

RHB Islamic Bank Berhad
Basel II Pillar 3 Disclosures
30 June 2020

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

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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 Disclosures of RHB Islamic Bank Berhad as at 30 June 2020 are accurate and complete.

DATO' ADISSADIKIN BIN ALI
Managing Director

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INTRODUCTION

This document describes RHB Islamic Bank Berhad's (RHB Islamic Bank) risk profile and capital adequacy position 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).

BNM's guidelines on Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) provide and specify the approaches for quantifying the risk-weighted assets for credit risk, market risk and operational risk.

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

Entity	Credit Risk	Market Risk	Operational Risk
RHB Islamic Bank Berhad	Internal Ratings-Based Approach	Standardised Approach	Basic Indicator Approach

This document covers quantitative information as at 30 June 2020 with comparative quantitative information of the preceding financial year as at 31 December 2019. This disclosure report has been verified and approved internally in line with the RHB Banking Group Pillar 3 Disclosure Policy.

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 2020.

The Bank's capital requirements are guided by BNM's Capital Adequacy Framework for Islamic Banks (Capital Components).

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Table 1: Capital Adequacy Ratios

	RHB Islamic Bank	
	30.06.2020	31.12.2019
<u>Before proposed dividends</u>		
Common Equity Tier I Capital Ratio	13.753%	13.922%
Tier I Capital Ratio	13.753%	13.922%
Total Capital Ratio	16.699%	16.939%
<u>After proposed dividends</u>		
Common Equity Tier I Capital Ratio	13.753%	13.627%
Tier I Capital Ratio	13.753%	13.627%
Total Capital Ratio	16.699%	16.644%

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

<u>Risk Types</u>	RHB Islamic	
	30.06.2020	31.12.2019
	RM'000	RM'000
Credit RWA	30,639,038	29,308,355
Credit RWA Absorbed by Profit Sharing Investment Accounts (PSIA)	(6,021,817)	(5,833,615)
Market RWA	229,487	293,518
Operational RWA	2,045,732	1,937,774
Additional RWA due to Capital Floor	4,546,066	4,746,219
Total RWA	31,438,506	30,452,251

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

RHB Islamic Bank <u>Risk Types</u>	RWA		Minimum Capital Requirements	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Credit Risk	24,617,221	23,474,740	1,969,378	1,877,979
Under Foundation Internal Rating Based (F-IRB) Approach	16,370,332	15,768,181	1,309,627	1,261,454
Under Advanced Internal Rating Based (A-IRB) Approach	8,807,974	8,228,983	704,638	658,319
Under Standardised Approach	5,460,732	5,311,191	436,859	424,895
Absorbed by PSIA under F-IRB Approach	(4,948,494)	(4,837,663)	(395,880)	(387,013)
Absorbed by PSIA under Standardised Approach	(1,073,323)	(995,952)	(85,866)	(79,676)
Market Risk				
Under Standardised Approach	229,487	293,518	18,359	23,481
Operational Risk				
Under Basic Indicator Approach	2,045,732	1,937,774	163,659	155,022
Additional RWA due to Capital Floor	4,546,066	4,746,219	363,685	379,698
Total	31,438,506	30,452,251	2,515,081	2,436,180

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Table 4: Capital Structure

	RHB Islamic Bank	
	30.06.2020	31.12.2019
	RM'000	RM'000
<u>Common Equity Tier I Capital/Tier I Capital</u>		
Paid up ordinary share capital	1,673,424	1,673,424
Retained profits	2,578,537	2,530,491
Fair value through other comprehensive income (FVOCI) reserves	207,934	117,635
Less:		
Other intangibles	(2,830)	(3,295)
Deferred tax assets	(17,571)	(12,068)
55% of cumulative gains arising from change in value of FVOCI instruments	(114,364)	(64,699)
Other deductions*	(1,478)	(1,955)
<u>Total Common Equity Tier I Capital / Tier I Capital</u>	<u>4,323,652</u>	<u>4,239,533</u>
<u>Tier II Capital</u>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	121,379	114,957
General provisions [^]	54,843	53,940
<u>Total Tier II Capital</u>	<u>926,222</u>	<u>918,897</u>
<u>Total Capital</u>	<u>5,249,874</u>	<u>5,158,430</u>

* Pursuant to the Basel II Market Risk para 5.18 and 5.19 – Valuation Adjustments, the Capital Adequacy Framework for Islamic Banks (Basel II - Risk Weighted Assets) calculation shall account for the ageing, liquidity and holding back adjustments / reserves on its trading portfolio.

[^] Pursuant to BNM's policy document on Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 Financial Instruments; and regulatory reserves, to the extent they are ascribed to non-credit-impaired exposures, determined under standardised approach.

Includes the qualifying regulatory reserve of the Bank of RM45,062,000 (31 December 2019 : RM44,447,000).

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 2020

RHB Islamic Bank	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk- Weighted Assets	Risk- Weighted Assets Absorbed by PSIA	Total Risk- Weighted Assets After Effect of PSIA	Minimum Capital Requirements
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposures under Standardised Approach (SA)						
On-Balance Sheet Exposures						
Sovereigns & Central Banks	4,824,370	4,824,370	-	-	-	-
Public Sector Entities	8,783,169	8,711,569	10,458	-	10,458	837
Banks, Development Financial Institutions & MDBs	1,043,721	1,043,721	218,469	-	218,469	17,478
Takaful Cos, Securities Firms & Fund Managers	175,790	175,790	175,790	-	175,790	14,063
Corporates	559,860	485,038	476,851	-	476,851	38,148
Regulatory Retail	4,295,101	4,293,945	4,244,373	(1,073,171)	3,171,202	253,696
Residential Financing	5,067	5,067	1,992	-	1,992	159
Other Assets	258,859	258,859	235,689	-	235,689	18,855
Defaulted Exposures	5,139	5,139	4,036	(152)	3,884	311
Total On-Balance Sheet Exposures	19,951,076	19,803,498	5,367,658	(1,073,323)	4,294,335	343,547
Off-Balance Sheet Exposures						
OTC Derivatives	228,815	228,815	45,763	-	45,763	3,661
Off-balance sheet exposures other than OTC derivatives or credit derivatives	201,523	193,309	47,311	-	47,311	3,785
Defaulted Exposures	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	430,338	422,124	93,074	-	93,074	7,446
Total On and Off-Balance Sheet Exposures under SA	20,381,414	20,225,622	5,460,732	(1,073,323)	4,387,409	350,993
Exposures under F-IRB Approach						
On-Balance Sheet Exposures						
Corporates, of which	24,692,120	24,692,120	14,419,924	(4,668,391)	9,751,533	780,122
Corporate Exposures (excluding exposures with firm size adjustments)	14,859,317	15,244,535	9,084,584	(3,478,416)	5,606,168	448,493
Corporate Exposures (with firm size adjustments)	7,792,877	7,792,877	3,989,897	(939,982)	3,049,915	243,993
Specialised Financing Exposures (Slotting Approach)						
Project Finance	77,435	25,018	41,952	-	41,952	3,356
Income Producing Real Estate	1,962,491	1,629,690	1,303,491	(249,993)	1,053,498	84,280
Defaulted Exposures	132,925	132,925	18	-	18	1
Total On-Balance Sheet Exposures	24,825,045	24,825,045	14,419,942	(4,668,391)	9,751,551	780,123
Off-Balance Sheet Exposures						
OTC Derivatives	66,942	66,942	127,337	-	127,337	10,187
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,183,971	2,183,971	896,430	-	896,430	71,714
Defaulted Exposures	45	45	-	-	-	-
Total Off-Balance Sheet Exposures	2,250,958	2,250,958	1,023,767	-	1,023,767	81,901
Exposures under A-IRB Approach						
On-Balance Sheet Exposures						
Retail, of which	32,784,912	32,784,912	7,631,078	-	7,631,078	610,487
Residential Financing Exposures	15,087,276	15,087,276	3,458,421	-	3,458,421	276,674
Qualifying Revolving Retail Exposures	258,636	258,636	201,847	-	201,847	16,148
Hire Purchase Exposures	7,381,267	7,381,267	2,524,835	-	2,524,835	201,987
Other Retail Exposures	10,057,733	10,057,733	1,445,975	-	1,445,975	115,678
Defaulted Exposures	387,511	387,511	70,966	-	70,966	5,677
Total On-Balance Sheet Exposures	33,172,423	33,172,423	7,702,044	-	7,702,044	616,164
Off-Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,304,297	3,304,297	595,559	-	595,559	47,645
Defaulted Exposures	11,696	11,696	11,807	-	11,807	945
Total Off-Balance Sheet Exposures	3,315,993	3,315,993	607,366	-	607,366	48,590
Total On and Off-Balance Sheet Exposures before scaling factor under the IRB Approach	63,564,419	63,564,419	23,753,119	(4,668,391)	19,084,728	1,526,778
Total On and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach			25,178,306	(4,948,494)	20,229,812	1,618,385
Total (Exposures under the SA Approach and Exposures under the IRB Approach)	83,945,833	83,790,041	30,639,038	(6,021,817)	24,617,221	1,969,378

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 2019

RHB Islamic Bank	Gross Exposures/ EAD before CRM	Net Exposures/ EAD after CRM	Risk- Weighted Assets RM'000	Risk- Weighted Assets Absorbed by PSIA RM'000	Total Risk- Weighted Assets After Effect of PSIA RM'000	Minimum Capital Requirements RM'000
Exposures under Standardised Approach (SA)						
On-Balance Sheet Exposures						
Sovereigns & Central Banks	6,777,486	6,777,486	-	-	-	-
Public Sector Entities	6,142,187	6,073,065	8,067	-	8,067	645
Banks, Development Financial Institutions & MDBs	727,307	727,307	156,512	-	156,512	12,521
Takaful Cos, Securities Firms & Fund Managers	175,423	175,423	175,423	-	175,423	14,034
Corporates	692,364	584,003	575,823	-	575,823	46,066
Regulatory Retail	4,066,447	4,065,101	4,012,321	(995,766)	3,016,555	241,324
Residential Financing	4,404	4,404	1,718	-	1,718	137
Other Assets	295,735	295,735	273,623	-	273,623	21,890
Defaulted Exposures	6,352	6,352	4,782	(186)	4,596	368
Total On-Balance Sheet Exposures	18,887,705	18,708,876	5,208,269	(995,952)	4,212,317	336,985
Off-Balance Sheet Exposures						
OTC Derivatives	385,572	385,572	77,351	-	77,351	6,188
Off-balance sheet exposures other than OTC derivatives or credit derivatives	426,788	400,377	25,571	-	25,571	2,046
Defaulted Exposures	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	812,360	785,949	102,922	-	102,922	8,234
Total On and Off-Balance Sheet Exposures under SA	19,700,065	19,494,825	5,311,191	(995,952)	4,315,239	345,219
Exposures under F-IRB Approach						
On-Balance Sheet Exposures						
Corporates, of which	24,499,554	24,499,554	13,747,723	(4,559,692)	9,188,031	735,043
Corporate Exposures (excluding exposures with firm size adjustments)	14,962,322	15,270,474	8,586,742	(3,187,602)	5,399,140	431,931
Corporate Exposures (with firm size adjustments)	7,779,676	7,779,676	4,008,705	(1,225,032)	2,783,673	222,694
Specialised Financing Exposures (Slotting Approach)	-	-	-	-	-	-
Project Finance	75,183	10,099	9,699	-	9,699	776
Income Producing Real Estate	1,682,373	1,439,305	1,142,577	(147,058)	995,519	79,642
Defaulted Exposures	148,626	148,626	-	-	-	-
Total On-Balance Sheet Exposures	24,648,180	24,648,180	13,747,723	(4,559,692)	9,188,031	735,043
Off-Balance Sheet Exposures						
OTC Derivatives	27,063	27,063	47,307	-	47,307	3,785
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,525,712	2,525,712	1,080,612	(4,141)	1,076,471	86,118
Defaulted Exposures	45	45	-	-	-	-
Total Off-Balance Sheet Exposures	2,552,820	2,552,820	1,127,919	(4,141)	1,123,778	89,903
Exposures under A-IRB Approach						
On-Balance Sheet Exposures						
Retail, of which	31,194,601	31,194,601	7,087,382	-	7,087,382	566,990
Residential Financing Exposures	14,230,978	14,230,978	3,130,379	-	3,130,379	250,430
Qualifying Revolving Retail Exposures	284,437	284,437	207,085	-	207,085	16,567
Hire Purchase Exposures	7,248,212	7,248,212	2,417,130	-	2,417,130	193,370
Other Retail Exposures	9,430,974	9,430,974	1,332,788	-	1,332,788	106,623
Defaulted Exposures	407,747	407,747	82,691	-	82,691	6,615
Total On-Balance Sheet Exposures	31,602,348	31,602,348	7,170,073	-	7,170,073	573,605
Off-Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,226,091	3,226,091	580,484	-	580,484	46,439
Defaulted Exposures	12,438	12,438	12,635	-	12,635	1,011
Total Off-Balance Sheet Exposures	3,238,529	3,238,529	593,119	-	593,119	47,450
Total On and Off-Balance Sheet Exposures before scaling factor under the IRB Approach	62,041,877	62,041,877	22,638,834	(4,563,833)	18,075,001	1,446,001
Total On and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach			23,997,164	(4,837,663)	19,159,501	1,532,760
Total (Exposures under the SA Approach and Exposures under the IRB Approach)	81,741,942	81,536,702	29,308,355	(5,833,615)	23,474,740	1,877,979

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Table 6a: Exposures on Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation)
as at 30 June 2020

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	266,815		133,407	81,848
Short term self liquidating trade related contingencies	148,217		29,643	13,455
Foreign exchange related contracts	1,047,068	14,251	31,846	17,262
1 year or less	1,047,068	14,251	31,846	17,262
Over 1 year to 5 years	-	-	-	-
Profit rate related contracts	869,720	-	1,109	222
1 year or less	869,720	-	1,109	222
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	17,041,807	35,249	262,802	155,616
Other commitments, such as formal standby facilities and financing lines, with original maturity of over 1 year	6,524,530		5,409,873	1,430,112
Other commitments, such as formal standby facilities and financing lines, with original maturity of up to 1 year	147		147	-
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	2,535,443		128,462	25,692
Total	28,433,747	49,500	5,997,289	1,724,207

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Table 6b: Exposures on Off Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation)
as at 31 December 2019

RHB Islamic Bank	Principal/ Notional Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Nature of Item</u>				
Transaction related contingent items	260,081		130,040	76,244
Short term self liquidating trade related contingencies	95,289		19,058	8,354
Foreign exchange related contracts	965,956	4,057	18,985	14,262
1 year or less	959,821	4,057	18,658	13,693
Over 1 year to 5 years	6,135	-	327	569
Profit rate related contracts	1,770,000	-	890	178
1 year or less	1,770,000	-	890	178
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	12,629,594	62,131	392,760	110,218
Other commitments, such as formal standby facilities and financing lines, with original maturity of over 1 year	7,522,933		6,016,643	1,614,704
Other commitments, such as formal standby facilities and financing lines, with original maturity of up to 1 year	30,233		25,333	-
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	2,266,736		-	-
Total	25,540,822	66,188	6,603,709	1,823,960

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Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2020

RHB Islamic Bank	Agriculture		Mining & Quarrying		Manufacturing		Electricity, Gas & Water		Construction		Wholesale, Retail Trade, Restaurants & Hotels		Transport, Storage & Communication		Finance, Insurance/ 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	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,236,099	1,596,513	-	-	-	-	-	-	-	-	4,832,612
Public Sector Entities	-	-	-	-	-	20,578	-	-	-	-	-	-	-	-	3,537,041	5,357,576	-	-	-	-	-	-	-	-	8,915,195
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,314,531	-	-	-	-	-	-	-	-	-	1,314,531
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,790	-	-	-	-	-	-	-	-	-	175,790
Corporates	11,667	4,004	38,113	1,376	57,979	82,330	21,810	335,294	26,707	594	-	-	-	579,874											
Regulatory Retail	1,811	869	14,952	560	11,140	19,007	3,912	11,428	646	4,235,157	-	-	-	4,299,482											
Residential Financing	-	-	-	-	-	-	-	-	-	5,071	-	-	-	5,071											
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	258,859	-	-	258,859	
Total Exposures under Standardised Approach	13,478	4,873	53,065	1,936	89,697	101,337	25,722	8,610,183	6,981,442	4,240,822	258,859	-	-	20,381,414											
Exposures under IRB Approach																									
Corporates, of which	1,591,997	781,621	1,793,694	905,000	6,529,040	1,462,983	5,762,136	7,865,063	384,469	-	-	-	-	27,076,003											
Corporate Exposures (excluding exposures with firm size adjustments)	770,394	761,521	1,141,746	846,746	2,193,935	840,730	4,148,244	5,307,080	122,953	-	-	-	-	16,133,349											
Corporate Exposures (with firm size adjustments)	821,603	20,100	651,948	9,949	2,459,086	622,253	1,438,481	2,367,580	261,516	-	-	-	-	8,652,516											
Specialised Financing Exposures (Slotting Approach)	-	-	-	48,305	14,538	-	-	16,095	-	-	-	-	-	78,938											
Income Producing Real Estate	-	-	-	-	1,861,481	-	175,411	174,308	-	-	-	-	-	2,211,200											
Retail, of which	60,767	12,566	411,736	2,409	419,876	1,082,438	156,718	461,547	50,303	33,830,056	-	-	36,488,416												
Residential Financing Exposures	-	-	-	-	-	-	-	-	-	15,511,342	-	-	-	15,511,342											
Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	394,006	-	-	-	394,006											
Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	7,421,330	-	-	-	7,421,330											
Other Retail Exposures	60,767	12,566	411,736	2,409	419,876	1,082,438	156,718	461,547	50,303	10,503,378	-	-	-	13,161,738											
Total Exposures under IRB Approach	1,652,764	794,187	2,205,430	907,409	6,948,916	2,545,421	5,918,854	8,326,610	434,772	33,830,056	-	-	63,564,419												
Total Exposures under Standardised and IRB Approaches	1,666,242	799,060	2,258,495	909,345	7,038,613	2,646,758	5,944,576	16,936,793	7,416,214	38,070,878	258,859	-	-	83,945,833											

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Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2019

RHB Islamic Bank <u>Exposure Class</u>	Mining & Quarrying		Manufacturing	Electricity, Gas & Water		Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance/ Takaful, Real Estate & Business		Education, Health & Others	Household	Others	Total
	Agriculture	Quarrying		Supply	Construction			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
<u>Exposures under Standardised Approach</u>													
Sovereigns & Central Banks	-	-	-	-	-	-	-	5,146,979	1,638,379	-	-	-	6,785,358
Public Sector Entities	-	-	-	-	20,622	-	-	2,069,242	4,563,772	-	-	-	6,653,636
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	980,888	-	-	-	-	980,888
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	175,423	-	-	-	-	175,423
Corporates	12,259	3,904	35,892	1,162	63,409	84,763	22,476	469,698	23,842	11,385	-	-	728,790
Regulatory Retail	2,775	921	9,129	577	14,241	18,353	4,550	7,541	422	4,017,318	-	-	4,075,827
Residential Financing	-	-	-	-	-	-	-	-	-	4,408	-	-	4,408
Other Assets	-	-	-	-	-	-	-	-	-	-	-	295,735	295,735
Total Exposures under Standardised Approach	15,034	4,825	45,021	1,739	98,272	103,116	27,026	8,849,771	6,226,415	4,033,111	295,735	295,735	19,700,065
<u>Exposures under IRB Approach</u>													
Corporates, of which	1,570,173	740,698	1,884,566	704,312	6,322,979	1,321,135	6,004,078	8,242,367	410,692	-	-	-	27,201,000
Corporate Exposures (excluding exposures with firm size adjustments)	765,723	717,216	1,274,568	561,845	1,851,055	800,613	4,315,527	5,818,652	181,868	-	-	-	16,287,067
Corporate Exposures (with firm size adjustments)	804,450	23,482	609,998	94,706	2,722,271	520,522	1,529,912	2,303,964	228,824	-	-	-	8,838,129
Specialised Financing Exposures (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-	-
Project Finance	-	-	-	47,761	12,787	-	-	17,323	-	-	-	-	77,871
Income Producing Real Estate	-	-	-	-	1,736,866	-	158,639	102,428	-	-	-	-	1,997,933
Retail, of which	60,557	6,612	366,440	2,346	363,349	945,290	134,912	437,912	46,768	32,476,691	-	-	34,840,877
Residential Financing Exposures	-	-	-	-	-	-	-	-	-	14,646,542	-	-	14,646,542
Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	426,988	-	-	426,988
Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	7,290,278	-	-	7,290,278
Other Retail Exposures	60,557	6,612	366,440	2,346	363,349	945,290	134,912	437,912	46,768	10,112,883	-	-	12,477,069
Total Exposures under IRB Approach	1,630,730	747,310	2,251,006	706,658	6,686,328	2,266,425	6,138,990	8,680,279	457,460	32,476,691	-	-	62,041,877
Total Exposures under Standardised and IRB Approaches	1,645,764	752,135	2,296,027	708,397	6,784,600	2,369,541	6,166,016	17,530,050	6,683,875	36,509,802	295,735	295,735	81,741,942

RHB ISLAMIC BANK
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Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 30 June 2020

RHB Islamic Bank	One year or less	More than one to five years	Over five years	Total
Exposure Class	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	3,230,961	193,977	1,407,674	4,832,612
Public Sector Entities	3,099,698	646,727	5,168,770	8,915,195
Banks, Development Financial Institutions & MDBs	474,672	238,978	600,881	1,314,531
Takaful Cos, Securities Firms & Fund Managers	175,790	-	-	175,790
Corporates	121,921	330,098	127,855	579,874
Regulatory Retail	12,143	558,863	3,728,476	4,299,482
Residential Financing	-	131	4,940	5,071
Other Assets	-	-	258,859	258,859
Total Exposures under Standardised Approach	7,115,185	1,968,774	11,297,455	20,381,414
<u>Exposures under IRB Approach</u>				
Corporates, of which	5,328,865	12,341,494	9,405,644	27,076,003
Corporate Exposures (excluding exposures with firm size adjustments)	2,515,609	8,980,001	4,637,739	16,133,349
Corporate Exposures (with firm size adjustments)	2,759,189	2,664,441	3,228,886	8,652,516
Specialised Financing Exposures (Slotting Approach)	3,281	25,440	50,217	78,938
Income Producing Real Estate	50,786	671,612	1,488,802	2,211,200
Retail, of which	400,734	3,409,939	32,677,743	36,488,416
Residential Financing Exposures	2,514	45,937	15,462,891	15,511,342
Qualifying Revolving Retail Exposures	75,727	315,770	2,509	394,006
Hire Purchase Exposures	49,718	1,750,980	5,620,632	7,421,330
Other Retail Exposures	272,775	1,297,252	11,591,711	13,161,738
Total Exposures under IRB Approach	5,729,599	15,751,433	42,083,387	63,564,419
Total Exposures under Standardised and IRB Approaches	12,844,784	17,720,207	53,380,842	83,945,833

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 2019

RHB Islamic Bank	One year or less	More than one to five years	Over five years	Total
Exposure Class	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	3,444,972	167,580	3,172,806	6,785,358
Public Sector Entities	2,019,536	974,907	3,659,193	6,653,636
Banks, Development Financial Institutions & MDBs	657,883	316,595	6,410	980,888
Takaful Cos, Securities Firms & Fund Managers	175,159	264	-	175,423
Corporates	357,806	249,933	121,051	728,790
Regulatory Retail	15,820	587,022	3,472,985	4,075,827
Residential Financing	-	144	4,264	4,408
Other Assets	-	-	295,735	295,735
Total Exposures under Standardised Approach	6,671,176	2,296,445	10,732,444	19,700,065
<u>Exposures under IRB Approach</u>				
Corporates, of which	5,626,693	12,452,635	9,121,672	27,201,000
Corporate Exposures (excluding exposures with firm size adjustments)	3,071,233	8,836,936	4,378,898	16,287,067
Corporate Exposures (with firm size adjustments)	2,496,671	2,969,666	3,371,792	8,838,129
Specialised Financing Exposures (Slotting Approach)	1,384	24,982	51,505	77,871
Income Producing Real Estate	57,405	621,051	1,319,477	1,997,933
Retail, of which	315,889	3,672,641	30,852,347	34,840,877
Residential Financing Exposures	3,278	48,633	14,594,631	14,646,542
Qualifying Revolving Retail Exposures	49,551	375,575	1,862	426,988
Hire Purchase Exposures	94,418	1,975,545	5,220,315	7,290,278
Other Retail Exposures	168,642	1,272,888	11,035,539	12,477,069
Total Exposures under IRB Approach	5,942,582	16,125,276	39,974,019	62,041,877
Total Exposures under Standardised and IRB Approaches	12,613,758	18,421,721	50,706,463	81,741,942

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 9a: Portfolios under the Standardised Approach by Risk Weights as at 30 June 2020

RHB Islamic Bank

<u>Exposure Class</u>	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Takaful Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Financing RM'000	Other Assets RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
Supervisory Risk Weights (%)										
0%	4,824,370	8,659,280	67,031	-	-	-	-	23,170	13,573,851	-
20%	8,242	183,911	1,170,399	-	10,233	-	-	-	1,372,785	274,557
35%	-	-	-	-	-	-	3,752	-	3,752	1,313
50%	-	-	77,101	-	690	1,519	1,277	-	80,587	40,294
75%	-	-	-	-	-	200,319	-	-	200,319	150,239
100%	-	-	-	175,790	486,638	4,096,167	42	235,689	4,994,326	4,994,326
150%	-	-	-	-	2	-	-	-	2	3
Total Exposures	4,832,612	8,843,191	1,314,531	175,790	497,563	4,298,005	5,071	258,859	20,225,622	5,460,732

Table 9b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2019

RHB Islamic Bank

<u>Exposure Class</u>	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Takaful Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Financing RM'000	Other Assets RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
Supervisory Risk Weights (%)										
0%	6,777,486	6,357,731	30,883	-	-	-	-	22,112	13,188,212	-
20%	7,872	224,905	891,823	-	10,225	-	-	-	1,134,825	226,965
35%	-	-	-	-	-	-	3,529	-	3,529	1,235
50%	-	-	58,182	-	692	2,450	790	-	62,114	31,057
75%	-	-	-	-	-	216,849	-	-	216,849	162,637
100%	-	-	-	175,423	585,428	3,854,731	89	273,623	4,889,294	4,889,294
150%	-	-	-	-	2	-	-	-	2	3
Total Exposures	6,785,358	6,582,636	980,888	175,423	596,347	4,074,030	4,408	295,735	19,494,825	5,311,191

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BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 10a: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 30 June 2020

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		26,991	-	-	-	8,816,200	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	175,790	
Corporates		10,233	-	-	-	487,330	
Ratings of Sovereigns and Central Banks by Approved ECAIs							
	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
<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		-	4,832,612	-	-	-	-
Ratings of Banking Institutions by Approved ECAIs							
	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 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		852,708	333,045	925	-	-	127,853

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BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 10b: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 31 December 2019

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		26,520	-	-	-	6,556,116	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	175,423	
Corporates		10,225	-	-	-	586,122	
Ratings of Sovereigns and Central Banks by Approved ECAIs	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
<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		-	6,785,358	-	-	-	-
Ratings of Banking Institutions by Approved ECAIs	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 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		843,755	22,090	1,099	-	-	113,944

RHB ISLAMIC BANK
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Table 11a: Exposures Subject to the Supervisory Risk Weights under the IRB Approach as at 30 June 2020

Disclosure on Specialised Financing Exposures under the Supervisory Slotting Criteria

RHB Islamic Bank

<u>Supervisory Categories/Risk Weights</u>	Exposure After Credit Risk Mitigation					Total RM'000
	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	
Specialised Financing Exposures						
Project Finance	-	9,181	5,357	11,983	-	26,521
Income Producing Real Estate	657,426	1,081,995	75,171	-	-	1,814,592
Total Exposures after Credit Risk Mitigation	657,426	1,091,176	80,528	11,983	-	1,841,113
Total Risk-Weighted Assets	424,912	954,376	92,607	29,958	-	1,501,853

Table 11b: Exposures Subject to the Supervisory Risk Weights under the IRB Approach as at 31 December 2019

Disclosure on Specialised Financing Exposures under the Supervisory Slotting Criteria

RHB Islamic Bank

<u>Supervisory Categories/Risk Weights</u>	Exposure After Credit Risk Mitigation					Total RM'000
	Strong RM'000	Good RM'000	Satisfactory RM'000	Weak RM'000	Default RM'000	
Specialised Financing Exposures						
Project Finance	-	7,438	5,349	-	-	12,787
Income Producing Real Estate	608,637	1,066,645	35,553	-	-	1,710,835
Total Exposures after Credit Risk Mitigation	608,637	1,074,083	40,902	-	-	1,723,622
Total Risk-Weighted Assets	391,580	942,021	47,037	-	-	1,380,638

Table 12a: Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weight as at 30 June 2020

RHB Islamic Bank	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000
<u>Probability of Default (PD) Range (%)</u>				
<u>Non Retail Exposures</u>				
Corporate Exposures (excluding exposures with firm size adjustments)				
0 to 1	10,210,681	37.96	42.02	1,001,482
>1 to 4	4,668,784	25.46	60.40	1,227,693
>4 to 12	1,443,035	39.88	166.47	311,902
>12 to <100	212,369	0.56	2.97	1
Default or 100	47,505	44.84	0.00	-
Total for Corporate Exposures (excluding exposures with firm size adjustments)	16,582,374			2,541,078
Corporate Exposures (with firm size adjustments)				
0 to 1	3,889,342	34.57	39.70	863,674
>1 to 4	2,288,198	38.45	75.28	539,385
>4 to 12	927,776	29.40	85.33	175,857
>12 to <100	1,461,735	6.01	24.95	28,086
Default or 100	85,465	37.41	0.02	-
Total for Corporate Exposures (with firm size adjustments)	8,652,516			1,607,002
Total Non Retail Exposures	25,234,890			4,148,080
<u>Retail Exposures</u>				
Residential Financing Exposures				
0 to 3	13,741,094	16.48	18.32	225,977
>3 to 10	1,072,518	16.71	50.53	3,323
>10 to 20	30,630	16.02	86.87	183
>20 to <100	472,899	16.51	87.71	382
Default or 100	194,201	16.55	26.94	2,984
Total for Residential Financing Exposures	15,511,342			232,849
Qualifying Revolving Retail Exposures				
0 to 3	166,434	57.64	28.70	325,072
>3 to 10	152,216	57.49	75.67	60,737
>10 to 20	39,731	55.24	116.80	8,925
>20 to <100	30,520	54.17	152.55	4,749
Default or 100	5,105	55.14	142.44	-
Total for Qualifying Revolving Retail Exposures	394,006			399,483
Hire Purchase Exposures				
0 to 3	7,043,914	43.92	31.72	-
>3 to 10	65,870	46.07	69.18	-
>10 to 20	232,028	44.93	85.05	-
>20 to <100	39,455	45.26	120.19	-
Default or 100	40,063	45.52	6.35	-
Total Hire Purchase Exposures	7,421,330			-
Other Retail Exposures				
0 to 3	8,626,418	19.14	17.19	3,032,215
>3 to 10	3,597,387	5.88	8.76	93,487
>10 to 20	357,676	8.74	18.88	3,863
>20 to <100	420,419	7.82	19.04	13,641
Default or 100	159,838	20.90	12.91	8,671
Total Other Retail Exposures	13,161,738			3,151,877
Total Retail Exposures	36,488,416			3,784,209
Total Non Retail & Retail Exposures under IRB Approach	61,723,306			7,932,289

Table 12b: Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weight as at 31 December 2019

RHB Islamic Bank	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000
<u>Probability of Default (PD) Range (%)</u>				
Non Retail Exposures				
Corporate Exposures (excluding exposures with firm size adjustments)				
0 to 1	11,296,296	39.06	43.66	937,607
>1 to 4	2,083,449	42.80	101.59	351,653
>4 to 12	3,052,311	17.30	64.87	1,489,087
>12 to <100	159,560	0.22	1.18	-
Default or 100	47,633	44.84	0.00	-
Total Corporate Exposures (excluding exposures with firm size adjustments)	16,639,249			2,778,347
Corporate Exposures (with firm size adjustments)				
0 to 1	4,309,109	34.41	40.13	1,158,277
>1 to 4	2,167,787	38.97	79.14	541,727
>4 to 12	768,147	27.52	78.73	169,729
>12 to <100	1,492,048	6.63	27.83	5,117
Default or 100	101,038	37.48	0.00	-
Total Corporate Exposures (with firm size adjustments)	8,838,129			1,874,850
Total Non Retail Exposures	25,477,378			4,653,197
Retail Exposures				
Residential Financing Exposures				
0 to 3	13,237,418	16.44	18.11	202,861
>3 to 10	812,577	16.63	52.13	1,294
>10 to 20	31,648	15.97	86.16	188
>20 to <100	354,039	16.50	89.70	361
Default or 100	210,860	16.46	28.52	2,152
Total Residential Financing Exposures	14,646,542			206,856
Qualifying Revolving Retail Exposures				
0 to 3	187,743	57.53	28.50	307,541
>3 to 10	170,623	57.51	75.36	57,617
>10 to 20	35,624	55.52	117.68	6,454
>20 to <100	24,217	53.24	148.32	4,134
Default or 100	8,781	54.99	108.81	-
Total Qualifying Revolving Retail Exposures	426,988			375,746
Hire Purchase Exposures				
0 to 3	6,968,050	43.72	31.26	-
>3 to 10	65,448	45.75	68.73	-
>10 to 20	182,488	44.91	85.20	-
>20 to <100	32,226	45.17	119.95	-
Default or 100	42,066	45.35	0.89	-
Total Hire Purchase Exposures	7,290,278			-
Other Retail Exposures				
0 to 3	8,307,733	19.16	17.46	2,957,294
>3 to 10	3,440,516	5.09	7.55	63,544
>10 to 20	238,707	10.07	21.95	3,707
>20 to <100	331,635	7.75	18.68	11,870
Default or 100	158,478	22.15	15.93	9,539
Total Other Retail Exposures	12,477,069			3,045,954
Total Retail Exposures	34,840,877			3,628,556
Total Non Retail & Retail Exposures under IRB Approach	60,318,255			8,281,753

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Table 13a: Exposures under the A-IRB Approach by EL Range and Exposure Weighted Average Risk Weight as at 30 June 2020

RHB Islamic Bank	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000
<u>Expected Losses (EL) Range (%)</u>			
<u>Retail Exposures</u>			
Residential Financing Exposures			
0 to 1	14,620,079	19.98	230,702
>1 to 10	620,934	89.40	1,914
>10 to <100	252,558	30.42	233
100	17,771	0.00	-
Total Residential Financing Exposures	15,511,342		232,849
Qualifying Revolving Retail Exposures			
0 to 1	123,902	23.78	261,368
>1 to 10	231,006	75.84	133,366
>10 to <100	39,098	149.71	4,749
100	-	0.00	-
Total Qualifying Revolving Retail Exposures	394,006		399,483
Hire Purchase Exposures			
0 to 1	6,763,883	30.41	-
>1 to 10	577,929	72.75	-
>10 to <100	61,703	80.98	-
100	17,815	0.00	-
Total Hire Purchase Exposures	7,421,330		-
Other Retail Exposures			
0 to 1	12,470,213	13.71	3,109,965
>1 to 10	512,040	45.79	32,223
>10 to <100	145,539	14.84	9,412
100	33,946	0.00	277
Total Other Retail Exposures	13,161,738		3,151,877
Total Retail Exposures	36,488,416		3,784,209

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Table 13b: Exposures under the A-IRB Approach by EL Range and Exposure Weighted Average Risk Weight as at 31 December 2019

RHB Islamic Bank	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average Risk Weight %	Undrawn Commitments RM'000
<u>Expected Losses (EL) Range (%)</u>			
<u>Retail Exposures</u>			
Residential Financing Exposures			
0 to 1	13,852,143	19.36	206,046
>1 to 10	563,617	89.18	599
>10 to <100	218,787	19.27	211
100	11,995	0.00	-
Total Residential Financing Exposures	14,646,542		206,856
Qualifying Revolving Retail Exposures			
0 to 1	140,602	23.64	252,897
>1 to 10	250,145	74.52	118,715
>10 to <100	36,241	137.55	4,134
100	-	0.00	-
Total Qualifying Revolving Retail Exposures	426,988		375,746
Hire Purchase Exposures			
0 to 1	6,714,678	30.07	-
>1 to 10	501,307	71.63	-
>10 to <100	63,752	61.22	-
100	10,541	0.00	-
Total Hire Purchase Exposures	7,290,278		-
Other Retail Exposures			
0 to 1	11,906,694	13.82	3,007,010
>1 to 10	392,210	46.01	28,080
>10 to <100	144,042	16.42	10,587
100	34,123	0.00	277
Total Other Retail Exposures	12,477,069		3,045,954
Total Retail Exposures	34,840,877		3,628,556

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Table 14: Exposures under IRB Approach by Actual Losses versus Expected Losses

RHB Islamic Bank	Actual Losses	Expected Losses
Exposure Class	as at 30.06.2020	as at 30.06.2019
	RM'000	RM'000
Corporates, of which		
Corporate Exposures (excluding exposures with firm size adjustments)	-	37,477
Corporate Exposures (with firm size adjustments)	-	48,050
Specialised Financing Exposures (Slotting Approach)		
- Project Finance	-	1,161
- Income Producing Real Estate	-	11,316
Retail, of which		
Residential Financing Exposures	20,080	59,621
Qualifying Revolving Retail Exposures	6,926	14,406
Hire Purchase Exposures	21,324	43,775
Other Retail Exposures	20,223	43,860
Total	68,553	259,666

Note:

There is no corresponding disclosures in the previous reporting period. In 2018, the Credit Risk Weighted Assets were computed based on the Internal Ratings Based Approach while in 2017, it was based on the Standardised Approach.

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Table 15a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2020

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	4,824,370	-	-
Public Sector Entities	8,783,169	8,659,281	71,600
Banks, Development Financial Institutions & MDBs	1,043,721	67,031	-
Takaful Cos, Securities Firms & Fund Managers	175,790	-	-
Corporates	559,860	-	74,822
Regulatory Retail	4,295,101	-	1,156
Residential Financing	5,067	-	-
Other Assets	258,859	-	-
Defaulted Exposures	5,139	-	-
Total On Balance Sheet Exposures	19,951,076	8,726,312	147,578
<u>Off Balance Sheet Exposures</u>			
OTC Derivatives	228,815	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	201,523	-	8,214
Defaulted Exposures	-	-	-
Total Off Balance Sheet Exposures	430,338	-	8,214
Total On and Off Balance Sheet Exposures	20,381,414	8,726,312	155,792

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**Table 15b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at
31 December 2019**

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>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>On Balance Sheet Exposures</u>			
Sovereigns & Central Banks	6,777,486	-	-
Public Sector Entities	6,142,187	6,032,731	69,121
Banks, Development Financial Institutions & MDBs	727,307	30,884	-
Takaful Cos, Securities Firms & Fund Managers	175,423	-	-
Corporates	692,364	-	108,360
Regulatory Retail	4,066,447	-	1,345
Residential Financing	4,404	-	-
Other Assets	295,735	-	-
Defaulted Exposures	6,352	-	-
Total On Balance Sheet Exposures	18,887,705	6,063,615	178,826
<u>Off Balance Sheet Exposures</u>			
OTC Derivatives	385,572	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	426,788	325,000	26,412
Defaulted Exposures	-	-	-
Total Off Balance Sheet Exposures	812,360	325,000	26,412
Total On and Off Balance Sheet Exposures	19,700,065	6,388,615	205,238

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Table 16a: Credit Risk Mitigation of Portfolios under the IRB Approach as at 30 June 2020

RHB Islamic Bank	Gross Exposures Before Credit Risk Mitigation	Gross Exposures Covered by Guarantees/ Credit Derivatives	Gross Exposures Covered by Eligible Financial Collateral	Gross Exposures Covered by Other Eligible Collateral
<u>Exposure Class</u>	RM'000	RM'000	RM'000	RM'000
<u>On Balance Sheet Exposures</u>				
Corporates, of which	24,692,120	6,306,517	887,629	3,830,729
Corporate Exposures (excluding exposures with firm size adjustments)	14,859,317	3,910,370	154,057	1,192,447
Corporate Exposures (with firm size adjustments)	7,792,877	2,010,929	733,572	2,638,282
Specialised Financing Exposures (Slotting Approach)				
Project Finance	77,435	52,417	-	-
Income Producing Real Estate	1,962,491	332,801	-	-
Retail, of which	32,784,912	1,382	3,991,061	19,149,031
Residential Financing Exposures	15,087,276	-	-	15,071,779
Qualifying Revolving Retail Exposures	258,636	-	-	-
Hire Purchase Exposures	7,381,267	-	-	-
Other Retail Exposures	10,057,733	1,382	3,991,061	4,077,252
Defaulted Exposures	520,436	330	9,029	266,419
Total On Balance Sheet Exposures	57,997,468	6,308,229	4,887,719	23,246,179
<u>Off Balance Sheet Exposures</u>				
OTC Derivatives	66,942	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,488,268	1,070,585	122,045	2,808,599
Defaulted Exposures	11,741	-	-	9,189
Total Off Balance Sheet Exposures	5,566,951	1,070,585	122,045	2,817,788
Total On and Off Balance Sheet Exposures	63,564,419	7,378,814	5,009,764	26,063,967

Table 16b: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31 December 2019

RHB Islamic Bank	Gross Exposures Before Credit Risk Mitigation	Gross Exposures Covered by Guarantees/ Credit Derivatives	Gross Exposures Covered by Eligible Financial Collateral	Gross Exposures Covered by Other Eligible Collateral
<u>Exposure Class</u>	RM'000	RM'000	RM'000	RM'000
<u>On Balance Sheet Exposures</u>				
Corporates, of which				
Corporate Exposures (excluding exposures with firm size adjustments)	24,499,554	6,405,678	740,509	3,517,820
Corporate Exposures (with firm size adjustments)	14,962,322	4,145,521	58,792	883,167
Specialised Financing Exposures (Slotting Approach)	7,779,676	1,952,004	681,717	2,634,653
Project Finance	75,183	65,085	-	-
Income Producing Real Estate	1,682,373	243,068	-	-
Retail, of which	31,194,601	861	3,775,518	18,077,416
Residential Financing Exposures	14,230,978	-	-	14,216,321
Qualifying Revolving Retail Exposures	284,437	-	-	-
Hire Purchase Exposures	7,248,212	-	-	-
Other Retail Exposures	9,430,974	861	3,775,518	3,861,095
Defaulted Exposures	556,373	424	4,700	302,311
Total On Balance Sheet Exposures	56,250,528	6,406,963	4,520,727	21,897,547
<u>Off Balance Sheet Exposures</u>				
OTC Derivatives	27,063	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,751,803	1,058,025	150,163	3,070,584
Defaulted Exposures	12,483	-	-	8,912
Total Off Balance Sheet Exposures	5,791,349	1,058,025	150,163	3,079,496
Total On and Off Balance Sheet Exposures	62,041,877	7,464,988	4,670,890	24,977,043

Table 17a: Impaired and Past Due Financing and Allowance for Credit Losses by Industry Sector as at 30 June 2020

RHB Islamic Bank			
<u>Industry Sector</u>	Impaired Financing RM'000	Past Due Financing RM'000	Allowance for Credit Losses RM'000
Agriculture	1,231	1,446	17,712
Mining & Quarrying	895	57	9,440
Manufacturing	24,890	7,994	21,209
Electricity, Gas & Water Supply	4,051	-	1,696
Construction	42,240	10,513	46,638
Wholesale, Retail Trade, Restaurants & Hotels	38,043	8,587	28,644
Transport, Storage & Communication	13,623	6,864	32,526
Finance, Takaful, Real Estate & Business	33,690	14,296	35,113
Education, Health & Others	6,770	608	4,189
Household	263,014	925,178	173,723
Others	373	986	13,553
Total	428,820	976,529	384,443

Table 17b: Impaired and Past Due Financing and Allowance for Credit Losses by Industry Sector as at 31 December 2019

RHB Islamic Bank			
<u>Industry Sector</u>	Impaired Financing RM'000	Past Due Financing RM'000	Allowance for Credit Losses RM'000
Agriculture	1,527	1,722	8,570
Mining & Quarrying	873	543	9,183
Manufacturing	25,226	6,831	22,930
Electricity, Gas & Water Supply	20,768	-	2,027
Construction	47,860	11,250	49,449
Wholesale, Retail Trade, Restaurants & Hotels	42,870	10,188	26,684
Transport, Storage & Communication	13,661	17,812	29,626
Finance, Takaful, Real Estate & Business	27,575	15,563	29,314
Education, Health & Others	6,813	1,813	6,580
Household	278,996	1,783,710	156,412
Others	-	1,761	278
Total	466,169	1,851,193	341,053

Table 18: Net Charges/(Write back) and Write-Offs for Financing Impairment by Industry Sector

RHB Islamic Bank	Six Months Period Ended 30.06.2020		Twelve Months Period Ended 31.12.2019	
<u>Industry Sector</u>	Net Charges/ (Write back) for Lifetime ECL Credit Impaired (Stage 3) RM'000	Write-Offs for Lifetime ECL Credit Impaired (Stage 3) RM'000	Net Charges/ (Write back) for Lifetime ECL Credit Impaired (Stage 3) RM'000	Write-Offs for Lifetime ECL Credit Impaired (Stage 3) RM'000
Agriculture	(410)	-	561	-
Mining & Quarrying	401	-	(607)	-
Manufacturing	(561)	-	(2,008)	-
Electricity, Gas & Water Supply	-	-	(16,156)	-
Construction	(1,145)	(2,122)	4,648	(39,737)
Wholesale, Retail Trade, Restaurants & Hotels	(724)	(222)	(22,074)	(2,177)
Transport, Storage & Communication	4,967	(139)	3,125	(1,002)
Finance, Takaful, Real Estate & Business	2,617	(128)	4,508	(2,579)
Education, Health & Others	(77)	-	(657)	(174)
Household	17,143	(16,155)	55,175	(38,379)
Others	505	-	(928)	(876)
Total	22,716	(18,766)	25,587	(84,924)

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Table 19a: Movement in Financing Allowance for Credit Losses as at 30 June 2020

RHB Islamic Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Balance as at the beginning of the financial period	67,562	99,609	173,882	341,053
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	25,401	(20,302)	(5,099)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(5,878)	17,089	(11,211)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(114)	(3,242)	3,356	-
	19,409	(6,455)	(12,954)	-
Allowance made during the financial period	(754)	32,062	46,891	78,199
Bad debts written off	-	-	(18,766)	(18,766)
Derecognised during the financial period	(2,626)	(2,196)	(11,221)	(16,043)
Balance as at the end of the financial period	83,591	123,020	177,832	384,443

Table 19b: Movement in Financing Allowance for Credit Losses as at 31 December 2019

RHB Islamic Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Balance as at the beginning of the financial year	73,615	116,254	233,219	423,088
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	31,585	(25,017)	(6,568)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(5,332)	18,178	(12,846)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(483)	(3,649)	4,132	-
	25,770	(10,488)	(15,282)	-
Allowance made/(written back) during the financial year	(20,935)	13,448	66,258	58,771
Bad debts written off	-	-	(84,924)	(84,924)
Changes to model methodologies	(2,628)	(4,104)	-	(6,732)
Derecognised	(8,260)	(15,501)	(25,389)	(49,150)
Balance as at the end of the financial year	67,562	99,609	173,882	341,053

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Table 20a: Market Risk-Weighted Assets and Minimum Capital Requirements as at 30 June 2020

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	13,671,318	13,521,365	213,843	17,107
Foreign Currency Risk	3,176	15,643	15,644	1,252
Total			229,487	18,359

Table 20b: Market Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2019

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	10,387,986	10,196,715	249,700	19,976
Foreign Currency Risk	43,818	9,884	43,818	3,505
Total			293,518	23,481

Note:

As at 30 June 2020 and 31 December 2019, RHB Islamic Bank did not have any exposure under equity position risk, commodity risk, inventory risk, options risk, and market risk exposure absorbed by PSIA.

Table 21a: Rate of Return Risk in the Banking Book as at 30 June 2020

RHB Islamic Bank	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on	Impact based on	Impact based on	Impact based on
<u>Currency</u>	<u>+100 basis points</u>	<u>-100 basis points</u>	<u>+100 basis points</u>	<u>-100 basis points</u>
	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	151,712	(151,712)	(475,005)	475,005
USD - US Dollar	(22,041)	22,041	1,926	(1,926)
Others ¹	357	(357)	(179)	179
Total	130,028	(130,028)	(473,258)	473,258

Table 21b: Rate of Return Risk in the Banking Book as at 31 December 2019

RHB Islamic Bank	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on	Impact based on	Impact based on	Impact based on
<u>Currency</u>	<u>+100 basis points</u>	<u>-100 basis points</u>	<u>+100 basis points</u>	<u>-100 basis points</u>
	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	144,064	(144,064)	(406,779)	406,779
USD - US Dollar	(7,960)	7,960	3,080	(3,080)
Others ¹	(1,047)	1,047	209	(209)
Total	135,057	(135,057)	(403,490)	403,490

Note:

- Inclusive of GBP, EUR, SGD, etc
- The EaR and EVE exposures are additive and do not take into account any correlation impact in the aggregation.
- The earnings and economic values were computed based on the standardised approach adopted by BNM.
- 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 22: Operational Risk-Weighted Assets and Minimum Capital Requirements

<u>Operational Risk</u>	RHB Islamic Bank	
	30.06.2020	31.12.2019
	RM'000	RM'000
Risk-Weighted Assets	2,045,732	1,937,774
Minimum Capital Requirements	163,659	155,022