

RHB Islamic Bank Berhad
Basel II Pillar 3 Disclosures
30 June 2021

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

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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 2021 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 2021 with comparative quantitative information of the preceding financial year as at 31 December 2020. 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 2021.

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	
	<u>30.06.2021</u>	<u>31.12.2020</u>
<u>Before proposed dividends</u>		
Common Equity Tier I Capital Ratio	14.486%	14.877%
Tier I Capital Ratio	14.486%	14.877%
Total Capital Ratio	17.326%	17.977%
<u>After proposed dividends</u>		
Common Equity Tier I Capital Ratio	14.486%	14.714%
Tier I Capital Ratio	14.486%	14.714%
Total Capital Ratio	17.326%	17.815%

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

<u>Risk Types</u>	RHB Islamic Bank	
	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Credit RWA	36,266,110	35,557,840
Credit RWA Absorbed by PSIA	(7,885,499)	(7,202,054)
Market RWA	134,907	210,344
Operational RWA	2,400,223	2,223,938
Additional RWA due to Capital Floor	2,715,490	43,510
Total	33,631,231	30,833,578

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	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000	RM'000	RM'000
Credit Risk	28,380,611	28,355,786	2,270,449	2,268,462
Under Foundation Internal Ratings -Based (F-IRB) Approach	20,871,894	19,419,193	1,669,752	1,553,535
Under Advanced Internal Ratings -Based (A-IRB) Approach	9,015,894	9,585,391	721,271	766,831
Under Standardised Approach Absorbed by PSIA under F-IRB Approach	6,378,322	6,553,256	510,266	524,260
Absorbed by PSIA under Standardised Approach	(6,857,546)	(6,170,838)	(548,604)	(493,667)
	(1,027,953)	(1,031,216)	(82,236)	(82,497)
Market Risk				
Under Standardised Approach	134,907	210,344	10,792	16,828
Operational Risk				
Under Basic Indicator Approach	2,400,223	2,223,938	192,018	177,915
Additional RWA due to Capital Floor	2,715,490	43,510	217,239	3,481
Total	33,631,231	30,833,578	2,690,498	2,466,686

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Table 4: Capital Structure

	RHB Islamic Bank	
	30.06.2021	31.12.2020
	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	3,263,728	2,896,031
Fair value through other comprehensive income (FVOCI) reserves	50,264	224,848
Less:		
Other intangibles	(2,366)	(2,767)
Deferred tax assets	(84,373)	(78,167)
55% of cumulative gains arising from change in value of FVOCI instruments	(27,645)	(123,666)
Other deductions*	(1,055)	(2,643)
<u>Total Common Equity Tier I Capital/Tier I Capital</u>	<u>4,871,977</u>	<u>4,587,060</u>
<u>Tier II Capital</u>		
Subordinated obligations	750,000	750,000
Surplus eligible provisions over expected losses	138,181	137,002
General provisions [^]	66,880	69,026
<u>Total Tier II Capital</u>	<u>955,061</u>	<u>956,028</u>
Total Capital	<u>5,827,038</u>	<u>5,543,088</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 RM54,118,000 (31 December 2020 : RM54,526,000).

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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 2021

RHB Islamic Bank	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	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	7,568,321	7,568,321	249,159	-	249,159	19,933
Public Sector Entities	7,442,067	7,370,467	18,787	-	18,787	1,503
Banks, Development Financial Institutions & MDBs	1,895,627	1,895,627	401,364	-	401,364	32,109
Takaful Cos, Securities Firms & Fund Managers	2,117	2,117	2,117	-	2,117	169
Corporates	821,947	743,646	743,646	-	743,646	59,492
Regulatory Retail	4,724,338	4,722,301	4,660,788	(1,025,283)	3,635,505	290,840
Residential Financing	5,414	5,414	2,097	-	2,097	168
Other Assets	202,879	202,879	192,569	-	192,569	15,406
Defaulted Exposures	12,034	12,024	11,956	(2,670)	9,286	743
Total On-Balance Sheet Exposures	22,674,744	22,522,796	6,282,483	(1,027,953)	5,254,530	420,363
Off-Balance Sheet Exposures						
OTC Derivatives	247,317	247,317	49,485	-	49,485	3,959
Off-balance sheet exposures other than OTC derivatives or credit derivatives	673,860	661,548	46,354	-	46,354	3,708
Defaulted Exposures	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	921,177	908,865	95,839	-	95,839	7,667
Total On and Off-Balance Sheet Exposures under SA	23,595,921	23,431,661	6,378,322	(1,027,953)	5,350,369	428,030
Exposures under F-IRB Approach						
On-Balance Sheet Exposures						
Corporates, of which	27,522,395	27,522,395	18,337,972	(6,469,383)	11,868,589	949,487
Corporate Exposures (excluding exposures with firm size adjustments)	17,423,609	17,809,941	12,273,955	(5,278,767)	6,995,188	559,615
Corporate Exposures (with firm size adjustments)	8,120,126	8,120,126	4,719,135	(1,003,746)	3,715,389	297,231
Specialised Financing Exposures (Slotting Approach)						
Project Finance	33,447	9,199	10,579	-	10,579	846
Income Producing Real Estate	1,945,213	1,583,129	1,334,303	(186,870)	1,147,433	91,795
Defaulted Exposures	118,018	118,018	55	-	55	4
Total On-Balance Sheet Exposures	27,640,413	27,640,413	18,338,027	(6,469,383)	11,868,644	949,491
Off-Balance Sheet Exposures						
OTC Derivatives	22,004	22,004	40,504	-	40,504	3,240
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,845,646	2,845,646	1,311,935	-	1,311,935	104,955
Defaulted Exposures	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	2,867,650	2,867,650	1,352,439	-	1,352,439	108,195
Exposures under A-IRB Approach						
On-Balance Sheet Exposures						
Retail, of which	38,768,505	38,768,505	7,791,959	-	7,791,959	623,356
Residential Financing Exposures	17,394,225	17,394,225	3,094,937	-	3,094,937	247,595
Qualifying Revolving Retail Exposures	255,253	255,253	180,348	-	180,348	14,428
Hire Purchase Exposures	8,675,896	8,675,896	2,892,628	-	2,892,628	231,410
Other Retail Exposures	12,443,131	12,443,131	1,624,046	-	1,624,046	129,923
Defaulted Exposures	423,013	423,013	74,611	-	74,611	5,969
Total On-Balance Sheet Exposures	39,191,518	39,191,518	7,866,570	-	7,866,570	629,325
Off-Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,898,634	3,898,634	636,794	-	636,794	50,944
Defaulted Exposures	5,951	5,951	2,196	-	2,196	176
Total Off-Balance Sheet Exposures	3,904,585	3,904,585	638,990	-	638,990	51,120
Total On and Off-Balance Sheet Exposures before scaling factor under the IRB Approach	73,604,166	73,604,166	28,196,026	(6,469,383)	21,726,643	1,738,131
Total On and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach			29,887,788	(6,857,546)	23,030,242	1,842,419
Total (Exposures under the SA Approach and Exposures under the IRB Approach)	97,200,087	97,035,827	36,266,110	(7,885,499)	28,380,611	2,270,449

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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 2020

RHB Islamic Bank	Gross Exposures/ EAD before CRM RM'000	Net Exposures/ EAD after CRM RM'000	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	5,762,800	5,762,800	386,291	-	386,291	30,903
Public Sector Entities	7,676,347	7,604,747	18,013	-	18,013	1,441
Banks, Development Financial Institutions & MDBs	1,663,352	1,663,352	335,179	-	335,179	26,814
Takaful Cos, Securities Firms & Fund Managers	983	983	983	-	983	79
Corporates	812,389	734,596	726,470	-	726,470	58,118
Regulatory Retail	4,609,401	4,606,187	4,551,890	(1,028,703)	3,523,187	281,855
Residential Financing	5,427	5,427	2,081	-	2,081	166
Other Assets	278,336	278,336	266,345	-	266,345	21,308
Defaulted Exposures	11,785	11,774	13,772	(2,513)	11,259	901
Total On-Balance Sheet Exposures	20,820,820	20,668,202	6,301,024	(1,031,216)	5,269,808	421,585
Off-Balance Sheet Exposures						
OTC Derivatives	348,768	348,768	69,768	-	69,768	5,581
Off-balance sheet exposures other than OTC derivatives or credit derivatives	812,903	801,404	182,464	-	182,464	14,597
Defaulted Exposures	-	-	-	-	-	-
Total Off-Balance Sheet Exposures	1,161,671	1,150,172	252,232	-	252,232	20,178
Total On and Off-Balance Sheet Exposures under SA	21,982,491	21,818,374	6,553,256	(1,031,216)	5,522,040	441,763
Exposures under F-IRB Approach						
On-Balance Sheet Exposures						
Corporates, of which	26,051,381	26,051,381	16,920,382	(5,821,545)	11,098,837	887,906
Corporate Exposures (excluding exposures with firm size adjustments)	16,558,506	17,058,613	11,114,120	(4,375,349)	6,738,771	539,102
Corporate Exposures (with firm size adjustments)	7,548,457	7,548,457	4,580,035	(1,208,153)	3,371,882	269,750
Specialised Financing Exposures (Slotting Approach)						
Project Finance	37,075	10,742	12,353	-	12,353	988
Income Producing Real Estate	1,907,343	1,433,569	1,213,874	(238,043)	975,831	78,066
Defaulted Exposures	144,586	144,586	55	-	55	4
Total On-Balance Sheet Exposures	26,195,967	26,195,967	16,920,437	(5,821,545)	11,098,892	887,910
Off-Balance Sheet Exposures						
OTC Derivatives	37,857	37,857	65,071	-	65,071	5,206
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,755,627	2,755,627	1,334,485	-	1,334,485	106,759
Defaulted Exposures	45	45	-	-	-	-
Total Off-Balance Sheet Exposures	2,793,529	2,793,529	1,399,556	-	1,399,556	111,965
Exposures under A-IRB Approach						
On-Balance Sheet Exposures						
Retail, of which	36,231,330	36,231,330	8,363,156	-	8,363,156	669,053
Residential Financing Exposures	16,536,893	16,536,893	3,845,328	-	3,845,328	307,626
Qualifying Revolving Retail Exposures	269,938	269,938	191,612	-	191,612	15,329
Hire Purchase Exposures	8,272,578	8,272,578	2,783,871	-	2,783,871	222,710
Other Retail Exposures	11,151,921	11,151,921	1,542,345	-	1,542,345	123,388
Defaulted Exposures	383,183	383,183	79,213	-	79,213	6,337
Total On-Balance Sheet Exposures	36,614,513	36,614,513	8,442,369	-	8,442,369	675,390
Off-Balance Sheet Exposures						
OTC Derivatives	-	-	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,342,468	3,342,468	583,389	-	583,389	46,671
Defaulted Exposures	11,029	11,029	17,064	-	17,064	1,365
Total Off-Balance Sheet Exposures	3,353,497	3,353,497	600,453	-	600,453	48,036
Total On and Off-Balance Sheet Exposures before scaling factor under the IRB Approach	68,957,506	68,957,506	27,362,815	(5,821,545)	21,541,270	1,723,301
Total On and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach			29,004,584	(6,170,838)	22,833,746	1,826,699
Total (Exposures under the SA Approach and Exposures under the IRB Approach)	90,939,997	90,775,880	35,557,840	(7,202,054)	28,355,786	2,268,462

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Table 6a: Exposures on Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 30 June 2021

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	330,823		165,411	95,179
Short term self liquidating trade related contingencies	56,193		11,239	5,670
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	5,059		5,059	-
Foreign exchange related contracts	1,451,179	5,354	29,236	41,972
1 year or less	1,451,179	5,354	29,236	41,972
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Profit rate related contracts	2,910,000	387	2,716	543
1 year or less	2,910,000	387	2,716	543
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	14,419,632	13,217	237,369	47,474
Other commitments, such as formal standby facilities and financing lines, with original maturity of over 1 year	9,207,319		7,240,862	1,896,316
Other commitments, such as formal standby facilities and financing lines, with original maturity of up to 1 year	1,520		1,520	114
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	2,351,691		-	-
Total	30,733,416	18,958	7,693,412	2,087,268

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Table 6b: Exposures on Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 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	321,425		160,713	90,685
Short term self liquidating trade related contingencies	24,011		4,802	2,495
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-		-	-
Foreign exchange related contracts	1,264,400	6,256	44,384	66,391
1 year or less	853,335	6,256	19,720	16,545
Over 1 year to 5 years	411,065	-	24,664	49,846
Over 5 years	-	-	-	-
Profit rate related contracts	3,940,005	5,345	8,155	1,631
1 year or less	3,940,005	5,345	8,155	1,631
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	17,942,578	64,880	334,086	66,817
Other commitments, such as formal standby facilities and financing lines, with original maturity of over 1 year	8,829,638		6,755,852	2,024,190
Other commitments, such as formal standby facilities and financing lines, with original maturity of up to 1 year	705		705	32
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	2,410,216		-	-
Total	34,732,978	76,481	7,308,697	2,252,241

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Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2021

RHB Islamic Bank	Finance, Insurance/											Total
	Agriculture	Mining & Quarrying	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Takaful, Real Estate & Business	Education, Health & Others	Household	Others	
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
Exposures under Standardised Approach												
Sovereigns & Central Banks	-	-	-	-	-	-	-	5,895,745	1,672,576	-	-	7,568,321
Public Sector Entities	-	-	-	-	20,489	-	-	3,251,433	4,902,547	-	-	8,174,469
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	2,028,966	-	-	-	2,028,966
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	2,117	-	-	-	2,117
Corporates	8,918	3,347	26,392	1,122	50,850	74,681	126,078	567,752	17,093	124	-	876,357
Regulatory Retail	1,574	1,893	18,345	64	10,373	24,369	6,010	12,378	3,583	4,658,805	-	4,737,394
Residential Financing	-	-	-	-	-	-	-	-	-	5,418	-	5,418
Other Assets	-	-	-	-	-	-	-	-	-	-	202,879	202,879
Total Exposures under Standardised Approach	10,492	5,240	44,737	1,186	81,712	99,050	132,088	11,758,391	6,595,799	4,664,347	202,879	23,595,921
Exposures under IRB Approach												
Corporates, of which	1,710,702	1,181,938	2,178,189	1,278,689	6,554,592	1,592,470	6,387,138	9,348,327	276,018	-	-	30,508,063
Corporate Exposures (excluding exposures with firm size adjustments)	784,947	1,152,508	1,413,973	1,261,127	2,014,776	869,522	4,316,215	7,201,911	91,220	-	-	19,106,199
Corporate Exposures (with firm size adjustments)	925,755	29,430	764,216	8,087	2,500,739	722,948	2,052,504	1,947,360	184,798	-	-	9,135,837
Specialised Financing Exposures (Slotting Approach)	-	-	-	-	-	-	-	-	-	-	-	-
Project Finance	-	-	-	9,475	12,999	-	-	14,773	-	-	-	37,247
Income Producing Real Estate	-	-	-	-	2,026,078	-	18,419	184,283	-	-	-	2,228,780
Retail, of which	65,095	23,219	499,623	2,942	471,318	1,570,735	247,810	637,744	75,188	39,502,429	-	43,096,103
Residential Financing Exposures	-	-	-	-	-	-	-	-	-	17,945,826	-	17,945,826
Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	393,629	-	393,629
Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	8,718,482	-	8,718,482
Other Retail Exposures	65,095	23,219	499,623	2,942	471,318	1,570,735	247,810	637,744	75,188	12,444,492	-	16,038,166
Total Exposures under IRB Approach	1,775,797	1,205,157	2,677,812	1,281,631	7,025,910	3,163,205	6,634,948	9,986,071	351,206	39,502,429	-	73,604,166
Total Exposures under Standardised and IRB Approaches	1,786,289	1,210,397	2,722,549	1,282,817	7,107,622	3,262,255	6,767,036	21,744,462	6,947,005	44,166,776	202,879	97,200,087

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BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2020

RHB Islamic Bank												Total
	Agriculture	Mining & Quarrying	Manufacturing	Electricity, Gas & Water	Supply Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance/ Takaful, Real Estate & Business	Education, Health & Others	Household	Others	
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
Exposures under Standardised Approach												
Sovereigns & Central Banks	-	-	-	-	-	-	-	3,599,331	2,163,469	-	-	5,762,800
Public Sector Entities	-	-	-	-	20,536	-	-	3,512,095	4,825,906	-	-	8,358,537
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	1,953,388	-	-	-	1,953,388
Takaful Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	983	-	-	-	983
Corporates	10,688	3,873	30,899	1,203	62,659	86,062	128,731	655,526	21,778	202	-	1,001,621
Regulatory Retail	1,205	724	18,211	-	6,899	17,483	3,711	9,107	1,995	4,562,035	-	4,621,370
Residential Financing	-	-	-	-	-	-	-	-	-	5,456	-	5,456
Other Assets	-	-	-	-	-	-	-	-	-	-	278,336	278,336
Total Exposures under Standardised Approach	11,893	4,597	49,110	1,203	90,094	103,545	132,442	9,730,430	7,013,148	4,567,693	278,336	21,982,491
Exposures under IRB Approach												
Corporates, of which	1,644,904	754,244	1,852,870	1,047,946	6,665,058	1,491,845	6,377,215	8,854,119	301,295	-	-	28,989,496
Corporate Exposures (excluding exposures with firm size adjustments)	771,056	684,705	1,190,543	1,021,074	2,193,651	806,010	4,609,888	6,739,101	53,826	-	-	18,069,854
Corporate Exposures (with firm size adjustments)	873,848	69,539	662,327	16,639	2,405,776	685,835	1,763,552	1,914,948	247,469	-	-	8,639,933
Specialised Financing Exposures (Slotting Approach)												
Project Finance	-	-	-	10,233	14,542	-	-	16,100	-	-	-	40,875
Income Producing Real Estate	-	-	-	-	2,051,089	-	3,775	183,970	-	-	-	2,238,834
Retail, of which	59,728	12,158	439,825	1,739	454,215	1,226,685	197,690	514,565	51,729	37,009,676	-	39,968,010
Residential Financing Exposures	-	-	-	-	-	-	-	-	-	17,022,370	-	17,022,370
Qualifying Revolving Retail Exposures	-	-	-	-	-	-	-	-	-	403,807	-	403,807
Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	8,317,385	-	8,317,385
Other Retail Exposures	59,728	12,158	439,825	1,739	454,215	1,226,685	197,690	514,565	51,729	11,266,114	-	14,224,448
Total Exposures under IRB Approach	1,704,632	766,402	2,292,695	1,049,685	7,119,273	2,718,530	6,574,905	9,368,684	353,024	37,009,676	-	68,957,506
Total Exposures under Standardised and IRB Approaches	1,716,525	770,999	2,341,805	1,050,888	7,209,367	2,822,075	6,707,347	19,099,114	7,366,172	41,577,369	278,336	90,939,997

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 30 June 2021

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	5,830,064	350,192	1,388,065	7,568,321
Public Sector Entities	542,664	1,299,263	6,332,542	8,174,469
Banks, Development Financial Institutions & MDBs	1,738,038	217,211	73,717	2,028,966
Takaful Cos, Securities Firms & Fund Managers	2,117	-	-	2,117
Corporates	355,315	397,655	123,387	876,357
Regulatory Retail	27,756	763,646	3,945,992	4,737,394
Residential Financing	-	103	5,315	5,418
Other Assets	-	-	202,879	202,879
Total Exposures under Standardised Approach	8,495,954	3,028,070	12,071,897	23,595,921
<u>Exposures under IRB Approach</u>				
Corporates, of which	6,033,953	12,867,104	11,607,006	30,508,063
Corporate Exposures (excluding exposures with firm size adjustments)	2,973,911	8,826,070	7,306,218	19,106,199
Corporate Exposures (with firm size adjustments)	2,990,907	3,041,469	3,103,461	9,135,837
Specialised Financing Exposures (Slotting Approach)	2,151	20,100	14,996	37,247
Income Producing Real Estate	66,984	979,465	1,182,331	2,228,780
Retail, of which	481,352	3,774,741	38,840,010	43,096,103
Residential Financing Exposures	3,598	54,225	17,888,003	17,945,826
Qualifying Revolving Retail Exposures	115,461	262,812	15,356	393,629
Hire Purchase Exposures	46,978	1,814,227	6,857,277	8,718,482
Other Retail Exposures	315,315	1,643,477	14,079,374	16,038,166
Total Exposures under IRB Approach	6,515,305	16,641,845	50,447,016	73,604,166
Total Exposures under Standardised and IRB Approaches	15,011,259	19,669,915	62,518,913	97,200,087

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 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	3,558,175	305,378	1,899,247	5,762,800
Public Sector Entities	360,437	1,508,373	6,489,727	8,358,537
Banks, Development Financial Institutions & MDBs	1,503,740	387,695	61,953	1,953,388
Takaful Cos, Securities Firms & Fund Managers	983	-	-	983
Corporates	195,250	521,345	285,026	1,001,621
Regulatory Retail	20,630	679,469	3,921,271	4,621,370
Residential Financing	-	117	5,339	5,456
Other Assets	-	-	278,336	278,336
Total Exposures under Standardised Approach	5,639,215	3,402,377	12,940,899	21,982,491
<u>Exposures under IRB Approach</u>				
Corporates, of which	5,103,181	13,780,972	10,105,343	28,989,496
Corporate Exposures (excluding exposures with firm size adjustments)	2,695,801	9,321,142	6,052,911	18,069,854
Corporate Exposures (with firm size adjustments)	2,340,173	3,481,300	2,818,460	8,639,933
Specialised Financing Exposures (Slotting Approach)	3,323	10,118	27,434	40,875
Income Producing Real Estate	63,884	968,412	1,206,538	2,238,834
Retail, of which	440,604	3,671,472	35,855,934	39,968,010
Residential Financing Exposures	3,047	48,677	16,970,646	17,022,370
Qualifying Revolving Retail Exposures	119,867	277,507	6,433	403,807
Hire Purchase Exposures	48,756	1,809,365	6,459,264	8,317,385
Other Retail Exposures	268,934	1,535,923	12,419,591	14,224,448
Total Exposures under IRB Approach	5,543,785	17,452,444	45,961,277	68,957,506
Total Exposures under Standardised and IRB Approaches	11,183,000	20,854,821	58,902,176	90,939,997

RHB ISLAMIC BANK
 BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

Table 9a: Portfolios under the Standardised Approach by Risk Weights as at 30 June 2021

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%	6,322,524	7,876,533	76,625	-	-	-	-	10,310	14,285,992	-
20%	1,245,797	226,336	1,827,128	-	-	-	-	-	3,299,261	659,852
35%	-	-	-	-	-	-	4,070	-	4,070	1,425
50%	-	-	125,214	-	457	4,252	1,348	-	131,271	65,635
75%	-	-	-	-	-	247,774	-	-	247,774	185,830
100%	-	-	-	2,117	786,993	4,477,040	-	192,569	5,458,719	5,458,719
150%	-	-	-	-	2	4,572	-	-	4,574	6,861
Total Exposures	7,568,321	8,102,869	2,028,967	2,117	787,452	4,733,638	5,418	202,879	23,431,661	6,378,322

Table 9b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 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%	3,831,344	8,114,681	78,058	-	-	-	-	11,991	12,036,074	-
20%	1,931,456	171,852	1,814,928	-	10,156	-	-	-	3,928,392	785,678
35%	-	-	-	-	-	-	4,248	-	4,248	1,487
50%	-	-	60,402	-	398	2,128	1,208	-	64,136	32,068
75%	-	-	-	-	-	219,048	-	-	219,048	164,286
100%	-	-	-	983	902,659	4,389,966	-	266,345	5,559,953	5,559,953
150%	-	-	-	-	443	6,080	-	-	6,523	9,784
Total Exposures	5,762,800	8,286,533	1,953,388	983	913,656	4,617,222	5,456	278,336	21,818,374	6,553,256

RHB ISLAMIC BANK
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

Table 10a: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 30 June 2021

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		15,615	-	-	-	8,087,254	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	2,117	
Corporates		-	-	-	-	787,452	
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		-	7,568,321	-	-	-	-
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		1,719,391	132,498	508	-	-	176,569

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BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2021

Table 10b: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 31 December 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		15,816	-	-	-	8,270,717	
Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	983	
Corporates		10,156	-	-	-	903,500	
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		-	5,762,800	-	-	-	-
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		1,692,626	91,910	881	-	-	167,971

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Table 11a: Exposures Subject to the Supervisory Risk Weights under the IRB Approach as at 30 June 2021

Disclosure on Specialised Financing Exposures under the Supervisory Slotting Criteria

RHB Islamic Bank

<u>Supervisory Categories/Risk Weights</u>	Exposure After Credit Risk Mitigation					<u>Total</u> RM'000
	<u>Strong</u> RM'000	<u>Good</u> RM'000	<u>Satisfactory</u> RM'000	<u>Weak</u> RM'000	<u>Default</u> RM'000	
Specialised Financing Exposures						
Project Finance	-	-	12,999	-	-	12,999
Income Producing Real Estate	365,769	1,107,749	286,983	-	-	1,760,501
Total Exposures after Credit Risk Mitigation	365,769	1,107,749	299,982	-	-	1,773,500
Total Risk-Weighted Assets	251,854	909,535	344,980	-	-	1,506,369

Table 11b: Exposures Subject to the Supervisory Risk Weights under the IRB Approach as at 31 December 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					<u>Total</u> RM'000
	<u>Strong</u> RM'000	<u>Good</u> RM'000	<u>Satisfactory</u> RM'000	<u>Weak</u> RM'000	<u>Default</u> RM'000	
Specialised Financing Exposures						
Project Finance	-	-	14,542	-	-	14,542
Income Producing Real Estate	310,540	1,243,544	75,165	-	-	1,629,249
Total Exposures after Credit Risk Mitigation	310,540	1,243,544	89,707	-	-	1,643,791
Total Risk-Weighted Assets	213,375	1,088,562	103,163	-	-	1,405,100

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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 2021

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	11,878,101	38.99	52.45	1,163,757
>1 to 4	5,588,028	26.78	66.28	1,553,123
>4 to 12	1,689,832	42.71	180.59	446,041
>12 to <100	398,119	1.14	5.59	2,434
Default or 100	44,646	44.69	0.00	-
Total Corporate Exposures (excluding exposures with firm size adjustments)	19,598,726			3,165,355
Corporate Exposures (with firm size adjustments)				
0 to 1	3,483,777	36.86	42.50	825,134
>1 to 4	2,698,434	36.52	73.52	278,001
>4 to 12	1,324,954	32.88	97.98	377,339
>12 to <100	1,555,299	6.22	26.58	356,162
Default or 100	73,373	38.16	0.07	-
Total Corporate Exposures (with firm size adjustments)	9,135,837			1,836,636
Total Non Retail Exposures	28,734,563			5,001,991
<u>Retail Exposures</u>				
Residential Financing Exposures				
0 to 3	15,829,356	16.53	12.39	336,732
>3 to 10	1,274,953	16.69	48.19	14,871
>10 to 20	163,096	16.43	79.23	2,203
>20 to <100	481,171	16.62	91.23	545
Default or 100	197,250	16.62	22.22	1,082
Total Residential Financing Exposures	17,945,826			355,433
Qualifying Revolving Retail Exposures				
0 to 3	184,390	58.20	29.14	343,582
>3 to 10	147,830	57.05	74.16	57,295
>10 to 20	32,368	55.34	113.06	7,154
>20 to <100	25,022	52.24	148.36	6,689
Default or 100	4,019	50.76	3.40	-
Total Qualifying Revolving Retail Exposures	393,629			414,720
Hire Purchase Exposures				
0 to 3	8,254,903	44.03	30.56	-
>3 to 10	192,606	46.05	73.11	-
>10 to 20	191,045	44.78	99.33	-
>20 to <100	37,343	44.80	104.76	-
Default or 100	42,585	45.38	1.41	-
Total Hire Purchase Exposures	8,718,482			-
Other Retail Exposures				
0 to 3	10,478,479	19.11	14.96	3,392,812
>3 to 10	4,565,029	6.17	9.16	220,177
>10 to 20	317,912	8.84	18.56	5,135
>20 to <100	491,637	9.27	22.50	21,422
Default or 100	185,109	22.94	17.42	4,843
Total Other Retail Exposures	16,038,166			3,644,389
Total Retail Exposures	43,096,103			4,414,542
Total Non Retail & Retail Exposures under IRB Approach	71,830,666			9,416,533

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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 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	11,757,544	38.63	52.95	1,169,221
>1 to 4	5,252,023	26.26	62.61	1,417,525
>4 to 12	1,440,640	40.06	162.34	480,564
>12 to <100	208,006	2.78	13.62	2,769
Default or 100	47,559	44.80	0.00	-
Total Corporate Exposures (excluding exposures with firm size adjustments)	18,705,772			3,070,079
Corporate Exposures (with firm size adjustments)				
0 to 1	2,482,459	34.40	41.69	872,386
>1 to 4	3,283,055	37.36	75.16	440,996
>4 to 12	1,143,985	32.99	93.88	343,772
>12 to <100	1,633,362	6.84	28.00	392,559
Default or 100	97,072	38.46	0.06	-
Total Corporate Exposures (with firm size adjustments)	8,639,933			2,049,713
Total Non Retail Exposures	27,345,705			5,119,792
<u>Retail Exposures</u>				
Residential Financing Exposures				
0 to 3	14,967,798	16.53	18.52	297,223
>3 to 10	1,416,619	16.72	51.69	2,945
>10 to 20	34,309	16.13	87.24	214
>20 to <100	418,813	16.56	87.42	264
Default or 100	184,831	16.48	24.27	3,069
Total Residential Financing Exposures	17,022,370			303,715
Qualifying Revolving Retail Exposures				
0 to 3	188,896	58.01	28.88	332,777
>3 to 10	152,844	57.19	74.21	53,258
>10 to 20	33,870	55.22	116.04	6,426
>20 to <100	24,459	52.42	145.63	4,043
Default or 100	3,738	50.00	3.22	-
Total Qualifying Revolving Retail Exposures	403,807			396,504
Hire Purchase Exposures				
0 to 3	7,968,951	43.85	31.62	-
>3 to 10	67,175	45.96	69.00	-
>10 to 20	187,635	44.83	85.25	-
>20 to <100	48,817	44.72	118.76	-
Default or 100	44,807	45.10	3.47	-
Total Hire Purchase Exposures	8,317,385			-
Other Retail Exposures				
0 to 3	8,936,575	19.55	16.99	3,036,560
>3 to 10	4,166,267	5.69	8.56	94,390
>10 to 20	387,419	6.78	14.51	2,362
>20 to <100	573,351	6.46	15.41	13,056
Default or 100	160,836	21.66	30.93	7,665
Total Other Retail Exposures	14,224,448			3,154,033
Total Retail Exposures	39,968,010			3,854,252
Total Non Retail & Retail Exposures under IRB Approach	67,313,715			8,974,044

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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 2021

RHB Islamic Bank	Exposure At Default After Credit Risk Mitigation	Exposure Weighted Average Risk Weights	Undrawn Commitments
<u>Expected Losses (EL) Range (%)</u>	RM'000	%	RM'000
<u>Retail Exposures</u>			
Residential Financing Exposures			
0 to 1	17,081,607	15.00	351,806
>1 to 10	631,336	92.23	2,922
>10 to <100	218,998	19.47	705
100	13,885	0.00	-
Total Residential Financing Exposures	17,945,826		355,433
Qualifying Revolving Retail Exposures			
0 to 1	136,801	24.34	282,168
>1 to 10	227,692	73.14	125,863
>10 to <100	29,136	128.32	6,689
100	-	0.00	-
Total Qualifying Revolving Retail Exposures	393,629		414,720
Hire Purchase Exposures			
0 to 1	8,011,356	29.59	-
>1 to 10	627,197	77.03	-
>10 to <100	67,859	58.53	-
100	12,070	0.00	-
Total Hire Purchase Exposures	8,718,482		-
Other Retail Exposures			
0 to 1	15,254,590	12.34	3,596,576
>1 to 10	558,188	46.17	36,765
>10 to <100	182,915	25.42	10,696
100	42,473	0.00	352
Total Other Retail Exposures	16,038,166		3,644,389
Total Retail Exposures	43,096,103		4,414,542

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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 2020

RHB Islamic Bank	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
<u>Expected Losses (EL) Range (%)</u>			
<u>Retail Exposures</u>			
Residential Financing Exposures			
0 to 1	16,070,009	20.37	301,681
>1 to 10	693,089	86.28	1,792
>10 to <100	240,113	30.37	242
100	19,159	0.00	-
Total Residential Financing Exposures	17,022,370		303,715
Qualifying Revolving Retail Exposures			
0 to 1	141,820	24.21	273,472
>1 to 10	231,839	73.46	118,989
>10 to <100	30,148	127.29	4,043
100	-	0.00	-
Total Qualifying Revolving Retail Exposures	403,807		396,504
Hire Purchase Exposures			
0 to 1	7,716,060	30.60	-
>1 to 10	507,701	71.88	-
>10 to <100	82,376	72.27	-
100	11,248	0.00	-
Total Hire Purchase Exposures	8,317,385		-
Other Retail Exposures			
0 to 1	13,508,393	13.29	3,109,343
>1 to 10	543,085	43.85	37,651
>10 to <100	136,569	26.12	6,759
100	36,401	0.00	280
Total Other Retail Exposures	14,224,448		3,154,033
Total Retail Exposures	39,968,010		3,854,252

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

RHB Islamic Bank	Actual Losses as at	Expected Losses as at	Actual Losses as at	Expected Losses as at
<u>Exposure Class</u>	<u>30 June 2021</u>	<u>30 June 2020</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
	RM'000	RM'000	RM'000	RM'000
Corporates, of which				
Corporate Exposures (excluding exposures with firm size adjustments)	-	45,861	-	37,477
Corporate Exposures (with firm size adjustments)	-	73,253	-	48,050
Specialised Financing Exposures (Slotting Approach)				
- Project Finance	-	364	-	1,161
- Income Producing Real Estate	-	15,704	-	11,316
Retail, of which				
Residential Financing Exposures	22,731	54,489	20,080	59,621
Qualifying Revolving Retail Exposures	8,507	13,645	6,926	14,406
Hire Purchase Exposures	19,892	55,671	21,324	43,775
Other Retail Exposures	18,287	52,091	20,223	43,860
Total	69,417	311,078	68,553	259,666

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Table 15a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2021

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	7,568,321	-	-
Public Sector Entities	7,442,067	7,276,533	71,600
Banks, Development Financial Institutions & MDBs	1,895,627	76,625	-
Takaful Cos, Securities Firms & Fund Managers	2,117	-	-
Corporates	821,947	-	78,301
Regulatory Retail	4,724,338	-	2,037
Residential Financing	5,414	-	-
Other Assets	202,879	-	-
Defaulted Exposures	12,034	-	10
Total On-Balance Sheet Exposures	22,674,744	7,353,158	151,948
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	247,317	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	673,860	600,000	12,312
Defaulted Exposures	-	-	-
Total Off-Balance Sheet Exposures	921,177	600,000	12,312
Total On and Off-Balance Sheet Exposures	23,595,921	7,953,158	164,260

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Table 15b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 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>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>On-Balance Sheet Exposures</u>			
Sovereigns & Central Banks	5,762,800	-	-
Public Sector Entities	7,676,347	7,514,680	71,600
Banks, Development Financial Institutions & MDBs	1,663,352	78,057	-
Takaful Cos, Securities Firms & Fund Managers	983	-	-
Corporates	812,389	-	77,793
Regulatory Retail	4,609,401	-	3,214
Residential Financing	5,427	-	-
Other Assets	278,336	-	-
Defaulted Exposures	11,785	-	11
Total On-Balance Sheet Exposures	20,820,820	7,592,737	152,618
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	348,768	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	812,903	600,000	11,499
Defaulted Exposures	-	-	-
Total Off-Balance Sheet Exposures	1,161,671	600,000	11,499
Total On and Off-Balance Sheet Exposures	21,982,491	8,192,737	164,117

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Table 16a: Credit Risk Mitigation of Portfolios under the IRB Approach as at 30 June 2021

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	Gross Exposures Covered by Other Eligible Collateral RM'000
<u>Exposure Class</u>				
<u>On-Balance Sheet Exposures</u>				
Corporates, of which	27,522,395	7,389,621	940,673	4,147,666
Corporate Exposures (excluding exposures with firm size adjustments)	17,423,609	5,347,673	117,569	1,357,795
Corporate Exposures (with firm size adjustments)	8,120,126	1,655,616	823,104	2,789,871
Specialised Financing Exposures (Slotting Approach)				
Project Finance	33,447	24,248	-	-
Income Producing Real Estate	1,945,213	362,084	-	-
Retail, of which	38,768,505	5,677	4,708,367	22,367,500
Residential Financing Exposures	17,394,225	-	-	17,370,892
Qualifying Revolving Retail Exposures	255,253	-	-	-
Hire Purchase Exposures	8,675,896	-	-	-
Other Retail Exposures	12,443,131	5,677	4,708,367	4,996,608
Defaulted Exposures	541,031	667	4,208	265,675
Total On-Balance Sheet Exposures	66,831,931	7,395,965	5,653,248	26,780,841
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	22,004	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,744,280	1,296,365	144,829	3,277,453
Defaulted Exposures	5,951	-	-	5,406
Total Off-Balance Sheet Exposures	6,772,235	1,296,365	144,829	3,282,859
Total On and Off-Balance Sheet Exposures	73,604,166	8,692,330	5,798,077	30,063,700

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Table 16b: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31 December 2020

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	Gross Exposures Covered by Other Eligible Collateral RM'000
<u>Exposure Class</u>				
<u>On-Balance Sheet Exposures</u>				
Corporates, of which	26,051,381	6,529,597	1,013,270	4,118,989
Corporate Exposures (excluding exposures with firm size adjustments)	16,558,506	4,451,027	203,002	1,405,906
Corporate Exposures (with firm size adjustments)	7,548,457	1,578,463	810,268	2,713,083
Specialised Financing Exposures (Slotting Approach)				
Project Finance	37,075	26,333	-	-
Income Producing Real Estate	1,907,343	473,774	-	-
Retail, of which	36,231,330	1,093	4,561,570	20,885,010
Residential Financing Exposures	16,536,893	-	-	16,515,678
Qualifying Revolving Retail Exposures	269,938	-	-	-
Hire Purchase Exposures	8,272,578	-	-	-
Other Retail Exposures	11,151,921	1,093	4,561,570	4,369,332
Defaulted Exposures	527,769	329	4,415	257,455
Total On-Balance Sheet Exposures	62,810,480	6,531,019	5,579,255	25,261,454
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	37,857	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	6,098,095	1,268,292	115,272	2,789,703
Defaulted Exposures	11,074	-	-	6,695
Total Off-Balance Sheet Exposures	6,147,026	1,268,292	115,272	2,796,398
Total On and Off-Balance Sheet Exposures	68,957,506	7,799,311	5,694,527	28,057,852

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Table 17a: Impaired and Past Due Financing and Allowance for Credit Losses by Industry Sector as at 30 June 2021

RHB Islamic Bank			
Industry Sector	Impaired Financing	Past Due Financing	Allowance for Credit Losses
	RM'000	RM'000	RM'000
Agriculture	384	1,236	38,991
Mining & Quarrying	4	931	1,841
Manufacturing	22,506	16,515	22,536
Electricity, Gas & Water Supply	3,505	84	1,168
Construction	39,941	22,530	51,272
Wholesale, Retail Trade, Restaurants & Hotels	43,403	46,553	239,372
Transport, Storage & Communication	16,672	5,769	29,874
Finance, Takaful, Real Estate & Business	34,147	21,646	34,267
Education, Health & Others	653	6,778	1,880
Household	296,535	2,391,404	189,455
Others	72	283,606	12,314
Total	457,822	2,797,052	622,970

Table 17b: Impaired and Past Due Financing and Allowance for Credit Losses by Industry Sector as at 31 December 2020

RHB Islamic Bank			
Industry Sector	Impaired Financing	Past Due Financing	Allowance for Credit Losses
	RM'000	RM'000	RM'000
Agriculture	359	998	20,262
Mining & Quarrying	13	528	1,961
Manufacturing	23,644	453	21,669
Electricity, Gas & Water Supply	3,805	-	1,592
Construction	43,907	13,664	46,715
Wholesale, Retail Trade, Restaurants & Hotels	47,882	7,736	175,831
Transport, Storage & Communication	14,429	26,600	29,108
Finance, Takaful, Real Estate & Business	33,676	17,033	34,306
Education, Health & Others	6,888	9,566	3,971
Household	260,518	1,176,151	188,595
Others	86	19,130	7,250
Total	435,207	1,271,859	531,260

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

Industry Sector	Six Months Period Ended 30.06.2021		Twelve Months Period Ended 31.12.2020	
	Net Charges/(Write back)	Write-Offs	Net Charges/(Write back)	Write-Offs
	for Lifetime ECL Credit Impaired	for Lifetime ECL Credit Impaired	for Lifetime ECL Credit Impaired	for Lifetime ECL Credit Impaired
	(Stage 3)	(Stage 3)	(Stage 3)	(Stage 3)
	RM'000	RM'000	RM'000	RM'000
Agriculture	(23)	-	(445)	-
Mining & Quarrying	2	-	388	(384)
Manufacturing	(65)	-	(453)	(89)
Electricity, Gas & Water Supply	(1)	-	1	-
Construction	2,126	-	1,628	(3,663)
Wholesale, Retail Trade, Restaurants & Hotels	1,052	-	2,267	(1,752)
Transport, Storage & Communication	5,511	(1,979)	5,131	(472)
Finance, Takaful, Real Estate & Business	(109)	-	3,315	(441)
Education, Health & Others	3,298	(5,657)	(58)	-
Household	34,532	(21,820)	35,025	(34,381)
Others	(804)	(384)	474	(368)
Total	45,519	(29,840)	47,273	(41,550)

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Table 19a: Movement in Financing Allowance for Credit Losses as at 30 June 2021

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	156,636	195,019	179,605	531,260
Changes due to financial assets recognised in the opening balance that have been:				
- Transferred to 12-month ECL (Stage 1)	32,067	(29,118)	(2,949)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(11,243)	25,932	(14,689)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(284)	(7,670)	7,954	-
	20,540	(10,856)	(9,684)	-
Allowance made/(written back) during the financial period	(21,017)	99,161	71,803	149,947
Changes in model methodologies	(547)	(1,230)	55	(1,722)
Bad debts written off	-	-	(29,840)	(29,840)
Derecognition	(2,608)	(7,412)	(16,655)	(26,675)
Balance as at the end of the financial period	153,004	274,682	195,284	622,970

Table 19b: Movement in Financing Allowance for Credit Losses as at 31 December 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 year	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)	29,383	(24,092)	(5,291)	-
- Transferred to Lifetime ECL not credit impaired (Stage 2)	(8,766)	21,718	(12,952)	-
- Transferred to Lifetime ECL credit impaired (Stage 3)	(266)	(3,841)	4,107	-
	20,351	(6,215)	(14,136)	-
Allowance made/(written back) during the financial year	77,605	107,516	91,163	276,284
Bad debts written off	-	-	(41,550)	(41,550)
Derecognition	(8,882)	(5,891)	(29,754)	(44,527)
Balance as at the end of the financial year	156,636	195,019	179,605	531,260

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Table 20a: Market Risk-Weighted Assets and Minimum Capital Requirements as at 30 June 2021

RHB Islamic Bank	Long	Short	Risk-Weighted	Minimum
Market Risk	Position	Position	Assets	Capital
	RM'000	RM'000	RM'000	Requirements
				RM'000
Profit Rate Risk	10,652,973	10,657,869	115,581	9,246
Foreign Currency Risk	19,326	(10,306)	19,326	1,546
Total			134,907	10,792

Table 20b: Market Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2020

RHB Islamic Bank	Long	Short	Risk-Weighted	Minimum
Market Risk	Position	Position	Assets	Capital
	RM'000	RM'000	RM'000	Requirements
				RM'000
Profit Rate Risk	14,072,600	13,966,670	184,125	14,730
Foreign Currency Risk	7,639	26,219	26,219	2,098
Total			210,344	16,828

Note:

As at 30 June 2021 and 31 December 2020, 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 2021

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
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Currency	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	196,576	(196,576)	(379,230)	379,230
USD - US Dollar	(12,316)	12,316	(1,855)	1,855
Others ¹	(90)	90	550	(550)
Total	184,170	(184,170)	(380,535)	380,535

Table 21b: Rate of Return Risk in the Banking Book as at 31 December 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
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Currency	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	166,033	(166,033)	(457,810)	457,810
USD - US Dollar	(13,132)	13,132	(81)	81
Others ¹	(33)	33	159	(159)
Total	152,868	(152,868)	(457,732)	457,732

Note:

1. Inclusive of GBP, EUR, SGD, etc
2. The EaR and EVE exposures are additive and do not take into account any correlation impact in the aggregation.
3. The earnings and economic values were computed based on the standardised approach adopted by BNM.
4. PSIA 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	
	<u>30.06.2021</u>	<u>31.12.2020</u>
	RM'000	RM'000
Risk-Weighted Assets	2,400,223	2,223,938
Minimum Capital Requirements	192,018	177,915