

Basel II Pillar 3 Disclosures for the period ended 30 June 2019

- **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 2019.

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 the Board Risk Committee of CIMB Group, as delegated by the 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 for Islamic Banks (Capital Components), which took 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 for Islamic Banks (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-to-value ratio of more than 90% approved and disbursed by banking institutions on or after 1 February 2011; and
- (iii) Removal of the treatment for CGC's SME Assistance Guarantee Scheme as the scheme is no longer available.

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

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

On 2 February 2018, BNM issued an updated Capital Adequacy Framework for Islamic Banks (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (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.

CAPITAL MANAGEMENT *(continued)*

Capital Structure and Adequacy (continued)

On 3 May 2019, BNM issued an updated Capital Adequacy Framework for Islamic Banks (Basel II – Risk-Weighted Assets). The framework has been updated to outline requirements for the recognition of trade credit takaful as credit risk mitigation.

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). 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 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 2019	30 June 2018
Common Equity Tier 1 capital		
Ordinary shares	1,000,000	1,000,000
Other reserves	4,764,764	3,824,848
Common Equity Tier 1 capital before regulatory adjustments	5,764,764	4,824,848
<u>Less: Regulatory adjustments</u>		
Goodwill	(136,000)	(136,000)
Intangible assets	(67,505)	(73,564)
Deferred tax assets	(53,436)	(17,832)
Shortfall of eligible provisions to expected losses	-	-
Regulatory reserve	(489,968)	(349,997)
Others	(20,133)	-
Common Equity Tier 1 capital after regulatory adjustments	4,997,722	4,247,455
Additional Tier 1 capital		
Perpetual preference shares	171,000	178,000
Additional Tier 1 capital before regulatory adjustments	171,000	178,000
<u>Less: Regulatory adjustments</u>	-	-
Additional Tier 1 capital after regulatory adjustments	171,000	178,000
Total Tier 1 capital	5,168,722	4,425,455
Tier 2 capital		
Subordinated notes	565,000	610,000
Surplus of eligible provision over expected loss	69,077	135,922
General provisions	75,028	53,347
Tier 2 capital before regulatory adjustments	709,105	799,269
<u>Less: Regulatory adjustments</u>	-	-
Total Tier 2 Capital	709,105	799,269
Total Capital	5,877,827	5,224,724

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 1: Capital Position (continued)

(RM'000)	CIMB Islamic	
	30 June 2019	30 June 2018
RWA		
Credit risk	34,241,751	26,921,357
Market risk	784,877	685,797
Operational risk	2,950,487	2,542,315
Total RWA	37,977,115	30,149,469
Capital Adequacy Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	13.160%	14.088%
Tier 1 ratio	13.610%	14.678%
Total capital ratio	15.477%	17.329%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	13.160%	14.088%
Tier 1 ratio	13.610%	14.678%
Total capital ratio	15.477%	17.329%

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 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%
Credit Risk					
Exposures under the SA					
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
Total for SA	29,974,408	29,781,524	6,008,421	6,002,262	480,181
Exposures under the IRB Approach					
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	-	-	-	-	-
Total for IRB Approach	80,485,228	80,485,228	30,090,736	26,641,028	2,131,282

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	-	-	-	-	-
Market Risk (SA)					
Benchmark Rate Risk			693,400	693,400	55,472
Foreign Currency Risk			91,476	91,476	7,318
Equity Risk			-	-	-
Commodity Risk			-	-	-
Options Risk			-	-	-
Total Market Risk			784,876	784,876	62,790
Operational Risk (BIA)			2,950,487	2,950,487	236,039
Total RWA and Capital Requirement			41,639,965	37,977,115	3,038,169

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

Table 2: Disclosure on Total RWA and Minimum Capital Requirement (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%
Credit Risk					
Exposures under the SA					
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
Total for SA	23,535,528	23,480,713	4,343,247	4,267,771	341,422
Exposures under the IRB Approach					
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	-	-	-	-	-
Total for IRB Approach	74,415,772	74,415,772	26,950,466	21,371,307	1,709,705

CAPITAL MANAGEMENT (CONTINUED)

Capital Structure and Adequacy (continued)

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

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

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
Total Gross Credit Exposure	110,459,635	-	-	-	110,459,635

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
Total Gross Credit Exposure	97,951,301	-	-	-	97,951,301

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

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, Insurance/ 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 Financing	-	-	-	-	-	-	-	-	-	18,652,771	-	18,652,771
HPE	-	-	-	-	-	-	-	-	-	7,947,746	-	7,947,746
QRRE	-	-	-	-	-	-	-	-	-	270,457	-	270,457
Other Retail	23,905	8,451	91,556	3,215	81,556	178,457	18,836	212,672	40,542	25,217,662	25,703	25,902,554
Other Exposures	-	-	-	-	-	-	-	575	20,484	-	100,139	121,199
Total Gross Credit Exposure	2,817,318	1,332,288	2,860,697	1,051,969	7,109,066	2,815,457	6,279,567	21,569,671	10,118,011	52,744,456	1,761,133	110,459,635

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 (continued)

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 Financing	-	-	-	-	-	-	-	-	-	15,089,838	-	15,089,838
HPE	-	-	-	-	-	-	-	-	-	6,818,225	-	6,818,225
QRRE	-	-	-	-	-	-	-	-	-	272,136	-	272,136
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
Total Gross Credit Exposure	2,447,492	1,662,702	2,196,304	760,999	5,548,137	1,781,046	5,534,332	22,568,080	11,105,086	43,146,410	1,200,712	97,951,301

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

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
Total Gross Credit Exposure	23,607,835	13,451,156	73,400,645	110,459,635

30 June 2018		CIMB Islamic		
(RM'000) Exposure Class	Less than 1 year	1 to 5 years	More than 5 years	Total
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
Total Gross Credit Exposure	20,328,858	18,321,608	59,300,834	97,951,301

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 2019 and 31 December 2018 which were past due but not impaired by sector and geographic respectively:

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

(RM'000)	CIMB Islamic	
	30 June 2019	31 December 2018
Primary Agriculture	30,815	75,395
Mining and Quarrying	3,370	3,186
Manufacturing	8,959	10,209
Electricity, Gas and Water Supply	170	1
Construction	15,718	8,616
Wholesale and Retail Trade, and Restaurants and Hotels	17,956	40,179
Transport, Storage and Communications	5,129	923
Islamic Finance, takaful, Real Estate and Business Activities	67,750	38,349
Education, Health and Others	1,497	8,523
Household	4,067,313	3,574,968
Others*	29,284	243
Total	4,247,961	3,760,592

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 2019	31 December 2018
Malaysia	4,247,961	3,760,592
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	4,247,961	3,760,592

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing

ii) Credit Impaired Loans/Financings

The following tables provide an analysis of the outstanding balances as at 30 June 2019 and 31 December 2018 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 2019	31 December 2018
Primary Agriculture	61,646	6,658
Mining and Quarrying	2,815	2,779
Manufacturing	754,662	28,146
Electricity, Gas and Water Supply	-	-
Construction	11,798	25,435
Wholesale and Retail Trade, and Restaurants and Hotels	37,702	9,706
Transport, Storage and Communications	63,851	56,614
Islamic Finance, Takaful, Real Estate and Business Activities	109,699	44,369
Education, Health and Others	2,293	10,613
Household	298,075	253,390
Others*	1,740	2
Total	1,344,281	437,712

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 2019	31 December 2018
Malaysia	1,344,281	437,712
Singapore	-	-
Thailand	-	-
Other Countries	-	-
Total	1,344,281	437,712

CREDIT RISK (CONTINUED)

Credit Quality of Loans, Advances and Financing (continued)

iii) Expected Credit Losses

Table 10: Expected credit losses (Stage 1, 2 and 3, and Purchased Credit Impaired) by Sector for the period ended 30 June 2019

(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)	Purchased credit impaired	Total
Primary Agriculture	1,141	10,175	2,230	-	13,546
Mining and Quarrying	984	3	177	-	1,164
Manufacturing	1,931	503	20,479	-	22,913
Electricity, Gas and Water Supply	61	-	-	-	61
Construction	1,321	935	5,917	-	8,173
Wholesale and Retail Trade, and Restaurants and Hotels	3,003	1,543	4,911	-	9,457
Transport, Storage and Communications	1,285	3,923	56,089	-	61,297
Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	4,144	2,496	3,020	-	9,660
Education, Health and Others	554	641	808	-	2,003
Household	129,000	99,485	112,864	-	341,349
Others*	90	113	1	-	204
Total	143,514	119,817	206,496	-	469,827

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, and Purchased Credit Impaired) by Sector for the period ended 31 December 2018 (continued)

(RM'000)	CIMB Islamic				
	31 December 2018				
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
Primary Agriculture	3,623	1,764	1,965	-	7,352
Mining and Quarrying	1,397	6,623	306	-	8,326
Manufacturing	9,133	1,302	10,881	-	21,316
Electricity, Gas and Water Supply	251	-	-	-	251
Construction	5,363	2,298	18,740	-	26,401
Wholesale and Retail Trade, and Restaurants and Hotels	12,783	4,315	4,851	-	21,949
Transport, Storage and Communications	2,536	242	56,255	-	59,033
Islamic Finance, Insurance/Takaful, Real Estate and Business Activities	16,498	2,736	4,313	-	23,547
Education, Health and Others	2,818	326	2,210	-	5,354
Household	117,083	55,079	99,525	-	271,687
Others*	611	357	2	-	970
Total	172,096	75,042	199,048	-	446,186

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, and Purchased Credit Impaired) by Geographic Distribution

(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)	Purchased credit impaired	Total
Malaysia	143,514	119,817	206,496	-	469,827
Singapore	-	-	-	-	-
Thailand	-	-	-	-	-
Other Countries	-	-	-	-	-
Total	143,514	119,817	206,496	-	469,827

(RM'000)	CIMB Islamic				
	31 December 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	172,096	75,042	199,048	-	446,186
Singapore	-	-	-	-	-
Thailand	-	-	-	-	-
Other Countries	-	-	-	-	-
Total	172,096	75,042	199,048	-	446,186

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 and purchased credit impaired for the period ended 30 June 2019

(RM'000)	CIMB Islamic			
	30 June 2019			
	Charges/(write back)		Write-off	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired
Primary Agriculture	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, Insurance/Takaful, Real Estate and Business Activities	2,970	-	4,951	-
Education, Health and Others	(1,428)	-	32	-
Household	102,242	-	50,776	-
Others*	-	-	-	-
Total	125,015	-	75,325	-

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 and purchased credit impaired for the period ended 30 June 2018 (continued)

(RM'000)	CIMB Islamic			
	30 June 2018			
	Charges/(write back)		Write-off	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired
Primary Agriculture	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	-	-	-
Total	93,052	-	54,392	-

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 for the Period Ended 30 June 2019

(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)	Purchased credit impaired	Total
At 1 January 2019	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	-	-
Total charge to Income Statement	(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)
Exchange fluctuation	-	-	-	-	-
Other movements	(1,095)	-	5,056	-	3,961
Total	143,514	119,817	206,496	-	469,827

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 for the Period Ended 30 June 2018 (continued)

(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
At 1 January 2018	-	-	-	-	-
Effect of adopting MFRS 9	114,725	116,363	161,712	-	392,800
Adjusted 1 January 2018	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	-	-
Total charge to Income Statement	(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
Total	144,432	76,385	193,035	-	413,852

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.

CREDIT RISK (CONTINUED)

Credit Risk – Disclosure for Portfolios under the SA

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

Table 14: Disclosure by Risk Weight under SA

30 June 2019	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%	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
Total	17,881,861	5,243,758	75,035	15,417	3,874,309	2,538,007	31,938	575	100,139	20,484	29,781,524	6,008,421
Average Risk Weight	0%	1%	3%	20%	95%	86%	50%	150%	66%	20%	20%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

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

CREDIT RISK (CONTINUED)

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

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

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
Total	18,301,363	-	190,984	546,984	1,646,576	2,711,035	16,128	575	66,567	501	23,480,713	4,343,247
Average Risk Weight	0%	-	1%	64%	98%	86%	50%	150%	68%	20%	18%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	

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

CREDIT RISK (CONTINUED)

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

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

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

30 June 2019	CIMB Islamic			
(RM '000) Exposure Class	Investment Grade	Non- Investment Grade	No Rating	Total
On and Off-Balance-Sheet Exposures				
Sovereign/Central Banks	8,627,783	-	9,254,078	17,881,861
Public Sector Entities	-	-	5,243,758	5,243,758
Banks, MDBs and DFIs	7,138	-	67,897	75,035
Insurance Cos/Takaful Operators, Securities Firms & Fund Managers	15,417	-	130	15,547
Corporate	-	-	4,001,191	4,001,191
Total	8,650,338	-	18,567,054	27,217,393

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

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

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

CREDIT RISK (CONTINUED)

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

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

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

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

30 June 2019	CIMB Islamic			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
Total Retail Exposure	29,725,241	19,893,489	518,982	50,137,712
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
Exposure Weighted Average LGD				
RRE Financing	21%	22%	27%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	57%	
Other Retail	26%	10%	45%	
Exposure Weighted Average Risk Weight				
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 17: Retail Credit Exposures by PD Band (continued)

30 June 2018	CIMB Islamic			
(RM'000) PD Range of Retail Exposures	0% ≤ PD < 2%	2% ≤ PD < 100%	100% Or Default	Total
Total Retail Exposure	23,924,680	16,329,339	398,199	40,652,217
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
Exposure Weighted Average LGD				
RRE Financing	21%	22%	27%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	58%	
Other Retail	25%	11%	45%	
Exposure Weighted Average Risk Weight				
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 18: Retail Exposures under the IRB Approach by Expected Loss Range

30 June 2019	CIMB Islamic			
(RM'000)				
Expected Loss Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
Total Retail Exposure (EAD)	43,733,217	6,373,652	30,844	50,137,712
RRE Financing	17,339,943	1,264,324	16,567	18,620,833
QRRE	111,795	158,662	0.05	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
Exposure Weighted Average LGD (%)				
RRE Financing	21%	25%	41%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	55%	
Other Retail	14%	21%	54%	

30 June 2018	CIMB Islamic			
(RM'000)				
Expected Loss Range of Retail Exposures	EL ≤ 1%	1% < EL < 100%	EL = 100%	Total
Total Retail Exposure (EAD)	34,869,111	5,759,614	23,492	40,652,217
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
Exposure Weighted Average LGD (%)				
RRE Financing	21%	25%	43%	
QRRE	90%	90%	90%	
Hire Purchase	53%	54%	56%	
Other Retail	14%	20%	65%	

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

30 June 2019	CIMB Islamic					
(RM '000) Supervisory Categories	Strong	Good	Satisfactory	Weak	Default	Total
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
RWA	117,664	1,390,406	128,251	96,590	-	1,732,911

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
RWA	107,695	1,261,815	103,629	96,125	-	1,569,263

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

30 June 2019	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
Total Non-Retail Exposure	11,607,967	10,852,548	4,626,488	1,006,397	28,093,399
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
Exposure Weighted Average LGD					
Bank	45%	43%	45%	-	
Corporate (excluding Specialised Financing)	44%	41%	37%	40%	
Exposure Weighted Average Risk Weight					
Bank	19%	44%	191%	-	
Corporate (excluding Specialised Financing)	10%	74%	107%	-	

30 June 2018	CIMB Islamic				
(RM'000) Internal Risk Grading	1 - 3	4 - 9	10 - 13	Default	Total
Total Non-Retail Exposure	16,344,067	10,336,204	4,919,418	158,890	31,758,579
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
Exposure Weighted Average LGD					
Bank	45%	45%	45%	-	
Corporate (excluding Specialised Financing)	45%	41%	39%	40%	
Exposure Weighted Average Risk Weight					
Bank	19%	41%	131%	-	
Corporate (excluding Specialised Financing)	5%	73%	108%	-	

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

CIMB Islamic				
(RM'000) Exposure Class	30 June 2019		30 June 2018	
	Regulatory Expected Losses as at 30 June 2018	Actual Losses for the period ended 30 June 2019	Regulatory Expected Losses as at 30 June 2017	Actual Losses for the period ended 30 June 2018
Sovereign	-	-	-	-
Bank	488	-	472	-
Corporate	104,432	20,123	95,148	60,945
RRE Financing	54,109	36,367	51,440	6,750
HPE	70,932	95,523	62,749	63,260
QRRE	8,556	5,092	7,796	3,872
Other Retail	134,097	33,761	51,465	22,903
Other Exposures	-	-	-	-
Total	372,613	190,866	269,070	157,729

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 2019 and 30 June 2018, 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

30 June 2019	CIMB Islamic			
(RM '000) Description	Principal Amount	Credit Equivalent Amount	Risk-Weighted Assets	Positive Fair Value of Derivative Contracts
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 transactions	-	-	-	
Foreign Exchange Related Contracts				
One year or less	3,724,981	72,569	26,903	19,038
Over one year to five years	249,746	16,226	7,443	-
Over five years	-	-	-	-
Interest/Profit Rate Related Contracts				
One year or less	343,428	7,711	4,285	118
Over one year to five years	4,596,233	148,604	26,820	63,011
Over five years	392,920	139,211	27,842	49,667
OTC derivative transactions subject to valid bilateral netting agreements	28,177,086	335,634	110,442	80,885
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 securitisation exposures (adjusted for maximum capital requirement due to early amortisation provision)	-	-	-	
Total	57,486,668	11,397,409	3,879,816	212,719

CREDIT RISK (CONTINUED)

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

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

30 June 2018	CIMB Islamic			
(RM '000) Description	Principal Amount	Credit Equivalent Amount	Risk-Weighted Assets	Positive Fair Value of Derivative Contracts
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	225,436	163,278	121,999
Over one year to five years	1,141,291	101,840	48,601	33,427
Over five years	206,902	23,852	16,697	-
Interest/Profit Rate Related Contracts				
One year or less	1,235,836	41,872	25,608	27,953
Over one year to five years	5,724,871	357,728	76,214	184,314
Over five years	574,038	123,221	123,231	21,027
OTC derivative transactions subject to valid bilateral netting agreements	23,474,306	256,899	52,864	3,085
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	-	-	-	
Total	55,992,752	9,427,967	3,502,268	391,805

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

(RM'000)	CIMB Islamic			
	30 June 2019		30 June 2018	
	Notional of Credit Derivatives			
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Own Credit Portfolio	-	-	-	-
Client Intermediation Activities	-	20,750	-	25,000
Total	-	20,750	-	25,000
Total Return Swaps	-	20,750	-	25,000
Total	-	20,750	-	25,000

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 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
<i>Performing Exposures</i>				
Sovereign/Central Banks	17,881,861	-	-	-
Public Sector Entities	5,243,758	5,000,000	-	-
Banks, DFIs & MDBs	2,029,545	-	4,858	-
Insurance Cos/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	-	-	-
<i>Defaulted Exposures</i>	1,094,933	-	51,779	228,749
Total Exposures	110,151,622	9,707,056	866,823	6,091,363

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 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
<i>Performing Exposures</i>				
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	-	-	-
<i>Defaulted Exposures</i>	247,296	-	1,923	63,705
Total Exposures	97,752,418	11,159,787	515,139	5,032,932

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 2019 (RM'000)	CIMB Islamic			
Underlying Asset	Total Exposures Securitised	Past Due	Impaired	Gains/Losses Recognised during the year
TRADITIONAL SECURITISATION (Banking Book) Originated by the Banking Institution				
Hire Purchase Exposure	258,818	30,265	5,305	(1,494)

31 December 2018 (RM'000)	CIMB Islamic			
Underlying Asset	Total Exposures Securitised	Past Due	Impaired	Gains/Losses Recognised during the year
TRADITIONAL SECURITISATION (Banking Book) Originated by the Banking Institution				
Hire Purchase Exposure	343,306	36,301	6,361	(3,219)

* Gains/(losses) recognised during the period represent gain/(losses) recognised during the 6 months period from 1 January 2018 to 30 June 2018 and 1 January 2019 to 30 June 2019.

SECURITISATION (CONTINUED)

There were no outstanding exposures securitised by CIMB Islamic as at 30 June 2019 and 30 June 2018 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

30 June 2019		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	
Traditional Securitisation (Banking Book)											
<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)

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	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)	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	20,484	-	-	20,484	-	-	-	-	-	-	4,097

SECURITISATION (CONTINUED)

Table 26: Disclosure on Securitisation under the SA for Banking Book Exposures (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	
Traditional Securitisation (Banking Book)											
<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 (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)	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	501	-	-	501	-	-	-	-	-	-	100

SECURITISATION (CONTINUED)

As at 30 June 2019 and 30 June 2018, 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:

There were no realised and unrealised gains or losses for equity holdings in banking book for CIMB Islamic as at 30 June 2019 and 30 June 2018.

Table 27: Analysis of Equity Investments by Grouping and RWA

in RM('000)	CIMB Islamic			
	30 June 2019		30 June 2018	
	Exposures subject to Risk-Weighting	RWA	Exposures subject to Risk-Weighting	RWA
Privately held	575	863	575	863
Publicly traded	-	-	-	-
Total	575	863	575	863

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

(RM'000)	CIMB Islamic	
	30 June 2019	30 June 2018
Currency	+100bps Increase (Decline) in Economic Value (Value in RM Equivalent)	
Ringgit Malaysia	(586,995)	(530,444)
US Dollar	(2,470)	(3,695)
Thai Baht	(2)	(7)
Singapore Dollar	(1)	(4)
Others	1,195	177
Total	(588,273)	(533,973)

Table 29: RORBB – Impact on Earnings

(RM'000)	CIMB Islamic	
	30 June 2019	30 June 2018
Currency	+100bps Increase (Decline) in Earnings (Value in RM Equivalent)	
Ringgit Malaysia	(46,791)	(53,625)
US Dollar	(14,141)	(7,801)
Thai Baht	55	164
Singapore Dollar	22	85
Others	(4,980)	(850)
Total	(65,835)	(62,027)

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] -