,436	163,278
Over one year to five years	1,141,291	33,427	101,840	48,601
Over five years	206,902	-	23,852	16,697
Interest/Profit Rate Related Contracts				
One year or less	1,235,836	27,953	41,872	25,608
Over one year to five years	5,724,871	184,314	357,728	76,214
Over five years	574,038	21,027	123,221	123,231
OTC derivative transactions subject to valid bilateral netting agreements	23,474,306	3,085	256,899	52,864
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	8,625,647		7,522,402	2,468,488
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	6,014,409		-	-
Unutilised credit card lines	392,322		143,215	83,061
Off-balance sheet items for securitisation exposures	-		-	-
<b>Total</b>	<b>55,992,752</b>	<b>391,805</b>	<b>9,427,967</b>	<b>3,502,268</b>

**CREDIT RISK (CONTINUED)**

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

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

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

**CREDIT RISK (CONTINUED)**

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

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

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

<b>(RM'000)</b>	<b>CIMB Islamic</b>			
	<b>30 June 2018</b>		<b>30 June 2017</b>	
	<b>Notional of Credit Derivatives</b>			
	<b>Protection Bought</b>	<b>Protection Sold</b>	<b>Protection Bought</b>	<b>Protection Sold</b>
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	25,000	-	38,125
<b>Total</b>	-	<b>25,000</b>	-	<b>38,125</b>
Total Return Swaps	-	25,000	-	38,125
<b>Total</b>	-	<b>25,000</b>	-	<b>38,125</b>

**CREDIT RISK (CONTINUED)**

***Credit Risk Mitigation***

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

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

30 June 2018	CIMB Islamic			
(RM'000) Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><i>Performing Exposures</i></b>				
Sovereign/Central Banks	18,301,363	-	-	-
Public Sector Entities	-	-	-	-
Banks, DFIs & MDBs	1,700,316	-	1,822	-
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	547,494	183,028	510	-
Corporate	33,732,802	10,976,410	471,572	4,969,227
RRE Financing	14,953,854	-	-	-
Qualifying Revolving Retail	270,623	-	-	-
Hire Purchase	6,739,540	-	-	-
Other Retail	21,191,487	348	39,312	-
Securitisation	501	-	-	-
Higher Risk Assets	575	-	-	-
Other Assets	66,567	-	-	-
<b><i>Defaulted Exposures</i></b>	247,296	-	1,923	63,705
<b>Total Exposures</b>	<b>97,752,418</b>	<b>11,159,787</b>	<b>515,139</b>	<b>5,032,932</b>

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

**CREDIT RISK (CONTINUED)**

***Credit Risk Mitigation (continued)***

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

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

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

**SECURITISATION**

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

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

30 June 2018		CIMB Islamic		
(RM'000) Underlying Asset	Total Exposures Securitized	Past Due	Impaired	Gain/(Losses) Recognised during the period
TRADITIONAL SECURITISATION (Banking Book) <u>Originated by the Banking Institution</u> Hire Purchase Exposure	444,376	48,415	8,592	(1,174)

31 December 2017		CIMB Islamic		
(RM'000) Underlying Asset	Total Exposures Securitized	Past Due	Impaired	Gain/(Losses) Recognised during the period
TRADITIONAL SECURITISATION (Banking Book) <u>Originated by the Banking Institution</u> Hire Purchase Exposure	554,490	178,409	9,171	1,714

\* Gains/(losses) recognised during the period represent gain/(losses) recognised during the 6 months period from 1 January 2017 to 30 June 2017 and 1 January 2018 to 30 June 2018.

**SECURITISATION (CONTINUED)**

There were no outstanding exposures securitised by CIMB Islamic as at 30 June 2016 and 30 June 2015 respectively. The tables below represent the disclosure on Securitisation under the SA for Banking Book:

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

30 June 2018		CIMB Islamic									
(RM'000) Exposure Class	Net Exposure After CRM	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk Weighted Assets
		Rated Securitisation Exposures							Unrated (Look Through)		
		0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount	
<b>Traditional Securitisation (Banking Book)</b>											
<i>Non-originating Banking Institution</i>											
<i>On-Balance Sheet</i>											
Most senior	501	-	-	501	-	-	-	-	-	-	100
Mezzanine	-	-	-	-	-	-	-	-	-	-	-
First loss	-	-	-	-	-	-	-	-	-	-	-
<i>Off-Balance Sheet</i>											
Rated eligible liquidity facilities	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-	-	-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-	-	-

SECURITISATION (CONTINUED)

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

30 June 2018	CIMB Islamic											
(RM'000) Exposure Class	Net Exposure After CRM	Distribution of Exposures after CRM according to Applicable Risk Weights									Risk Weighted Assets	
		Rated Securitisation Exposures							Unrated (Look Through)			
		0%	10%	20%	50%	100%	350%	1250%	Weighted Average RW	Exposure Amount		
<i>Originating Banking Institution</i>												
<i>On-Balance Sheet</i>												
Most senior	-	-	-	-	-	-	-	-	-	-	-	
Mezzanine	-	-	-	-	-	-	-	-	-	-	-	
First loss	-	-	-	-	-	-	-	-	-	-	-	
<i>Off-Balance Sheet</i>												
Rated eligible liquidity facilities	-			-	-	-	-	-	-			-
Unrated eligible liquidity facilities (with original maturity > 1 year)	-	-	-	-	-	-	-	-	-	-	-	-
Unrated eligible liquidity facilities (with original maturity < 1 year)	-	-	-	-	-	-	-	-	-			-
Eligible servicer cash advance facilities	-	-	-	-	-	-	-	-	-	-	-	-
Eligible underwriting facilities	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees and credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other off-balance sheet securitisation exposures (excl. guarantees and credit derivatives)	-	-	-	-	-	-	-	-	-			-
<b>Total Exposures</b>	<b>501</b>	-	-	<b>501</b>	-	-	-	-	-	-	-	<b>100</b>



SECURITISATION (CONTINUED)

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

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

SECURITISATION (CONTINUED)

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

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

**SECURITISATION (CONTINUED)**

As at 30 June 2018 and 30 June 2017, CIMB Islamic has no Securitisation under the SA for Trading Book Exposures subject to Market Risk Capital Charge.

**MARKET RISK**

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

**OPERATIONAL RISK**

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

**EQUITY EXPOSURES IN BANKING BOOK**

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

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

in RM('000)	CIMB Islamic			
	30 June 2018		30 June 2017	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	575	863	575	863
Publicly traded	-	-	-	-
<b>Total</b>	<b>575</b>	<b>863</b>	<b>575</b>	<b>863</b>

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

For the purpose of this disclosure, the impact under an instantaneous 100 bps parallel benchmark rate shock is applied. The treatments and assumptions applied are based on the contractual repricing maturity and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and so forth.

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

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

(RM'000)	CIMB Islamic	
	30 June 2018	30 June 2017
<b>Currency</b>	<b>+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)</b>	
Ringgit Malaysia	(530,444)	(510,176)
US Dollar	(3,695)	28,671
Thai Baht	(7)	(3)
Singapore Dollar	(4)	(172)
Others	177	118
<b>Total</b>	<b>(533,973)</b>	<b>(481,562)</b>

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

(RM'000)	CIMB Islamic	
	30 June 2018	30 June 2017
<b>Currency</b>	<b>+100bps Increase (Decline) in Earnings (Value in RM Equivalent)</b>	
Ringgit Malaysia	(53,625)	(16,319)
US Dollar	(7,801)	(8,524)
Thai Baht	164	66
Singapore Dollar	85	3,999
Others	(850)	516
<b>Total</b>	<b>(62,027)</b>	<b>(20,262)</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] -