

RHB Islamic Bank Berhad

Basel II Pillar 3 Quantitative Disclosures

30 June 2017

**RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017**

Contents		Page(s)
Statement by Managing Director		2
Introduction		3
Scope of Application		3
List of Tables		
Table No	Description	
Table 1	Capital Adequacy Ratios	4
Table 2	Risk Weighted Assets ('RWA') by Risk Types	4
Table 3	Risk Weighted Assets by Risk Types and Minimum Capital Requirements	4
Table 4	Capital Structure	5
Tables 5a & 5b	Summary of Credit Exposures with Credit Risk Mitigation ('CRM') by Asset Class and Minimum Capital Requirements (On and Off Balance Sheet Exposures)	6 - 7
Tables 6a & 6b	Exposures on Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation)	8
Tables 7a & 7b	Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector	9
Tables 8a & 8b	Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity	10
Tables 9a & 9b	Portfolios under the Standardised Approach by Risk Weights	11
Tables 10a & 10b	Rated Exposures According to Ratings by External Credit Assessment Institutions ('ECAIs')	12 - 13
Tables 11a & 11b	Credit Risk Mitigation of Portfolios under the Standardised Approach	14
Tables 12a & 12b	Impaired and Past Due Financing and Allowances for Impairment by Industry Sector	15
Table 13	Net Charges/(Write back) and Write Offs for Impairment by Industry Sector	15
Table 14	Reconciliation of Changes to Financing Impairment Allowances	16
Tables 15a & 15b	Market Risk Weighted Assets and Minimum Capital Requirements	16
Tables 16a & 16b	Rate of Return Risk in the Banking Book	17
Table 17	Operational Risk Weighted Assets and Minimum Capital Requirements	17

**RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017**

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 2017 is accurate and complete.

DATO' ADISSADIKIN BIN ALI
Managing Director

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

INTRODUCTION

This document discloses RHB Islamic Bank'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 2017 with comparative quantitative information of the preceding financial year as at 31 December 2016. This disclosure report has been verified and approved internally in line with the RHB Banking Group Pillar 3 Disclosure Policy.

For purposes of complying with regulatory requirements under Basel II Pillar 1, the approaches adopted by the respective entities are summarised as follows:

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

RHB Islamic Bank's Pillar 3 disclosure report will be made available under the Investor Relations section of the Bank'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 and is referred to as 'the Bank'. The Bank is a wholly owned subsidiary of RHB Bank Berhad as at 30 June 2017.

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).

Bank Negara Malaysia ('BNM') had on 3 May 2017, issued a Revised Policy Document on Capital Funds for Islamic Banks ('Revised Policy Document') which is applicable to banking institutions in Malaysia that covers licenced Islamic bank. The issuance of this Revised Policy Document has superseded guideline issued by BNM previously, namely Capital Funds for Islamic Banks dated 1 July 2013.

The key changes in the Revised Policy Document are:

- (1) the removal of the requirement on maintenance of a reserve fund; and
- (2) the revised component of capital funds shall exclude share premium and reserve fund

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 1: Capital Adequacy Ratios

	RHB Islamic Bank	
	30.06.2017	31.12.2016
<u>Before proposed dividends</u>		
Common Equity Tier I Capital Ratio	11.342%	10.868%
Tier I Capital Ratio	11.342%	10.868%
Total Capital Ratio	15.431%	14.002%
<u>After proposed dividends</u>		
Common Equity Tier I Capital Ratio	11.342%	10.868%
Tier I Capital Ratio	11.342%	10.868%
Total Capital Ratio	15.431%	14.002%

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

<u>Risk Types</u>	RHB Islamic Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Credit RWA	31,404,442	29,623,743
Credit RWA Absorbed by Profit Sharing Investment Account ('PSIA')	(7,223,198)	(5,665,344)
Market RWA	251,048	63,426
Operational RWA	1,301,716	1,200,381
Total	25,734,008	25,222,206

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

<u>RHB Islamic Bank</u> <u>Risk Types</u>	RWA		Minimum Capital Requirements	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Credit Risk	24,181,244	23,958,399	1,934,500	1,916,672
<i>Under Standardised Approach</i>	31,404,442	29,623,743	2,512,356	2,369,899
<i>Absorbed by PSIA under Standardised Approach</i>	(7,223,198)	(5,665,344)	(577,856)	(453,227)
Market Risk				
<i>Under Standardised Approach</i>	251,048	63,426	20,084	5,074
Operational Risk				
<i>Under Basic Indicator Approach</i>	1,301,716	1,200,381	104,137	96,030
Total	25,734,008	25,222,206	2,058,721	2,017,776

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 4: Capital Structure

	RHB Islamic Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
<u>Common Equity Tier I Capital / Tier I Capital</u>		
Paid up ordinary share capital	1,273,424	1,273,424
Retained profits ¹	1,676,358	766,058
Other reserves ¹	-	762,388
Unrealised losses on AFS financial instruments	(12,307)	(31,944)
Less:		
Deferred tax assets	(17,086)	(25,748)
Ageing Reserves and Liquidity Reserve ²	(1,758)	(2,891)
<u>Total Common Equity Tier I Capital / Tier I Capital</u>	<u>2,918,631</u>	<u>2,741,287</u>
<u>Tier II Capital</u>		
Subordinated obligations ³	750,000	500,000
Collective impairment allowances and regulatory reserves ⁴	302,266	290,408
Total Tier II Capital	1,052,266	790,408
Total Capital	<u>3,970,897</u>	<u>3,531,695</u>

Note

1 During the financial period, the Bank had transferred a total of RM 762,388,000 from statutory reserves to retained profits pursuant to the adoption of the Revised Policy Document.

2 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.

3 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).

4 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 RM165,884,000 (31 December 2016 : RM158,516,000).

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

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 2017

RHB Islamic Bank	Gross	Net Exposures /	Risk Weighted	Risk Weighted	Total Risk	Minimum
<u>Exposure Class</u>	<u>Exposures / EAD</u>	<u>Exposures /</u>	<u>Assets</u>	<u>Assets Absorbed</u>	<u>Weighted Assets</u>	<u>Capital</u>
	before CRM	EAD after CRM	RM'000	by PSIA	After Effect	Requirements
	RM'000	RM'000		RM'000	of PSIA	RM'000
					RM'000	
<u>Exposures under the Standardised Approach</u>						
<u>On Balance Sheet Exposures</u>						
Sovereigns & Central Banks	8,314,109	8,314,109	2,890	-	2,890	231
Public Sector Entities	3,543,999	3,543,999	22,469	-	22,469	1,798
Banks, Development Financial Institutions & MDBs	1,281,210	1,281,210	251,342	-	251,342	20,107
Takaful Cos, Securities Firms & Fund Managers	279,340	277,033	277,033	-	277,033	22,163
Corporates	20,975,904	20,073,579	16,632,391	(6,569,782)	10,062,609	805,009
Regulatory Retail	10,939,878	10,766,220	8,924,214	(544,949)	8,379,265	670,341
Residential Mortgages	7,314,134	7,308,240	2,743,319	(100,311)	2,643,008	211,441
Higher Risk Assets	2,789	2,789	4,183	(254)	3,929	314
Other Assets	191,378	191,378	169,396	-	169,396	13,552
Defaulted Exposures	287,995	281,350	315,648	(7,217)	308,431	24,674
Total On Balance Sheet Exposures	53,130,736	52,039,907	29,342,885	(7,222,513)	22,120,372	1,769,630
<u>Off Balance Sheet Exposures</u>						
OTC Derivatives	711,073	711,052	396,383	-	396,382	31,711
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,371,080	2,192,947	1,661,699	(325)	1,661,374	132,910
Defaulted Exposures	2,461	2,392	3,475	(360)	3,116	249
Total Off Balance Sheet Exposures	3,084,614	2,906,391	2,061,557	(685)	2,060,872	164,870
Total On and Off Balance Sheet Exposures	56,215,350	54,946,298	31,404,442	(7,223,198)	24,181,244	1,934,500

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

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 31 December 2016

RHB Islamic Bank	Gross	Net Exposures /	Risk Weighted	Risk Weighted	Total Risk	Minimum
<u>Exposure Class</u>	<u>Exposures / EAD</u>	<u>Exposures /</u>	<u>Assets</u>	<u>Assets Absorbed</u>	<u>Weighted Assets</u>	<u>Capital</u>
	before CRM	EAD after CRM	RM'000	by PSIA	After Effect	Requirements
	RM'000	RM'000		RM'000	of PSIA	RM'000
					RM'000	
<u>Exposures under the Standardised Approach</u>						
<u>On Balance Sheet Exposures</u>						
Sovereigns & Central Banks	7,599,391	7,599,391	2,984	-	2,984	239
Public Sector Entities	3,373,527	3,368,871	15,871	-	15,871	1,270
Banks, Development Financial Institutions & MDBs	1,649,807	1,649,807	328,976	-	328,976	26,318
Takaful Cos, Securities Firms & Fund Managers	279,341	279,341	279,341	-	279,341	22,347
Corporates	17,276,197	16,922,437	13,685,403	(4,833,584)	8,851,819	708,146
Regulatory Retail	13,299,274	13,182,906	10,387,378	(580,493)	9,806,885	784,551
Residential Mortgages	4,060,558	4,055,084	2,100,993	(76,830)	2,024,163	161,933
Higher Risk Assets	-	-	-	-	-	-
Other Assets	195,111	195,111	174,329	-	174,329	13,946
Defaulted Exposures	280,486	276,094	317,861	(6,556)	311,305	24,904
Total On Balance Sheet Exposures	48,013,692	47,529,042	27,293,136	(5,497,463)	21,795,673	1,743,654
<u>Off Balance Sheet Exposures</u>						
OTC Derivatives	752,161	752,161	548,880	-	548,880	43,910
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,618,936	2,594,554	1,778,925	(167,463)	1,611,462	128,917
Defaulted Exposures	1,873	1,873	2,802	(418)	2,384	191
Total Off Balance Sheet Exposures	3,372,970	3,348,588	2,330,607	(167,881)	2,162,726	173,018
Total On and Off Balance Sheet Exposures	51,386,662	50,877,630	29,623,743	(5,665,344)	23,958,399	1,916,672

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 6a: Exposures for Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 30 June 2017

RHB Islamic Bank	Principal /	Positive	Credit	Risk Weighted
<u>Nature of Item</u>	Notional	Fair Value of	Equivalent	Assets
	Amount	Derivative	Amount	Assets
	RM'000	Contracts	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
Transaction related contingent items	159,852		79,926	55,263
Short term self liquidating trade related contingencies	77,798		15,560	2,487
NIFs and obligations under underwriting agreement	-		-	-
Foreign exchange related contracts	10,251,962	156,017	680,757	389,633
1 year or less	7,611,329	106,090	268,285	159,089
Over 1 year to 5 years	1,663,283	41,044	212,370	113,276
Over 5 years	977,350	8,883	200,102	117,268
Profit rate related contracts	3,548,063	1,898	30,316	6,750
1 year or less	2,110,000	182	3,529	706
Over 1 year to 5 years	1,438,063	1,716	26,787	6,044
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with original maturity of over 1 year	3,920,328		2,139,604	1,503,583
Other commitments, such as formal standby facilities and credit 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 borrower's creditworthiness	2,347,878		138,451	103,841
Total	20,305,881	157,915	3,084,614	2,061,557

Table 6b: Exposures for Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 2016

RHB Islamic Bank	Principal /	Positive	Credit	Risk Weighted
<u>Nature of Item</u>	Notional	Fair Value of	Equivalent	Assets
	Amount	Derivative	Amount	Assets
	RM'000	Contracts	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
Transaction related contingent items	127,119		63,560	38,828
Short term self liquidating trade related contingencies	74,479		14,896	4,441
NIFs and obligations under underwriting agreement	76,000		38,000	38,000
Foreign exchange related contracts	9,343,242	390,248	706,694	539,070
1 year or less	7,577,185	317,585	468,103	400,107
Over 1 year to 5 years	766,434	55,003	110,972	53,921
Over 5 years	999,623	17,660	127,619	85,042
Profit rate related contracts	4,864,448	3,887	45,467	9,810
1 year or less	2,585,000	-	2,253	450
Over 1 year to 5 years	2,279,448	3,887	43,214	9,360
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with original maturity of over 1 year	4,824,220		2,412,110	1,631,271
Other commitments, such as formal standby facilities and credit 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 borrower's creditworthiness	2,183,074		92,243	69,187
Total	21,492,582	394,135	3,372,970	2,330,607

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2017

RHB Islamic Bank	Mining &		Electricity,	Wholesale,		Transport,	Finance,	Education,			Total
Exposure Class	Agriculture	Quarrying	Gas & Water	Retail Trade,	Construction	Storage &	Takaful,	Health &	Household	Others	RM'000
	RM'000	RM'000	Supply	& Hotels	RM'000	Communication	Real Estate	Others	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	RM'000
Exposures under Standardised Approach											
Sovereigns & Central Banks	-	-	-	-	-	-	6,215,679	2,106,690	-	-	8,322,369
Public Sector Entities	-	-	-	-	-	612	-	3,946,146	-	-	3,946,758
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	1,673,935	-	-	-	1,673,935
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	279,340	-	-	-	279,340
Corporates	1,685,878	936,878	1,244,708	383,948	3,506,342	1,190,808	4,399,039	8,548,850	770,227	-	22,666,678
Regulatory Retail	6,811	4,308	76,498	1,233	103,769	201,755	30,478	153,200	13,980	11,109,833	11,701,865
Residential Mortgages	-	-	-	-	-	-	-	-	-	7,429,865	7,429,865
Higher Risk Assets	-	-	-	-	-	-	-	-	-	3,162	3,162
Other Assets	-	-	-	-	-	-	-	-	-	-	191,378
Total	1,692,689	941,186	1,321,206	385,181	3,610,111	1,393,175	4,429,517	16,871,004	6,837,043	18,542,860	191,378
											56,215,350

Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2016

RHB Islamic Bank	Mining &		Electricity,	Wholesale,		Transport,	Finance,	Education,			Total
Exposure Class	Agriculture	Quarrying	Gas & Water	Retail Trade,	Construction	Storage &	Takaful,	Health &	Household	Others	RM'000
	RM'000	RM'000	Supply	& Hotels	RM'000	Communication	Real Estate	Others	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	RM'000
Exposures under Standardised Approach											
Sovereigns & Central Banks	-	-	-	-	-	-	4,144,313	3,467,552	-	-	7,611,865
Public Sector Entities	-	-	-	-	-	428	-	3,764,906	-	-	3,765,334
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	1,959,624	-	-	-	1,959,624
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	280,031	-	-	-	280,031
Corporates	1,420,131	572,876	1,035,959	360,607	2,493,970	858,732	4,453,639	7,134,288	1,072,448	-	19,402,650
Regulatory Retail	48,491	17,505	141,957	8,349	203,095	272,252	64,950	246,016	25,144	12,990,458	14,018,217
Residential Mortgages	-	-	-	-	-	-	-	-	-	4,153,830	4,153,830
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	195,111
Total	1,468,622	590,381	1,177,916	368,956	2,697,065	1,131,412	4,518,589	13,764,272	8,330,050	17,144,288	195,111
											51,386,662

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 30 June 2017

RHB Islamic Bank				
<u>Exposure Class</u>	One year	More than	Over	Total
	or less	one to	five years	
	RM'000	five years	RM'000	RM'000
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	5,337,871	1,362,043	1,622,455	8,322,369
Public Sector Entities	1,601,455	2,010,914	334,389	3,946,758
Banks, Development Financial Institutions & MDBs	1,354,766	210,587	108,582	1,673,935
Takaful Cos, Securities Firms & Fund Managers	453	278,887	-	279,340
Corporates	4,951,696	7,718,644	9,996,338	22,666,678
Regulatory Retail	98,797	2,967,828	8,635,240	11,701,865
Residential Mortgages	1,394	50,073	7,378,398	7,429,865
Higher Risk Assets	-	-	3,162	3,162
Other Assets	-	-	191,378	191,378
Total	13,346,432	14,598,976	28,269,942	56,215,350

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 2016

RHB Islamic Bank				
<u>Exposure Class</u>	One year	More than	Over	Total
	or less	one to	five years	
	RM'000	five years	RM'000	RM'000
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	3,150,687	2,554,948	1,906,230	7,611,865
Public Sector Entities	403,940	2,941,806	419,588	3,765,334
Banks, Development Financial Institutions & MDBs	1,666,154	133,803	159,667	1,959,624
Takaful Cos, Securities Firms & Fund Managers	1,069	278,962	-	280,031
Corporates	3,752,947	6,732,044	8,917,659	19,402,650
Regulatory Retail	534,487	2,631,420	10,852,310	14,018,217
Residential Mortgages	1,956	41,264	4,110,610	4,153,830
Higher Risk Assets	-	-	-	-
Other Assets	-	-	195,111	195,111
Total	9,511,240	15,314,247	26,561,175	51,386,662

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 9a: Portfolios under the Standardised Approach by Risk Weights as at 30 June 2017

RHB Islamic Bank

Exposure Class	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance/ Takaful Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
Supervisory Risk Weights (%)												
0%	8,299,659	3,756,654	25,208	-	1,574,342	-	-	-	21,982	-	13,677,845	-
20%	22,710	185,288	1,648,512	-	1,906,166	119	-	-	-	-	3,762,795	752,559
35%	-	-	-	-	-	-	6,081,140	-	-	-	6,081,140	2,128,399
50%	-	-	60	-	741,085	4,499	1,257,130	-	-	-	2,002,774	1,001,387
75%	-	-	-	-	-	7,796,405	-	-	-	-	7,796,405	5,847,304
100%	-	-	155	277,033	17,367,564	3,626,905	85,378	-	169,396	-	21,526,431	21,526,431
150%	-	-	-	-	58,670	37,076	-	3,162	-	-	98,908	148,362
Total Exposures	8,322,369	3,941,942	1,673,935	277,033	21,647,827	11,465,004	7,423,648	3,162	191,378	-	54,946,298	31,404,442

Table 9b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2016

RHB Islamic Bank

Exposure Class	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance/ Takaful Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
Supervisory Risk Weights (%)												
0%	7,584,473	3,589,517	4,926	-	1,383,301	-	-	-	20,782	-	12,582,999	-
20%	27,392	171,162	1,954,698	-	2,123,632	3,887	-	-	-	-	4,280,771	856,154
35%	-	-	-	-	-	-	2,304,065	-	-	-	2,304,065	806,423
50%	-	-	-	-	777,403	39,308	918,073	-	-	-	1,734,784	867,392
75%	-	-	-	-	-	11,704,265	28,198	-	-	-	11,732,463	8,799,347
100%	-	-	-	280,031	14,698,933	2,094,064	891,434	-	174,329	-	18,138,791	18,138,791
150%	-	-	-	-	56,813	40,664	6,280	-	-	-	103,757	155,636
Total Exposures	7,611,865	3,760,679	1,959,624	280,031	19,040,082	13,882,188	4,148,050	-	195,111	-	50,877,630	29,623,743

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 10a: Rated Exposures According to Ratings by External Credit Assessment Institutions ('ECAIs') as at 30 June 2017

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		-	-	-	-	3,941,942	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	277,033	
Corporates		1,843,789	705,398	-	-	19,098,640	
	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							
	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		-	8,322,369	-	-	-	-
	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		702,759	424,407	2,361	-	-	544,408

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 10b: Rated Exposures According to Ratings by External Credit Assessment Institutions ('ECAIs') as at 31 December 2016

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		-	3,303,878	-	-	456,801	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	280,031	
Corporates		1,925,147	934,236	-	-	16,040,630	
	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		140,069	-	-	-	-	
	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		-	7,611,865	-	-	-	
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
Ratings of Banking Institutions 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
	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		1,435,245	427,402	1,426	-	-	95,551

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2017

Table 11a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2017

RHB Islamic Bank	Gross Exposures Before Credit Risk Mitigation	Gross Exposures Covered by Guarantees / Credit Derivatives	Gross Exposures Covered by Eligible Financial Collateral
<u>Exposure Class</u>	RM'000	RM'000	RM'000
<u>On Balance Sheet Exposures</u>			
Sovereigns & Central Banks	8,314,109	-	-
Public Sector Entities	3,543,999	3,431,655	-
Banks, Development Financial Institutions & MDBs	1,281,210	25,208	-
Takaful Cos, Securities Firms & Fund Managers	279,340	-	2,307
Corporates	20,975,904	1,646,400	902,323
Regulatory Retail	10,939,878	118	173,658
Residential Mortgages	7,314,134	-	5,894
Higher Risk Assets	2,789	-	-
Other Assets	191,378	-	-
Defaulted Exposures	287,995	-	6,646
Total On Balance Sheet Exposures	53,130,736	5,103,381	1,090,828
<u>Off Balance Sheet Exposures</u>			
OTC Derivatives	711,073	-	21
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,371,080	325,000	178,132
Defaulted Exposures	2,461	-	70
Total Off Balance Sheet Exposures	3,084,614	325,000	178,223
Total On and Off Balance Sheet Exposures	56,215,350	5,428,381	1,269,051

Table 11b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2016

RHB Islamic Bank	Gross Exposures Before Credit Risk Mitigation	Gross Exposures Covered by Guarantees / Credit Derivatives	Gross Exposures Covered by Eligible Financial Collateral
<u>Exposure Class</u>	RM'000	RM'000	RM'000
<u>On Balance Sheet Exposures</u>			
Sovereigns & Central Banks	7,599,391	-	-
Public Sector Entities	3,373,527	3,289,514	4,655
Banks, Development Financial Institutions & MDBs	1,649,807	4,927	-
Takaful Cos, Securities Firms & Fund Managers	279,341	-	-
Corporates	17,276,197	1,203,945	353,760
Regulatory Retail	13,299,274	3,887	116,368
Residential Mortgages	4,060,558	-	5,474
Higher Risk Assets	-	-	-
Other Assets	195,111	-	-
Defaulted Exposures	280,486	-	4,393
Total On Balance Sheet Exposures	48,013,692	4,502,273	484,650
<u>Off Balance Sheet Exposures</u>			
OTC Derivatives	752,161	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,618,936	516,667	24,382
Defaulted Exposures	1,873	-	-
Total Off Balance Sheet Exposures	3,372,970	516,667	24,382
Total On and Off Balance Sheet Exposures	51,386,662	5,018,940	509,032

Table 12a: Impaired and Past Due Financing and Allowances for Impairment by Industry Sector as at 30 June 2017

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	339	291,241	-	9,956
Mining & Quarrying	513	263	-	1,042
Manufacturing	23,061	11,961	-	26,353
Electricity, Gas & Water Supply	31,178	47	-	1,569
Construction	41,530	20,968	11,581	19,489
Wholesale, Retail Trade, Restaurants & Hotels	53,003	8,092	3,155	40,779
Transport, Storage & Communication	3,969	93,665	-	14,013
Finance, Takaful, Real Estate & Business	13,871	8,800	-	37,502
Education, Health & Others	11,140	1,601,617	2,841	6,331
Household	208,258	2,685,047	-	77,441
Others	-	-	-	2,917
Total	386,862	4,721,701	17,577	237,392

Table 12b: Impaired and Past Due Financing and Allowances for Impairment by Industry Sector as at 31 December 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	324	1,173	-	8,867
Mining & Quarrying	-	20	-	888
Manufacturing	22,105	12,169	-	24,194
Electricity, Gas & Water Supply	4,771	63	-	1,786
Construction	38,843	14,305	9,362	20,601
Wholesale, Retail Trade, Restaurants & Hotels	48,334	9,614	3,692	30,809
Transport, Storage & Communication	2,094	3,115	-	14,964
Finance, Takaful, Real Estate & Business	42,664	29,502	-	35,169
Education, Health & Others	11,568	1,103,312	2,810	7,178
Household	222,393	3,352,927	-	92,069
Others	-	-	-	-
Total	393,096	4,526,200	15,864	236,525

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

RHB Islamic Bank	Six Months Period Ended 30.06.2017		Twelve Months Period Ended 31.12.2016	
	<u>Net Charges/(Write-back) for Individual Impairment Allowances</u>	<u>Write Offs</u>	<u>Net Charges/(Write-back) for Individual Impairment Allowances</u>	<u>Write Offs</u>
<u>Industry Sector</u>	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	-
Mining & Quarrying	-	-	-	-
Manufacturing	-	-	(458)	5,850
Electricity, Gas & Water Supply	-	-	-	-
Construction	2,219	-	(877)	223
Wholesale, Retail Trade, Restaurants & Hotels	(537)	-	(1,521)	3,938
Transport, Storage & Communication	-	-	-	-
Finance, Takaful, Real Estate & Business	-	-	-	-
Education, Health & Others	31	-	(582)	-
Household	-	(16,221)	-	32,132
Others	-	-	-	2,234
Total	1,713	(16,221)	(3,438)	44,377

Note: 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 2017

Table 14: Reconciliation of Changes to Financing Impairment Allowances

RHB Islamic Bank	30.06.2017	31.12.2016
	RM'000	RM'000
Individual Impairment Allowance		
Balance as at the beginning of the financial period/year	15,864	22,649
Net allowance made/(written back)	1,713	(3,438)
Amount written off	-	(3,347)
Balance as at the end of the financial period/year	17,577	15,864

RHB Islamic Bank	30.06.2017	31.12.2016
	RM'000	RM'000
Collective Impairment Allowance		
Balance as at the beginning of the financial period/year	236,525	199,653
Net allowance made	17,088	77,902
Amount written off	(16,221)	(41,030)
Balance as at the end of the financial period/year	237,392	236,525

Note: All impaired, past due and allowances for impaired financing are for credit exposures booked in Malaysia.

Table 15a: Market Risk Weighted Assets and Minimum Capital Requirements as at 30 June 2017

RHB Islamic Bank	Long Position	Short Position	Risk Weighted Assets	Minimum Capital Requirements
<u>Market Risk</u>	RM'000	RM'000	RM'000	RM'000
Profit Rate Risk	1,906,102	1,753,416	115,252	9,220
Foreign Currency Risk	135,797	7,497	135,796	10,864
Total			251,048	20,084

Table 15b: Market Risk Weighted Assets and Minimum Capital Requirements as at 31 December 2016

RHB Islamic Bank	Long Position	Short Position	Risk Weighted Assets	Minimum Capital Requirements
<u>Market Risk</u>	RM'000	RM'000	RM'000	RM'000
Profit Rate Risk	248,081	238,572	10,793	863
Foreign Currency Risk	44,311	52,633	52,633	4,211
Total			63,426	5,074

Note:

As at 30 June 2017 and 31 December 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 2017

Table 16a: Rate of Return Risk in the Banking Book as at 30 June 2017

<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	48,920	(48,920)	(258,680)	258,680
USD - US Dollar	3,077	(3,077)	2,103	(2,103)
Others ¹	343	(343)	95	(95)
Total	52,340	(52,340)	(256,482)	256,482

Table 16b: Rate of Return Risk in the Banking Book as at 31 December 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	(4,173)	4,173	(335,841)	335,841
USD - US Dollar	1,122	(1,122)	367	(367)
Others ¹	(400)	400	201	(201)
Total	(3,451)	3,451	(335,273)	335,273

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.

Table 17: Operational Risk Weighted Assets and Minimum Capital Requirements

<u>Operational Risk</u>	RHB Islamic Bank	
	30.06.2017	31.12.2016
	RM'000	RM'000
Risk Weighted Assets	1,301,716	1,200,381
Minimum Capital Requirements	104,137	96,030