

RHB Islamic Bank Berhad

Basel II Pillar 3 Quantitative Disclosures

30 June 2016

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Statement by Managing Director

In accordance with the requirements of Bank Negara Malaysia's Guideline on 'Capital Adequacy Framework for Islamic Bank ('CAFIB') – Disclosure Requirements ('Pillar 3'), and on behalf of the Board and Senior Management of RHB Islamic Bank Berhad, I am pleased to provide an attestation that the Basel II Pillar 3 Quantitative Disclosures of RHB Islamic Bank Berhad as at 30 June 2016 is accurate and complete.

Ibrahim Bin Hassan
Managing Director

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INTRODUCTION

This document discloses RHB Islamic Bank Berhad's quantitative disclosure in accordance with the disclosure requirements as outlined in the Capital Adequacy Framework for Islamic Bank ('CAFIB') – Disclosure Requirements ('Pillar 3') issued by Bank Negara Malaysia ('BNM').

This document covers only quantitative information as at 30 June 2016 with comparative quantitative information of the preceding financial year as at 31 December 2015. This disclosure report has been verified and approved in line with the internal Basel II Pillar 3 Disclosure Policy.

For purposes of complying with regulatory requirements under Basel II Pillar 1, the approaches adopted by RHB Islamic Bank Berhad are summarised as follows:

Entity	Credit Risk	Market Risk	Operational Risk
RHB Islamic Bank Berhad	Standardised Approach	Standardised	Basic Indicator

RHB Islamic Bank's Pillar 3 disclosure report will be made available under the Investor Relations section of the RHB Bank Group's website at www.rhbgroup.com and as a separate report in the half-yearly condensed financial statements, after the notes to the financial statements.

SCOPE OF APPLICATION

In this Pillar 3 document, RHB Islamic Bank's information is presented at entity level, RHB Islamic Bank is a wholly owned subsidiary of RHB Bank Berhad as at 30 June 2016 and is referred to as 'the Bank'.

In April 2016, RHB Capital Berhad completed an internal reorganisation which entailed the transfer by RHB Capital Berhad of its entire equity interests in, and certain assets and liabilities of its subsidiaries to its wholly-owned subsidiary, RHB Bank Berhad ('RHB Bank') and RHB Bank is effectively the new group holding company. Hence, the earlier references to 'RHB Banking Group' as disclosed in the Basel II Pillar 3 Disclosures as at 31 December 2015 now mean 'RHB Bank Group' or 'the Group'.

The total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (Capital Components) and Capital Adequacy Framework for Islamic Bank (Risk-Weighted Assets).

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Table 1: Capital Adequacy Ratios

	RHB Islamic Bank	
	30.06.2016	31.12.2015
<u>Before proposed dividends</u>		
Common Equity Tier I Capital Ratio	10.731%	11.041%
Tier I Capital Ratio	10.731%	11.041%
Total Capital Ratio	14.065%	14.608%
<u>After proposed dividends</u>		
Common Equity Tier I Capital Ratio	10.731%	11.041%
Tier I Capital Ratio	10.731%	11.041%
Total Capital Ratio	14.065%	14.608%

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Table 2: Risk Weighted Assets ('RWA') by Risk Types

<u>Risk Types</u>	RHB Islamic Bank	
	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM'000	RM'000
Credit RWA	27,332,770	25,655,098
Credit RWA Absorbed by Profit Sharing Investment Account ('PSIA')	(5,368,564)	(5,759,360)
Market RWA	159,902	61,645
Operational RWA	1,110,064	1,032,842
Total	<u>23,234,172</u>	<u>20,990,225</u>

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Table 3: Risk Weighted Assets by Risk Types and Minimum Capital Requirements

RHB Islamic Bank <u>Risk Types</u>	RWA		Minimum Capital Requirements	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Credit Risk	21,964,206	19,895,738	1,757,136	1,591,659
<i>Under Standardised Approach</i>	27,332,770	25,655,098	2,186,622	2,052,408
<i>Absorbed by PSIA under Standardised Approach</i>	(5,368,564)	(5,759,360)	(429,485)	(460,749)
Market Risk				
<i>Under Standardised Approach</i>	159,902	61,645	12,792	4,932
Operational Risk				
<i>Under Basic Indicator Approach</i>	1,110,064	1,032,842	88,805	82,627
Total	23,234,172	20,990,225	1,858,734	1,679,218

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Table 4: Capital Structure

	RHB Islamic Bank	
	30.06.2016	31.12.2015
	RM'000	RM'000
<u>Common Equity Tier I Capital / Tier I Capital</u>		
Paid up ordinary share capital	1,173,424	1,173,424
Retained profits	620,583	520,625
Other reserves	718,483	681,192
Unrealised losses on AFS financial instruments	3	(39,195)
Less:		
Deferred tax assets	(16,451)	(16,840)
Other intangibles	(719)	(687)
Ageing Reserves and Liquidity Reserve* 55% of cumulative gains arising from change in value of AFS instruments	(1,820) (2)	(763) -
<u>Total Common Equity Tier I Capital / Tier I Capital</u>	<u>2,493,501</u>	<u>2,317,756</u>
<u>Tier II Capital</u>		
Subordinated obligations**	500,000	500,000
Collective impairment allowances and regulatory reserves^	274,553	248,696
Total Tier II Capital	<u>774,553</u>	<u>748,696</u>
Total Capital	<u>3,268,054</u>	<u>3,066,452</u>

^ Excludes collective assessment impairment allowance attributable to advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on Classification and Impairment Provisions for Loans/Financing.

Includes the qualifying regulatory reserves for financing of the Bank of RM153,832,000 (31 December 2015 : RM140,615,000).

* Pursuant to the Basel II Market Risk para 5.19 and 5.20 – Valuation Adjustments / Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments / reserves on its trading portfolio.

** Subordinated obligations that are recognised as Tier II capital instruments are subject to the gradual phase-out treatment effective from 1 January 2013 as prescribed under paragraph 37.7 of the BNM's Capital Adequacy Framework (Capital Components).

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Table 5a: Summary of Credit Exposures with Credit Risk Mitigation ('CRM') by Asset Class and Minimum Capital Requirements (On and Off Balance Sheet Exposures) as at 30 June 2016

RHB Islamic Bank	Gross	Net Exposures /	Risk Weighted	Risk Weighted	Total Risk	Minimum
<u>Exposure Class</u>	<u>Exposures / EAD</u>	<u>EAD after CRM</u>	<u>Assets</u>	<u>Assets Absorbed</u>	<u>Weighted Assets</u>	<u>Capital</u>
	RM'000	RM'000	RM'000	by PSIA	After Effect	Requirements
	RM'000	RM'000	RM'000	RM'000	of PSIA	RM'000
<u>Exposures under the Standardised Approach</u>						
<u>On Balance Sheet Exposures</u>						
Sovereigns & Central Banks	8,632,492	8,632,492	2,763	-	2,763	221
Public Sector Entities	4,190,445	4,185,790	12,981	-	12,981	1,038
Banks, Development Financial Institutions & MDBs	260,086	260,086	51,021	-	51,021	4,082
Takaful Cos, Securities Firms & Fund Managers	279,369	279,369	279,369	-	279,369	22,350
Corporates	16,733,526	16,478,322	12,858,541	(4,694,525)	8,164,016	653,121
Regulatory Retail	13,180,451	13,068,998	10,238,080	(586,800)	9,651,280	772,102
Residential Mortgages	3,588,057	3,583,606	1,747,742	(80,465)	1,667,277	133,382
Higher Risk Assets	-	-	-	-	-	-
Other Assets	128,361	128,361	114,522	-	114,522	9,162
Defaulted Exposures	265,734	262,064	301,828	(5,788)	296,040	23,683
Total On Balance Sheet Exposures	47,258,521	46,879,088	25,606,847	(5,367,578)	20,239,269	1,619,141
<u>Off Balance Sheet Exposures</u>						
OTC Derivatives	371,488	371,488	162,927	-	162,927	13,034
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,474,016	2,400,305	1,559,634	(500)	1,559,134	124,731
Defaulted Exposures	2,266	2,261	3,362	(486)	2,876	230
Total Off Balance Sheet Exposures	2,847,770	2,774,054	1,725,923	(986)	1,724,937	137,995
Total On and Off Balance Sheet Exposures	50,106,291	49,653,142	27,332,770	(5,368,564)	21,964,206	1,757,136

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Table 5b: Summary of Credit Exposures with Credit Risk Mitigation ('CRM') by Asset Class and Minimum Capital Requirements (On and Off Balance Sheet Exposures) as at 31 December 2015

RHB Islamic Bank					Total Risk	
<u>Exposure Class</u>	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Weighted Assets After Effect of PSIA	Minimum Capital Requirements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under the Standardised Approach</u>						
<u>On Balance Sheet Exposures</u>						
Sovereigns & Central Banks	9,425,482	9,425,482	2,835	-	2,835	227
Public Sector Entities	2,469,289	2,464,789	9,525	-	9,525	762
Banks, Development Financial Institutions & MDBs	705,886	705,886	140,190	-	140,190	11,215
Takaful Cos, Securities Firms & Fund Managers	279,009	279,009	279,009	-	279,009	22,321
Corporates	14,693,326	14,411,099	11,381,019	(4,873,200)	6,507,819	520,626
Regulatory Retail	12,543,492	12,435,722	9,734,076	(612,818)	9,121,258	729,701
Residential Mortgages	3,484,929	3,479,929	1,703,134	(99,583)	1,603,551	128,284
Higher Risk Assets	-	-	-	-	-	-
Other Assets	156,478	156,478	142,943	-	142,943	11,435
Defaulted Exposures	254,837	249,637	275,165	(17,494)	257,671	20,614
Total On Balance Sheet Exposures	44,012,728	43,608,031	23,667,896	(5,603,095)	18,064,801	1,445,185
<u>Off Balance Sheet Exposures</u>						
OTC Derivatives	334,574	334,574	210,504	-	210,504	16,840
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,087,572	2,064,253	1,773,785	(156,033)	1,617,752	129,420
Defaulted Exposures	1,961	1,961	2,913	(232)	2,681	214
Total Off Balance Sheet Exposures	2,424,107	2,400,788	1,987,202	(156,265)	1,830,937	146,474
Total On and Off Balance Sheet Exposures	46,436,835	46,008,819	25,655,098	(5,759,360)	19,895,738	1,591,659

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Table 6a: Exposures for Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 30 June 2016

RHB Islamic Bank	Principal / Notional Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
<u>Nature of Item</u>	RM'000	RM'000	RM'000	RM'000
Transaction related contingent items	166,421		83,211	56,484
Short term self liquidating trade related contingencies	18,873		3,775	1,341
NIFs and obligations under underwriting agreement	76,000		38,000	38,000
Foreign exchange related contracts	5,917,893	117,229	316,103	151,850
1 year or less	4,783,866	81,219	177,171	89,944
Over 1 year to 5 years	722,152	24,458	82,074	32,814
Over 5 years	411,875	11,552	56,858	29,092
Profit rate related contracts	5,575,452	5,217	55,385	11,077
1 year or less	3,150,000	763	3,913	783
Over 1 year to 5 years	2,425,452	4,454	51,472	10,294
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and financing lines, with original maturity of over 1 year	4,531,695		2,265,847	1,403,084
Other commitments, such as formal standby facilities and financing lines, with original maturity of up to 1 year	44		9	7
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	1,946,170		85,440	64,080
Total	18,232,548	122,446	2,847,770	1,725,923

Table 6b: Exposures for Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 2015

RHB Islamic Bank	Principal / Notional Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
<u>Nature of Item</u>	RM'000	RM'000	RM'000	RM'000
Transaction related contingent items	153,039		76,520	50,494
Short term self liquidating trade related contingencies	82,857		16,571	6,114
NIFs and obligations under underwriting agreement	76,000		38,000	38,000
Foreign exchange related contracts	3,495,206	148,463	238,490	185,886
1 year or less	2,975,712	125,466	178,801	157,009
Over 1 year to 5 years	519,494	22,997	59,689	28,877
Over 5 years	-	-	-	-
Profit rate related contracts	3,775,000	12,785	96,085	24,617
1 year or less	850,000	4,055	5,955	1,191
Over 1 year to 5 years	2,425,000	8,622	60,022	12,904
Over 5 years	500,000	108	30,108	10,522
Other commitments, such as formal standby facilities and financing lines, with original maturity of over 1 year	3,693,518		1,846,759	1,598,329
Other commitments, such as formal standby facilities and financing lines, with original maturity of up to 1 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	2,335,561		111,683	83,762
Total	13,611,181	161,248	2,424,108	1,987,202

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Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2016

RHB Islamic Bank	Agriculture		Mining & Quarrying	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Takaful, Real Estate & Business	Education, Health & Others	Household	Others	Total
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposures under Standardised Approach													
Sovereigns & Central Banks	-	-	-	-	-	-	-	-	4,885,345	3,748,986	-	-	8,634,331
Public Sector Entities	-	-	-	-	-	-	-	-	-	4,789,069	-	-	4,789,069
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	561,560	-	-	-	561,560
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	279,856	-	-	-	279,856
Corporates	1,081,737	553,021	1,042,379	662,168	2,231,863	695,308	4,408,334	6,271,466	1,188,539	-	-	-	18,134,815
Regulatory Retail	48,240	10,559	141,226	8,037	196,221	238,368	86,818	293,432	25,476	12,867,308	-	-	13,915,685
Residential Mortgages	-	-	-	-	-	-	-	-	-	3,662,614	-	-	3,662,614
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	128,361	128,361
Total	1,129,977	563,580	1,183,605	670,205	2,428,084	933,676	4,495,152	12,291,659	9,752,070	16,529,922	128,361	128,361	50,106,291

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Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2015

RHB Islamic Bank	Mining & Quarrying		Electricity, Gas & Water Supply		Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Takaful, Real Estate & Business	Education, Health & Others	Household	Others	Total
<u>Exposure Class</u>	<u>Agriculture</u>	<u>Quarrying</u>	<u>Manufacturing</u>	<u>Supply</u>	<u>Construction</u>	<u>& Hotels</u>	<u>Communication</u>	<u>& Business</u>	<u>Others</u>	<u>Household</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>												
Sovereigns & Central Banks	-	-	-	-	-	-	-	7,047,661	2,389,762	-	-	9,437,423
Public Sector Entities	-	-	-	-	-	-	-	-	2,474,294	-	-	2,474,294
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	878,564	-	-	-	878,564
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	279,699	-	-	-	279,699
Corporates	208,009	532,947	718,366	580,452	1,678,844	747,077	4,643,918	6,146,602	723,955	-	-	15,980,170
Regulatory Retail	43,691	12,015	150,834	9,410	212,436	214,980	79,465	283,215	30,862	12,643,669	-	13,680,577
Residential Mortgages	-	-	-	-	-	-	-	-	-	3,549,630	-	3,549,630
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	156,478	156,478
Total	251,700	544,962	869,200	589,862	1,891,280	962,057	4,723,383	14,635,741	5,618,873	16,193,299	156,478	46,436,835

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Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 30 June 2016

RHB Islamic Bank	One year or less	More than one to five years	Over five years	Total
<u>Exposure Class</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	3,733,448	2,170,497	2,730,386	8,634,331
Public Sector Entities	1,304,895	3,136,574	347,600	4,789,069
Banks, Development Financial Institutions & MDBs	374,339	133,326	53,895	561,560
Takaful Cos, Securities Firms & Fund Managers	923	278,933	-	279,856
Corporates	2,644,055	7,032,363	8,458,397	18,134,815
Regulatory Retail	561,242	2,551,972	10,802,471	13,915,685
Residential Mortgages	2,444	34,103	3,626,067	3,662,614
Higher Risk Assets	-	-	-	-
Other Assets	-	-	128,361	128,361
Total	<u>8,621,346</u>	<u>15,337,768</u>	<u>26,147,177</u>	<u>50,106,291</u>

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Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 2015

RHB Islamic Bank	One year or less	More than one to five years	Over five years	Total
<u>Exposure Class</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	5,785,311	1,507,575	2,144,537	9,437,423
Public Sector Entities	350,611	1,864,439	259,244	2,474,294
Banks, Development Financial Institutions & MDBs	688,813	144,330	45,421	878,564
Takaful Cos, Securities Firms & Fund Managers	7	279,692	-	279,699
Corporates	2,338,714	5,981,433	7,660,023	15,980,170
Regulatory Retail	564,877	2,458,562	10,657,138	13,680,577
Residential Mortgages	2,302	36,698	3,510,630	3,549,630
Higher Risk Assets	-	-	-	-
Other Assets	-	-	156,478	156,478
Total	<u>9,730,635</u>	<u>12,272,729</u>	<u>24,433,471</u>	<u>46,436,835</u>

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Table 9a: Portfolios under the Standardised Approach by Risk Weights as at 30 June 2016

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<u>Exposure Class</u>	Exposure After Credit Risk Mitigation Risk Weight (%)							Total Exposures
	0%	20%	35%	50%	75%	100%	150%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>								
Sovereigns & Central Banks	8,618,678	15,653	-	-	-	-	-	8,634,331
Public Sector Entities	4,645,884	138,530	-	-	-	-	-	4,784,414
Banks, Development Financial Institutions & MDBs	4,983	556,577	-	-	-	-	-	561,560
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	279,856	-	279,856
Corporates	1,447,763	2,280,437	-	841,319	-	13,177,706	74,210	17,821,435
Regulatory Retail	50,088	4,540	-	13,361	11,729,878	1,959,549	27,909	13,785,325
Residential Mortgages	-	-	2,116,947	908,244	31,445	592,822	8,402	3,657,860
Higher Risk Assets	-	-	-	-	-	-	-	-
Other Assets	13,839	-	-	-	-	114,522	-	128,361
Total Exposures after Credit Risk Mitigation	14,781,235	2,995,737	2,116,947	1,762,924	11,761,323	16,124,455	110,521	49,653,142
Total Risk Weighted Assets	-	599,147	740,931	881,463	8,820,992	16,124,455	165,782	27,332,770

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Table 9b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2015

RHB Islamic Bank

<u>Exposure Class</u>	Exposure After Credit Risk Mitigation Risk Weight (%)							Total Exposures
	0%	20%	35%	50%	75%	100%	150%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>								
Sovereigns & Central Banks	9,411,307	26,116	-	-	-	-	-	9,437,423
Public Sector Entities	2,417,162	52,632	-	-	-	-	-	2,469,794
Banks, Development Financial Institutions & MDBs	4,860	855,757	-	17,947	-	-	-	878,564
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	279,699	-	279,699
Corporates	776,648	2,318,596	-	835,269	-	11,706,968	50,725	15,688,206
Regulatory Retail	50,007	4,846	-	13,185	11,621,112	1,834,758	30,117	13,554,025
Residential Mortgages	-	-	2,023,273	905,066	43,429	567,401	5,461	3,544,630
Higher Risk Assets	-	-	-	-	-	-	-	-
Other Assets	13,535	-	-	-	-	142,943	-	156,478
Total Exposures after Credit Risk Mitigation	12,673,519	3,257,947	2,023,273	1,771,467	11,664,541	14,531,769	86,303	46,008,819
Total Risk Weighted Assets	-	651,589	708,146	885,733	8,748,406	14,531,769	129,455	25,655,098

RHB ISLAMIC BANK
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Table 10a: Rated Exposures According to Ratings by External Credit Assessment Institutions ('ECAIs') as at 30 June 2016

RHB Islamic Bank	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
Ratings of Corporates by Approved ECAIs	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated	
<u>Exposure Class</u>	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<u>On and Off Balance Sheet Exposures</u>							
Public Sector Entities		-	4,430,271	-	-	354,143	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	279,856	
Corporates		2,641,948	599,790	-	-	14,427,988	
	Moody's	P-1	P-2	P-3	Others	Unrated	
	S&P	A-1	A-2	A-3	Others	Unrated	
	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAM	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
	R&I	a-1+, a-1	a-2	a-3	b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<u>On and Off Balance Sheet Exposures</u>							
Corporates		10,083	141,626	-	-	-	
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance Sheet Exposures</u>							
Sovereigns & Central Banks		-	8,634,331	-	-	-	-
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		380,199	174,376	6,985	-	-	-

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BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 10b: Rated Exposures According to Ratings by External Credit Assessment Institutions ('ECAIs') as at 31 December 2015

RHB Islamic Bank	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Ratings of Corporates by Approved ECAIs	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A1 to A3	BBB1 to BB3	B to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated	
<u>Exposure Class</u>	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<u>On and Off Balance Sheet Exposures</u>							
Public Sector Entities		-	2,203,357	-	-	266,437	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	279,699	
Corporates		2,935,918	32,568	-	-	12,491,340	
	Moody's	P-1	P-2	P-3	Others	Unrated	
	S&P	A-1	A-2	A-3	Others	Unrated	
Short Term Ratings of Corporates by Approved ECAIs	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAM	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
	R&I	a-1+, a-1	a-2	a-3	b, c	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<u>On and Off Balance Sheet Exposures</u>							
Corporates		127,136	101,244	-	-	-	
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Ratings of Sovereigns and Central Banks by Approved ECAIs	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>Exposure Class</u>	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance Sheet Exposures</u>							
Sovereigns & Central Banks		-	9,437,423	-	-	-	-
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Ratings of Banking Institutions by Approved ECAIs	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<u>Exposure Class</u>	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		665,107	210,203	3,254	-	-	-

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 BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 11a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at
 30 June 2016

RHB Islamic Bank	Gross Exposures Before Credit Risk Mitigation RM'000	Gross Exposures Covered by Guarantees / Credit Derivatives RM'000	Gross Exposures Covered by Eligible Financial Collateral RM'000
<u>Exposure Class</u>			
<u>On Balance Sheet Exposures</u>			
Sovereigns & Central Banks	8,632,492	-	-
Public Sector Entities	4,190,445	4,120,884	4,655
Banks, Development Financial Institutions & MDBs	260,086	4,983	-
Takaful Cos, Securities Firms & Fund Managers	279,369	-	-
Corporates	16,733,526	1,513,717	255,205
Regulatory Retail	13,180,451	54,628	111,452
Residential Mortgages	3,588,057	-	4,451
Higher Risk Assets	-	-	-
Other Assets	128,361	-	-
Defaulted Exposures	265,734	-	3,668
Total On Balance Sheet Exposures	47,258,521	5,694,212	379,431
<u>Off Balance Sheet Exposures</u>			
OTC Derivatives	371,488	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,474,016	535,993	73,710
Defaulted Exposures	2,266	-	6
Total Off Balance Sheet Exposures	2,847,770	535,993	73,716
Total On and Off Balance Sheet Exposures	50,106,291	6,230,205	453,147

RHB ISLAMIC BANK
 BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 11b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at
 31 December 2015

RHB Islamic Bank	Gross Exposures Before Credit Risk Mitigation RM'000	Gross Exposures Covered by Guarantees / Credit Derivatives RM'000	Gross Exposures Covered by Eligible Financial Collateral RM'000
<u>Exposure Class</u>			
<u>On Balance Sheet Exposures</u>			
Sovereigns & Central Banks	9,425,482	-	-
Public Sector Entities	2,469,289	2,417,162	4,500
Banks, Development Financial Institutions & MDBs	705,886	4,860	-
Takaful Cos, Securities Firms & Fund Managers	279,009	-	-
Corporates	14,693,326	828,753	282,228
Regulatory Retail	12,543,492	54,853	107,770
Residential Mortgages	3,484,929	-	5,000
Higher Risk Assets	-	-	-
Other Assets	156,478	-	-
Defaulted Exposures	254,837	-	5,199
Total On Balance Sheet Exposures	44,012,728	3,305,628	404,697
<u>Off Balance Sheet Exposures</u>			
OTC Derivatives	334,574	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,087,572	7,733	23,319
Defaulted Exposures	1,961	-	-
Total Off Balance Sheet Exposures	2,424,107	7,733	23,319
Total On and Off Balance Sheet Exposures	46,436,835	3,313,361	428,016

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 12a: Impaired and Past Due Financing and Allowances for Impairment by Industry Sector as at 30 June 2016

RHB Islamic Bank				
<u>Industry Sector</u>	<u>Impaired Financing</u>	<u>Past Due Financing</u>	<u>Individual Impairment Allowances</u>	<u>Collective Impairment Allowances</u>
	RM'000	RM'000	RM'000	RM'000
Agriculture	326	42,108	-	8,378
Mining & Quarrying	-	282	-	888
Manufacturing	25,684	6,751	-	23,125
Electricity, Gas & Water Supply	6,174	-	-	1,783
Construction	35,280	23,873	9,949	14,975
Wholesale, Retail Trade, Restaurants & Hotels	39,567	14,212	4,431	23,202
Transport, Storage & Communication	2,272	3,306	-	12,741
Finance, Takaful, Real Estate & Business	43,199	22,923	-	31,828
Education, Health & Others	11,468	1,801	3,145	6,085
Household	200,791	2,011,350	-	87,450
Others	361	-	-	3,495
Total	365,122	2,126,606	17,525	213,950

Note: As at 30 June 2016, all impaired, past due and allowances for impaired financing are for credit exposures booked in Malaysia.

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 12b: Impaired and Past Due Financing and Allowances for Impairment by Industry Sector as at 31 December 2015

RHB Islamic Bank				
<u>Industry Sector</u>	<u>Impaired Financing</u>	<u>Past Due Financing</u>	<u>Individual Impairment Allowances</u>	<u>Collective Impairment Allowances</u>
	RM'000	RM'000	RM'000	RM'000
Agriculture	27	617	-	3,886
Mining & Quarrying	-	35	-	1,807
Manufacturing	33,476	10,738	3,804	19,973
Electricity, Gas & Water Supply	44,181	-	-	553
Construction	32,974	15,356	10,239	12,355
Wholesale, Retail Trade, Restaurants & Hotels	41,559	7,717	5,213	22,319
Transport, Storage & Communication	1,233	3,465	-	10,718
Finance, Takaful, Real Estate & Business	11,135	15,446	-	30,549
Education, Health & Others	11,309	583	3,393	6,202
Household	186,487	736,751	-	85,424
Others	355	-	-	5,867
Total	362,736	790,708	22,649	199,653

Note: For year 2015, all impaired, past due and allowances for impaired financing are for credit exposures booked in Malaysia.

Table 13: Net Charges/(Write back) and Write Offs for Impairment by Industry Sector

RHB Islamic Bank	Six Months Period Ended 2016		Twelve Months Period Ended 2015	
	Net Charges/(Write back)		Net Charges/(Write back)	
	for Individual Impairment Allowances	Write Offs	for Individual Impairment Allowances	Write Offs
<u>Industry Sector</u>	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	-
Mining & Quarrying	-	-	-	-
Manufacturing	(458)	5,263	4	2,686
Electricity, Gas & Water Supply	-	-	-	-
Construction	(290)	-	(2,076)	215
Wholesale, Retail Trade, Restaurants & Hotels	(781)	3,759	(602)	1,305
Transport, Storage & Communication	-	-	-	-
Finance, Takaful, Real Estate & Business	-	-	-	360
Education, Health & Others	(248)	-	34	-
Household	-	16,020	-	48,698
Others	-	-	-	140
Total	(1,777)	25,042	(2,640)	53,404

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Table 14: Reconciliation of Changes to Financing Impairment Allowances

RHB Islamic Bank	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM'000	RM'000
<u>Individual Impairment Allowance</u>		
Balance as at the beginning of financial period/year	22,649	25,289
Net allowance/(written back) made during the period/year	(1,777)	(2,640)
Amount written off	(3,347)	-
Balance as at the end of financial period/year	<u>17,525</u>	<u>22,649</u>

RHB Islamic Bank	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM'000	RM'000
<u>Collective Impairment Allowance</u>		
Balance as at the beginning of financial period/year	199,653	187,307
Net allowance/(written back) made during the period/year	35,992	65,749
Amount written off	(21,695)	(53,403)
Balance as at the end of financial period/year	<u>213,950</u>	<u>199,653</u>

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Table 15a: Market Risk Weighted Assets and Minimum Capital Requirements as at 30 June 2016

RHB Islamic Bank	Long	Short	Risk Weighted	Minimum
<u>Market Risk</u>	<u>Position</u>	<u>Position</u>	<u>Assets</u>	<u>Capital</u>
	RM'000	RM'000	RM'000	Requirements
			RM'000	RM'000
Profit Rate Risk	1,291,503	1,289,509	2,431	194
Foreign Currency Risk	1,760	157,471	157,471	12,598
Total			<u>159,902</u>	<u>12,792</u>

Note:

As at 30 June 2016, RHB Islamic Bank did not have any exposure under

- equity risk, commodity risk, inventory risk and options risk, and
- market risk exposure absorbed by PSIA.

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 15b: Market Risk Weighted Assets and Minimum Capital Requirements as at 31 December 2015

RHB Islamic Bank	Long	Short	Risk Weighted	Minimum
<u>Market Risk</u>	<u>Position</u>	<u>Position</u>	<u>Assets</u>	<u>Capital</u>
	RM'000	RM'000	RM'000	Requirements
				RM'000
Profit Rate Risk	3,031,492	3,002,434	27,828	2,226
Foreign Currency Risk	3,239	33,817	33,817	2,706
Total			61,645	4,932

Note:

For year 2015, RHB Islamic Bank did not have any exposure under

- equity risk, commodity risk, inventory risk and options risk, and
- market risk exposure absorbed by PSIA.

RHB ISLAMIC BANK
 BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 16a: Rate of Return Risk in the Banking Book as at 30 June 2016

<u>Currency</u>	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase / (Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	1,150	(1,150)	(339,875)	339,875
USD - US Dollar	(120)	120	58	(58)
Others ¹	(897)	897	135	(135)
Total	133	(133)	(339,682)	339,682

Note:

1. Inclusive of GBP, EUR, SGD, etc
2. The earnings and economic values were computed based on the standardised approach adopted by BNM.
3. PSIA (Profit Sharing Investment Account) between RHB Islamic and RHB Bank which qualifies as a risk absorbent, is excluded from the computation of rate of return risk.

RHB ISLAMIC BANK
 BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2016

Table 16b: Rate of Return Risk in the Banking Book as at 31 December 2015

<u>Currency</u>	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase / (Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	(25,970)	25,970	(329,652)	329,652
USD - US Dollar	531	(531)	(123)	123
Others ¹	106	(106)	328	(328)
Total	(25,333)	25,333	(329,447)	329,447

Note:

1. Inclusive of GBP, EUR, SGD, etc
2. The earnings and economic values were computed based on the standardised approach adopted by BNM.
3. PSIA (Profit Sharing Investment Account) between RHB Islamic and RHB Bank which qualifies as a risk absorbent, is excluded from the computation of rate of return risk.

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Table 17: Operational Risk Weighted Assets and Minimum Capital Requirements

<u>Operational Risk</u>	RHB Islamic Bank	
	<u>30.06.2016</u>	<u>31.12.2015</u>
	RM'000	RM'000
Risk Weighted Assets	1,110,064	1,032,842
Minimum Capital Requirements	88,805	82,627