



ANNUAL REPORT 2011



## Contents

<b>003</b>	Board of Directors
<b>004</b>	Profile of The Board of Directors
<b>008</b>	Corporate Information
<b>010</b>	Group Financial Highlights
<b>012</b>	RHB Capital Berhad Group Structure
<b>014</b>	Corporate Governance Statement
<b>037</b>	Statement on Internal Control
<b>041</b>	Group Audit Committee Report
<b>047</b>	Financial Statements
<b>202</b>	Pillar 3 Disclosures
<b>252</b>	Branch Network

## Board of Directors

Standing from left to right:

- ◆ **DATO' MOHAMED KHADAR MERICAN**  
Independent Non-Executive Director
- ◆ **CHOONG TUCK OON**  
Independent Non-Executive Director
- ◆ **JOHARI ABDUL MUID**  
Managing Director

- ◆ **ONG SENG PHEOW**  
Independent Non-Executive Director
- ◆ **DATO' MOHD ALI MOHD TAHIR**  
Independent Non-Executive Director
- ◆ **ABDUL AZIZ PERU MOHAMED**  
Independent Non-Executive Director

Seated from left to right:

- ◆ **TAN SRI AZLAN ZAINOL**  
Non-Independent Non-Executive  
Chairman
- ◆ **HAJI KHAIRUDDIN AHMAD**  
Senior Independent Non-Executive  
Director



## Profile of The Board of Directors



### TAN SRI AZLAN ZAINOL

(61 years of age – Malaysian)  
Non-Independent Non-Executive Chairman

Tan Sri Azlan Zainol (“Tan Sri Azlan”) is currently the Chief Executive Officer of the Employees Provident Fund Board. He has more than 29 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Tan Sri Azlan is a Fellow of the Institute of Chartered Accountants in England and Wales, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Azlan’s other directorships in public companies include RHB Capital Berhad, RHB Investment Bank Berhad, Rashid Hussain Berhad (In Member’s Voluntary Liquidation), Malaysian Resources Corporation Berhad (Chairman), Jardine Cycle & Carriage Limited (Singapore), MCL Land Limited (Singapore), ASIA Ltd (Singapore) and Commonwealth Africa Investments Limited.

Tan Sri Azlan was appointed as a Director and formalised as Chairman of RHB Bank on 27 July 2005 and 29 July 2005, respectively, representing RHB Capital Berhad, the holding company of RHB Bank.



### HAJI KHAIRUDDIN AHMAD

(69 years of age – Malaysian)  
Senior Independent Non-Executive Director

Haji Khairuddin Ahmad (“Haji Khairuddin”) began his career in the banking industry and was previously with Citibank N.A., Southern Bank Berhad, Bank of Commerce Berhad and Arab Malaysian Finance Berhad. He attended the Advance Management Course at Columbia Business School in New York, USA.

Haji Khairuddin’s other directorship in public companies include RHB Islamic Bank Berhad (Chairman).

Haji Khairuddin was appointed as a Director of RHB Bank on 6 September 2001, representing Danamodal Nasional Berhad (Danamodal). Haji Khairuddin was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 18 March 2008, after Danamodal ceased to be a substantial Irredeemable Non-Cumulative Convertible Preference Shareholder of RHB Bank in January 2008. He also serves as the Chairman of Group Risk Management Committee as well as a Member of the Group Credit Committee.

## Profile of The Board of Directors (continued)

**ONG SENG PHEOW**

(63 years of age – Malaysian)  
Independent Non-Executive Director

Ong Seng Pheow (“Mr Ong”) has over 34 years of audit and accounting experience. He is a Member of the Malaysian Institute of Certified Public Accountants (“MICPA”) and Malaysian Institute of Accountants. He was a partner of Ernst & Young from 1984 to 2003. His last position in Ernst & Young was the National Director of Assurance and Advisory Business Services. He also served on committees and working groups of MICPA.

Mr Ong’s other directorships in public companies include RHB Insurance Berhad, Daiman Development Berhad, LCTH Corporation Berhad, George Kent (Malaysia) Berhad and HELP International Corporation Berhad.

Mr Ong was appointed as a Director of RHB Bank on 20 November 2006. He also serves as the Chairman of the Group Audit Committee as well as a Member of Group IT & Transformation Strategy Committee.

**CHOONG TUCK OON**

(53 years of age – Malaysian)  
Independent Non-Executive Director

Choong Tuck Oon (“Mr Choong”) was with Accenture for 23 years until his retirement in 2010 as Senior Partner in the Financial Services Asia-Pacific practice. Mr Choong has extensive experience leading business transformation, organisation change, high performance strategy, process excellence, IT transformation and risk management for more than 20 large domestic, regional/global financial institutions across ASEAN and North Asia; including various national multi-banks collaborative initiatives. He has deep expertise in regional/global expansion including both in-country and cross-border Mergers and Acquisitions. He has also experiences with Oil & Gas, Telecommunication and Utilities industries. Mr Choong was also involved in voluntary non-governmental organisation (NGO) activities, such as directing a core banking initiative to launch a bank-of-banks for micro-finance institutions across Indonesia for a consortium of international aid agencies and developing a new growth strategy across eleven countries in Asia Pacific for an international conservation fund. Prior to Accenture, Mr Choong was with Petronas for 7 years as a Management Executive.

Mr Choong holds a Bachelor of Science (First Class) from University of Malaya, a Masters of Science from the Asian Institute of Technology and an Executive Certification in Directorship from Singapore Institute of Directors and Singapore Management University.

Mr Choong’s other directorship in public companies include RHB Islamic Bank Berhad.

Mr Choong was appointed as a Director of RHB Bank on 1 April 2010. He also serves as the Chairman of Group IT & Transformation Strategy Committee as well as a Member of Group Risk Management Committee, Group Nominating Committee and Group Remuneration and Human Resource Committee.

## Profile of The Board of Directors (continued)

**DATO' MOHD ALI MOHD TAHIR**

(59 years of age – Malaysian)  
Independent Non-Executive Director

Dato' Mohd Ali Mohd Tahir ("Dato' Ali") was with HSBC Bank Malaysia Berhad ("HSBC Bank") for 36 years until his retirement in 2008 as Chief Operating Officer. He was responsible for the entire banking operations that included processes for core banking products and services, property management, operational risk management, process design and development with six sigma discipline foundation, bank security and procurement. As a career banker, Dato' Ali has extensive experience in regional and branch management and has developed a core competency in Corporate banking. During his tenure of service, he led the strategic bank-wide banking system conversion involving the change of the entire core operating system and hardware from mainframe to server technology.

Dato' Ali acquired his professional banking qualification from Institute of Bankers of United Kingdom and holds a Diploma in Investment Analysis from Malaysian Association of Productivity of Malaysia. He also attended the ICLIF Global Leadership Development Program under the auspices of Bank Negara Malaysia, held in Harvard University, Boston and Stanford School of Management, San Francisco.

Dato' Ali's other directorship in public companies include RHB Islamic Bank Berhad.

Dato' Ali was appointed as a Director of RHB Bank on 1 January 2011. Dato' Ali is also a Member of Group IT & Transformation Strategy Committee and Group Audit Committee.

**ABDUL AZIZ PERU MOHAMED**

(63 years of age – Malaysian)  
Independent Non-Executive Director

Encik Abdul Aziz Peru Mohamed ("Encik Aziz Peru") is currently the Chief Executive Officer/Director of as-Salihin Trustee Berhad, a trust company specialized in Islamic estate planning. He held various Senior Management positions in the banking industry with almost 30 years accomplished career track spanning from management of branch network to retail banking. He spent most of his working years at Malayan Banking Berhad, where his last position was General Manager, Consumer Banking Division. He was also formerly the Senior General Manager of AmBank Berhad from 2002 to 2005. During the years in the banking industry, he was appointed as the Chairman of Rules Committee of Association of Banks of Malaysia and has held several other key positions including a Board Member of Mayban Property Trust and Mayban Trustees Bhd.

Encik Aziz Peru attended various training programs at the Harvard Business School and Pacific Bankers Rim programs in United States of America.

Encik Aziz Peru's other directorship in public companies include RHB Investment Bank Berhad.

Encik Aziz Peru was appointed as a Director of RHB Bank on 7 February 2011. He also serves as a Member of the Group Credit Committee.



## Profile of The Board of Directors (continued)

**DATO' MOHAMED KHADAR MERICAN**

(55 years of age – Malaysian)  
Independent Non-Executive Director

Dato' Mohamed Khadar Merican (“Dato' Mohamed Khadar”) has had more than 30 years of experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group in 1986. Dato' Mohamed Khadar has held various senior management positions in Pernas International Holdings Berhad (now known as Tradewinds Corporation Berhad) between 1988 and April 2003, including those of President and Chief Operating Officer.

Dato' Mohamed Khadar is a Member of the Institute of Chartered Accountants in England and Wales and is also a Member of the Malaysian Institute of Accountants.

Dato' Mohamed Khadar's other directorships in public companies include RHB Capital Berhad (Chairman), RHB Investment Bank Berhad (Chairman), Rashid Hussain Berhad (In Members' Voluntary Liquidation), AirAsia Berhad and Astro All Asia Networks Plc.

Dato' Mohamed Khadar was appointed as a Director of RHB Bank on 1 November 2011. Dato' Mohamed Khadar serves as the Chairman of the Group Credit Committee as well as a Member of the Group Nominating Committee and the Group Remuneration and Human Resource Committee.

**JOHARI ABDUL MUID**

(54 years of age - Malaysian)  
Managing Director

Johari Abdul Muid (“Encik Johari”) has more than 30 years of experience in the financial sector. He started his career with Asian International Merchant Bankers Berhad, a subsidiary of Sime Bank Berhad in 1981. From 1983 to 1994, he was with Commerce International Merchant Bankers Berhad (CIMB), working in the Treasury Division and was made the Head of Treasury in 1988. He became the Senior Vice President of Institutional Sales in 1995, within a year of joining CIMB Securities Sdn Bhd (“CIMB Securities”), where he was responsible in setting up the Institutional Sales Team of CIMB Securities. He joined ValueCap Sdn Bhd in February 2003 as the Chief Investment Officer. In August 2004, he joined the Employees Provident Fund Board as the Chief Investment Officer heading the Equity Investment and Equity Research Departments. In 2007, he was promoted to Deputy Chief Executive Officer in charge of the Investment Division and subsequently, he took charge of the Corporate Planning, Policies and Training, as well as provided oversight to the Human Resource function on behalf of the Chief Executive Officer.

Encik Johari is a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom (FCMA). His other directorships in public companies include Rashid Hussain Berhad (In Member's Voluntary Liquidation) and RHB Bank (L) Ltd. He is a Council Member of The Association of Banks in Malaysia.

Encik Johari was appointed as a Director of RHB Bank on 1 April 2005, representing RHB Capital Berhad (RHB Capital), the holding company of RHB Bank. On 14 November 2011, he was appointed as the Managing Director of RHB Bank and accordingly resigned as a Non-Independent Non-Executive Director of the relevant Boards within RHB Banking Group on the same date. He also serves as a member of the Group IT & Transformation Strategy Committee.

# Corporate Information

as at 29 February 2012

## BOARD OF DIRECTORS

### Tan Sri Azlan Zainol

*Non-Independent Non-Executive Chairman*

### Haji Khairuddin Ahmad

*Senior Independent Non-Executive Director*

### Ong Seng Pheow

*Independent Non-Executive Director*

### Choong Tuck Oon

*Independent Non-Executive Director*

### Dato' Mohd Ali Mohd Tahir

*Independent Non-Executive Director*

### Abdul Aziz Peru Mohamed

*Independent Non-Executive Director*

### Dato' Mohamed Khadar Merican

*Independent Non-Executive Director*

### Johari Abdul Muid

*Managing Director*

## BOARD COMMITTEES

### GROUP AUDIT COMMITTEE\*

Ong Seng Pheow - *Chairman*

Dato' Othman Jusoh

Haji Md Ja'far Abdul Carrim

Dato' Saw Choo Boon

Dato' Mohd Ali Mohd Tahir

### GROUP CREDIT COMMITTEE\*

Dato' Mohamed Khadar Merican - *Chairman*

Haji Khairuddin Ahmad

Abdul Aziz Peru Mohamed

Patrick Chin Yoke Chung

### GROUP IT & TRANSFORMATION STRATEGY COMMITTEE\*

Choong Tuck Oon - *Chairman*

Ong Seng Pheow

Dato' Mohd Ali Mohd Tahir

Kellee Kam Chee Khiong

Johari Abdul Muid

### GROUP RISK MANAGEMENT COMMITTEE#

Haji Khairuddin Ahmad - *Chairman*

Patrick Chin Yoke Chung

Haji Md Ja'far Abdul Carrim

Choong Tuck Oon

Dato' Saw Choo Boon

### GROUP NOMINATING COMMITTEE#

Datuk Haji Faisal Siraj - *Chairman*

Dato' Mohamed Khadar Merican

Dato' Saw Choo Boon

Dato' Teo Chiang Liang

Choong Tuck Oon

Haji Md Ja'far Abdul Carrim

### GROUP REMUNERATION AND HUMAN RESOURCE COMMITTEE#

Datuk Haji Faisal Siraj - *Chairman*

Dato' Mohamed Khadar Merican

Dato' Saw Choo Boon

Dato' Teo Chiang Liang

Choong Tuck Oon

Haji Md Ja'far Abdul Carrim

## COMPANY SECRETARIES

Azman Shah Md Yaman

Ivy Chin So Ching

### GROUP SENIOR MANAGEMENT

**Kellee Kam Chee Khiong**

*Group Managing Director*

### Johari Abdul Muid

*Managing Director, RHB Bank Berhad*

### Haji Abd Rani Lebai Jaafar

*Managing Director,*

*RHB Islamic Bank Berhad*

### Mike Chan Cheong Yuen

*Officer in Charge, RHB Investment*

*Bank Berhad/Director, Corporate*

*Banking*

### Kong Shu Yin

*Managing Director,*

*RHB Insurance Berhad*

### Sharifatul Hanizah Said Ali

*Managing Director, RHB Investment*

*Management Sdn Bhd*

### Norazzah Sulaiman

*Director, Group Corporate Services*

### Michael Lim Kheng Boon

*Director, Treasury and Transaction*

*Services*

### Vince Au Yoong See Weng

*Director, Retail Banking (Acting)*

### Amy Ooi Swee Lian

*Director, Business Banking*

### Azaharin Abd Latiff

*Director, Human Resource Management*

*(Acting)*

### Patrick Ho Kwong Hoong

*Head, Group Risk Management*

### Wong Yih Yin

*Chief Internal Auditor*

### Azman Shah Md Yaman

*Company Secretary*

## MANAGEMENT OF SUBSIDIARIES

### RHB ISLAMIC BANK BERHAD

Haji Abd Rani Lebai Jaafar

*Managing Director*

### RHB BANK (L) LTD

Toh Ay Leng

*Head, Labuan*



**OVERSEAS LOCATIONS****SINGAPORE**

Jason Wong Hon Lurn  
Head, Singapore Operations

**THAILAND, BANGKOK**

Thiti Musuwan  
Head, Thailand Operations

**BRUNEI, BANDAR SERI BEGAWAN**

Iskandar Zulkarnain Mohd Yussof  
Head, Brunei Operations

**VIETNAM**

Alex Ng Chet Teng  
Head, Vietnam Rep. Office

**JAPANESE BUSINESS GROUP ADVISER**

Akira Miyama  
Head, Group Japanese Business

**REGISTERED OFFICE**

Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 603-9287 8888  
Fax : 603-9280 6507

**BUSINESS ADDRESS**

Head Office  
Towers Two & Three  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia  
Tel : 603-9287 8888  
Fax : 603-9287 9000 (General)  
Telex : MA32813 RHBANK  
MA31032 RHBANK  
MA30437 RHBANK  
Swift : RHBMYKL  
Call Centre : 603-92068118 (Peninsular  
Malaysia – 24 hours)  
082-276118 (Sabah & Sarawak  
– 7 a.m. to 7 p.m.)

**AUDITORS**

PricewaterhouseCoopers  
Chartered Accountants  
Level 8-15, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Malaysia  
Tel : 603-2173 1188  
Fax : 603-2173 1288

\* The Committee resides at RHB Bank Berhad and is shared with the relevant subsidiaries of the Group.

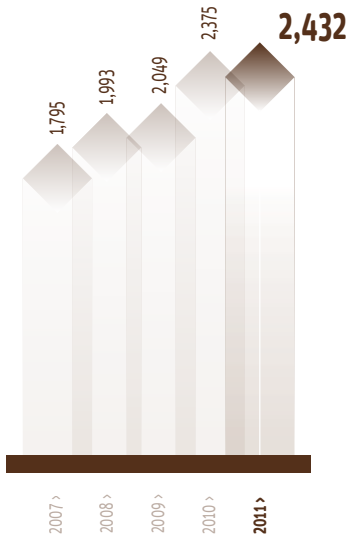
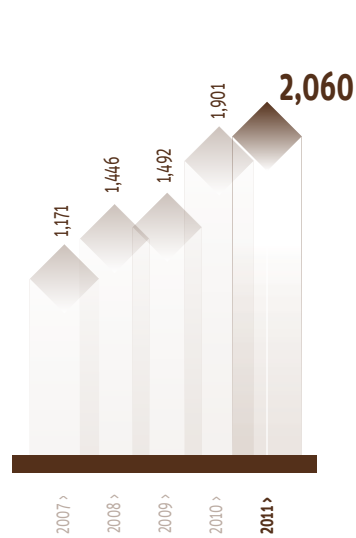
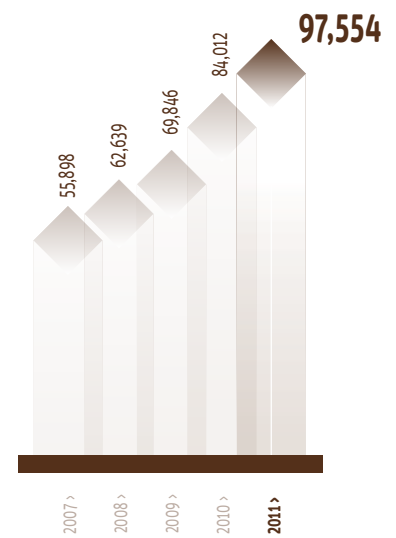
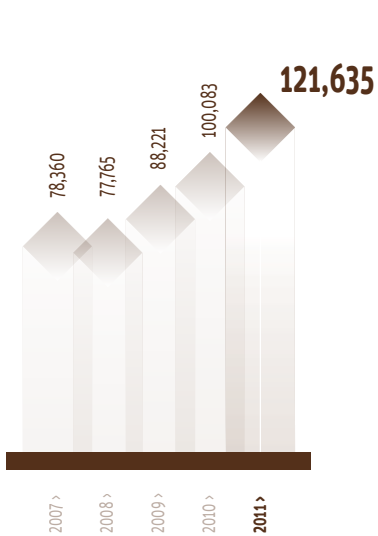
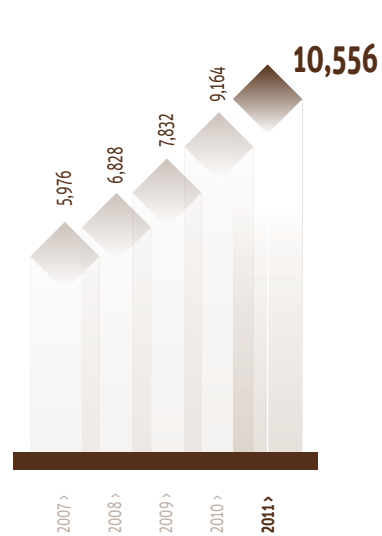
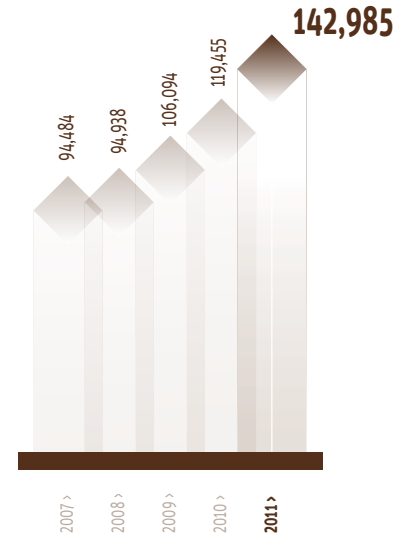
# The Committee resides at RHB Capital Berhad and is shared with the relevant subsidiaries of the Group.

## Group Financial Highlights

### FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	RHB BANK GROUP				
	2011	2010	2009	2008	2007
<b>RESULTS (RM million)</b>					
Operating profit	2,432.48	2,374.81	2,049.25	1,992.61	1,794.56
Profit before INCPS dividends and taxation	2,060.35	1,901.40	1,491.77	1,445.82	1,170.69
<b>STATEMENTS OF FINANCIAL POSITION (RM million)</b>					
Total assets	142,985	119,455	106,094	94,938	94,484
Gross loans, advances and financing	97,554	84,012	69,846	62,639	55,898
Total deposits	121,635	100,083	88,221	77,765	78,360
Paid-up capital	3,318	3,318	3,318	3,318	1,950
INCPS and shareholder's equity	10,556	9,164	7,832	6,828	5,976
<b>ORDINARY DIVIDENDS (Paid)</b>					
Gross dividend rate (%)	9.56	9.80	6.24	7.58	60.70
Net dividend (Paid) (RM million)	237.91	244.07	155.29	185.87	863.45
Final gross dividend in respect of the current financial year 2011 of 7.03 sen less 25% tax amounting RM350,000,000 will be proposed for shareholder's approval at the forthcoming Annual General Meeting.					
Net Preference Dividends (Paid) (RM million)	-	-	-	32.15	99.87
<b>FINANCIAL RATIOS</b>					
Net tangible assets backing per 50 sen ordinary share (sen)	143.94	122.96	102.89	87.76	92.41
Return on average shareholder's equity (%)	15.81	16.79	16.21	18.16	16.20
Earnings per 50 sen ordinary share (sen)	23.49	21.50	17.90	17.30	19.30

## Group Financial Highlights (continued)

Operating Profit  
(RM Million)Profit Before INCPs Dividends and Taxation  
(RM Million)Gross Loans, Advances and Financing  
(RM Million)Total Deposits  
(RM Million)INCPs and Shareholder's Equity  
(RM Million)Total Assets  
(RM Million)

# RHB Capital Berhad Group Structure

as at 29 February 2012



## Commercial Banking Group

### RHB Bank Berhad

- ◆ RHB Islamic Bank Berhad
- ◆ RHB Bank (L) Ltd
  - ◆ RHB International Trust (L) Ltd
    - ◆ RHB Corporate Services Sdn Bhd
- ◆ RHB Leasing Sdn Bhd
- ◆ RHB Capital Nominees (Tempatan) Sdn Bhd
  - ◆ RHB Capital Nominees (Asing) Sdn Bhd
- ◆ RHB Capital Properties Sdn Bhd
- ◆ Utama Assets Sdn Bhd
- ◆ RHB Bank Nominees Pte Ltd (*Singapore*)
- ◆ Banfora Pte Ltd (*Singapore*)
- ◆ RHB Investment Ltd (*Singapore*)
- ◆ RHB Trade Services Limited (*Hong Kong*)
- ◆ Utama Gilang Sdn Bhd <sup>(9)</sup>
- ◆ UMBC Sdn Bhd
- ◆ RHB Delta Sdn Bhd <sup>(9)</sup>

#### Notes:

The subsidiary companies are wholly-owned unless otherwise stated.

- Dormant company
- Jointly Controlled Entity

- (1) With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.
- (2) The company has ceased operations from the close of business on 10 December 2001.
- (3) The company became a wholly-owned subsidiary of RHB Capital Berhad on 16 October 2009.
- (4) The company became a wholly-owned subsidiary of RHB Capital Berhad on 2 November 2009.
- (5) The company became a wholly-owned subsidiary of RHB Hartanah Sdn Bhd on 26 May 2010.
- (6) The company became a wholly-owned subsidiary of RHB Hartanah Sdn Bhd on 16 July 2010.
- (7) The company became a wholly-owned subsidiary of RHB Private Equity Holdings Sdn Bhd on 30 September 2010.
- (8) The company became a wholly-owned subsidiary of RHB Investment Management Sdn Bhd on 14 October 2010.
- (9) The company has commenced members' voluntary winding up on 16 February 2011.

*Country of incorporation is in Malaysia unless otherwise indicated in italics*

## Investment Banking Group

### RHB Investment Bank Berhad

- ◆ RHB Investment Management Sdn Bhd
  - ◆ RHB Islamic Asset Management Sdn Bhd <sup>(8)</sup>
- ◆ RHB Research Institute Sdn Bhd
- ◆ RHB Merchant Nominees (Tempatan) Sdn Bhd
  - ◆ RHB Merchant Nominees (Asing) Sdn Bhd
- ◆ RHB Private Equity Holdings Sdn Bhd
  - ◆ RHB Private Equity Management Ltd
  - ◆ RHB Private Equity Fund Ltd (*Cayman Islands*) <sup>(7)</sup>
- ◆ RHB Nominees Sdn Bhd
- ◆ RHB Nominees (Tempatan) Sdn Bhd
- ◆ RHB Nominees (Asing) Sdn Bhd
- ◆ RHB Excel Sdn Bhd
- ◆ RHB Progressive Sdn Bhd
- ◆ RHB Marketing Services Sdn Bhd <sup>(9)</sup>
- ◆ RHB Unit Trust Management Berhad
- ◆ Vietnam Securities Corporation (49%)

### RHB Insurance Berhad

- ◆ RHB Insurance Berhad (94.7%)

### Others

- ◆ RHB Equities Sdn Bhd <sup>(1)</sup>
  - ◆ KYB Sdn Bhd
- ◆ RHB Capital (*Jersey*) Limited
  - ◆ Rashid Hussain Securities (*Philippines*), Inc. (*Philippines*) <sup>(2)</sup>
- ◆ RHB Hartanah Sdn Bhd
  - ◆ Positive Properties Sdn Bhd <sup>(5)</sup>
  - ◆ RHB Property Management Sdn Bhd <sup>(6)</sup>
- ◆ Straits Asset Holdings Sdn Bhd
  - ◆ SSSB Services (Melaka) Sdn Bhd
  - ◆ SFSB Services (Melaka) Sdn Bhd
- ◆ RHBF Sdn Bhd
  - ◆ KYF Sdn Bhd
- ◆ RHB Venture Capital Sdn Bhd <sup>(3)</sup>
- ◆ RHB Kawal Sdn Bhd <sup>(4)</sup>

# Corporate Governance Statement

## Introduction

“Corporate governance is the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders.”

*High Level Finance Committee Report 1999*

“The ‘licence to operate’ of a company invariably involves the responsibility to operate with genuine concern and understanding of interactions between sustainability and business, and to incorporate those considerations into the daily operations of the company.”

*Securities Commission Corporate Governance Blueprint 2011*

## OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Directors (“Board”) of RHB Bank Berhad (“RHB Bank” or “the Bank”) recognises that good corporate governance is and has been fundamental to the success of our business. Not only has it helped establish the Bank’s credibility and bolster our corporate reputation, it has also enhanced our shareholder value, provided assurance to investors, strengthened customers’ trust in our businesses and improved the overall RHB Banking Group’s competitive positioning.

Given the Group’s vision “to be a Leading Multi-National Financial Group” as well as the five new customer-centric core values with the acronym PRIDE (i.e. Professional, Respectful, Integrity, Dynamic and Excellence), the Board also placed an emphasis on the corporate governance, tenets of transparency, accountability, integrity and corporate performance as the prerequisites of a responsible corporate entity.

To ensure the highest standards of integrity, business ethics and professionalism are upheld across our organisation, we have adopted best market practices to establish accountability and transparency within the Bank and Group as well as upheld the integrity of the Board and Management. RHB Banking Group’s corporate governance structure is principally based on the following:

- (i) Revised Malaysian Code on Corporate Governance (“the Code”);
- (ii) Bank Negara Malaysia’s (“BNM”) Guidelines on Corporate Governance for Licensed Institutions (“BNM’s CG Guidelines”);
- (iii) Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and Corporate Governance Guide (“CG Code”); and
- (iv) Minority Shareholders Watchdog Group (“MSWG”) Corporate Governance Best Practices.

While stringent corporate governance practices and internal controls are already in place, we believe there is always room for improvement and are always exploring new avenues and measures to enhance the Bank’s and Group’s system of governance. In doing so, the Board not only pays attention to ethical conduct, value enrichment and the implementation of best practices, but also makes a significant effort to understand and manage stakeholders’ expectations. Such understanding is essential to ensure that our position and reputation as a financial institution is held in good stead. Moreover, this understanding enables us to fulfil the evolving needs of our stakeholders and supports the Group’s efforts to compete at the global arena.



## Corporate Governance Statement (continued)

As a testament to our strong commitment and practice of good corporate governance, RHB Banking Group was the proud recipient of the numerous awards:

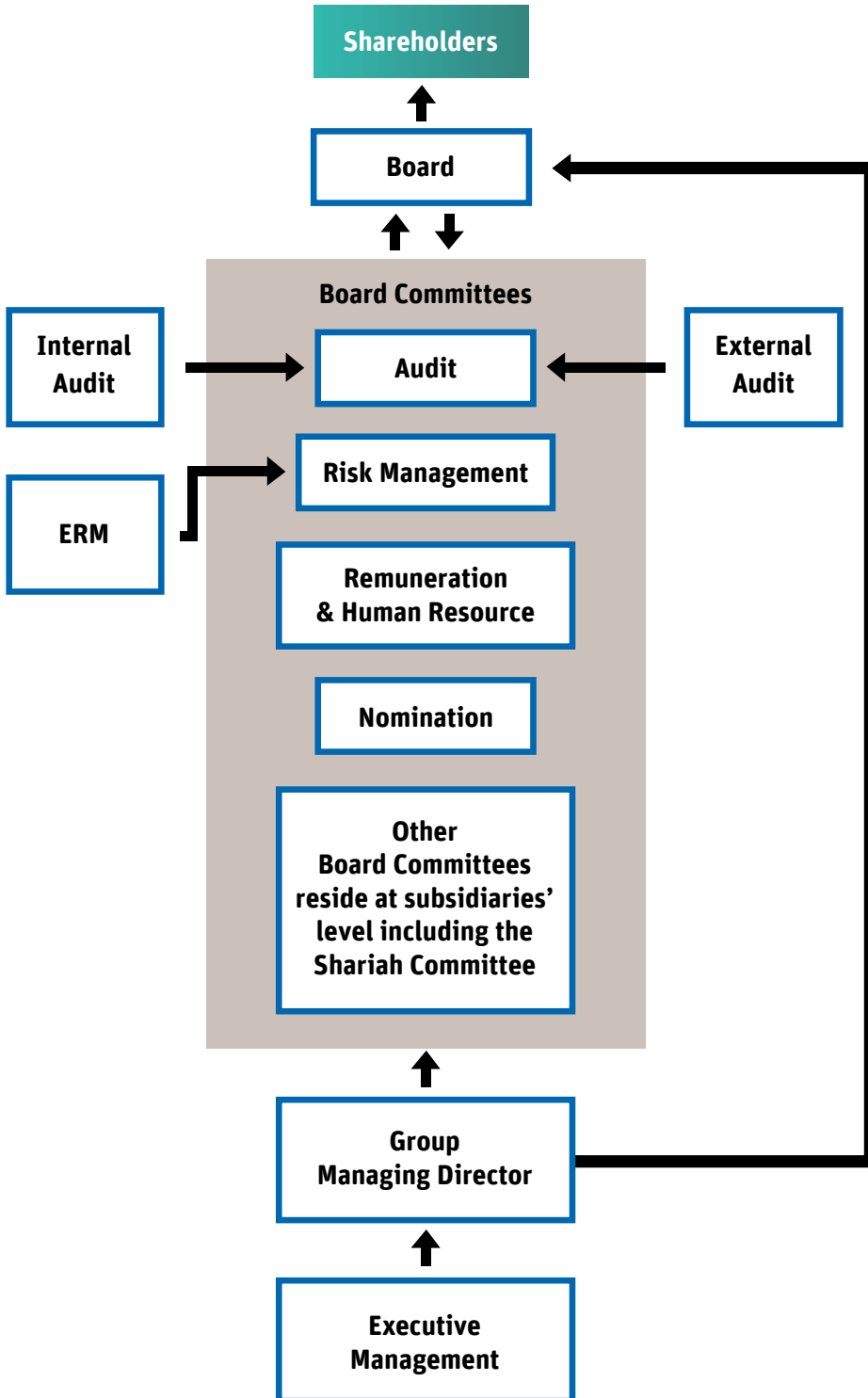
- RHB Capital Berhad - Enterprise Governance Award - Merit Malaysian Business-CIMA Enterprise Governance Awards 2011
- RHB Capital Berhad - Best Return to Shareholders - Second Runner Up Malaysian Business-CIMA Enterprise Governance Awards 2011
- RHB Capital Berhad - Best Investor Relations in Malaysia – 8th rank FinanceAsia Best Managed Companies Awards 2011 in Malaysia
- RHB Bank Berhad - RHB Now : Best Security Initiative from Asian Banking & Financial Retail Banking Awards 2011
- RHB Bank Berhad - RHB Reflex Online Cash Management : Best Cash Management Bank in Malaysia 2011 from The Asian Banker Transaction Banking Awards 2011
- RHB Bank Berhad - Easy by RHB : Asia Pacific, the Middle East, Central Asia and Africa - Best Business Model from The Asian Banker International Excellence in Retail Financial Services Awards 2011
- RHB Bank Berhad - Easy by RHB : Asia Pacific - Special Citation Award for Operational Efficiency from Financial Insights Innovation Awards 2011
- RHB Bank Berhad - Easy by RHB : Best Brands in Financial Services – Retail Banking from The BrandLaureate Awards 2010-2011 for Product Branding
- RHB Bank Berhad - Easy by RHB : Asia Pacific - Service Excellence Award from Banking & Payments Asia Trailblazer Awards 2011
- RHB Bank Berhad - Easy by RHB : Best Brand Strategy Advertising + Marketing Magazine Awards 2011
- RHB Islamic Bank Berhad - Malaysia Service to Care Award 2011 from Philip Kotler Centre for ASEAN Marketing & MarkPlus Inc.
- RHB Investment Bank Berhad - Best Country Deal from Asia Money
- RHB Investment Bank Berhad - Islamic Deal of the Year from Asset Asian Awards 2011
- RHB Investment Bank Berhad - Best Deal/Most Innovative Deal of the Year in Southeast Asia from Southeast Asia
- RHB Investment Bank Berhad - Blueprint Award - Malaysian Innovation of the Year from RAM Rating Services Berhad
- RHB Research Institute Sdn Bhd - The Edge Malaysia's Best Call Awards Top Strategist and Best Plantation Sector Call from The Edge Malaysia



Corporate Governance Statement (continued)

**GOVERNANCE MODEL**

RHB Banking Group’s Governance Model conforms to the relevant regulatory requirements as well as best market practices. The Governance Model is continuously reviewed by the Board to ensure it remains relevant and is able to meet future challenges.

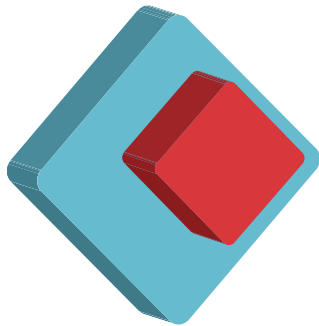


**BOARD OF DIRECTORS**

**Board Composition and Balance**

The Board currently has eight Members, with a Non-Independent Non-Executive Chairman, six Independent Non-Executive Directors (“NEDs”) and the Managing Director (“MD”). The structure and composition of the Board comply with the Code and BNM’s CG Guidelines. The number of Independent Directors exceeds the requirement that one-third of Board Members be independent as set out in the Code and BNM’s CG Guidelines. The presence of the six Independent NEDs ensures there is an effective check and balance in the functioning of the Board. These Independent NEDs fulfil the criteria of independence as defined in the BNM’s CG Guidelines. They are not involved in the day-to-day management of the Bank, nor do they participate in any business dealings of the Bank. This ascertains that they remain free of any conflict of interest and can undertake their roles and responsibilities as Independent NEDs in an effective manner.

**Composition of Board**



- ◆ Independent
- ◆ Non-Independent

RHB Banking Group is also in the midst of identifying suitable female candidates for appointment as Directors of the Group considering that gender diversity is also one of the important attributes of a well-functioning Board and an essential measure of good governance.

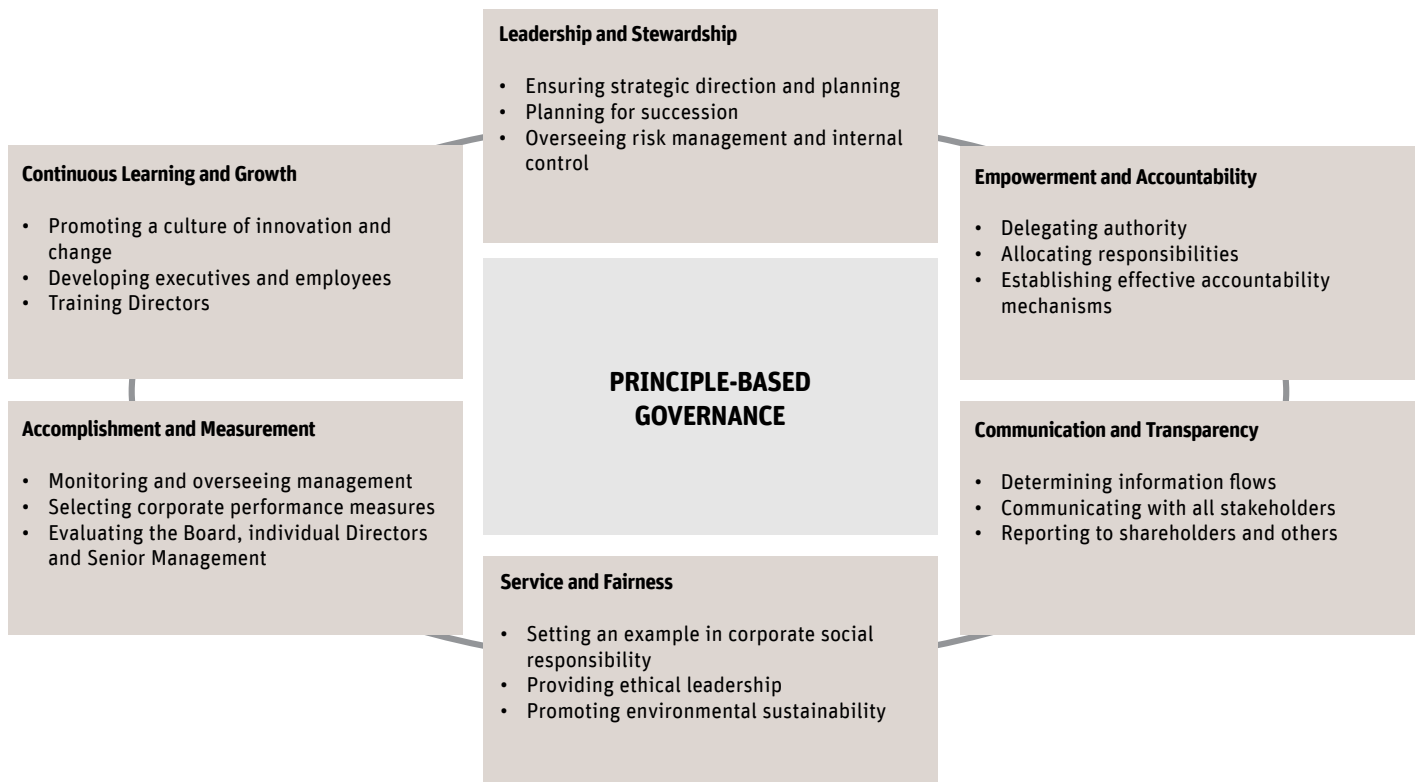
**Directors' Qualification and Experience**

As a major financial services group, the Board recognises that its Members must have the appropriate mix of skills as well as the necessary knowledge, experience and commitment to effectively contribute towards the growth and expansion of the Bank and the Group as a whole. Furthermore, being on the Board of a financial institution, Board Members are required to be responsive to the constantly changing global financial landscape. The Board regularly reviews the composition of its own Board as well as the Boards of its major subsidiaries and the Group's Board Committees to ensure that appropriate balance is maintained and that there is an adequate mix of skills and experience.

Our Directors bring on board a wealth of knowledge and experience in business development, finance, accounting/audit, risk, IT and transformation management and general management skills that are drawn from the relevant industries that they operate in and the regulatory environment in which the Group operates. A brief profile of each member of the Board outlining their qualifications, experience and skills is presented on pages 004 to 007 of this Annual Report.

**Duties and Responsibilities of the Board**

The Board recognise the importance of having the six basic principles as indicated below to form a good governance Board:



## Corporate Governance Statement (continued)

The Board is responsible for governing the business and affairs of the Bank and for exercising all such powers pursuant to the Articles of Association of the Bank. While carrying out their duties and responsibilities, the Board is committed to ensuring that the highest corporate governance standards are adhered to. The overall principle responsibilities of Board are as follows:

- providing strategic leadership to the Bank and the Group;
- reviewing, approving and monitoring the implementation of the Group's strategic business plans and policies;
- ensuring the Bank and Group maintain an effective system of internal controls and are able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- acting as a guardian of the Group's corporate values and ethical principles in parallel with the goal to enhance shareholders' value;
- monitoring as well as evaluating the performance of the Management to ensure that the performance criteria remains dynamic; and
- ensuring the formulation of a succession plan for the Group for long-term business continuity.

### **Roles of the Chairman, Managing Director, Non-Executive Director and Senior Independent Non-Executive Director**

#### **Chairman**

It is widely recognised that the roles of the Chairman and the MD must be clearly demarcated. The Chairman is responsible for leading the Board and ensuring it performs in an effective manner.

The Chairman, YBhg Tan Sri Azlan Zainol presides over Board and General Meetings of the Bank. He ensures that the Board is well informed and effective; that Members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper decision making of the Board and the Bank. Additionally, the Chairman has to ensure that General Meetings are conducted efficiently and in accordance with the requirement of the Companies Act 1965, and that shareholder has adequate opportunity to air its views and obtain answers to its queries.

In furtherance thereto, the Chairman also has these responsibilities:

- to provide effective leadership in the determination of the Bank and the Group's strategy and in the achievement of the Bank and the Group's objectives;
- to work with the Company Secretary to schedule Board and Committee meetings and ensure that Directors receive accurate, timely and clear information, in particular on the Bank's and Group's performance and issues arising, to enable the Board to make sound decisions, conduct effective monitoring and provide sound advice in achieving the Bank's and Group's objectives;
- to ensure that Board Committees are properly established and composed, with appropriate terms of reference;
- to ensure that all important agenda are appropriately discussed by the Board;
- to ensure the independence of the Board in discharging its duties. This includes encouraging NEDs of the Board to meet regularly to deliberate on matters of concern and ensure that the Board engages independent advisors where required (subject to the proper approval process);
- to ensure that the Board and individual Directors fully exercise their responsibilities and adhere to applicable laws, regulations, rules, directives, policies and guidelines;
- to consider and address the developmental needs of individual Directors and the Board as a whole to maintain the necessary depth and breadth of knowledge and skills to enhance the effectiveness of the Board;
- to promote effective relationships and open communication between the Board and the Senior Management in relation to corporate governance and corporate performance;
- to enhance the Bank's and Group's public standing and image; and
- to ensure effective relationships are maintained with all major stakeholders.

The Chairman, YBhg Tan Sri Azlan Zainol has over 29 years' experience in the financial sector. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants. YBhg Tan Sri Azlan Zainol was appointed as the Chairman of RHB Bank on 29 July 2005 and he exercises independent and broad judgement, provide independent opinion and constructive views on the Management's proposal.

## Corporate Governance Statement (continued)

**Managing Director (“MD”)**

The MD, Encik Johari Abdul Muid, who has extensive financial experience and knowledge (including treasury and investment management), is responsible for the day-to-day management of the business and operations of the Bank and in ensuring the successful implementation of policies and directions as formulated by the Board. The distinct and separate duties and responsibilities of the MD and the Chairman ensure the balance of power and authority in relation to the establishment of a fully effective Board.

The MD’s integral role is to implement the policies and decisions of the Board, oversee the operations as well as coordinate the development and implementation of business and corporate strategies. In addition thereto, he is also responsible for the following tasks:

- manage the business and operations and to put in place the policies and strategies adopted by the Board;
- ensuring that the financial results are accurate and not misleading as well as ensuring that the financial management practices of the Bank and the Group are carried out with the highest standards of integrity and transparency for the benefit of all stakeholders;
- ensuring that the business and affairs of the Bank and the Group are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
- overseeing the internal control systems and the risk management processes and ensuring these are appropriate and effective;
- ensuring succession planning and talent management programs are in place in the interest of human capital development;
- maintaining effective relationship between the Management, the Board and other stakeholders; and
- developing and maintaining strong communication programs and dialogue with the stakeholders.

In carrying out his tasks, the MD is supported by a Management Committee (“Manco”) which comprises the MD as the Chairman and other Senior Management of the Bank. The Manco is governed by its terms of reference and has several objectives, among others to monitor and review the Bank’s performance and formulate as well as discuss policies, strategies and activities of the Bank and in relevant circumstances, for recommendation to the Board of the Bank.

**Non-Executive Directors**

The roles of the NEDs are wide and varied. They provide considerable depth of knowledge collectively gained from their experience in a variety of public and private companies and other enterprises. The Independent Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated on and take into account the interests of minority shareholders, employees, customers and the many communities in which the Group conducts its business. The independence of the Independent Directors is constantly reviewed and benchmarked against best practices and regulatory provisions.

In discharging their responsibilities, the Independent Directors engage with the Management as well as internal and external auditors, plus participate in Board Committees within the Group. This is particularly so in the case of Tuan Haji Khairuddin Ahmad who is the Chairman of the Group Risk Management Committee; Mr Ong Seng Pheow who is the Chairman of Group Audit Committee; Mr Choong Tuck Oon who is the Chairman of Group IT & Transformation Strategy Committee and YBhg Dato’ Mohamed Khadar Merican who is the Chairman of Group Credit Committee.

**Senior Independent Non-Executive Director**

The Board has appointed Tuan Haji Khairuddin Ahmad as the Senior Independent Non-Executive Director (“SINED”), to whom concerns pertaining to the Bank may be conveyed by shareholder and the public.

Tuan Haji Khairuddin Ahmad has been an Independent Non-Executive Director of RHB Bank since 18 March 2008 and was appointed as its SINED since 1 March 2011. Tuan Haji Khairuddin Ahmad began his career in the banking industry and was previously with Citibank N.A., Southern Bank Berhad, Bank of Commerce Berhad and Arab Malaysian Finance Berhad.

## Corporate Governance Statement (continued)

The SINED has the following additional responsibilities:

- to be available to shareholder if they have concerns relating to matters where contact through the normal channels of the Chairman or MD has failed to resolve issues, or for which such contact is inappropriate; and
- to maintain contact as required with the shareholder to have a balanced understanding of their issues and concerns.

All concerns relating to the Bank can be channelled to the SINED's email address, [khairuddin.ahmad@rhb.com.my](mailto:khairuddin.ahmad@rhb.com.my).

### BOARD CHARTER

The Board has developed a charter that sets out the key corporate governance principles adopted by the Board ("Charter"). In adhering to the responsibilities set out in the Charter, the Members of the Board are expected to perform their duties with integrity, honesty and professionalism within the ambit of the law to serve the interest of the Bank's shareholder and stakeholders.

### CODE OF ETHICS AND BUSINESS CONDUCT

The Board has adopted a Code of Ethics and Business Conduct for Directors ("Code of Ethics"). The Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of Directors with a view to achieving the following objectives:

- to establish a uniform ethical standard for Directors emphasising conduct free from conflicts of interest; and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

The Group has in place a Group Code of Ethics and Conduct that is applicable to all its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities.

### COMPANY SECRETARY

The Company Secretary serves and advises the Board on matters relating to the affairs of the Board and ensures that Board meetings are properly convened and an accurate and proper record of the proceedings and minutes of the meetings are kept. The Company Secretary assists the Chairman and Directors in the conduct of meetings and their governance obligations and responsibilities as Directors of the Bank. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and the Senior Management.

Apart from performing the duties and responsibilities of a named Secretary to the Board, the Company Secretary also undertakes the following roles:

- ensures that the Board is kept well informed / updated on legal / regulatory requirements that affects the duties and responsibilities of Directors;
- ensures that the relevant companies within the Group complies with its statutory obligations under relevant laws and regulations;
- manages Board and shareholder processes group-wide;
- provides guidance to Directors and Senior Management on various corporate administration matters;
- assists in managing shareholder relations and resolving their enquiries;
- manages relationship with the external share registrar; and
- acts as a custodian of the Group's statutory records.



**Board Meetings And Access To Information**

Board Meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and accommodate the next year's Board Meetings into their respective meeting schedules.

The Board meets on a monthly basis to discuss business strategy, financial performance, potential strategic acquisition and alliances, matters pertaining to compliance and governance, as well as reports on matters deliberated by Board Committees and their recommendations thereto. The Board also reviews regular management reports and information on corporate and business issues to assess performance against business targets and objectives. Special meetings are held where any direction or decisions are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees and main Management Committees through minutes of these Committees. At each Meeting, the Board also receives updates from the respective Chairmen/representatives of the Group Audit Committee and Group Risk Management Committee on matters that have been deliberated at both Committees' Meetings, as well as on matters that require attention. This practice also applies for the rest of the entities of the Group.

To facilitate productive and meaningful deliberations, the proceedings of the Board Meetings are conducted in accordance with a structured agenda. The structured agenda together with comprehensive management reports are furnished to the Directors at least seven days prior to the scheduled Board Meeting date. This is to allow the Members of the Board to digest the issues at hand, seek clarification from the Management or the Company Secretary if required, and formulate opinions on matters to be deliberated at the meetings. Confidential papers or urgent proposals are presented and tabled at the Board Meetings as other business under the Agenda upon the consent of the Chairman being obtained.

The RHB Banking Group is firmly committed to embedding technological innovation throughout the length and breadth of our organisation, especially those elements that strengthen productivity, bolster stakeholder relationships and protect our environment. We are proud to be one of the first organisations in Malaysia to embark on the use of iPads and eBooks at Board/Board Committee Meetings. This initiative also forms part of the Group's ongoing Boardroom Modernisation Project. The benefits of circulating encrypted Board and Board Committee papers electronically and the use of iPads in place of paper have resulted in better mobility, faster movements of the documents, cost and time savings, greater convenience, better security and a positive impact on the environment.

The RHB Banking Group firmly believes that technology is integral to the Group's business growth and as such is committed to leveraging technological innovation to elevate the competitive edge of the Group in all aspects.

Directors who are unable to attend the Board Meeting physically are allowed to participate in the deliberations and discussions via telephone or video-conferencing. All deliberations at Board Meetings, including dissenting views, are duly minuted as records of proceedings. Relevant Board's decisions are communicated to the Management within one working day from the Board's approval to enable Board decisions and directions to be executed on a timely basis. The draft minutes are circulated to the Directors and Management concerned for their review and comments before the final minutes are tabled for confirmation at the next Board Meeting. Management takes immediate action on all matters arising from the Board Meeting and updates the Board on the status of these matters at the next Board Meeting (where possible) or if deemed urgent via circulation of memorandum.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly and indirectly by the Bank and Group. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction.

Each Member of the Board is required to apply independent judgement to decision making in their capacity as a Director. Where urgency prevails and if appropriate, decisions are also taken by way of a Directors' Circular Resolution in accordance with the Bank's Articles of Association.

The Board is able to seek clarification and advice as well as request for information on matters pertaining to the Bank and Group from the Senior Management and the Company Secretary. Should the need arise, the Directors may also seek independent professional advice, at the Bank's expense, when deemed necessary for the proper discharge of their duties.

## Corporate Governance Statement (continued)

The Group has in place the “Standard Procedures for Directors to Have Access to Independent Advice” which lays down the procedures for Directors to seek internal and/or external professional independent advice. The objectives of these guidelines among others are as follows:

- to ensure consistency throughout the RHB Banking Group on the procedures for Directors of the Group to have access to independent professional advice; and
- to enable Directors to have an enhanced perception of issues within the Group by allowing them to obtain independent opinion/advice/consultation from leading professionals in the relevant areas.

The adoption of the above guidelines is in line with the various regulatory requirements and best practices.

The Board convened fourteen meetings for the financial year ended 31 December 2011. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings is set out below:

Name of Director	No. of Meetings Attended	Total Percentage of Attendance (%)
YBhg Tan Sri Azlan Zainol	13/14	93
Tuan Haji Khairuddin Ahmad	13/14	93
Mr Ong Seng Pheow	13/14	93
Mr Choong Tuck Oon	14/14	100
YBhg Dato' Mohd Ali Mohd Tahir <sup>1</sup>	13/14	93
Encik Abdul Aziz Peru Mohamed <sup>2*</sup>	13/13	100
YBhg Dato' Mohamed Khadar Merican <sup>3*</sup>	2/2	100
Encik Johari Abdul Muid <sup>4</sup>	10/12 (in the capacity of Non-Independent Non-Executive Director)	83
	2/2 (in the capacity of Managing Director)	100

## Notes:

<sup>1</sup> Appointed on 1 January 2011

<sup>2</sup> Appointed on 7 February 2011

<sup>3</sup> Appointed on 1 November 2011

<sup>4</sup> Redesignated as the Managing Director on 14 November 2011

\* Based on the number of Board meetings attended since his appointment to the Board

YBhg Dato Abdullah Mat Noh, YBhg Dato' Tajuddin Atan and Mr Mohamed Ali Ahmed Hamad Al Dhaheri resigned from the Board of RHB Bank on 1 March 2011, 31 March 2011 and 30 September 2011, respectively.

Pursuant to the BNM's CG Guidelines, individual directors must attend at least 75% of the Board meetings held in each financial year. For the year under review, all Directors complied with the attendance requirement as stipulated by BNM.

Out of fourteen Board Meetings in financial year ended 2011, one was held at our regional operations base in Singapore in conjunction with the Singapore Operations' 50th Anniversary Celebration Gala Dinner. This also enabled the Board to keep abreast with regional developments and at the same time provide more effective oversight to better understand the Group's International operations and customer needs. The Board also held meetings in Bangkok where its Bangkok operation is present.

During the financial year, a Group Board Strategy Retreat was also held in the fourth quarter to deliberate specifically on strategic aspects (including the Group's long-term corporate strategies and business plans) and performance targets of the Group. During the Retreat, the Board and Senior Management of the Group collectively agreed on the Mission, Vision and Core Values as well as long-term strategies.

## **APPOINTMENTS AND RE-ELECTION TO THE BOARD**

RHB Bank is governed by BNM's CG Guidelines in relation to the appointment of new Directors and the re-appointment of its existing Directors upon the expiry of their respective tenures of office as approved by BNM.

While the Board is responsible for the appointment of new Directors, the Group Nominating Committee is delegated with the role of reviewing and assessing the appointments/re-appointments of Directors. For the appointment of new Directors, a thorough and comprehensive evaluation of the background, skills, knowledge and experience of the nominee is undertaken by the Group Nominating Committee before a recommendation is made to the Board for approval. The Group Nominating Committee will also meet up with candidates, where possible. As for re-appointment of existing Directors, the Group Nominating Committee also refers to the results of the individual assessments conducted via the Board Effectiveness Evaluation. The application for the appointment/re-appointment of Directors will be submitted to BNM for consideration once the same is approved by the Board.

The Group has in place an internal guideline on the Tenure of Appointment and Re-appointment of Independent Directors with the main objective of preserving the independence of Independent Directors. Generally, the tenure of appointment or re-appointment of Independent Directors within the Group is for a two years term with a maximum service tenure of ten years. Independent Directors over 70 years of age will not be eligible for appointment or re-appointment on the Board of any of the companies within the RHB Capital Group and shall retire at the next Annual General Meeting of the company concerned.

Article 100 of the Bank's Articles of Association provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. Retiring Directors can offer themselves for re-election. Directors who are appointed during the financial year are subject to re-election by shareholder at the next Annual General Meeting held following their appointment.

## **TRAINING & DEVELOPMENT**

All newly appointed Directors are required to attend an induction programme organised by the Management of the Group, to provide the Directors with in-depth information of the industry as well as an overview of the business operations of the Group. During the induction programme, the relevant Management will brief the newly appointed Directors on the functions and areas of responsibility of their respective divisions. This enables Directors to familiarise themselves with the operations and organisational structure of the Group. It also provides them with a platform to establish effective channels of communication and interaction with Management.

Each new Director receives a comprehensive Director's induction kit to assist them in building a detailed understanding of the Group's operations, the longer term direction and the statutory obligations.

The Directors continuously participate in various seminars, conferences and training programmes and in-house workshops to keep themselves abreast of the relevant regulatory framework, financial sector issues as well as current and future market developments.

The Group had adopted a guideline on the Standard Procedures on Directors' In-house Orientation and Continuing Education Programme for the RHB Banking Group, the objectives of which are as follows:

- to ensure consistency throughout the RHB Banking Group in developing an in-house orientation and continuing education programme for its Directors to familiarise themselves with the industry and the Bank/Group; and
- to provide Directors with a better understanding of the nature of business, corporate strategy, risks of the business, financial overview, risk management strategy, legal requirements, duties, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate.

The NEDs of the Bank and the Group also attend local and/or overseas training programmes organised by credible training organisations under the Board High Performance Programme ("BHPP"). This programme is intended to equip the Directors with the necessary knowledge and tools to effectively discharge their duties and responsibilities as well as provide the Directors with global business perspectives and skills that would engender organisational excellence.

The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance of external programmes, and keeps a complete record of the training received and attended by the Directors.

## Corporate Governance Statement (continued)

Conferences, seminars and training programmes attended by each Director of the Bank in 2011 encompassed various topics, including the following:

Directors	Training Programmes
YBhg Tan Sri Azlan Zainol	Islamic Banking and Finance Fundamentals
	Briefing by Messrs PricewaterhouseCoopers on Goods and Services Tax
	FIDE Core 2011
	Internal Capital Adequacy Assessment Process
	EPF Seminar on Investment
	Nomura Annual CEO Investment Forum
Tuan Haji Khairuddin Ahmad	Managing Risk in Mortgage Financing
	Briefing by Messrs PricewaterhouseCoopers on Goods and Services Tax
	Implementation of IRB and Management of Risk Going Forward
	Strategic IT Workshop for Board of Directors and Top Management
	FIDE: Board Risk Management Committee: Managing Risk in Banks
	Anti-Money Laundering/Counter Financing of Terrorism Training for Directors
Mr Ong Seng Pheow	Islamic Banking and Finance Fundamentals
	Briefing by Messrs PricewaterhouseCoopers on Goods and Services Tax
	Insights on the Future of the Financial Services
	Strategic IT Workshop for Board of Directors and Top Management
	Anti-Money Laundering/Counter Financing of Terrorism Training for Directors
	IT Governance and Risk Management Program
	The Role of Corporate Governance in Creating Effective Boards
Mr Choong Tuck Oon	1 Day In House Orientation Programme
	MICG Directors Duties and Governance 2011
	Internal Capital Adequacy Assessment Process
	FIDE Core 2011: Risk Management Committee Risk Management in Islamic Finance
	Strategic IT Workshop for Board of Directors and Top Management
	Anti-Money Laundering/Counter Financing of Terrorism Training for Directors
	Walkthrough for Board Members Online/Mobile, Reflex and Cards
	FIDE: Board IT Governance and Risk Management: Breaking the Technology Code
	YBhg Dato' Mohd Ali Mohd Tahir
MICG Directors Duties and Governance 2011	
Implementation of IRB and Management of Risk Going Forward	
Internal Capital Adequacy Assessment Process	
FIDE On Risk Management Committee: Managing Risks in Financial Institutions (Insurance)	
FIDE: Board Risk Management Committee: Managing Risk in Banks	
Encik Abdul Aziz Peru Mohamed	Corporate Governance Guide: Towards Boardroom Excellence (GC Guide)
	ICGN 2011 Mid-Year Conference Asian Corporate Governance – The Future Steps
	Implementation of IRB and Management of Risk Going Forward
	Internal Capital Adequacy Assessment Process
	Strategic IT Workshop for Board of Directors and Top Management
	Anti-Money Laundering/Counter Financing of Terrorism Training for Directors
	Walkthrough for Board Members Online/Mobile, Reflex and Cards
	FIDE Core 2011

## Corporate Governance Statement (continued)

Directors	Training Programmes
YBhg Dato' Mohamed Khadar Merican	Directors Duties and Governance Conference 2010
	Leadership Best Practices
	Performance Pays - The Report on Non-Executive Directors Remuneration
	FIDE July / October 2010
	Seminar on Coping with Asia's Large Capital Inflows in a Multi-Speed Global Economy
	Implementation of IRB and Management of Risk Going Forward
	Internal Capital Adequacy Assessment Process
	Strategic IT Workshop for Board of Directors and Top Management
	FIDE: Board Risk Management Committee: Managing Risk in Banks
	Anti-Money Laundering/Counter Financing of Terrorism Training for Directors
	Walkthrough for Board Members Online/Mobile, Reflex and Cards
Encik Johari Abdul Muid	Finance for Directors and Executive Management
	Islamic Banking and Finance Fundamentals
	FIDE July / October 2010
	Executive Education Program: High Performance Boards
	Implementation of IRB and Management of Risk Going Forward
	Internal Capital Adequacy Assessment Process
	FIDE Technical Program: Board IT Governance and Risk Management
	Strategic IT Workshop for Board of Directors and Top Management
	FIDE: Nomination/Remuneration Committee Programme
	FIDE: Board Risk Management Committee: Managing Risk in Banks

**BOARD PERFORMANCE EVALUATION**

The Board has since 2006 undertaken the Board Effectiveness Evaluation (“BEE”) exercise on the Board and Board Committees with the objective of assessing the effectiveness of the Board and Board Committees as a whole, as well as the individual Directors. The BEE is designed to maintain cohesion of the Board, and to improve the Board’s effectiveness as well as draw the Board’s attention to key areas that need to be addressed.

The performance indicators on which the Board’s effectiveness is evaluated are as follows:

**Part A: Board Effectiveness Assessment**

1. Board Responsibilities
2. Board Processes
3. Board Administration Tools
4. Board Composition
5. Board Conduct
6. Board Interaction and Communication
7. Chairman Evaluation
8. Chief Executive Officer Evaluation

**Part B: Board of Directors - Self/Peer Assessment**

1. Board Dynamics and Participation
2. Integrity and Independence
3. Technical Competencies
4. Recognition

## Corporate Governance Statement (continued)

### Part C: Board Committees Assessment

1. Committee Evaluation
  - a. Structure and Processes
  - b. Accountability and Responsibilities
2. Individual Committee Members' Self / Peer Assessment Questions on attributes and quality aspects relating to:
  - a. Participation levels and contribution
  - b. Technical competencies

The BEE is based on a combination of self and peer assessment methodologies performed via a customised questionnaire. To ensure integrity and independence of the appraisal process, Messrs PricewaterhouseCoopers Advisory Services Sdn Bhd ("PwCAS") was engaged to collate and tabulate the results of the evaluation. The BEE also includes interviews with Directors by PwCAS for more in-depth analysis of results. PwCAS will discuss the detailed BEE results with the Chairman of the Board as well as the Chairman of the Group Nominating Committee. A summarised report will be presented to the Group Nominating Committee as well as the Board of the Bank to enable the Board to identify areas for improvement. The Board will then analyse the gaps and put in place appropriate measures to ensure the overall effectiveness of the Boards within RHB Banking Group.

### BOARD PROFESSIONALISM

#### Directorships in Other Companies

The Directors of the Bank acknowledge the importance of allocating sufficient time to attend to the affairs of the Bank and at the same time continuously ensure their full commitment towards the business needs of the Bank, within the parameters of the governing laws and regulations.

#### Insider Trading

In accordance with the MMLR of Bursa Securities and the relevant provisions of the Capital Markets & Services Act 2007, Directors, key Management personnel and principal officers of RHB Banking Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge which have not been publicly announced. Notices on the closed period for trading in RHB Capital Berhad securities are circulated to Directors, key Management personnel and principal officers of RHB Banking Group who are deemed to be privy to any price sensitive information and knowledge, in advance of whenever the closed period is applicable.

#### Directors' and Officers' ("D&O") Insurance

Directors and officers of RHB Banking Group are covered against liabilities arising from holding office as Directors, by virtue of the D&O insurance coverage. The insurance does not, however, provide coverage in the event that a Director or a Member of Management is proven to have acted fraudulently or dishonestly. The Directors contribute towards the premium payment for this policy.

### GROUP BOARD COMMITTEES

To enable the Board to devote more time for strategic and critical matters, the Board has delegated specific responsibilities to the following Board Committees, residing either at the Bank or at RHB Capital Berhad level:

#### At RHB Capital level

- **Group Nominating Committee;**
- **Group Remuneration and Human Resource Committee; and**
- **Group Risk Management Committee.**



## Corporate Governance Statement (continued)

**At RHB Bank level**

- **Group Audit Committee;**
- **Group Credit Committee;**
- **Group Recovery Committee (“GRC”)** (dissolved with effect from 31 December 2011 and the Discretionary Powers and responsibilities of the GRC have been vested to Group Credit Committee); and
- **Group IT & Transformation Strategy Committee.**

The functions and terms of references of the Group Board Committees are clearly defined and comply with the relevant governing laws, regulations and guidelines among others the Code and BNM’s CG Guidelines. The members of the Group Board Committees comprise the Directors of the Bank and that of the operating entities within the Group to ensure a fair representation across the entities in pursuing the interests of the entities concerned.

The relevant minutes/extract minutes of meetings of all Group Board Committees are tabled before the respective Boards for notation. On matters reserved for the Board and where Board Committees have no authority to make decisions, proposals will be submitted for Board’s consideration.

**Below are the Group Board Committees that reside at RHB Capital level:****Group Nominating Committee**

The Group Nominating Committee solely comprises Independent NEDs. Meetings of the Group Nominating Committee are held as and when required but the Group Nominating Committee often meets on monthly basis. The Group Nominating Committee met thirteen times during financial year 2011. The composition of the Group Nominating Committee and the attendance of the members at meetings held in 2011 are as follows:

Name of Directors	Attendance at Meetings
YBhg Datuk Haji Faisal Siraj (Independent Non-Executive Director/Chairman)	13/13 (100%)
YBhg Dato’ Mohamed Khadar Merican (Independent Non-Executive Director)	13/13 (100%)
YBhg Dato’ Saw Choo Boon (Independent Non-Executive Director)	13/13 (100%)
YBhg Dato’ Teo Chiang Liang (Independent Non-Executive Director)	11/13 (85%)
Mr Choong Tuck Oon <sup>1#</sup> (Independent Non-Executive Director)	1/1 (100%)
Tuan Haji Md Ja’far Abdul Carrim <sup>1#</sup> (Independent Non-Executive Director)	1/1 (100%)
Previous Member: Encik Johari Abdul Muid <sup>2*</sup> (Non-Independent Non-Executive Director)	8/12 (67%)

## Notes:

<sup>1</sup> Appointed as a Member on 14 November 2011.

<sup>2</sup> Ceased as a Member on 14 November 2011.

# Based on the number of meetings attended since his appointment as a Member in 2011.

\* Based on the number of meetings attended during his tenure of appointment in 2011.

## Corporate Governance Statement (continued)

The salient terms of reference of the Group Nominating Committee are as follows:

- to provide a documented, formal and transparent procedure for the appointment of Directors, Board Committee Members, Group Shariah Committee Members, Chief Executive Officers and key Senior Management Officers, as well as the assessment of effectiveness of individual Directors, the Board as a whole and the various Committees of the Board, the Chief Executive Officers and key Senior Management Officers of the Group;
- to assist the Board in ensuring that appointments are made on merit against agreed upon criteria;
- to assist the Board in identifying and reviewing, on an annual basis, the required mix of skills, experience and other qualities, including core competencies which Directors should bring to the Board and which the Board requires for it to function completely and efficiently; and
- to examine the size of the Board with a view to determining the impact the number of Members has upon its effectiveness.

### Group Remuneration and Human Resource Committee

The Group Remuneration and Human Resource Committee solely comprises Independent NEDs. Meetings of the Group Remuneration and Human Resource Committee are held as and when required but the Group Remuneration and Human Resource Committee often meets on monthly basis. The Committee met fourteen times during financial year 2011.

The composition of the Group Remuneration and Human Resource Committee and the attendance of the members at meetings held in 2011 are as follows:

Name of Directors	Attendance at Meetings
YBhg Datuk Haji Faisal Siraj (Independent Non-Executive Director/Chairman)	14/14 (100%)
YBhg Dato' Mohamed Khadar Merican (Independent Non-Executive Director)	14/14 (100%)
YBhg Dato' Saw Choo Boon (Independent Non-Executive Director)	14/14 (100%)
YBhg Dato' Teo Chiang Liang (Independent Non-Executive Director)	12/14 (86%)
Mr Choong Tuck Oon <sup>1#</sup> (Independent Non-Executive Director)	2/2 (100%)
Tuan Haji Md Ja'far Abdul Carrim <sup>1#</sup> (Independent Non-Executive Director)	2/2 (100%)
Previous Member: Encik Johari Abdul Muid <sup>2*</sup> (Non-Independent Non-Executive Director)	9/12 (75%)

Notes:

<sup>1</sup> Appointed as a Member on 14 November 2011.

<sup>2</sup> Ceased as a Member on 14 November 2011.

<sup>#</sup> Based on the number of meetings attended since his appointment as a Member in 2011.

<sup>\*</sup> Based on the number of meetings attended during his tenure of appointment in 2011.

The salient terms of reference of the Committee are as follows:

- to provide a formal and transparent procedure for developing the remuneration policy for Directors, Board Committee Members, Chief Executive Officers, Group Shariah Committee Members and key Senior Management Officers of the Group and ensuring that their compensation is competitive and consistent with the Group's culture, objectives and strategy;
- to recommend to the Board the best policies, strategies and framework to be implemented for the RHB Capital Group in relation to staff remuneration, rewards and benefits;
- to oversee and review the scope and quality of human resource projects/programmes of the Group; and
- to oversee the disciplinary procedures, regulations and preventive measures as well as to ensure implementation and adherence to the disciplinary procedures.

## Corporate Governance Statement (continued)

**Group Risk Management Committee**

The Group Risk Management Committee solely comprises Independent NEDs. The Committee met thirteen times during financial year 2011.

The composition of the Committee and the attendance of the members at meetings held in 2011 are as follows:

Name of Directors	Attendance at Meetings
Tuan Haji Khairuddin Ahmad (Independent Non-Executive Director/Chairman)	13/13 (100%)
Mr Patrick Chin Yoke Chung (Independent Non-Executive Director)	12/13 (92%)
Tuan Haji Md Ja'far Abdul Carrim (Independent Non-Executive Director)	13/13 (100%)
Mr Choong Tuck Oon (Independent Non-Executive Director)	13/13 (100%)
YBhg Dato' Saw Choo Boon <sup>#</sup> (Independent Non-Executive Director)	2/2 (100%)
Previous Member: Encik Johari Abdul Muid <sup>2*</sup> (Non-Independent Non-Executive Director)	9/11 (82%)

Notes:

<sup>1</sup> Appointed as a Member on 14 November 2011.

<sup>2</sup> Ceased as a Member on 14 November 2011.

<sup>#</sup> Based on the number of meetings attended since his appointment as a Member in 2011.

\* Based on the number of meetings attended during his tenure of appointment in 2011.

The salient terms of reference of the Committee are as follows:

- to provide oversight and governance of risks at the Group;
- to oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process of each entity in the Group is in place and functioning;
- to promote the management of the Group's risk in accordance with a risk-return performance management framework; and
- to deliberate and make recommendations to the Board of Directors of each relevant entity within the Group in respect of risk management matters of the respective entities.

**Below are the Group Board Committees that reside at RHB Bank level:****Group Audit Committee**

The Group Audit Committee comprises NEDs, all of whom are independent.

The Group Audit Committee meets regularly with the internal auditors. The Group Audit Committee together with the Senior Management of the respective companies in the Group meet with the external auditors in reviewing the Bank's and the Group's financial reporting, the nature, scope and results of audit reviews and the effectiveness of the system of internal controls. During the financial year, a total of twenty-one Group Audit Committee meetings were held.

The Group Audit Committee also meets twice a year with the external auditors without the presence of the Management in compliance with the terms of reference.

The composition of the Group Audit Committee and the attendance of the Members thereof together with the terms of reference and activities of the Group Audit Committee during the financial year are set out in the Group Audit Committee Report at page 041 to page 046 of this Annual Report.

## Corporate Governance Statement (continued)

**Group Credit Committee**

The Group Credit Committee comprises NEDs, all of whom are independent.

The Committee met thirty-seven times during financial year 2011.

The composition of the Committee and the attendance of the Members at meetings held in 2011 are as follows:

Name of Directors	Attendance at Meetings
YBhg Dato' Mohamed Khadar Merican <sup>1</sup> (Independent Non-Executive Director/Chairman)	35/37 (95%)
Tuan Haji Khairuddin Ahmad (Senior Independent Non-Executive Director)	34/37 (92%)
Encik Abdul Aziz Peru Mohamed <sup>2#</sup> (Independent Non-Executive Director)	31/33 (94%)
Mr Patrick Chin Yoke Chung <sup>3#</sup> (Independent Non-Executive Director)	4/4 (100%)
Previous Members: YBhg Dato Abdullah Mat Noh <sup>4*</sup> (Independent Non-Executive Director)	4/4 (100%)
Encik Johari Abdul Muid <sup>5*</sup> (Non-Independent Non-Executive Director)	26/33 (79%)

## Notes:

<sup>1</sup> Appointed as Chairman on 1 March 2011.

<sup>2</sup> Appointed as a Member on 1 March 2011.

<sup>3</sup> Appointed as a Member on 14 November 2011.

<sup>4</sup> Ceased as a Member on 1 March 2011.

<sup>5</sup> Ceased as a Member on 14 November 2011.

# Based on the number of meetings attended since his appointment as a Member in 2011.

\* Based on the number of meetings attended during his tenure of appointment in 2011.

The salient terms of reference of the Committee are as follows:

- To affirm, veto or impose additional conditions on all credit, stock/futures broking and debt and equity underwriting applications for amounts above the defined thresholds of the Central Credit Committee.
- To oversee the management of impaired loans/assets as well as monitor the recovery of impaired loans/assets to enhance the Committee's oversight of the loan/asset recovery functions.
- To oversee the performance of rescheduled and restructured accounts to minimize credit loss and maximize the recovery of such accounts.
- To endorse and recommend write-offs to the respective Boards for approval.
- To ensure that credits and underwriting approved by the Central Credit Committee adhere to the Group Credit Policy, stock/futures broking credit policy and the Underwriting Policy, Guidelines and Procedures of RHB Bank Bhd, RHB Bank (L) Ltd, RHB Investment Bank Bhd and RHB Islamic Bank Bhd.
- To endorse all policy loans/financing and loans/financing required by Bank Negara Malaysia to be referred to the respective Boards for approval.

## Corporate Governance Statement (continued)

**Group IT & Transformation Strategy Committee**

The Group IT & Transformation Strategy Committee comprises three Independent NEDs, the Group MD and the MD.

The Committee met thirteen times during financial year 2011.

The composition of the Committee and the attendance of the Members at meetings held in 2011 are as follows:

Name of Directors	Attendance at Meetings
Mr Choong Tuck Oon (Independent Non-Executive Director/Chairman)	13/13 (100%)
Mr Ong Seng Pheow (Independent Non-Executive Director)	13/13 (100%)
YBhg Dato' Mohd Ali Mohd Tahir <sup>#</sup> (Independent Non-Executive Director)	12/12 (100%)
Mr Kellee Kam Chee Khiong <sup>2#</sup> (Group Managing Director)	6/10 (60%)
Encik Johari Abdul Muid (Managing Director)	10/13 (77%)
Previous Members: YBhg Dato' Tajuddin Atan <sup>3*</sup> (Group Managing Director)	2/3 (67%)
Mr Renzo Christopher Viegas <sup>4*</sup> (Deputy Managing Director)	5/9 (56%)

Notes:

<sup>1</sup> Appointed as a Member on 1 February 2011.

<sup>2</sup> Appointed as a Member on 16 March 2011.

<sup>3</sup> Ceased as a Member on 31 March 2011.

<sup>4</sup> Appointed as a Member on 16 March 2011 and ceased as a Member on 14 November 2011.

<sup>#</sup> Based on the number of meetings attended since his appointment as a Member in 2011.

<sup>\*</sup> Based on the number of meetings attended during his tenure of appointment in 2011.

The principal responsibility of the Committee is to provide guidance on the Group's planning and/or execution of programmes and initiatives within the realm of information technology and transformation management.

## Corporate Governance Statement (continued)

**Group Recovery Committee**

The Group Recovery Committee comprises NEDs, all of whom are independent.

The Committee dissolved with effect from 31 December 2011 and the Discretionary Powers and responsibilities of the Committee have been vested to Group Credit Committee since then.

The Committee met eighteen times during financial year 2011.

The composition of the Committee and the attendance of the Members at meetings held in 2011 are as follows:

Name of Directors	Attendance at Meetings
Tuan Haji Khairuddin Ahmad (Senior Independent Non-Executive Director/Chairman)	18/18 (100%)
YBhg Dato' Mohamed Khadar Merican (Independent Non-Executive Director)	17/18 (95%)
YBhg Dato' Teo Chiang Liang (Independent Non-Executive Director)	15/18 (83%)
Previous Members: YBhg Dato' Mohd Ali Mohd Tahir <sup>1*</sup> (Independent Non-Executive Director)	12/12 (100%)
YBhg Dato Abdullah Mat Noh <sup>2*</sup> (Independent Non-Executive Director)	4/4 (100%)

Notes:

<sup>1</sup> Appointed as a Member on 1 March 2011 and ceased as a Member on 14 November 2011.

<sup>2</sup> Ceased as a Member on 1 March 2011.

\* Based on the number of meetings attended during his tenure of appointment in 2011.

**Other Management Committees**

Apart from the above Board Committees, the Group has established Management Committees to assist the Board and Management in managing the Group's businesses, activities and operations. Among the major Management Committees are:

- Group Management Committee
- Group Assets and Liabilities Committee
- Central Credit Committee
- Group Business Continuity Management Steering Committee
- Management Committees at the relevant subsidiary level
- Management Audit Committees at the relevant subsidiary level
- Executive Management Committees at the Regional Operations level

## DIRECTORS' REMUNERATION

In setting the remuneration of the NEDs, RHB Banking Group has established a common reference (incorporating the NEDs' Remuneration Framework) at levels which will enable the Group to effectively attract and retain Directors with the relevant experience and expertise required for the stewardship of the Group. For the NEDs, the level of remuneration reflects the level of responsibilities undertaken by the particular NED concerned within the Bank and the Group. The remuneration strategy takes into consideration the remuneration level of Directors within the industry and is reviewed at least once every two years.

This reference is also aimed at applying the overall guiding principles in respect of the remuneration of NEDs in ensuring that the remuneration levels are commensurate with the responsibilities, risks and time commitment of Boards/Board Committees, based on the adopted tiering system.

The remuneration package of the NEDs of the Bank comprises the following:

### i) Annual Fees

The NEDs are entitled to annual Directors' fees. The annual Directors' fees are subject to shareholder's approval at the Annual General Meeting of the Bank.

### ii) Allowances

NEDs are also entitled to meeting attendance allowances when they attend any Board/Board Committee meetings. In addition, NEDs who sit on Board Committees are entitled to receive Board Committee allowances which shall be paid on an annual basis at the end of each financial year.

### iii) Benefits-in-kind

Benefits accorded to the Chairmen of the Group, consisting of the provision of a Company car, driver and petrol allowance.

The Group has also established a remuneration framework for key Senior Management. The remuneration strategy dictates that they be paid in a competitive manner through an integrated pay and benefit structure which rewards corporate and individual performance in line with contributions to the organisation. The MD is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance for any of the Board and Board Committee meetings that he attends. His remuneration, which includes among others salary, bonus and benefits-in-kind, is solely derived from the Bank.

In order to remain competitive and consistent with the culture, objective and strategy of the Group, the remuneration framework of the NEDs are reviewed periodically to ensure that they remain competitive with the market. In 2011, the Group undertook a review of NEDs' remuneration to ensure that the remuneration is commensurate with responsibilities, risks and time commitment of NEDs. The proposed revised NEDs' remuneration pertaining to Directors' fees will be tabled at the forthcoming Annual General for shareholder's approval.

Further details on the aggregate remuneration of the Directors of the Bank (comprising remuneration received and/or receivable from the Bank and its subsidiaries during the financial year 2011) are disclosed under Note 28 of the Notes to the Financial Statements in this Annual Report.

## Corporate Governance Statement (continued)

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

#### Stakeholder Communications

The RHB Banking Group is committed to, and takes pride for being able to communicate effectively with our shareholders and investors to ensure that they are informed of all material business matters affecting the Group. As part of good corporate governance practices, the Group is also committed to uphold transparency and accountability with all stakeholders apart from ensuring regulatory reporting requirements are met.

The Group places strong emphasis on clear, comprehensive, timely and equitable dissemination of information on the Group's business activities, the milestones achieved, the developments that have taken place and our financial performance. Financial information is supplied continuously in annual reports, quarterly results, press releases as well as announcements to Bursa Securities.

All shareholder information is available electronically as soon as they are announced and published. For ease of reference, all relevant information on corporate and financial developments is posted on the Investor Relations section of the Group's corporate website at [www.rhb.com.my](http://www.rhb.com.my).

#### Investor Relations

The investor relations' function is growing as it plays an important role in RHB Banking Group's corporate governance framework. With the Group's visibility escalating, the investor relations team increased its efforts to engage constantly with investors. As part of best investor relations practice, RHB Banking Group seeks to provide accurate, consistent and timely information about the Group, including its strategies and activities through a continuous and dynamic investor relations programme. The Group also maintains close rapport with analysts and fund managers, whose analysis and reports help investors make their investment decisions.

#### Conferences and Visits to "Easy by RHB"

Management continues to participate regularly in local and international conferences. It is at these events that Management updates participants on the Group's strategies, operations and initiatives.

In 2011, the Group completed two investment conferences covering Singapore and Hong Kong. Regular "Easy by RHB" outlet tours were conducted to showcase the operations of the Group's simple, fast and paperless community banking services.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board ensures that shareholder is provided with a clear, balanced and meaningful assessment of the Bank's financial performance, position and its future prospects through the Annual Audited Financial Statements and quarterly reports.

A Directors' Responsibility Statement for the Annual Audited Financial Statements of the Bank and the Group is set out on pages 051 to 052 of this Annual Report.



**Internal Control**

The Board has overall responsibility for the Bank's internal control systems that include financial and operational controls, risk management, and compliance with laws and regulations as well as internal policies and procedures. The size and complexity of the Bank's operations necessitate the managing of a wide and diverse spectrum of risks. The Bank's system of internal control that is in place is designed to manage rather than eliminate the risk of failure to achieve the business objectives, and can only provide a reasonable and not absolute assurance against material misstatement or loss.

The Board considers that the Group's risk management framework and system of internal control maintained by the Management and which was in place throughout the financial year and up to and as of the date of this report, is adequate to safeguard the shareholder's investment and the Group's assets.

An overview of the Bank's systems of internal control is contained in the Statement on Internal Control set out on pages 037 to 040 of this Annual Report.

**Relationship with External Auditors**

The Board maintains a formal and transparent professional relationship with the External Auditors via the Group Audit Committee. The role of the Group Audit Committee in relation to the External Auditors is disclosed in the Group Audit Committee Report set out on pages 041 to 046 of this Annual Report.

**Related Party Transactions**

The Group has put in place a Policy on Related Party Transaction Review Process which serves as a guide for reviewing and reporting of all related party transactions. All related party transactions are reviewed by Group Legal before any submission is made to the Group Audit Committee for deliberation.

Details of these transactions are set out under Note 35 to the Financial Statements on pages 126 to 131 of this Annual Report.

## Corporate Governance Statement (continued)

### Whistle-Blowing Policy

The Group has also adopted a whistle-blowing policy in strengthening its governance practice. The policy will provide employees with accessible avenue to report on suspected fraud, corruption, dishonest practices or other similar circumstances. This policy is to encourage the reporting of such matters in good faith, with the confidentiality of the person making such reports being protected from reprisal, in the best possible manner. For the current year under review, two complaints pursuant to the Whistle Blowing Policy were received and both were investigated and pursued accordingly based on the requirement of the Policy.

The Group's internal control issues are administered by the following persons:-

**(i) Puan Fazlina Mohamed Ghazali**

Head, Group Legal

Email: fazlina.ghazalli@rhb.com.my

**(ii) Ms Wong Yih Yin**

Head, Group Internal Audit

Email: wong\_yih\_yin@rhbbank.com.my

### COMPLIANCE WITH THE CODE

The Board is satisfied that the Bank and Group have complied with the principles and best practices outlined in the Code as at 31 December 2011.

RHB Banking Group has mapped its current corporate governance practices with Securities Commission Malaysia Corporate Governance Blueprint 2011 ("SC Blueprint") and identified relevant gaps thereto. The Board is pleased to report that the Group is generally in compliance with the SC Blueprint.

This Statement of Corporate Governance was approved by the Board of Directors on 29 February 2012.

# Statement on Internal Control

## INTRODUCTION

The Board of Directors (“Board”) recognises how important it is to maintain a sound system of internal control across the RHB Bank Berhad (the “Bank”) Group to ensure good corporate governance as well as to safeguard shareholders’ investments and the Group’s assets. The system of internal control that we have in place enables us to drive our business operations in a more efficient and effective manner, ensures sound financial reporting and control procedures, as well as compliance with the relevant laws and regulations.

Set out below is the Board’s Statement on Internal Control, which has been prepared in accordance with the “Guidance for Directors of Public Listed Companies” issued by Bursa Malaysia Securities Berhad.

## RESPONSIBILITY

The Board acknowledges that it has a responsibility for the Bank’s system of internal controls and for reviewing the adequacy and integrity thereof. Such a system covers not only financial controls but also controls relating to governance, operations, risk management and compliance with applicable laws, regulations, rules, directives, guidelines as well as internal policies, processes and procedures.

Whilst the Board further acknowledges that total elimination of risks is not possible, the system of internal controls that is in place is designed to manage risks in meeting the Bank’s business objectives. The system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, managing and reporting the significant risks that may affect the achievement of the Bank’s business objectives. This covers the period throughout the financial year under review and up to the date of this report.

Management continuously assists the Board in the implementation of approved policies and procedures on risk and control for application/adherence across the Bank, and ensure that such policies and procedures are being continuously reviewed in order to meet the changing financial landscape.

## KEY INTERNAL CONTROL PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the Group’s system of internal controls include the following:-

- **Risk Management Framework**

The risk management process seeks to identify, measure, monitor and control risk. It also seeks to ensure that risk exposures are adequately managed and that the expected returns compensate the risks taken. This is all the more important given that the risks within the industry we operate in continually change and evolve. This process is regularly reviewed by the Board through the Group Risk Management Committee which ensures the proper management of risks and takes the appropriate measures to mitigate any identified weaknesses in the control environment.

The Group Risk Management Committee provides oversight of the Group’s overall risk management. In discharging its overall duties and responsibilities, the Group Risk Management Committee is supported by the Group Risk Management function which monitors and evaluates the effectiveness of the Group’s risk management system and operations on an ongoing basis.

Amongst the other committees set up in the Group to manage specific areas of risk are the Group Assets & Liabilities Management Committee, Central Credit Committee, Group Credit Committee (“GCC”), Group Recovery Committee (“GRC”), Group IT and Transformation Strategy Committee, and Group Basel Committee. The GRC was dissolved on 31 December 2011 and that the Discretionary Powers and responsibilities held by the GRC have been incorporated into the Terms of Reference of GCC.

## Statement on Internal Control (continued)

### KEY INTERNAL CONTROL PROCESSES (CONTINUED)

- **Risk Management Framework (continued)**

In line with regulatory requirements and industry best practices, the Group has instilled the principle that risk management is a core responsibility of the respective business and operating units. This is enshrined in the risk management framework of the Group.

To support and promote the achievement of accountability and ownership of risk management, a Risk and Control Self-Assessment framework has been implemented at all key operating entities in the Group as part of the risk management process. These entities are required to identify as well as document the controls and processes for managing the risks arising from their business activities as well as assess their effectiveness thereof.

The Bank has fully migrated to the Internal Ratings-based (“IRB”) approach for credit risk under the Risk-Weighted Capital Adequacy Framework. The adoption of the IRB approach has further enhanced our Bank’s ability to meet the challenges posed by the rapidly changing business environment, as the Basel II is designed to be a catalyst for more advanced risk management techniques, enterprise-wide cultures of risk management and improved corporate governance and public disclosure.

- **Internal Audit Function**

Group Internal Audit performs regular reviews of the Bank’s operational processes and system of internal controls. Group Internal Audit adopts a risk-based approach in determining the auditable units and frequency of audits. The annual audit plan is reviewed and approved by the Group Audit Committee (“Group AC”).

The results of the audits conducted by Group Internal Audit are reported to the Group AC while follow-up and review of the status of actions taken on the auditors’ recommendations are carried out by the Management via the Management Audit Committee (“MAC”) whose members comprise senior management. The minutes of meetings of MAC are tabled to the Group AC for notation.

The Group AC hold regular meetings to deliberate on findings and recommendations for improvement highlighted by both the internal and external auditors as well as regulatory authorities on the state of the Bank’s internal control system. The minutes of meetings of the Group AC are subsequently tabled to the Board for notation.

Further details of the activities undertaken by the Group AC are set out in the Group AC Report.

- **Group Compliance Framework**

Compliance risk in RHB is defined as the risk of impairment to the Group’s business model, reputation and financial condition from failure to meet laws and regulations, internal policies and expectations of stakeholders.

Compliance management is the collective responsibility of the Board, senior management and each and every employee of the Group. It is expected that each individual promotes self-regulation and be accountable for his/her own activities and maintains ethical principles and behaviour in everything that he/she does.

The Group’s state of compliance with laws, regulations and internal policies and procedures are reported to the Group Risk Management Committee and Board on a monthly basis. In addition, the Group has in place an incident escalation and reporting process wherein any incident affecting the reputation of the Group is escalated to the senior management and respective Boards within 24 hours of the incident occurring. This escalation process ensures adequate oversight and guidance is provided by the Board in managing reputational risk.

Compliance in collaboration with the business and operating units, continuously assesses and recommends improvements to controls by carrying out root cause analysis on common incidences of non-compliance, negligence and fraud (all of which are reported on a daily basis).

To mitigate compliance risk, briefings as well as various awareness and learning initiatives were conducted throughout the year to ensure continuous compliance with existing controls and to embed a compliance culture within the Group.

## Statement on Internal Control (continued)

**KEY INTERNAL CONTROL PROCESSES (CONTINUED)**

- **Board Committees**

Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of references. These committees have the authority to examine and/or consider all matters within their scope of responsibilities and make recommendations to the Board for approval, if such is required.

The Group Board Committees residing at the Bank are as follows:

- Group Credit Committee;
- Group Recovery Committee;
- Group Audit Committee; and
- Group IT and Transformation Strategy Committee.

The following are the Group Board Committees that reside at RHB Capital Berhad:

- Group Nominating Committee;
- Group Remuneration and Human Resource Committee; and
- Group Risk Management Committee.

- **Central Management Committee**

The Central Management Committee (“CMC”), comprising key management personnel of the Group and chaired by the Managing Director of the Bank, manages the Group’s strategic direction and provides strategic guidance to the Strategic Business Groups (“SBG”) and Strategic Functional Groups (“SFG”). Being a forum where all strategic and operational matters are discussed, the CMC meets regularly and special meetings are convened to discuss urgent issues.

- **Authority Limits**

Delegation of authority including authorisation limits at various levels of Management in the Group are documented and designed to ensure accountability and responsibility.

- **Internal Policies and Procedures**

Policies, procedures and processes governing the Group’s businesses and operations are documented and are made available to employees across the Group through the Group’s myOnePortal. These policies, procedures and processes are reviewed and updated by the SBG and SFG through a structured process of review to cater to changes in laws and regulations as well as changes to the business and operational environment. Furthermore, a review of the policies, procedures and processes are also carried out to ensure that appropriate controls are in place to manage operational risks.

There is clear procedure for investment appraisal including equity investment or divestment and capital expenditure.

- **Budgeting Process**

A detailed budgeting process is established requiring all key operating companies in the Group to prepare budgets and business plans annually for approval by the respective Boards. The Group’s budget and business plans as well as strategic initiatives are discussed by the Group’s senior management and the Board at an annual business planning and budgetary session.

A reporting system on actual performance against approved budgets is in place and significant variances are followed up by the Management and reported to the Boards.

## Statement on Internal Control (continued)

**KEY INTERNAL CONTROL PROCESSES (CONTINUED)**

- **Performance Review**

Regular and comprehensive information is shared by the Management for monitoring of their performance against the strategic business plan approved by the Board, covering all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

The Central Management Committee and the Board receive and review the monthly accounts and financial information reports at their monthly or regular meetings.

- **Human Capital Management**

The Group acknowledges that one of the key constituents of any internal control system is its people and that our system of internal controls is dependent on the responsibility, integrity and judgement that people apply to their work.

Hence, the Group has in place policies and procedures that govern recruitment and appointment, performance management, talent management, succession planning, compensation and reward, learning and human capital development as well as policies and procedures that govern discipline, termination and dismissal.

The Group places much emphasis on human capital development and talent management with the objective of ensuring that staff of all levels are adequately trained both from a technical perspective as well as equipped with management and leadership capabilities.

- **Group Code of Ethics and Conduct**

The Group Code of Ethics and Conduct (“the Code”) sets out the standards of good and ethical banking practices, and aims to maintain confidence in the security and integrity of the Group’s business practices.

It is a requirement that all employees of the Group understand and observe the Code and sign the Employee Declaration of Compliance Form upon joining the Group.

- **Suspicious Transaction Reporting and Whistle Blowing**

There is an established process for reporting anyone found to be abusing or circumventing the processes and controls of the Group. Everyone is given the opportunity to report via the Suspicious Transaction Report or Whistle-Blowing mechanism knowing that it shall be dealt with confidentially and that the reporter’s identity is duly protected.

- **Anti-Money Laundering / Counter Financing of Terrorism (AML/CFT)**

An AML/CFT Program was drawn up and put in place to meet the regulatory requirements as well as to combat money laundering and financing of terrorism activities. All employees are expected to carry out their functions with the highest ethical and professional standards, in accordance with the AML/CFT Program and be continuously vigilant against the Bank being used as a vehicle to launder money or finance illegal activities including terrorist financing.

- **Incident Management Framework**

To complement the Group’s system of internal controls, a comprehensive incident reporting and incident management framework has been implemented to ensure proper escalation and management of incidents that have occurred. The framework also ensures the necessary steps are taken to effectively mitigate any potential risks that may arise. This enables decision makers to be kept up to date on the situation and effectively manage risks and undertake informed decision making.

# Group Audit Committee Report

## ACTIVITIES OF THE GROUP AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

### Activities Of Group Audit Committee

The Group Audit Committee (“Group AC”) presently comprises five (5) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2011 (“year”), a total of twenty one (21) Group AC meetings were held and details of attendance of each member at the Group AC meetings held during the year are as follows:-

Composition of the Group AC	Attendance at Meetings
1. Ong Seng Pheow (Chairman / Independent Non-Executive Director)	21/21 (100%)
2. Dato’ Othman Jusoh (Member / Independent Non-Executive Director)	21/21 (100%)
3. Tuan Haji Md Ja’far Abdul Carrim (Member / Independent Non-Executive Director)	20/21 (95%)
4. Dato’ Saw Choo Boon (Member / Independent Non-Executive Director)	19/21 (90%)
5. Dato’ Mohd Ali Mohd Tahir (Member / Independent Non-Executive Director) - Appointed as member on 14 November 2011	2/2 (100%)
6. Patrick Chin Yoke Chung (Member / Independent Non-Executive Director) - Ceased to be a member on 14 November 2011	19/19 (100%)

On 14 November 2011, Dato’ Mohd Ali Mohd Tahir, an Independent Non-Executive Director, was appointed as a new member of the Group AC. Patrick Chin Yoke Chung, an Independent Non-Executive Director, ceased to be a member of the Group AC on 14 November 2011.

The main activities undertaken by the Group AC during the year are summarised as follows:-

- Reviewed the unaudited quarterly and half-year financial results and the annual audited financial statements of RHB Bank Berhad and the Group prior to their approval by the Board. It also considered the accounting standards applicable in the preparation of the consolidated financial statements;
- Reviewed the related party transactions entered into by RHB Bank Berhad and its subsidiaries;
- Reviewed the audit plan of the external auditors, the audit strategy and scope of work for the year, as well as the results of their annual audit;
- Met twice with the external auditors for discussion without the presence of the management;
- Reviewed the non-audit services rendered by the external auditors and the related fees;

## Group Audit Committee Report (continued)

### Activities of Group Audit Committee (continued)

- Evaluated the performance of the external auditors and made recommendations to the Board for their appointment and audit fees;
- Reviewed and approved the annual internal audit plan to ensure adequacy of scope and coverage of the identified auditable areas including staffing requirements;
- Reviewed the status of completion of the internal audit plan, the internal audit reports, audit recommendations made and management's response to these recommendations as well as actions taken to improve the system of internal controls and procedures;
- Reviewed the inspection and examination reports issued by the regulatory authorities and the appropriate remedial actions taken in respect of any findings to satisfy itself that all matters highlighted in these reports have been adequately and promptly addressed by management; and
- Tabled the minutes of each Group AC meeting to the Board for notation, and for further direction by the Board, where necessary.

During the year, the Group AC members have attended relevant training programmes, conferences and seminars on the following areas:-

#### (a) Banking and Finance

- Implementation of Internal Ratings Based Standards and Management of Risk Going Forward
- Internal Capital Adequacy Assessment Process (ICAAP)
- How Customer Behaviour & Technology is changing Banking forever
- Strategy IT Workshop for Board of Directors and Top Management
- BNM Financial Institutions Director Education Program (FIDE): Insurance Insights
- Walkthrough for Board Members – Online / Mobile, Reflex and Cards
- FIDE Core 2011

#### (b) Board and Corporate Governance

- International Corporate Governance Network 2011 Mid Year Conference
- Asian Corporate Governance – The Future Steps
- Malaysian Institute of Corporate Governance Directors Duties & Governance 2011
- Improving Board Effectiveness: Best Practices and Challenges
- FIDE on Risk Management Committee: Managing Risks in Financial Institutions (Insurance)
- FIDE: Board Risk Management Committee: Managing Risk in Banks
- FIDE: Board IT Governance & Risk Management Breaking the Technology Code
- Workshop on The Role of Corporate Governance in Creating Effective Boards

### Internal Audit Function

The Group has an in-house group internal audit function which is guided by its Group Internal Audit Charter and reports to the Group AC. Its primary role is to assist the Group AC to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's risk management, internal control and governance processes.

The Group AC approves the annual internal audit plan at the beginning of each financial year. The group internal auditors adopt a risk-based approach towards the planning and conduct of audits, which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

Upon completion of the audits, the group internal auditors have closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the management and the Group AC.

The group internal auditors work closely with the external auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by the management.



**TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE****Objectives**

1. To provide independent oversight over the management of the financial reporting and internal control system and ensuring checks and balances for entities within RHB Banking Group (“the Group”), namely RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.
2. To review the financial condition and performance of the Group.
3. To assist the Boards (“the Boards”) of the respective entities in the discharge of their responsibilities by reviewing the effectiveness, adequacy and integrity of the Group’s internal control systems and management information systems, including systems for risk management, governance processes and compliance with applicable laws, regulations, rules, directives and guidelines.
4. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit activities.
5. To provide, by way of regular meetings, a line of communication between the respective Boards and the external auditors.
6. To provide emphasis on the internal audit function by ensuring the objectivity and independence of the internal auditors and provide a forum for discussion that is among others independent of the management.
7. To review the quality of the audits conducted by the internal and external auditors.
8. To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

**Duties And Responsibilities**

1. The Group Audit Committee (“the Committee”) is directly accountable to the Boards of the respective entities and the Boards will continue to be accountable for all matters relating to their respective entities.
2. To ensure that the internal audit department is distinct and has the appropriate status within the overall organisational structure for the internal auditors to effectively accomplish their audit objectives.
3. To ensure independent review of risk management and capital management process relating to the Internal Capital Adequacy Assessment Process (ICAAP) for their integrity, objectivity and consistent application, is conducted.
4. To review the effectiveness of internal controls and risk management processes, including the scope of the internal audit programme and the appropriateness of the risk assessment methodology employed to determine the frequency and scope of audits.
5. To ensure that the reporting relationships of the internal audit staff do not impede the exercise of independent judgement by the internal auditors. In particular, the reports of internal auditors should not be subject to the clearance of the managing director / chief executive officer or any executive directors.
6. To ensure that all findings and recommendations are resolved effectively and in a timely manner.
7. To make appropriate public disclosure of the terms of reference and the activities of the Committee in the respective licensed entities’ financial statements.
8. To review the respective entities’ quarterly results and year-end financial statements and to recommend the same to the respective Boards for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published.
9. To review regularly the adequacy of provisions made and to recommend the same to the respective Boards for approval.

## Group Audit Committee Report (continued)

### TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE (CONTINUED)

#### Duties And Responsibilities (continued)

10. To review any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
11. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
12. To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
13. To review and approve the internal audit plan, audit charter and the budget for the audit plan.
14. To ensure that internal audit staff receives necessary training to perform audit work. There shall be a programme of continuing education and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.
15. To appraise the performance of the head of internal audit and to review the appraisals of senior staff members of the internal audit function.
16. To approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.
17. To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
18. To recommend to the respective Boards on the appointment and the annual reappointment of the external auditors and assessing their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
19. To discuss and review with the external auditors any proposal from them to resign as auditors.
20. To investigate reasons for any request made by management to dismiss the external auditors, or any resignation by the external auditors. The results of the investigation shall be disclosed to the respective full Board together with the recommendations on proposed actions to be taken.
21. To review the non-audit services rendered by the external auditors together with the related fees and thereafter approving or recommending the same to the respective Boards for approval (whichever relevant), in accordance with the Group Policy on Non-Audit Fees payable to the external auditors.
22. To review the co-ordination of audit activities between the external and internal auditors.
23. To review the effectiveness of the infrastructure for ensuring Shariah compliance.
24. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.

## Group Audit Committee Report (continued)

**TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE (CONTINUED)****Duties And Responsibilities (continued)**

25. To review the following pertaining to RHB Insurance Berhad:-
- (i) The Chairman's statement, interim financial reports and preliminary announcements;
  - (ii) Corporate governance disclosures made in the Directors' Report pursuant to the requirement in JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers; and
  - (iii) All representation letters signed by management, and be satisfied that the information provided is complete and appropriate.
26. To ensure that RHB Insurance Berhad complies with Section 95 of the Insurance Act which requires the Company to publish its accounts within fourteen (14) days of the laying of its accounts at its annual general meeting.
27. To perform any other functions as authorised by the respective Boards.

**Authority**

1. The Chairman of the Committee should engage on a continuous basis with senior management, such as the managing director / chief executive officer, the chief operating officer, the chief financial officer, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.
2. The Committee is authorised by the respective Boards to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to relevant information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
3. The Committee shall have direct communication channels with the external and internal auditors.
4. The Committee is authorised by the respective Boards to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend meetings, if it considers this necessary.

**Meetings**

1. Meetings shall be held at least four (4) times a year and the frequency of meetings shall reflect the wider and increased responsibilities assumed. Meetings shall convene with a minimum quorum of two-thirds of the members and the majority of members present shall be independent non-executive directors.
2. The Committee should not convene any meeting to discuss specific issues of a particular entity without the presence of the representative of the said entity.
3. The head of internal audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the managing director / chief executive officer, the chief operating officer, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.
4. At least twice a year, the Committee shall meet with the external auditors without the presence of the Management or any executive Board members and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the respective Boards or shareholders.

## Group Audit Committee Report (continued)

### TERMS OF REFERENCE OF THE GROUP AUDIT COMMITTEE (CONTINUED)

#### Meetings (continued)

5. The Company Secretary shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation, to Committee members within a reasonable timeframe prior to each meeting.
6. The Company Secretary shall also be responsible for keeping the minutes of meetings of the Committee, their timely circulation to Committee members and other members of the Boards, and following up on outstanding matters in relation to the meetings.
7. The Chairman of the Committee shall provide reports to the respective Boards on the deliberations of the Committee on a regular basis. In addition, the Chairman shall also present summary of all significant matters (highlighting the risks and implications) and resolutions made by the Committee at the Board meetings.
8. The minutes of each Committee meeting shall be tabled to the respective Boards. Thereafter, a copy of the minutes of the Committee meeting pertaining to RHB Investment Bank Berhad shall be submitted to Bursa Malaysia Securities Berhad within thirty (30) days from the date of the minutes having been adopted by the Board.

#### Membership

1. The membership of the Committee, including the position of Chairman shall be approved by the respective Boards based on the recommendation made by the Group Nominating Committee.
2. The Committee shall comprise at least three (3) members and there should be a fair representative on the Committee, from each entity within the Group. All members of the Committee should be non-executive directors with majority of whom are independent.
3. The Chairman of the Committee shall be an independent non-executive director.
4. No Committee member shall be employed in an executive position in the Group, or otherwise have a relationship which in the opinion of the respective Boards will interfere with the exercise of independent judgement in carrying out the functions of the Committee. In addition, members of the Committee shall not be directly responsible for, or part of any committee involved in, the management functions within the Group.
5. No alternate director shall be appointed as a member of the Committee.
6. Disclosure of customers' information to the members of the Committee to be strictly on need to know basis and the members are to provide undertaking to preserve the confidentiality of the customers' information.
7. Collectively, the Committee shall have a wide range of necessary skills to undertake its duties and responsibilities and are expected to be familiar with the areas included in the scope of internal audit, including the area of risk management.
8. All members of the Committee shall be financially literate and at least one member shall be a member of an accounting association or body.
9. Details of the activities of Committee, the number of audit meetings held in a year, details of attendance of each member in respect of meetings, and the details of relevant training attended by each member should be documented in an informative way.
10. The term of office and performance of the Committee and each of its members must be reviewed by the respective Boards at least once every two (2) years.
11. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the respective Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

# Financial Statements

<b>048</b>	Directors' Report
<b>067</b>	Statements of Financial Position
<b>068</b>	Income Statements
<b>069</b>	Statements of Comprehensive Income
<b>070</b>	Statements of Changes in Equity
<b>072</b>	Statements of Cash Flows
<b>074</b>	Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions
<b>094</b>	Notes To The Financial Statements
<b>199</b>	Statement By Directors
<b>199</b>	Statutory Declaration
<b>200</b>	Independent Auditors' Report

## Directors' Report

The directors submit herewith their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2011.

### PRINCIPAL ACTIVITIES

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic Banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

There have been no significant changes in these principal activities during the financial year.

### FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit before taxation	2,060,354	1,886,540
Taxation	(501,485)	(464,291)
Net profit for the financial year	1,558,869	1,422,249

### DIVIDENDS

The dividends paid by the Bank since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010:	
Final dividend of 4.78 sen less 25% tax paid on 19 May 2011	237,907

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial year of 7.03 sen less 25% tax amounting to RM350,000,000 will be proposed for shareholder's approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2012 when approved by the shareholder.

### RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

### ISSUE OF SHARES

There were no issue of shares in the Bank during the financial year.

**BAD AND DOUBTFUL DEBTS AND FINANCING**

Before the financial statements of the Group and the Bank were made out, the directors took reasonable steps to ascertain that proper actions have been taken in relation to the writing off of bad debts and financing and the making of allowance for non-performing debts and financing, and satisfied themselves that all known bad debts and financing have been written off and adequate allowance had been made for non-performing debts and financing.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for non-performing debts and financing in the financial statements of the Group and the Bank inadequate to any substantial extent.

**CURRENT ASSETS**

Before the financial statements of the Group and the Bank were made out, the directors took reasonable steps to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

**VALUATION METHOD**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Bank to meet their obligations as and when they fall due.

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Bank which would render any amount stated in the financial statements misleading or inappropriate.

## Directors' Report (continued)

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Bank for the financial year in which this report is made.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 43 to the financial statements.

### DIRECTORS OF THE BANK

The directors of the Bank in office since the date of the last report are:

Tan Sri Azlan Zainol	Non-Independent Non-Executive Chairman
Haji Khairuddin Ahmad	Senior Independent Non-Executive Director (appointed as Senior Independent Non-Executive Director on 1 March 2011)
Ong Seng Pheow	Independent Non-Executive Director
Choong Tuck Oon	Independent Non-Executive Director
Dato' Mohd Ali Mohd Tahir	Independent Non-Executive Director
Abdul Aziz Peru Mohamed	Independent Non-Executive Director
Dato' Mohamed Khadar Merican	Independent Non-Executive Director (appointed on 1 November 2011)
Johari Abdul Muid	Managing Director (appointed as the Managing Director on 14 November 2011)
Dato Abdullah Mat Noh	Senior Independent Non-Executive Director (resigned on 1 March 2011)
Dato' Tajuddin Atan	Managing Director (resigned on 31 March 2011)
Mohamed Ali Ahmed Hamad Al Dhaheri	Non-Independent Non-Executive Director (resigned on 30 September 2011)

In accordance with Article 100 of the Bank's Articles of Association, Johari Abdul Muid, Choong Tuck Oon and Dato' Mohd Ali Mohd Tahir retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 104 of the Bank's Articles of Association, Dato' Mohamed Khadar Merican retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.



## Directors' Report (continued)

**DIRECTORS' INTERESTS IN SECURITIES**

According to the register of directors' shareholding, the directors in office at the end of the financial year holding securities of the Bank and its related corporations are as follows:

	<----- Number of Ordinary Shares of RM1.00 each ----->			
	As at 1.1.2011/date of appointment	Bought	Sold	As at 31.12.2011
<b>Holding Company RHB Capital Berhad</b>				
Haji Khairuddin Ahmad				
- Direct	18,000	-	18,000	-
- Indirect*	-	18,552	-	18,552
Choong Tuck Oon				
- Direct	1,000	30	-	1,030
Dato' Mohamed Khadar Merican				
- Direct	60,936 (from the date of appointment)	567#	-	61,503

Notes: \* The interest is held through family member

# The shares were acquired pursuant to the Dividend Reinvestment Plan

Other than the above, none of the other directors holding office at the end of the financial year had any interest in the securities of the Bank or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Bank has received or become entitled to receive any benefit (other than directors' remuneration and benefits-in-kind as disclosed in Note 28 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiaries is a party, being arrangements with the object or objects of enabling the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

**RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS**

In the course of preparing the annual financial statements of the Group and of the Bank, the directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with Malaysian Accounting Standards Board approved accounting standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

It is the responsibility of the directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2011 and of the financial results and cash flows of the Group and of the Bank for the financial year ended 31 December 2011.

## Directors' Report (continued)

### RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS (CONTINUED)

The financial statements are prepared on the going concern basis and the directors have ensured that proper accounting records are kept, applied the appropriate accounting policies on a consistent basis and made accounting estimates that are reasonable and fair so as to enable the preparation of the financial statements of the Group and of the Bank with reasonable accuracy.

The directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and of the Bank to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out in page 199 of the financial statements.

### CORPORATE GOVERNANCE STATEMENT

#### Introduction

The Board of Directors ('Board') of RHB Bank Berhad ('RHB Bank' or 'the Bank') continuously supports the institution of relevant framework and designs in upholding the principles and best practices of corporate governance.

We set out below the abridged Corporate Governance Statement as required under Bank Negara Malaysia's ('BNM') requirements. The full version of the Corporate Governance Statement will be included in the Annual Report.

#### (A) BOARD OF DIRECTORS

##### Composition of the Board

The Board currently has eight (8) members, comprising a Non-Independent Non-Executive Chairman, six (6) Independent Non-Executive Directors and the Managing Director, details of which are as follows:

<b>Name of Director</b>	<b>Designation</b>
Tan Sri Azlan Zainol	Non-Independent Non-Executive Chairman
Haji Khairuddin Ahmad	Senior Independent Non-Executive Director
Ong Seng Pheow	Independent Non-Executive Director
Choong Tuck Oon	Independent Non-Executive Director
Dato' Mohd Ali Mohd Tahir	Independent Non-Executive Director
Abdul Aziz Peru Mohamed	Independent Non-Executive Director
Dato' Mohamed Khadar Merican	Independent Non-Executive Director
Johari Abdul Muid	Managing Director

Haji Khairuddin Ahmad was appointed as the Senior Independent Non-Executive Director on 1 March 2011.

Dato Abdullah Mat Noh resigned as the Senior Independent Non-Executive Director on 1 March 2011.

Dato' Tajuddin Atan resigned as the Managing Director on 31 March 2011.

Mohamed Ali Ahmed Hamad Al Dhaheri resigned as a Non-Independent Non-Executive Director on 30 September 2011.

Dato' Mohamed Khadar Merican was appointed as an Independent Non-Executive Director on 1 November 2011.

Johari Abdul Muid was appointed as the Managing Director on 14 November 2011.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Duties and responsibilities of the Board**

The Board is responsible for governing the business and affairs of the Bank and for exercising all such powers pursuant to the Articles of Association of the Bank. While carrying out their duties and responsibilities, the Board is committed to ensuring that the highest corporate governance standards are adhered to. The overall principle responsibilities of Board are as follows:

- providing strategic leadership to the Bank and the Group;
- reviewing, approving and monitoring the implementation of the Bank's and Group's strategic business plans and policies;
- ensuring the Bank and Group maintain an effective system of internal controls and is able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;
- acting as a guardian of the Bank's and Group's corporate values and ethical principles in parallel with the goal to enhance shareholders' value;
- monitoring as well as evaluating the performance of the Management to ensure that the performance criteria remains dynamic; and
- ensuring the formulation of a succession plan for the Bank and Group for long-term business continuity.

The Chairman presides over Board and General Meetings of the Bank. He ensures that the Board is well informed and effective; that Members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper decision making of the Board and the Bank. Additionally, the Chairman has to ensure that General Meetings are conducted efficiently and in accordance with the requirement of the Companies Act 1965, and that shareholder has adequate opportunity to air its views and obtain answers to its queries.

The MD is responsible for the day-to-day management of the business and operations of the Bank and in ensuring the successful implementation of policies and directions as formulated by the Board. The distinct and separate duties and responsibilities of the MD and the Chairman ensure the balance of power and authority in relation to the establishment of a fully effective Board.

The MD's integral role is to implement the policies and decisions of the Board, oversee the operations as well as coordinate the development and implementation of business and corporate strategies. In addition thereto, he is also responsible for the following tasks:

- manage the business and operations and to put in place the policies and strategies adopted by the Board;
- ensuring that the financial results are accurate and not misleading as well as ensuring that the financial management practices of the Bank and the Group are carried out with the highest standards of integrity and transparency for the benefit of all stakeholders;
- ensuring that the business and affairs of the Bank and the Group are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
- overseeing the internal control systems and the risk management processes and ensuring these are appropriate and effective;
- ensuring succession planning and talent management programs are in place in the interest of human capital development;
- maintaining effective relationship between the Management, the Board and other stakeholders; and
- developing and maintaining strong communication programmes and dialogue with the stakeholders.

In carrying out his tasks, the MD is supported by a Management Committee ('Manco') which comprises the MD as the Chairman and other Senior Management of the Bank. The Manco is governed by its terms of reference and has several objectives, among others to monitor and review the Bank's performance and formulate as well as discuss policies, strategies and activities of the Bank and in relevant circumstances, for recommendation to the Board of the Bank.

## Directors' Report (continued)

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Board Meetings**

The Board meets on a monthly basis to discuss business strategy, financial performance, potential strategic acquisition and alliances, matters pertaining to compliance and governance as well as reports on matters deliberated by Board Committees and their recommendations thereto. The Board also reviews regular management reports and information on corporate and business issues to assess performance against business targets and objectives. Special meetings are held where any direction or decisions are required expeditiously from the Board between the scheduled meetings. Scheduled Board meetings are structured with a pre-set agenda.

As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees and main Management Committees through minutes of these Committees. At each Meeting, the Board also receives updates from the respective Chairmen/representatives of the Group Audit Committee and Group Risk Management Committee on matters that have been deliberated at both Committees' Meetings, as well as on matters that require attention. This practice also applies for the rest of the entities of the Group.

To facilitate productive and meaningful deliberations, the proceedings of the Board Meetings are conducted in accordance to a structured agenda. The structured agenda together with comprehensive management reports are furnished to the Directors at least 7 days prior to the scheduled Board Meeting date. This is to allow the Members of the Board to digest the issues at hand, seek clarification from the Management or the Company Secretary, if required and formulate opinions on matters to be deliberated at the meetings. Confidential papers or urgent proposals are presented and tabled at the Board Meetings under other business of Agenda upon consent of the Chairman being obtained.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly and indirectly by the Bank and Group. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction.

Each Member of the Board is required to apply independent judgement to decision making in their capacity as a Director. Where urgency prevails and if appropriate, decisions are also taken by way of a Directors' Circular Resolution in accordance with the Bank's Articles of Association.

The Board is able to seek clarifications and advice as well as request for information on matters pertaining to the Bank and Group from the Senior Management and the Company Secretary. Should the need arise, the Directors may also seek independent professional advice, at the Bank's expense, when deemed necessary for the proper discharge of their duties.

The Group has in place a "Standard Procedures for Directors to Have Access to Independent Advice" which lays down the procedures for Directors to seek internal and/or external professional independent advice. The objectives of these guidelines among others are as follows:

- to ensure consistency throughout the RHB Banking Group on the procedures for Directors of the Group to have access to independent professional advice; and
- to enable Directors to have an enhanced perception of issues within the Group by allowing them to obtain independent opinion/advice/consultation from leading professionals in the relevant areas.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Board Meetings (continued)**

The adoption of the above guidelines is in line with the various regulatory requirements and best practices.

The Board convened fourteen (14) meetings for financial year ended 31 December 2011. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings is set out below:

<b>Name of Director</b>	<b>Total Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Tan Sri Azlan Zainol	13/14	93
Haji Khairuddin Ahmad	13/14	93
Ong Seng Pheow	13/14	93
Choong Tuck Oon	14/14	100
Dato' Mohd Ali Mohd Tahir <sup>(1)</sup>	13/14	93
Abdul Aziz Peru Mohamed <sup>(2)*</sup>	13/13	100
Dato' Mohamed Khadar Merican <sup>(3)*</sup>	2/2	100
Johari Abdul Muid <sup>(4)</sup>	10/12	83
	(in the capacity of Non-Independent Non-Executive Director)	
	2/2	100
	(in the capacity of Managing Director)	

Notes:-

<sup>(1)</sup> Appointed on 1 January 2011

<sup>(2)</sup> Appointed on 7 February 2011

<sup>(3)</sup> Appointed on 1 November 2011

<sup>(4)</sup> Redesignated as the Managing Director on 14 November 2011

\* Based on the number of Board meetings attended since his appointment in 2011

Pursuant to the BNM's Corporate Governance Guidelines, individual directors must attend at least 75% of the board meetings held in each financial year. For the year under review, all Directors complied with the attendance requirement as stipulated by BNM.

## Directors' Report (continued)

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****BOARD COMMITTEES****Group Audit Committee**

The Group Audit Committee ('Group AC') comprises five (5) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2011, a total of twenty one (21) meetings were held and the details of attendance of each member at the Group AC Meetings held during the financial year ended 31 December 2011 are as follows:

<b>Name of Member</b>	<b>Total Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Ong Seng Pheow (Chairman)	21/21	100
Dato' Othman Jusoh	21/21	100
Haji Md Ja'far Abdul Carrim	20/21	95
Dato' Saw Choo Boon	19/21	90
Dato' Mohd Ali Mohd Tahir <sup>(1)*</sup>	2/2	100
<b>Previous Member:</b>		
Patrick Chin Yoke Chung <sup>(2)^</sup>	19/19	100

Notes:-

<sup>(1)</sup> Appointed as a Member on 14 November 2011

<sup>(2)</sup> Ceased as a Member on 14 November 2011

\* Based on the number of meetings attended since his appointment in 2011

^ Based on the number of meetings attended during his tenure of appointment in 2011

The Group AC meets regularly to provide independent oversight over the management of the financial reporting and internal control system and ensure checks and balances for the relevant entities within RHB Banking Group. The Management, respective entities Head of Finance, group internal auditors as well as the external auditors are invited to these meetings as and when necessary.

To ensure the independence and objectivity of the external auditors, the Group AC meets with the external auditors without the presence of the Management at least twice a year.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Group Nominating Committee**

The Group Nominating Committee ('Group NC') presently comprises six (6) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2011, a total of thirteen (13) meetings were held and the details of attendance of each member at the Group NC Meetings held during the financial year ended 31 December 2011 are as follows:

<b>Name of Member</b>	<b>Total Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Datuk Haji Faisal Siraj (Chairman)	13/13	100
Dato' Mohamed Khadar Merican	13/13	100
Dato' Saw Choo Boon	13/13	100
Dato' Teo Chiang Liang	11/13	85
Choong Tuck Oon <sup>(1)*</sup>	1/1	100
Haji Md Ja'far Abdul Carrim <sup>(1)*</sup>	1/1	100
<b>Previous Member:</b>		
Johari Abdul Muid <sup>(2)^</sup>	8/12	67

Notes:-

<sup>(1)</sup> Appointed as a Member on 14 November 2011

<sup>(2)</sup> Ceased as a Member on 14 November 2011

\* Based on the number of meetings attended since his appointment in 2011

^ Based on the number of meetings attended during his tenure of appointment in 2011

Apart from identifying and selecting candidates for new appointments, the Group NC is also responsible for assessing the effectiveness of individual directors, Board as a whole and the various committees of the Board, Group Shariah Committee members, chief executive officers and key senior management officers of the relevant companies in the Group. The Group NC reviews annually the required mix of skills, experience and other qualities including core competencies which directors should bring to the Board and which the Board requires for it to function efficiently and effectively.

As a tool in assisting the Group NC in its yearly assessment on the effectiveness of an individual director within the Group, the Bank and its major operating subsidiaries have adopted the Board Effectiveness Evaluation methodology for its Board, Board Committees and the individual directors, in line with the Corporate Governance Standards.

The Company Secretary complements the functions of the Group NC by ensuring all regulatory requirements are strictly adhered to and all relevant records and returns are updated regularly.

## Directors' Report (continued)

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Group Remuneration and Human Resource Committee**

The Group Remuneration and Human Resource Committee ('Group RHRC') presently comprises six (6) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2011, a total of fourteen (14) meetings were held and the details of attendance of each member at the Group RHRC Meetings held during the financial year ended 31 December 2011 are as follows:

<b>Name of Member</b>	<b>Total Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Datuk Haji Faisal Siraj (Chairman)	14/14	100
Dato' Mohamed Khadar Merican	14/14	100
Dato' Saw Choo Boon	14/14	100
Dato' Teo Chiang Liang	12/14	86
Choong Tuck Oon <sup>(1)*</sup>	2/2	100
Haji Md Ja'far Abdul Carrim <sup>(1)*</sup>	2/2	100
<b>Previous Member:</b>		
Johari Abdul Muid <sup>(2)*</sup>	9/12	75

## Notes:-

<sup>(1)</sup> Appointed as a Member on 14 November 2011

<sup>(2)</sup> Ceased as a Member on 14 November 2011

\* Based on the number of meetings attended since his appointment in 2011

^ Based on the number of meetings attended during his tenure of appointment in 2011

The Group RHRC assists the Board in ensuring that the directors and senior management of the Bank and the relevant subsidiaries are fairly rewarded for their individual contributions to the Group's overall performance and that the levels of the remuneration are sufficient to attract and retain the best directors and senior management to manage the Group effectively and efficiently.



**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Group Risk Management Committee**

The Group Risk Management Committee ('Group RMC') presently comprises five (5) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2011, a total of thirteen (13) meetings were held and the details of attendance of each member at the Group RMC Meetings held during the financial year ended 31 December 2011 are as follows:

<b>Name of Member</b>	<b>Total Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Haji Khairuddin Ahmad (Chairman)	13/13	100
Patrick Chin Yoke Chung	12/13	92
Haji Md Ja'far Abdul Carrim	13/13	100
Choong Tuck Oon	13/13	100
Dato' Saw Choo Boon <sup>(1)*</sup>	2/2	100
<b>Previous Member:</b>		
Johari Abdul Muid <sup>(2)^</sup>	9/11	82

Notes:-

<sup>(1)</sup> Appointed as a Member on 14 November 2011

<sup>(2)</sup> Ceased as a Member on 14 November 2011

\* Based on the number of meetings attended since his appointment in 2011

^ Based on the number of meetings attended during his tenure of appointment in 2011

The Group RMC provides in-depth governance of risks for each of the key operating subsidiaries as formerly discharged by the individual RMCs i.e. RHB Capital Berhad, RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.

## Directors' Report (continued)

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Group Credit Committee**

The Group Credit Committee ('GCC') comprises four (4) Independent Non-Executive Directors of whom one (1) is the Chairman. During the financial year ended 31 December 2011, a total of thirty seven (37) meetings were held and the details of attendance of each member at the GCC Meetings held during the financial year ended 31 December 2011 are as follows:

Name of Member	Total Meetings Attended	Percentage of Attendance (%)
Dato' Mohamed Khadar Merican (Chairman) <sup>(1)</sup>	35/37	95
Haji Khairuddin Ahmad	34/37	92
Abdul Aziz Peru Mohamed <sup>(2)*</sup>	31/33	94
Patrick Chin Yoke Chung <sup>(3)*</sup>	4/4	100
<b>Previous Members:</b>		
Dato Abdullah Mat Noh <sup>(4)^</sup>	4/4	100
Johari Abdul Muid <sup>(5)^</sup>	26/33	79

## Notes:-

<sup>(1)</sup> Appointed as Chairman on 1 March 2011

<sup>(2)</sup> Appointed as a Member on 1 March 2011

<sup>(3)</sup> Appointed as a Member on 14 November 2011

<sup>(4)</sup> Ceased as a Member on 1 March 2011

<sup>(5)</sup> Ceased as a Member on 14 November 2011

\* Based on the number of meetings attended since his appointment in 2011

^ Based on the number of meetings attended during his tenure of appointment in 2011

The GCC's main functions are affirming, imposing additional covenants or vetoing credits of RHB Banking Group which were duly approved by the Central Credit Committee as well as overseeing the management of impaired loans/assets and monitor the recovery of impaired loans/assets to enhance the Committee's oversight of the loan/asset recovery functions.

**Group Recovery Committee**

The Group Recovery Committee ('GRC') was dissolved on 31 December 2011. The Discretionary Powers and responsibilities of the GRC is now vested to GCC.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(A) BOARD OF DIRECTORS (CONTINUED)****Group IT & Transformation Strategy Committee**

The Group IT & Transformation Strategy Committee ('GI&TSC') comprises three (3) Independent Non-Executive Directors of whom one (1) is the Chairman, the Group Managing Director and the Managing Director of RHB Bank. During the financial year ended 31 December 2011, a total of thirteen (13) meetings were held and the details of attendance of each member at the GI&TSC Meetings held during the financial year ended 31 December 2011 are as follows:

<b>Name of Member</b>	<b>Total Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Choong Tuck Oon (Chairman)	13/13	100
Ong Seng Pheow	13/13	100
Dato' Mohd Ali Mohd Tahir <sup>(1)*</sup>	12/12	100
Johari Abdul Muid	10/13	77
Kellee Kam Chee Khiong <sup>(2)*</sup>	6/10	60
<b>Previous Members:</b>		
Dato' Tajuddin Atan <sup>(3)^</sup>	2/3	67
Renzo Christopher Viegas <sup>(4)^</sup>	5/9	56

## Notes:-

<sup>(1)</sup> Appointed as a Member on 1 February 2011

<sup>(2)</sup> Appointed as a Member on 16 March 2011

<sup>(3)</sup> Ceased as a Member on 31 March 2011

<sup>(4)</sup> Appointed as a Member on 16 March 2011 and ceased as a Member on 14 November 2011

\* Based on the number of meetings attended since his appointment in 2011

^ Based on the number of meetings attended during his tenure of appointment in 2011

The principal responsibility of the GI&TSC is to provide guidance on the Group's planning and/or execution of programmes and initiatives within the realm of information technology and transformation management.

## Directors' Report (continued)

### CORPORATE GOVERNANCE STATEMENT (CONTINUED)

#### (B) RISK MANAGEMENT FRAMEWORK

The RHB Banking Group has put in place a Group Risk Management Framework which governs the management of various types of risks in the banking group. The Framework operates on two interlocking layers. Firstly, it provides a holistic overview of the risk and control environment with the risk management going towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and balances in the organisation, as well as deficiencies in risk management culture. Secondly, it sets out the strategic progression of risk management towards becoming a value creation enterprise. This is effected through building up capabilities and infrastructure in risk management sophistication, and using the improvement in risk quantification to optimise risk-adjusted (or economic) returns.

The Framework enshrines five fundamental principles that drive the philosophy of risk management. They are:

- (i) Risk governance from the Board of Directors;
- (ii) Clear understanding of risk management ownership;
- (iii) Institutionalisation of a risk focused organisation;
- (iv) Alignment of risk management to business strategies; and
- (v) Optimisation of risk adjusted economic and financial returns.

The Board of Directors ensures that an effective risk management strategy is in place and uniformly understood across the Bank. The structured framework supports the Board's oversight responsibilities. Risk management processes are a collective responsibility and cooperation of business and functional units, risk management functions, top management and the Board.

The business and functional units have a clear segregation of duties with sufficient check and balance to ensure that business processes are functioning effectively. There is appropriate accountability delegated to the appropriate authority to execute their respective authorities in meeting the business strategies without compromising the risk management strategies.

The Banking Group's Assets and Liabilities Committee ('ALCO') performs a critical role in the management of assets and liabilities. The ALCO meets regularly and is the forum where strategic and tactical decisions are made. Global and domestic economic data, information and events are synthesized at the ALCO which enables the Banking Group to determine its actions and reactions in the capital markets.

For effective control of operations, defined management action triggers and risk limits are established and actively monitored. Breaches of limits are not allowed. Should exposures or transactions set off pre-established triggers, management will deliberate and determine on course of actions required (whether remedial or otherwise) on a timely basis. Triggers and limits are determined based on the Bank's risk appetite and is advised by appropriate risk measures and attendant stress testing exercises.

The financial risk management objectives and policies of the Bank are set out in Note 39 to the financial statements.

#### (C) INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES

The Group has an in-house group internal audit function which is guided by its Group Audit Charter and reports to the Group Audit Committee of RHB Bank Berhad. Its primary role is to assist the Group Audit Committee in the discharge of their duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the Group's risk management, internal control and governance processes.

The Group Internal Auditors perform regular reviews of the Bank's operational processes and system of internal controls. Auditable units of priority and frequency of review are determined by adopting a risk-based approach, and the annual internal audit plan is reviewed and approved by the Group Audit Committee. Results of the audits conducted by the Group Internal Auditors are reported to the Group Audit Committee while follow-up and review of the status of actions taken on the auditors' recommendations are carried out by the Management via the Management Audit Committee which comprises senior management. The minutes of the Management Audit Committee meetings are tabled to the Group Audit Committee for notation.

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)****(C) INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES (CONTINUED)**

The Group Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement highlighted by both the internal and external auditors as well as regulatory authorities on the state of the Bank's internal control system. The minutes of the Group Audit Committee meetings are subsequently tabled to the Board for notation.

In addition to audit assignments, the Group Internal Audit is invited to participate on a consultative basis in the development of new products and systems, and information technology related initiatives as well as in the review of operational manuals and guidelines.

**(D) MANAGEMENT REPORTS**

Annual business plans and financial budgets are prepared by the Bank's strategic business group and operating subsidiaries and are reviewed and approved by the Board. The performance of business group and operating subsidiaries are assessed and monitored against the approved budget and any significant variances are explained to the Board.

The Board also receives and reviews monthly financial accounts, financial information reports and monthly progress reports from management on a regular basis. In addition, matters such as key business strategies and business plans, major capital expenditure, material contracts, new operational guidelines and new policies and guidelines are approved by the Board prior to it being implemented. Furthermore, minutes of meeting of various Board Committees of the Bank and changes on regulatory requirements, are also tabled for the Board's notation.

**ULTIMATE HOLDING COMPANY**

The directors regard RHB Capital Berhad, a company incorporated in Malaysia as the ultimate holding company.

**BUSINESS REVIEW 2011**

The year 2011 remains a challenging year for the banking sector amidst a challenging external environment due to continued weakness in the US and on-going debt crisis in the European economies. Despite the challenging environment, the Malaysian economy registered a stable growth due to stronger domestic demand. The robust domestic demand was driven by an expansion in both household and business spending as well as higher public sector expenditure. The domestic financial system remained resilient amidst a weaker global operating environment, and continued to support well the domestic economy. The monetary stance taken by Bank Negara Malaysia is consistent with the assessment of heightened uncertainties arising from global developments that have created greater downside risks to growth. The Overnight Policy Rate ('OPR') was raised by 25 basis points during the year to 3.00% and remains supportive of economic activity.

The Group continued to build strength and further enhances the competitiveness of its franchise in 2011. The community banking services, "EASY by RHB" launched in 2009 remains a key focus area for growth with "EASY" outlets growing from 110 outlets in 2010 to 236 outlets by end 2011 with assets growth of RM2.1 billion during the financial year. The rebranded and fully integrated internet and mobile banking "RHB Now" has further enhanced customers experience and provided convenient banking services to our customers.

On the international front, RHB Singapore won the three year tender awarded by Changi Airport Group, Singapore to operate 15 currency exchange counters in the Singaporean Airport. In addition, our Singapore operation received several accolades for its best customer services e.g "Best Customer Experience Management of the Year Award" by APCSC Hong Kong and "Singapore Quality Class" by SPRING Singapore during the year. In order to cater for further expansion in our Singapore operation, an additional capital fund of SGD350 million was injected into the branch in October 2011.

The Group continued to build on the demand for Islamic financial services and RHB Islamic Bank Berhad ('RHB Islamic'), focusing on building market share and launched new products such as the Ar-Rahnu-i. So as to cater for further business expansion of Islamic financial services, an additional RM250 million in capital was injected into RHB Islamic in 2011. RHB Islamic's total assets expanded by 73% to RM22.6 billion and its achieved a pre-tax profit of RM137.8 million.

## Directors' Report (continued)

### BUSINESS REVIEW 2011 (CONTINUED)

On 29 December 2011, the Group announced the resubmission of our application to Bank Indonesia for the proposed acquisition of PT Bank Mestika Dharma, Indonesia.

Notwithstanding the challenging operating environment, the Group has continued to perform satisfactorily with higher profitability and strong balance sheet growth.

### BUSINESS STRATEGY AND PROSPECT 2011

The global economic environment remains fragile with the Eurozone's sovereign debt crisis remaining unresolved, the Malaysian economy is likely to experience lower growth in 2012 estimated at 3.7% GDP growth as compared with an estimate of 5.1% in 2011.

We expect the Malaysian banking sector to remain resilient with the 10th Malaysia Plan as well as further possible monetary policy easing.

The Group remains committed to building its core businesses, and achieving its leadership position in targeted markets and product segments.

The Group is focused on concluding our proposed acquisition of PT Bank Mestika, Indonesia and realizing our regionalization aspirations and agenda.

Barring unforeseen circumstances, the Group expects to record a satisfactory performance for the financial year 2012.

### RATINGS BY RATING AGENCIES

During the financial year, the Bank was rated by the following external rating agencies:

Agencies	Date Accorded	Ratings
RAM Rating Services Berhad ('RAM')	25 November 2011	Long Term Financial Institution Rating – AA2 Short Term Financial Institution Rating – P1
Standard & Poor's	08 December 2011	Long Term Counterparty Credit Rating – BBB+ Short Term Counterparty Credit Rating – A-2 ASEAN-scale Long Term Rating – axA+ ASEAN-scale Short Term Rating – axA-1
Moody's Investors Service	09 November 2011	Long Term Bank Deposits Rating – A3 Short Term Bank Deposits Rating – P-1 Bank Financial Strength Rating – D

**RATINGS BY RATING AGENCIES (CONTINUED)****DESCRIPTION OF THE RATINGS ACCORDED****RAM Rating Services Berhad**

Long term financial institution rating

AA A financial institution rated 'AA' has a strong capacity to meet its financial obligations. The financial institution is resilient against adverse changes in circumstances, economic conditions and/or operating environments.

For long term ratings, RAM applies subscripts 1, 2 or 3 in each rating category from 'AA' to 'C'. The subscript 1 indicates that the issue ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the issue ranks at the lower end of its generic rating category.

Short term financial institution rating

P1 A financial institution rated 'P1' has a strong capacity to meet its short term financial obligations. This is the highest short term financial institution rating assigned by RAM Ratings.

**Standard and Poor's**

Long term counterparty credit rating

BBB+ An obligation rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories.

Short term counterparty credit rating

A-2 An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

ASEAN-scale Long Term Rating

axA An obligor rated 'axA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a moderately strong capacity to meet its financial commitments relative to that of other ASEAN (The Association of South-East Asian Nations) obligors.

The ratings from 'axAA' to 'axCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative strength within the rating category.

ASEAN-scale Short Term Rating

axA-1 A short term obligation rated in the highest category on Standard & Poor's ASEAN regional scale. The obligor's capacity to meet its commitments on the obligation, relative to other ASEAN obligors, is strong.

The rating may be modified by the addition of a plus (+) or minus (-) sign to show relative strength within the rating category.

## Directors' Report (continued)

### RATINGS BY RATING AGENCIES (CONTINUED)

#### DESCRIPTION OF THE RATINGS ACCORDED (CONTINUED)

##### Moody's Investors Service

Long term bank deposits rating

A Obligations rated 'A' are considered upper-medium grade and are subject to low credit risk.

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from 'Aa' through the modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Short term bank deposits rating

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

Bank financial strength rating ('BFSR')

D Banks rated 'D' display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise, financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.

Where appropriate, a '+' modifier will be appended to ratings below the 'A' category and a '-' modifier will be appended to ratings above the 'E' category to distinguish those banks that fall in the higher and lower ends, respectively, of the generic rating category.

### AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

**TAN SRI AZLAN ZAINOL**  
NON-INDEPENDENT NON-EXECUTIVE  
CHAIRMAN

**JOHARI ABDUL MUID**  
MANAGING DIRECTOR

Kuala Lumpur  
29 February 2012



# Statements of Financial Position

as at 31 December 2011

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>ASSETS</b>					
Cash and short-term funds	2	18,392,186	12,981,081	12,344,141	11,093,561
Securities purchased under resale agreements		142,291	276,407	142,291	276,407
Deposits and placements with banks and other financial institutions	3	937,828	824,071	2,200,238	1,539,648
Financial assets held-for-trading	4	1,303,419	348,511	869,888	129,583
Financial investments available-for-sale	5	8,015,085	9,933,578	6,339,146	8,143,221
Financial investments held-to-maturity	6	13,475,167	10,674,245	12,021,999	9,558,312
Loans, advances and financing	7	95,083,373	81,531,003	80,369,613	71,125,558
Other assets	8	306,546	195,687	676,671	204,452
Derivative assets	9	226,980	298,389	263,605	298,148
Statutory deposits	10	3,168,309	426,304	2,561,754	321,064
Tax recoverable		127,265	27	114,013	-
Deferred tax assets	11	14,266	260,089	-	220,303
Investment in subsidiaries	12	-	-	1,072,972	822,972
Property, plant and equipment	13	787,865	701,158	625,567	540,483
Goodwill	14	1,004,017	1,004,017	905,519	905,519
<b>TOTAL ASSETS</b>		<b>142,984,597</b>	<b>119,454,567</b>	<b>120,507,417</b>	<b>105,179,231</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	15	113,638,280	92,402,813	94,349,181	80,567,577
Deposits and placements of banks and other financial institutions	16	7,996,621	7,680,309	5,809,666	6,158,453
Bills and acceptances payable		3,764,155	3,536,140	3,750,382	3,524,016
Other liabilities	17	992,384	1,002,387	924,953	868,165
Derivative liabilities	9	237,004	240,161	234,522	238,984
Recourse obligation on loans sold to Cagamas Berhad		1,161,814	818,503	1,161,814	818,503
Taxation		3,704	167,338	-	163,133
Deferred tax liabilities	11	39	6	35	-
Long term borrowings	18	759,020	819,362	759,020	819,362
Subordinated obligations	19	3,269,678	3,018,157	3,269,678	3,018,157
Hybrid Tier I Capital Securities	20	605,570	605,407	605,570	605,407
<b>TOTAL LIABILITIES</b>		<b>132,428,269</b>	<b>110,290,583</b>	<b>110,864,821</b>	<b>96,781,757</b>
Share capital	21	3,318,085	3,318,085	3,318,085	3,318,085
Reserves	22	7,238,243	5,845,899	6,324,511	5,079,389
<b>TOTAL EQUITY</b>		<b>10,556,328</b>	<b>9,163,984</b>	<b>9,642,596</b>	<b>8,397,474</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>142,984,597</b>	<b>119,454,567</b>	<b>120,507,417</b>	<b>105,179,231</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	36	<b>73,107,365</b>	<b>69,101,806</b>	<b>70,878,993</b>	<b>66,370,586</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

# Income Statements

For The Financial Year Ended 31 December 2011

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income	23	5,395,651	4,576,676	5,358,325	4,530,637
Interest expense	24	(2,494,277)	(1,822,712)	(2,482,111)	(1,811,153)
Net interest income		2,901,374	2,753,964	2,876,214	2,719,484
Other operating income	25	795,928	738,776	854,521	722,818
Income from Islamic Banking business	26	3,697,302 436,211	3,492,740 333,996	3,730,735 -	3,442,302 -
Other operating expenses	27	4,133,513 (1,701,038)	3,826,736 (1,451,929)	3,730,735 (1,541,472)	3,442,302 (1,302,007)
Operating profit before allowances		2,432,475	2,374,807	2,189,263	2,140,295
Allowance for impairment on loans, advances and financing	29	(324,121)	(419,212)	(254,723)	(349,737)
Impairment losses on other assets	30	(48,000)	(54,192)	(48,000)	(49,801)
Profit before taxation		2,060,354	1,901,403	1,886,540	1,740,757
Taxation	31	(501,485)	(474,849)	(464,291)	(446,320)
Net profit for the financial year		1,558,869	1,426,554	1,422,249	1,294,437
Earnings per share (sen)					
- Basic	32	23.5	21.5	21.4	19.5

The accompanying accounting policies and notes form an integral part of these financial statements.'

# Statements of Comprehensive Income

For The Financial Year Ended 31 December 2011

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net profit for the financial year		1,558,869	1,426,554	1,422,249	1,294,437
Other comprehensive income/(loss):					
Currency translation differences		18,407	(65,933)	6,818	(25,189)
Financial investments available-for-sale:					
- Unrealised net gain on revaluation		134,170	108,993	115,739	102,639
- Net transfer to income statements on disposal or impairment		(63,256)	(42,625)	(43,789)	(36,995)
Income tax relating to components of other comprehensive income	33	(17,939)	(16,518)	(17,988)	(16,411)
Other comprehensive income/(loss) for the financial year, net of tax		71,382	(16,083)	60,780	24,044
Total comprehensive income for the financial year		1,630,251	1,410,471	1,483,029	1,318,481

The accompanying accounting policies and notes form an integral part of these financial statements.

# Statements of Changes in Equity

For The Financial Year Ended 31 December 2011

Group	Note	Attributable to equity holders of the Bank							Total
		Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	RM'000	
Balance as at 1 January 2011		3,318,085	8,563	2,946,064	(79,815)	143,202	2,827,885	9,163,984	
Net profit for the financial year		-	-	-	-	-	1,558,869	1,558,869	
Other comprehensive income/(loss) for the financial year:									
Currency translation differences		-	-	-	18,407	-	-	18,407	
Financial investments available-for-sale ('AFS'):		-	-	-	-	134,170	-	134,170	
- Unrealised net gain on revaluation		-	-	-	-	(63,256)	-	(63,256)	
- Net transfer to income statements on disposal or impairment		-	-	-	-	(17,939)	-	(17,939)	
Income tax relating to components of other comprehensive income	33	-	-	-	-	-	-	-	
Total comprehensive income for the financial year		-	-	-	18,407	52,975	1,558,869	1,630,251	
Transfer to statutory reserves		-	-	412,640	-	-	(412,640)	-	
Ordinary dividends	34	-	-	-	-	-	(237,907)	(237,907)	
<b>Balance as at 31 December 2011</b>		<b>3,318,085</b>	<b>8,563</b>	<b>3,358,704</b>	<b>(61,408)</b>	<b>196,177</b>	<b>3,736,207</b>	<b>10,556,328</b>	
Balance as at 1 January 2010		3,318,085	8,563	2,588,710	(13,882)	93,352	2,002,753	7,997,581	
Net profit for the financial year		-	-	-	-	-	1,426,554	1,426,554	
Other comprehensive income/(loss) for the financial year:									
Currency translation differences		-	-	-	(65,933)	-	-	(65,933)	
Financial investments AFS:		-	-	-	-	108,993	-	108,993	
- Unrealised net gain on revaluation		-	-	-	-	(42,625)	-	(42,625)	
- Net transfer to income statements on disposal or impairment		-	-	-	-	(16,518)	-	(16,518)	
Income tax relating to components of other comprehensive income	33	-	-	-	-	-	-	-	
Total comprehensive income/(loss) for the financial year		-	-	-	(65,933)	49,850	1,426,554	1,410,471	
Transfer to statutory reserves		-	-	357,354	-	-	(357,354)	-	
Ordinary dividends	34	-	-	-	-	-	(244,068)	(244,068)	
Balance as at 31 December 2010		3,318,085	8,563	2,946,064	(79,815)	143,202	2,827,885	9,163,984	

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Changes in Equity  
For The Financial Year Ended 31 December 2011 (continued)

Bank	Note	Non-distributable				Distributable		Total
		Share capital	Share premium	Statutory reserves	Translation reserves	AFS reserves	Retained profits	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2011		3,318,085	8,563	2,714,580	396	134,995	2,220,855	8,397,474
Net profit for the financial year		-	-	-	-	-	1,422,249	1,422,249
Other comprehensive income/(loss) for the financial year:								
Currency translation differences		-	-	-	6,818	-	-	6,818
Financial investments AFS:								
- Unrealised net gain on revaluation		-	-	-	-	115,739	-	115,739
- Net transfer to income statements on disposal or impairment		-	-	-	-	(43,789)	-	(43,789)
Income tax relating to components of other comprehensive income	33	-	-	-	-	(17,988)	-	(17,988)
Total comprehensive income for the financial year		-	-	-	6,818	53,962	1,422,249	1,483,029
Transfer to statutory reserves		-	-	355,562	-	-	(355,562)	-
Ordinary dividends	34	-	-	-	-	-	(237,907)	(237,907)
<b>Balance as at 31 December 2011</b>		<b>3,318,085</b>	<b>8,563</b>	<b>3,070,142</b>	<b>7,214</b>	<b>188,957</b>	<b>3,049,635</b>	<b>9,642,596</b>
Balance as at 1 January 2010		3,318,085	8,563	2,390,971	25,585	85,762	1,494,095	7,323,061
Net profit for the financial year		-	-	-	-	-	1,294,437	1,294,437
Other comprehensive income/(loss) for the financial year:								
Currency translation differences		-	-	-	(25,189)	-	-	(25,189)
Financial investments AFS:								
- Unrealised net gain on revaluation		-	-	-	-	102,639	-	102,639
- Net transfer to income statements on disposal or impairment		-	-	-	-	(36,995)	-	(36,995)
Income tax relating to components of other comprehensive income	33	-	-	-	-	(16,411)	-	(16,411)
Total comprehensive income/(loss) for the financial year		-	-	-	(25,189)	49,233	1,294,437	1,318,481
Transfer to statutory reserves		-	-	323,609	-	-	(323,609)	-
Ordinary dividends	34	-	-	-	-	-	(244,068)	(244,068)
Balance as at 31 December 2010		3,318,085	8,563	2,714,580	396	134,995	2,220,855	8,397,474

The accompanying accounting policies and notes form an integral part of these financial statements.

# Statements of Cash Flows

For The Financial Year Ended 31 December 2011

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	2,060,354	1,901,403	1,886,540	1,740,757
Adjustments for:				
Property, plant and equipment:				
- depreciation	88,546	86,921	83,355	77,572
- impairment loss	-	24,945	-	-
- gain on disposal	(4,826)	(6,769)	(4,826)	(6,769)
- written off	27	10	27	4
- write-back of allowance for impairment loss	-	(20,577)	-	-
Allowance for impairment loss - foreclosed properties	19	511	19	511
Write-back of allowance for impairment loss - foreclosed properties	(153)	(330)	(153)	(330)
Loss on liquidation of subsidiaries	-	-	-	10
Financial investments AFS:				
- net gain on sale	(63,256)	(42,626)	(43,789)	(36,995)
- interest income	(296,527)	(277,790)	(296,527)	(277,790)
- investment income	(75,265)	(61,785)	-	-
- dividend income	(11,190)	(5,935)	(11,186)	(5,932)
- allowance for impairment loss	50,113	51,192	50,113	51,169
- write-back of allowance for impairment loss	(2,863)	(1,624)	(2,863)	(1,624)
Financial investments held-to-maturity:				
- net gain from early redemption	(214)	(1,044)	(214)	(1,044)
- interest income	(435,426)	(365,294)	(432,704)	(363,881)
- investment income	(48,201)	(43,877)	-	-
- allowance for impairment loss	5,484	8,512	5,484	8,512
- write-back of allowance for impairment loss	(4,600)	(8,437)	(4,600)	(8,437)
Allowance for losses on loans and financing	656,441	602,442	577,585	525,002
Amortisation of premium/(accretion of discount)	18,117	(7,687)	27,546	(7,098)
Amortisation of discount for Hybrid Tier I Capital Securities	247	229	247	229
Unrealised loss/(gain) on revaluation of derivatives	65,903	(38,833)	18,542	(38,703)
Unrealised exchange gain	(10,997)	(21,025)	(10,997)	(21,025)
Operating profit before working capital changes	1,991,733	1,772,532	1,841,599	1,634,138
<b>(Increase)/decrease in operating assets:</b>				
Securities purchased under resale agreements	140,182	1,313,350	140,182	1,313,350
Deposits and placements with banks and other financial institutions	(113,752)	889,024	(660,590)	398,114
Financial assets held-for-trading	(952,468)	(226,974)	(737,865)	(38,978)
Loans, advances and financing	(14,145,591)	(15,004,957)	(9,758,419)	(12,562,281)
Other assets	(96,687)	298,631	(448,873)	455,578
Statutory deposits	(2,738,973)	(146,485)	(2,237,658)	(110,585)
	(17,907,289)	(12,877,411)	(13,703,223)	(10,544,802)

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Cash Flows  
For The Financial Year Ended 31 December 2011 (continued)

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>					
<b>Increase/(decrease) in operating liabilities:</b>					
Deposits from customers		21,135,798	10,643,528	13,681,935	9,086,242
Deposits and placements of banks and other financial institutions		289,872	1,355,243	(375,227)	719,867
Bills and acceptances payable		227,748	(266,103)	226,099	(252,999)
Other liabilities		(14,207)	(226,011)	52,897	(163,228)
Recourse obligation on loans sold to Cagamas Berhad		343,311	(350,322)	343,311	(350,322)
		21,982,522	11,156,335	13,929,015	9,039,560
Cash generated from operations		6,066,966	51,456	2,067,391	128,896
Taxation paid		(564,106)	(403,445)	(538,746)	(375,569)
<b>Net cash generated from/(used in) operating activities</b>		5,502,860	(351,989)	1,528,645	(246,673)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(172,550)	(132,793)	(168,481)	(128,027)
Proceeds from disposal of property, plant and equipment		5,182	13,424	5,182	13,424
Financial investments AFS:					
- net sale/(purchase)		1,941,364	(3,234,703)	1,811,254	(2,645,077)
- interest received		332,351	247,429	332,351	247,429
- investment income received		73,895	59,954	-	-
- dividend income		11,172	5,854	11,168	5,850
Financial investments held-to-maturity:					
- net (purchase)/sale		(2,714,230)	119,401	(2,393,858)	116,310
- interest received		412,900	364,458	410,178	363,045
- investment income received		44,878	42,859	-	-
Purchase of additional shares in a subsidiary		-	-	(250,000)	-
<b>Net cash used in investing activities</b>		(65,038)	(2,514,117)	(242,206)	(2,027,046)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of subordinated obligations		250,000	1,000,000	250,000	1,000,000
Repayment of long term borrowings		(79,891)	(47,835)	(79,891)	(47,835)
Dividends paid to shareholder		(237,907)	(244,068)	(237,907)	(244,068)
<b>Net cash (used in)/generated from financing activities</b>		(67,798)	708,097	(67,798)	708,097
Net increase/(decrease) in cash and cash equivalents		5,370,024	(2,158,009)	1,218,641	(1,565,622)
Effects of exchange rate differences		41,081	(169,902)	31,939	(131,385)
Cash and cash equivalents brought forward		12,981,081	15,308,992	11,093,561	12,790,568
<b>Cash and cash equivalents carried forward</b>		18,392,186	12,981,081	12,344,141	11,093,561
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>					
Cash and short-term funds	2	18,392,186	12,981,081	12,344,141	11,093,561

The accompanying accounting policies and notes form an integral part of these financial statements.

# Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2011

## (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

### 1 Basis of preparation of the financial statements

The financial statements of the Group and the Bank have been prepared in accordance with Financial Reporting Standards ('FRS'), the Malaysian Accounting Standards Board ('MASB') approved accounting standards in Malaysia for Entities Other Than Private Entities, together with directives and guidelines issued by Bank Negara Malaysia ('BNM') and comply with the provisions of the Companies Act, 1965.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale securities and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements of the Group incorporate those activities relating to the Islamic Banking business which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking generally refers to the acceptance of deposits and granting of financing under the Shariah principles.

The preparation of financial statements in conformity with Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement and complexity are disclosed in Section (B).

### (a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

The relevant new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and the Bank's financial year beginning on or after 1 January 2011 are as follows:

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business Combinations"
- Revised FRS 127 "Consolidated and Separate Financial Statements"
- Amendment to FRS 7 "Financial instruments: Disclosures - improving disclosures about financial instruments"
- Amendments to FRS 1 "First-time adoption of Financial Reporting Standards"
- Amendment to FRS 132 "Financial instruments: Presentation - Classification of rights issues"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"



## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 1 Basis of preparation of the financial statements (continued)

##### (a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective (continued)

The relevant new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and the Bank's financial year beginning on or after 1 January 2011 are as follows (continued):

- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Improvements to FRSs (2010)

The adoption of the above standards, amendments to published standards and interpretations to existing standards does not give rise to any material financial impact to the Group and the Bank.

##### (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective.

On 19 November 2011, the Malaysian Accounting Standards Board formally announced that Malaysian reporting entities would be required to comply with the new IFRS-compliant framework, Malaysian Financial Reporting Standards ('MFRS') for financial years commencing on or after 1 January 2012.

For reporting periods commencing 1 January 2012, the Group and the Bank will be adopting the new IFRS-compliant framework, MFRS. The Group and the Bank are required to prepare an opening balance sheet and restate comparative information retrospectively as if the requirements of MFRSs have always been applied from the Group and the Bank's transition date of 1 January 2011. MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards" provides certain mandatory exceptions and optional exemptions for first-time adoption of MFRS.

In the planning stage, the Group and the Bank have completed this review of the MFRS requirements. Critical conversion issues were identified and methodologies have been designed to resolve these issues. The Group and the Bank are now progressing to the implementation of the identified changes and will complete this process prior to the releasing of the interim results for the financial period ending 31 March 2012. The Group and the Bank have therefore not finalised the financial impact of the adoption of MFRS.

##### (i) Financial year beginning on/after 1 January 2012

MFRS 139 "Financial instruments: recognition and measurement" (effective from 1 January 2012) Bank Negara Malaysia has removed the transitional provision for banking institutions on collective evaluation of loan impairment assessment and provisioning to comply with the MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred, but not identified yet. The required provision is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

The revised MFRS 124 "Related party disclosures" (effective from 1 January 2012) simplifies the definition of a related party. It clarifies its intended meaning and eliminates inconsistencies from the definition.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 1 Basis of preparation of the financial statements (continued)

#### (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective. (continued)

##### (i) Financial year beginning on/after 1 January 2012 (continued)

The revised MFRS 124 removes the exemptions to disclose transaction between government related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:

- (i) the name of the government and the nature of their relationship,
- (ii) the nature and amount of each individually significant transactions, and
- (iii) the extent of any collectively significant transactions, qualitatively or quantitatively need to be disclosed.

Amendment to MFRS 112 “Income taxes” (effective from 1 January 2012) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. MFRS 112 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in MFRS 140 “Investment property”. As a result of the amendments, IC Interpretation 121 “Income taxes - recovery of revalued non-depreciable assets” will no longer apply to investment properties carried at fair value. The amendments also incorporate into MFRS 112 the remaining guidance previously contained in IC Interpretation 121 which is withdrawn.

IC Interpretation 19 “Extinguishing financial liabilities with equity instruments” (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

Amendment to MFRS 1 “First time adoption on fixed dates and hyperinflation” (effective from 1 January 2012) includes two changes to MFRS 1. The first replaces references to a fixed date of 1 January 2004 with ‘the date of transition to MFRSs’, thus eliminating the need for entities adopting MFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to MFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with MFRSs after a period when the entity was unable to comply with MFRSs because its functional currency was subject to severe hyperinflation.

Amendment to MFRS 7 “Financial instruments: Disclosures on transfers of financial assets” (effective from 1 January 2012) promotes transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.

Amendment to MFRS 101 “Presentation of items of Other Comprehensive Income (‘OCI’)” (effective from 1 January 2012) requires entities to separate items presented in ‘other comprehensive income’ (‘OCI’) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 1 Basis of preparation of the financial statements (continued)

#### (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective. (continued)

##### (ii) Financial year beginning on/after 1 January 2013

MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2013) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (‘OCI’). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 10 “Consolidated financial statements” (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 “Consolidated and separate financial statements” and IC Interpretation 112 “Consolidation – special purpose entities”.

MFRS 12 “Disclosures of interests in other entities” (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 “Investments in associates”. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.

The revised MFRS 127 “Separate financial statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2 Basis of consolidation

##### (a) Subsidiaries

Subsidiaries are those corporations or other entities in which the Bank has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting except for certain business combinations which were accounted for using the merger method as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time;
- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in MASB 21 'Business Combinations';
- internal group reorganisations, as defined in MASB 21, consolidated on/after 1 April 2001 but with agreement dates before 1 January 2006 where:
  - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
  - the minorities' share of net assets of the Group is not altered by the transfer.
- business combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006.

The Group has taken advantage of the exemption provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in profit or loss. Refer to accounting policy Note 4 on goodwill.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Group or Bank. Non-controlling interest is measured either at fair value or proportionate share of the acquiree's identifiable net assets at the acquisition date, determined on a case by case basis. At the end of a reporting period, non-controlling interest consists of the amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2 Basis of consolidation (continued)

##### (a) Subsidiaries (continued)

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

All material inter-company and intra-group transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

##### **Change in accounting policy**

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business combinations" and FRS 127 "Consolidated and separate financial statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary which is recognised in profit or loss attributable to the parent.

##### (b) Transaction with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests, where such transaction occurred after control has already been obtained and they do not result in loss of control, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, the differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2 Basis of consolidation (continued)

##### (b) Transaction with non-controlling interests (continued)

###### Change in accounting policy

Previously, the Group applied a policy of treating transactions with non-controlling interest as transactions with parties external to the Group. Accordingly, disposals resulted in gains or losses and purchases resulted in the recognition of goodwill, being the difference between consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired. The Group has applied this policy prospectively to transactions occurring on or after 1 January 2011.

##### (c) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value is the fair value on initial recognition as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

###### Changes in accounting policy

The Group has changed its accounting policy prospectively for transactions occurring on or after 1 January 2011 with non-controlling interests and transactions involving the loss of control, joint control or significant influence when it adopted the revised FRS 127 "Consolidated and Separate Financial Statements". The revisions to FRS 127 contained consequential amendments to FRS 128 "Investments in Associates" and FRS 131 "Interests in Joint Ventures".

Previously when the Group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost on initial measurement as a financial asset in accordance with FRS 139.

#### 3 Investment in subsidiaries

In the Bank's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. At the end of each reporting period, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note 22 on impairment of non-financial assets.

On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

#### 4 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's share of the net fair value of the identifiable net assets at the date of acquisition.

Goodwill is stated at cost less accumulated impairment loss and is tested at least annually for impairment. Impairment loss on goodwill (inclusive of impairment losses recognised in a previous interim period) is not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold. Refer to accounting policy Note 22 on impairment of non-financial assets.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4 Goodwill (continued)

Goodwill is allocated to cash-generating units ('CGU') for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment.

#### 5 Financial assets

##### (a) Classification

The Group and the Bank classify their financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were required. Management determines the classification at initial recognition.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held-for-trading unless they are designated as hedges (Refer to accounting policy Note 8).

##### (ii) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### (iii) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and the Bank's management has the positive intention and ability to hold to maturity. If the Group and the Bank were to sell other than an insignificant amount of financial investments held-to-maturity, the whole category would be tainted and reclassified as available-for-sale.

##### (iv) Financial investments available-for-sale

Financial investments available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

##### (b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the settlement date, the date that an asset is delivered to or by the Group and the Bank.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 5 Financial assets (continued)

##### (c) Subsequent measurement – gains and losses

Financial investments available-for-sale and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial investments held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of financial investments available-for-sale are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 20) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on financial investments available-for-sale are recognised separately in profit or loss. Interest on financial investments available-for-sale calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments is recognised in profit or loss when the Group's right to receive payments is established.

##### (d) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the loans and receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When financial investments available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

##### (e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### (f) Determination on fair value

The fair value of financial instruments traded in active markets are based on quoted market prices at the end of the reporting date. The quoted market prices used for financial assets held by the Group are the current bid prices. If the market for a financial assets is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, net book value, option pricing models refined to reflect the issuer's specific circumstances.



## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 6 Repurchase agreements

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statement of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

#### 7 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expense in profit or loss during the financial period in which they are incurred.

Freehold land, buildings in progress and renovations in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land	Amortised over the period of the lease*
Buildings	2% to 3 <sup>1</sup> / <sub>3</sub> %
Renovations	7.5% to 10%
Office equipment and furniture	7.5% to 20%
Computer equipment and software	20% to 33 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	20% to 25%

\* The remaining period of the lease ranges from 7 to 882 years.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would render disclosure in the financial statements.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in non-interest income in profit or loss.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to accounting policy Note 22 on impairment of non-financial assets.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 8 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contracts are entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise profits on day one.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group and the Bank document, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

##### (a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

##### (b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 8 Derivative financial instruments and hedge accounting (continued)

##### (c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss.

#### 9 Financial liabilities

The Group's and the Bank's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that are designated at fair value) and financial liabilities at amortised cost. All financial liabilities are derecognised when extinguished.

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss and are subsequently re-measured at their fair values. Changes in fair values of financial liabilities at fair value through profit or loss are recognised in profit and loss in the period in which the changes arise.

Financial liabilities at fair value through profit or loss are financial liabilities held-for-trading. A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges (Refer to accounting policy Note 8).

##### (b) Other liabilities measured at amortised cost

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are re-measured at amortised cost using the effective interest rate.

Other financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, bills and acceptances payable, recourse obligation on loans sold to Cagamas, long term borrowings, subordinated obligations, Hybrid Tier I Capital Securities and other financial liabilities.

#### 10 Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')

In the normal course of banking operations, the Group and the Bank sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the statements of financial position.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 11 Leases – where the Group is lessee

##### (a) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The up-front payments made for leasehold land represent prepaid lease rentals and are amortised on straight-line basis over the lease term.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

##### (b) Finance lease

Leases of assets where the Group and the Bank assume substantially all the risks and rewards of ownership of the assets are classified as finance leases. The assets are capitalised under property, plant and equipment and subject to depreciation consistent with that of depreciable assets which are owned. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments and the fair value of the leased assets at the beginning of the lease term. Each lease payment is allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance charges is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### 12 Leases – where the Group is lessor

##### (a) Operating lease

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

##### (b) Finance lease

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the 'net investment' method so as to reflect a constant periodic rate of return.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 13 Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

#### 14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

#### 15 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The fair value of a financial guarantee at the time of issuance is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised.

The liability is subsequently recognised at the higher of the amount determined in accordance with FRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Group and the Bank for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 16 Contingent liabilities and contingent assets

The Group and the Bank do not recognise a contingent liability but disclose their existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

#### 17 Share capital

##### (a) Classification

Ordinary shares are classified as equity. Other shares, if issued, are classified as equity and/or liability according to the economic substance of the particular instrument.

##### (b) Share issue cost

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

##### (c) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the shareholders' right to receive the dividends are established or the dividends are approved.

#### 18 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short term deposits maturing within one month.

The statement of cash flows show the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. The cash flows from operating activities are determined by using the indirect method. Consolidated net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The cash flows from investing and financing activities are determined by using the direct method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach).

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 19 Revenue recognition

- (a) Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

When a loan and receivable is impaired, the Group and the Bank reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

- (b) Loan arrangement fees, commissions and placement fees are recognised as income when all conditions precedent are fulfilled.
- (c) Guarantee fees are recognised as income upon issuance of guarantees.
- (d) Commitment fees are recognised as income based on time apportionment.
- (e) Income from Islamic Banking business is recognised on accruals basis in accordance with the principles of Shariah.
- (f) Dividends from all investments are recognised when the shareholders' right to receive payment is established. This applies even if they are paid out of the pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

#### 20 Impairment of financial assets

##### (a) Assets carried at amortised cost

The Group and the Bank assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Bank use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 20 Impairment of financial assets (continued)

##### (a) Assets carried at amortised cost (continued)

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

For loans, advances and financing, the Group and the Bank first assess whether objective evidence of impairment exists individually for loans, advances and financing that are individually significant, and individually or collectively for loans, advances and financing that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for individually assessed loans, advances and financing, whether significant or not, it includes the asset in a group of loans, advances and financing with similar credit risk characteristics and collectively assess them for impairment.

##### (i) Individual impairment allowance

The Group and the Bank determine the allowance appropriate for each individual significant loans, advances and financing on an individual basis. The allowances are established based primarily on estimates of the realisable value of the collateral to secure the loans, advances and financing and are measured as the difference between the carrying amount of the loans, advances and financing and the present value of the expected future cash flows discounted at the original effective interest rate of the loans, advances and financing. All other loans, advances and financing that have been individually evaluated, but not considered to be individually impaired, are assessed collectively for impairment.

##### (ii) Collective impairment allowance

For the purposes of a collective evaluation of impairment under FRS 139, loans, advances and financing are grouped on the basis of similar credit risk characteristics, taking into account the historical loss experience of such loans.

In accordance with the transitional provisions under the Amendments to FRS 139, the financial services sector is granted a transitional period for the purpose of complying with the collective assessment of impairment required under FRS 139. Consequently, BNM may prescribe the use of an alternative basis for collective assessment of impairment for banking institutions for a transitional period.

This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

The Group and the Bank have adopted the transitional provisions under the Amendments to FRS 139 and the collective assessment impairment allowance of the Group and the Bank have been determined based on the transitional arrangement issued by BNM.



## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 20 Impairment of financial assets (continued)

##### (b) Assets classified as available-for-sale

The Group and the Bank assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Bank use criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

#### 21 Employee benefits

##### (a) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

##### (b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions to the national pension scheme, the Employees' Provident Fund. The Group's and the Bank's contributions to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further legal or constructive obligations.

##### (c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

#### 22 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flow/CGU. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in the profit or loss.

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 23 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and arising from distributions of retained earnings to companies in the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 24 Currency conversion and translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in profit or loss within non-interest income.

For translation differences on financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets, refer to Note 5(c).

## Summary of Significant Accounting Policies and Critical Accounting Estimates and Assumptions For The Financial Year Ended 31 December 2011 (continued)

### (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 24 Currency conversion and translation (continued)

##### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statements of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, a proportionate share of such exchange differences is recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### 25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources to and assessing performance of the operating segments of an entity. The Group has determined its Central Management Committee as its chief operating decision-maker.

### (B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Allowance for impairment of financial assets

In determining impairment of financial assets, management considers objective evidence of impairment and exercises judgement in estimating cash flow and collateral value.

The Group and the Bank make allowance for losses based on assessment of recoverability. Whilst management's judgement is guided by the relevant BNM's guidelines, judgement is made in estimation of the amount and timing of future cash flows in assessing allowance for impairment of financial assets. Among the factors considered are the Group's and the Bank's aggregate exposure to the borrower, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses differ from the impairment made.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2011

## 1 GENERAL INFORMATION

RHB Bank Berhad ('the Bank'), is a limited liability bank incorporated and domiciled in Malaysia.

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic Banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

There have been no significant changes in these principal activities during the financial year.

The address of the registered office of the Bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

## 2 CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and balances with banks and other financial institutions	1,293,733	903,494	1,210,914	816,836
Money at call and deposit placements maturing within one month	17,098,453	12,077,587	11,133,227	10,276,725
	18,392,186	12,981,081	12,344,141	11,093,561

## 3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Licensed banks/Islamic banks	837,810	824,071	2,100,220	1,539,648
Licensed investment banks	100,018	-	100,018	-
	937,828	824,071	2,200,238	1,539,648

## 4 FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>At fair value</b>				
Money market instruments:				
Khazanah bonds	53,767	-	-	-
Malaysian Government Investment Issues	144,220	10,066	92,908	-
Bank Negara Malaysia Monetary Notes	808,374	173,815	501,461	-
Thailand Government bonds	-	10,216	-	10,216
Singapore Government Treasury Bills	275,519	119,367	275,519	119,367
Wakala Global Sukuk	16,495	-	-	-
Unquoted securities:				
<b>In Malaysia</b>				
Private debt securities	5,044	35,047	-	-
	1,303,419	348,511	869,888	129,583

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

5 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>At fair value</b>				
Money market instruments:				
Malaysian Government Securities	974,018	3,199,222	974,018	3,199,222
Malaysian Government Investment Issues	1,965,660	2,306,237	1,096,153	1,066,701
Cagamas bonds	82,056	591,416	82,056	591,416
Negotiable instruments of deposits	-	108,163	-	108,163
Singapore Government Treasury Bills	73,155	26,258	73,155	26,258
Singapore Government Securities	232,275	128,444	232,275	128,444
Thailand Government bonds	85,870	112,140	85,870	112,140
1 Malaysia Sukuk	291,592	86,032	291,592	86,032
Bankers' acceptances and Islamic accepted notes	-	93,868	-	-
Wakala Global Sukuk	115,164	-	91,654	-
Quoted securities:				
<b>In Malaysia</b>				
Corporate loan stocks	14,178	14,126	14,178	14,126
Shares	3,759	4,287	1,526	1,213
<b>Outside Malaysia</b>				
Shares	23	17	-	-
Unquoted securities:				
<b>In Malaysia</b>				
Corporate loan stocks	107,213	108,972	107,213	108,972
Shares	384,879	342,046	384,304	341,471
Private debt securities	3,679,907	2,800,982	2,899,816	2,347,695
<b>Outside Malaysia</b>				
Private debt securities	5,336	11,368	5,336	11,368
	8,015,085	9,933,578	6,339,146	8,143,221

The carrying value of financial investments available-for-sale as at 31 December 2011, which were transferred from financial assets held-for-trading in 2009, for the Group and the Bank are RM222,901,000 (2010: RM1,086,048,000) and RM212,765,000 (2010: RM1,075,951,000) respectively.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 6 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>At amortised cost</b>				
Money market instruments:				
Malaysian Government Securities	2,768,820	2,948,345	2,768,820	2,948,345
Malaysian Government Investment Issues	2,991,758	1,371,160	2,195,778	781,992
Cagamas bonds and Cagamas Mudharabah bonds	1,912,108	773,644	1,718,332	589,750
Khazanah bonds	63,418	52,632	55,071	52,632
Negotiable instruments of deposits	1,005,545	1,103,432	1,005,545	1,103,432
Singapore Government Securities	123,462	120,730	123,462	120,730
Singapore Government Treasury Bills	-	9,549	-	9,549
Thailand Government Securities	240,210	223,230	240,210	223,230
Sukuk (Brunei) Incorporation	53,682	23,873	53,682	23,873
Bankers' acceptances	169,823	-	169,823	-
Wakala Global Sukuk	203,078	-	203,078	-
Unquoted securities:				
<b>In Malaysia</b>				
Bonds	860	860	860	860
Prasarana bonds	950,221	1,760,514	950,221	1,760,514
Private debt securities	3,040,347	2,276,470	2,604,345	1,952,119
Corporate loan stocks	56,283	81,108	56,283	81,108
<b>Outside Malaysia</b>				
Private debt securities	19,063	18,520	-	-
Structured notes	-	32,564	-	32,564
	13,598,678	10,796,631	12,145,510	9,680,698
Accumulated impairment losses	(123,511)	(122,386)	(123,511)	(122,386)
	13,475,167	10,674,245	12,021,999	9,558,312

The carrying value of financial investments held-to-maturity as at 31 December 2011, which were transferred from financial assets held-for-trading in 2009, for the Group and the Bank are RM19,063,000 (2010: RM26,038,000) and Nil (2010: RM7,672,000) respectively. The fair value of these financial investments as at 31 December 2011 for the Group and the Bank are RM20,643,000 (2010: RM27,350,000) and Nil (2010: RM7,672,000) respectively.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**7 LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(i) By type</b>				
<b>At amortised cost</b>				
Overdrafts	5,692,203	6,092,693	5,573,007	5,976,569
Term loans/financing:				
- housing loans/financing	20,048,347	18,277,358	17,311,419	15,908,732
- syndicated term loans/financing	2,923,017	2,033,986	1,055,934	835,588
- hire purchase receivables	12,946,664	10,956,570	9,399,395	9,322,667
- lease receivables	116,243	146,399	-	-
- other term loans/financing	43,206,192	33,791,023	37,402,695	29,854,443
Bills receivable	1,644,601	1,507,021	1,603,549	1,418,203
Trust receipts	382,657	343,170	362,949	325,177
Claims on customers under acceptance credits	4,740,650	4,632,725	4,239,333	4,130,205
Staff loans/financing	315,049	348,021	304,926	336,528
Credit card receivables	1,780,088	1,644,995	1,732,197	1,644,465
Revolving credit	3,756,420	4,235,981	3,482,697	3,491,071
Floor stocking	1,553	1,569	1,553	1,569
<b>Gross loans, advances and financing</b>	<b>97,553,684</b>	<b>84,011,511</b>	<b>82,469,654</b>	<b>73,245,217</b>
Allowance for impaired loans and financing:				
- individual impairment allowance	(812,502)	(854,899)	(666,218)	(682,522)
- collective impairment allowance	(1,657,809)	(1,625,609)	(1,433,823)	(1,437,137)
<b>Net loans, advances and financing</b>	<b>95,083,373</b>	<b>81,531,003</b>	<b>80,369,613</b>	<b>71,125,558</b>

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM1,161,814,000 (2010: RM818,503,000) for the Group and the Bank.

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(ii) By type of customer</b>				
Domestic non-bank financial institutions:				
- Others	937,008	315,707	876,634	271,672
Domestic business enterprises:				
- Small medium enterprises	11,526,250	11,044,473	10,553,452	10,204,438
- Others	24,275,733	22,491,236	20,843,887	18,672,173
Government and statutory bodies	11,148,102	9,204,927	7,684,750	7,688,340
Individuals	43,820,797	36,427,343	37,688,309	32,597,448
Other domestic entities	10,651	8,324	10,378	7,898
Foreign entities:				
- Malaysian operations	1,278,621	876,700	429,651	380,437
- Singapore operations	4,211,647	3,191,218	4,069,495	3,003,249
- Thailand operations	232,363	297,308	200,586	266,403
- Brunei operations	112,512	154,275	112,512	153,159
<b>Gross loans, advances and financing</b>	<b>97,553,684</b>	<b>84,011,511</b>	<b>82,469,654</b>	<b>73,245,217</b>

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(iii) By geographical distribution</b>				
In Malaysia	92,997,162	80,368,710	78,087,061	69,822,406
Outside Malaysia:				
- Singapore operations	4,211,647	3,191,218	4,069,495	3,003,249
- Thailand operations	232,363	297,308	200,586	266,403
- Brunei operations	112,512	154,275	112,512	153,159
	97,553,684	84,011,511	82,469,654	73,245,217
<b>(iv) By interest/profit rate sensitivity</b>				
Fixed rate:				
- Housing loans/financing	1,611,848	1,523,367	528,232	280,144
- Hire purchase receivables	12,946,664	10,956,595	9,399,395	9,322,691
- Other fixed rate loans/financing	16,479,021	14,156,353	12,218,201	10,992,848
Variable rate:				
- BLR/BFR plus	38,671,366	32,736,627	34,946,687	30,150,104
- Cost-plus	23,422,427	20,299,568	22,153,358	19,187,232
- Other variable rates	4,422,358	4,339,001	3,223,781	3,312,198
	97,553,684	84,011,511	82,469,654	73,245,217
<b>(v) By purpose</b>				
Purchase of securities	6,939,176	3,958,677	6,930,566	3,946,408
Purchase of transport vehicles	11,736,411	9,567,339	7,947,864	7,785,528
Purchase of landed property:				
- Residential	20,516,726	18,838,783	17,747,595	16,398,769
- Non-residential	5,277,215	4,761,379	5,208,632	4,681,507
Purchase of property, plant and equipment other than land and building	3,237,824	3,336,170	2,340,693	2,310,062
Personal use	4,951,590	3,535,354	4,717,465	3,521,269
Credit card	1,780,088	1,644,995	1,732,197	1,644,465
Purchase of consumer durables	43,477	54,295	43,427	54,215
Construction	3,024,166	2,593,596	2,170,634	1,741,635
Working capital	20,620,418	21,046,790	18,222,976	18,782,989
Merger and acquisition	4,200,239	2,432,562	4,040,367	2,432,562
Other purposes	15,226,354	12,241,571	11,367,238	9,945,808
	97,553,684	84,011,511	82,469,654	73,245,217
<b>(vi) By remaining contractual maturities</b>				
Maturing within one year	31,077,948	28,945,514	29,028,964	26,693,967
One year to three years	6,144,042	4,692,280	4,850,455	3,608,248
Three years to five years	10,377,384	10,023,250	8,360,983	8,671,749
Over five years	49,954,310	40,350,467	40,229,252	34,271,253
	97,553,684	84,011,511	82,469,654	73,245,217



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(vii) Impaired loans, advances and financing</b>				
(a) Movement in impaired loans, advances and financing				
Balance as at the beginning of the financial year	3,671,258	4,636,385	2,927,024	4,059,453
Classified as impaired during the financial year	3,711,482	3,881,193	3,423,180	3,292,163
Reclassified as non-impaired during the financial year	(2,823,232)	(2,789,203)	(2,594,619)	(2,492,252)
Amount recovered	(609,011)	(961,049)	(486,693)	(894,802)
Amount written off	(604,812)	(1,084,148)	(543,725)	(1,033,573)
Exchange difference	4,801	(11,920)	1,837	(3,965)
Balance as at the end of the financial year	3,350,486	3,671,258	2,727,004	2,927,024
(b) By purpose				
Purchase of securities	86,037	82,558	86,037	82,558
Purchase of transport vehicles	262,927	241,331	165,565	149,281
Purchase of landed property:				
- Residential	1,037,375	1,163,245	878,455	961,155
- Non-residential	197,116	251,257	183,666	224,437
Purchase of property, plant and equipment other than land and building	142,397	203,251	70,153	121,115
Personal use	72,931	90,835	68,401	85,865
Credit card	89,000	78,954	89,000	78,954
Purchase of consumer durables	1,989	2,983	1,989	2,983
Construction	235,040	174,628	233,990	173,098
Working capital	1,200,664	1,370,284	926,425	1,038,976
Other purposes	25,010	11,932	23,323	8,602
	3,350,486	3,671,258	2,727,004	2,927,024
(c) By geographical distribution				
In Malaysia	3,253,920	3,515,643	2,630,438	2,803,485
Outside Malaysia:				
- Singapore operations	66,581	127,892	66,581	95,816
- Thailand operations	22,440	22,371	22,440	22,371
- Brunei operations	7,545	5,352	7,545	5,352
	3,350,486	3,671,258	2,727,004	2,927,024

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

## 7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(vii) Impaired loans, advances and financing (continued)</b>				
(d) Movement in allowance for impaired loans, advances and financing				
<b>Individual impairment allowance</b>				
Balance as at the beginning of the financial year	854,899	1,350,111	682,522	1,184,796
Allowance made	139,367	256,812	112,441	176,396
Amount recovered	(27,168)	(73,489)	(16,882)	(56,430)
Amount written off	(155,552)	(672,015)	(112,611)	(621,024)
Exchange difference	956	(6,520)	748	(1,216)
Balance as at the end of the financial year	812,502	854,899	666,218	682,522
<b>Collective impairment allowance</b>				
Balance as at the beginning of the financial year	1,625,609	1,613,437	1,437,137	1,437,941
Allowance made	740,820	677,250	671,579	655,710
Amount recovered	(196,578)	(258,131)	(189,553)	(250,674)
Amount written off	(513,619)	(403,104)	(486,162)	(405,032)
Exchange difference	1,577	(3,843)	822	(808)
Balance as at the end of the financial year	1,657,809	1,625,609	1,433,823	1,437,137

## 8 OTHER ASSETS

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other debtors, deposits and prepayments		280,329	172,657	192,477	130,629
Amount due from holding company	(i)	1,388	1,024	1,388	1,024
Amount due from subsidiaries	(i)	-	-	457,977	50,793
Amount due from related companies	(i)	24,829	22,006	24,829	22,006
		306,546	195,687	676,671	204,452

(i) Amounts due from holding company/subsidiaries/related companies are unsecured, interest free and receivable within the normal credit period.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

## 9 DERIVATIVES ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments are used by the Group and the Bank for economic hedges and also transacted in these instruments for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the stringent requirements of hedge accounting mentioned in the Group's and Bank's accounting policies.

The table below shows the Group's and the Bank's derivative financial instruments as at the date of statement of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at the date of statements of financial position are analysed below.

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Derivative assets	226,980	298,389	263,605	298,148
Derivative liabilities	(237,004)	(240,161)	(234,522)	(238,984)
	(10,024)	58,228	29,083	59,164

Group	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
<b>2011</b>			
Foreign exchange related contracts:			
- forwards/swaps	13,763,434	87,912	(65,341)
- options	123,118	276	(230)
- cross currency interest rate swaps	1,439,860	19,078	(16,518)
Interest rate related contracts:			
- swaps	17,812,064	119,714	(154,915)
		226,980	(237,004)
<b>2010</b>			
Foreign exchange related contracts:			
- forwards/swaps	14,015,055	159,624	(148,040)
- options	190,715	797	(760)
- cross currency interest rate swaps	1,245,502	12,860	(11,121)
Interest rate related contracts:			
- swaps	12,047,782	125,108	(80,240)
Commodity contracts:			
- forwards	17,628	-	-
		298,389	(240,161)

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**9 DERIVATIVES ASSETS/(LIABILITIES) (CONTINUED)**

<b>Bank</b>	<b>Contract or underlying principal amount RM'000</b>	<b>Year-end positive fair value RM'000</b>	<b>Year-end negative fair value RM'000</b>
<b>2011</b>			
Foreign exchange related contracts:			
- forwards/swaps	13,603,559	87,912	(65,341)
- options	123,118	276	(229)
- cross currency interest rate swaps	1,439,860	19,078	(16,518)
Interest rate related contracts:			
- swaps	20,431,084	156,339	(152,434)
		263,605	(234,522)
<b>2010</b>			
Foreign exchange related contracts:			
- forwards/swaps	14,016,586	159,624	(148,040)
- options	190,715	797	(760)
- cross currency interest rate swaps	1,245,502	12,860	(11,121)
Interest rate related contracts:			
- swaps	12,697,782	124,867	(79,063)
Commodity contracts:			
- forwards	17,628	-	-
		298,148	(238,984)

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**10 STATUTORY DEPOSITS**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statutory deposits with BNM	2,998,605	288,140	2,392,150	183,000
Statutory deposits with Monetary Authority of Singapore	159,015	128,178	159,015	128,178
Statutory deposits with Ministry of Finance, Brunei	10,589	9,886	10,589	9,886
Statutory deposits with Labuan Offshore Financial Services Authority	100	100	-	-
	3,168,309	426,304	2,561,754	321,064

The non-interest bearing statutory deposits are maintained with BNM in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act, 2009, with the Ministry of Finance, Negara Brunei Darussalam in compliance with Section 6A of the Banking Act, with the Monetary Authority of Singapore in compliance with Banking Act, Cap. 19, Singapore Finance Companies Act, Cap. 108 and with Section 61(2)(b)(ii) of the Labuan Financial Services and Securities Act 2010. The amounts are determined by the respective authorities.

**11 DEFERRED TAX ASSETS/LIABILITIES**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate set off, are shown in the statement of financial position:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax assets	14,266	260,089	-	220,303
Deferred tax liabilities	(39)	(6)	(35)	-
	14,227	260,083	(35)	220,303
Deferred tax assets				
- settled more than 12 months	(34,506)	208,764	-	175,317
- settled within 12 months	48,772	51,325	-	44,986
Deferred tax liabilities				
- settled more than 12 months	(39)	(6)	(35)	-
- settled within 12 months	-	-	-	-
	14,227	260,083	(35)	220,303

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 11 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

Group	Note	Property, plant and equipment		Financial investments		Loans, advances and financing		Other liabilities		Other temporary differences		Total
		RM'000	RM'000	AFS	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2011</b>												
Balance as at the beginning of the financial year		(39,719)	(47,412)		15,759	266,472	55,526	9,457				260,083
Transfer (to)/from income statement	31	(14,827)	-	(130)	(222,212)		8,251	683				(228,235)
Transfer to equity		-	(17,939)	-	-	-	-	-	-	-	-	(17,939)
Exchange difference		-	-	318	-	-	-	-	-	-	-	318
Balance as at the end of the financial year		(54,546)	(65,351)	15,947	44,260	63,777	10,140					14,227
<b>2010</b>												
Balance as at the beginning of the financial year		(22,450)	(30,894)	4,823	218,296	30,347	8,228					208,350
Transfer (to)/from income statement	31	(17,269)	-	11,047	48,176	25,179	1,229					68,362
Transfer to equity		-	(16,518)	-	-	-	-	-	-	-	-	(16,518)
Exchange difference		-	-	(111)	-	-	-	-	-	-	-	(111)
Balance as at the end of the financial year		(39,719)	(47,412)	15,759	266,472	55,526	9,457					260,083

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**11 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)**

The movements in deferred tax assets and liabilities during the financial year comprise the following (continued):

Bank	Note	Property, plant and equipment RM'000	Financial investments AFS RM'000	Tax losses RM'000	Loans, advances and financing RM'000	Other liabilities RM'000	Other temporary differences RM'000	Total RM'000
<b>2011</b>								
Balance as at the beginning of the financial year		(42,819)	(44,998)	15,759	238,066	48,996	5,299	220,303
Transfer (to)/from income statement	31	(7,532)	-	(130)	(201,992)	6,986	-	(202,668)
Transfer to equity		-	(17,988)	-	-	-	-	(17,988)
Exchange difference		-	-	318	-	-	-	318
Balance as at the end of the financial year		(50,351)	(62,986)	15,947	36,074	55,982	5,299	(35)
<b>2010</b>								
Balance as at the beginning of the financial year		(22,247)	(28,587)	4,823	196,213	30,347	5,848	186,397
Transfer (to)/from income statement	31	(20,572)	-	11,047	41,853	18,649	(549)	50,428
Transfer to equity		-	(16,411)	-	-	-	-	(16,411)
Exchange difference		-	-	(111)	-	-	-	(111)
Balance as at the end of the financial year		(42,819)	(44,998)	15,759	238,066	48,996	5,299	220,303

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**11 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)**

Deferred income tax assets have not been recognised on the following amounts as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unabsorbed tax losses carried forward	735,124	735,124	-	-

**12 INVESTMENT IN SUBSIDIARIES**

	Bank	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost		
- in Malaysia	1,060,909	810,909
- outside Malaysia	12,807	12,807
	1,073,716	823,716
Accumulated impairment losses	(744)	(744)
	1,072,972	822,972

The following are the subsidiaries of the Bank:

Name of company	Paid-up capital	Effective interest		Principal activities
		2011 %	2010 %	
RHB Bank (L) Ltd.	US\$54,000,000	100	100	Offshore banking
- RHB International Trust (L) Ltd.	US\$40,000	100	100	Offshore trust company
- RHB Corporate Services Sdn Bhd	RM150,000	100	100	Corporate secretarial services
RHB Islamic Bank Berhad	RM773,424,002	100	100	Islamic Banking
RHB Capital Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Nominee services for Malaysian beneficial shareholders
- RHB Capital Nominees (Asing) Sdn Bhd	RM10,000	100	100	Nominee services for foreign beneficial shareholders
UMBC Sdn Bhd	RM499,999,818	100	100	Dormant company
RHB Delta Sdn Bhd+	RM175,000,000	100	100	Dormant company
RHB Leasing Sdn Bhd	RM10,000,000	100	100	Leasing
RHB Capital Properties Sdn Bhd	RM21,800,000	100	100	Property investment
Utama Gilang Sdn Bhd+	RM800,000,000	100	100	Dormant company
Utama Assets Sdn Bhd	RM2,300,000	100	100	Property investment
RHB Investment Ltd.*	S\$19,000,000	100	100	Property investment and rental
Banfora Pte Ltd.*	S\$25,000,000	100	100	Property investment and rental
RHB Bank Nominees Pte Ltd.*	S\$100,000	100	100	Nominee services
RHB Trade Services Limited#	HK\$2.00	100	100	Processing of letters of credit reissuance favouring Hong Kong beneficiaries

\* Subsidiaries audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.

# Subsidiary audited by a firm other than member firms of PricewaterhouseCoopers International Limited.

+ The Company has commenced member's voluntary winding-up on 16 February 2011.

All of the subsidiaries are incorporated in Malaysia except for RHB Investment Ltd., Banfora Pte Ltd. and RHB Bank Nominees Pte Ltd. which are incorporated in Singapore, and RHB Trade Services Limited which is incorporated in Hong Kong.



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
<b>2011</b>									
<b>Cost</b>									
Balance as at the beginning of the financial year	81,987	1,426	122,505	248,782	242,362	201,942	916,484	9,452	1,824,940
Disposals/written off	-	-	-	(614)	(1,227)	(4,854)	(14,496)	(42)	(21,233)
Additions	-	-	-	-	66,125	9,522	96,274	629	172,550
Reclassifications	-	-	-	-	108	(108)	-	-	-
Exchange difference	33	-	2,152	1,141	282	193	508	19	4,328
Balance as at the end of the financial year	82,020	1,426	124,657	249,309	307,650	206,695	998,770	10,058	1,980,585
<b>Accumulated depreciation</b>									
Balance as at the beginning of the financial year	-	679	5,229	60,204	132,382	182,881	706,403	8,092	1,095,870
Charge for the year	-	35	456	4,966	12,392	5,932	64,201	564	88,546
Disposals/written off	-	-	-	(313)	(1,201)	(4,830)	(14,465)	(42)	(20,851)
Reclassifications	-	-	-	-	162	(162)	-	-	-
Exchange difference	-	-	11	327	71	365	433	19	1,226
Balance as at the end of the financial year	-	714	5,696	65,184	143,806	184,186	756,572	8,633	1,164,791
<b>Accumulated impairment loss</b>									
Balance as at the beginning of the financial year	-	-	-	2,967	-	-	24,945	-	27,912
Exchange difference	-	-	-	17	-	-	-	-	17
Balance as at the end of the financial year	-	-	-	2,984	-	-	24,945	-	27,929
<b>Net book value as at the end of the financial year</b>	82,020	712	118,961	181,141	163,844	22,509	217,253	1,425	787,865

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
<b>2010</b>									
<b>Cost</b>									
Balance as at the beginning of the financial year	82,954	1,426	130,841	253,757	194,806	193,594	856,793	10,561	1,724,732
Disposals/written off	(1,387)	-	(6,016)	(3,220)	-	(1,999)	(12,869)	(1,904)	(27,395)
Additions	-	-	-	-	52,704	6,328	72,925	836	132,793
Reclassifications	456	-	-	(456)	(4,760)	4,387	373	-	-
Exchange difference	(36)	-	(2,320)	(1,299)	(388)	(368)	(738)	(41)	(5,190)
Balance as at the end of the financial year	81,987	1,426	122,505	248,782	242,362	201,942	916,484	9,452	1,824,940
<b>Accumulated depreciation</b>									
Balance as at the beginning of the financial year	-	644	5,511	56,589	119,163	179,608	658,227	9,313	1,029,055
Charge for the year	-	35	466	5,004	13,523	5,602	61,592	699	86,921
Disposals/written off	-	-	(740)	(1,044)	-	(1,993)	(12,864)	(1,890)	(18,531)
Exchange difference	-	-	(8)	(345)	(304)	(336)	(552)	(30)	(1,575)
Balance as at the end of the financial year	-	679	5,229	60,204	132,382	182,881	706,403	8,092	1,095,870
<b>Accumulated impairment loss</b>									
Balance as at the beginning of the financial year	-	-	23,175	3,047	-	-	-	-	26,222
Disposals/written off	-	-	(2,160)	(39)	-	-	-	-	(2,199)
Charge for the year	-	-	-	-	-	-	24,945	-	24,945
Written back	-	-	(20,577)	-	-	-	-	-	(20,577)
Exchange difference	-	-	(438)	(41)	-	-	-	-	(479)
Balance as at the end of the financial year	-	-	-	2,967	-	-	24,945	-	27,912
Net book value as at the end of the financial year	81,987	747	117,276	185,611	109,980	19,061	185,136	1,360	701,158

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
<b>2011</b>									
<b>Cost</b>									
Balance as at the beginning of the financial year	81,047	879	19,989	204,429	226,160	193,038	869,746	7,496	1,602,784
Disposals/written off	-	-	-	(614)	(1,226)	(4,854)	(14,256)	(42)	(20,992)
Net transfer from a subsidiary company	-	-	-	-	-	-	16	-	16
Additions	-	-	-	-	65,068	9,371	93,413	629	168,481
Reclassifications	-	-	-	-	108	(108)	-	-	-
Exchange difference	31	-	-	490	224	107	460	16	1,328
Balance as at the end of the financial year	81,078	879	19,989	204,305	290,334	197,554	949,379	8,099	1,751,617
<b>Accumulated depreciation</b>									
Balance as at the beginning of the financial year	-	448	3,241	53,519	128,856	177,098	691,898	6,890	1,061,950
Charge for the year	-	23	235	4,560	11,142	5,171	61,930	294	83,355
Disposals/written off	-	-	-	(313)	(1,199)	(4,830)	(14,225)	(43)	(20,610)
Net transfer from a subsidiary company	-	-	-	-	-	-	14	-	14
Reclassifications	-	-	-	-	162	(162)	-	-	-
Exchange difference	-	-	-	245	38	294	397	16	990
Balance as at the end of the financial year	-	471	3,476	58,011	138,999	177,571	740,014	7,157	1,125,699
<b>Accumulated impairment loss</b>									
Balance as at the beginning/ end of the financial year	-	-	-	351	-	-	-	-	351
<b>Net book value as at the end of the financial year</b>	81,078	408	16,513	145,943	151,335	19,983	209,365	942	625,567

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Freehold land		Leasehold land		Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
	RM'000	RM'000	Less than 50 years	50 years or more						
<b>2010</b>										
<b>Cost</b>										
Balance as at the beginning of the financial year	82,012	26,005	879	(6,016)	208,633	180,882	184,563	811,258	8,943	1,503,175
Disposals/written off	(1,387)	-	-	-	(3,220)	-	(1,873)	(12,582)	(1,861)	(26,939)
Net transfer from a subsidiary company	-	-	-	-	-	-	1	146	-	147
Additions	-	-	-	-	-	50,290	6,170	71,121	446	128,027
Reclassifications	456	-	-	-	(456)	(4,760)	4,387	373	-	-
Exchange difference	(34)	-	-	-	(528)	(252)	(210)	(570)	(32)	(1,626)
Balance as at the end of the financial year	81,047	19,989	879	204,429	226,160	193,038	869,746	7,496	1,602,784	
<b>Accumulated depreciation</b>										
Balance as at the beginning of the financial year	-	3,683	424	24	50,205	116,347	174,541	649,898	8,349	1,003,447
Charge for the year	-	298	24	(740)	4,606	12,698	4,628	54,907	411	77,572
Disposals/written off	-	-	-	-	(1,044)	-	(1,872)	(12,576)	(1,847)	(18,079)
Net transfer from a subsidiary company	-	-	-	-	-	-	-	103	-	103
Exchange difference	-	-	-	-	(248)	(189)	(199)	(434)	(23)	(1,093)
Balance as at the end of the financial year	-	3,241	448	53,519	128,856	177,098	691,898	6,890	1,061,950	
<b>Accumulated impairment loss</b>										
Balance as at the beginning of the financial year	-	2,160	-	390	-	-	-	-	-	2,550
Disposals/written off	-	(2,160)	-	(39)	-	-	-	-	-	(2,199)
Balance as at the end of the financial year	-	-	-	351	-	-	-	-	-	351
Net book value as at the end of the financial year	81,047	16,748	431	150,559	97,304	15,940	177,848	606	540,483	

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Accumulated depreciation and impairment loss</b>				
Balances as at the beginning of the financial year	1,123,782	1,055,277	1,062,301	1,005,997
Balances as at the end of the financial year	1,192,720	1,123,782	1,126,050	1,062,301

The above property, plant and equipment includes the following assets under construction/progress:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Cost</b>				
Renovations	72,578	18,280	61,329	12,742
Computer equipment and software	47,836	13,689	33,857	8,075
	120,414	31,969	95,186	20,817

**14 GOODWILL**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance as at the beginning/end of the financial year	1,004,017	1,004,017	905,519	905,519

The carrying amount of goodwill allocated to the Group's and the Bank's cash generating units ('CGUs') are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>CGUs</b>				
Corporate and investment banking	200,859	200,859	182,461	182,461
Retail banking	307,919	307,919	292,837	292,837
Business banking	174,777	174,777	174,777	174,777
Treasury and money market	268,600	268,600	255,444	255,444
Islamic banking business	51,862	51,862	-	-
	1,004,017	1,004,017	905,519	905,519

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**14 GOODWILL (CONTINUED)**

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by directors covering a four-year (2010: four-year) period. Cash flows beyond the four-year period are assumed to grow at 3.0% (2010: 3.0%) to perpetuity.

The cash flow projection is derived based on a number of key factors including the past performance and the management's expectations of the market developments. The discount rate used in determining the recoverable amount of all CGUs within the business segment is 8.7% (2010: 6.3%). The discount rate used is pre-tax and is computed based on industry information to reflect the risks of the CGUs.

Impairment was not required for goodwill arising from all the business segments. Management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount of all the business segments to be lower than its carrying amount.

**15 DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>(i) By type of deposits</b>				
Demand deposits	21,479,954	19,586,179	19,401,161	17,754,994
Savings deposits	6,359,910	5,832,118	5,709,098	5,259,209
Fixed/investment deposits	85,679,994	66,735,221	69,120,500	57,309,056
Negotiable instrument of deposits	118,422	249,295	118,422	244,318
	113,638,280	92,402,813	94,349,181	80,567,577
<b>(ii) By type of customer</b>				
Government and statutory bodies	12,519,295	8,204,293	7,186,405	5,812,370
Business enterprises	63,865,696	52,811,960	54,551,114	46,174,305
Individuals	31,171,620	27,507,468	29,969,544	26,381,770
Others	6,081,669	3,879,092	2,642,118	2,199,132
	113,638,280	92,402,813	94,349,181	80,567,577
<b>(iii) By maturity structure of the fixed/investment deposits and negotiable instrument of deposits</b>				
Due within six months	69,525,484	56,684,715	54,376,550	48,475,102
Six months to one year	14,788,582	9,821,293	13,415,298	8,750,259
One year to three years	1,440,291	449,560	1,406,776	299,814
Three years to five years	44,059	28,948	40,298	28,199
	85,798,416	66,984,516	69,238,922	57,553,374

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Licensed banks/Islamic banks	6,146,928	5,228,464	4,095,271	3,809,608
Licensed investments banks	524,317	253,475	424,282	150,475
BNM	1,273,359	2,197,885	1,238,096	2,197,885
Others	52,017	485	52,017	485
	7,996,621	7,680,309	5,809,666	6,158,453

**17 OTHER LIABILITIES**

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amount due to holding company	(i)	99	106	-	-
Amount due to subsidiaries	(i)	-	-	21,342	23,345
Amount due to related companies	(i)	2,534	2,954	2,262	2,639
Amount due to Danaharta	(ii)	1,804	1,796	1,804	1,796
Prepaid instalments		79,773	77,670	79,773	77,670
Lessee deposits		54,466	64,930	-	-
Short term employee benefits		139,356	122,859	128,924	112,732
Other creditors and accruals		714,352	732,072	690,848	649,983
		992,384	1,002,387	924,953	868,165

(i) Amounts due to holding company, subsidiaries and related companies are unsecured, interest free and repayable within the normal credit period.

(ii) Amount due to Danaharta mainly comprises collections in respect of ex-Sime Bank's overseas branches non-performing loans sold to Danaharta which is managed by the overseas branches.

**18 LONG TERM BORROWINGS**

	Group and Bank	
	2011 RM'000	2010 RM'000
Unsecured:		
Term loans	759,020	819,362
Scheduled repayment of long term borrowings are as follows:		
Repayable within one year	105,208	83,177
One year to three years	206,050	200,427
Three years to five years	206,050	200,427
Over five years	241,712	335,331
	759,020	819,362

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**18 LONG TERM BORROWINGS (CONTINUED)**

On 7 April 2006, the Bank entered into an agreement with Japan Bank for International Cooperation ("JBIC"), to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 11 years. Disbursement of USD50 million and USD30 million was done on 29 June 2006 and 20 October 2006 respectively. Final disbursement of USD20 million was done on 31 January 2007. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing on 8 March 2008 until 8 September 2017 and bears a floating interest rate of British Bankers Association Interest Settlement Rate in USD (BBA LIBOR) plus 0.395% per annum. The average interest rate ranges from 0.86% to 0.90% (2010: 0.78% to 1.11%) per annum.

On 24 March 2008, the Bank entered into another agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 10 years. Disbursement of USD100 million was done on 30 May 2008. The said loan is repayable on 8 March and 8 September each year for 20 equal instalments commencing 8 September 2010 to 8 March 2020 and bears a floating interest rate of BBA LIBOR plus 0.315% per annum. The average interest rate ranges from 0.80% to 0.82% (2010: 0.70% to 1.03%) per annum.

On 28 May 2009, the Bank entered into the third agreement with JBIC to obtain an unsecured Untied Loan facility of USD100 million for a tenure of 8 years. Disbursement of USD100 million was done on 28 July 2009. The said loan is repayable on 10 April and 10 October each year for 16 equal instalments commencing 10 October 2011 to 10 April 2019 and bears a floating interest rate of BBA LIBOR plus 0.80% per annum. The average interest rate ranges from 1.25% to 1.38% per annum (2010: 1.25% to 1.40%) per annum.

**19 SUBORDINATED OBLIGATIONS**

	Note	Group and Bank	
		2011 RM'000	2010 RM'000
5.0% RM1,300 million Subordinated Notes 2007/2017	(i)	1,305,699	1,305,699
5.5% RM700 million Subordinated Notes 2007/2022	(i)	703,375	703,375
5.0% RM700 million Subordinated Notes 2010/2020	(ii)	705,945	706,137
5.6% RM300 million Subordinated Notes 2010/2025	(ii)	302,854	302,946
4.25% RM250 million on Subordinated Notes 2011/2021	(iii)	251,805	-
		3,269,678	3,018,157

- (i) On 30 November 2007, the Bank issued redeemable unsecured subordinated notes amounting to RM2,000 million in nominal value as follows:

Tranche	Principal RM'million	Maturity Date	Interest rate	Interest payment
2007/2017	1,300	30 November 2017 (Callable with step-up on 2012)	5.0% per annum chargeable to 30 November 2012 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi-annually in arrears
2007/2022	700	30 November 2022 (Callable with step-up on 2017)	5.5% per annum chargeable to 30 November 2017 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi-annually in arrears

The RM Subordinated Notes constitute direct unsecured obligations of the Bank, subordinated in right and priority of payment, to the extent and in the manner provided for in the RM Subordinated Notes, to all deposit liabilities and other liabilities of the Bank except all other present and future unsecured and subordinated obligations of the Bank which by their terms rank *pari passu* in right of and priority of payment with or subordinated to the RM Subordinated Notes.



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

## 19 SUBORDINATED OBLIGATIONS (CONTINUED)

- (ii) On 29 April 2010, the Bank issued RM1.0 billion nominal value of Subordinated Notes, being the remaining balance of the issuance of RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme. The RM1.0 billion Subordinated Notes comprise:

Tranche	Principal RM'million	Maturity Date	Interest rate	Interest payment
2010/2020	700	29 April 2020 (Callable with step-up on 2015)	5.0% per annum chargeable to 29 April 2015 (but exclusive of payment date), thereafter on step-up coupon rate at 0.5% per annum	Accrued and payable semi-annually in arrears
2010/2025	300	29 April 2025 (Callable with step-up on 2020)	5.6% per annum chargeable to 29 April 2020 (but exclusive of payment date), thereafter on step-up coupon rate of 0.5% per annum	Accrued and payable semi-annually in arrears

- (iii) On 31 October 2011, the Bank issued RM250 million nominal value of Subordinated Notes, being part of RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Multi-Currency Medium Term Note Programme. The details of the RM250 million in nominal value are as follows:

Tranche	Principal RM'million	Maturity Date	Interest rate	Interest payment
2011/2021	250	29 October 2021 (Callable on 2016)	4.25% per annum chargeable to 29 October 2021	Accrued and payable semi-annually in arrears

## 20 HYBRID TIER I CAPITAL SECURITIES

	Note	Group and Bank	
		2011 RM'000	2010 RM'000
RM370 million Hybrid Tier I Capital Securities due in 2039, callable with step-up in 2019	(i)	377,542	374,769
RM230 million Hybrid Tier I Capital Securities due in 2039, callable with step-up in 2019	(ii)	228,028	230,638
		605,570	605,407

- (i) On 31 March 2009, the Bank completed the first issuance of RM370 million nominal value of Hybrid Tier I Capital Securities ('HT1 Capital Securities') out of its RM600 million Hybrid Tier I Capital Securities Programme. The RM370 million HT1 Capital Securities will mature in 2039 and is callable in 2019. The HT1 Capital Securities bear interest at the rate of 8.0% per annum commencing from the first issue date and thereafter at a stepped up rate of 9.0% per annum from 2019 if not called. The interest is payable semi-annually in arrears.
- (ii) On 17 December 2009, the Bank issued the remaining RM230 million nominal value of HTI Capital Securities which will mature in 2039 and is callable in 2019. The second issuance of HTI Capital Securities bear interest at the rate of 6.75% per annum commencing from the first issue date and thereafter at a stepped up rate of 7.75% per annum from 2019 if not called. The interest is payable semi-annually in arrears.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

## 21 ORDINARY SHARE CAPITAL

	Number of shares		2011 RM'000	2010 RM'000
	2011 '000	2010 '000		
<b>Bank</b>				
<b>Ordinary shares of 50 sen each</b>				
Authorised:				
Balance as at the beginning/end of the financial year	8,000,000	8,000,000	4,000,000	4,000,000
Issued and fully paid:				
Balance as at the beginning/end of the financial year	6,636,170	6,636,170	3,318,085	3,318,085

## 22 RESERVES

	Note	Group		Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Retained profits	(i)	3,736,207	2,827,885	3,049,635	2,220,855
Share premium		8,563	8,563	8,563	8,563
Statutory reserves	(ii)	3,358,704	2,946,064	3,070,142	2,714,580
AFS reserves	(iii)	196,177	143,202	188,957	134,995
Translation reserves	(iv)	(61,408)	(79,815)	7,214	396
		7,238,243	5,845,899	6,324,511	5,079,389

- (i) A single tier company tax was introduced effective 1 January 2008. Under this single tier system, tax on a company's profits is a final tax, and dividends distributed to shareholders will be exempted from tax. Companies with Section 108 tax credit balance are given an option to elect to move to a single tier system immediately or allowed to use the Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013.

The Bank has elected to use its Section 108 credit balance for the purpose of dividend distribution during a transitional period of 6 years until 31 December 2013. The Section 108 balance of the Bank as at 31 December 2007 will be frozen and can only be adjusted downwards for any tax discharged, remitted or refunded during the 6 years period.

Subject to agreement by the Inland Revenue Board, the Bank has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income under Section 12 of the Income Tax (Amendment) Act 1999 to pay dividends out of its entire retained profits as at 31 December 2011.

- (ii) The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989, and Section 18 of the Singapore Finance Companies (Amendment) Act 1994, and are not distributable as cash dividends.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**22 RESERVES (CONTINUED)**

- (iii) Available-for-sale reserves arise from a change in the fair value of financial investments classified as available-for-sale. The unrealised gains or losses are transferred to the income statement upon disposal, derecognition or impairment of such securities.
- (iv) Translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations and subsidiaries.

**23 INTEREST INCOME**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans, advances and financing	4,369,610	3,654,896	4,320,389	3,602,423
Money at call and deposit placements with banks and other financial institutions	292,097	250,613	317,093	258,460
Securities purchased under resale agreement	5,510	6,857	5,510	6,857
Financial assets held-for-trading	10,802	8,212	10,802	8,212
Financial investments available-for-sale	255,087	238,206	255,087	238,206
Financial investments held-to-maturity	459,699	411,976	446,598	410,563
Others	2,846	5,916	2,846	5,916
	5,395,651	4,576,676	5,358,325	4,530,637
Of which:				
Interest income accrued on impaired loans, advances and financing	19,674	25,433	19,674	25,433

**24 INTEREST EXPENSE**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits and placements of banks and other financial institutions	129,023	83,140	129,147	84,332
Deposits from customers	2,070,613	1,444,950	2,058,323	1,432,199
Subordinated obligations	157,105	138,554	157,105	138,554
Recourse obligation on loans sold to Cagamas	32,424	52,022	32,424	52,022
Hybrid Tier I Capital Securities	45,373	45,354	45,373	45,354
Borrowings	7,818	8,883	7,818	8,883
Others	51,921	49,809	51,921	49,809
	2,494,277	1,822,712	2,482,111	1,811,153

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

## 25 OTHER OPERATING INCOME

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Fee income:</b>				
Commission	118,238	114,459	117,305	110,816
Service charges and fees	190,563	166,111	184,964	159,051
Guarantee fees	36,482	35,572	36,482	35,572
Commitment fees	49,960	52,456	49,960	52,456
Underwriting fees	128	1,213	128	1,213
Other fees	15,595	13,903	16,061	14,381
	410,966	383,714	404,900	373,489
<b>Net gain arising from financial assets held-for-trading</b>	30,698	30,220	30,698	30,220
<b>Net (loss)/gain on revaluation of derivatives</b>	(65,903)	38,833	(18,542)	38,703
<b>Net gain arising from financial investments available-for-sale</b>				
- net gain on disposal	43,789	36,950	43,789	36,995
- gross dividend income	11,190	5,935	11,186	5,932
	54,979	42,885	54,975	42,927
<b>Net gain arising from financial investments held-to-maturity</b>				
- net gain on redemption	214	1,044	214	1,044
<b>Gross dividend income from a subsidiary</b>	-	-	18,785	-
<b>Other income:</b>				
Foreign exchange gain				
- realised	285,850	163,038	286,976	159,788
- unrealised	10,997	21,025	10,997	21,025
Loss on liquidation of subsidiaries	-	-	-	(10)
Gain on disposal of property, plant and equipment	4,826	6,769	4,826	6,769
Other operating income	54,727	46,170	54,142	45,661
Other non-operating income	8,574	5,078	6,550	3,202
	364,974	242,080	363,491	236,435
	795,928	738,776	854,521	722,818

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**26 INCOME FROM ISLAMIC BANKING BUSINESS**

	Group	
	2011 RM'000	2010 RM'000
Income derived from investment of depositors' funds	772,438	493,365
Income derived from investment of shareholder's funds	64,038	55,381
Transfer to Profit Equalisation Reserve	(2,725)	(201)
Total distributable income	833,751	548,545
Income attributable to depositors	(397,540)	(214,549)
	436,211	333,996
Of which:		
Financing income earned on impaired financing and advances	13,904	7,119

**27 OTHER OPERATING EXPENSES**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Personnel cost</b>				
- Salaries, allowances and bonuses	799,363	655,970	740,411	598,175
- Contributions to EPF	120,728	98,943	111,293	89,920
- Other staff related costs	124,660	76,551	117,177	70,237
	1,044,751	831,464	968,881	758,332
<b>Establishment cost</b>				
- Property, plant and equipment				
- Depreciation	88,546	86,921	83,355	77,572
- Written off	27	10	27	4
- Rental of premises	73,285	55,724	71,351	53,239
- Rental equipment	9,367	9,825	9,050	9,493
- Insurance	9,274	22,628	9,736	20,974
- Water and electricity	21,331	19,283	19,691	17,780
- Repair and maintenance	19,223	19,207	18,939	18,824
- Security and escorting expenses	39,756	29,497	37,000	27,227
- Information technology expenses	106,818	105,063	100,060	97,060
- Others	2,617	2,246	-	-
	370,244	350,404	349,209	322,173
<b>Marketing expenses</b>				
- Sales commission	22,109	9,714	20,870	9,100
- Advertisement and publicity	65,439	49,069	59,025	44,532
- Others	31,494	52,785	29,173	50,689
	119,042	111,568	109,068	104,321

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

## 27 OTHER OPERATING EXPENSES (CONTINUED)

Note	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Administration and general expenses</b>				
- Communication expenses	91,904	74,750	85,975	68,853
- Auditors' remuneration (i)	3,362	3,020	2,955	2,558
- Legal and professional fee	9,612	13,379	8,200	11,969
- Others	62,123	67,344	17,184	33,801
	167,001	158,493	114,314	117,181
	1,701,038	1,451,929	1,541,472	1,302,007

Included in the personnel cost of the Group and the Bank are the Managing Director's remuneration (exclude benefits-in-kind) totalling RM3,384,000 (2010: RM2,181,000) and RM3,333,000 (2010: RM2,181,000) respectively, as disclosed in Note 28.

Included in administration and general expenses of the Group and the Bank are other directors' remuneration (exclude benefits-in-kind) totalling RM1,177,000 (2010: RM1,113,000) and RM1,099,000 (2010: RM1,005,000) respectively, as disclosed in Note 28.

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Auditors' remuneration				
(a) Audit				
Statutory audit				
- Malaysia	1,274	1,276	1,045	1,035
- Overseas	571	554	506	492
Limited review	275	275	275	275
Other audit related	265	180	210	125
	2,385	2,285	2,036	1,927
(b) Non-audit				
- Malaysia	656	637	643	553
- Overseas	321	98	276	78
	977	735	919	631
	3,362	3,020	2,955	2,558

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

## 28 DIRECTORS' REMUNERATION

The details remuneration of the Directors and Managing Director of the Group are as follows:

Group	Salary and other remuneration RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Bonus RM'000	Total RM'000
<b>Managing Director</b>				
<b>2011</b>				
Johari Abdul Muid	348	5	-	353
Dato' Tajuddin Atan	636	29	2,400	3,065
	984	34	2,400	3,418
<b>2010</b>				
Dato' Tajuddin Atan	1,501	53	680	2,234
<b>Non-Executive Directors</b>				
<b>2011</b>				
Tan Sri Azlan Zainol (Chairman)	120	-	-	120
Mohamed Ali Ahmed Hamad Al Dhaheri	74	-	12	86
Dato Abdullah Mat Noh	18	-	13	31
Haji Khairuddin Ahmad	102	-	139	241
Ong Seng Pheow	100	-	60	160
Choong Tuck Oon	116	-	80	196
Dato' Mohd Ali Mohd Tahir	109	-	67	176
Abdul Aziz Peru Mohamed	90	-	47	137
Dato' Mohamed Khadar Merican	17	-	13	30
	746	-	431	1,177
<b>2010</b>				
Tan Sri Azlan Zainol (Chairman)	120	25	18	163
Mohamed Ali Ahmed Hamad Al Dhaheri	80	-	15	95
Johari Abdul Muid	98	-	105	203
Dato Abdullah Mat Noh	90	27	77	194
Haji Khairuddin Ahmad	80	24	144	248
Ong Seng Pheow	80	-	60	140
Choong Tuck Oon	68	-	49	117
Dato' Othman Jusoh	20	-	9	29
	636	76	477	1,189

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**28 DIRECTORS' REMUNERATION (CONTINUED)**

The details remuneration of the Directors and Managing Director of the Bank are as follows (continued):

<b>Bank</b>	<b>Salary and other remuneration RM'000</b>	<b>Benefits-in-kind (based on an estimated monetary value) RM'000</b>	<b>Bonus RM'000</b>	<b>Total RM'000</b>
<b>Managing Director</b>				
<b>2011</b>				
Johari Abdul Muid	297	5	-	302
Dato' Tajuddin Atan	636	29	2,400	3,065
	933	34	2,400	3,367
<b>2010</b>				
Dato' Tajuddin Atan	1,501	53	680	2,234
<b>Non-Executive Directors</b>				
<b>2011</b>				
Tan Sri Azlan Zainol (Chairman)	120	-	-	120
Mohamed Ali Ahmed Hamad Al Dhaheri	74	-	12	86
Dato Abdullah Mat Noh	16	-	9	25
Haji Khairuddin Ahmad	100	-	136	236
Ong Seng Pheow	100	-	60	160
Choong Tuck Oon	100	-	58	158
Dato' Mohd Ali Mohd Tahir	100	-	48	148
Abdul Aziz Peru Mohamed	90	-	47	137
Dato' Mohamed Khadar Merican	17	-	12	29
	717	-	382	1,099
<b>2010</b>				
Tan Sri Azlan Zainol (Chairman)	120	25	18	163
Mohamed Ali Ahmed Hamad Al Dhaheri	80	-	15	95
Johari Abdul Muid	80	-	70	150
Dato Abdullah Mat Noh	80	27	52	159
Haji Khairuddin Ahmad	80	24	144	248
Ong Seng Pheow	80	-	60	140
Choong Tuck Oon	60	-	37	97
Dato' Othman Jusoh	20	-	9	29
	600	76	405	1,081



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**29 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Individual impairment allowance	112,199	183,323	95,559	119,966
Collective impairment allowance	544,242	419,119	482,026	405,036
Impaired loans and financing recovered	(332,320)	(183,230)	(322,862)	(175,265)
	324,121	419,212	254,723	349,737

**30 IMPAIRMENT LOSSES ON OTHER ASSETS**

Charge for the financial year				
- Financial investments:				
- available-for-sale	50,113	51,192	50,113	51,169
- held-to-maturity	5,484	8,512	5,484	8,512
- Foreclosed properties	19	511	19	511
- Property, plant and equipment	-	24,945	-	-
Reversal for the financial year				
- Financial investments:				
- available-for-sale	(2,863)	(1,624)	(2,863)	(1,624)
- held-to-maturity	(4,600)	(8,437)	(4,600)	(8,437)
- Foreclosed properties	(153)	(330)	(153)	(330)
- Property, plant and equipment	-	(20,577)	-	-
	48,000	54,192	48,000	49,801

**31 TAXATION**

Malaysian income tax:				
- Current year	555,015	522,562	506,958	478,253
- (Over)/under provision in prior years	(285,311)	17,162	(248,618)	15,100
Overseas taxation:				
- Current year	2,022	3,001	1,663	2,801
- Under provision in prior years	1,524	486	1,620	594
Deferred taxation (Note 11)	228,235	(68,362)	202,668	(50,428)
	501,485	474,849	464,291	446,320
<b>Current year</b>				
Current year	557,037	525,563	508,621	481,054
(Over)/under provision in prior years	(283,787)	17,648	(246,998)	15,694
	273,250	543,211	261,623	496,748
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(41,103)	(68,362)	(35,120)	(50,428)
Reversal of previously recognised deferred tax assets	269,338	-	237,788	-
	228,235	(68,362)	202,668	(50,428)
	501,485	474,849	464,291	446,320

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 31 TAXATION (CONTINUED)

The numerical reconciliation between the effective tax rate and the applicable statutory income tax rate are as follows:-

	Group		Bank	
	2011 %	2010 %	2011 %	2010 %
Tax at Malaysia statutory tax rate	25.0	25.0	25.0	25.0
Tax effects in respect of:				
Non allowable expenses	1.1	1.0	0.5	0.8
Non-taxable income	(0.4)	(0.3)	(0.5)	(0.1)
Effect of different tax rates in Labuan/other countries	0.6	0.1	0.8	0.7
Recognition of deferred tax on unabsorbed tax losses previously not recognised	-	(0.6)	-	(0.6)
Utilisation of unabsorbed business losses brought forward previously not recognised	-	(0.6)	-	(0.6)
Reversal of temporary differences recognised in prior years	13.1	-	12.6	-
Other temporary differences not recognised	(1.3)	(0.6)	(0.7)	(0.5)
(Over)/under provision in prior years	(13.8)	1.0	(13.1)	0.9
Effective tax rate	24.3	25.0	24.6	25.6
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax losses:				
Tax savings as a result of the utilisation of tax losses brought forward from previous year for which the related credit is recognised during the financial year	-	9,966	-	9,966

### 32 EARNINGS PER SHARE

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	2011	2010	2011	2010
Net profit for the financial year (RM'000)	1,558,869	1,426,554	1,422,249	1,294,437
Weighted average number of ordinary shares in issue ('000)	6,636,170	6,636,170	6,636,170	6,636,170
Basic earnings per share (sen)	23.5	21.5	21.4	19.5

#### (b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2011 and 31 December 2010.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**33 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME**

	Before tax RM'000	2011 Tax expenses RM'000	Net of tax amount RM'000	Before tax RM'000	2010 Tax expenses RM'000	Net of tax amount RM'000
<b>Group</b>						
Financial investments available-for-sale - net fair value gain and amount transfer to income statements	70,914	(17,939)	52,975	66,368	(16,518)	49,850
<b>Bank</b>						
Financial investments available-for-sale - net fair value gain and amount transfer to income statements	71,950	(17,988)	53,962	65,644	(16,411)	49,233

**34 ORDINARY DIVIDENDS**

Dividends declared and proposed are as follows:

	2011		2010	
	Gross dividend per share sen	Amount of dividends, net of tax RM'000	Gross dividend per share sen	Amount of dividends, net of tax RM'000
Ordinary Shares				
Interim dividend	-	-	3.01	150,000
Final dividend	7.03	350,000	4.78	237,907
	7.03	350,000	7.79	387,907

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial year of 7.03 sen less 25% tax amounting to RM350,000,000 will be proposed for shareholder's approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholder's equity as an appropriation of retained profits in the financial year ending 31 December 2012 when approved by the shareholder.

Dividend recognised as distribution to ordinary equity holders of the Bank:

	2011		2010	
	Gross dividend per share sen	Amount of dividends, net of tax RM'000	Gross dividend per share sen	Amount of dividends, net of tax RM'000
Ordinary Shares				
Final dividend for 2010	4.78	237,907	-	-
Interim dividend for 2010	-	-	3.01	150,000
Final dividend for 2009	-	-	1.89	94,068
	4.78	237,907	4.90	244,068

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 35 SIGNIFICANT RELATED PARTY DISCLOSURES

#### (a) Related parties and relationships

The related parties of, and their relationship with the Bank are as follows:

Related parties	Relationship
RHB Capital Berhad	Holding company
Subsidiaries of the Bank as disclosed in Note 12	Subsidiaries
Key management personnel	The key management personnel of the Group and the Bank consists of: <ul style="list-style-type: none"> <li>- All Directors of the Bank, its key subsidiaries and RHB Capital Berhad</li> <li>- RHB Capital Berhad Central Management Committee members</li> </ul>
Related parties of key management personnel (deemed as related to the Bank)	<ul style="list-style-type: none"> <li>(i) Close family members and dependents of key management personnel</li> <li>(ii) Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members</li> </ul>

#### (b) Significant related party balances and transactions

In addition to related party disclosures mentioned in Notes 8 and 17, set out below are other significant related party transactions and balances.

With effect from 3 December 2010, EPF ceased to be the immediate and ultimate holding body of the Bank. All transactions with EPF and its subsidiaries subsequent to 3 December 2010 are not deemed as related parties transactions or balances. All transactions with EPF and its subsidiaries in the previous financial year have been classified as related parties transactions or balances with the former immediate and ultimate holding body.

Transactions or balances with newly acquired subsidiaries during the financial year are reported as related party transactions or balances from the date the Group and the Bank are deemed to have control over the subsidiaries.

Other related parties of the Group for the previous financial year comprise of transactions and balances with EPF's subsidiaries.

Other related parties of the Bank comprise of transactions and balances with the Bank's subsidiaries.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**35 SIGNIFICANT RELATED PARTY DISCLOSURE (CONTINUED)**

(b) Significant related party balances and transactions (continued)

<b>Group</b>	<b>Holding company RM'000</b>	<b>Key management personnel RM'000</b>	<b>Other related companies RM'000</b>
<b>2011</b>			
<b>Income</b>			
Interest on deposits and placements with other financial institutions	-	-	489
Interest on loans, advances and financing	12,604	111	-
Other income	-	2	5,608
	12,604	113	6,097
<b>Expenditure</b>			
Interest on deposits and placements of banks and other financial institutions	-	-	5,396
Interest on deposits from customers	1,127	422	5,283
Rental of premises	-	-	13,040
Management fee	-	-	3,563
Other expenses	-	-	24,551
	1,127	422	51,833
<b>Amount due from</b>			
Derivative assets	-	2,850	3,202
Loans, advances and financing	302,787	-	-
Other assets	1,388	-	24,829
	304,175	2,850	28,031
<b>Amount due to</b>			
Deposits from customers	27,515	31,770	218,497
Deposits and placements of banks and other financial institutions	-	-	100,936
Derivative liabilities	-	-	4,821
Other liabilities	99	-	2,534
Hybrid Tier I Capital Securities	-	-	5,012
	27,614	31,770	331,800

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 35 SIGNIFICANT RELATED PARTY DISCLOSURE (CONTINUED)

(b) Significant related party balances and transactions (continued)

Group	Former ultimate holding body RM'000	Holding company RM'000	Key management personnel RM'000	Other related companies RM'000
<b>2010</b>				
<b>Income</b>				
Interest on deposits and placements with other financial institutions	-	-	-	481
Interest on loans, advances and financing	-	11,148	93	2,579
Other income	-	-	2	1,989
	-	11,148	95	5,049
<b>Expenditure</b>				
Interest on deposits and placements of banks and other financial institutions	-	-	-	7,382
Interest on deposits from customers	65,816	250	386	6,506
Rental of premises	-	-	-	12,988
Management fee	-	-	-	2,291
Other expenses	-	-	-	26,432
	65,816	250	386	55,599
<b>Amount due from</b>				
Derivative assets	-	-	-	2,489
Loans, advances and financing	-	352,800	2,670	-
Other assets	-	1,024	-	22,006
	-	353,824	2,670	24,495
<b>Amount due to</b>				
Deposits from customers	-	345,970	25,534	269,436
Deposits and placements of banks and other financial institutions	-	-	-	100,033
Derivative liabilities	-	-	-	4,102
Other liabilities	-	106	-	2,954
Hybrid Tier I Capital Securities	-	-	-	5,000
	-	346,076	25,534	381,525

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**35 SIGNIFICANT RELATED PARTY DISCLOSURE (CONTINUED)**

(b) Significant related party balances and transactions (continued)

<b>Bank</b>	<b>Holding company RM'000</b>	<b>Subsidiaries RM'000</b>	<b>Key management personnel RM'000</b>	<b>Other related companies RM'000</b>
<b>2011</b>				
<b>Income</b>				
Interest on deposits and placements with other financial institutions	-	30,684	-	489
Interest on loans, advances and financing	12,604	781	111	-
Dividend income from subsidiaries	-	18,785	-	-
Other income	-	46,816	2	5,310
	12,604	97,066	113	5,799
<b>Expenditure</b>				
Interest on deposits and placements of banks and other financial institutions	-	131	-	2,499
Interest on deposits from customers	1,127	755	419	5,283
Rental of premises	-	4,898	-	12,943
Management fee	-	-	-	3,563
Reimbursement of operating expenses from a subsidiary	-	(51,325)	-	-
Other expenses	-	9	-	24,000
	1,127	(45,532)	419	48,288
<b>Amount due from</b>				
Money at call and deposit placements	-	165,184	-	-
Deposits and placements with banks and other financial institutions	-	1,745,518	-	-
Derivative assets	-	36,846	-	3,202
Loans, advances and financing	302,787	141,803	2,849	-
Other assets	1,388	457,977	-	24,829
	304,175	2,547,328	2,849	28,031
<b>Amount due to</b>				
Deposits from customers	27,515	73,806	31,548	215,013
Deposits and placements of banks and other financial institutions	-	138,276	-	900
Derivative liabilities	-	-	-	4,821
Other liabilities	-	21,342	-	2,262
Hybrid Tier I Capital Securities	-	-	-	5,012
	27,515	233,424	31,548	228,008

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 35 SIGNIFICANT RELATED PARTY DISCLOSURE (CONTINUED)

(b) Significant related party balances and transactions (continued)

Bank	Former ultimate holding body RM'000	Holding company RM'000	Subsidiaries RM'000	Key management personnel RM'000	Other related companies RM'000
<b>2010</b>					
<b>Income</b>					
Interest on deposits and placements with other financial institutions	-	-	12,286	-	481
Interest on loans, advances and financing	-	11,148	1,564	93	2,579
Other income	-	-	423	2	1,677
	-	11,148	14,273	95	4,737
<b>Expenditure</b>					
Interest on deposits and placements of banks and other financial institutions	-	-	1,280	-	7,382
Interest on deposits from customers	65,816	250	186	380	6,506
Rental of premises	-	-	4,215	-	12,988
Management fee	-	-	-	-	2,291
Reimbursement of operating expenses from a subsidiary	-	-	(49,236)	-	-
Other expenses	-	-	8	-	25,594
	65,816	250	(43,547)	380	54,761
<b>Amount due from</b>					
Money at call and deposit placements	-	-	31,790	-	-
Deposits and placements with banks and other financial institutions	-	-	972,032	-	-
Derivative assets	-	-	1,265	-	2,489
Loans, advances and financing	-	352,800	141,803	2,670	-
Other assets	-	1,024	50,793	-	22,006
	-	353,824	1,197,683	2,670	24,495
<b>Amount due to</b>					
Deposits from customers	-	345,970	40,768	25,227	264,539
Deposits and placements of banks and other financial institutions	-	-	16,197	-	100,033
Derivative liabilities	-	-	1,248	-	4,102
Other liabilities	-	-	23,345	-	2,639
Hybrid Tier I Capital Securities	-	-	-	-	5,000
	-	345,970	81,558	25,227	376,313



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**35 SIGNIFICANT RELATED PARTY DISCLOSURE (CONTINUED)**

(b) Significant related party balances and transactions (continued)

	Group and Bank	
	2011 RM'000	2010 RM'000
The approved limit on loans, advances and financing for key management personnel	7,897	6,883

(c) Key management personnel

The remuneration of key management personnel are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits				
- Fees	746	636	717	600
- Salary and other remuneration	13,412	9,550	11,728	8,965
- Benefits-in-kind	49	181	31	178
	14,207	10,367	12,476	9,743

(d) Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	Group		Bank	
	2011	2010	2011	2010
Outstanding credit exposure with connected parties (RM'000)	3,737,389	4,841,103	3,669,328	4,579,349
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	3.44%	5.15%	3.99%	5.58%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.14%	0.08%	0.14%	0.09%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties, which are effective on 1 January 2008.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**36 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers.

Risk weighted exposures of the Group are as follows:

<b>Group</b>	<b>Principal amount RM'000</b>	<b>2011 Credit equivalent amount * RM'000</b>	<b>Risk weighted amount RM'000</b>
Direct credit substitutes	1,506,861	1,436,755	1,216,657
Transaction-related contingent items	2,189,069	1,070,325	870,657
Short-term self-liquidating trade-related contingencies	902,010	178,398	97,424
Obligations under underwriting agreements	208,500	104,250	104,250
Irrevocable commitments to extend credit:			
- maturity more than one year	25,028,693	5,197,837	3,604,762
- maturity less than one year	10,133,756	1,962,417	1,301,101
Foreign exchange related contracts:			
- less than one year	13,558,443	377,570	175,414
- one year to less than five years	1,767,969	536,076	296,040
Interest rate related contracts:			
- less than one year	4,195,536	9,651	2,812
- one year to less than five years	13,016,528	321,650	110,735
- more than five years	600,000	61,198	16,760
<b>Total</b>	<b>73,107,365</b>	<b>11,256,127</b>	<b>7,796,612</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Foreign exchange, interest rate related and commodity contracts are subject to market risk and credit risk.

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of the Bank, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II) and the CE and RWA of its Islamic bank subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 36 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk weighted exposures of the Group are as follows (continued):

Group	Principal amount RM'000	2010 Credit equivalent amount * RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,366,972	2,301,345	2,575,444
Transaction-related contingent items	1,905,733	929,964	963,854
Short-term self-liquidating trade-related contingencies	825,269	162,953	125,968
Obligations under underwriting agreements	29,000	14,500	14,500
Irrevocable commitments to extend credit:			
- maturity more than one year	4,492,229	1,302,224	1,079,891
- maturity less than one year	31,965,921	1,582,218	955,370
Foreign exchange related contracts:			
- less than one year	14,267,825	306,554	157,387
- one year to less than five years	1,183,447	564,225	300,962
Interest rate related contracts:			
- less than one year	2,386,825	10,333	2,840
- one year to less than five years	9,245,957	277,524	73,253
- more than five years	415,000	41,611	8,322
Commodity contracts:			
- less than one year	17,628	-	-
Total	69,101,806	7,493,451	6,257,791

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.  
Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

With effect from 1 July 2010, the credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of the Bank, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II) and the CE and RWA of its Islamic bank subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 36 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk weighted exposures of the Bank are as follows:

<b>Bank</b>	<b>Principal amount RM'000</b>	<b>2011 Credit equivalent amount * RM'000</b>	<b>Risk weighted amount RM'000</b>
Direct credit substitutes	1,381,139	1,311,033	1,090,935
Transaction-related contingent items	2,085,264	1,018,423	830,569
Short-term self-liquidating trade-related contingencies	859,586	169,913	96,457
Irrevocable commitments to extend credit:			
- maturity more than one year	22,488,731	4,689,844	3,157,503
- maturity less than one year	8,466,652	1,628,996	965,596
Foreign exchange related contracts:			
- less than one year	13,398,568	375,000	174,841
- one year to less than five years	1,767,969	536,076	296,040
Interest rate related contracts:			
- less than one year	4,195,536	9,461	2,616
- one year to less than five years	15,635,548	408,724	154,272
- more than five years	600,000	61,198	16,760
<b>Total</b>	<b>70,878,993</b>	<b>10,208,668</b>	<b>6,785,589</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Foreign exchange, interest rate related and commodity contracts are subject to market risk and credit risk.

The CE and RWA of the Bank are computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**36 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Risk weighted exposures of the Bank are as follows (continued) :

<b>Bank</b>	<b>Principal amount RM'000</b>	<b>2010 Credit equivalent amount * RM'000</b>	<b>Risk weighted amount RM'000</b>
Direct credit substitutes	2,170,663	2,105,036	2,379,135
Transaction-related contingent items	1,750,541	852,367	925,554
Short-term self-liquidating trade-related contingencies	785,946	155,088	117,929
Irrevocable commitments to extend credit:			
- maturity more than one year	3,938,118	1,076,912	887,601
- maturity less than one year	29,557,105	1,361,312	734,464
Foreign exchange related contracts:			
- less than one year	14,269,356	306,593	157,427
- one year to less than five years	1,183,447	564,225	300,962
Interest rate related contracts:			
- less than one year	2,386,825	10,333	2,840
- one year to less than five years	9,895,957	303,524	86,253
- more than five years	415,000	41,611	8,322
Commodity contracts:			
- less than one year	17,628	-	-
<b>Total</b>	<b>66,370,586</b>	<b>6,777,001</b>	<b>5,600,487</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.  
Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

With effect from 1 July 2010, the CE and RWA of the Bank are computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd., arising from its offshore banking business in the Federal Territory of Labuan.

The Bank has also given a guarantee to Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, the Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its branch in Bangkok.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**37 OPERATING LEASE COMMITMENTS**

The Group and the Bank have lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases, is as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Within one year	35,524	36,465	44,297	38,579
Between one to five years	49,321	38,589	48,536	33,005
More than five years	1,694	2,246	1,694	2,246
	86,539	77,300	94,527	73,830

**38 CAPITAL COMMITMENTS**

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Capital expenditure for property, plant and equipment:				
Authorised and contracted for	71,539	71,444	70,909	62,211
Authorised but not contracted for	128,254	102,168	104,396	84,679
	199,793	173,612	175,305	146,890
Proposed acquisition of Bank Mestika (refer to Note 43 (b))	1,163,126	1,163,126	1,163,126	1,163,126
	1,362,919	1,336,738	1,338,431	1,310,016

**39 FINANCIAL RISK MANAGEMENT****(a) Financial risk management objectives and policies****Overview and organisation**

Risk is inherent in banking business and sound risk management is the cornerstone of prudent and banking.

In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors ('Board' or 'BOD') through the Group Risk Management Committee ('GRMC') and the Group Risk Management function ('GRM function') is responsible for identifying principal risks and ensuring that there is a process to manage the Bank's risks.

The GRMC provides oversight and management of all risks. The GRM function is independent and reports directly to this Committee. The GRM function assists the GRMC and Board in formulating risk related policies, advises the Board on the risk impact of business strategies, and reviews compliance by the management to the risk policy framework that is approved by the Board.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk management objectives and policies (continued)

##### Overview and organisation (continued)

The GRMC comprises non-executive directors with at least five (5) members. Members of the GRMC are directors who are exclusively non-executive in all of their directorships within the RHB Banking Group.

Overriding objectives of the GRMC:

- (i) To provide oversight and governance of risks of the RHB Banking Group ('Group');
- (ii) To oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risks and to ensure that the risk management process of each entity in the Group is in place and functioning;
- (iii) To deliberate and make recommendations to the Board of each relevant entity within the Group in respect of risk management matters of the respective entities.

The primary responsibility for managing risks, however, rests with business managers. They are best equipped to ensure that risk management and control are focused on the way business is conducted. There is a review of business activities and processes to identify risk areas and implement control procedures to operate within established corporate policies and limits. Additionally, the management of risks associated with financial instruments is carried out in the organisation. The Board has set up policies and procedures to manage the risks that may arise in connection with the use of financial instruments.

##### Major Areas of Risk

As a banking institution's key activities covering retail, business banking, corporate banking and treasury products and services, the Group and the Bank are subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly classified as follows:

- (i) Market risk - the risk of potential loss resulting from adverse movements in the level of market prices, interest rate and foreign currency exchange.
- (ii) Liquidity risk - the risk of the Group and the Bank being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost.
- (iii) Credit risk - the risk of potential loss due to changes in the quality of counter-parties and the market price for credit risk (collateral).
- (iv) Operational risk - the risk of loss resulting from inadequate or failed internal processes, people, systems or external events as well as the risk of breach in of applicable laws and regulatory requirements.

To counter the following business risks that the Group and the Bank, the GRMC has put in place the following:

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk management objectives and policies (continued)

##### Market Risk

- A framework of risk policies, measurement methodologies and limits, as approved by the Board, controls financial market activities as well as identifies potential risk areas to mitigate any adverse effects from market volatility.
- The GRM function plays an independent role in the monitoring and assessing of risk exposures and reports independently to the GRMC.
- Risk measurement techniques and stress testing are applied to the Bank's portfolio.
- For currency risk:
  - Approved overall position limits are applied for foreign exchange spot trading portfolio. Trading loss limits are imposed on each trading desk. The levels of these exposures (including off-balance sheet items), by overall total for both intra-day and overnight positions, are monitored daily for compliance with the approved limits. These limits are reviewed regularly and are in line with strategies set by the GRMC.
  - Foreign and overseas investments, which are funded by purchases with resultant open foreign exchange positions, are monitored and appropriate hedging strategies are undertaken in line with market trends.
- For interest rate risk:
  - The Asset and Liability Committee ('ALCO') monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements.
  - The ALCO also sets and reviews limits on the level of mismatch of interest rate re-pricing that may be undertaken. Likewise, fixed rate assets, especially long term assets, are subject to various limit parameters.

##### Liquidity Risk

- The ALCO plays a fundamental role in the asset/liability management of the Bank, and establishes strategies that assist in controlling and reducing any potential exposures to liquidity risk.
- Limits on the minimum portion of maturing funds available to meet obligations and the minimum level of inter-bank and other borrowing facilities are set to ensure adequate cover for withdrawals at unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored.
- The Bank's liquidity framework is subject to periodic stress tests and the results are reviewed to ensure constant compliance with BNM's Liquidity Framework.
- The Bank has established a Group Liquidity Policy Statement. In addition, plans to manage any potential adverse liquidity incidences have also been put in place; and can be implemented so that appropriate actions can be taken to remedy any unexpected market developments.

##### Credit Risk

- The Bank abide to the Board approved credit policy which supports the development of a strong credit culture with the objectives of maintaining a diversified portfolio, that addresses credit risk, and mitigates concern for unexpected losses. Market best practices are incorporated into this policy.
- The Bank also ensures that processes are in place before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being evaluated by an independent credit evaluation and management function. The Central Credit Committee and the Group Credit Committee sanction credits beyond established prudential threshold. The adherence to the discretionary powers sanctioned by the Board is monitored by the Central Compliance function.



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk management objectives and policies (continued)

##### Credit Risk (continued)

- A risk rating system is used to categorize the risk of individual credits. Clients' accounts are reviewed at regular intervals and weakening credits are transferred to Loan Recovery for more effective management.
- Counter-party, industry and product exposure limits/directions are set and risk reward relationships are mapped with the aim of maintaining a diverse credit profile and track the changing risk concentrations in response to market changes and external events.
- The Bank has, obtained BNM's approval to apply the Internal Ratings Based (IRB) approach for credit risk, whereby more advanced Basel II approaches and key program components are implemented, which includes (i) enhancing the economic returns of the Bank using established credit risk framework and methodologies, (ii) implementing and using empirical credit scoring models for consumer financing and credit grading models for business loans, and (iii) designing and implementing modelling of expected and unexpected losses. In addition, an economic capital management framework incorporating advanced risk based pricing and funds transfer pricing has been developed, which also facilitates the Bank in meeting the Pillar II requirements of the Basel II Accord Internal Ratings Based Approach.

##### Operational Risk

- The GRM function is responsible for the development of bank-wide operational risk policies, frameworks and methodologies, and providing inputs to the business units on operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis.
- The Bank uses an operational risk management system. This system has integrated applications for supporting the entire operational risk management process for loss event data collection and management, loss event analysis, assessment and monitoring of the quality of the internal control environment, risk scenario analysis and measurement, comprehensive reporting of operational risks and internal control quality and tracking of risk mitigation and control improvement actions. This system facilitates the Bank's capabilities for the Advanced Measurement Approach of the Basel II Framework in the future.
- The Bank has a Business Continuity Planning ('BCP') programme for its major critical business operations and activities at the Head Office, data centre, and branch locations. The BCP programme is subject to regular testing to ensure efficacy, reliability and functionality.
- The Bank continually refines and strengthens existing policies, procedures and internal controls measures; and continually conducts internal review, compliance monitoring, and audit to prevent and minimise unexpected losses.

##### Capital Management

###### Capital

Capital risk is defined as the risk that the Group has insufficient capital to provide sufficient resources to absorb a predetermined level of losses or that the capital structure is inefficient.

###### Risk Appetite

Capital risk appetite is set by the Board and reported through various metrics that enable the Group to manage capital constraints and shareholder expectations. The ALCO regularly reviews actual performance against risk appetite.

###### Exposure

A capital exposure arises where the Group has insufficient regulatory capital resources to support its strategic objectives and plans, and to meet external shareholders' requirements and expectations. The Group's capital management policy is focused on optimising value for its shareholders.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**39 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Financial risk management objectives and policies (continued)****Capital Management (continued)****Capital Management and Basel II**

The infrastructure implementations that has been completed has yielded benefits to the Group to:

- enhance our economic capital management;
- refine risk based pricing methods for our products and services; and
- improve asset quality across the businesses of the Group. RHB Group continue to develop capabilities for improvement in the use and adoption of the advanced approaches of the Basel II capital accord. In June 2010, RHB Bank obtained BNM's approval to apply the Internal Ratings Based ('IRB') approach for Credit Risk.

**Basel II Implementation**

In 2004, BNM announced a two-phased approach for implementing the standards recommended by the Bank of International Settlements set out in "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II) in Malaysia. In the first phase, banking institutions are required to adopt the Standardised Approach ('SA') for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the Internal Ratings-Based approach ('IRB') beginning from 2010.

The RHB Banking Group places great importance to Basel II and views it as a group-wide initiative in meeting international best practices for credit, market and operational risk management. A dedicated Basel II Steering Committee ('B2SC') was set up since October 2004 to oversee the implementation of Basel II initiatives throughout the Group and to ensure that it is on track in meeting regulatory requirements as outlined in the Risk-Weighted Capital Adequacy Framework ('RWCAF') for banking institutions and the Capital Adequacy Framework for Islamic Banks ('CAFIB') issued by BNM.

For the purpose of complying with regulatory requirements, the approaches adopted by the respective entities in the Group are as follows:

<b>Entity</b>	<b>Credit Risk</b>	<b>Market Risk</b>	<b>Operational Risk</b>
RHB Bank Berhad	Internal Ratings Based Approach	Standardised Approach	Basic Indicator Approach
RHB Islamic Bank Berhad	Standardised Approach	Standardised Approach	Basic Indicator Approach

For purpose of credit risk measurement, the Bank has applied the IRB principles for credit risk since January 2010, following preliminary approval by BNM in December 2009 for the Bank to migrate directly to the IRB approach. Upon approval from BNM, the Bank has migrated to IRB for credit risk in July 2010. For RHB Islamic Bank Berhad, the SA has been adopted for credit risk since 2008.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**39 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Financial instruments by category**

2011	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Total RM'000
<b>Group</b>					
<b>Assets as per statement of financial position</b>					
Cash and short-term funds	18,392,186	-	-	-	18,392,186
Securities purchased under resale agreements	142,291	-	-	-	142,291
Deposits and placements with banks and other financial institutions	937,828	-	-	-	937,828
Financial assets held-for-trading	-	1,303,419	-	-	1,303,419
Financial investments available-for-sale	-	-	8,015,085	-	8,015,085
Financial investments held-to-maturity	-	-	-	13,475,167	13,475,167
Loans, advances and financing	95,083,373	-	-	-	95,083,373
Other financial assets	179,244	-	-	-	179,244
Derivative assets	-	226,980	-	-	226,980
	114,734,922	1,530,399	8,015,085	13,475,167	137,755,573

Liabilities as per statement of financial position	Liabilities at fair value through the profit and loss RM'000	Other financial liabilities RM'000	Total RM'000
Deposits from customers	-	113,638,280	113,638,280
Deposits and placements of banks and other financial institutions	-	7,996,621	7,996,621
Bills and acceptances payable	-	3,764,155	3,764,155
Other financial liabilities	-	700,555	700,555
Derivative liabilities	237,004	-	237,004
Recourse obligation on loans sold to Cagamas Berhad	-	1,161,814	1,161,814
Long term borrowings	-	759,020	759,020
Subordinated obligations	-	3,269,678	3,269,678
Hybrid Tier I Capital Securities	-	605,570	605,570
	237,004	131,895,693	132,132,697

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category (continued)

2010	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Total RM'000
<b>Group</b>					
<b>Assets as per statement of financial position</b>					
Cash and short-term funds	12,981,081	-	-	-	12,981,081
Securities purchased under resale agreements	276,407	-	-	-	276,407
Deposits and placements with banks and other financial institutions	824,071	-	-	-	824,071
Financial assets held-for-trading	-	348,511	-	-	348,511
Financial investments available-for-sale	-	-	9,933,578	-	9,933,578
Financial investments held-to-maturity	-	-	-	10,674,245	10,674,245
Loans, advances and financing	81,531,003	-	-	-	81,531,003
Other financial assets	117,062	-	-	-	117,062
Derivative assets	-	298,389	-	-	298,389
	95,729,624	646,900	9,933,578	10,674,245	116,984,347
<b>Liabilities as per statement of financial position</b>					
			<b>Liabilities at fair value through the profit and loss RM'000</b>	<b>Other financial liabilities RM'000</b>	<b>Total RM'000</b>
Deposits from customers			-	92,402,813	92,402,813
Deposits and placements of banks and other financial institutions			-	7,680,309	7,680,309
Bills and acceptances payable			-	3,536,140	3,536,140
Other financial liabilities			-	811,377	811,377
Derivative liabilities			240,161	-	240,161
Recourse obligation on loans sold to Cagamas Berhad			-	818,503	818,503
Long term borrowings			-	819,362	819,362
Subordinated obligations			-	3,018,157	3,018,157
Hybrid Tier I Capital Securities			-	605,407	605,407
			240,161	109,692,068	109,932,229

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category (continued)

2011	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Total RM'000
<b>Bank</b>					
<b>Assets as per statement of financial position</b>					
Cash and short-term funds	12,344,141	-	-	-	12,344,141
Securities purchased under resale agreements	142,291	-	-	-	142,291
Deposits and placements with banks and other financial institutions	2,200,238	-	-	-	2,200,238
Financial assets held-for-trading	-	869,888	-	-	869,888
Financial investments available-for-sale	-	-	6,339,146	-	6,339,146
Financial investments held-to-maturity	-	-	-	12,021,999	12,021,999
Loans, advances and financing	80,369,613	-	-	-	80,369,613
Other financial assets	588,714	-	-	-	588,714
Derivative assets	-	263,605	-	-	263,605
	95,644,997	1,133,493	6,339,146	12,021,999	115,139,635

	Liabilities at fair value through the profit and loss RM'000	Other financial liabilities RM'000	Total RM'000
<b>Liabilities as per statement of financial position</b>			
Deposits from customers	-	94,349,181	94,349,181
Deposits and placements of banks and other financial institutions	-	5,809,666	5,809,666
Bills and acceptances payable	-	3,750,382	3,750,382
Other financial liabilities	-	673,880	673,880
Derivative liabilities	234,522	-	234,522
Recourse obligation on loans sold to Cagamas Berhad	-	1,161,814	1,161,814
Long term borrowings	-	759,020	759,020
Subordinated obligations	-	3,269,678	3,269,678
Hybrid Tier I Capital Securities	-	605,570	605,570
	234,522	110,379,191	110,613,713

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial instruments by category (continued)

2010	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Available- for-sale RM'000	Held-to- maturity RM'000	Total RM'000
<b>Bank</b>					
<b>Assets as per statement of financial position</b>					
Cash and short-term funds	11,093,561	-	-	-	11,093,561
Securities purchased under resale agreements	276,407	-	-	-	276,407
Deposits and placements with banks and other financial institutions	1,539,648	-	-	-	1,539,648
Financial assets held-for-trading	-	129,583	-	-	129,583
Financial investments available-for-sale	-	-	8,143,221	-	8,143,221
Financial investments held-to-maturity	-	-	-	9,558,312	9,558,312
Loans, advances and financing	71,125,558	-	-	-	71,125,558
Other financial assets	152,140	-	-	-	152,140
Derivative assets	-	298,148	-	-	298,148
	84,187,314	427,731	8,143,221	9,558,312	102,316,578

		Liabilities at fair value through the profit and loss RM'000	Other financial liabilities RM'000	Total RM'000
<b>Liabilities as per statement of financial position</b>				
Deposits from customers		-	80,567,577	80,567,577
Deposits and placements of banks and other financial institutions		-	6,158,453	6,158,453
Bills and acceptances payable		-	3,524,016	3,524,016
Other financial liabilities		-	702,993	702,993
Derivative liabilities		238,984	-	238,984
Recourse obligation on loans sold to Cagamas Berhad		-	818,503	818,503
Long term borrowings		-	819,362	819,362
Subordinated obligations		-	3,018,157	3,018,157
Hybrid Tier I Capital Securities		-	605,407	605,407
		238,984	96,214,468	96,453,452

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group and the Bank as at 31 December 2011.

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. In reality, the Group and the Bank proactively seeks to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

#### (i) Interest/profit rate sensitivity analysis

The following table shows the sensitivity of the Group's and the Bank's profit after tax and its equity to an immediate up and down +/-100 basis point ('bps') (2010: +/-50 bps) parallel shift in the interest rate.

	<b>2011</b>	
	<b>Impact on profit after tax RM'000</b>	<b>Impact on equity RM'000</b>
<b>Group</b>		
+100 bps	27,145	(199,500)
-100 bps	(26,146)	212,440
<b>Bank</b>		
+100 bps	75,026	(176,324)
-100 bps	(74,677)	188,584
	<b>2010</b>	
	<b>Impact on profit after tax RM'000</b>	<b>Impact on equity RM'000</b>
<b>Group</b>		
+50 bps	19,264	(139,128)
-50 bps	(19,257)	143,587
<b>Bank</b>		
+50 bps	30,085	(115,952)
-50 bps	(30,089)	119,732

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Market risk (continued)

##### (i) Interest/profit rate sensitivity analysis (continued)

The results above represent financial assets and liabilities that have been prepared on the following basis:

Impact on the profit after tax is the sum of valuation changes on fixed income instruments held in the trading portfolio and earnings movement for all short term interest rate sensitive assets and liabilities (with maturity or re-pricing tenure of up to one year) that is not held in the trading portfolio. Earnings movement for the short term interest rate sensitive assets and liabilities uses a set of risk weights with its respective time band to simulate the 100 bps interest rate (50 bps for 2010) change impact. For assets and liabilities with non fix maturity e.g. current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of these interest bearing assets and liabilities.

Impact on equity represents the changes in fair values of fixed income instruments held in the available-for-sale portfolio arising from the shift in the interest rate.

##### (ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates on the consolidated currency position, while other variables remain constant.

	<b>2011</b> <b>Impact on</b> <b>profit</b> <b>after tax</b> <b>RM'000</b>	<b>2010</b> <b>Impact on</b> <b>profit</b> <b>after tax</b> <b>RM'000</b>
<b>Group</b>		
+5%	11,402	(657)
-5%	(11,402)	657
<b>Bank</b>		
+5%	10,139	(832)
-5%	(10,139)	832



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Interest/Profit rate risk

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates.

Group	Non-trading book										Trading book RM'000	Total RM'000	
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000						
<b>2011</b>													
<b>ASSETS</b>													
Cash and short-term funds	17,082,422	-	-	-	-	-	1,309,764	-	-	-	-	-	18,392,186
Securities purchased under resale agreements	142,291	-	-	-	-	-	-	-	-	-	-	-	142,291
Deposits and placements with banks and other financial institutions	-	899,081	37,372	254	-	-	1,121	-	-	-	-	-	937,828
Financial assets held-for-trading	-	-	-	-	-	-	-	-	-	-	1,303,419	-	1,303,419
Financial investments	495,610	847,589	898,176	49,070	611,542	4,655,170	457,928	-	-	-	-	-	8,015,085
available-for-sale	378,974	1,534,492	762,388	679,885	2,683,994	7,445,212	(9,778) <sup>#</sup>	-	-	-	-	-	13,475,167
Financial investments held-to-maturity	50,955,694	7,263,251	4,128,153	1,993,922	7,728,868	21,972,491	160,819	-	-	-	-	-	94,203,198
Loans, advances and financing - performing	-	-	-	-	-	-	880,175 <sup>*</sup>	-	-	-	-	-	880,175
- impaired	-	-	-	-	-	-	306,546	-	-	-	-	-	306,546
Other assets	-	-	-	-	-	-	-	226,980	-	-	-	-	226,980
Derivative assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Statutory deposits	-	-	-	-	-	-	3,168,309	-	-	-	-	-	3,168,309
Tax recoverable	-	-	-	-	-	-	127,265	-	-	-	-	-	127,265
Deferred tax assets	-	-	-	-	-	-	14,266	-	-	-	-	-	14,266
Property, plant and equipment	-	-	-	-	-	-	787,865	-	-	-	-	-	787,865
Goodwill	-	-	-	-	-	-	1,004,017	-	-	-	-	-	1,004,017
<b>TOTAL ASSETS</b>	69,054,991	10,544,413	5,826,089	2,723,131	11,024,404	34,072,873	8,208,297	1,530,399	142,984,597				

<sup>#</sup> Consist of impairment loss.

<sup>\*</sup> This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Market risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (continued).

Group	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2011</b>									
<b>LIABILITIES</b>									
Deposits from customers	52,072,300	13,516,768	10,965,976	15,872,919	441,722	48,042	20,720,553	-	113,638,280
Deposits and placements of banks and other financial institutions	3,413,117	2,461,483	1,606,162	69,297	295,944	111,678	38,940	-	7,996,621
Bills and acceptances payable	1,297,300	1,650,120	594,172	6,515	-	-	216,048	-	3,764,155
Other liabilities	-	-	-	-	-	-	992,384	-	992,384
Derivative liabilities	-	-	-	-	-	-	-	237,004	237,004
Recourse obligation on loans sold to Cagamas Berhad	30,745	-	-	130,076	500,000	500,000	993	-	1,161,814
Taxation	-	-	-	-	-	-	3,704	-	3,704
Deferred tax liabilities	-	-	-	-	-	-	39	-	39
Long term borrowings	-	459,650	297,188	-	-	-	2,182	-	759,020
Subordinated obligations	-	-	-	1,300,000	-	1,950,000	19,678	-	3,269,678
Hybrid Tier I Capital Securities	-	-	-	-	-	597,475	8,095	-	605,570
<b>TOTAL LIABILITIES</b>	56,813,462	18,088,021	13,463,498	17,378,807	1,237,666	3,207,195	22,002,616	237,004	132,428,269
Total equity	-	-	-	-	-	-	10,556,328	-	10,556,328
<b>TOTAL LIABILITIES AND EQUITY</b>	56,813,462	18,088,021	13,463,498	17,378,807	1,237,666	3,207,195	32,558,944	237,004	142,984,597
On-balance sheet interest sensitivity gap	12,241,529	(7,543,608)	(7,637,409)	(14,655,676)	9,786,738	30,865,678	-	-	-
Off-balance sheet interest sensitivity gap	1,497,548	1,278,814	(914,212)	1,408,020	(2,106,517)	(1,150,517)	-	-	-
<b>TOTAL INTEREST-SENSITIVITY GAP</b>	13,739,077	(6,264,794)	(8,551,621)	(13,247,656)	7,680,221	29,715,161	-	-	-

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (continued)

Group	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2010</b>									
<b>ASSETS</b>									
Cash and short-term funds	12,069,245	-	-	-	-	-	911,836	-	12,981,081
Securities purchased under resale agreements	276,398	-	-	-	-	-	9	-	276,407
Deposits and placements with banks and other financial institutions	-	763,081	60,128	247	-	-	615	-	824,071
Financial assets held-for-trading	-	-	-	-	-	-	-	348,511	348,511
Financial investments	192,607	453,840	305,255	446,049	1,280,309	6,805,106	450,412	-	9,933,578
available-for-sale									
Financial investments held-to-maturity	401,498	1,039,546	232,274	2,288,662	2,314,733	4,432,493	(34,961) <sup>#</sup>	-	10,674,245
Loans, advances and financing									
- performing	43,661,627	6,593,770	3,660,590	2,028,091	5,858,189	18,372,363	165,623	-	80,340,253
- impaired	-	-	-	-	-	-	1,190,750*	-	1,190,750
Other assets	-	-	-	-	-	-	195,687	-	195,687
Derivative assets	-	-	-	-	-	-	-	298,389	298,389
Statutory deposits	-	-	-	-	-	-	426,304	-	426,304
Tax recoverable	-	-	-	-	-	-	27	-	27
Deferred tax assets	-	-	-	-	-	-	260,089	-	260,089
Property, plant and equipment	-	-	-	-	-	-	701,158	-	701,158
Goodwill	-	-	-	-	-	-	1,004,017	-	1,004,017
<b>TOTAL ASSETS</b>	56,601,375	8,850,237	4,258,247	4,763,049	9,453,231	29,609,962	5,271,566	646,900	119,454,567

<sup>#</sup> Consist of impairment loss.

\* This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Market risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (continued).

Group	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2010</b>									
<b>LIABILITIES</b>									
Deposits from customers	39,079,852	16,060,605	8,935,926	9,848,250	447,470	28,948	18,001,762	-	92,402,813
Deposits and placements of banks and other financial institutions	4,014,838	2,319,495	573,760	163,457	379,509	204,977	24,273	-	7,680,309
Bills and acceptances payable	1,166,999	1,723,270	444,264	-	-	-	201,607	-	3,536,140
Other liabilities	-	-	-	-	-	-	1,002,387	-	1,002,387
Derivative liabilities	-	-	-	-	-	-	-	240,161	240,161
Recourse obligation on loans sold to Cagamas Berhad	147,030	-	-	-	170,092	500,000	1,381	-	818,503
Taxation	-	-	-	-	-	-	167,338	-	167,338
Deferred tax liabilities	-	-	-	-	-	-	6	-	6
Long term borrowings	-	508,777	-	308,350	-	-	2,235	-	819,362
Subordinated obligations	-	-	-	-	1,300,000	1,700,000	18,157	-	3,018,157
Hybrid Tier I Capital Securities	-	-	-	-	-	597,227	8,180	-	605,407
<b>TOTAL LIABILITIES</b>	44,408,719	20,612,147	9,953,950	10,320,057	2,297,071	3,031,152	19,427,326	240,161	110,290,583
Total equity	-	-	-	-	-	-	9,163,984	-	9,163,984
<b>TOTAL LIABILITIES AND EQUITY</b>	44,408,719	20,612,147	9,953,950	10,320,057	2,297,071	3,031,152	28,591,310	240,161	119,454,567
On-balance sheet interest sensitivity gap	12,192,656	(11,761,910)	(5,695,703)	(5,557,008)	7,156,160	26,578,810	-	-	-
Off-balance sheet interest sensitivity gap	(367,894)	(113)	(180,564)	761,270	(25,835)	45,688	-	-	-
<b>TOTAL INTEREST-SENSITIVITY GAP</b>	11,824,762	(11,762,023)	(5,876,267)	(4,795,738)	7,130,325	26,624,498	-	-	-

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Interest rate risk

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates.

Bank	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2011</b>									
<b>ASSETS</b>									
Cash and short-term funds	11,123,045	-	-	-	-	-	-	-	12,344,141
Securities purchased under resale agreements	142,291	-	-	-	-	-	-	-	142,291
Deposits and placements with banks and other financial institutions	-	951,672	505,672	138,687	158,500	427,950	17,757	-	2,200,238
Financial assets held-for-trading	-	-	-	-	-	-	-	869,888	869,888
Financial investments available-for-sale	482,607	799,486	893,176	35,597	281,206	3,405,558	441,516	-	6,339,146
Financial investments held-to-maturity	378,974	1,524,492	752,610	619,535	2,185,867	6,585,582	(25,061) <sup>#</sup>	-	12,021,999
Loans, advances and financing - performing	48,776,582	6,823,744	3,647,653	1,488,857	6,295,091	12,581,678	129,045	-	79,742,650
- impaired	-	-	-	-	-	-	626,963*	-	626,963
Other assets	-	-	-	-	-	-	676,671	-	676,671
Derivative assets	-	-	-	-	-	-	-	263,605	263,605
Statutory deposits	-	-	-	-	-	-	2,561,754	-	2,561,754
Tax recoverable	-	-	-	-	-	-	114,013	-	114,013
Investment in subsidiaries	-	-	-	-	-	-	1,072,972	-	1,072,972
Property, plant and equipment	-	-	-	-	-	-	625,567	-	625,567
Goodwill	-	-	-	-	-	-	905,519	-	905,519
<b>TOTAL ASSETS</b>	60,903,499	10,099,394	5,799,111	2,282,676	8,920,664	23,000,768	8,367,812	1,133,493	120,507,417

<sup>#</sup> Consist of impairment loss.

\* This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Market risk (continued)

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (continued).

Bank	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2011</b>									
<b>LIABILITIES</b>									
Deposits from customers	41,637,064	8,743,941	9,275,743	14,501,800	408,345	44,139	19,738,149	-	94,349,181
Deposits and placements of banks and other financial institutions	2,856,136	1,692,483	756,162	69,297	295,944	111,678	27,966	-	5,809,666
Bills and acceptances payable	1,297,300	1,650,120	594,172	6,515	-	-	202,275	-	3,750,382
Other liabilities	-	-	-	-	-	-	924,953	-	924,953
Derivative liabilities	-	-	-	-	-	-	-	234,522	234,522
Recourse obligation on loans sold to Cagamas Berhad	30,745	-	-	130,076	500,000	500,000	993	-	1,161,814
Deferred tax liabilities	-	-	-	-	-	-	35	-	35
Long term borrowings	-	459,650	297,188	-	-	-	2,182	-	759,020
Subordinated obligations	-	-	-	1,300,000	-	1,950,000	19,678	-	3,269,678
Hybrid Tier I Capital Securities	-	-	-	-	-	597,475	8,095	-	605,570
<b>TOTAL LIABILITIES</b>	45,821,245	12,546,194	10,923,265	16,007,688	1,204,289	3,203,292	20,924,326	234,522	110,864,821
Total equity	-	-	-	-	-	-	9,642,596	-	9,642,596
<b>TOTAL LIABILITIES AND EQUITY</b>	45,821,245	12,546,194	10,923,265	16,007,688	1,204,289	3,203,292	30,566,922	234,522	120,507,417
On-balance sheet interest sensitivity gap	15,082,254	(2,446,800)	(5,124,154)	(13,725,012)	7,716,375	19,797,476			
Off-balance sheet interest sensitivity gap	176,366	(19,655)	(912,050)	1,408,020	(906,517)	268,503			
<b>TOTAL INTEREST-SENSITIVITY GAP</b>	15,258,620	(2,466,455)	(6,036,204)	(12,316,992)	6,809,858	20,065,979			

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (continued)

Bank	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2010</b>									
<b>ASSETS</b>									
Cash and short-term funds	10,270,874	-	-	-	-	-	-	822,687	11,093,561
Securities purchased under resale agreements	276,398	-	-	-	-	-	-	9	276,407
Deposits and placements with banks and other financial institutions	-	777,779	-	-	154,175	601,283	-	6,411	1,539,648
Financial assets held-for-trading	-	-	-	-	-	-	-	-	129,583
Financial investments	184,797	363,790	137,696	420,769	1,018,217	5,583,758	434,194	-	8,143,221
available-for-sale	401,498	1,039,546	172,037	2,220,744	2,094,785	3,676,165	(46,463) <sup>#</sup>	-	9,558,312
Financial investments held-to-maturity	41,799,454	6,125,651	3,168,677	1,648,132	4,370,651	13,060,133	145,495	-	70,318,193
Loans, advances and financing - performing	-	-	-	-	-	-	-	807,365*	807,365
- impaired	-	-	-	-	-	-	-	204,452	204,452
Other assets	-	-	-	-	-	-	-	-	298,148
Derivative assets	-	-	-	-	-	-	-	-	321,064
Statutory deposits	-	-	-	-	-	-	-	-	220,303
Deferred tax assets	-	-	-	-	-	-	-	-	822,972
Investment in subsidiaries	-	-	-	-	-	-	-	-	540,483
Property, plant and equipment	-	-	-	-	-	-	-	-	905,519
Goodwill	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	52,933,021	8,306,766	3,478,410	4,289,645	7,637,828	22,921,339	5,184,491	427,731	105,179,231

# Consist of impairment loss.

\* This represents outstanding impaired loans after deducting individual impairment allowance and collective impairment allowance.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Market risk (continued)

Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual repricing or maturity dates (continued)

Bank	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000		
<b>2010</b>									
<b>LIABILITIES</b>									
Deposits from customers	34,027,255	12,850,394	7,614,950	8,777,933	297,724	28,199	16,971,122	-	80,567,577
Deposits and placements of banks and other financial institutions	3,109,665	2,169,495	115,759	163,457	379,509	204,977	15,591	-	6,158,453
Bills and acceptances payable	1,166,999	1,723,270	444,264	-	-	-	189,483	-	3,524,016
Other liabilities	-	-	-	-	-	-	868,165	-	868,165
Derivative liabilities	-	-	-	-	-	-	-	238,984	238,984
Recourse obligation on loans sold to Cagamas Berhad	147,030	-	-	-	170,092	500,000	1,381	-	818,503
Taxation	-	-	-	-	-	-	163,133	-	163,133
Long term borrowings	-	508,777	-	308,350	-	-	2,235	-	819,362
Subordinated obligations	-	-	-	-	1,300,000	1,700,000	18,157	-	3,018,157
Hybrid Tier I Capital Securities	-	-	-	-	-	597,227	8,180	-	605,407
<b>TOTAL LIABILITIES</b>	38,450,949	17,251,936	8,174,973	9,249,740	2,147,325	3,030,403	18,237,447	238,984	96,781,757
Total equity	-	-	-	-	-	-	8,397,474	-	8,397,474
<b>TOTAL LIABILITIES AND EQUITY</b>	38,450,949	17,251,936	8,174,973	9,249,740	2,147,325	3,030,403	26,634,921	238,984	105,179,231
On-balance sheet interest sensitivity gap	14,482,072	(8,945,170)	(4,696,563)	(4,960,095)	5,490,503	19,890,936	-	-	-
Off-balance sheet interest sensitivity gap	(429,831)	(38,371)	(357,751)	715,612	35,972	64,189	-	-	-
<b>TOTAL INTEREST-SENSITIVITY GAP</b>	14,052,241	(8,983,541)	(5,054,314)	(4,244,483)	5,526,475	19,955,125	-	-	-



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Bank to meet its contractual or regulatory obligations when they come due without incurring substantial losses. Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

Group	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No		
							specific maturity RM'000	Total RM'000	
<b>2011</b>									
<b>ASSETS</b>									
Cash and short-term funds	11,251,223	7,140,963	-	-	-	-	-	18,392,186	
Securities purchased under resale agreements	142,291	-	-	-	-	-	-	142,291	
Deposits and placements with banks and other financial institutions	-	-	900,129	37,444	255	-	-	-	937,828
Financial assets held-for-trading	256	-	460,330	624,901	-	217,932	-	-	1,303,419
Financial investments available-for-sale	233,079	281,960	868,680	912,883	49,736	5,668,747	-	-	8,015,085
Financial investments held-to-maturity	18,621	377,339	1,595,563	788,123	678,874	10,016,647	-	-	13,475,167
Loans, advances and financing	2,063,660	5,516,093	5,279,093	3,335,407	2,665,862	76,223,258	-	-	95,083,373
Other assets	51,555	19,627	6	22,238	-	40,621	172,499	-	306,546
Derivative assets	6,581	17,762	25,347	22,327	19,093	135,870	-	-	226,980
Statutory deposits	-	-	-	-	-	-	3,168,309	-	3,168,309
Tax recoverable	-	-	-	-	-	-	127,265	-	127,265
Deferred tax assets	-	-	-	-	-	-	14,266	-	14,266
Property, plant and equipment	-	-	-	-	-	-	787,865	-	787,865
Goodwill	-	-	-	-	-	-	1,004,017	-	1,004,017
<b>TOTAL ASSETS</b>	<b>13,767,266</b>	<b>13,353,744</b>	<b>9,129,148</b>	<b>5,743,323</b>	<b>3,413,820</b>	<b>92,303,075</b>	<b>5,274,221</b>	<b>142,984,597</b>	

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

Group	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2011</b>								
<b>LIABILITIES</b>								
Deposits from customers	47,075,858	25,413,789	13,619,801	11,074,413	15,961,511	492,908	-	113,638,280
Deposits and placements of banks and other financial institutions	1,094,862	2,334,932	2,469,090	1,620,818	69,297	407,622	-	7,996,621
Bills and acceptances payable	440,433	989,178	1,761,761	572,783	-	-	-	3,764,155
Other liabilities	100,657	175,405	43,378	26,067	131,187	265,906	249,784	992,384
Derivative liabilities	5,986	21,255	24,910	11,981	9,663	163,209	-	237,004
Recourse obligation on loans sold to Cagamas Berhad	30,745	-	-	993	130,076	1,000,000	-	1,161,814
Taxation	-	-	22	-	-	-	3,682	3,704
Deferred tax liabilities	-	-	-	-	-	-	39	39
Long term borrowings	-	-	32,948	20,747	51,513	653,812	-	759,020
Subordinated obligations	-	-	-	19,678	1,300,000	1,950,000	-	3,269,678
Hybrid Tier I Capital Securities	-	-	7,542	553	-	597,475	-	605,570
<b>TOTAL LIABILITIES</b>	48,748,541	28,934,559	17,959,452	13,348,033	17,653,247	5,530,932	253,505	132,428,269
Total equity	-	-	-	-	-	-	10,556,328	10,556,328
<b>TOTAL LIABILITIES AND EQUITY</b>	48,748,541	28,934,559	17,959,452	13,348,033	17,653,247	5,530,932	10,809,833	142,984,597

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2010 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

Group	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2010</b>								
<b>ASSETS</b>								
Cash and short-term funds	8,334,480	4,646,601	-	-	-	-	-	12,981,081
Securities purchased under resale agreements	276,407	-	-	-	-	-	-	276,407
Deposits and placements with banks and other financial institutions	-	-	763,606	60,218	247	-	-	824,071
Financial assets held-for-trading	119,374	80	99,448	99,194	-	30,415	-	348,511
Financial investments available-for-sale	31,034	183,642	477,009	326,821	451,496	8,463,576	-	9,933,578
Financial investments held-to-maturity	1,043	386,918	1,082,771	246,403	2,266,083	6,691,027	-	10,674,245
Loans, advances and financing	1,871,803	4,788,934	5,241,753	3,260,276	2,319,655	64,048,582	-	81,531,003
Other assets	31,809	28,074	7	18,684	3	18,608	98,502	195,687
Derivative assets	22,615	65,723	39,682	36,839	27,284	106,246	-	298,389
Statutory deposits	-	-	-	-	-	-	426,304	426,304
Tax recoverable	-	-	-	-	-	-	27	27
Deferred tax assets	-	-	-	-	-	-	260,089	260,089
Property, plant and equipment	-	-	-	-	-	-	701,158	701,158
Goodwill	-	-	-	-	-	-	1,004,017	1,004,017
<b>TOTAL ASSETS</b>	<b>10,688,565</b>	<b>10,099,972</b>	<b>7,704,276</b>	<b>4,048,435</b>	<b>5,064,768</b>	<b>79,358,454</b>	<b>2,490,097</b>	<b>119,454,567</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2010 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

Group	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2010</b>								
<b>LIABILITIES</b>								
Deposits from customers	39,293,030	17,526,401	16,174,369	8,936,037	9,982,558	490,418	-	92,402,813
Deposits and placements of banks and other financial institutions	1,078,870	2,806,331	2,806,899	327,033	75,355	585,821	-	7,680,309
Bills and acceptances payable	463,826	904,780	1,723,270	444,264	-	-	-	3,536,140
Other liabilities	55,012	156,271	42,269	39,757	137,542	425,136	146,400	1,002,387
Derivative liabilities	19,279	43,877	38,629	37,484	20,512	80,380	-	240,161
Recourse obligation on loans sold to Cagamas Berhad	-	147,030	-	1,381	-	670,092	-	818,503
Taxation	-	-	25	-	-	-	167,313	167,338
Deferred tax liabilities	-	-	-	-	-	-	6	6
Long term borrowings	-	-	32,197	873	50,107	736,185	-	819,362
Subordinated obligations	-	-	-	18,157	-	3,000,000	-	3,018,157
Hybrid Tier I Capital Securities	-	-	7,542	638	-	597,227	-	605,407
<b>TOTAL LIABILITIES</b>	40,910,017	21,584,690	20,825,200	9,805,624	10,266,074	6,585,259	313,719	110,290,583
Total equity	-	-	-	-	-	-	9,163,984	9,163,984
<b>TOTAL LIABILITIES AND EQUITY</b>	40,910,017	21,584,690	20,825,200	9,805,624	10,266,074	6,585,259	9,477,703	119,454,567

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

Bank	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2011</b>								
<b>ASSETS</b>								
Cash and short-term funds	7,015,846	5,328,295	-	-	-	-	-	12,344,141
Securities purchased under resale agreements	142,291	-	-	-	-	-	-	142,291
Deposits and placements with banks and other financial institutions	-	-	957,469	515,861	138,946	587,962	-	2,200,238
Financial assets held-for-trading	-	-	455,366	322,512	-	92,010	-	869,888
Financial investments available-for-sale	219,459	280,562	813,528	902,791	36,263	4,086,543	-	6,339,146
Financial investments held-to-maturity	18,107	375,584	1,576,376	774,517	618,524	8,658,891	-	12,021,999
Loans, advances and financing	2,001,989	3,312,664	4,832,714	2,846,551	2,143,168	65,232,527	-	80,369,613
Other assets	4,389	434,629	-	22,233	24,496	40,621	150,303	676,671
Derivative assets	6,361	17,762	25,347	22,514	19,093	172,528	-	263,605
Tax recoverable	-	-	-	-	-	-	114,013	114,013
Statutory deposits	-	-	-	-	-	-	2,561,754	2,561,754
Investment in subsidiaries	-	-	-	-	-	-	1,072,972	1,072,972
Property, plant and equipment	-	-	-	-	-	-	625,567	625,567
Goodwill	-	-	-	-	-	-	905,519	905,519
<b>TOTAL ASSETS</b>	<b>9,408,442</b>	<b>9,749,496</b>	<b>8,660,800</b>	<b>5,406,979</b>	<b>2,980,490</b>	<b>78,871,082</b>	<b>5,430,128</b>	<b>120,507,417</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2011 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

Bank	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2011</b>								
<b>LIABILITIES</b>								
Deposits from customers	39,386,984	21,718,676	8,825,911	9,374,653	14,586,295	456,662	-	94,349,181
Deposits and placements of banks and other financial institutions	761,236	2,107,462	1,701,923	762,126	69,297	407,622	-	5,809,666
Bills and acceptances payable	426,660	989,178	1,761,761	572,783	-	-	-	3,750,382
Other liabilities	98,218	163,349	31,194	46,525	112,017	264,622	209,028	924,953
Derivative liabilities	3,504	21,255	24,910	11,981	9,663	163,209	-	234,522
Recourse obligation on loans sold to Cagamas Berhad	30,745	-	-	993	130,076	1,000,000	-	1,161,814
Deferred tax liabilities	-	-	-	-	-	-	35	35
Long term borrowings	-	-	32,948	20,747	51,513	653,812	-	759,020
Subordinated obligations	-	-	-	19,678	1,300,000	1,950,000	-	3,269,678
Hybrid Tier I Capital Securities	-	-	7,542	553	-	597,475	-	605,570
<b>TOTAL LIABILITIES</b>	40,707,347	24,999,920	12,386,189	10,810,039	16,258,861	5,493,402	209,063	110,864,821
Total equity	-	-	-	-	-	-	9,642,596	9,642,596
<b>TOTAL LIABILITIES AND EQUITY</b>	40,707,347	24,999,920	12,386,189	10,810,039	16,258,861	5,493,402	9,851,659	120,507,417

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2010 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8:

Bank	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2010</b>								
<b>ASSETS</b>								
Cash and short-term funds	6,832,370	4,261,191	-	-	-	-	-	11,093,561
Securities purchased under resale agreements	276,407	-	-	-	-	-	-	276,407
Deposits and placements with banks and other financial institutions	-	-	782,462	-	-	757,186	-	1,539,648
Financial assets held-for-trading	119,374	-	-	-	-	10,209	-	129,583
Financial investments available-for-sale	27,943	175,832	393,391	152,675	426,194	6,967,186	-	8,143,221
Financial investments held-to-maturity	1,043	386,817	1,082,771	185,954	2,198,164	5,703,563	-	9,558,312
Loans, advances and financing	1,590,421	3,094,258	4,765,359	2,759,109	1,915,023	57,001,388	-	71,125,558
Other assets	6,387	15,251	-	18,678	48,519	18,504	97,113	204,452
Derivative assets	22,615	64,217	39,682	36,839	27,284	107,511	-	298,148
Statutory deposits	-	-	-	-	-	-	321,064	321,064
Deferred tax assets	-	-	-	-	-	-	220,303	220,303
Investment in subsidiaries	-	-	-	-	-	-	822,972	822,972
Property, plant and equipment	-	-	-	-	-	-	540,483	540,483
Goodwill	-	-	-	-	-	-	905,519	905,519
<b>TOTAL ASSETS</b>	<b>8,876,560</b>	<b>7,997,566</b>	<b>7,063,665</b>	<b>3,153,255</b>	<b>4,615,184</b>	<b>70,565,547</b>	<b>2,907,454</b>	<b>105,179,231</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at 31 December 2010 based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM GP8 (continued):

Bank	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
<b>2010</b>								
<b>LIABILITIES</b>								
Deposits from customers	35,394,493	15,357,629	13,055,303	7,506,528	8,907,994	345,630	-	80,567,577
Deposits and placements of banks and other financial institutions	588,028	2,620,769	2,171,095	117,385	75,355	585,821	-	6,158,453
Bills and acceptances payable	451,702	904,780	1,723,270	444,264	-	-	-	3,524,016
Other liabilities	43,224	145,687	39,234	52,630	124,523	348,356	114,511	868,165
Derivative liabilities	19,279	43,663	38,629	35,273	20,512	81,628	-	238,984
Recourse obligation on loans sold to Cagamas Berhad	-	147,030	-	1,381	-	670,092	-	818,503
Taxation	-	-	-	-	-	-	163,133	163,133
Long term borrowings	-	-	32,197	873	50,107	736,185	-	819,362
Subordinated obligations	-	-	-	18,157	-	3,000,000	-	3,018,157
Hybrid Tier I Capital Securities	-	-	7,542	638	-	597,227	-	605,407
<b>TOTAL LIABILITIES</b>	36,496,726	19,219,558	17,067,270	8,177,129	9,178,491	6,364,939	277,644	96,781,757
Total equity	-	-	-	-	-	-	8,397,474	8,397,474
<b>TOTAL LIABILITIES AND EQUITY</b>	36,496,726	19,219,558	17,067,270	8,177,129	9,178,491	6,364,939	8,675,118	105,179,231



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The following table presents the cash outflows for the Group's financial liabilities by remaining contractual maturities on undiscounted basis. The balances in the table below will not agree to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

Group	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2011</b>							
<b>LIABILITIES</b>							
Deposits from customers	72,557,766	24,621,421	16,684,812	442,514	55,764	-	114,362,277
Deposits and placements of banks and other financial institutions	3,432,585	4,117,867	72,634	303,266	113,301	-	8,039,653
Bills and acceptances payable	1,429,610	2,334,545	-	-	-	-	3,764,155
Other liabilities	244,589	67,489	98,060	247,549	15,229	27,639	700,555
Derivative liabilities							
- Gross settled derivatives							
- Inflow	(2,810,661)	(2,588,172)	(317,603)	(128,905)	6,700	2,472	(5,836,169)
- Outflow	2,832,200	2,628,808	328,443	149,417	2,062	671	5,941,601
- Net settled derivatives	7,146	22,377	27,491	61,686	19,444	1,984	140,128
Recourse obligation on loans sold to Cagamas Berhad	33,953	36,313	162,798	607,316	470,845	-	1,311,225
Long term borrowings	-	56,519	56,256	221,425	215,925	246,874	796,999
Subordinated obligations	-	82,962	1,382,963	201,850	1,088,725	1,097,300	3,853,800
Hybrid Tier I Capital Securities	-	22,563	22,563	90,250	90,250	720,575	946,201
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>77,727,188</b>	<b>31,402,692</b>	<b>18,518,417</b>	<b>2,196,368</b>	<b>2,078,245</b>	<b>2,097,515</b>	<b>134,020,425</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The following table presents the cash outflows for the Group's financial liabilities by remaining contractual maturities on undiscounted basis. The balances in the table below will not agree to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments (continued).

Group	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2010</b>							
<b>LIABILITIES</b>							
Deposits from customers	56,906,257	25,316,224	10,107,553	463,657	34,023	-	92,827,714
Deposits and placements of banks and other financial institutions	3,916,859	3,116,330	80,085	391,855	205,732	16,588	7,727,449
Bills and acceptances payable	1,368,605	2,167,535	-	-	-	-	3,536,140
Other liabilities	192,313	97,129	120,282	325,981	25,849	49,823	811,377
Derivative liabilities							
- Gross settled derivatives							
- Inflow	(4,382,957)	(1,944,163)	(321,027)	14,860	6,556	2,419	(6,624,312)
- Outflow	4,445,595	2,031,110	350,213	4,662	2,017	657	6,834,254
- Net settled derivatives	10,205	16,446	20,677	54,445	27,111	15,635	144,519
Recourse obligation on loans sold to Cagamas Berhad	150,999	17,087	20,504	214,332	522,750	-	925,672
Long term borrowings	-	32,865	53,965	213,403	209,465	342,050	851,748
Subordinated obligations	-	77,650	77,650	1,545,600	863,100	1,152,600	3,716,600
Hybrid Tier I Capital Securities	-	22,563	22,563	90,250	90,250	765,700	991,326
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>62,607,876</b>	<b>30,950,776</b>	<b>10,532,465</b>	<b>3,319,045</b>	<b>1,986,853</b>	<b>2,345,472</b>	<b>111,742,487</b>

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on undiscounted basis. The balances in the table below will not agree to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

Bank	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2011</b>							
<b>LIABILITIES</b>							
Deposits from customers	61,154,352	18,447,657	14,912,310	405,354	51,714	-	94,971,387
Deposits and placements of banks and other financial institutions	2,871,073	2,480,760	72,634	303,266	113,301	-	5,841,034
Bills and acceptances payable	1,415,837	2,334,545	-	-	-	-	3,750,382
Other liabilities	230,094	75,763	78,890	246,978	15,229	26,926	673,880
Derivative liabilities							
- Gross settled derivatives							
- Inflow	(2,810,661)	(2,588,172)	(317,603)	(128,905)	6,700	2,472	(5,836,169)
- Outflow	2,832,198	2,628,796	328,443	149,417	2,062	671	5,941,587
- Net settled derivatives	7,102	21,787	27,130	60,242	19,083	1,984	137,328
Recourse obligation on loans sold to Cagamas Berhad	33,953	36,313	162,798	607,316	470,845	-	1,311,225
Long term borrowings	-	56,519	56,256	221,425	215,925	246,874	796,999
Subordinated obligations	-	82,962	1,382,963	201,850	1,088,725	1,097,300	3,853,800
Hybrid Tier I Capital Securities	-	22,563	22,563	90,250	90,250	720,575	946,201
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>65,733,948</b>	<b>23,599,493</b>	<b>16,726,384</b>	<b>2,157,193</b>	<b>2,073,834</b>	<b>2,096,802</b>	<b>112,387,654</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The following table presents the cash outflows for the Bank's financial liabilities by remaining contractual maturities on undiscounted basis. The balances in the table below will not agree to the balances reported in the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments (continued).

Bank	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2010</b>							
<b>LIABILITIES</b>							
Deposits from customers	50,841,606	20,736,218	9,013,778	307,037	33,149	-	80,931,788
Deposits and placements of banks and other financial institutions	3,209,258	2,296,649	80,085	391,855	205,732	1,823	6,185,402
Bills and acceptances payable	1,356,481	2,167,535	-	-	-	-	3,524,016
Other liabilities	169,940	106,967	107,263	258,076	22,874	37,873	702,993
Derivative liabilities							
- Gross settled derivatives							
- Inflow	(4,382,957)	(1,944,163)	(321,027)	14,860	6,556	2,419	(6,624,312)
- Outflow	4,445,588	2,031,076	350,173	4,622	2,017	657	6,834,133
- Net settled derivatives	10,116	13,845	17,989	43,695	16,361	15,635	117,641
Recourse obligation on loans sold to Cagamas Berhad	150,999	17,087	20,504	214,332	522,750	-	925,672
Long term borrowings	-	32,865	53,965	213,403	209,465	342,050	851,748
Subordinated obligations	-	77,650	77,650	1,545,600	863,100	1,152,600	3,716,600
Hybrid Tier I Capital Securities	-	22,563	22,563	90,250	90,250	765,700	991,326
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>55,801,031</b>	<b>25,558,292</b>	<b>9,422,943</b>	<b>3,083,730</b>	<b>1,972,254</b>	<b>2,318,757</b>	<b>98,157,007</b>

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Group's and Bank's commitments and contingencies:

Group	Less than 1 year RM'000	Over 1 year RM'000	Total RM'000
<b>2011</b>			
Direct credit substitutes	357,640	1,149,221	1,506,861
Transaction-related contingent items	336,308	1,852,761	2,189,069
Short term self-liquidating trade-related contingencies	617,510	284,500	902,010
Obligations under underwriting agreements	208,500	-	208,500
Irrevocable commitments to extend credit	10,133,756	25,028,693	35,162,449
<b>TOTAL COMMITMENTS AND CONTINGENCIES</b>	<b>11,653,714</b>	<b>28,315,175</b>	<b>39,968,889</b>
<b>2010</b>			
Direct credit substitutes	2,366,972	-	2,366,972
Transaction-related contingent items	1,905,733	-	1,905,733
Short term self-liquidating trade-related contingencies	825,269	-	825,269
Obligations under underwriting agreements	29,000	-	29,000
Irrevocable commitments to extend credit	31,965,921	4,492,229	36,458,150
<b>TOTAL COMMITMENTS AND CONTINGENCIES</b>	<b>37,092,895</b>	<b>4,492,229</b>	<b>41,585,124</b>
<b>Bank</b>			
<b>2011</b>			
Direct credit substitutes	357,605	1,023,534	1,381,139
Transaction-related contingent items	241,750	1,843,514	2,085,264
Short term self-liquidating trade-related contingencies	575,086	284,500	859,586
Irrevocable commitments to extend credit	8,466,652	22,488,731	30,955,383
<b>TOTAL COMMITMENTS AND CONTINGENCIES</b>	<b>9,641,093</b>	<b>25,640,279</b>	<b>35,281,372</b>
<b>2010</b>			
Direct credit substitutes	2,170,663	-	2,170,663
Transaction-related contingent items	1,750,541	-	1,750,541
Short term self-liquidating trade-related contingencies	785,946	-	785,946
Irrevocable commitments to extend credit	29,557,105	3,938,118	33,495,223
<b>TOTAL COMMITMENTS AND CONTINGENCIES</b>	<b>34,264,255</b>	<b>3,938,118</b>	<b>38,202,373</b>

Undrawn loans commitments are recognised at activation stage and include commitments which are unconditionally cancellable by the Group and the Bank. The Group and the Bank expect that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk

##### (i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statement of financial position is the amounts on the statement of financial position as well as off balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Bank:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk exposure relating to on-balance sheet assets:		
Short-term funds (exclude cash in hand)	17,700,923	12,484,907
Securities purchased under resale agreements	142,291	276,407
Deposits and placements with banks and other financial institutions	937,828	824,071
Financial assets and investments portfolios (exclude shares):		
- Held-for-trading	1,303,419	348,511
- Available-for-sale	7,626,424	9,587,228
- Held-to-maturity	13,475,167	10,674,245
Loans, advances and financing	95,083,373	81,531,003
Other financial assets	179,244	117,062
Derivative assets	226,980	298,389
	<b>136,675,649</b>	<b>116,141,823</b>
Credit risk exposure relating to off-balance sheet items:		
Commitments and contingencies	39,968,889	41,585,124
Total maximum credit risk exposure	<b>176,644,538</b>	<b>157,726,947</b>

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

##### (i) Maximum exposure to credit risk (continued)

	2011 RM'000	Bank 2010 RM'000
Credit risk exposure relating to on-balance sheet assets:		
Short-term funds (exclude cash in hand)	11,657,105	10,633,112
Securities purchased under resale agreements	142,291	276,407
Deposits and placements with banks and other financial institutions	2,200,238	1,539,648
Financial assets and investments portfolios (exclude shares):		
- Held-for-trading	869,888	129,583
- Available-for-sale	5,953,316	7,800,537
- Held-to-maturity	12,021,999	9,558,312
Loans, advances and financing	80,369,613	71,125,558
Other financial assets	588,714	152,140
Derivative assets	263,605	298,148
	114,066,769	101,513,445
Credit risk exposure relating to off-balance sheet items:		
Commitments and contingencies	35,281,372	38,202,373
Total maximum credit risk exposure	149,348,141	139,715,818

##### (ii) Collaterals

The main types of collateral obtained by the Group and the Bank are as follows:

- (a) Fixed deposits, Mudharabah General Investment Account, negotiable instrument of deposits, foreign currency deposits and cash deposits/margins
- (b) Land and buildings
- (c) Vessels and automobiles
- (d) Quoted shares, unit trusts, Malaysian Government Bonds and securities and private debt securities
- (e) Endowment life policies with cash surrender value
- (f) Other tangible business assets, such as inventory and equipment

The Group and the Bank also accepts non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract payments, which are subject to internal guidelines on eligibility.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans and advances as at 31 December 2011 for the Group and the Bank are 58.1% and 59.2% respectively. The financial effect of collateral held for the other financial assets is not significant.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

##### (iii) Credit quality

The Group and the Bank assess credit quality of loans and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgement.

Loans, advances and financing

<b>Internal ratings</b>	<b>Description</b>
- Investment Grade	Strong(est) credit quality which are associated with general standards of investment grade as defined by international rating agency such as Standard and Poor's (S&P), Moody's, Fitch and Rating Agency Malaysia (RAM).
- Lower investment Grade	Lower credit quality which are associated with general standards of investments grade as defined by international rating agency such as Standard and Poor's (S&P), Moody's, Fitch and Rating Agency Malaysia (RAM).
- Non-investment Grade	Weaker credit quality which are associated with general standards of non-investment grade as defined by international rating agency such as Standard and Poor's (S&P), Moody's, Fitch and Rating Agency Malaysia (RAM).

The credit quality of financial assets other than loans, advances and financing are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**39 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Credit risk (continued)**

(iii) Credit quality (continued)

(a) Loans, advances and financing

Loans, advances and financing are summarised as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Neither past due nor impaired	88,280,657	75,236,598	74,210,406	65,305,450
Past due but not impaired	5,922,541	5,103,655	5,532,244	5,012,743
Individually impaired	3,350,486	3,671,258	2,727,004	2,927,024
Gross loans, advances and financing	97,553,684	84,011,511	82,469,654	73,245,217
Less: Individual impairment allowance	(812,502)	(854,899)	(666,218)	(682,522)
Collective impairment allowance	(1,657,809)	(1,625,609)	(1,433,823)	(1,437,137)
Net loans, advances and financing	95,083,373	81,531,003	80,369,613	71,125,558

(i) Loans, advances and financing neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's and the Bank's internal credit grading system is as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Investment Grade	56,210,960	51,009,874	49,454,870	46,443,934
Lower investment Grade	8,925,966	5,924,440	7,994,922	4,945,630
Non-investment Grade	1,036,899	8,003,924	365,420	7,966,636
Non-rated	22,106,832	10,298,360	16,395,194	5,949,250
	88,280,657	75,236,598	74,210,406	65,305,450

Loans, advances and financing classified as non-rated mainly comprise of loans under the standardised approach for credit risk including Amanah Saham Bumiputera ('ASB'), Islamic housing financing and Islamic hire purchase.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

(iii) Credit quality (continued)

(a) Loans, advances and financing (continued)

(ii) Loans, advances and financing past due but not impaired

Analysis of ageing of loans, advances and financing that are past due but not impaired is as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Past due up to 30 days	1,972,442	1,322,560	1,936,875	1,302,342
Past due 31 to 60 days	2,736,127	2,621,829	2,473,992	2,552,832
Past due 61 to 90 days	1,213,972	1,159,266	1,121,377	1,157,569
Past due but not impaired	5,922,541	5,103,655	5,532,244	5,012,743

(iii) Loans, advances and financing that are individually determined to be impaired are as follows:

	Group		Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Individually impaired loans	3,350,486	3,671,258	2,727,004	2,927,024

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iii) Credit quality (continued)

(b) Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets.

Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets are summarised as follows:

Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other financial assets RM'000	Derivative assets RM'000
<b>2011</b>							
Neither past due nor impaired	18,638,751	142,291	1,303,419	7,477,249	13,452,344	179,244	226,980
Impaired	-	-	-	149,175	146,334	-	-
Less: Impairment losses	-	-	-	-	(123,511)	-	-
	18,638,751	142,291	1,303,419	7,626,424	13,475,167	179,244	226,980
<b>2010</b>							
Neither past due nor impaired	13,308,978	276,407	348,511	9,387,732	10,637,095	117,062	298,389
Impaired	-	-	-	199,496	159,536	-	-
Less: Impairment losses	-	-	-	-	(122,386)	-	-
	13,308,978	276,407	348,511	9,587,228	10,674,245	117,062	298,389

The amount of short-term funds, deposits and placements with banks and other financial institutions, financial assets and investments portfolios and derivative assets that are past due but not impaired is not material.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

(iii) Credit quality (continued)

(b) Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets (continued).

Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets are summarised as follows (continued):

Bank	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other financial assets RM'000	Derivative assets RM'000
<b>2011</b>							
Neither past due nor impaired	13,857,343	142,291	869,888	5,804,141	11,999,176	588,714	263,605
Impaired	-	-	-	149,175	146,334	-	-
Less: Impairment losses	-	-	-	-	(123,511)	-	-
	13,857,343	142,291	869,888	5,953,316	12,021,999	588,714	263,605
<b>2010</b>							
Neither past due nor impaired	12,172,760	276,407	129,583	7,601,041	9,521,162	152,140	298,148
Impaired	-	-	-	199,496	159,536	-	-
Less: Impairment losses	-	-	-	-	(122,386)	-	-
	12,172,760	276,407	129,583	7,800,537	9,558,312	152,140	298,148

The amount of short-term funds, deposits and placements with banks and other financial institutions, financial assets and investments portfolios and derivative assets that are past due but not impaired is not material.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iii) Credit quality (continued)

(b) Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets (continued).

(i) Analysis of short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation as at 31 December 2011 are as follows:

Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other financial assets RM'000	Derivative assets RM'000
<b>2011</b>							
AAA to AA3	254	142,291	280,562	2,174,097	4,386,478	-	87,278
A1 to A3	354,702	-	16,496	1,236,724	1,560,712	-	64,203
Baa1 to Baa3	381,806	-	-	254,851	259,273	-	27,392
P1 to P3	12,467,372	-	-	23,968	-	-	38
Non-rated including:	5,434,617	-	1,006,361	3,787,609	7,245,881	179,244	48,069
- Bank Negara Malaysia	5,129,474	-	808,374	-	-	-	541
- Malaysian Government Securities	-	-	-	974,018	2,768,820	-	-
- Malaysian Government Investment Issues	-	-	144,220	1,965,660	2,991,758	-	-
- Private Debt Securities	-	-	-	847,931	1,200,103	-	-
- Bankers' Acceptances	-	-	-	-	169,823	-	-
- Khazanah Bonds	-	-	53,767	-	63,418	-	-
- Others	305,143	-	-	-	51,959	179,244	47,528
	18,638,751	142,291	1,303,419	7,477,249	13,452,344	179,244	226,980

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

(iii) Credit quality (continued)

(b) Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets (continued).

(i) Analysis of short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation as at 31 December 2010 are as follows:

Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other financial assets RM'000	Derivative assets RM'000
<b>2010</b>							
AAA to AA3	163,544	276,076	129,508	2,183,843	3,938,905	-	130,666
A1 to A3	351,641	331	-	624,024	1,538,181	-	79,249
Baa1 to Baa3	308,638	-	10,216	214,784	241,750	-	2,438
P1 to P3	5,081,877	-	24,906	109,589	-	-	-
Non-rated including:	7,403,278	-	183,881	6,255,492	4,918,259	117,062	86,036
- Bank Negara Malaysia	7,008,453	-	173,815	-	-	-	-
- Malaysian Government Securities	-	-	-	3,199,222	2,948,345	-	-
- Malaysian Government Investment Issues	-	-	10,066	2,306,237	1,371,160	-	-
- Private Debt Securities	-	-	-	570,280	521,867	-	-
- Khazanah Bonds	-	-	-	-	52,632	-	-
- Others	394,825	-	-	179,753	24,255	117,062	86,036
	13,308,978	276,407	348,511	9,387,732	10,637,095	117,062	298,389

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

(iii) Credit quality (continued)

(b) Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets (continued).

(i) Analysis of short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation as at 31 December 2011 are as follows:

Bank	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other financial assets RM'000	Derivative assets RM'000
<b>2011</b>							
AAA to AA3	1,745,518	142,291	275,519	1,680,229	3,926,310	-	124,124
A1 to A3	354,702	-	-	1,213,213	1,540,390	-	64,203
Baa1 to Baa3	381,806	-	-	254,851	240,210	-	27,171
P1 to P3	11,204,393	-	-	7,989	-	-	38
Non-rated including:	170,924	-	594,369	2,647,859	6,292,266	588,714	48,069
- Bank Negara Malaysia	-	-	501,461	-	-	-	541
- Malaysian Government Securities	-	-	-	974,018	2,768,820	-	-
- Malaysian Government Investment Issues	-	-	92,908	1,096,153	2,195,778	-	-
- Private Debt Securities	-	-	-	577,688	1,102,774	-	-
- Bankers' Acceptances	-	-	-	-	169,823	-	-
- Khazanah Bonds	-	-	-	-	55,071	-	-
- Others	170,924	-	-	-	-	588,714	47,528
	13,857,343	142,291	869,888	5,804,141	11,999,176	588,714	263,605

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

(iii) Credit quality (continued)

(b) Short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets (continued).

(i) Analysis of short-term funds, deposits and placements with banks and other financial institutions, securities purchased under resale agreements, financial assets and investments portfolios, other assets and derivative assets that are neither past due nor impaired by rating agency designation as at 31 December 2010 are as follows:

Bank	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities purchased under resale agreements RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Other financial assets RM'000	Derivative assets RM'000
<b>2010</b>							
AAA to AA3	972,028	276,076	119,367	1,950,359	3,570,319	-	131,931
A1 to A3	351,641	331	-	536,227	1,468,167	-	79,249
Baa1 to Baa3	215,979	-	10,216	214,784	223,230	-	2,438
P1 to P3	4,272,649	-	-	109,589	-	-	-
Non-rated including:	6,360,463	-	-	4,790,082	4,259,446	152,140	84,530
- Bank Negara Malaysia	6,008,273	-	-	-	-	-	-
- Malaysian Government Securities	-	-	-	3,199,222	2,948,345	-	-
- Malaysian Government Investment Issues	-	-	-	1,066,701	781,992	-	-
- Private Debt Securities	-	-	-	438,126	476,477	-	-
- Khazanah Bonds	-	-	-	-	52,632	-	-
- Others	352,190	-	-	86,033	-	152,140	84,530
	12,172,760	276,407	129,583	7,601,041	9,521,162	152,140	298,148



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**39 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(e) Credit risk (continued)**

(iv) Collateral and other credit enhancements obtained

The carrying amount of assets held by the Group and the Bank as at 31 December 2011 as a result of taking possession of collaterals held as securities is as follows:

	<b>Group and Bank</b>	
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Residential properties	2,534	3,724

Reposessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group and the Bank generally do not occupy the premises reposessed for its business use.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's financial assets, including off-balance sheet financial instruments, are set out below:

Group	Short-term funds and deposits and placements with banks and other financial institutions	Securities purchased under resale agreements	Financial assets held-for-trading	Financial investments available-for-sale <sup>®</sup>	Financial investments held-to-maturity	Loans, advances and financing <sup>#</sup>	Other financial assets*	On balance sheet total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2011</b>									
Agriculture	-	-	-	10,339	-	2,531,392	-	2,541,731	922,141
Mining and quarrying	-	-	-	-	-	300,478	-	300,478	208,399
Manufacturing	-	-	-	50,662	23,781	8,731,507	-	8,805,950	7,322,343
Electricity, gas and water	-	-	5,044	617,019	635,142	524,610	11,493	1,793,308	689,820
Construction	-	-	-	95,529	-	5,502,792	-	5,598,321	3,965,881
Real estate	-	-	-	257,273	238,833	1,704,227	-	2,200,333	696,988
Purchase of landed property	-	-	-	-	-	24,963,115	-	24,963,115	2,990,884
General commerce	-	-	-	80,067	-	5,832,761	-	5,912,828	4,294,085
Transport, storage and communication	-	-	-	57,072	395,299	7,418,703	-	7,871,074	1,798,475
Finance, insurance and business services	6,774,566	-	306,913	2,656,781	5,281,082	5,480,865	173,153	20,673,360	3,887,486
Government and government agencies	11,864,185	142,291	991,462	3,801,682	6,901,030	1,805,327	541	25,506,518	-
Purchase of securities	-	-	-	-	-	6,577,185	-	6,577,185	1,265,547
Purchase of transport vehicles	-	-	-	-	-	6,759,272	-	6,759,272	874,074
Consumption credit	-	-	-	-	-	7,252,522	-	7,252,522	7,291,351
Others	-	-	-	-	-	11,356,426	221,037	11,577,463	3,761,415
	18,638,751	142,291	1,303,419	7,626,424	13,475,167	96,741,182	406,224	138,333,458	39,968,889

# Excludes collective impairment allowance amounting to RM1,657,809,000.

® Excludes equity instrument amounting to RM388,661,000.

\* Other financial assets include other assets amounting to RM179,244,000 and derivative assets amounting to RM226,980,000.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's financial assets, including off-balance sheet financial instruments, are set out below (continued):

Group	Short-term	Securities	Financial	Financial	Financial	Loans,	Other	On	
	funds and								investments
	deposits and	under	assets	investments	investments	and	assets*	and	
	placements with	resale	held-for-	available-for-	held-to-	financing <sup>#</sup>	RM'000	sheet total	
	banks and	agreements	trading	sale <sup>@</sup>	maturity	RM'000	RM'000	contingencies	
	other financial	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
	institutions								
	RM'000								
<b>2010</b>									
Agriculture	-	-	-	9,496	-	2,415,893	-	2,425,389	789,087
Mining and quarrying	-	-	-	-	-	127,176	-	127,176	155,118
Manufacturing	-	-	-	128,792	36,803	8,946,342	-	9,111,937	8,067,499
Electricity, gas and water	-	-	24,906	182,085	128,028	702,678	-	1,037,697	1,611,720
Construction	-	-	-	37,369	-	3,454,737	-	3,492,106	5,175,282
Real estate	-	-	-	63,902	35,723	1,085,249	-	1,184,874	909,095
Purchase of landed property	-	-	-	-	-	23,322,504	-	23,322,504	4,160,660
General commerce	-	-	-	23,560	47,750	5,575,577	-	5,646,887	5,339,941
Transport, storage and communication	-	-	-	95,508	412,213	5,455,044	3	5,962,768	1,938,899
Finance, insurance and business services	6,334,732	31,448	183,956	2,949,232	5,047,314	5,193,333	-	19,740,015	1,489,779
Government and government agencies	6,974,246	244,959	139,649	6,097,284	4,966,414	14,985	-	18,437,537	-
Purchase of securities	-	-	-	-	-	3,744,731	-	3,744,731	1,244,967
Purchase of transport vehicles	-	-	-	-	-	6,641,427	-	6,641,427	877,191
Consumption credit	-	-	-	-	-	5,456,048	-	5,456,048	6,444,870
Others	-	-	-	-	-	11,020,888	415,448	11,436,336	3,381,016
	13,308,978	276,407	348,511	9,587,228	10,674,245	83,156,612	415,451	117,767,432	41,585,124

# Excludes collective impairment allowance amounting to RM1,625,609,000.

@ Excludes equity instrument amounting to RM346,350,000.

\* Other financial assets include other assets amounting to RM155,653,000 and derivative assets amounting to RM298,389,000.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out below:

Bank	Short-term funds and deposits and placements with banks and other financial institutions	Securities purchased under resale agreements	Financial assets held-for-trading	Financial investments available-for-sale <sup>®</sup>	Financial investments held-to-maturity	Loans, advances and financing <sup>#</sup>	Other financial assets*	On balance sheet total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2011</b>									
Agriculture	-	-	-	10,339	-	2,286,318	-	2,296,657	866,895
Mining and quarrying	-	-	-	-	-	115,721	-	115,721	208,399
Manufacturing	-	-	-	50,662	23,781	7,617,064	-	7,691,507	6,713,034
Electricity, gas and water	-	-	-	473,895	567,796	139,549	11,493	1,192,733	683,281
Construction	-	-	-	95,529	-	4,913,056	-	5,008,585	3,493,552
Real estate	-	-	-	120,128	49,003	1,510,867	-	1,679,998	677,164
Purchase of landed property	-	-	-	-	-	21,968,651	-	21,968,651	2,277,700
General commerce	-	-	-	80,067	-	5,091,272	-	5,171,339	3,771,084
Transport, storage and communication	-	-	-	9,369	325,137	3,386,874	-	3,721,380	769,070
Finance, insurance and business services	5,811,999	-	-	2,625,031	5,281,082	5,398,589	234,495	19,351,196	3,811,428
Government and government agencies	8,045,344	142,291	869,888	2,488,296	5,775,200	-	541	17,321,560	-
Purchase of securities	-	-	-	-	-	6,568,578	-	6,568,578	1,265,547
Purchase of transport vehicles	-	-	-	-	-	6,759,272	-	6,759,272	874,074
Consumption credit	-	-	-	-	-	7,252,522	-	7,252,522	6,452,057
Others	-	-	-	-	-	8,795,103	605,790	9,400,893	3,418,087
	13,857,343	142,291	869,888	5,953,316	12,021,999	81,803,436	852,319	115,500,592	35,281,372

# Excludes collective impairment allowance amounting to RM1,433,823,000.

® Excludes equity instrument amounting to RM385,830,000.

\* Other financial assets include other assets amounting to RM588,714,000 and derivative assets amounting to RM263,605,000.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out below (continued):

Bank	Short-term funds and deposits and placements with banks and other financial institutions	Securities purchased under resale agreements	Financial assets held-for-trading	Financial investments available-for-sale <sup>®</sup>	Financial investments held-to-maturity	Loans, advances and financing <sup>#</sup>	Other financial assets*	On balance sheet total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2010</b>									
Agriculture	-	-	-	9,496	-	1,986,321	-	1,995,817	757,994
Mining and quarrying	-	-	-	-	-	100,319	-	100,319	155,118
Manufacturing	-	-	-	128,792	36,803	7,820,903	-	7,986,498	7,876,759
Electricity, gas and water	-	-	-	114,751	60,945	286,549	-	462,245	1,478,535
Construction	-	-	-	37,369	-	2,862,527	-	2,899,896	4,792,338
Real estate	-	-	-	47,647	-	1,091,678	-	1,139,325	846,822
Purchase of landed property	-	-	-	-	-	20,707,015	-	20,707,015	3,916,145
General commerce	-	-	-	18,512	47,750	4,862,867	-	4,929,129	4,844,965
Transport, storage and communication	-	-	-	-	-	3,335,155	-	3,715,124	1,830,210
Finance, insurance and business services	6,164,486	31,448	-	2,672,943	4,751,517	4,719,404	48,519	18,388,317	1,349,218
Government and government agencies	6,008,273	244,959	129,583	4,715,951	4,336,404	-	-	15,435,170	-
Purchase of securities	-	-	-	-	-	3,732,462	-	3,732,462	1,244,967
Purchase of transport vehicles	-	-	-	-	-	6,641,427	-	6,641,427	877,191
Consumption credit	-	-	-	-	-	5,456,048	-	5,456,048	6,439,771
Others	-	-	-	-	-	8,960,020	401,769	9,361,789	1,792,340
	12,172,759	276,407	129,583	7,800,537	9,558,312	72,562,695	450,288	102,950,581	38,202,373

# Excludes collective impairment allowance amounting to RM1,437,137,000.

® Excludes equity instrument amounting to RM342,683,000.

\* Other financial assets include other assets amounting to RM162,646,000 and derivative assets amounting to RM298,148,000.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (f) Fair value measurement

Amendments to FRS 7 “Financial Instruments: Disclosures - improving disclosures about financial instruments” (effective from 1 January 2011) requires disclosure of fair value measurements by level of a fair value measurement hierarchy. Comparatives disclosures is not required by the standard.

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

2011	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>Financial assets</b>				
Financial investments held-for-trading	-	1,303,419	-	1,303,419
Financial investments available-for-sale	17,960	7,500,272	496,853	8,015,085
Derivative assets	-	226,980	-	226,980
	17,960	9,030,671	496,853	9,545,484
<b>Financial liabilities</b>				
Derivative liabilities	-	237,004	-	237,004
<b>Bank</b>				
<b>Financial assets</b>				
Financial investments held-for-trading	-	869,888	-	869,888
Financial investments available-for-sale	15,704	5,826,589	496,853	6,339,146
Derivative assets	-	263,605	-	263,605
	15,704	6,960,082	496,853	7,472,639
<b>Financial liabilities</b>				
Derivative liabilities	-	234,522	-	234,522

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**39 FINANCIAL RISK MANAGEMENT (CONTINUED)****(f) Fair value measurement (continued)**

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

<b>Group and Bank</b>	<b>Financial investments available- for-sale RM'000</b>
At 1 January 2011	461,811
Total gains or losses recognised in other comprehensive income	42,823
Sales	(250)
Settlements	(7,026)
Reversal of impairment losses	(307)
Exchange differences	(198)
<b>As at 31 December 2011</b>	<b>496,853</b>

**40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's and Bank's statements of financial position at their fair values:

	<b>Group</b>		<b>Bank</b>	
	<b>Carrying value RM'000</b>	<b>Fair value RM'000</b>	<b>Carrying value RM'000</b>	<b>Fair value RM'000</b>
<b>2011</b>				
<b>Financial assets</b>				
Deposits and placements with banks and other financial institutions	937,828	937,828	2,200,238	2,113,114
Financial investments held-to-maturity	13,475,167	13,639,962	12,021,999	12,176,983
Loans, advances and financing	95,083,373	94,926,885	80,369,613	80,319,569
<b>Financial liabilities</b>				
Deposits from customers	113,638,280	113,651,956	94,349,181	94,371,426
Deposits and placements of banks and other financial institutions	7,996,621	7,980,237	5,809,666	5,793,282
Recourse obligation on loans sold to Cagamas Berhad	1,161,814	1,179,720	1,161,814	1,179,720
Hybrid Tier I Capital Securities	605,570	709,089	605,570	709,089
Subordinated obligations	3,269,678	3,128,338	3,269,678	3,128,338

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's and Bank's statements of financial position at their fair values (continued):

	<b>Group</b>		<b>Bank</b>	
	<b>Carrying value RM'000</b>	<b>Fair value RM'000</b>	<b>Carrying value RM'000</b>	<b>Fair value RM'000</b>
<b>2010</b>				
<b>Financial assets</b>				
Financial investments held-to-maturity	10,674,245	10,801,377	9,558,312	9,664,386
Loans, advances and financing	81,531,003	81,693,151	71,125,558	71,177,558
<b>Financial liabilities</b>				
Deposits from customers	92,402,813	92,409,966	80,567,577	80,571,881
Deposits and placements of banks and other financial institutions	7,680,309	7,646,332	6,158,453	6,124,476
Recourse obligation on loans sold to Cagamas Berhad	818,053	782,525	818,503	782,525
Hybrid Tier I Capital Securities	605,407	684,333	605,407	684,333
Subordinated obligations	3,018,157	3,097,047	3,018,157	3,097,047

The fair values are based on the following methodologies and assumptions:

## (i) Cash and short-term funds and deposits and placements with financial institutions

For cash and short-term funds and deposits and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

## (ii) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using market rates for the remaining term to maturity.

## (iii) Financial investments held-to-maturity

The fair value for financial investments held-to-maturity is based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative interest yields or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the statements of financial position date.



Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

#### 40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(iv) Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired floating and fixed rates loans are represented by their carrying value, net of impairment allowance.

(v) Other assets and liabilities

The carrying value less any estimated impairment allowance for financial assets and liabilities included in "other assets and liabilities" are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(vi) Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

(vii) Deposits and placements of banks and other financial institutions, bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, bills and acceptances payable with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

(viii) Recourse obligation on loans sold to Cagamas Berhad

For amount due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amount due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

(ix) Long term borrowings

For floating rate borrowings, the carrying value is generally a reasonable estimate of fair value.

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

(x) Subordinated obligations

The estimated fair value of subordinated obligations is generally based on quoted and observable market prices at the date of statements of financial position.

(xi) Hybrid Tier I Capital Securities

The estimated fair value of hybrid capital securities is generally based on quoted and observable market prices at the date of statements of financial position.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

**40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

(xii) Credit related commitments and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

(xiii) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Bank would receive or pay to terminate the contracts at the date of statement of financial position.

**41 CAPITAL ADEQUACY**

With effect from 1 July 2010, the capital ratios of the Bank are computed based on Bank Negara Malaysia's ('BNM') Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The capital ratios of RHB Islamic Bank Berhad ('RHB Islamic Bank') are computed based on BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

	RHB Bank *		RHB Islamic Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Tier I Capital</b>				
Paid-up ordinary share capital	3,318,085	3,318,085	773,424	523,424
Hybrid Tier I Capital Securities	597,475	597,227	-	-
Share premium	8,563	8,563	-	-
Retained profits	3,338,769	2,492,142	271,298	222,371
Other reserves	3,042,860	2,673,342	280,411	231,484
	10,305,752	9,089,359	1,325,133	977,279
Less: Goodwill	(905,519)	(905,519)	-	-
Net deferred tax assets	(62,951)	(265,300)	(9,105)	(33,269)
Total Tier I capital	9,337,282	7,918,540	1,316,028	944,010
<b>Tier II Capital</b>				
Subordinated obligations	3,250,000	3,000,000	-	-
Collective impairment allowance <sup>^</sup>	376,254	263,786	135,113	103,037
Total Tier II capital	3,626,254	3,263,786	135,113	103,037
Less: Investment in subsidiaries	(872,656)	(622,656)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(178,986)	(199,127)	-	-
Other deduction <sup>#</sup>	(3,787)	(3,190)	(24)	(102)
Eligible Tier II capital	2,570,825	2,438,813	135,089	102,935
Total capital base	11,908,107	10,357,353	1,451,117	1,046,945

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**41 CAPITAL ADEQUACY (CONTINUED)**

	RHB Bank *		RHB Islamic Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Capital ratios</b>				
Before proposed dividends:				
Core capital ratio	12.76%	10.79%	12.65%	12.23%
Risk-weighted capital ratio	16.27%	14.11%	13.95%	13.56%
After proposed dividends:				
Core capital ratio	12.28%	10.46%	12.65%	12.23%
Risk-weighted capital ratio	15.79%	13.79%	13.95%	13.56%

	RHB Bank*		RHB Islamic Bank	
	Principal RM'000	Risk- weighted assets RM'000	Principal RM'000	Risk- weighted assets RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:				
<b>2011</b>				
(i) Credit risk	128,692,878	64,345,943	23,349,645	9,226,699
(ii) Market risk		1,884,914		565,103
(iii) Operational risk		6,939,645		608,028
Total risk-weighted assets		73,170,502		10,399,830
<b>2010</b>				
(i) Credit risk	112,016,830	65,571,292	13,568,190	7,124,858
(ii) Market risk		1,232,084		30,513
(iii) Operational risk		6,559,217		566,538
Total risk-weighted assets		73,362,593		7,721,909

\* The Bank figures includes the operations of RHB Bank (L) Ltd. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, RHB Bank (L) Ltd.

^ Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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

Pursuant to BNM circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I capital and deferred tax assets are excluded from the calculation of risk-weighted assets.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

## 41 CAPITAL ADEQUACY (CONTINUED)

	RHB Bank Group	
	2011 RM'000	2010 RM'000
<b>Tier I Capital</b>		
Paid-up ordinary share capital	3,318,085	3,318,085
Hybrid Tier I Capital Securities	597,475	597,227
Share premium	8,563	8,563
Retained profits	3,736,207	2,827,885
Other reserves	3,297,296	2,866,249
	10,957,626	9,618,009
Less: Goodwill	(1,004,017)	(1,004,017)
Net deferred tax assets	(79,578)	(307,495)
Total Tier I capital	9,874,031	8,306,497
<b>Tier II Capital</b>		
Subordinated obligations	3,250,000	3,000,000
Collective impairment allowance <sup>^</sup>	521,185	368,224
Total Tier II capital	3,771,185	3,368,224
Less: Excess of total expected loss over total eligible provision under the IRB approach	(184,551)	(196,278)
Other deduction <sup>#</sup>	(3,811)	(3,292)
Eligible Tier II capital	3,582,823	3,168,654
Total capital base	13,456,854	11,475,151

<sup>^</sup> Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

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

Pursuant to BNM circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I capital and deferred tax assets are excluded from the calculation of risk-weighted assets.

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

**41 CAPITAL ADEQUACY (CONTINUED)**

	RHB Bank Group	
	2011 RM'000	2010 RM'000
<b>Capital ratios</b>		
Before proposed dividends:		
Core capital ratio	11.89%	10.27%
Risk-weighted capital ratio	16.20%	14.19%
After proposed dividends:		
Core capital ratio	11.46%	9.97%
Risk-weighted capital ratio	15.78%	13.89%
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:		
Credit risk	72,979,111	72,460,531
Market risk	2,478,476	1,255,271
Operational risk	7,585,528	7,162,161
Total risk-weighted assets	83,043,115	80,877,963

**42 SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

The Group's business segments are organised into the following main segments reflecting the Group's internal reporting structure:

## (a) Corporate Banking

Corporate Banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned entities. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowing and lending facilities are offered in major currencies mainly to corporate customers.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 42 SEGMENT REPORTING (CONTINUED)

(b) Retail Banking

Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire purchase financing, study loans, lease financing and personal loans), credit cards, remittance services, deposit collection and investment products.

(c) Business Banking

Business Banking caters to funding or lending needs to small and medium sized enterprises.

(d) Treasury and Money Market

Treasury and money market operations are involved in proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies.

(e) Islamic Banking business

Islamic Banking business focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, government and state owned entities as well as small and medium sized enterprises.

(f) Global Financial Banking

Global Financial Banking focuses on providing banking related products & services tailored to the specific needs in foreign countries. Currently, the Group has established foreign operations in Singapore, Thailand and Brunei.

(g) Others

Others comprise of results from other business segments in the Group (nominee services, property investment and rental, dormant operations and other related financial services), funding center of the commercial banking subsidiary and investment holding company, whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and thus, have been reported in aggregate.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs for example back office support, centralised cost, funding centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

In line with the revision in the Group's internal management reporting framework during the financial year, the significant modification or revision on the basis of preparation and measurement of segment results are as follows:

- Excluding the results of funding center from "Treasury and Money Market" segment; and
- Allocation of head office and back office support cost, which were previously classified as unallocated cost, to the respective business segments.

Following the change in the composition of the reportable segments, the Group has restated the corresponding items of segment information for 2010.

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.









## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 42 SEGMENT REPORTING (CONTINUED)

Group	2010							Total RM'000	
	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Treasury and Money Market RM'000	Islamic Banking Business RM'000	Global Financial Banking RM'000	Others RM'000		Elimination RM'000
Segment assets	26,684,355	35,521,093	10,372,414	30,251,030	8,904,619	7,697,003	43,935	(1,088,674)	118,385,775
Deferred tax assets									260,089
Tax recoverable									27
Unallocated assets									808,676
Total assets									119,454,567
Segment liabilities	16,118,579	24,596,143	5,994,511	45,888,106	4,654,523	6,533,822	6,506,750	(1,252,614)	109,039,820
Taxation									167,338
Deferred tax liabilities									6
Unallocated liabilities									1,083,419
Total liabilities									110,290,583
Other segment items									
Capital expenditure	1,648	116,107	6,590	805	4,228	3,415	-	-	132,793

Notes To The Financial Statements  
For The Financial Year Ended 31 December 2011 (continued)

#### 42 SEGMENT REPORTING (CONTINUED)

The geographical information is prepared based on the location of the assets.

	Group	
	2011 RM'000	2010 RM'000
<b>Segment revenue</b>		
Malaysia	4,121,124	3,824,053
Outside Malaysia	214,867	186,591
Total	4,335,991	4,010,644
<b>Segment assets</b>		
Malaysia	133,764,957	111,757,564
Outside Malaysia	9,219,640	7,697,003
Total	142,984,597	119,454,567
<b>Capital expenditure</b>		
Malaysia	165,581	129,378
Outside Malaysia	6,969	3,415
Total	172,550	132,793

#### 43 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

**(a) Issuance of RM250.0 million nominal value of Subordinated Notes and/or Senior Notes under a Multi-Currency Medium Term Note Programme ( MCMTN Programme) by the Bank**

On 31 October 2011, the Bank issued RM250.0 million nominal value of Subordinated Notes, being part of the RM3.0 billion in nominal value (or its equivalent in other currencies) under MCMTN Programme. The issuance comprises of 4.25% 10 non-call 5 years subordinated Notes of RM250.0 million due on 29 October 2021.

**(b) Proposed acquisition of 80% of the issued and paid-up share capital in Bank Mestika**

RHB Capital Berhad ('RHB Capital'), the Bank's holding company had on 19 October 2009 entered into a conditional sale and purchase agreement with PT Mestika Benua Mas ('Vendor') for the proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma ('Bank Mestika'), comprising 654,414 ordinary shares of Indonesian Rupiah ('Rp') 1,000,000 each, for a total cash consideration of Rp3,118,300,347,760 (equivalent to approximately RM1,163,126,030 based on an assumed exchange rate of Rp100,000=RM37.3 ('CSPA') ('Proposed Acquisition'). Simultaneous with the execution of, and in accordance to the CSPA, RHB Capital had also on even date entered into an agreement with the Vendor and The Hongkong and Shanghai Banking Corporation Limited, acting as the escrow agent, ('Escrow Agreement') for the purpose of facilitating the payment of deposit for the Proposed Acquisition.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2011 (continued)

### 43 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

#### (b) Proposed acquisition of 80% of the issued and paid-up share capital in Bank Mestika (continued)

In addition, RHB Capital and the Vendor had also on even date entered into an option agreement pertaining to 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Options') held by the Vendor after Bank Mestika's proposed initial public offering ('Option Shares') for a total cash consideration of approximately Rp350,809 million (equivalent to approximately RM131 million) plus additional performance related returns of up to 15% per annum compounded annually (adjusted for dividends paid), payable only in the event the Vendor opts to dispose of the Option Shares to RHB Capital or RHB Capital opts to acquire the Option Shares from the Vendor on any of the anniversary dates of the completion of the Proposed Acquisition during the Option Period (as defined in Section 2.8.3(iii) of the announcement of the Proposed Acquisition dated 19 October 2009) ('Option Agreement'). (The CSPA, Escrow Agreement and the Option Agreement are collectively to be referred to as 'Transaction Agreements').

On 23 October 2009, RHB Capital had assigned all of its rights, title, interest, benefit and entitlement, and novated all of its obligations and liabilities as contained in the Transaction Agreements to RHB Venture Capital Sdn Bhd ('RHB VC').

On 20 December 2010, RHB Capital announced that in consultation with the relevant authorities and the Vendor, it is proposed that the Bank will be the new entity to hold the investment in Bank Mestika pursuant to the Proposed Acquisition and the Proposed Options, in place of RHB VC. In this respect, RHB VC has on 17 December 2010 assigned all of its rights, title, interest, benefit and entitlement, and novated all of its obligations and liabilities as contained in the Transaction Agreements to the Bank. Accordingly, the Bank has on 20 December 2010, submitted the relevant applications to Bank Indonesia and BNM as the acquirer for the Proposed Acquisition and the Proposed Options. BNM had on 31 January 2011, granted its approval to the Bank for the Proposed Acquisition. The Proposed Options is conditional upon the Proposed Acquisition but not vice versa.

On 19 April 2011, the Bank and the Vendor had subsequently on 18 April 2011, by way of an exchange of letter, mutually agreed to further extend the period to satisfy or waive the condition precedent based on the terms of the CSPA to 31 December 2011. The extension of the CSPA is conditional upon, inter-alia, permission and approval from RHB Bank for Bank Mestika to distribute dividend to the Vendor no later than 19 May 2011, pending which, the CSPA will only be extended until 19 May 2011 ('Initial Extension Period'). In the event the Initial Extension Period lapses, the CSPA will be deemed automatically terminated.

RHB Bank has subsequently agreed to give its permission and approval for Bank Mestika to distribute dividend out of the retained earnings accumulated subsequent to the financial year ended 31 December 2008 to the Vendor and the dividend distribution will not have any impact on the purchase consideration for the Proposed Acquisition or the price-to-book ratio represented by the purchase consideration for the Proposed Acquisition.

On 21 December 2011, RHB Investment Bank on behalf of the RHB Capital, announced that the Bank and the Vendor had on 16 December 2011, by way of exchange of letters, mutually agreed to further extend the period to satisfy or waive the conditions precedent of the CSPA for the Proposed Acquisition to 29 February 2012.

The Proposed Acquisition and Proposed Options did not have any material effect on the earnings of the Bank for the financial year ended 31 December 2011. The Proposed Acquisition is expected to contribute to the future revenue and earnings of the Bank.

### 44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 February 2012.

## Statement By Directors

Pursuant To Section 169 (15) of The Companies Act, 1965

We, Tan Sri Azlan Zainol and Johari Abdul Muid, being two of the directors of RHB Bank Berhad state that, in the opinion of the directors, the financial statements set out on pages 067 to 198 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2011 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors.

**TAN SRI AZLAN ZAINOL**  
CHAIRMAN

**JOHARI ABDUL MUID**  
MANAGING DIRECTOR

Kuala Lumpur  
29 February 2012

## Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

I, Boey Wai Yee, the officer primarily responsible for the financial management of RHB Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 067 to 198 are, in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**BOEY WAI YEE**

Subscribed and solemnly declared by the abovenamed Boey Wai Yee at Kuala Lumpur in Wilayah Persekutuan on 29 February 2012.

before me:

COMMISSIONER FOR OATHS  
Kuala Lumpur

# Independent Auditors' Report

To the Member of RHB Bank Berhad

(Company No. 6171-M)

(Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of RHB Bank Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Bank, the income statements, statements of comprehensive income, changes in equity and cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages O67 to 198.

### Directors' Responsibility for the Financial Statements

The directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965, for such internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report  
To the Member of RHB Bank Berhad (continued)  
(Company No. 6171-M)  
(Incorporated in Malaysia)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER MATTERS**

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS**

(No. AF-1146)  
Chartered Accountants

**SRIDHARAN NAIR**

(No. 2656/05/12 (I))  
Chartered Accountant

Kuala Lumpur  
29 February 2012

# Pillar 3 Disclosures Contents

<b>203</b>	<b>Statement by Managing Director</b>
1.0	Introduction
2.0	Scope of Application
3.0	Capital Adequacy
3.1	Capital Adequacy Ratios
3.2	Minimum Capital Requirements and Risk-Weighted Assets
4.0	Capital Structure
5.0	Risk Management
6.0	Credit Risk
6.1	Credit Risk Management Oversight and Organisation
6.2	Credit Risk Management Approach
6.3	Internal Credit Ratings Models
6.4	Off-Balance Sheet Exposures and Counterparty Credit Risk
6.5	Credit Exposures and Risk-Weighted Assets By Portfolio and Approaches
6.6	Use of External Ratings
6.7	Credit Risk Monitoring and Control
6.8	Impairment Allowances for Loans/Financing
7.0	Market Risk
8.0	Equity Exposures in the Banking Book
9.0	Liquidity Risk
10.0	Interest Rate Risk/Rate of Return Risk in the Banking Book
11.0	Displaced Commercial Risk
12.0	Operational Risk
13.0	Reputational Risk
14.0	Shariah Non-Compliance Risk Management
15.0	Internal Capital Adequacy Assessment Process



## Statement by Managing Director

In accordance with the requirements of Bank Negara Malaysia's Guideline on 'Risk-Weighted Capital Adequacy Framework ('Basel II') – Disclosure Requirements ('Pillar 3'), and on behalf of the Board and Senior Management of RHB Bank Berhad, I am pleased to provide an attestation that the Basel II Pillar 3 disclosures of the Bank for the year ended 31st December 2011 are accurate and complete.

**JOHARI ABDUL MUID**  
Managing Director

## 1.0 INTRODUCTION

This document discloses RHB Bank Berhad's risk profile, risk management practices and capital adequacy position in accordance with the disclosure requirements as outlined in the Risk-Weighted Capital Adequacy Framework ('Basel II') – Disclosure Requirements ('Pillar 3') issued by Bank Negara Malaysia ('BNM').

This document covers the qualitative and quantitative information for financial year ended 31st December 2011 with comparative quantitative information of the preceding financial year 2010. This is RHB Bank Berhad's second annual Pillar 3 disclosure report published in accordance with the Guideline. This disclosure report has been verified and approved internally in line with the RHB Banking Group Pillar 3 Disclosure Policy.

The Bank's Pillar 3 disclosure report will be made available under the Investor Relations section of the Bank's website at [www.rhb.com.my](http://www.rhb.com.my) as a separate report in the Bank's annual report 2011, after the notes to the financial statements.

## 2.0 SCOPE OF APPLICATION

In this Pillar 3 document, RHB Bank Berhad's information is presented on a consolidated basis, i.e. RHB Bank Berhad and its overseas operations (Singapore, Brunei and Thailand) and its subsidiaries, and is referred to as the 'RHB Bank Group' or 'the Bank'.

In accordance with the accounting standards for financial reporting, all subsidiaries of the RHB Bank Group are fully consolidated from the date the Group obtains control until the date such control ceases. Refer to Note 12 for the financial statements for list of consolidated entities.

The RHB Bank Group's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements, except where the types of investments to be deducted from eligible capital are required under BNM's Guideline on 'Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components)' Part B Paragraph 4.

RHB Bank Group offers Islamic banking financial services via the Bank's wholly-owned subsidiary company, RHB Islamic Bank Berhad ('RHB Islamic Bank').

The transfer of funds or regulatory capital within RHB Bank Group is subject to shareholders' and regulatory approval.

## 3.0 CAPITAL ADEQUACY

Capital adequacy is the degree to which capital resources on the Bank's balance sheet are sufficient to cover the business capital requirements now and in the foreseeable future. It also indicates the ability of the Bank to provide credit across the business cycles and in meeting any contingency without compromising the interest of the depositors and investors.

Sufficient capital in relation to the risk profile of the Bank's assets helps promote financial stability and the confidence of the shareholders. The Bank aims to maximize the shareholders' value through an optimal capital structure that protects the stakeholders' interests and provides sufficient room for growth while meeting the regulatory requirements.

RHB Bank Group is also committed to maintaining a sound capital base to support the risks associated with diversified businesses, while still providing investors with reasonable returns.

BNM's Guideline on 'Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components)' Part B Paragraph 5 on Capital Adequacy Requirements, sets out the current requirements relating to the minimum capital adequacy ratios which a bank incorporated in Malaysia shall use in calculating these ratios.

With effect from 1st July 2010, the capital ratios of RHB Bank Group are computed based on BNM's Guideline on 'Risk-Weighted Capital Adequacy Framework (RWCAF): IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II)'.

The capital ratios of RHB Islamic Bank Berhad are computed based on BNM's Guideline on 'Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II)'.

### 3.0 CAPITAL ADEQUACY (CONTINUED)

#### 3.1 Capital Adequacy Ratios

The core capital ratios and capital adequacy ratios of RHB Bank Berhad on consolidated basis (RHB Bank Group), RHB Bank Berhad on global basis (RHB Bank) and RHB Islamic Bank as at 31st December 2011 and 31st December 2010 are as follows:-

**Table 1: Capital Adequacy Ratios**

	RHB Bank Group		RHB Bank		RHB Islamic Bank	
	2011	2010	2011	2010	2011	2010
<b>Before proposed final dividends:</b>						
Core capital ratio	11.89%	10.27%	12.76%	10.79%	12.65%	12.23%
Risk-weighted capital ratio	16.20%	14.19%	16.27%	14.11%	13.95%	13.56%
<b>After proposed final dividends:</b>						
Core capital ratio	11.46%	9.97%	12.28%	10.46%	12.65%	12.23%
Risk-weighted capital ratio	15.78%	13.89%	15.79%	13.79%	13.95%	13.56%

The above capital ratios and risk-weighted capital ratios are above the minimum level required by BNM.

#### 3.2 Minimum Capital Requirements and Risk-Weighted Assets ('RWA')

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

	RHB Bank Group (RM'000)		RHB Bank (RM'000)		RHB Islamic Bank (RM'000)	
	2011	2010	2011	2010	2011	2010
Credit RWA	72,979,111	72,460,531	64,345,943	65,571,292	9,226,699	7,124,858
Market RWA	2,478,476	1,255,271	1,884,914	1,232,084	565,103	30,513
Operational RWA	7,585,528	7,162,161	6,939,645	6,559,217	608,028	566,538
<b>Total</b>	<b>83,043,115</b>	<b>80,877,963</b>	<b>73,170,502</b>	<b>73,362,593</b>	<b>10,399,830</b>	<b>7,721,909</b>

Total RWA for RHB Bank Group for year 2011 increased by RM2.17 billion, mainly attributed by

- increase in Credit RWA from RHB Islamic Bank, and
- increase in Market RWA from both RHB Bank and RHB Islamic Bank, due to IRS and IPRS transactions to hedge the interest rate risk or rate of return risk in the banking book.

The following table shows the breakdown of RHB Bank Group's RWA by risk types and the corresponding capital requirement as at 31st December 2011 and 31st December 2010:-

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

Risk Type	RWA (RM'000)		Capital Requirement (RM'000)	
	2011	2010	2011	2010
<b>Credit Risk, of which</b>	72,979,111	72,460,531	5,838,329	5,796,843
Under F- IRB	25,237,837	25,385,870	2,019,027	2,030,870
Under A-IRB	16,466,926	21,740,765	1,317,354	1,739,261
Under Standardised Approach	31,274,348	25,333,896	2,501,948	2,026,712
<b>Market Risk</b>				
Under Standardised Approach	2,478,476	1,255,271	198,278	100,421
<b>Operational Risk</b>				
Under Basic Indicator Approach	7,585,528	7,162,161	606,842	572,973
<b>Total</b>	<b>83,043,115</b>	<b>80,877,963</b>	<b>6,643,449</b>	<b>6,470,237</b>

### 3.0 CAPITAL ADEQUACY (CONTINUED)

#### 3.2 Minimum Capital Requirements and Risk-Weighted Assets ('RWA') (continued)

Capital requirements for the three risk types are derived by multiplying the Risk-Weighted Assets by 8%.

Credit RWA under A-IRB Approach as at 31st December 2011 decreased by RM5.27 billion as a result of a reduction in the Credit RWA for the Bank's retail portfolio, while the Credit RWA under the Standardised Approach increased by RM5.94 billion due to increase in Credit RWA from the Islamic bank subsidiary, Singapore operations and Labuan subsidiary.

RHB Bank Group did not have any capital requirement for Large Exposure Risk as there was no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

### 4.0 CAPITAL STRUCTURE

The constituents of total eligible capital are set out in BNM's Guideline on 'Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components)' Parts C and D. These include shareholders' funds, after regulatory-related adjustments, and eligible capital instruments issued by RHB Bank Group.

Tier I capital consists primarily of ordinary share capital, hybrid tier I capital securities, share premium, retained profits and other reserves. Tier II capital consists of subordinated obligations and collective impairment allowance. Refer to Notes 19 and 20 for the Financial Statements for the terms of these capital instruments.

The following table represents the capital position of RHB Bank Group and RHB Bank as at 31st December 2011 and 31st December 2010.

**Table 4: Capital Structure**

	RHB Bank Group (RM'000)		RHB Bank (RM'000)	
	2011	2010	2011	2010
<b>Tier I Capital</b>				
Paid-up ordinary share capital	3,318,085	3,318,085	3,318,085	3,318,085
Hybrid Tier I Capital Securities	597,475	597,227	597,475	597,227
Share premium	8,563	8,563	8,563	8,563
Retained profits	3,736,207	2,827,885	3,338,769	2,492,142
Other reserves	3,297,296	2,866,249	3,042,860	2,673,342
<b>Total Tier I Capital</b>	<b>10,957,626</b>	<b>9,618,009</b>	<b>10,305,752</b>	<b>9,089,359</b>
<b>Less:</b>				
Goodwill	(1,004,017)	(1,004,017)	(905,519)	(905,519)
Net deferred tax assets	(79,578)	(307,495)	(62,951)	(265,300)
<b>Eligible Tier I Capital</b>	<b>9,874,031</b>	<b>8,306,497</b>	<b>9,337,282</b>	<b>7,918,540</b>
<b>Tier II Capital</b>				
Subordinated obligations	3,250,000	3,000,000	3,250,000	3,000,000
Collective impairment allowance	521,185	368,224	376,254	263,786
<b>Total Tier II Capital</b>	<b>3,771,185</b>	<b>3,368,224</b>	<b>3,626,254</b>	<b>3,263,786</b>
<b>Less:</b>				
Excess of total Expected Loss over total Eligible Provision under the IRB approach	(184,551)	(196,278)	(178,986)	(199,127)
Other deduction	(3,811)	(3,292)	(3,787)	(3,190)
Investment in subsidiary companies	-	-	(872,656)	(622,656)
<b>Eligible Tier II Capital</b>	<b>3,582,823</b>	<b>3,168,654</b>	<b>2,570,825</b>	<b>2,438,813</b>
<b>Capital Base</b>	<b>13,456,854</b>	<b>11,475,151</b>	<b>11,908,107</b>	<b>10,357,353</b>

**5.0 RISK MANAGEMENT**

Risk is inherent in the RHB Banking Group’s activities and is managed through a process of ongoing identification, measurement and monitoring, subject to limits and other controls. Besides credit risk, the Bank is exposed to a range of other risk types such as market, liquidity, operational, legal, and strategic and cross border, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

Effective risk management is fundamental to being able to generate profits consistently while sustaining competitive advantage, and is thus a central part of the financial and operational management of the Bank.

To this extent, the RHB Group’s Risk Management Framework governs the management of risks in the RHB Banking Group. The framework operates as two interlocking layers:

- It provides a holistic overview of the risk and control environment of the Group, with risk management moving towards loss minimisation and mitigation against losses which may occur through, principally, the failure of effective checks and balances in the organisation.
- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and using the improvement in risk quantification to optimise risk-adjusted (or economic) returns.

The following sections describe some of these risk management content areas.

**OVERARCHING RISK MANAGEMENT PRINCIPLES**

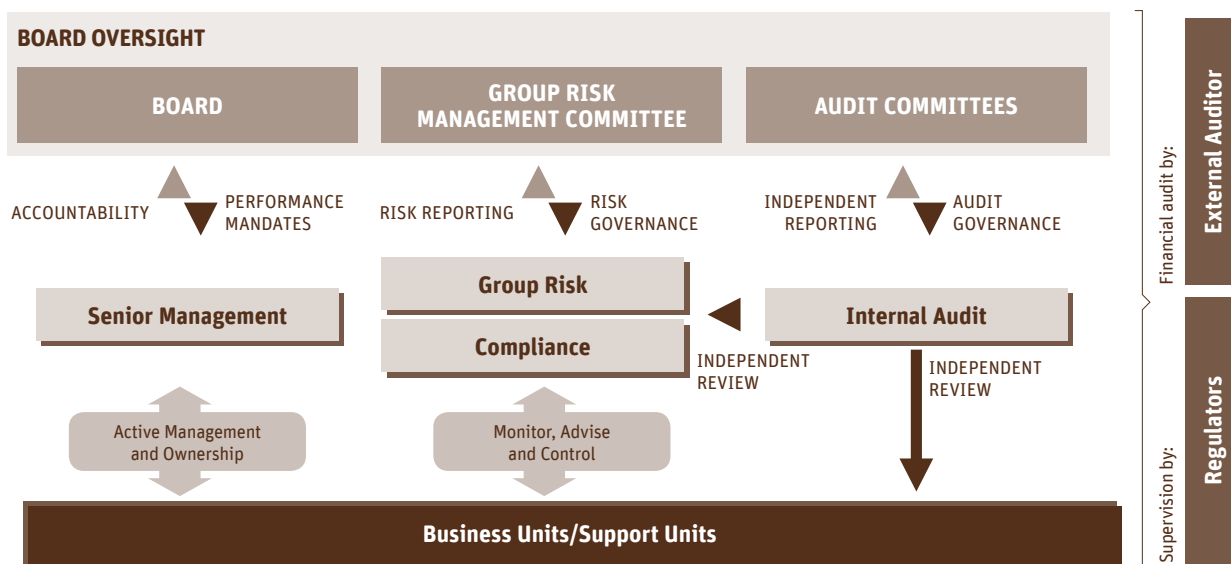
The Risk Management Framework enshrines five fundamental principles that drive the philosophy of risk management in the Group. They are:-

- risk governance from the Boards of Directors of companies within the Group,
- clear understanding of risk management ownership,
- institutionalisation of a risk focused organisation,
- alignment of risk management to business strategies, and
- optimisation of risk-adjusted economic and financial returns.

**Principle 1: Risk Governance from the Boards of Directors of Companies in the Group**

The ultimate responsibility of the Boards of Directors in the RHB Banking Group is to ensure that an effective risk management strategy is in place and uniformly understood across the Group. The Group has a structured framework to support the Board’s oversight responsibilities which is depicted in the accompanying diagram:

**Structured Framework to Support Board Oversight Role in Risk Management**



## 5.0 RISK MANAGEMENT (CONTINUED)

### RISK GOVERNANCE AND ORGANISATION

The Board of Directors ('Board' or 'BOD') through the Group Risk Management Committee ('GRMC') and the Group Risk Management function ('GRM function') establishes the Group's risk appetite and risk principles. The GRMC is the principal Board Committee that provides oversight and governance of risks for the Group, oversees the senior management's activities in managing credit, market, liquidity, operational, legal and other risks to ensure that the risk management process of the Group is in place and functional. GRMC also reviews and endorses the Group's overall risk management philosophy; risk management frameworks, major risk policies, and risk models.

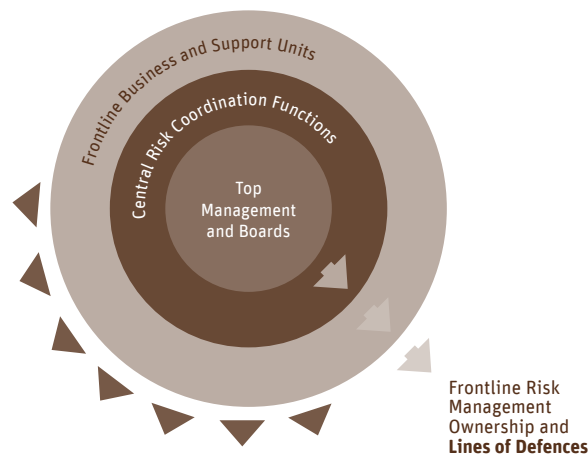
A Risk Management Committee has also been established at RHB Islamic Bank Berhad to focus on the risk management issues of the Islamic Bank, particularly in relation to risk issues unique to Islamic finance. This has promoted the achievement of the intended objectives of enhancing the risk management of the Group's Islamic finance business.

#### Principle 2: Clear Understanding of Risk Management Ownership

Risk awareness culture is instilled throughout the RHB Banking Group through proactive risk ownership. The business and functional units of the Group are primarily responsible for identifying, managing and reporting their risks. The business units manage certain defined risks through the use of facilities and services provided by the functional units.

Risk management processes are a collective responsibility and warrant the cooperation of the Group's business and functional units, risk management units, top management and the Board. This leads to risk management ownership with differing levels of focus established across the RHB Banking Group as shown below.

#### Risk Management Ownership and Lines of Defence



#### Principle 3 : Institutionalisation of a Risk Focused Organisation

The RHB Banking Group has promoted a risk-focussed culture throughout the organisation through a number of measures. Two of these are :-

- Strengthening of the central risk coordination functions, and
- Continuous reinforcing of a risk and control environment within the Group.

They are described in further detail in the succeeding sections:

## 5.0 RISK MANAGEMENT (CONTINUED)

### Central Risk Coordination Functions

The following summarises the key differences in perspectives (which are also strategically complementary) between the Risk Management, Compliance and Internal Audit functions.

The **Risk Management** function is responsible for upholding the integrity of our risk / return decisions, and in particular in ensuring that risks are properly assessed and managed.

The risk management function is independent of the origination and sales functions to ensure that the necessary balance in risk / return decisions is not compromised by short-term pressures to generate revenues. This risk function reports to GRMC and assists the GRMC and Board in formulating risk related policies, advises the GRMC and Board on the risk impact of business strategies, and reviews compliance by the management to the risk policy framework that is approved by the Board.

The risk management function is also responsible for maintaining the Group Risk Management Framework, ensuring it remains appropriate to the RHB Banking Group's activities, and is effectively communicated and implemented across the Group.

The risk management function in the RHB Banking Group reports to the Head of Group Risk Management. Among the roles and responsibilities of the Head of Group Risk Management are:-

- Facilitating the setting of the strategic direction and overall policy on management and control of risk of the Group;
- Ensuring industry best practice risk management disciplines are adopted across the Group, including the setting of risk management parameters and risk underwriting models;
- Developing a pro-active, balanced and risk attuned culture within the Group;
- Advising senior management, the GRMC and the Board on risk issues of, and impacts on, the Group, and
- Administering the delegation of discretionary powers to management personnel within the Group.

The **Compliance** function is centrally managed and provides assurance to management that the Group's activities are in compliance with external requirements and internal policies and procedures.

The **Audit** function independently reviews and reports on the adequacy and integrity of the Group's internal control systems and information management systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### Risk and Control Environment

Business, functional and governance heads are accountable for risk management in their businesses and functions, and for countries where they have governance responsibilities. The business and functional units have a clear segregation of duties with sufficient check and balance to ensure that business processes are functioning effectively. There is appropriate accountability delegated to the appropriate authority to execute their respective authorities in meeting the business strategies without compromising the risk management strategies.

Primary responsibility for managing risks, therefore, rests with the business managers. They are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits.

### Principle 4: Alignment of Risk Management to Business Strategies

A statement of intent of the Group's Risk Management Framework is to align the Group's business strategy to risk strategy, and vice versa. This is typically articulated through the Group's annual business and financial budgetary plan, which is progressively facilitated by the integration of risk measures in economic capital management. It is also implemented through the Group's construction of a sustaining risk-focused organisation as described in the preceding sections where business and support units are required to be primarily responsible and accountable for risk management.

## 5.0 RISK MANAGEMENT (CONTINUED)

### Principle 5: Optimisation of Risk-Adjusted Economic and Financial Returns

An objective of economic capital management is to reflect a true return in relation to risk level assumed by businesses throughout the Group. By linking risk to capital, the risk-adjusted returns measure contributes to the creation of shareholder value by facilitating the allocation of capital to the businesses whose value creation significantly exceeds the risk profile of their activities. The medium to long-term strategy and principle of risk management of the Group is to deepen the integration of economic capital management within the Group. The Group's management has implemented a risk-adjusted returns based framework for allocation of capital to business units and for performance measurement and management.

## 6.0 CREDIT RISK

### Credit Risk Definition

Credit risk arises as a result of customers' or counterparties' inability to fulfil their financial and contractual obligations as and when they arise. These obligations arise from the Bank's direct lending obligations, trade finance and its funding, investment and trading activities.

### 6.1 Credit Risk Management Oversight and Organisation

The Central Credit Committee ('CCC') is the senior management committee that reviews the Group's credit risk philosophy, framework and policies, aligns credit risk management with business strategy and planning, recommends credit approval authority limits, reviews the credit profile of material portfolios, and recommends actions where necessary to ensure that credit risk remains within established risk tolerances. CCC also approves and renews loans/facilities and submits to the Group Credit Committee ('GCC') for affirmation or veto if the loan/facilities exceed a pre-defined threshold.

The GCC's main functions are affirming, imposing additional covenants or vetoing credits of the RHB Banking Group which are duly approved by the CCC.

The Group has established a Group Recovery Committee ('GRC') to oversee the management of non-performing loans / non-performing accounts ('NPL/NPA') and high risk accounts as well as affirming, imposing additional covenants or vetoing credits under NPL/NPA from Credit Recovery for amounts above the defined thresholds of the CCC. The GRC has since been dissolved on 31st December 2011 and the discretionary powers and responsibilities of the GRC are now vested to the GCC.

Within Group Risk Management, the Credit Risk Management Department has the functional responsibility for credit risk management, portfolio risk monitoring and risk reporting. Group Risk Management units also conduct regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

Regular risk reporting is made to the Board and GRMC. These reports include various credit risk aspects such as portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio. Such reporting allows senior management to identify adverse credit trends, take corrective actions promptly, and ensure appropriate risk-adjusted decision making.

### 6.2 Credit Risk Management Approach

The RHB Banking Group's credit risk management framework which is founded upon BNM's Guideline on 'Best Practices for the Management of Credit Risk' is documented under the Group Credit Policy. The Bank abides by this Credit Policy which supports the development of a strong credit culture with the objective of maintaining a diversified portfolio and mitigates the risk of unexpected losses, and which ensures a reliable and satisfactory risk-weighted return. Industry best practices are instilled in the continual updating of credit risk policies.

The Bank ensures that processes are in place before credit proposals are approved. All corporate credit proposals are first evaluated by the originating business units before being independently evaluated by an independent credit evaluation and management function. All credit exposure limits are approved within a defined credit approval authority framework. Large loan exposures are further subject to post approval credit review by Group Internal Audit.

The Bank's credit risk management process is documented in the Group Credit Procedures Manual ('GCPM') which sets out the operational procedures and guidelines governing the credit processes of the Group's Retail Banking, Business Banking, Treasury, Corporate and Investment Banking and Finance Business operations.



## 6.0 CREDIT RISK (CONTINUED)

### 6.2 Credit Risk Management Approach (continued)

The GCPM has been designed to ensure that:-

- The process of credit initiation, administration, supervision and management of loans and advances are carried out consistently and uniformly by the business origination and other credit support functions within the RHB Banking Group.
- Procedures and guidelines governing the credit function are in compliance with the credit policies laid down by the respective Boards of the RHB Banking Group.

#### Lending to Corporate and Institutional Customers

Loans to corporate and institutional customers are individually evaluated and risk-rated. Credit Officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support.

#### Credit Risk from Investment or Trading Activities

In the course of its trading or investment banking activities, the Bank is also exposed to credit risks from trading, derivative and debt securities activities. The credit risk exposure from these products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

#### Lending to Consumers and Small Businesses

For the consumer and small business sectors, credit risks are managed on a portfolio basis. Such products include mortgages, credit cards, auto loans, commercial property loans, personal financing and business loans. Loans are underwritten under product programmes that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines and verification process. Scoring models are used in the credit decision process to enable objective risk evaluation and consistent decisions, cost efficient processing, and behavioural score monitoring of expected portfolio performance.

#### Credit Risk Measurement

Along with judgement and experience, risk measurement plays a critical role in making informed risk taking and portfolio management decisions. As the nature of credit risk varies by credit type, RHB Bank Group applies different credit risk measuring tools, so that the credit risk of each credit type is appropriately reflected.

Credit risk is calculated from three key factors as follows:-

1. Probability of Default ('PD')  
For corporate/non-retail credit, the probability of default is measured from obligor rating obtained from the risk rating system to determine borrower's level of risk. The risk rating of each borrower is regularly reviewed to ensure that it actually reflects the debtor's risk. For retail credit, active accounts of each portfolio are classified into a specific segment (or pool), which can be classified by various factors e.g. age, application score, behaviour score, utilisation, payment history and etc.
2. Loss Given Default ('LGD')  
For corporate credit, its value will be determined via the credit risk mitigant adjustment, in which collateral and security will determine the level of LGD for a specific transaction. For retail credit, LGD is captured at respective segment (or pool) level.
3. Exposure at Default ('EAD')  
Exposure at default is calculated from the current outstanding balance and availability of committed credit line. In this regard, the key factor is the Bank's obligations related to the available credit line. For corporate credit, credit risk is measured at an individual exposure. For retail credit, principles of credit risk measurement are similar, but measured on a pooled basis.

## 6.0 CREDIT RISK (CONTINUED)

### 6.3 Internal Credit Rating Models

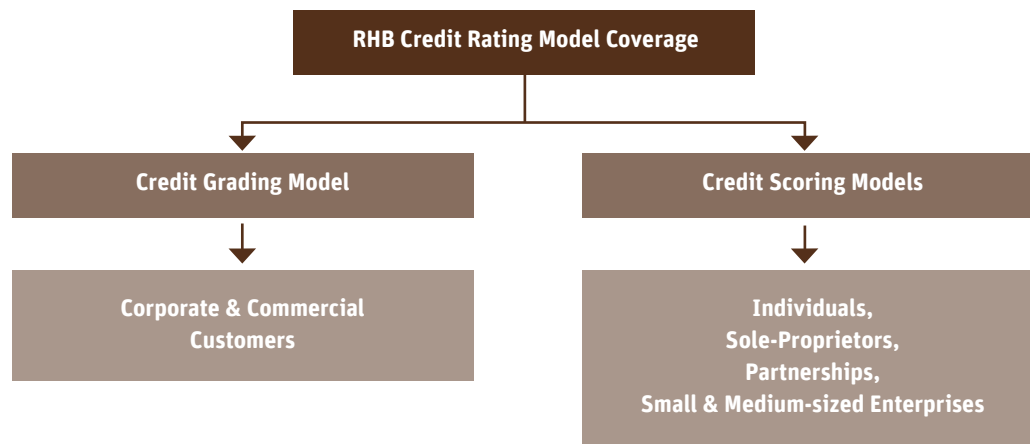
Internal credit rating models are an integral part of the Bank's credit risk management, decision making process and regulatory capital calculations. These internal credit rating models are developed with active participation by the relevant credit experts from the Bank's functional units and/or business units.

Internal rating model development and implementation process have been established to govern the development and validation of ratings models and the application of these models. Specifically, all newly developed models prior to implementation, its material changes (of the rating systems) and validation results must be approved by GRMC and Board. All models are also subject to independent validation by the Quantitative Model Validation Unit ('QMVU') before implementation, to ensure that all aspects of the model development process have been satisfied. In addition, the models are also subject to annual review and independent validation by QMVU to ensure that they are performing as expected.

Credit risk/rating models can be classified into types:-

- Credit Grading Models
- Credit Scoring Models

The diagram below shows a broad perspective of the current credit rating model coverage of the Group for the different customer/obligor:-



The model for corporate customers of Corporate and Investment Banking (CIB) and Business Banking exposures is typically associated with large corporate borrowers/guarantors or debt issuers, in that the grading model attempts to rate the credit worthiness of the corporate borrowers/guarantors or debt issuers through their financial standing (including gearing, expenses and profit) and through qualitative factors (including management effectiveness and industry environment).

The credit scoring models for individuals, sole proprietorships, partnerships-related exposures and small and medium-sized enterprises is typically associated with volume-based retail lending, and is developed through statistical modelling where a set of factors that are predictive in separating 'good credit' and 'bad credit' applications/borrowers are identified through a rigorous analysis and modelling process.

## 6.0 CREDIT RISK (CONTINUED)

### 6.3 Internal Credit Rating Models (continued)

#### Application of Internal Ratings

The three components; the PD, LGD and EAD are used in variety of applications that measure credit risk across the entire portfolio.

- Credit Approval: PD models are used in the approval process in both retail and non-retail portfolios. In high-volume retail portfolios, application and behaviour scorecards are used as decision making tools.
- Credit Grading: Implemented since 2007 to provide a common measure of risk across the Group. This credit grading now employs a 22 point scale of default probabilities, summarised as below:-

PD Grade Range	Interpretation
PD1	Highest Credit Quality
PD2 to PD7	Strong Credit Quality
PD8 to PD12	Good Credit Quality
PD13 to PD16	Average Credit Quality
PD17 to PD18	Below Average Credit Quality
UGO	Un-graded
N21 to N23	Non-Performing Exposures

- Risk Reward and Pricing: PD, EAD and LGD metrics are used to assess profitability of deals to allow for risk-based pricing and strategic decisions.
- Economic Capital Allocation: Most economic capital calculations use the same PD and EAD inputs as the regulatory capital process.
- Risk Management Information: Group Risk Management and the business units generate risk reports to inform senior management on issues such as business performance and consumption of regulatory capital.

#### F-IRB for Non-Retail Portfolios

For RHB Bank Berhad, the major non-retail portfolios are on the Foundation Internal Ratings-Based ('F-IRB') approach for regulatory capital requirements. Under this approach, internal rating model is used to estimate the PD for each obligor, while the LGD and EAD parameters are prescribed by BNM. The PD rating model is statistically calibrated, with overlay of qualitative factors and notching guide to arrive at the credit rating.

During the year 2011, no new portfolios were migrated to the F-IRB approach.

#### A-IRB for Retail Portfolios

For regulatory capital requirements, RHB Bank Berhad has adopted the Advanced Internal Ratings-Based ('A-IRB') approach for the retail portfolios, i.e. residential mortgages, credit cards and auto loans. The risk estimates – probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') – are calibrated for these retail portfolios/pools. In addition, credit scorecard and behavioural models are developed and implemented for use in credit approval decision support such as limit setting, credit score cut off and approval, monitoring and reporting.

The following tables set out the exposures under IRB Approach by PD bands, expected loss (EL) range, exposure weighted average LGD and exposure weighted average risk-weight.

## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (continued)

Table 5a: Exposures under the IRB Approach by PD Band, Exposure Weighted Average LGD and Exposure Weighted Average Risk-Weight as at 31st December 2011

PD Range (%)	EAD (RM'000)	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Non-Retail Exposures</b>				
<b>Corporate Exposures (excluding exposures with firm-size adjustments)</b>				
0 to 0.22	9,770,309	42.34	41.03	3,829,246
>0.22 to 1.65	8,249,552	43.48	62.51	5,027,609
>1.65 to 5.57	3,565,067	42.65	110.39	1,898,412
>5.57 to 20	2,086,199	43.59	144.80	680,368
>20 to <100	350,685	43.31	211.90	95,757
Default or 100	1,029,559	44.21	186.82	-
<b>Total for Corporate Exposures (excluding exposures with firm-size adjustments)</b>	<b>25,051,371</b>			<b>11,531,392</b>
<b>Corporate Exposures (with firm-size adjustment)</b>				
0 to 0.22	279,588	37.33	28.28	166,647
>0.22 to 1.65	1,471,223	40.14	48.66	944,776
>1.65 to 5.57	2,355,332	38.40	70.06	1,234,913
>5.57 to 20	1,559,587	39.22	104.74	418,930
>20 to <100	234,239	40.52	162.45	38,630
Default or 100	499,187	42.75	104.21	-
<b>Total for Corporate Exposures (with firm-size adjustment)</b>	<b>6,399,156</b>			<b>2,803,896</b>
<b>Total Non-Retail Exposures</b>	<b>31,450,527</b>			<b>14,335,288</b>
<b>Retail Exposures</b>				
<b>Residential Mortgages</b>				
0 to 2.48	7,749,508	19.92	25.10	994,966
>2.48 to 8.35	5,584,206	15.35	49.97	722,882
>8.35 to 24.63	2,405,615	17.16	78.08	255,093
>24.63 to <100	589,415	15.38	81.23	4,179
Default or 100	966,868	38.86	31.46	-
<b>Total for Residential Mortgages Exposures</b>	<b>17,295,612</b>			<b>1,977,120</b>
<b>Qualifying Revolving Retail Exposures</b>				
0 to 3.71	1,954,117	63.93	63.20	-
>3.71 to <100	55,968	19.85	30.62	-
Default or 100	31,310	63.52	150.64	-
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>2,041,395</b>			<b>-</b>

## 6.0 CREDIT RISK (CONTINUED)

### 6.3 Internal Credit Rating Models (continued)

**Table 5a: Exposures under the IRB Approach by PD Band, Exposure Weighted Average LGD and Exposure Weighted Average Risk-Weight as at 31st December 2011 (continued)**

PD Range (%)	EAD (RM'000)	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Hire Purchase Exposures</b>				
0 to 3.71	3,964,676	30.05	33.70	-
>3.71 to 10.95	1,807,437	30.43	46.02	-
>10.95 to 18.79	887,880	31.66	60.29	-
>18.79 to <100	520,849	32.42	78.17	-
Default or 100	162,640	61.28	34.36	-
<b>Total Hire Purchase Exposures</b>	<b>7,343,482</b>			<b>-</b>
<b>Other Retail Exposure</b>				
0 to 3.71	77,484	61.47	47.27	253,676
>3.71 to 7.30	3,814,021	31.71	86.53	2,594,787
>7.30 to 20	5,729	43.35	66.57	28,643
>20 to <100	4,839	43.19	99.59	24,196
Default or 100	102,780	33.47	355.39	-
<b>Total Other Retail Exposures</b>	<b>4,004,853</b>			<b>2,901,302</b>
<b>Total Retail Exposures</b>	<b>30,685,342</b>			<b>4,878,422</b>
<b>Total Non-Retail and Retail Exposures under IRB Approach</b>	<b>62,135,869</b>			<b>19,213,710</b>

Note: The number of bands has been reduced compared with that reported for year 2010, as certain buckets with minimal exposures are being combined to provide a more meaningful distribution of the exposures.

**Table 5b: Exposures under the IRB Approach by PD Band, Exposure Weighted Average LGD and Exposure Weighted Average Risk-Weight at 31st December 2010**

PD Range (%)	EAD (RM'000)	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Non-Retail Exposures</b>				
<b>Corporate Exposures (excluding exposures with firm-size adjustments)</b>				
0 to 0.2	554,453	36.86	18.69	734,524
>0.2 to 1.36	10,183,452	44.49	60.54	4,981,634
>1.36 to 4.53	4,088,051	44.17	103.25	3,528,565
>4.53 to 12.46	3,047,639	43.73	127.95	3,162,210
>12.46 to <100	1,679,736	41.22	226.81	802,654
Default or 100	839,321	41.59	142.28	-
<b>Total for Corporate Exposures (excluding exposures with firm-size adjustments)</b>	<b>20,392,652</b>			<b>13,209,587</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (continued)

Table 5b: Exposures under the IRB Approach by PD Band, Exposure Weighted Average LGD and Exposure Weighted Average Risk-Weight at 31st December 2010 (continued)

PD Range (%)	EAD (RM'000)	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Corporate Exposures (with firm-size adjustment)</b>				
0 to 0.2	61,854	28.40	13.28	47,709
>0.2 to 1.36	757,385	35.94	41.11	833,091
>1.36 to 4.53	1,762,507	34.47	65.58	1,438,422
>4.53 to 12.46	1,961,247	40.78	95.83	1,057,943
>12.46 to <100	908,725	39.75	156.46	299,860
Default or 100	379,938	36.13	163.68	-
<b>Total for Corporate Exposures (with firm-size adjustment)</b>	<b>5,831,656</b>			<b>3,677,025</b>
<b>Total Non-Retail Exposures</b>	<b>26,224,308</b>			<b>16,886,612</b>
<b>Retail Exposures</b>				
<b>Residential Mortgages</b>				
0 to 1.80	-	-	-	-
>1.80 to 3.83	-	-	-	-
>3.83 to 5.70	2,504,250	32.00	111.67	-
>5.70 to 7.30	12,879,609	14.94	59.12	3,025,707
>7.30 to 8.80	264,369	40.70	165.36	-
>8.80 to <100	-	-	-	-
Default or 100	1,021,728	17.45	101.64	-
<b>Total for Residential Mortgages Exposures</b>	<b>16,669,956</b>			<b>3,025,707</b>
<b>Qualifying Revolving Retail Exposures</b>				
0 to 1.80	-	-	-	-
>1.80 to 3.83	1,909,520	63.93	64.98	-
>3.83 to 5.70	-	-	-	-
>5.70 to 7.30	1,774	19.85	30.62	-
>7.30 to 8.80	-	-	-	-
>8.80 to <100	-	-	-	-
Default or 100	31,907	63.90	140.72	-
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>1,943,201</b>			<b>-</b>
<b>Hire Purchase Exposures</b>				
0 to 1.80	-	-	-	-
>1.80 to 3.83	-	-	-	-
>3.83 to 5.70	-	-	-	-
>5.70 to 7.30	-	-	-	-
>7.30 to 8.80	7,062,025	30.30	48.66	-
>8.80 to <100	-	-	-	-
Default or 100	141,811	31.81	106.89	-
<b>Total Hire Purchase Exposures</b>	<b>7,203,836</b>			<b>-</b>

## 6.0 CREDIT RISK (CONTINUED)

### 6.3 Internal Credit Rating Models (continued)

**Table 5b: Exposures under the IRB Approach by PD Band, Exposure Weighted Average LGD and Exposure Weighted Average Risk-Weight at 31st December 2010 (continued)**

PD Range (%)	EAD (RM'000)	Exposure Weighted Average LGD (%)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Other Retail Exposures</b>				
0 to 1.80	7,908	79.60	98.14	3,263
>1.80 to 3.83	31,053	63.93	91.93	1,981
>3.83 to 5.70	-	-	-	2,282
>5.70 to 7.30	3,619,253	57.18	87.76	2,248,633
>7.30 to 8.80	-	-	-	-
>8.80 to <100	-	-	-	295
Default or 100	102,816	64.78	496.08	-
<b>Total Other Retail Exposures</b>	<b>3,761,030</b>			<b>2,256,454</b>
<b>Total Retail Exposures</b>	<b>29,578,023</b>			<b>5,282,161</b>
<b>Total Non-Retail and Retail Exposures under IRB Approach</b>	<b>55,802,331</b>			<b>22,168,773</b>

**Table 6a: Exposures under the A-IRB Approach by Expected Loss (EL) Range and Exposure Weighted Average Risk-Weight as at 31st December 2011**

EL Range (%)	EAD (RM'000)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Retail Exposures</b>			
<b>Residential Mortgages</b>			
0 to 0.5	9,560,226	26.72	996,760
>0.5 to 1.5	3,870,943	56.78	668,927
>1.5 to 2.5	2,200,484	77.72	217,578
>2.5 to 3.5	90,943	98.64	41,473
>3.5 to 30	1,218,020	57.98	52,382
>30 to <100	354,996	38.81	-
100	-	-	-
<b>Total for Residential Mortgages Exposures</b>	<b>17,295,612</b>		<b>1,977,120</b>
<b>Qualifying Revolving Retail Exposures</b>			
0 to 0.5	-	-	-
>0.5 to 1.5	57,355	49.20	-
>1.5 to 2.5	1,954,117	63.20	-
>2.5 to 3.5	-	-	-
>3.5 to 30	-	-	-
>30 to <100	29,923	120.60	-
100	-	-	-
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>2,041,395</b>		<b>-</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.3 Internal Credit Rating Models (continued)

Table 6a: Exposures under the A-IRB Approach by Expected Loss (EL) Range and Exposure Weighted Average Risk-Weight as at 31st December 2011 (continued)

EL Range (%)	EAD (RM'000)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Hire Purchase Exposures</b>			
0 to 0.5	2,037,483	26.25	-
>0.5 to 1.5	2,041,102	41.06	-
>1.5 to 2.5	640,580	39.15	-
>2.5 to 3.5	1,080,992	50.86	-
>3.5 to 30	1,380,685	67.84	-
>30 to <100	160,218	34.74	-
100	2,422	8.91	-
<b>Total Hire Purchase Exposures</b>	<b>7,343,482</b>		<b>-</b>
<b>Other Retail Exposures</b>			
0 to 0.5	41,522	109.56	176,097
>0.5 to 1.5	545,484	39.43	2,564,680
>1.5 to 2.5	35,396	187.00	52,049
>2.5 to 3.5	1,254,342	80.79	61,027
>3.5 to 30	2,072,193	112.17	47,449
>30 to <100	55,916	82.46	-
100	-	-	-
<b>Total Other Retail Exposures</b>	<b>4,004,853</b>		<b>2,901,302</b>
<b>Total Retail Exposures</b>	<b>30,685,342</b>		<b>4,878,422</b>

Table 6b: Exposures under the A-IRB Approach by Expected Loss (EL) Range and Exposure Weighted Average Risk-Weight as at 31st December 2010

EL Range (%)	EAD (RM'000)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Retail Exposures</b>			
<b>Residential Mortgages</b>			
0 to 0.5	-	-	-
>0.5 to 1.5	13,143,978	61.26	3,025,707
>1.5 to 2.5	2,504,250	111.67	-
>2.5 to 3.5	-	-	-
>3.5 to 30	1,021,728	101.64	-
>30 to <100	-	-	-
100	-	-	-
<b>Total for Residential Mortgages Exposures</b>	<b>16,669,956</b>		<b>3,025,707</b>



## 6.0 CREDIT RISK (CONTINUED)

### 6.3 Internal Credit Rating Models (continued)

**Table 6b: Exposures under the A-IRB Approach by Expected Loss (EL) Range and Exposure Weighted Average Risk-Weight as at 31st December 2010 (continued)**

EL Range (%)	EAD (RM'000)	Exposure Weighted Average Risk-Weight (%)	Undrawn commitments (RM'000)
<b>Qualifying Revolving Retail Exposures</b>			
0 to 0.5	-	-	-
>0.5 to 1.5	1,774	30.62	-
>1.5 to 2.5	1,909,520	64.98	-
>2.5 to 3.5	-	-	-
>3.5 to 30	-	-	-
>30 to <100	31,907	140.72	-
100	-	-	-
<b>Total for Qualifying Revolving Retail Exposures</b>	<b>1,943,201</b>		<b>-</b>
<b>Hire Purchase Exposures</b>			
0 to 0.5	-	-	-
>0.5 to 1.5	-	-	-
>1.5 to 2.5	-	-	-
>2.5 to 3.5	7,062,025	48.66	-
>3.5 to 30	-	-	-
>30 to <100	141,811	106.89	-
100	-	-	-
<b>Total Hire Purchase Exposures</b>	<b>7,203,836</b>		<b>-</b>
<b>Other Retail Exposures</b>			
0 to 0.5	-	-	7,821
>0.5 to 1.5	7,908	98.14	-
>1.5 to 2.5	31,053	91.93	-
>2.5 to 3.5	-	-	-
>3.5 to 30	3,619,253	87.76	2,248,633
>30 to <100	102,816	496.08	-
100	-	-	-
<b>Total Other Retail Exposures</b>	<b>3,761,030</b>		<b>2,256,454</b>
<b>Total Retail Exposures</b>	<b>29,578,023</b>		<b>5,282,161</b>

## 6.0 CREDIT RISK (CONTINUED)

### 6.3 Internal Credit Rating Models (continued)

**Table 7: Exposures under IRB Approach by Actual Losses and Loss Rates**

Exposure Class	2011 Actual Losses (RM'000)	2011 Loss Rates (%)	2011 EL (%)	2010 Actual Losses (RM'000)	2010 Loss Rates (%)
<b>Corporates</b> , of which					
Corporates (excluding exposures with firm-size adjustments)	534,926	2.13	3.01	570,314	2.79
Corporates (with firm-size adjustments)	296,243	4.62	6.04	189,763	3.25
<b>Retail</b> , of which					
Residential Mortgages	211,002	1.21	3.15	176,865	1.06
Qualifying Revolving Retail Exposures	17,733	0.86	2.90	18,070	0.92
Qualifying Purchased Retail Receivables	-	-	-	-	-
Hire Purchase Exposures	52,052	0.70	5.53	58,277	0.80
Other Retail Exposures	43,413	1.08	10.67	31,911	0.84
<b>Total</b>	<b>1,155,369</b>			<b>1,045,200</b>	

Note 1: Loss rate is Actual Losses divided by EAD after CRM.

Note 2: Actual Losses is derived from Individual Impairment Allowances plus Specific Provisions and Partial write-offs.

The actual losses incurred in year 2011 were lower than the expected losses for year 2011 for all the Corporate and Retail asset classes. This reflects that the Bank's risk estimates employed remained predictive.

### 6.4 Off-Balance Sheet Exposures and Counterparty Credit Risk ('CCR')

**Off-balance sheet exposures** of RHB Bank Group are mainly from the following:-

- Financial guarantees and standby letters of credit, which represent undertakings that RHB Bank Group, will make payments in the event that its customer cannot meet its obligations to third parties. These exposures carry the same credit risk as loans/financing even though they are contingent in nature.
- Documentary and commercial letters of credit, which are undertakings by the Bank on behalf of its customers. These exposures are usually collateralised by the underlying shipment of goods to which they relate.
- Commitments to extend credit including the unutilised or undrawn portions of credit facilities.
- Unutilised credit card lines.
- Principal or notional amount of derivative financial instruments.

The management of off-balance sheet exposures is in accordance to the credit risk management approach as set out under Section 6.2 of this report.

**Counterparty Credit Risk ('CCR')** on derivative financial instruments is the risk that the Bank's counterparty in a foreign exchange, interest rate, commodity, equity, options or credit derivative contract defaults prior to the maturity date of the contract and that the Bank at the relevant time has a claim on the counterparty. Derivative financial instruments are primarily entered into for hedging purposes. The Bank may also take trading derivative positions, within pre-set limits, with the expectation to make arbitrage gains from favourable movements in prices or rates.

## 6.0 CREDIT RISK (CONTINUED)

### 6.4 Off-Balance Sheet Exposures and Counterparty Credit Risk ('CCR') (continued)

Any financial loss is calculated based on the cost to replace the defaulted derivative financial instruments with another similar contract in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at the time of contract with the defaulted counterparty and the current fair value of a similar substitute at current market prices. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default.

All outstanding financial derivative positions are marked-to-market on a daily basis. Treasury Operations Department monitors counterparties' positions and promptly escalates to the relevant parties upon any shortfall in the threshold levels.

### 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches

The subsequent tables reflect RHB Bank Group's credit exposures (EAD) as at 31st December 2011 compared with 31st December 2010, segregated by:-

- the various types of asset classes, showing details of the exposures by type of approaches, before and after credit risk mitigation (CRM), the corresponding RWA and capital requirement,
- disclosure on Off-Balance Sheet and Counterparty Credit Risk,
- geographical distribution, which is based on the booking location of the exposure,
- industry sector, and
- residual maturity; breakdown into exposures with maturity of one year or less, one to five years, and over five years.

**Table 8a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On and Off-Balance Sheet Exposures) as at 31st December 2011**

Exposure Class	Gross Exposures/ EAD before CRM (RM'000)	Net Exposures/ EAD after CRM (RM'000)	Risk-Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
<b>Exposures under the Standardised Approach (SA)</b>				
<b>On-Balance-Sheet Exposures</b>				
Sovereigns/Central Banks	39,892,316	39,892,316	151,297	12,104
Public Sector Entities	263,768	263,768	61,906	4,953
Banks, Development Financial Institutions and MDBs	9,263,705	9,263,705	2,369,444	189,555
Insurance Companies, Securities Firms and Fund Managers	90	90	90	7
Corporates	14,360,205	13,835,535	10,418,182	833,454
Regulatory Retail	19,920,806	15,248,901	11,467,609	917,408
Residential Mortgage	1,520,091	1,511,085	528,880	42,311
Higher Risk Assets	-	-	-	-
Other Assets	2,912,323	2,912,323	2,059,632	164,771
Equity Exposures	339,031	339,031	339,042	27,123
Defaulted Exposures	829,654	787,333	954,034	76,323
<b>Total On-Balance Sheet Exposures</b>	<b>89,301,989</b>	<b>84,054,087</b>	<b>28,350,116</b>	<b>2,268,009</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 8a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On and Off-Balance Sheet Exposures) as at 31st December 2011 (continued)

Exposure Class	Gross Exposures/ EAD before CRM (RM'000)	Net Exposures/ EAD after CRM (RM'000)	Risk-Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
<b>Exposures under the Standardised Approach (SA)</b>				
<b>Off-Balance Sheet Exposures</b>				
OTC Derivatives	1,300,870	1,300,870	599,507	47,961
Off balance sheet exposures other than OTC derivatives or credit derivatives	3,661,576	3,177,674	2,324,234	185,939
Defaulted Exposures	327	327	491	39
<b>Total Off-Balance Sheet Exposures</b>	<b>4,962,773</b>	<b>4,478,871</b>	<b>2,924,232</b>	<b>233,939</b>
<b>Total On and Off-Balance Sheet Exposures under SA</b>	<b>94,264,762</b>	<b>88,532,958</b>	<b>31,274,348</b>	<b>2,501,948</b>
<b>Exposures under F-IRB Approach</b>				
<b>On-Balance Sheet Exposures</b>				
<b>Corporates</b> , of which	24,841,372	24,841,372	17,767,922	1,421,433
Corporates (excluding exposures with firm-size adjustments)	19,964,316	19,964,316	13,846,401	1,107,712
Corporates (with firm-size adjustments)	4,877,056	4,877,056	3,921,521	313,721
Defaulted Exposures	1,494,704	1,494,704	2,277,884	182,231
<b>Total On-Balance Sheet Exposures</b>	<b>26,336,076</b>	<b>26,336,076</b>	<b>20,045,806</b>	<b>1,603,664</b>
<b>Off-Balance Sheet Exposures</b>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	5,196,379	5,196,379	3,597,639	287,811
Defaulted Exposures	34,042	34,042	165,835	13,267
<b>Total Off-Balance Sheet Exposures</b>	<b>5,230,421</b>	<b>5,230,421</b>	<b>3,763,474</b>	<b>301,078</b>
<b>Exposures under the A-IRB Approach</b>				
<b>On-Balance-Sheet Exposures</b>				
<b>Retail</b> , of which	27,755,691	27,755,691	13,926,910	1,114,153
Residential Mortgages	15,826,042	15,826,042	6,768,372	541,470
Qualifying Revolving Retail Exposures	1,473,727	1,473,727	923,227	73,858
Hire Purchase Exposures	7,180,842	7,180,842	3,110,713	248,857
Other Retail Exposures	3,275,080	3,275,080	3,124,598	249,968
Defaulted Exposures	1,263,598	1,263,598	772,588	61,807
<b>Total On-Balance Sheet Exposures</b>	<b>29,019,289</b>	<b>29,019,289</b>	<b>14,699,498</b>	<b>1,175,960</b>
<b>Off-Balance Sheet Exposures</b>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,550,083	1,550,083	835,338	66,827
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>1,550,083</b>	<b>1,550,083</b>	<b>835,338</b>	<b>66,827</b>
<b>Total On and Off-Balance Sheet Exposures before scaling factor</b>	<b>62,135,869</b>	<b>62,135,869</b>	<b>39,344,116</b>	<b>3,147,529</b>
<b>Total On and Off-Balance Sheet Exposures after scaling factor, 1.06</b>			<b>41,704,763</b>	<b>3,336,381</b>
<b>Total (Exempted Exposures and Exposures under the IRB Approach)</b>	<b>156,400,631</b>	<b>150,668,827</b>	<b>72,979,111</b>	<b>5,838,329</b>

Note: As at 31st December 2011, RHB Bank Group did not have any credit Risk-Weighted Assets absorbed by Profit Sharing Investment Account ('PSIA'), and exposures under securitisation.

All performing corporate exposures are classified under the broad asset class category of Corporates instead of the five sub-classes of Specialised Lending.

## 6.0 CREDIT RISK (CONTINUED)

### 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

**Table 8b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On and Off-Balance Sheet Exposures) as at 31st December 2010**

Exposure Class	Gross Exposures/ EAD before CRM (RM'000)	Net Exposures/ EAD after CRM (RM'000)	Risk-Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
<b>Exposures under the Standardised Approach (SA)</b>				
<b>On-Balance-Sheet Exposures</b>				
Sovereigns/Central Banks	29,389,228	29,389,228	100,477	8,038
Public Sector Entities	115,711	115,711	32,458	2,597
Banks, Development Financial Institutions and MDBs	9,042,034	9,042,034	2,110,426	168,834
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
Corporates	13,473,906	12,946,419	9,854,470	788,358
Regulatory Retail	13,002,712	10,092,492	7,567,489	605,399
Residential Mortgage	1,109,962	1,101,353	385,474	30,838
Higher Risk Assets	44,319	44,319	66,479	5,318
Other Assets	2,170,689	2,170,689	1,490,290	119,223
Equity Exposures	299,519	299,519	299,536	23,963
Defaulted Exposures	1,101,568	1,069,740	1,299,554	103,964
<b>Total On-Balance Sheet Exposures</b>	<b>69,749,648</b>	<b>66,271,504</b>	<b>23,206,653</b>	<b>1,856,532</b>
<b>Off-Balance Sheet Exposures</b>				
OTC Derivatives	1,199,847	1,199,847	542,166	43,374
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,229,485	1,937,433	1,585,077	126,806
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>3,429,332</b>	<b>3,137,280</b>	<b>2,127,243</b>	<b>170,180</b>
<b>Total On and Off-Balance Sheet Exposures under SA</b>	<b>73,178,980</b>	<b>69,408,784</b>	<b>25,333,896</b>	<b>2,026,712</b>
<b>Exposures under F-IRB Approach</b>				
<b>On-Balance Sheet Exposures</b>				
<b>Corporates</b> , of which	21,967,202	21,967,202	18,036,088	1,442,887
Corporates (excluding exposures with firm-size adjustments)	16,812,937	17,032,131	13,735,513	1,098,841
Corporates (with firm-size adjustments)	5,154,265	4,935,071	4,300,575	344,046
Defaulted Exposures	1,401,332	1,401,332	2,896,193	231,696
<b>Total On-Balance Sheet Exposures</b>	<b>23,368,534</b>	<b>23,368,534</b>	<b>20,932,281</b>	<b>1,674,583</b>
<b>Off-Balance Sheet Exposures</b>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,838,490	2,838,490	3,016,653	241,332
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>2,838,490</b>	<b>2,838,490</b>	<b>3,016,653</b>	<b>241,332</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 8b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On and Off-Balance Sheet Exposures) as at 31st December 2010 (continued)

Exposure Class	Gross Exposures/ EAD before CRM (RM'000)	Net Exposures/ EAD after CRM (RM'000)	Risk-Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
<b>Exposures under the A-IRB Approach</b>				
<b>On-Balance-Sheet Exposures</b>				
<b>Corporates</b> , of which	13,047	13,047	22,466	1,798
Corporates (excluding exposures with firm-size adjustments)	88	88	172	14
Corporates (with firm-size adjustments)	12,959	12,959	22,294	1,784
<b>Retail</b> , of which	26,631,404	26,631,404	17,735,193	1,418,814
Residential Mortgages	15,014,343	15,014,343	10,351,044	828,083
Qualifying Revolving Retail Exposures	1,394,234	1,394,234	905,615	72,449
Hire Purchase Exposures	7,062,025	7,062,025	3,436,655	274,932
Other Retail Exposures	3,160,802	3,160,802	3,041,879	243,350
Defaulted Exposures	1,298,262	1,298,262	1,745,109	139,609
<b>Total On-Balance Sheet Exposures</b>	<b>27,942,713</b>	<b>27,942,713</b>	<b>19,502,768</b>	<b>1,560,221</b>
<b>Off-Balance Sheet Exposures</b>				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,652,594	1,652,594	1,007,388	80,591
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>1,652,594</b>	<b>1,652,594</b>	<b>1,007,388</b>	<b>80,591</b>
<b>Total On and Off-Balance Sheet Exposures before scaling factor</b>	<b>55,802,331</b>	<b>55,802,331</b>	<b>44,459,090</b>	<b>3,556,727</b>
<b>Total On and Off-Balance Sheet Exposures after scaling factor, 1.06</b>			<b>47,126,635</b>	<b>3,770,131</b>
<b>Total (Exempted Exposures and Exposures under the IRB Approach)</b>	<b>128,981,311</b>	<b>125,211,115</b>	<b>72,460,531</b>	<b>5,796,843</b>

Note: As at 31st December 2010, RHB Bank Group did not have any credit Risk-Weighted Assets absorbed by Profit Sharing Investment Account ('PSIA'), and exposures under securitisation.

All performing corporate exposures are classified under the broad asset class category of Corporates instead of the five sub-classes of Specialised Lending.

**6.0 CREDIT RISK (CONTINUED)****6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)****Table 9a: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation) as at 31st December 2011**

<b>Nature of Item</b>	<b>Principal/ Notional Amount (RM'000)</b>	<b>Positive Fair Value of Derivative Contracts (RM'000)</b>	<b>Credit Equivalent Amount (RM'000)</b>	<b>RWA (RM'000)</b>
Direct credit substitutes	1,506,861		1,436,755	1,216,657
Transaction-related contingent items	2,189,069		1,070,325	870,657
Short-term self-liquidating trade-related contingencies	902,010		178,398	97,424
NIFs and obligations under underwriting agreement	208,500		104,250	104,250
Foreign exchange related contracts	15,326,412	616,602	913,646	471,454
1 year or less	13,558,443	223,847	377,570	175,414
Over 1 year to 5 years	1,767,969	392,755	536,076	296,040
Over 5 years	-	-	-	-
Interest/profit rate related contracts	17,812,064	81,353	392,499	130,307
1 year or less	4,195,536	2,572	9,651	2,812
Over 1 year to 5 years	13,016,528	57,583	321,650	110,735
Over 5 years	600,000	21,198	61,198	16,760
Gold and other precious metal contracts	-	-	-	-
1 year or less	-	-	-	-
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with original maturity of over 1 year	18,026,419		4,440,352	3,086,707
Other commitments, such as formal standby facilities and credit lines, with original maturity of up to 1 year	9,788,013		1,962,417	1,301,101
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,348,017		757,485	518,055
Unutilised credit card lines (under standardised approach)	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
<b>Total</b>	<b>73,107,365</b>	<b>697,955</b>	<b>11,256,127</b>	<b>7,796,612</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 9b: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation) as at 31st December 2010

Nature of Item	Principal/ Notional Amount (RM'000)	Positive Fair Value of Derivativ Contracts (RM'000)	Credit Equivalent Amount (RM'000)	RWA (RM'000)
Direct credit substitutes	2,366,972		2,301,345	2,575,444
Transaction-related contingent items	1,905,733		929,964	963,854
Short-term self-liquidating trade-related contingencies	825,269		162,953	125,968
NIFs and obligations under underwriting agreement	29,000		14,500	14,500
Foreign exchange related contracts	15,451,272	805,136	870,779	458,349
1 year or less	14,267,825	192,843	306,554	157,387
Over 1 year to 5 years	1,183,447	612,293	564,225	300,962
Over 5 years	-	-	-	-
Interest/profit rate related contracts	12,047,782	72,146	329,468	84,415
1 year or less	2,386,825	6,072	10,333	2,840
Over 1 year to 5 years	9,245,957	57,213	277,524	73,253
Over 5 years	415,000	8,861	41,611	8,322
Gold and other precious metal contracts	17,628	-	-	-
1 year or less	17,628	-	-	-
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with original maturity of over 1 year	4,492,229		1,302,224	1,079,891
Other commitments, such as formal standby facilities and credit lines, with original maturity of up to 1 year	4,817,984		984,702	535,060
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	27,147,937		597,516	420,310
Unutilised credit card lines (under standardised approach)	-		-	-
Off-balance sheet exposures due to early amortisation provisions	-		-	-
<b>Total</b>	<b>69,101,806</b>	<b>877,282</b>	<b>7,493,451</b>	<b>6,257,791</b>



## 6.0 CREDIT RISK (CONTINUED)

### 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

**Table 10a: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31st December 2011**

<b>Exposure Class</b>	<b>Malaysia (RM'000)</b>	<b>Singapore (RM'000)</b>	<b>Thailand (RM'000)</b>	<b>Brunei (RM'000)</b>	<b>Total (RM'000)</b>
<b>Exposures under Standardised Approach</b>					
Sovereigns and Central Banks	38,875,587	922,568	299,010	53,580	40,150,745
Public Sector Entities	249,232	-	30,508	-	279,740
Banks, Development Financial Institutions and MDBs	8,151,319	2,129,634	2,225	82,802	10,365,980
Insurance Companies, Securities Firms and Fund Managers	90	56,544	2,010	-	58,644
Corporates	12,480,667	3,632,086	304,754	34,232	16,451,739
Regulatory Retail	20,507,330	1,080,732	23,080	99,130	21,710,272
Residential Mortgages	966,129	992,146	-	1,928	1,960,203
Higher Risk Assets	22,646	-	-	-	22,646
Other Assets	2,745,119	161,852	10,606	5,953	2,923,530
<b>Total Exposures under Standardised Approach</b>	<b>83,998,119</b>	<b>8,975,562</b>	<b>672,193</b>	<b>277,625</b>	<b>93,923,499</b>
<b>Exposures under IRB Approach</b>					
<b>Corporates</b> , of which	31,450,527	-	-	-	31,450,527
Corporates (excluding exposures with firm-size adjustments)	25,051,371	-	-	-	25,051,371
Corporates (with firm-size adjustments)	6,399,156	-	-	-	6,399,156
<b>Retail</b> , of which	30,685,342	-	-	-	30,685,342
Residential Mortgages	17,295,612	-	-	-	17,295,612
Qualifying Revolving Retail Exposures	2,041,395	-	-	-	2,041,395
Hire Purchase Exposures	7,343,482	-	-	-	7,343,482
Other Retail Exposures	4,004,853	-	-	-	4,004,853
<b>Total Exposures under IRB Approach</b>	<b>62,135,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,135,869</b>
<b>Total Exposures under Standardised and IRB Approaches</b>	<b>146,133,988</b>	<b>8,975,562</b>	<b>672,193</b>	<b>277,625</b>	<b>156,059,368</b>

Note : This table excludes equity exposures.

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 10b: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31st December 2010

Exposure Class	Malaysia (RM'000)	Singapore (RM'000)	Thailand (RM'000)	Brunei (RM'000)	Total (RM'000)
<b>Exposures under Standardised Approach</b>					
Sovereigns and Central Banks	28,178,441	972,376	318,236	33,422	29,502,475
Public Sector Entities	85,770	-	31,051	-	116,821
Banks, Development Financial Institutions and MDBs	8,021,568	1,836,986	3,303	43,298	9,905,155
Insurance Companies, Securities Firms and Fund Managers	-	45,669	-	-	45,669
Corporates	12,179,679	2,826,933	292,355	86,235	15,385,202
Regulatory Retail	13,483,333	623,354	23,363	76,920	14,206,970
Residential Mortgages	604,534	713,897	-	-	1,318,431
Higher Risk Assets	108,093	-	-	-	108,093
Other Assets	2,168,422	103,672	11,259	7,292	2,290,645
<b>Total Exposures under Standardised Approach</b>	<b>64,829,840</b>	<b>7,122,887</b>	<b>679,567</b>	<b>247,167</b>	<b>72,879,461</b>
<b>Exposures under IRB Approach</b>					
<b>Corporates</b> , of which	26,224,308	-	-	-	26,224,308
Corporates (excluding exposures with firm-size adjustments)	20,169,891	-	-	-	20,169,891
Corporates (with firm-size adjustments)	6,054,417	-	-	-	6,054,417
<b>Retail</b> , of which	29,578,023	-	-	-	29,578,023
Residential Mortgages	16,669,956	-	-	-	16,669,956
Qualifying Revolving Retail Exposures	1,943,201	-	-	-	1,943,201
Hire Purchase Exposures	7,203,836	-	-	-	7,203,836
Other Retail Exposures	3,761,030	-	-	-	3,761,030
<b>Total Exposures under IRB Approach</b>	<b>55,802,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,802,331</b>
<b>Total Exposures under Standardised and IRB Approaches</b>	<b>120,632,171</b>	<b>7,122,887</b>	<b>679,567</b>	<b>247,167</b>	<b>128,681,792</b>

Note : This table excludes equity exposures.

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 11a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31st December 2011

Exposure Class	Agriculture (RM'000)	Mining and Quarrying (RM'000)	Manufacturing (RM'000)	Electricity, Gas and Water Supply (RM'000)	Construction (RM'000)	Wholesale, Retail Trade, Restaurants and Hotels (RM'000)	Transport, Storage and Communication (RM'000)	Finance, Insurance, Real Estate and Business (RM'000)	Education, Health and Others (RM'000)	Household (RM'000)	Others (RM'000)	Total (RM'000)
<b>Exposures under Standardised Approach (SA)</b>												
Sovereigns/Central Banks	6,964	-	-	-	-	-	9,491	11,104,925	19,155,718	-	9,873,647	40,150,745
Public Sector Entities	-	-	-	10,169	-	-	20,339	826	96,215	-	152,191	279,740
Banks, Development Financial Institutions and MDBs	-	-	-	-	-	-	-	10,365,980	-	-	-	10,365,980
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-	-	58,644	-	-	-	58,644
Corporates	155,181	27,694	1,217,414	1,360,049	1,113,522	1,060,629	698,798	5,681,288	299,728	1,692,117	3,145,319	16,451,739
Regulatory Retail	51,264	4,183	135,491	1,152	93,474	124,007	122,741	142,689	84,879	20,935,055	13,337	21,710,272
Residential Mortgage	-	-	-	-	-	-	-	-	-	1,960,203	-	1,960,203
Higher Risk Assets	-	-	-	-	-	-	-	22,646	-	-	-	22,646
Other Assets	-	-	-	-	-	-	-	47,923	-	-	2,875,607	2,923,530
<b>Total Exposures under SA</b>	215,409	31,877	1,352,905	1,371,370	1,206,996	1,184,636	851,369	27,424,921	19,636,540	24,587,375	16,060,101	93,923,499
<b>Exposures under IRB Approach</b>												
Corporates, of which	2,047,110	128,377	8,057,314	269,783	5,593,805	4,120,347	2,916,202	6,962,681	1,349,783	1,103	4,022	31,450,527
Corporates (excluding exposures with firm-size adjustments)	1,249,511	103,162	6,355,296	262,083	4,883,241	2,038,973	2,568,671	6,310,277	1,276,702	250	3,205	25,051,371
Corporates (with firm-size adjustments)	797,599	25,215	1,702,018	7,700	710,564	2,081,374	347,531	652,404	73,081	853	817	6,399,156
Retail, of which	130,881	16,111	726,873	4,014	484,074	2,010,173	146,045	362,361	96,792	26,706,950	1,068	30,685,342
Residential Mortgages	-	-	-	-	-	-	-	-	-	17,295,612	-	17,295,612
Qualifying Revolving	-	-	-	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-	2,041,395	-	2,041,395
Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	7,343,482	-	7,343,482
Other Retail Exposures	130,881	16,111	726,873	4,014	484,074	2,010,173	146,045	362,361	96,792	26,461	1,068	4,004,853
<b>Total Exposures under IRB Approach</b>	2,177,991	144,488	8,784,187	273,797	6,077,879	6,130,520	3,062,247	7,325,042	1,446,575	26,708,053	5,090	62,135,869
<b>Total Exposures under SA and IRB Approaches</b>	2,393,400	176,365	10,137,092	1,645,167	7,284,875	7,315,156	3,913,616	34,749,963	21,083,115	51,295,428	16,065,191	156,059,368

Note : This table excludes equity exposures.

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 11b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31st December 2010

Exposure Class	Agriculture (RM'000)	Mining and Quarrying (RM'000)	Manufacturing (RM'000)	Electricity, Gas and Water Supply (RM'000)	Construction (RM'000)	Wholesale, Retail Trade, Restaurants and Hotels (RM'000)	Transport, Storage and Communication (RM'000)	Finance, Insurance, Real Estate and Business (RM'000)	Education, Health and Others (RM'000)	Household (RM'000)	Others (RM'000)	Total (RM'000)
<b>Exposures under Standardised Approach (SA)</b>												
Sovereigns/Central Banks	-	-	-	-	-	-	-	7,122,470	16,844,459	-	5,535,546	29,502,475
Public Sector Entities	-	-	-	10,349	-	-	10,359	-	85,770	-	10,343	116,821
Banks, Development Finance Institutions and MDBs	-	-	-	-	-	-	-	9,855,421	-	-	49,734	9,905,155
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	-	-	45,669	-	-	-	45,669
Corporates	351,738	21,215	6,258,238	542,685	461,671	823,988	1,233,978	1,358,213	360,062	538,980	3,434,434	15,385,202
Regulatory Retail	103,238	1,797	712,186	4,534	58,693	201,849	208,551	78,924	25,120	12,562,145	249,933	14,206,970
Residential Mortgage	-	-	-	-	-	-	-	-	-	1,318,431	-	1,318,431
Higher Risk Assets	-	-	-	-	44,319	-	-	61,922	-	1,852	-	108,093
Other Assets	-	-	-	-	-	-	-	47,282	-	2,243,363	-	2,290,645
<b>Total Exposures under SA</b>	454,976	23,012	6,970,424	557,568	564,683	1,025,837	1,452,888	18,569,901	17,315,411	14,421,408	11,523,353	72,879,461
<b>Exposures under IRB Approach</b>												
<b>Corporates, of which</b>												
Corporates (excluding exposures with firm-size adjustments)	1,672,889	64,611	7,804,646	332,870	3,588,269	3,428,989	2,849,520	5,930,235	540,800	5,858	5,621	26,224,308
Corporates (with firm-size adjustments)	1,006,088	45,099	6,063,425	320,174	2,727,970	1,573,875	2,600,617	5,422,246	404,535	5,512	350	20,169,891
<b>Retail, of which</b>												
Residential Mortgages	666,801	19,512	1,741,221	12,696	860,299	1,855,114	248,903	507,989	136,265	346	5,271	6,054,417
Qualifying Revolving Retail Exposures	113,441	8,188	757,776	4,194	412,545	1,854,674	141,798	332,934	81,423	25,867,428	3,622	29,578,023
Hire Purchase Exposures	-	-	-	-	-	-	-	-	-	16,669,956	-	16,669,956
Other Retail Exposures	113,441	8,188	757,776	4,194	412,545	1,854,674	141,798	332,934	81,423	50,435	3,622	3,761,030
<b>Total Exposures under IRB Approach</b>	1,786,330	72,799	8,562,422	337,064	4,000,814	5,283,663	2,991,318	6,263,169	622,223	25,873,286	9,243	55,802,331
<b>Total Exposures under SA and IRB Approaches</b>	2,241,306	95,811	15,532,846	894,632	4,565,497	6,309,500	4,444,206	24,833,070	17,937,634	40,294,694	11,532,596	128,681,792

Note : This table excludes equity exposures.

## 6.0 CREDIT RISK (CONTINUED)

### 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

**Table 12a: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 31st December 2011**

<b>Exposure Class</b>	<b>One year or less (RM'000)</b>	<b>More than one to five years (RM'000)</b>	<b>Over five years (RM'000)</b>	<b>Total (RM'000)</b>
<b>Exposures under Standardised Approach</b>				
Sovereigns and Central Banks	14,740,766	6,165,706	19,244,273	40,150,745
Public Sector Entities	84,321	10,568	184,851	279,740
Banks, Development Financial Institutions and MDBs	7,435,531	1,673,676	1,256,773	10,365,980
Insurance Companies, Securities Firms and Fund Managers	3,123	55,431	90	58,644
Corporates	5,622,424	6,403,897	4,425,418	16,451,739
Regulatory Retail	3,540,793	2,995,296	15,174,183	21,710,272
Residential Mortgages	846,835	42,635	1,070,733	1,960,203
Higher Risk Assets	22,646	-	-	22,646
Other Assets	60,245	8,991	2,854,294	2,923,530
<b>Total Exposures under Standardised Approach</b>	<b>32,356,684</b>	<b>17,356,200</b>	<b>44,210,615</b>	<b>93,923,499</b>
<b>Exposures under IRB Approach</b>				
<b>Corporates</b> , of which	24,455,341	3,295,747	3,699,439	31,450,527
Corporates (excluding exposures with firm-size adjustments)	20,474,874	2,640,580	1,935,917	25,051,371
Corporates (with firm-size adjustments)	3,980,467	655,167	1,763,522	6,399,156
<b>Retail</b> , of which	4,771,819	3,386,219	22,527,304	30,685,342
Residential Mortgages	23,872	300,652	16,971,088	17,295,612
Qualifying Revolving Retail Exposures	2,041,395	-	-	2,041,395
Hire Purchase Exposures	89,623	2,489,322	4,764,537	7,343,482
Other Retail Exposures	2,616,929	596,245	791,679	4,004,853
<b>Total Exposures under IRB Approach</b>	<b>29,227,160</b>	<b>6,681,966</b>	<b>26,226,743</b>	<b>62,135,869</b>
<b>Total Exposures under Standardised and IRB Approaches</b>	<b>61,583,844</b>	<b>24,038,166</b>	<b>70,437,358</b>	<b>156,059,368</b>

Note : This table excludes equity exposures.

## 6.0 CREDIT RISK (CONTINUED)

## 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

Table 12b: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 31st December 2010

Exposure Class	One year or less (RM'000)	More than one to five years (RM'000)	Over five years (RM'000)	Total (RM'000)
<b>Exposures under Standardised Approach</b>				
Sovereigns and Central Banks	8,944,248	7,227,963	13,330,264	29,502,475
Public Sector Entities	85,261	10,359	21,201	116,821
Banks, Development Financial Institutions and MDBs	8,236,056	1,497,429	171,670	9,905,155
Insurance Companies, Securities Firms and Fund Managers	32,379	13,290	-	45,669
Corporates	6,059,526	6,546,282	2,779,394	15,385,202
Regulatory Retail	3,190,612	1,554,747	9,461,611	14,206,970
Residential Mortgages	680,852	9,019	628,560	1,318,431
Higher Risk Assets	61,922	20,381	25,790	108,093
Other Assets	19,619	11,613	2,259,413	2,290,645
<b>Total Exposures under Standardised Approach</b>	<b>27,310,475</b>	<b>16,891,083</b>	<b>28,677,903</b>	<b>72,879,461</b>
<b>Exposures under IRB Approach</b>				
<b>Corporates</b> , of which	20,582,035	2,614,336	3,027,937	26,224,308
Corporates (excluding exposures with firm-size adjustments)	16,924,671	1,808,695	1,436,525	20,169,891
Corporates (with firm-size adjustments)	3,657,364	805,641	1,591,412	6,054,417
<b>Retail</b> , of which	4,616,901	3,450,011	21,511,111	29,578,023
Residential Mortgages	31,425	376,013	16,262,518	16,669,956
Qualifying Revolving Retail Exposures	1,943,201	-	-	1,943,201
Hire Purchase Exposures	104,083	2,564,718	4,535,035	7,203,836
Other Retail Exposures	2,538,192	509,280	713,558	3,761,030
<b>Total Exposures under IRB Approach</b>	<b>25,198,936</b>	<b>6,064,347</b>	<b>24,539,048</b>	<b>55,802,331</b>
<b>Total Exposures under Standardised and IRB Approaches</b>	<b>52,509,411</b>	<b>22,955,430</b>	<b>53,216,951</b>	<b>128,681,792</b>

Note : This table excludes equity exposures.

**Standardised Approach for Other Portfolios**

The Standardised Approach is applied to portfolios that are classified as permanently exempted from the IRB approach, and those portfolios that are currently in transition to the IRB approach. The portfolios that are in transition to the IRB approach are exposures to RHB Islamic Bank and RHB (L) Ltd and exposures from overseas operations.

Under this Standardised Approach, the risk-weights are prescribed by BNM based on the asset class to which the exposure is assigned.

## 6.0 CREDIT RISK (CONTINUED)

### 6.5 Credit Exposures and Risk-Weighted Assets ('RWA') By Portfolio and Approaches (continued)

The following tables show RHB Bank Group's credit exposure for its portfolios with the corresponding risk-weights and risk-weighted assets under the Standardised Approach, after credit risk mitigation (CRM).

**Table 13a: Portfolios under the Standardised Approach by Risk-Weights as at 31st December 2011**

Exposures Class	Exposure after CRM (RM'000)						Total Exposures (RM'000)	
	Risk-Weight (%)							
	0%	20%	35%	50%	75%	100%	150%	
Sovereigns and Central Banks	39,639,720	446,530	-	-	-	64,495	-	40,150,745
Public Sector Entities	-	248,992	-	30,508	-	-	-	279,500
Banks, Development Financial Institutions and MDBs	-	8,214,314	-	2,121,597	-	30,069	-	10,365,980
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	58,644	-	58,644
Corporates	35,304	4,114,758	-	318,544	-	11,044,525	256,360	15,769,491
Regulatory Retail	25,031	1,099	-	40,114	16,125,273	242,291	240,168	16,673,976
Residential Mortgages	-	-	1,897,444	49,739	-	-	-	1,947,183
Higher Risk Assets	-	-	-	-	-	-	22,646	22,646
Other Assets	814,353	47,923	-	-	-	2,061,254	-	2,923,530
Equity	-	-	-	-	-	341,240	23	341,263
<b>Total Exposures after CRM (RM'000)</b>	<b>40,514,408</b>	<b>13,073,616</b>	<b>1,897,444</b>	<b>2,560,502</b>	<b>16,125,273</b>	<b>13,842,518</b>	<b>519,197</b>	<b>88,532,958</b>
<b>Total Risk-Weighted Assets (RM'000)</b>	<b>-</b>	<b>2,614,723</b>	<b>664,105</b>	<b>1,280,251</b>	<b>12,093,955</b>	<b>13,842,518</b>	<b>778,796</b>	<b>31,274,348</b>

**Table 13b: Portfolios under the Standardised Approach by Risk-Weights as at 31st December 2010**

Exposures Class	Exposure after CRM (RM'000)						Total Exposures (RM'000)	
	Risk-Weight (%)							
	0%	20%	35%	50%	75%	100%	150%	
Sovereigns and Central Banks	29,006,449	481,041	-	-	-	14,985	-	29,502,475
Public Sector Entities	-	85,530	-	31,051	-	-	-	116,581
Banks, Development Financial Institutions and MDBs	-	8,676,629	-	1,187,723	-	40,803	-	9,905,155
Insurance Companies, Securities Firms and Fund Managers	-	-	-	-	-	45,669	-	45,669
Corporates	83,334	3,784,046	-	170,290	-	10,330,626	367,307	14,735,603
Regulatory Retail	3,674	144	-	53,382	10,711,438	74,813	253,053	11,096,504
Residential Mortgages	-	-	1,266,754	41,786	-	-	-	1,308,540
Higher Risk Assets	-	-	-	-	-	-	108,093	108,093
Other Assets	642,592	47,258	-	-	-	1,600,795	-	2,290,645
Equity	-	-	-	-	-	299,484	35	299,519
<b>Total Exposures after CRM (RM'000)</b>	<b>29,736,049</b>	<b>13,074,648</b>	<b>1,266,754</b>	<b>1,484,232</b>	<b>10,711,438</b>	<b>12,407,175</b>	<b>728,488</b>	<b>69,408,784</b>
<b>Total Risk-Weighted Assets (RM'000)</b>	<b>-</b>	<b>2,614,930</b>	<b>443,364</b>	<b>742,116</b>	<b>8,033,579</b>	<b>12,407,175</b>	<b>1,092,732</b>	<b>25,333,896</b>

### 6.6 Use of External Ratings

For sovereigns, corporate and banking institutions, external ratings from approved external credit assessment institutions ('ECAI'), where available, are used to determine the risk-weighted assets and regulatory capital.

The process used to map ECAI issuer ratings or comparable ECAI issue ratings are in accordance to BNM standards. Approved ECAIs are as follows:-

- Standard & Poors ('S&P'),
- Moody's Investor Services ('Moody's'),
- Fitch Ratings ('Fitch'),
- Malaysian Rating Corporation Berhad ('MARC'),
- Rating Agency Malaysia ('RAM'), and
- Rating and Investment Information, Inc ('R&I').

External ratings for the counterparties are determined as soon as relationship is established and these ratings are tracked and kept updated. Only publicly available credit ratings are used for regulatory risk-weighting purpose. Where the counterparty is not rated, the corresponding exposure is mapped as 'unrated' and the appropriate risk-weight for unrated exposures is assigned.

## 6.0 CREDIT RISK (CONTINUED)

## 6.6 Use of External Ratings (continued)

The following tables show RHB Bank Group's credit exposures to sovereigns, corporate and banking institutions according to the ratings by ECAIs as at 31st December 2011 compared with the position of 31st December 2010.

Table 14a: Rated Exposures According to Ratings by ECAIs as at 31st December 2011

<b>Ratings of Corporates by Approved ECAIs</b>	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	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	
	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<b>On and Off-Balance Sheet Exposures</b>							
Public Sector Entities (RM'000)		-	-	-	-	279,500	
Insurance Companies, Securities Firms and Fund Managers (RM'000)		-	-	-	-	58,644	
Corporates (RM'000)		4,109,534	271,240	109,072	58,478	11,221,167	
<b>Short Term Ratings of Corporates by Approved ECAIs</b>	Moody's	P-1	P-2	P-3	Others	Unrated	
	S&P	A-1	A-2	A-3	Others	Unrated	
	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAM	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
	R&I	a-1+, a-1	a-2	a-3	b, c	Unrated	
<b>On and Off-Balance Sheet Exposures</b>							
Corporates (RM'000)		-	-	-	-	-	
<b>Ratings of Sovereigns and Central Banks by Approved ECAIs</b>	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance Sheet Exposures</b>							
Sovereigns and Central Banks (RM'000)		633,241	39,350,353	102,757	10,814	-	53,580
<b>Ratings of Banking Institutions by Approved ECAIs</b>	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
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance Sheet Exposures</b>							
Banks, MDBs and DFIs (RM'000)		3,286,295	2,657,428	865,778	474	-	3,556,005



## 6.0 CREDIT RISK (CONTINUED)

### 6.6 Use of External Ratings (continued)

**Table 14b: Rated Exposures According to Ratings by ECAIs as at 31st December 2010**

<b>Ratings of Corporates by Approved ECAIs</b>	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	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	
	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<b>On and Off-Balance Sheet Exposures</b>							
Public Sector Entities (RM'000)		-	-	-	-	116,581	
Insurance Companies, Securities Firms and Fund Managers (RM'000)		-	-	-	-	45,669	
Corporates (RM'000)		3,581,433	37,406	184,043	-	10,831,077	
<b>Short Term Ratings of Corporates by Approved ECAIs</b>	Moody's	P-1	P-2	P-3	Others	Unrated	
	S&P	A-1	A-2	A-3	Others	Unrated	
	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAM	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
	R&I	a-1+, a-1	a-2	a-3	b, c	Unrated	
<b>On and Off-Balance Sheet Exposures</b>							
Corporates (RM'000)		101,644	-	-	-	-	
<b>Ratings of Sovereigns and Central Banks by Approved ECAIs</b>	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance Sheet Exposures</b>							
Sovereigns and Central Banks (RM'000)		544,916	28,590,917	318,236	14,985	-	33,421
<b>Ratings of Banking Institutions by Approved ECAIs</b>	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
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance Sheet Exposures</b>							
Banks, MDBs and DFIs (RM'000)		2,620,285	2,585,259	2,136,734	315	-	2,562,562

## 6.0 CREDIT RISK (CONTINUED)

### 6.7 Credit Risk Monitoring and Control

#### Credit Risk Mitigation

As a fundamental credit principle, the Bank generally does not grant credit facilities solely on the basis of collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed, subject to RHB Bank Group's policies that govern the eligibility of collateral used for credit risk mitigation. Reliance on collateral when taken is carefully assessed in the light of issues such as legal certainty and enforceability, market valuation and counterparty risk of the guarantor.

The main types of collaterals obtained by the Bank are:-

- Fixed Deposits, Mudharabah General Investment Account, Negotiable Instrument of Deposits, Foreign Currency Deposits, and Cash Deposits/Cash Margins
- Land and Buildings
- Vessels and Automobiles
- Quoted Shares, Unit Trusts, Malaysian Government Bonds and Securities, and Private Debt Securities
- Endowment Life Policies with Cash Surrender Value
- Other tangible business assets, such as inventory and equipment

Collateral is valued in accordance with the RHB Banking Group's policy on collateral valuation, which prescribes the frequency of valuation for different collateral/securities types, based on liquidity and volatility of the collateral value and the underlying product or risk exposure. The value of collaterals/securities pledged is monitored periodically; analysed and updated concurrently with the annual/periodic renewal of facilities, as well as updated into the relevant Bank's system.

The RHB Banking Group also accepts non-tangible securities as support, such as guarantees from individuals, corporates and institutions, bank guarantees, debenture and assignment of contract payments, subject to internal guidelines on eligibility. Currently, the Group does not use on-balance sheet netting to mitigate its credit exposures.

Equity securities or collaterals acquired arising from debt conversions are accounted for as a disposal of the loan and an acquisition of equity securities or investment properties. Any further impairment of the assets or business acquired is treated as an impairment of the relevant asset or business rather than as an impairment of the original instrument.

**Table 15a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31st December 2011**

<b>Exposure Class</b>	<b>Exposures Before Credit Risk Mitigation (RM'000)</b>	<b>Exposures Covered by Guarantees/ Credit Derivatives (RM'000)</b>	<b>Exposures Covered By Eligible Financial Collateral (RM'000)</b>
<b>On-Balance Sheet Exposures</b>			
Sovereigns and Central Banks	39,892,316	224,429	-
Public Sector Entities	263,768	-	-
Banks, Development Financial Institutions and MDBs	9,263,705	-	-
Insurance Companies, Securities Firms and Fund Managers	90	-	-
Corporates	14,360,205	4,110	538,865
Regulatory Retail	19,920,806	-	4,698,035
Residential Mortgages	1,520,091	-	9,006
Higher Risk Assets	-	-	-
Other Assets	2,912,323	100	-
Equity Exposures	339,031	-	-
Defaulted Exposures	829,654	-	42,321
<b>Total On-Balance Sheet Exposures</b>	<b>89,301,989</b>	<b>228,639</b>	<b>5,288,227</b>

## 6.0 CREDIT RISK (CONTINUED)

### 6.7 Credit Risk Monitoring and Control (continued)

#### Credit Risk Mitigation (continued)

**Table 15a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31st December 2011 (continued)**

Exposure Class	Exposures Before Credit Risk Mitigation (RM'000)	Exposures Covered by Guarantees/ Credit Derivatives (RM'000)	Exposures Covered By Eligible Financial Collateral (RM'000)
<b>Off-Balance Sheet Exposures</b>			
OTC Derivatives	1,300,870	-	-
Credit Derivatives	-	-	-
Off balance sheet exposures other than OTC Derivatives or Credit Derivatives	3,661,576	25,487	483,903
Defaulted Exposures	327	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>4,962,773</b>	<b>25,487</b>	<b>483,903</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>94,264,762</b>	<b>254,126</b>	<b>5,772,130</b>

**Table 15b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31st December 2010**

Exposure Class	Exposures Before Credit Risk Mitigation (RM'000)	Exposures Covered by Guarantees/ Credit Derivatives (RM'000)	Exposures Covered By Eligible Financial Collateral (RM'000)
<b>On-Balance Sheet Exposures</b>			
Sovereigns and Central Banks	29,389,228	-	-
Public Sector Entities	115,711	-	-
Banks, Development Financial Institutions and MDBs	9,042,034	-	-
Insurance Companies, Securities Firms and Fund Managers	-	-	-
Corporates	13,473,906	146,317	569,564
Regulatory Retail	13,002,712	144	2,913,893
Residential Mortgages	1,109,962	-	8,609
Higher Risk Assets	44,319	-	-
Other Assets	2,170,689	-	-
Equity Exposures	299,519	-	-
Defaulted Exposures	1,101,568	-	31,827
<b>Total On-Balance Sheet Exposures</b>	<b>69,749,648</b>	<b>146,641</b>	<b>3,523,893</b>
<b>Off-Balance Sheet Exposures</b>			
OTC Derivatives	1,199,847	-	-
Credit Derivatives	-	-	-
Off balance sheet exposures other than OTC Derivatives or Credit Derivatives	2,229,485	-	292,052
Defaulted Exposures	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>3,429,332</b>	<b>-</b>	<b>292,052</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>73,178,980</b>	<b>146,641</b>	<b>3,815,945</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.7 Credit Risk Monitoring and Control (continued)

## Credit Risk Mitigation (continued)

Table 16a: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31st December 2011

Exposure Class	Exposures Before Credit Risk Mitigation (RM'000)	Exposures Covered by Guarantees/ Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)	Exposures Covered by Other Eligible Collateral (RM'000)
<b>On-Balance Sheet Exposures</b>				
<b>Corporates</b> , of which	24,841,372	170,359	1,030,455	8,745,958
Corporate Exposures (excluding exposures with firm-size adjustments)	19,964,316	170,359	426,531	6,206,586
Corporate Exposures (with firm-size adjustment)	4,877,056	-	603,924	2,539,372
<b>Retail</b> , of which	27,755,691	-	-	5,511
Residential Mortgages	15,826,042	-	-	-
Qualifying Revolving Retail Exposures	1,473,727	-	-	-
Hire Purchase Exposures	7,180,842	-	-	-
Other Retail Exposures	3,275,080	-	-	5,511
<b>Defaulted Exposures</b>	2,758,302	-	80,355	379,069
<b>Total On-Balance Sheet Exposures</b>	55,355,365	170,359	1,110,810	9,130,538
<b>Off-Balance Sheet Exposures</b>				
OTC Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	6,746,462	10,692	578,380	1,192,961
Defaulted Exposures	34,042	-	2,477	17,589
<b>Total Off-Balance Sheet Exposures</b>	6,780,504	10,692	580,857	1,210,550
<b>Total On and Off-Balance Sheet Exposures</b>	62,135,869	181,051	1,691,667	10,341,088

## 6.0 CREDIT RISK (CONTINUED)

### 6.7 Credit Risk Monitoring and Control (continued)

#### Credit Risk Mitigation (continued)

**Table 16b: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31st December 2010**

Exposure Class	Exposures Before Credit Risk Mitigation (RM'000)	Exposures Covered by Guarantees/ Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)	Exposures Covered by Other Eligible Collateral (RM'000)
<b>On-Balance Sheet Exposures</b>				
<b>Corporates</b> , of which	21,980,249	224,868	1,320,529	5,725,796
Corporate Exposures (excluding exposures with firm-size adjustments)	16,813,025	5,674	699,235	3,293,940
Corporate Exposures (with firm-size adjustment)	5,167,224	219,194	621,294	2,431,856
<b>Retail</b> , of which	26,631,404	-	-	-
Residential Mortgages	15,014,343	-	-	-
Qualifying Revolving Retail Exposures	1,394,234	-	-	-
Hire Purchase Exposures	7,062,025	-	-	-
Other Retail Exposures	3,160,802	-	-	-
<b>Defaulted Exposures</b>	2,699,594	-	60,037	377,203
<b>Total On-Balance Sheet Exposures</b>	<b>51,311,247</b>	<b>224,868</b>	<b>1,380,566</b>	<b>6,102,999</b>
<b>Off-Balance Sheet Exposures</b>				
OTC Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC Derivatives or Credit Derivatives	4,491,084	3,878	407,905	632,117
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>4,491,084</b>	<b>3,878</b>	<b>407,905</b>	<b>632,117</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>55,802,331</b>	<b>228,746</b>	<b>1,788,471</b>	<b>6,735,116</b>

#### Credit Concentration Risks

The RHB Banking Group manages the diversification of its portfolio to avoid undue credit risk concentrations. Credit risk concentrations exist in lending to single customer groups, borrowers engaged in similar activities, or diverse groups of borrowers that could be affected by similar economic or other factors. To manage these concentrations, exposure limits are established for single borrowing groups and industry segments. In this respect, analysis of large customer group exposures are regularly conducted, and the lending and financing units undertake regular account updates, monitoring and management of these exposures.

Industry and sectoral analysis are also incorporated within the overall credit risk management regiment. In this respect, the Group seeks to continually update lending and financing guidelines based on periodic reviews and updates of industry and sectoral risk factors and economic outlooks. This facilitates the better management of credit concentration risks.

## 6.0 CREDIT RISK (CONTINUED)

### 6.7 Credit Risk Monitoring and Control (continued)

#### Credit Monitoring and Annual Reviews

The RHB Banking Group regularly monitors credit exposures, portfolio performance and external trends which may impact risk management outcomes. Internal risk management reports are generated for senior management and risk committees, containing information on key environmental, political and economic trends across portfolios and countries, portfolio delinquency with major credit delinquency, and loan impairment performance.

In addition to the ongoing qualitative assessment by the account relationship managers, reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic condition and account conduct.

Group Internal Audit conducts independent post approval reviews on sampling basis to ensure that the quality of credit appraisals and approval standards are in accordance with the credit standards and lending policies established by the Bank's management, laws and regulations.

### 6.8 Impairment Allowances for Loans/Financing

The BNM's Guideline on Classification and Impairment Provisions for Loans/Financing provides for two types of impairment assessment methodologies, i.e. individual assessment and collective assessment. The former applies to significant borrowers/customers with certain pre-defined threshold limits whereas the latter applies to facilities of homogeneous portfolios.

The impairment assessment for borrowers/customers under individual assessment is based on pre-defined impairment triggers, of which aging more than 90 days or 3 months is only one of the mandatory status triggers. In the case of portfolios under collective assessment, the impairment assessment is primarily time-bound based on default period of more than 90 days or more than 3 months. A loan/financing is considered past due or defaulted when scheduled payment of principal or interest/profit is due and not paid. When this financing is past due or defaulted for a period of more than 90 days or more than 3 months, this financing is classified as non-performing or impaired.

The impairment provisioning for portfolio under individual assessment are established based primarily on estimates on the realisable value of the collateral to secure the loans and advances and are measured as the difference between the loan or advance's carrying amount and the net present value of the expected future cash flows discounted based on the original effective interest/profit rates. All other loans and advances that have been individually evaluated but not considered to be individually impaired are assessed collectively for impairment.

In the case of loans/financing portfolio under collective assessment, the impairment provision is based on the estimated losses of a homogeneous pool of loans/financing by deriving the probability of default ('PD') and loss given default ('LGD') based on incurred loss model. Each portfolio of individually smaller loans with similar credit risk characteristics is collectively evaluated for impairment.

The Bank has adopted the transitional provision as provided under the revised BNM GP3: BNM's Guideline on Classification and Impairment Provisions for Loans/Financing. Under the transitional provision, collective assessment provision is derived based on 1.5% of the total outstanding loans/financing amounts, net of provisions made (both individual assessment provisions and specific provisions under the previous BNM's GP3 Guideline).

#### Write-Off Policy

Loans are written-off against impairment allowances when recovery action has been instituted, prospect of recovery is considered remote or when all feasible avenues of recovery have been exhausted. The management and administration of such exposures are outlined in the Bank's Policy on Non Performing/Impaired Loans. The Bank's write-off policy is in compliance with the requirements specified in BNM's Guideline on Classification and Impairment Provisions for Loans/Financing.

## 6.0 CREDIT RISK (CONTINUED)

## 6.8 Impairment Allowances for Loans/Financing (continued)

Table 17a: Impaired, Past Due Loans/Financing and Provision for Impairment by Industry Sector as at 31st December 2011

Industry Sector	Impaired Loans and Advances/Financing (RM'000)	Past Due Loans/Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)	Charges/ (Write-back) for Individual Impairment Provision (RM'000)	Write-Offs (RM'000)
Agriculture	57,283	32,642	30,586		13,890	17,536
Mining and Quarrying	26,216	4,027	826		5,807	1,094
Manufacturing	610,375	127,263	257,604		74,562	124,565
Electricity, Gas and Water Supply	2,950	29	81		2,421	339
Construction	237,190	84,735	98,705		(12,096)	5,247
Wholesale, Retail Trade, Restaurants and Hotels	318,447	119,975	113,883		16,974	290,973
Transport, Storage and Communication	113,777	78,444	27,789		21,315	2,334
Finance, Insurance, Real Estate and Business	455,714	66,153	113,883		(2,909)	2,795
Education and Health	64,460	13,387	4,945		(3,177)	3,456
Household	1,452,843	5,395,886	164,200		16,318	24,888
Others	11,231	-	-		6,262	195,944
<b>Total</b>	<b>3,350,486</b>	<b>5,922,541</b>	<b>812,502</b>	<b>1,657,809</b>	<b>139,367</b>	<b>669,171</b>

Table 17b: Impaired, Past Due Loans/Financing and Provision for Impairment by Industry Sector as at 31st December 2010

Industry Sector	Impaired Loans and Advances/Financing (RM'000)	Past Due Loans/Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)	Charges/ (Write-back) for Individual Impairment Provision (RM'000)	Write-Offs (RM'000)
Agriculture	94,343	24,575	45,065		50,183	12,037
Mining and Quarrying	27,707	4,359	13,845		12,522	1,878
Manufacturing	610,554	120,758	209,449		91,774	225,651
Electricity, Gas and Water Supply	3,021	67	440		249	21
Construction	312,008	127,909	78,992		38,518	141,272
Wholesale, Retail Trade, Restaurants and Hotels	348,487	111,037	119,194		33,676	53,971
Transport, Storage and Communication	135,389	27,993	27,948		6,597	118,695
Finance, Insurance, Real Estate and Business	438,092	78,189	128,990		(55,751)	516,726
Education and Health	85,231	21,593	9,889		3,084	769
Household	1,600,529	4,586,712	219,095		75,746	4,014
Others	15,897	463	1,992		214	85
<b>Total</b>	<b>3,671,258</b>	<b>5,103,655</b>	<b>854,899</b>	<b>1,625,609</b>	<b>256,812</b>	<b>1,075,119</b>

## 6.0 CREDIT RISK (CONTINUED)

## 6.8 Impairment Allowances for Loans/Financing (continued)

Table 18a: Impaired, Past Due Loans/Financing and Provision for Impairment by Geographical Distribution as at 31st December 2011

Geographical Distribution	Impaired Loans and Advances (RM'000)	Past Due Loans/Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
Malaysia	3,253,920	5,268,177	771,683	1,640,928
Singapore	66,581	570,197	29,917	12,061
Thailand	22,440	57,922	9,530	3,154
Brunei	7,545	26,245	1,372	1,666
<b>Total</b>	<b>3,350,486</b>	<b>5,922,541</b>	<b>812,502</b>	<b>1,657,809</b>

Table 18b: Impaired, Past Due Loans/Financing and Provision for Impairment by Geographical Distribution as at 31st December 2010

Geographical Distribution	Impaired Loans and Advances (RM'000)	Past Due Loans/Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
Malaysia	3,515,643	5,001,681	803,718	1,589,210
Singapore	127,892	81,342	41,142	30,257
Thailand	22,371	843	9,354	3,856
Brunei	5,352	19,789	685	2,286
<b>Total</b>	<b>3,671,258</b>	<b>5,103,655</b>	<b>854,899</b>	<b>1,625,609</b>

Table 19a: Reconciliation of Changes to Loan Impairment Provisions as at 31st December 2011

Impairment Provision Details	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
<b>Opening Balance</b>	854,899	1,625,609
Net Allowance Made	139,367	740,820
Amount Recovered	(27,168)	(196,578)
Amount Written-Off	(155,552)	(513,619)
Exchange Difference	956	1,577
<b>Closing Balance</b>	<b>812,502</b>	<b>1,657,809</b>

Table 19b: Reconciliation of Changes to Loan Impairment Provisions as at 31st December 2010

Impairment Provision Details	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
<b>Opening Balance</b>	1,350,111	1,613,437
Net Allowance Made	256,812	677,250
Amount Recovered	(73,489)	(258,131)
Amount Written-Off	(672,015)	(403,104)
Exchange Difference	(6,520)	(3,843)
<b>Closing Balance</b>	<b>854,899</b>	<b>1,625,609</b>



## 7.0 MARKET RISK

Market risk is the risk of loss arising from adverse movements in market variables, such as interest rates, credit spreads, prices of bonds and equities, and currency exchange rates. The market risk of Islamic activities of the RHB Bank Group includes rate of return risk and displaced commercial risk.

Market risk is segregated into trading market risk and non-trading market risk. Trading market risk arises from changes in interest rates, foreign exchange rates, equity prices and credit spreads on the value of assets held for trading while non-trading market risk arises from changes in interest rates, foreign exchange rates and equity prices, of which the main non-trading market risk is interest rate risk arising from re-pricing mismatches of its assets and liabilities from its banking activities.

The Bank transacts in money market, foreign exchange markets and capital markets which give rise to market risk exposures. Financial instruments transacted include debt and other securities and certain financial derivative instruments. Derivative instruments are contracts whose characteristics and value are derived from underlying financial instruments, interest rates, exchange rates or indices. They include futures, forwards, swaps, options transactions in the foreign exchange and interest rate markets. Derivative contracts entered into by the Bank are primarily over-the-counter derivatives.

The RHB Banking Group has established a Trading Book Policy as guidance for market risk management. This is reviewed regularly at least once a year and/or upon change in strategy or significant event that has a material impact on policy compliance.

The Group Asset and Liability Committee ('ALCO') performs a critical role in the management of market risk that supports the Group Risk Management Committee in the overall market risk management. Group ALCO meets regularly and is the forum where strategic and tactical decisions are made for the management of market risk; including the development of the Group's market risk strategy, market risk management structure and the policies as well as measurement techniques to be put in place.

The Market Risk Management is the working level that forms a centralised function to support senior management to operationalise the processes and methods to ensure adequate risk control and oversight are in place.

### Market Risk Assessment

The Bank applies risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk ('VaR'), sensitivity analysis and stress testing.

The Bank adopts a systematic approach in managing these risks by types of instruments and nature of exposure. Market risk is primarily monitored and controlled via a structure of limits and triggers i.e. cut loss, VaR, trading and notional limit set in accordance with the size of positions and risk tolerance appetites.

In addition, the Bank conducts periodic stress testing of its respective portfolios to ascertain market risk under abnormal market conditions.

### Market Risk Monitoring and Reporting

For effective control of market risk, defined management action triggers and risk limits are established and actively monitored. Only authorised trading activities may be undertaken by the various business units within the allocated limits. All trading positions are monitored on a daily basis by independent support units. Should exposures or transactions set off pre-established triggers, management will deliberate and determine course of actions required on a timely basis.

### Hedging Activities

Hedging activities designated for hedge accounting are governed by the Bank's Hedging Policies that prescribe the overall hedge activities that can be executed by the Bank and the subsequent control procedures such as effectiveness measurement and reporting to Group ALCO.

A hedge is defined as a position that materially or entirely offsets the component risk elements of another position or portfolio.

Hedging instruments used to mitigate these risks include derivatives such as options, futures, forwards and swaps that are approved by the Board. Execution of the hedging is carried out by the relevant division through the Group's treasury functions with the approval of Group ALCO.

## 7.0 MARKET RISK (CONTINUED)

### Capital Treatment for Market Risk

RHB Bank Group applies the Standardised Approach to calculate market risk capital requirements in accordance with BNM's Guideline. The market risk-weighted assets (RWA) and the corresponding market risk capital charge for RHB Bank Group as at 31st December 2011 and 31st December 2010 are shown in the tables below:-

**Table 20a: Market Risk-Weighted Assets and Capital Charge as at 31st December 2011**

Market Risk	Long Position (RM'000)	Short Position (RM'000)	RWA (RM'000)	Capital Charge (RM'000)
Interest Rate Risk	34,948,095	34,192,723	1,174,670	93,974
Foreign Currency Risk	1,289,791	17,095	1,303,806	104,304
<b>Total</b>			2,478,476	198,278

**Table 20b: Market Risk-Weighted Assets and Capital Charge as at 31st December 2010**

Market Risk	Long Position (RM'000)	Short Position (RM'000)	RWA (RM'000)	Capital Charge (RM'000)
Interest Rate Risk	27,011,855	27,356,199	378,540	30,283
Foreign Currency Risk	855,985	32,816	876,731	70,138
<b>Total</b>			1,255,271	100,421

As at 31st December 2011 and 31st December 2010, RHB Bank Group did not have any exposure under

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

The increase in interest rate risk-weighted assets as at 31st December 2011 by RM0.79 billion is because the Bank had entered into additional IRS transactions to hedge the interest rate risk/rate of return risk in its banking book during the year 2011.

## 8.0 EQUITY EXPOSURES IN THE BANKING BOOK

Equity risk is the risk of decline in the net realisable value of investment assets arising from adverse movements in market prices or factors specific to the investment itself. RHB Bank Group holds positions as a result of debt equity conversions and for socio-economic purposes, which are deemed as non-trading instruments.

For debt equity conversions, the Bank has established a Policy on Debt & Equity Instruments that governs the management of such exposures to ensure that these exposures are effectively managed and accounted for in the Bank's books.

## 8.0 EQUITY EXPOSURES IN THE BANKING BOOK (CONTINUED)

For regulatory capital purpose, the Bank adopts the Standardised Approach to calculate the risk-weighted exposures. The risk-weighted Assets of equity investments of RHB Bank Group as at 31st December 2011 and 31st December 2010 are shown in the tables below:-

**Table 21a: Equity Exposures in the Banking Book as at 31st December 2011**

Equity Type	Gross Credit Exposures (RM'000)	Risk-Weighted Assets (RM'000)
Publicly traded		
- Holdings of equity investments	3,782	3,782
Privately held		
- For socio-economic purposes	336,598	336,598
- For non socio-economic purposes	23	35
Other equity	860	860
<b>Total</b>	<b>341,263</b>	<b>341,275</b>
	<b>(RM'000)</b>	
Cumulative Realised Gains/(Loss) from Sale and Liquidation	500	
Total Gains/(Loss)	200,418	

**Table 21b: Equity Exposures in the Banking Book as at 31st December 2010**

Equity Type	Gross Credit Exposures (RM'000)	Risk-Weighted Assets (RM'000)
Publicly traded		
- Holdings of equity investments	4,304	4,304
Privately held		
- For socio-economic purposes	294,320	294,320
- For non socio-economic purposes	35	52
Other equity	860	860
<b>Total</b>	<b>299,519</b>	<b>299,536</b>
	<b>(RM'000)</b>	
Cumulative Realised Gains/(Loss) from Sale and Liquidation	(45)	
Total Gains/(Loss)	158,294	

## 9.0 LIQUIDITY RISK

There are two types of liquidity risk, namely funding liquidity and market liquidity risk. Funding liquidity risk is the risk that the RHB Bank Group is unable to meet its payment obligations as they fall due. These payment obligations could emanate from depositor withdrawals, the inability to roll over maturing deposits or meet contractual commitments to lend. Market liquidity risk is the risk that the Bank will be unable to sell assets, quickly, close to its fair value without incurring an unacceptable loss in order to generate cash required to meet payment obligations under a stress liquidity event.

The primary role of a bank in terms of financial intermediation is the transformation of deposits into loans. By fulfilling the role of maturity transformation, banks are inherently susceptible to liquidity mismatches and consequently funding and market liquidity risks.

Through the Group's Liquidity Practices Guide, the RHB Banking Group manages the funding and market liquidity risk to ensure that banking operations continue uninterrupted under normal and stressed conditions. The key objectives that underpin the Group's Liquidity Practices Guide include maintaining financial market confidence at all times, protecting key stakeholders' interests and meeting regulatory liquidity requirements.

## 9.0 LIQUIDITY RISK (CONTINUED)

The Group ALCO supports Group Risk Management Committee by performing the critical role in the management of liquidity risks, and is responsible in establishing strategies that assist in controlling and reducing any potential exposures to liquidity risk. The ALCO meets regularly and is the forum where strategic and tactical decisions are made for the management of liquidity risks and the Bank's balance sheet profile. Global and domestic economic data, information and events are deliberated at the ALCO meetings which enables the Group to determine its actions and reactions in the capital markets. The ALCO is also the governance body which sets interest/profit rates for liabilities products as well as reference rates for lending and financing products and services.

The liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Some of the key liquidity risk management tools are top depositors' mixture, funding source mixture, maturity profile of funding sources and contingency funding lines.

### Liquidity Contingency Plan

The Group's Liquidity Policy Statement establishes guidelines for managing a liquidity crisis, identifying early warning signs of a possible liquidity event, and the need for heightened liquidity risk monitoring and reduced liquidity risk exposure. In addition, the Group Liquidity Policy Statement identifies the individuals responsible for formulating and executing the Bank's response to a liquidity event.

It is also Group's Policy that every entity and foreign branch operations maintains a Liquidity Incident Management Country Plan, to serve as a guide in managing potential country specific liquidity incidents and to complement group wide liquidity incident management.

## 10.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

Interest rate risk/rate of return risk in the banking book refers to any opportunity loss to the Bank's income and/or economic value to changes in interest rate/rate of return, which may arise from both on and off-balance sheet positions in the banking book. Interest rate risk/rate of return risk occurs whenever there is a mismatch in the re-pricing period of assets and liabilities. Excessive interest rate risk/rate of return risk can pose a significant threat to the Bank's earnings and capital. Changes in interest rates/rate of returns may affect the Bank's earnings in terms of the net interest/profit income and economic value of equity.

Interest rate risk/rate of return risk in the banking book comprises:-

- Re-pricing risk (mismatch risk) – timing difference in the maturity (for fixed rate) and re-pricing (for floating rate) of the Bank's assets, liabilities and off-balance sheet positions,
- Basis risk – imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar re-pricing characteristics,
- Yield curve risk – changes in the shape and slope of the yield curve, and
- Embedded optionality – the risk pertaining to interest-related options embedded in the Bank's products.

The ALCO supports Group Risk Management Committee in establishing policies, strategies and limits for the management of balance sheet risk exposure. Group Risk Management supports the ALCO in the monthly monitoring and reporting of the interest rate/rate of return risk profile of the banking book. The primary objective in managing balance sheet risk is to manage the net interest/profit income and economic value of equity, as well as to ensure that interest rate/rate of return exposures are maintained within defined risk tolerances.

In addition, the RHB Banking Group has established the Interest Rate Risk/Rate of Return Risk Policy which provides for the governance of interest rate/rate of return. Interest rate/profit rate sensitivity triggers are applied on earnings for the respective profit centres within the Group. The Group regularly considers the economics and necessity of increasing or reducing its interest rate/profit rate risk hedges.

In line with the Group's Interest Rate Risk/Rate of Return Risk Policy to achieve a balance between profitability from banking activities and minimising risk to earnings and capital from changes in interest rates, interest rate risk to earnings is controlled using Management Action Triggers ('MATs') and identified escalation procedures.

Stress testing is also performed regularly to determine the adequacy of capital in meeting the impact of extreme interest rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating proactive management of interest rate/rate of return risks in an environment of rapid financial market changes.

## 10.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)

The impact of changes in interest rate/rate of return to net earnings and economic value for RHB Bank Group as at 31st December 2011 and 31st December 2010 are shown in the tables below:-

**Table 22a: Interest Rate Risk/Rate of Return Risk in the Banking Book as at 31st December 2011**

Currency	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings (RM'000)		Increase/(Decline) in Economic Value (RM'000)	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
MYR	70,452	(70,452)	(1,234,598)	1,234,598
USD	(11,963)	11,963	(24,396)	24,396
Others*	(306)	306	(26,398)	26,398
<b>Total</b>	<b>58,183</b>	<b>(58,183)</b>	<b>(1,285,392)</b>	<b>1,285,392</b>

Note: \* Inclusive of GBP, EUR, SGD, etc

**Table 22b: Interest Rate Risk/Rate of Return Risk in the Banking Book as at 31st December 2010\*\***

Currency	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings (RM'000)		Increase/(Decline) in Economic Value (RM'000)	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
MYR	54,394	(54,394)	(1,050,652)	1,050,652
USD	(3,358)	3,358	(37,444)	37,444
Others*	1,874	(1,874)	(24,672)	24,672
<b>Total</b>	<b>52,910</b>	<b>(52,910)</b>	<b>(1,112,768)</b>	<b>1,112,768</b>

Note: \* Inclusive of GBP, EUR, SGD, etc

\*\* In 2010, 50bps was reported. For year-to-year comparison, the impact has been increased to 100bps.

In 2011, the impact has been increased to 100bps in line with industry practice. The impact to net earnings above represents financial assets and liabilities that have been prepared on the following basis:-

- Interest rate sensitive assets and liabilities with residual maturity or re-pricing tenure of up to one year that is not captured in the trading portfolio are slotted into time bands based on the maturity or re-pricing tenure whichever that is earlier.
- A set of risk-weights with its respective time band is used to project the applicable basis point interest rate change impact.
- For assets and liabilities with non-fix maturity e.g. current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of interest bearing items.

Economic value is characterised by the impact of interest rate changes on the value of all net cash flows i.e. the effect on the economic value of the Bank's assets, liabilities and off-balance sheet positions. This provides a more comprehensive view of the potential long-term effects of changes in interest rates than is offered by the earnings perspective.

However, the computation of net cash flows is derived taken into consideration a series of assumptions, for instance, assets and liabilities with non-fix maturity e.g. current and savings accounts. Assumptions are made to reflect the behavioural changes against interest rate movements. The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude, and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables.

## 11.0 DISPLACED COMMERCIAL RISK

Displaced commercial risk is the risk that RHB Islamic Bank may not be able to pay its mudharabah depositors a rate of return based on actual investment return of mudharabah funds, which is competitive to the market rate.

RHB Islamic Bank manages this risk by optimising the employment of the mudharabah funds through prudent credit management and effective product pricing. In addition, the maintenance of Profit Equalisation Reserve ('PER') account and the ability of RHB Islamic Bank to adjust the profit sharing rate in order to smoothen the returns payable to the mudharabah depositors serve as a tool for RHB Islamic Bank to mitigate the displaced commercial risk.

## 12.0 OPERATIONAL RISK

Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes, people, systems and external events, which also includes IT and legal risks. Operational risks are inherent in RHB Bank Group's operations and can never be eliminated entirely. The impact can be in the form of actual financial loss as well as non-financial loss such as loss of reputation, non-compliance and unsatisfactory service level to customers.

One of the Bank's primary safeguards against operational risks is the existence of a sound internal control system based on the principle of dual control, checks and balance, segregation of duties, independent checks and verification processes, segmented system access control and authorisation process. These controls are documented through a set of policies and procedures at the respective business level.

The Group's Operational Risk Management Framework comprises a wide range of activities and elements, broadly classified into:-

- Analysis and Enhancement – The RHB Banking Group has implemented a Basel II compliant operational risk management system to support its workflow and analytical capabilities.
- Education and Awareness – The RHB Banking Group undertakes change management activities to improve the risk management knowledge, culture and practices of the Bank personnel. This is aligned with the principle and requirement that the front-line business and support units of the Group, are by nature of their direct involvement in interfacing with customers and in operating the business, responsible for managing operational risk and acting as the first line of defence against operational losses.
- Monitoring and Intervention – This is where the principal head office's risk control units, including the operations management function, compliance function and the internal audit function, actively manage operational non-compliances, incidences, and undertake recovery actions, including business continuity measures in cases of incidences causing disruption to business activities.

### Operational Risk Management Function and Organisation

The Operational Risk Management Department reporting directly to the Head of Group Risk Management, has the functional responsibility for the development of risk policies, frameworks and methodologies, and providing guidance and information to the business units on operational risk areas. Its function also includes generating a broader understanding and awareness of operational risk issues at all levels of the RHB Banking Group. It also ensures that operational risk from new products, processes and systems are adequately managed and mitigated. The respective business units are primarily responsible for managing operational risk on a day-to-day basis.

Regular operational risk reporting is made to the senior management, GRMC and the Board. These reports include various operational risk aspects such as reporting of significant operational loss events. Such reporting allows senior management to identify adverse operational lapses, take corrective actions promptly, and ensure appropriate risk mitigation decision making and action plans.

### Risk Management Process and Methodologies

The Bank has defined an operational risk management process, comprising risk identification, assessment, monitoring, and reporting. These are outlined as follows:-

## 12.0 OPERATIONAL RISK (CONTINUED)

### Risk Management Process and Methodologies (continued)

- **Risk and Control Self Assessment ('RCSA')**

Each business unit is required to identify and assess their own operational risks. RCSA is a risk profiling tool which facilitates effective operational risk management for the Bank, and focuses on future risk assessment by using past records of loss or near misses, key risk indicators and related issues such as audit findings. The RCSA process is facilitated by the business units themselves who together with personnel from Operational Risk Management, would identify and assess key operational risks that could affect the effectiveness of controls and impact the achievement of business objectives. For identified risks lacking sufficient mitigation, the business units are required to establish action plans to improve the control environment so as to contain the risks to acceptable levels.

- **Key Risk Indicators ('KRIs')**

Business units are required to monitor their risk exposures via KRIs and are required to develop specific and concrete plans to address those where indicators are unfavourable. KRIs are embedded into critical processes to provide early warning signals of increasing risk and/or control failures by flagging up given frequencies of events as a mechanism for continuous risk assessment and monitoring.

- **Incident and Loss Management**

Business and support units are required to report operational losses for further analysis of root cause for further recurrence. This is also useful for reviewing the effectiveness of the RCSA and KRIs.

The Bank uses an operational risk management system. This system has integrated applications for supporting the entire operational risk management process for loss event data collection and management.

### Risk Mitigation and Controls

Risk mitigation tools and techniques are used to minimise risk to an acceptable level and aims to decrease the likelihood of an undesirable event and the impact on the business, should it occur.

The control tools and techniques, amongst others, are as follows:-

- **Business Continuity Management ('BCM')**

To mitigate the impact of unforeseen operational risk events, the Bank has ongoing and actively managed Business Continuity Planning ('BCP') programmes for its major critical business operations and activities at the Head Office, data centre and branches' locations. The BCP programmes are subject to regular testing to ensure efficacy, reliability and functionality, and come under the responsibility of the Business Continuity Management ('BCM') Department.

The Board of Directors has an oversight function through the GRMC and CMC. The Group Business Continuity Management Steering Committee ('GBCMSC') is the committee that oversees the RHB Bank Group's business continuity framework, policies, budget and plans. The GBCMSC reports to the CMC.

- **Outsourcing**

With the increasing need to outsource for cost and operational efficiency, the Group's Policy on Outsourcing of the RHB Banking Group's Operations and Services ensures that outsourcing risks are adequately identified, assessed and managed prior to entering into any new arrangements and on an ongoing basis.

- **Insurance Management**

The RHB Banking Group considers risk transfer by means of insurance to mitigate operational risk. The Group has a programme of insurances designed to reduce its exposure to liability and to protect its assets. The Group purchases insurance from leading insurers in the market covering fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible. These are provided by third party insurers and will financially mitigate the economic consequences of risks.

## 12.0 OPERATIONAL RISK (CONTINUED)

### New Product and Services Approval Process

The RHB Banking Group has established a Policy on 'Introduction of New/Variation of Products & Services Lifecycle' which governs the risk management of new products, services, or significant changes thereto. The responsible units have a duty to assess the operational risks for new product launches and/or significant changes in product features or related processes and working systems, as well as to ensure that operational risk is at an acceptable level at all times.

### Legal Risk

Legal risk is part of operational risk. It can arise from unenforceable, unfavourable, defective or unintended contracts, lawsuits or claims, developments in laws and regulations, or non-compliance with applicable laws and regulations. Business units work together with the Group's legal counsel and external legal counsel to ensure that legal risks are effectively managed.

### Country Cross-Border Risk

Country cross-border risk is the risk that RHB Bank Group will be unable to obtain payment from customers or third parties on their contractual obligations as a result of certain actions taken by foreign governments.

Cross border assets comprise loans and advances/financing, interest bearing deposits with other banks, trade and other bills, acceptances, derivatives, certificates of deposit and other negotiable instruments, investment securities and other formal commitments where the counterparty is resident in a country other than where the assets are recorded. Cross border assets also include exposures to local residents denominated in currencies other than the local currency.

RHB Bank Group is guided by the Group Guidance on Cross-Border Business, particularly on ethics in business practices, key success factors in managing such business, and the internal control measures which are essential to provide equal and adequate protection to its customers as well as the Group's interests, thus reducing the risks associated with business activities.

### Treatment for Operational Risk Capital Charge

Currently, RHB Bank Group adopts the Basic Indicator Approach ('BIA') for the calculation of regulatory operational risk capital. The operational risk-weighted assets and the corresponding risk capital charge for RHB Bank Group, RHB Bank Berhad, and RHB Islamic Bank as at 31st December 2011 and 31st December 2010, are shown below:-

**Table 23a: Operational Risk-Weighted Assets and Capital Charge as at 31st December 2011**

Operational Risk – BIA	RHB Bank Group (RM'000)	RHB Bank Berhad (RM'000)	RHB Islamic Bank (RM'000)
Risk-Weighted Assets	7,585,528	6,939,645	608,028
Risk Capital Charge	606,842	555,172	48,642

**Table 23b: Operational Risk-Weighted Assets and Capital Charge as at 31st December 2010**

Operational Risk – BIA	RHB Bank Group (RM'000)	RHB Bank Berhad (RM'000)	RHB Islamic Bank (RM'000)
Risk-Weighted Assets	7,162,161	6,559,217	566,538
Risk Capital Charge	572,973	524,737	45,323



### 13.0 REPUTATIONAL RISK

Reputational risk is the risk that negative publicity regarding the conduct of RHB Bank Group or any of the entities within the RHB Banking Group, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

Negative publicity about an institution's business practices may involve any aspect of its operations, but usually relates to questions of business ethics and integrity, or quality of products and services. Reputational risk will arise from failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory, operational, environmental or social risk.

Reputational risk in RHB Bank Group is managed and controlled through codes of conduct, governance practices and risk management practices, policies, procedures and training. Towards this end, the RHB Banking Group has developed and implemented a Reputational Risk Management Framework.

The key elements for management of reputational risk include:

- prompt and effective communication with all stakeholders,
- strong and consistent enforcement of controls relating to governance, business compliance and legal compliance,
- continuous monitoring of threats to reputation,
- ensuring ethical practices throughout the organisation, and
- establishing and continually updating crisis management plans.

For the Bank's overseas operations, it is the responsibility of the Country Heads to promote awareness and application of the Group's policy and procedures regarding reputational risk, in all dealings with customers, potential investors and host regulators.

### 14.0 SHARIAH NON-COMPLIANCE RISK MANAGEMENT

Shariah non-compliance risk may arise from RHB Islamic Bank's failure to comply with the Shariah rules and principles as determined by the Shariah Committee of RHB Islamic Bank or any other relevant body such as BNM's Shariah Advisory Council.

The Shariah Committee of RHB Islamic Bank was established under BNM's Guideline on the Governance of Shariah Committee for Islamic Financial Institutions ('BNM/GPS1') to advise the Bank's Board on Shariah matters in its business operations and to provide technical assistance in ensuring the Islamic banking products and services offered by RHB Islamic Bank and the relevant documentation are in compliance with Shariah principles. The Shariah Committee also provides guidance on legal matters on Islamic banking products and services. A Shariah Compliance Framework, endorsed by the Shariah Committee, has been developed with the objective of governing the entire Shariah compliance process with Islamic banking operations.

### 15.0 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ('ICAAP')

In line with BNM's Guideline on ICAAP under the Risk-Weighted Capital Adequacy Framework (Basel II) – Internal Capital Adequacy Assessment Process (Pillar 2) issued in December 2010, the Group has embarked on implementing ICAAP with the objective to forge a strong alignment between risk and capital. Capital adequacy shall be assessed in relation to the Group's risk profiles, and strategies will be put in place to maintain appropriate capital levels. An implementation plan and roadmap has been established in order to meet BNM's requirement on ICAAP by 1st quarter 2013.

An ICAAP Framework will be formulated for implementation across the Group to ensure that all material risks are identified, measured and reported and adequate capital levels consistent with the risk profiles including capital buffers are maintained to support the Group's current and projected demand for capital under existing and stressed conditions.

## Branch Network

### NORTHERN REGION

#### 1) Kangar

41 & 43, Persiaran Jubli Emas  
Taman Suriani  
01000 Kangar Perlis  
Tel : (04) 977 6864/6867  
Fax : (04) 977 6863

#### 2) Jln Chain Ferry Prai

Ground Floor, 2784 & 2785  
Jalan Chain Ferry  
Taman Inderawasih  
13600 Prai, Pulau Pinang  
Tel : (04) 390 9255/9257/9258  
Fax : (04) 390 3976

#### 3) Ayer Itam

15, Jalan Pasar  
11500 Ayer Itam, Pulau Pinang  
Tel : (04) 828 3522/5168  
Fax : (04) 828 8554

#### 4) Bayan Baru

42 A, B, C, Jalan Tengah  
11950 Bayan Baru  
Pulau Pinang  
Tel : (04) 642 1880/1882  
Fax : (04) 642 1884

#### 5) Bukit Mertajam

1244 & 1246  
Jalan Padang Lallang  
Taman Desa Damai  
14000 Bukit Mertajam  
Pulau Pinang  
Tel : (04) 539 1171/1176  
Fax : (04) 539 4148

#### 6) Burmah House, Penang

Ground & Mezzanine Floor  
Suite G-02, Burmah House  
405, Jalan Burmah, Pulau Tikus  
10350 Pulau Pinang  
Tel : (04) 227 4367/4364  
Fax : (04) 227 4361

#### 7) Butterworth

6774, 6775 & 6776  
Jalan Kg Gajah  
12200 Butterworth  
Pulau Pinang  
Tel : (04) 331 5871/5872  
Fax : (04) 332 3328

#### 8) Jalan Raja Uda, Penang

Ground & Mezzanine Floor  
6957 & 6958, Jalan Raja Uda  
Raja Uda Light Industrial Park  
12300 Butterworth  
Pulau Pinang  
Tel : (04) 332 4937/4860/4837  
Fax : (04) 332 4946

#### 9) Lebuh Pantai, Penang

44, Lebuh Pantai  
Georgetown  
10300 Pulau Pinang  
Tel : (04) 262 1144/1109  
Fax : (04) 261 8019

#### 10) Jelutong

112 & 114  
Jalan Tan Sri Teh Ewe Lim  
11600, Pulau Pinang  
Tel : (04) 282 6922/6921  
Fax : (04) 282 6930

#### 11) Sungai Bakap

1433-1434  
Jalan Besar Sungai Bakap  
Seberang Prai Selatan  
14200 Sungai Jawi  
Pulau Pinang  
Tel : (04) 582 3629/3630  
Fax : (04) 582 3580

#### 12) Sungai Dua

4H & 4J  
Desa Universiti Comm Complex  
Jalan Sungai Dua  
11700 Gelugor, Pulau Pinang  
Tel : (04) 658 5617/5620/5621  
Fax : (04) 658 5609

#### 13) Jalan Bakar Arang

Sungai Petani  
27 & 28, Jalan Bakar Arang  
08000 Sungai Petani, Kedah  
Tel : (04) 422 2151/2152  
Fax : (04) 421 6632

#### 14) Jalan Tunku Ibrahim, Alor Setar

1519, Jalan Tunku Ibrahim  
05700 Alor Setar, Kedah  
Tel : (04) 731 6066/6144  
Fax : (04) 733 3843

#### 15) Jitra, Kedah

No. 242, Jalan PJ 2/2,  
Pekan Jitra 2  
06000 Jitra Kedah  
Tel : (04) 9173388/3588  
Fax : (04) 9170888

#### 16) Kuala Kedah

Ground & First Floor  
262 & 263  
Block C, Bangunan Peruda  
06600 Kuala Kedah, Kedah  
Tel : (04) 762 5367/5366  
Fax : (04) 762 5393

#### 17) Kulim

No. 8 & 9, Jalan KLC 1  
09000 Kulim, Kedah  
Tel : (04) 491 5912/5913  
Fax : (04) 491 5916

#### 18) Mergong, Alor Setar

97], Seberang Jalan Putra  
05150 Alor Setar, Kedah  
Tel : (04) 733 9279/9304  
Fax : (04) 731 6059

#### 19) Padang Serai

11 & 12, Lorong Berkat Satu  
Taman Berkat  
09400 Padang Serai, Kedah  
Tel : (04) 485 5951/5952  
Fax : (04) 485 0982

**NORTHERN REGION (CONTINUED)****20) Pulau Langkawi**

13 & 15  
Jalan Pandak Mayah Satu  
07000 Langkawi, Kedah  
Tel : (04) 966 7511/7512  
Fax : (04) 966 7513

**21) Taman Pekan Baru, Sg Petani**

104, 105 & 106, Jalan Pengkalan  
Tmn Pekan Baru, Sg Petani Baru  
08000 Sungai Petani, Kedah  
Tel : (04) 421 0786/9090  
Fax : (04) 421 3401

**22) Air Tawar**

33A & B, Jalan Besar  
32400 Air Tawar, Perak  
Tel : (05) 672 2385/4148  
Fax : (05) 672 2168

**23) Bagan Serai**

243, Jalan Besar  
34300 Bagan Serai, Perak  
Tel : (05) 721 5715/5716  
Fax : (05) 721 2486

**24) Gopeng**

Ground Floor  
67 & 69, High Street  
31600 Gopeng, Perak  
Tel : (05) 359 1169/4524/1291  
Fax : (05) 359 3291

**25) Gunung Rapat**

57 & 59, Medan Gopeng 1  
Jalan Gopeng, Gunung Rapat  
31350 Ipoh, Perak  
Tel : (05) 312 3599/3851  
Fax : (05) 312 6570

**26) Ipoh Garden South**

12 & 14 Tingkat, Taman Ipoh 6  
Ipoh Garden South  
31400 Ipoh, Perak  
Tel : (05) 548 2532, 547 7888  
Fax : (05) 547 8899

**27) Jalan Tun Sambanthan, Ipoh**

Lot 2, 4, 6 & 8, Jalan Tun  
Sambanthan  
30000 Ipoh, Perak  
Tel : (05) 254 2135/2136  
Fax : (05) 255 0050

**28) Jelapang**

433 & 435, Jalan Silibin  
Taman Silibin  
30760 Ipoh, Perak  
Tel : (05) 526 6515/8518  
Fax : (05) 526 2418

**29) Kampar**

81, 83 & 85, Jalan Gopeng  
31900 Kampar, Perak  
Tel : (05) 466 6202/6203  
Tel : (05) 465 1592/1599  
Fax : (05) 465 2216

**30) Kuala Kangsar**

6 & 7, Jalan Daeng Selili  
33000 Kuala Kangsar, Perak  
Tel : (05) 776 3772/1762  
Fax : (05) 776 6836

**31) Kuala Kurau**

Ground & First Floor  
19, Jalan Besar  
34350 Kuala Kurau, Perak  
Tel : (05) 727 7953/0939/7952  
Fax : (05) 727 7155

**32) Menglembu**

Ground & First Floor  
50 & 52, Jalan Besar  
31450 Menglembu, Perak  
Tel : (05) 281 6011/6017  
Fax : (05) 281 6010

**33) Parit Buntar**

1 & 3, Jalan Wawasan Jaya  
Taman Wawasan Jaya  
34200 Parit Buntar  
Tel : (05) 716 1626/1627  
Fax : (05) 716 2019

**34) Persiaran Greenhill, Ipoh**

62, Persiaran Greenhill  
30450 Ipoh, Perak  
Tel : (05) 253 3355/255 4195  
Fax : (05) 253 5053

**35) Simpang Empat, Hutan Melintang**

Lots P.T 1374 & 1375  
Jln Hutan Melintang  
Taman Seri Perak  
Simpang Empat  
36400 Hutan Melintang, Perak  
Tel : (05) 641 2363/2362  
Fax : (05) 641 3310

**36) Sitiawan**

25C, Jalan Datuk Ahmad Yunus  
32000 Sitiawan, Perak  
Tel : (05) 691 1411/1412/4669  
Fax : (05) 691 9012

**37) Sungai Siput**

139 & 140, Jalan Besar  
31100 Sungai Siput, Perak  
Tel : (05) 598 2233/2234/8922  
Fax : (05) 598 4094

**38) Sungkai**

18 & 19, Jalan Besar  
35600 Sungkai, Perak  
Tel : (05) 438 6708/6710  
Fax : (05) 438 6720

**39) Taiping**

68 & 70, Jalan Kota  
34000 Taiping, Perak  
Tel : (05) 807 3276/3257  
Fax : (05) 806 3275

**40) Tasek**

699 & 701, Jalan Tasek  
Taman Musim Bunga  
31400 Ipoh, Perak  
Tel : (05) 546 7363/7386/7370  
Fax : (05) 548 7566

**41) Teluk Intan**

31 & 33, Jalan Intan 2  
Bandar Baru Teluk Intan  
36000 Teluk Intan, Perak  
Tel : (05) 622 1654/1655  
Fax : (05) 621 1228

## Branch Network

## CENTRAL REGION

- 1) KLCC**  
Lot LC-C03, Concourse Floor,  
Suria KLCC,  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 2164 6213
- 2) IOI Boulevard, Puchong**  
No. B-G-5 & B-1-5,  
Ground Floor & 1st Floor  
IOI Boulevard, Jalan Kenari 5,  
Bandar Puchong Jaya  
47100 Puchong, Selangor  
Tel : 1 300 888 742  
Fax : (03) 80708563
- 3) Taman Midah, KL**  
18 & 20, Jalan Midah Satu  
Taman Midah  
56000 Kuala Lumpur  
Branch Manager  
Tel : 1 300 888 742  
Fax : (03) 9130 0588
- 4) Kota Damansara**  
No. 27-G-& 27-I,  
Jalan PJU 5/3, Dataran Sunway,  
Kota Damansara,  
47810 Petaling Jaya  
Tel : 1 300 888 742  
Fax : (03) 6141 8838
- 5) Bangsar Shopping Centre, KL**  
G-01, Ground Floor  
Bangsar Shopping Centre  
Office Tower,  
Jalan Ma'arof  
Bangsar, 59100 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 2284 6896
- 6) Pasar Borong, Selayang**  
53 & 55, Jalan 2/3A  
Off KM 12, Jalan Ipoh  
68100 Batu Caves  
Kuala Lumpur  
Tel : (03) 6136 3284/3169/8975  
Fax : (03) 6136 3243
- 7) Jalan Tun H.S. Lee**  
75, Jalan Tun H.S. Lee  
50000 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 2072 7591
- 8) Damansara Heights**  
Lots C9 - C12, Block C  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 2093 7515
- 9) Desa Sri Hartamas**  
6, Jalan 24/70A  
Desa Sri Hartamas  
50480 Kuala Lumpur  
Tel : (03) 2300 2360/1754  
Fax : (03) 2300 2358
- 10) Jalan Bukit Bintang**  
58 - 60, Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 21430645
- 11) Jalan Ipoh**  
14 - 16, Jalan Ipoh  
51200 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 4041 1411/4043 0653
- 12) Kenanga Wholesale City**  
Lot LGF 019-021, LG Floor  
Kenanga Wholesale City 28  
Jalan Gelugor  
Off Jalan Kenanga  
52250 Kuala Lumpur  
Tel : (03) 9222 6566  
Fax : (03) 9222 6466
- 13) Jalan Pasar**  
50 - 52, Jalan Pasar  
55100 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 2142 8390/2148 8967
- 14) Jinjang Utara**  
Ground Floor  
No. 3471-A  
Jalan Besar Jinjang Utara  
52000 Kuala Lumpur  
Tel : (03) 6257 7053/7808  
Fax : (03) 6252 7158
- 15) Kepong**  
321, Batu 7, Jalan Kepong  
Kepong Baru  
52100 Kuala Lumpur  
Tel : (03) 6274 0022/0593/0463  
Fax : (03) 6272 6521
- 16) KL Sentral**  
Unit 7, Level 1 (Arrival Hall)  
City Air Terminal  
KL Sentral Station  
50470 Kuala Lumpur  
Tel : (03) 2273 5000  
Fax : (03) 2274 7000
- 17) Kuala Lumpur Main**  
Level 1, Tower Two RHB Centre  
426, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : (03) 92813030  
Fax : (03) 9287 4173
- 18) Menara Yayasan Tun Razak**  
Ground Floor  
Menara Yayasan Tun Razak,  
200, Jln Bukit Bintang  
55100 Kuala Lumpur  
Tel : (03) 2162 5068  
Fax : (03) 2162 1609
- 19) Mid Valley**  
17-G and 17-1  
The Boulevard Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur  
Tel : (03) 2284 4339/4360/4353  
Fax : (03) 2284 4350
- 20) Overseas Union Garden**  
140 & 142 Jalan Mega Mendung  
Bandar Complex, Batu 41/2  
Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel : (03) 7983 9863/9864/9861  
Fax : (03) 7980 8081

**CENTRAL REGION (CONTINUED)****21) Plaza OSK**

Ground and Mezzanine Floor  
Podium Block, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel : 1 300 888 742  
Fax : (03) 2161 2972

**22) Salak South**

178-180, Main Street Salak South  
57100 Kuala Lumpur  
Tel : (03) 7983 9177/9458/9306  
Fax : (03) 7981 3357

**23) Segambut**

42 & 42A, Jalan Segambut Tengah  
Segambut  
51200 Kuala Lumpur  
Tel : (03) 6257 8777/8999/6888  
Fax : (03) 6252 2801

**24) Setapak**

257 & 259  
Jalan Genting Kelang  
53300 Setapak Kuala Lumpur  
Tel : (03) 4023 7444/7476  
4025 4905  
Fax : (03) 4024 1353

**25) Taman Shamelin**

38-1-5, Shamelin Business Center  
Jalan 4/91  
Taman Shamelin Perkasa  
56100 Kuala Lumpur  
Tel : (03) 9282 7385/7386/7382  
Fax : (03) 9282 7380

**26) Taman Sungai Besi, KL**

30, Ground & First Floor  
Jalan 7/108C  
Taman Sungai Besi  
57100 Kuala Lumpur  
Tel : (03) 7983 2105  
7984 3014/3016  
Fax : (03) 7981 8875

**27) Taman Tun Dr. Ismail, KL**

15 & 17, Jalan Tun Mohd Fuad 3  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel : (03) 7722 1284  
7726 8995/4303  
Fax : (03) 7729 4077

**28) The Sphere, Bangsar South**

Unit G 10, Ground Floor and  
Unit 3A, First Floor,  
The Sphere, No. 1, Avenue 1,  
Bangsar South,  
No.8, Jalan Kerinchi,  
59200 Kuala Lumpur  
Tel : (03) 2240 0102/104/107  
Fax : (03) 2240 0092

**29) Jalan Niaga, Shah Alam**

11, 13 & 15  
Jalan Niaga 16/3A Section 16  
40000 Shah Alam, Selangor  
Tel : (03) 5510 3131/3135/  
6289/3931/3849  
Fax : (03) 5519 6166

**30) Ampang Point**

37 & 38, Jalan Memanda 7  
Taman Dato' Ahmad Razali  
Jalan Ampang  
68000 Ampang, Selangor  
Tel : (03) 4252 1753/1907  
Fax : (03) 4252 1898

**31) Bandar Baru Ampang**

27G - 29G Ground Floor &  
29A First Floor  
Jln Wawasan Ampang 2/3  
Bandar Baru Ampang  
68000 Ampang, Selangor  
Tel : (03) 4270 2069/2068  
Fax : (03) 4270 2060

**32) Bandar Baru Bukit Tinggi**

Lot 53, Jalan Batu Nilam 1  
Bandar Bukit Tinggi  
41200 Klang  
Tel : (03) 3323 6682/6684/7278,  
Fax : (03) 3323 7957

**33) Bandar Baru Klang**

Unit A6, , No. 22A  
Jalan Tiara 2A/KU1,  
Pusat Perniagaan BBK  
41150 Kelang, Selangor  
Tel : (03) 3344 2751/2750/52  
Fax : (03) 3344 2755

**34) Bandar Baru Sungai Buloh**

391 & 392, Jalan 1A/1  
Bandar Baru Sungai Buloh  
47000 Sungai Buloh, Selangor  
Tel : (03) 6156 1712/1713/  
1711/4034/5707  
Fax : (03) 6156 7803

**35) Bandar Sri Damansara**

1 & 2, Jalan Tanjung SD 13/1  
52200 Bandar Sri Damansara  
Selangor  
Tel : (03) 6274 5287/5532/5576  
Fax : (03) 6274 2917

**36) Damansara Jaya**

22 & 24, Jalan SS 22/25  
Damansara Jaya  
47400 Petaling Jaya, Selangor  
Tel : (03) 7729 5132/5137/3853  
Fax : (03) 7729 9169

**37) First Avenue, Bandar Utama**

Lot G.01A, Ground Floor, 1  
First Avenue Bandar Utama  
47800 Petaling Jaya, Selangor  
Tel : (03) 7728 3454/3470  
Fax : (03) 7728 3496

**38) Giant Kelana Jaya**

Lot F1, F2 and F3 Tingkat 1  
Giant Hypermarket  
No. 33 Jalan SS 6/12, SS6  
Kelana Jaya  
47301 Petaling Jaya, Selangor  
Tel : (03) 7804 3658  
Fax : (03) 7804 4048

**39) Giant Shah Alam**

Lot B26 - B27  
Giant Hypermarket, Shah Alam  
2, Persiaran Sukan, Seksyen 13  
40100 Shah Alam, Selangor  
Tel : (03) 5511 9085  
Fax : (03) 5512 8899

**40) Damansara Utama**

2M & 2G Jalan SS 21/39  
Damansara Utama  
47400 Petaling Jaya, Selangor  
Tel : 1 300 888 742  
Fax : (03) 7726 2305

## Branch Network

**CENTRAL REGION (CONTINUED)****41) Jalan Stesen, Kelang**

24 & 26, Jalan Stesen  
41000 Kelang, Selangor  
Tel : (03) 3371 9669/9652  
3372/7242  
Fax : (03) 3372 9613

**42) Jalan T. Amp Zabedah, Shah Alam**

16 & 18, Ground & First Floor  
Jln T. Amp Zabedah D9/D, Section 9  
40100 Shah Alam, Selangor  
Tel : (03) 5510 0559/5511  
4127/4128/5512 9829  
Fax : (03) 5513 1834

**43) Jenjarom**

M38 & M40, Jalan Besar  
42600 Jenjarom, Selangor  
Tel : (03) 3191 3422/3433/3477  
Fax : (03) 3191 4328

**44) Kajang**

25, Jalan Raja Harun  
Taman Hijau  
43000 Kajang, Selangor  
Tel : (03) 8736 0599/0177/  
2050/0225  
Fax : (03) 8733 8570

**45) Kampung Baru Sungai Buloh**

25, Jalan Public  
Kampung Baru Sungai Buloh  
47000 Sungai Buloh, Selangor  
Tel : (03) 6156 9301/9302/9344  
Fax : (03) 6156 8645

**46) Meru**

Lot 31 & 33, Jalan Batu 6,  
Pekan Meru, Meru  
41050 Kelang, Selangor  
Tel : (03) 3392 4501/4502/4503  
Fax : (03) 3392 4504

**47) Mines Shopping Fair, Selangor**

G20, The Mines Shopping Fair  
Jalan Dulang, Off Jalan Balakong  
Mines Resort City  
43300 Seri Kembangan,  
Selangor  
Tel : (03) 8942 5055/5157  
Fax : (03) 8942 5218

**48) New Town, Petaling Jaya**

1, 3 & 5, Jalan 52/18  
New Town Centre  
46200 Petaling Jaya, Selangor  
Tel : (03) 7956 9611/9612/1994  
Fax : (03) 7957 8984

**49) Pandan Indah, Selangor**

Ground & Mezzanine Floor  
7 & 9, Jalan Pandan Indah 4/2  
55100 Pandan Indah, Selangor  
Tel : 1 300 888 742  
Fax : (03) 4295 7127

**50) Persiaran Sultan Ibrahim, Kelang**

33, Persiaran Sultan Ibrahim  
41300 Kelang, Selangor  
Tel : (03) 3342 0433/0434/0435  
Fax : (03) 3344 6405

**51) Port Klang**

Persiaran Raja Muda Musa  
42000 Pelabuhan Kelang  
Selangor  
Tel : (03) 3168 7142/7143/  
0337/0349  
Fax : (03) 3167 6533

**52) Rantau**

158 & 159, Jalan Besar  
71200 Rantau  
Negeri Sembilan  
Tel : (06) 694 1969/1589  
Fax : (06) 694 2690

**53) Rawang**

Ground, First & Second Floor  
10 & 11, Jalan Maxwell  
48000 Rawang, Selangor  
Tel : (03) 6092 5035/5036  
Fax : (03) 6092 4788

**54) Section 14, Petaling Jaya**

1, Jalan 14/20  
46100 Petaling Jaya, Selangor  
Tel : (03) 7957 4742/4460  
Fax : (03) 7955 6219

**55) Seri Kembangan, Selangor**

Lot 1484A & B, Jalan Besar  
43300 Seri Kembangan,  
Selangor  
Tel : (03) 8943 1455/1357/0276  
Fax : (03) 8943 0441

**56) SS2, PJ**

157 & 159, Jalan SS2/24  
Sg Way /Subang  
47300 Petaling Jaya, Selangor  
Tel : (03) 7875 3724/7895/3259  
7874 2994  
Fax : (03) 7875 6600

**57) Subang Jaya**

Lot 48-50 Jln SS15/4D  
Subang Jaya  
47500 Selangor  
Tel : 1 300 888 742  
Fax : (03) 5634 4848

**58) Sungai Pelek**

76 & 77, Jalan Besar  
43950 Sungai Pelek, Selangor  
Tel : (03) 3141 1176/1394  
Fax : (03) 3141 1100

**59) Taman Indah, Selangor**

7 & 9, Jalan SS 2/1  
Off Jalan Balakong  
Taman Indah, Batu 11  
43200 Cheras, Selangor  
Tel : (03) 9074 0998/0997/1000  
Fax : (03) 9074 1344

**60) Taman Megah, Petaling Jaya**

11 - 15, Jalan SS 24/11  
Taman Megah  
47301 Petaling Jaya, Selangor  
Tel : (03) 7804 1258/7481/  
7090/9040  
Fax : (03) 7804 1629

**61) Taman Permata, Selangor**

Lot 6 & 7, Ground Floor  
Giant Hypermarket Complex  
Jalan Changkat Permata  
Taman Permata  
53300 Selangor  
Tel : 1 300 888 742  
Fax : (03) 4106 9810

**CENTRAL REGION (CONTINUED)****62) Taman Suntex, Selangor**

5 & 6, Jalan Kijang 1  
Taman Suntex, Batu 9  
43200 Cheras, Selangor  
Tel : (03) 9074 7888/7804  
Fax : (03) 9074 7879

**63) Taman Taming Jaya, Selangor**

1, Jalan Taming Kanan 2  
Taman Taming Jaya  
43300 Balakong, Selangor  
Tel : (03) 8961 1194/1195/1164  
Fax : (03) 8961 1197

**64) Tanjong Karang**

Lot 1 & 3, Jalan Satu  
Taman Tanjong Karang Baru  
45500 Tanjong Karang,  
Selangor  
Tel : (03) 3269 5039/8171/1812  
Fax : (03) 3269 8078

**65) Tanjung Sepat**

1 & 3, Jalan Senangin Satu  
Taman Tanjung  
42809 Tanjung Sepat, Selangor  
Tel : (03) 3197 4035/4235/4788  
Fax : (03) 3197 4568

**66) UEP Subang Jaya**

47 & 49, Jalan USJ 10/1  
UEP Subang Jaya  
47620 Petaling Jaya, Selangor  
Tel : (03) 5637 3592/3593/3594  
Fax : (03) 5637 3941

**67) Putrajaya (Precinct 8)**

Blok C - T.00 - U.02 & U.03  
1, Jalan P 8 D  
62250 Putrajaya  
Tel : (03) 8889 2546/2548/2549  
Fax : (03) 8889 2900

**68) Bahau**

Ground & First Floor  
Lot 982 & 983  
Wisma UMNO Jempol  
Jalan Gurney  
72100 Bahau  
Negeri Sembilan  
Tel : (06) 454 1305/2722  
Fax : (06) 454 4015

**69) Bandar Baru Nilai**

PT 7460 & 7461  
Jalan Bandar Baru Nilai 1/1A  
Putra Point, Bandar Baru Nilai  
71800 Nilai, Negeri Sembilan  
Tel : (06) 794 1006/1007/  
1008/1009  
Fax : (06) 799 6095

**70) Kuala Pilah**

Lots P.T. 9 & 10, Jalan Melewar  
72000 Kuala Pilah  
Negeri Sembilan  
Tel : (06) 481 1442/1513/3995  
Fax : (06) 481 6478

**71) Seremban**

10 & 11  
Jalan Dato' Abdul Rahman  
70000 Seremban  
Negeri Sembilan  
Tel : (06) 763 8623/8555  
762 5249  
Fax : (06) 762 0192

**72) Simpang Pertang**

15, Jalan Helang  
Taman Sri Pertang  
72300 Simpang Pertang  
Tel : (06) 492 9520/9550/9540  
Fax : (06) 492 9190

**73) Taipan Senawang**

No. 163 G & 164 G  
Taipan Senawang, Jalan  
Taman Komersil Senawang 1  
Taman Komersil Senawang  
70450 Seremban Negeri Sembilan  
Tel : (06) 678 1320/1318  
Fax : (06) 678 1477

**EAST COAST REGION****1) Air Puteh**

No. A237 & A239  
Jalan Air Putih,  
25300 Kuantan, Pahang  
Tel : 1 300 888 742  
Fax : (09) 5660214

**2) Bentong**

Lot 13 & 14, Jalan Loke Yew  
28700 Bentong, Pahang  
Tel : (09) 222 1648/1649  
Fax : (09) 222 5944

**3) Jerantut**

Lot 4360 & 4361, Jalan Kuantan  
27000 Jerantut, Pahang  
Tel : (09) 266 5900/5901  
Fax : (09) 266 5899

**4) Kuantan, Putra Square**

No. 2, 4, & 6 (Malay Town),  
Jalan Putra Square 1,  
Putra Square  
25000 Kuantan, Pahang  
Tel : 1 300 888 742  
Fax : (09) 5173501

**5) Mentakab**

Lot 94 & 95, Jalan Temerloh  
28400 Mentakab, Pahang  
Tel : (09) 278 1976/1971  
Fax : (09) 278 2034

**6) Raub**

Lot PT 16477 & 16478  
Pusat Perniagaan Indrapura,  
Jalan Tras  
27600 Raub, Pahang  
Tel : (09) 355 5077/5155  
Fax : (09) 355 2929

**7) Kemaman**

No 11289 & 11290  
Bandar Cukai Utama, Phase 3,  
Jalan Kubang Kurus  
24000 Kemaman Terengganu  
Tel : (09) 859 9000/9100  
Fax : (09) 859 9003

**8) Kerteh**

10B, Bandar Baru Kerteh  
24300 Kerteh, Terengganu  
Tel : (09) 826 1644/1645  
Fax : (09) 826 2171

**9) Kuala Dungun**

K231, Jalan Besar  
Kuala Dungun  
23000 Dungun, Terengganu  
Tel : 1 300 888 742  
Fax : (09) 848 2996

**10) Kuala Terengganu**

59, Jalan Sultan Ismail  
20200 Kuala Terengganu  
Terengganu  
Tel : 1 300 888 742  
Fax : (09) 622 9379



## Branch Network

**EAST COAST REGION (CONTINUED)**

**11) Jln Kebun Sultan, Kota Bharu**  
Lot 1182-1183, Jln Kebun Sultan  
15350 Kota Bharu, Kelantan  
Tel : 1 300 888 742  
Fax : (09) 748 1788

**12) Pasir Mas**  
18A, Jalan Tengku Ahmad  
17000 Pasir Mas, Kelantan  
Tel : (09) 790 9088/8066  
Fax : (09) 790 2292

**13) Ketereh**  
Lot PT 383 & PT 384  
Kedai Ketereh, Bandar Ketereh  
16450 Ketereh, Kelantan  
Tel : (09) 788 6377/6376  
Fax : (09) 788 8721

**SOUTHERN REGION**

**1) Bandar Baru Uda**  
No. 14 & 16, Jalan Padi Emas 6/1  
Bandar Baru UDA  
81200 Johor Bahru, Johor  
Tel : (07) 234 0678/0729  
Fax : (07) 234 0680

**2) Batu Pahat**  
89, Jalan Rahmat  
83000 Batu Pahat, Johor  
Tel : (07) 431 7011/7022  
Fax : (07) 431 1077

**3) Bekok**  
G34 & G36, Jalan Wijaya  
86500 Bekok, Johor  
Tel : (07) 922 1639/1643  
Fax : (07) 922 1525

**4) Jalan Bandar, Pasir Gudang**  
10A, Pusat Perdagangan  
Jalan Bandar  
81700 Pasir Gudang, Johor  
Tel : (07) 251 1578/1573/  
6292/252 7717  
Fax : (07) 224 1264,

**5) Jalan Dato' Rauf, Kluang**  
18 & 20, Jalan Dato' Rauf  
86000 Kluang, Johor  
Tel : (07) 772 4111/4112  
Fax : (07) 772 4094

**6) Jalan Dedap**  
Taman Johor Jaya  
7 & 9, Jalan Dedap 18  
Taman Johor Jaya  
81100 Johor Bahru, Johor  
Tel : (07) 355 5226/5327/  
0844/3277  
Fax : (07) 355 5004

**7) Jementah**  
Ground Floor, MCA Building  
Jalan Muar  
85200 Jementah Johor  
Tel : (07) 947 1578/1353  
Fax : (07) 947 2404

**8) Johor Bahru City Square**  
Lot J1-22 & J2-31  
Level 1 & 2, Johor Bahru City Square  
106 & 108, Jalan Wong Ah Fook  
80000 Johor Bahru, Johor  
Tel : (07) 224 5333/0333  
223 0573  
Fax : (07) 224 1264

**9) Kulai**  
4 & 5, Taman Seraya  
Kulai Besar  
81000 Kulai Johor  
Tel : (07) 663 1911/1912  
Fax : (07) 663 2159

**10) Muar**  
9, Jalan Abdullah  
84000 Muar, Johor  
Tel : (06) 952 2234  
951 9080  
Fax : (06) 952 9503

**11) Permas Jaya, Johor**  
Ground Floor  
35 & 37, Jalan Permas 10/2  
Bandar Baru Permas Jaya  
81750 Johor Bahru, Johor  
Tel : (07) 388 6741/6744/6746  
Fax : (07) 388 6749

**12) Plentong, Masai Johor**  
Lot G-03, G-05 & O1-05  
Jalan Masai Jaya 1, Masai  
81750 Johor Bahru  
Johor  
Tel : (07) 352 7684/358  
2715/2716  
Fax : (07) 352 7689

**13) Pontian Kechil**  
192, Jalan Bakek  
Pontian Kechil  
82000 Pontian, Johor  
Tel : (07) 687 8368/8369/8123  
Fax : (07) 687 9107

**14) Segamat**  
110 & 111, Jalan Genuang  
85000 Segamat, Johor  
Tel : (07) 931 1366/1367/  
5442/5379  
Fax : (07) 932 3901

**15) Senai**  
180 & 181, Jalan Belimbing 1  
81400 Senai, Johor  
Tel : (07) 599 6960/6546/7154  
Fax : (07) 599 6913

**16) Simpang Renggam**  
8 & 9, Jalan Kijang  
86200 Simpang Renggam  
Johor  
Tel : (07) 755 8531/8532/7366  
Fax : (07) 755 8262

**17) Taman Molek**  
56 & 58, Jalan Molek 2/2  
Taman Molek  
81100 Johor Bahru, Johor  
Tel : (07) 351 4653/4642/4643  
Fax : (07) 351 4649

**18) Taman Mount Austin**  
No. 87 & 89  
Jalan Austin Heights 3,  
Austin Heights  
Taman Mount Austin  
81100 Johor Bahru  
Tel : (07) 353 9648/9649/  
9659/9579  
Fax : (07) 353 9566

**19) Taman Nusa Bestari**  
No. 22 & 24, Jalan Bestari 2/2  
Taman Nusa Bestari  
81300 Johor Bahru, Johor  
Tel : 1 300 888 742  
Fax : (07) 236 9029



**SOUTHERN REGION (CONTINUED)****20) Taman Pelangi, Johor**

Suite 1-2, Level 1  
Menara Pelangi  
2, Jalan Kuning  
Taman Pelangi  
80400 Johor Bahru, Johor  
Tel : (07) 334 3476/3481  
Fax : (07) 334 3482

**21) Taman Sentosa, Johor**

9 & 11, Jalan Sutera  
Taman Sentosa  
80150 Johor Bahru, Johor  
Tel : (07) 332 2243/2244/2246  
Fax : (07) 334 9441, 3327251

**22) Taman Ungku Tun Aminah**

62, 64 & 66  
Jalan Bendahara 12  
Taman Ungku Tun Aminah  
81300 Sekudai, Johor  
Tel : (07) 557 1477/1097/  
9926/1790  
Fax : (07) 557 1553

**23) Tangkak**

351 & 352, Jalan Muar  
84900 Tangkak, Johor  
Tel : (06) 978 6588/6591  
Fax : (06) 978 6592

**24) Ulu Tiram**

1 & 2, Jalan Raya  
81800 Ulu Tiram, Johor  
Tel : (07) 861 3002/7609/3003  
Fax : (07) 861 4088

**25) Yong Peng**

106, Jalan Besar  
83700 Yong Peng, Johor  
Tel : (07) 467 1006/1146  
Fax : (07) 467 5137

**26) Bukit Baru, Melaka**

Ground Floor, 5 & 6, Jalan DR 1  
Taman Delima Raya Bukit Baru  
75150 Melaka  
Tel : (06) 232 1302/1298  
Fax : (06) 232 1319

**27) Jalan Hang Tuah, Melaka**

477, Plaza Melaka  
Jalan Hang Tuah  
75300 Melaka  
Tel : (06) 284 0473/0476  
Fax : (06) 284 4699

**28) Melaka Raya**

(Formerly known as Kota Melaka)  
No. 19, 21 & 23, Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka  
Tel : (06) 282 5030/5029  
Fax : (06) 282 5076

**SABAH REGION****1) 1-Borneo Hypermall**

Kota Kinabalu  
Lot No: G-203, Ground Floor  
1-Borneo Hypermall  
Jalan Sulaman  
88450 Kota Kinabalu  
Tel: (088) 488 677/982/986  
Fax: (088) 488 678

**2) Inanam, Sabah**

Blok L DBKK No. 1, 2 & 3,  
Lorong KK Taipan 3  
Inanam New Township,  
88450 Inanam, Kota Kinabalu  
Sabah  
Tel : (088) 422 883/423 350  
Fax : (088) 423 011

**3) Jalan Gaya, Kota Kinabalu**

81 /83, Jalan Gaya  
88000 Kota Kinabalu, Sabah  
Tel : (088) 216 188/213 982  
Fax : (088) 235 871

**4) Jalan Tun Mustapha, Labuan**

Lot 1 & 2, Jati Shop Houses  
Off Jalan Tun Mustapha  
87007 Labuan  
Wilayah Persekutuan Labuan  
Tel : (087) 414 822/810  
Fax : (087) 414 449

**5) Lahad Datu, Sabah**

Lot 1 & 2, Block A  
Metro Commercial Complex  
91100 Lahad Datu, Sabah  
Tel : (089) 886 159/418  
Fax : (089) 886 163

**6) Lintas Station Complex**

Kota Kinabalu  
Lot No. 6-19, Ground Floor  
Lintas Station Complex  
Jalan Lintas, Luyang  
88300 Kota Kinabalu, Sabah  
Tel : (088) 244 698/230 693  
Fax : (088) 233 690

**7) Prima Square, Sandakan**

Block 7, Lot 64, 65 & 66, Phase 1  
Prima Square, Mile 4  
Jalan Utara  
90000 Sandakan, Sabah  
Tel : (089) 208 101/102/104/100  
Fax : (089) 228 101

**8) Tawau, Sabah**

Ground & First Floor  
Lot 5 Block 27 Fajar Complex  
Jalan Mahkamah  
Town Extension II  
91000 Tawau, Sabah  
Tel : (089) 777 355/233  
Fax : (089) 764 684/765 254

**9) Wisma Khoo, Sandakan**

Sub Lot 1 - 7, Ground Floor  
Wisma Khoo Siak Chiew  
Lebuh Tiga, Jalan SimSim  
Mail Bag No 4  
90009 Sandakan, Sabah  
Tel : (089) 218 777 /213191  
Fax : (089) 271 246

**SARAWAK REGION****1) Batu Kawah , Kuching**

Bd 104/204 & 105/205  
Batu Kawah New Township  
Jalan Batu Kawa  
93250 Kuching Sarawak  
Tel : (082) 455 650/450 487  
Fax : (082) 459 790

**2) Boulevard Centre, Miri**

Ground Floor Lot 2469 & 2470  
Boulevard Commercial Centre  
Jalan Boulevard Utama  
98000 Miri, Sarawak  
Tel : (085) 429 880  
Fax : (085) 429 881

## Branch Network

**SARAWAK REGION (CONTINUED)****3) Dalat, Sarawak**

Ground Floor  
Pejabat Daerah Dalat  
96300 Dalat, Sarawak  
Tel : (084) 864 841/842  
Fax : (084) 864 824

**4) Jalan Kulas, Kuching**

Ground Floor Lot 363  
Section Jalan Kulas  
P O Box 2049  
93740 Kuching, Sarawak  
Tel : (082) 419 050/426 586  
Fax : (082) 426 160

**5) Jalan Masjid, Bintulu**

Ground Floor & 1st Floor  
258 Taman Sri Dagang  
Jalan Masjid  
97000 Bintulu, Sarawak  
Tel : (086) 331 133  
Fax : (086) 331 692

**6) Jalan Nakhoda Gampar, Miri**

Lot 362, Block 9  
Jln Nakhoda Gampar  
P O Box 1142  
98008 Miri, Sarawak  
Tel : (085) 411 882  
Fax : (085) 415 682

**7) Jalan Padungan, Kuching**

256, Jalan Padungan  
93100 Kuching, Sarawak  
Tel : (082) 423 216/252 088  
Fax : (082) 415 453/428 717

**8) Jalan Tunku Osman, Sibu**

No 31, Jln Tuanku Osman  
P O Box 26  
96007 Sibu Sarawak  
Tel : (084) 314 455  
Fax : (084) 310 546

**9) Kanowit, Sarawak**

Lots 127 & 128  
No 65-66 Jalan Kubu  
Kanowit Town District  
96700 Kanowit, Sarawak  
Tel : (084) 752 700  
Fax : (084) 752 711

**10) Kapit, Sarawak**

Lot 504 Jalan  
Temenggonglugah  
96800 Kapit, Sarawak  
Tel : (084) 797 771  
Fax : (084) 797 775

**11) Lawas, Sarawak**

Lot No 355  
Jalan Punang  
98850 Lawas  
Tel : (085) 285 657/659  
Fax : (085) 285 529

**12) Limbang, Sarawak**

Lot 1563 Jalan Buangsiol,  
98700 Limbang, Sarawak  
Tel : (085) 212 398/399  
Fax : (085) 211 022

**13) Lundu, Sarawak**

Lot 249-250  
Jalan Blacksmith Pekan Lundu  
94500 Lundu, Sarawak  
Tel : (082) 735 611  
Fax : (082) 735 220

**14) Marudi, Sarawak**

Lot 29, Jalan Kapitan Lim Ching Kiat,  
Marudi  
98050, Baram, Sarawak  
Tel : (085) 756 721/722  
Fax : (085) 756 724

**15) Matang Jaya, Kuching**

Lot 25, 26 & 27, Section 65,  
Kuching Town Land District  
Taman Lee Ling Commercial Centre  
93050 Matang Jaya  
Kuching, Sarawak  
Tel : (082) 647 718/719  
Fax : (082) 647 900

**16) Sarikei, Sarawak**

Lot 1468  
Repok Road  
P O Box 738  
96108 Sarikei, Sarawak  
Tel : (084) 657 030  
Fax : (084) 657 036

**17) Sg. Merah, Sibu**

No. 1 & 3, Lorong Sungei  
Merah, 2C  
96000 Sibu, Sarawak  
Tel : 1 300 888 742  
Fax : (084) 331 869

**18) Siburan, Sarawak**

No 12 & 13, Eastern  
Commercial Centre  
17th Mile, Kuching Serian Road  
94200 Siburan, Sarawak  
Tel : (082) 862 808  
Fax : (082) 862 880

**19) Simpang Tiga, Kuching**

No 11, Jln Simpang Tiga  
P O Box 3000  
93758 Kuching, Sarawak  
Tel : (082) 417 817/411 817  
Fax : (082) 420975

**20) Sri Aman, Sarawak**

Lot 839, Jalan Sabu  
95000 Sri Aman, Sarawak  
Tel : (083) 320 979/980  
Fax : (083) 320 975

**21) Tabuan Jaya, Sarawak**

891-892, Lorong Bayor Bukit 2A  
Tabuan Jaya Shopping Centre  
Jalan Wan Alwi  
93350 Kuching, Sarawak  
Tel : (082) 366 823/828  
Fax : (082) 366 826

**22) UNISQUARE,**

**Kota Samarahan, Kuching**  
Ground Floor, No. 12 & 13,  
Lot 5608 & 5609 Unisquare  
94300, Kota Samarahan  
Kuching, Sarawak  
Tel : (082) 619 622/860  
Fax : (082) 618 261

**23) Wisma Mahmud, Kuching**

Level 1  
Wisma Mahmud  
Jalan Sungei Sarawak  
93100 Kuching, Sarawak  
Tel : (082) 345 345/610  
Fax : (082) 338 358

**INTERNATIONAL BRANCHES****SINGAPORE BRANCHES**

- 1) Bukit Merah**  
Blk 131, Jalan Bukit Merah  
#01-1577 /1579  
Singapore 160131  
Tel : (65) 6273 9168  
(65) 6278 5388  
Fax : (65) 6273 7765
- 2) Bukit Timah**  
440/442 Upper Bukit Timah Road  
The Rail Mall, Singapore 678064  
Tel : (65) 6765 1678  
(65) 6769 1766  
Fax : (65) 6762 4032
- 3) Cecil Street**  
90 Cecil Street, #01-00  
Singapore 069531  
Tel : (65) 6320 0603  
(65) 6320 0602  
Fax : (65) 6225 5296
- 4) Geylang**  
537 Geylang Road  
Singapore 389492  
Tel : (65) 6747 8969/8966  
Fax : (65) 6747 1015
- 5) Jalan Besar**  
10 Jalan Besar, #01 -03  
Sim Lim Tower  
Singapore 208787  
Tel : (65) 6296 5842/6233  
Fax : (65) 6296 5846
- 6) Katong**  
14-18 East Coast Road  
Singapore 428741  
Tel : (65) 6344 5353/8044  
Fax : (65) 6345 7131
- 7) Upper Serangoon**  
1 Yio Chu Kang Road  
Singapore 545506  
Tel : (65) 6288 8053  
(65) 6288 8054  
Fax : (65) 6285 4685

**BRUNEI BRANCH**

- 1) RHB Bank Berhad**  
Unit G.02, Ground Floor  
Block D, Kompleks Yayasan  
Sultan Haji Hassanal Bolkiah  
Jalan Pretty.  
Bandar Seri Begawan IBS 8711  
Negara Brunei Darussalam  
Tel : (673) 222 2515/2516/3687  
Fax : (673) 223 7487

**THAILAND BRANCH**

- 1) RHB Bank Berhad**  
G Fl./18 FL. M. Thai Tower  
All Seasons Place  
87 Wireless Road  
Lumpini, Pathumwan  
Bangkok 10331  
Tel : (662) 126 8668  
Fax : (662) 126 8601

**EASY STANDALONE**

- 1) Easy-RHB Bandar Baru Air Itam**  
Lot No 65A, Lintang Astana  
Bandar Baru Air Itam  
11500 Air Itam, Pulau Pinang
- 2) Easy-RHB Tanjong Malim**  
Jalan Bunga Anggerik  
Taman Bunga Raya  
35900 Tanjong Malim, Perak
- 3) Easy-RHB E-Mart Commercial Centre**  
Lt N51-N53, E Mart Commercial Ctr  
Lt 2892, Blk 6  
K.Baram Land Distr. Tudan  
98100 Miri, Sarawak
- 4) Easy-RHB Sepanggar**  
Lot No 03, Ground Floor  
The Urban Mini Mall  
Taman Indah Permai  
Jalan Sepanggar  
88450 Kota Kinabalu, Sabah
- 5) Easy-RHB Paka**  
L125, Taman Seri Bayu  
Jalan Besar, 23100 Paka  
Dungun, Trengganu
- 6) Easy-RHB Giant Hypermarket Bayan Baru**  
Lot F18, Mezzanine Floor  
Giant Hypermarket Bayan Baru  
No 78, Jalan Tengah, Bayan Baru  
11900 Bayan Lepas, Pulau Pinang
- 7) Easy-RHB AEON Rawang Shopping Centre**  
Lot G20, AEON Rawang Shopping Centre  
48000 Rawang, Selangor
- 8) Easy-RHB Pusat Perdagangan Alam Jaya**  
No 29, Jalan PPAJ 3/1  
Pusat Perdagangan Alam Jaya  
Bandar Puncak Alam  
42300 Kuala Selangor  
Selangor Darul Ehsan
- 9) Easy-RHB Balik Pulau**  
Lot No 43, Jalan Tun Sardon  
Mukim 6, 11000 Balik Pulau  
Pulau Pinang
- 10) Easy-RHB 9 Avenue**  
Lot 17, Ground Floor, 9 Avenue  
Taman Korporat, Putra Nilai  
71800 Nilai, Negeri Sembilan
- 12) Easy-RHB AEON AU2**  
Lot G13, Ground Floor  
AEON AU2 Shopping Centre  
No.6 Jalan Taman Setiawangsa AU2  
Taman Keramat  
54200 Kuala Lumpur.
- 13) Easy-RHB AEON Melaka**  
Lot F62, AEON Bandaraya  
Melaka Shopping Centre  
No. 2 Jalan Lagenda  
Taman 1-Lagenda  
75400 Melaka
- 14) Easy-RHB AEON Seberang Prai**  
City Shopping Centre  
Lot F68, AEON Seberang Prai City  
Shopping Centre Perdana Mall  
Jalan Perda Timur  
14000 Bukit Mertajam  
Seberang Prai Tengah
- 15) Easy-RHB AEON Taman Equine**  
Lot G20, Ground Floor  
AEON Taman Equine  
Shopping Centre  
No 2 Jalan Equine  
Taman Equine, Bandar Putra Permai  
43300 Seri Kembangan  
Selangor
- 16) Easy-RHB Aman Suria**  
J-19-G, Jalan PJU 1/43  
Aman Suria  
47301 Petaling Jaya Selangor

## Branch Network

**EASY STANDALONE (CONTINUED)****17) Easy-RHB Amcorp Mall**

Lot G-02A, Amcorp Mall, No 18,  
Jalan Pesiaran Barat  
40650 Petaling Jaya, Selangor

**18) Easy-RHB Baling**

PT 1301, HSD 133, Mukim Baling  
Lot 1301 Jln Badlishah  
09100 Baling, Kedah

**19) Easy-RHB Bandar Baru Air Itam**

Lot No 65A, Lintang Astana  
Bandar Baru Air Itam  
11500 Air Itam, Pulau Pinang

**20) Easy-RHB Bandar Baru Bangi**

No. 41, Jalan Medan Pusat  
2D, 3B Curve, Persiaran Bangi  
43650 Bandar Baru Bangi  
Selangor

**21) Easy-RHB Bandar Baru**

Selayang, No 9, Jalan 2/8  
Bandar Baru Selayang  
68100 Batu Caves Selangor

**22) Easy-RHB Bandar Indera**

Mahkota, Lot B154,  
Lorong IM8/33 Bandar  
Indera Mahkota  
25200 Kuantan, Pahang

**23) Easy-RHB Bandar Sri Permaisuri**

No.51, Jalan Dwitasek 1  
Dataran Dwitasek  
Bandar Sri Permaisuri  
56000 Cheras Kuala Lumpur

**24) Easy-RHB Bandar Tasik Selatan**

No. 43, Jalan 8/146, Bandar  
Tasik Selatan  
56000 Kuala Lumpur

**25) Easy-RHB Bandar Tun Hussein Onn**

No 50, Jalan Suarasa 8/4  
Town Park 1  
Bandar Tun Hussein Onn  
43200 Cheras

**26) Easy-RHB Banting**

No. 19-A-G  
Jalan Sultan Abdul Samad  
42700 Banting

**27) Easy-RHB Batu Pahat**

No 33, Jalan Kundang  
Taman Bukit Pasir  
83000 Batu Pahat, Johor

**28) Easy-RHB Bertam**

No. 2 Jalan Dagangan 2  
Pusat Bandar Bertam Perdana  
13200 Kepala Batas  
Seberang Perai Utara  
Pulau Pinang

**29) Easy-RHB Boulevard Shopping Mall**

Lot G-B-18  
Boulevard Shopping Mall Kuching  
Jalan Datuk Tiwi Sli  
93250 Kuching, Sarawak

**30) Easy-RHB Chemor**

32, Laluan Chemor Sinaran  
Desa Chemor Sinaran  
31200 Chemor, Perak

**31) Easy-RHB Citta Mall**

Lot No G35, Ground Floor Citta  
Mall, 1A/48, PJU 1A  
Ara Damansara  
47301 Petaling Jaya, Selangor

**32) Easy-RHB Dataran Puteri Puchong**

No.20, Jalan Puteri 1/2,  
Dataran Puteri  
47100 Puchong

**33) Easy-RHB Dengkil**

No. 1, Jalan Deluxe  
Pusat Perdagangan Deluxe  
43800 Dengkil, Selangor

**34) Easy-RHB Desa Pandan**

No. 9-G, Jalan 2/76C  
Desa Pandan  
55100 Kuala Lumpur

**35) Easy-RHB Gerik**

90, Jalan Takong Datuk  
33000 Gerik, Perak

**36) Easy-RHB Giant Bukit Tinggi**

Lot A22, Persiaran Batu Nilam  
Bandar Baru Bukit Tinggi 1  
Jalan Langat  
41200 Klang Selangor

**37) Easy-RHB Giant Hypermarket Cheras**

Lot F6 & F7,  
Giant Hypermarket Cheras  
Batu 9, Grand Saga Highway  
(Cheras - Kajang Highway)  
43200 Cheras, Selangor

**38) Easy-RHB Giant Hypermarket Kelombong**

Lot G15, Giant Hypermarket  
Kelembong, Batu 5.5  
Jalan Tuaran, Kelembong  
88400 Kota Kinabalu, Sabah

**39) Easy-RHB Giant Hypermarket Kota Padawan**

Lt G9, Giant Hypermarket  
Kota Padawan  
Lt 1731, Block 17  
KCLD at 10th Mile  
Kuching-Serian Road  
93250 Kota Padawan  
Kuching Sarawak

**40) Easy-RHB Giant Hypermarket Kota Terengganu**

Lot G56, Giant Hypermarket  
K.Tranganu, H.S (D) 6917  
Lot PT 1485, Mukim Cabang Tiga  
Jalan Padang Hiliran  
21100 K.Terengganu, Trengganu

**41) Easy-RHB Giant Hypermarket Sibul**

Lot F23, Giant Hypermarket Sibul,  
Lot 1304, Block 3  
Sg. Merah Town District  
Jalan Ling Kai Cheng  
96000 Sibul, Sarawak

**42) Easy-RHB Giant Hypermarket Tabuan Jaya**

Lot G9, Giant Hypermarket  
Tabuan Jaya, Block 11, All  
Muara Tebas Land District  
93350 Kuching, Sarawak

**43) Easy-RHB Giant Hypermarket Tampoi**

Lot B9, Giant Hypermarket  
Tampoi, Lot 54, Jalan Skudai  
81200 Tampoi, Johor Bahru  
Johor

**EASY STANDALONE (CONTINUED)**

- 44) Easy-RHB Giant Hypermarket Tawau**  
Lot G10, Ground Floor  
CL 105466055, KM 5 1/2  
Jalan Chong Tien Vun  
Off Jalan Apas  
91000 Tawau Sabah
- 45) Easy-RHB Giant Kemuning Utama**  
Lot F38 & F14  
Giant Kemuning Utama,  
Kemuning Utama, Shah Alam
- 46) Easy-RHB, Giant Kinrara**  
Lot F34, 1st Floor  
Giant Hypermarket  
Bandar Kinrara Complex  
Lot 449, Jalan BK 5A/1  
Bandar Kinrara  
47180 Puchong, Selangor
- 47) Easy-RHB Giant Lukut**  
Lot G8 Giant Superstore Lukut  
Jalan Dataran Segar  
71000 Port Dickson  
Negeri Sembilan
- 48) Easy-RHB Giant Muar**  
Lot G1, Ground Floor  
Giant Hypermarket Muar  
Lot 6530, Jalan Rivera  
Maharani Rivera Kesang  
84000 Muar, Johor
- 49) Easy-RHB Giant Plentong**  
Lot B24, Giant Hypermarket Plentong  
81750 Masai, Johor
- 50) Easy-RHB Giant Putra Heights**  
Lot F25, Giant Hypermarket  
Putra Heights  
No 3, Pesiaran Putra Perdana  
47650 Putra Heights, Selangor
- 51) Easy-RHB Giant Senawang**  
Lot B42-B44  
Giant Hypermarket Senawang  
1571, Jalan Senawang  
70450 Senawang  
Negeri Sembilan
- 52) Easy-RHB Giant Sunway City**  
Giant Superstore Sunway City  
No 2, Jalan SCI 2/2 Sunway City  
31150 Ipoh, Perak
- 53) Easy-RHB Gurun**  
18M, Jalan Raya  
08300 Gurun Kedah
- 54) Easy-RHB Jasin**  
Ground Floor, JA 9944,  
Bangunan Yayasan Jasin  
Bandar Baru Jasin 3  
77000 Jasin, Melaka
- 55) Easy-RHB Jengka**  
No 29, Kedai 20 Unit  
Lorong Baiduri 1, Nadi Kota  
26400 Jengka, Pahang
- 56) Easy-RHB Jertih**  
PT 226, Tingkat Bawah  
PK Permint, Pekan Jertih  
22000 Jertih, Trengganu
- 57) Easy-RHB Johor Bahru Sentral**  
Level 2, Bus & Taxi Bay  
Johor Bahru Sentral Building  
Jalan Limquee  
80300 Johor Bahru
- 58) Easy-RHB Jusco Skudai**  
Lot LG27, JUSCO Taman Universiti  
Shopping Centre  
No 4, Jalan Pendidikan  
Taman Universiti  
81300 Skudai, Johor
- 59) Easy-RHB Kamunting**  
13, Tingkat Bawah  
Laluan Kamunting 1  
Bandar Kamunting  
36400 Kamunting  
Taiping Perak
- 60) Easy-RHB Kapar, Klang**  
No.266, Jalan KU 3  
Jalan Besar Kapar  
42200 Pekan Kapar, Klang
- 61) Easy-RHB KIP Mart Kota Tinggi**  
Lot 585, KIP Mart Kota Tinggi  
No 1, Jalan Maju  
81900 Kota Tinggi Johor
- 62) Easy-RHB Kluang Mall**  
Lot G-05, Kluang Mall  
Jalan Rambutan  
Bandar Kluang  
86000 Kluang, Johor
- 63) Easy-RHB Kompleks Arau**  
Lot G15, Ground Floor  
Kompleks Arau  
02600 Arau Perlis
- 64) Easy-RHB Kompleks Changloon**  
Lot G16 & G17 Kompleks  
Changloon, 06100 Changloon Kedah
- 65) Easy-RHB Kompleks Teruntum**  
Lot G19, Ground Floor Kompleks Teruntum  
Jalan Mahkota  
25000 Kuantan Pahang
- 66) Easy-RHB Kota Bharu Trade Centre**  
Lot LG02, Kota Bharu Trade Centre  
15000 Kota Bharu Kelantan
- 67) Easy-RHB Kota Damansara**  
No 43-G, Jalan Cecawi 6/33  
Seksyen 6, Kota Damansara  
47800 Petaling Jaya, Selangor
- 68) Easy-RHB KSL City**  
Taman Abad, Johor Bahru  
Lot LG-59, Lower Ground KSL City  
33, Jalan Seladang, Taman Abad  
80250, Johor Bahru Johor
- 69) Easy-RHB Kuala Krai**  
No. 94, Jalan Chin Hwa  
18000 Kuala Krai, Kelantan
- 70) Easy-RHB Kuala Selangor**  
Ground Floor, No. 32 Jalan  
Bendahara 1/1 (P.T. No. 1299)  
Taman Bendahara  
45000 Kuala Selangor, Selangor
- 71) Easy-RHB Larkin Perdana**  
No 31-G, Susur Dewata 1,  
Larkin Perdana  
80350 Johor Bahru, Johor

## Branch Network

**EASY STANDALONE (CONTINUED)****72) Easy-RHB M-Avenue**

No C-O-07, M-Avenue  
No. 1 Jalan 1/38A  
Segambut Bahagia  
52100 Kuala Lumpur

**73) Easy-RHB Megalong Mall**

Lot G-106, Megalong Mall  
Donggongan, Donggongan  
New Township, Phase 3  
89500 Kota Kinabalu, Sabah

**74) Easy-RHB Megamal Pinang**

Lot G-99, Megamal Pinang  
Shopping Complex, No. 2828  
Jalan Baru, Bandar Perai Jaya  
13700 Perai, Pulau Pinang

**75) Easy-RHB Menara UOA Bangsar**

Unit No LGF 2, Menara UOA  
Bangsar, Jalan Bangsar  
Kuala Lumpur

**76) Easy-RHB Metro Point Kajang**

G 22, Ground Floor  
Metro Point Complex  
Seksyen 7  
43000 Kajang Selangor

**77) Easy-RHB Mydin Bukit Jambul**

Lot LGB-18, Lower Ground  
Mydin Wholesale Hypermarket  
Bukit Jambul  
Bukit Jambul Kompleks  
Jalan Rumbia  
11900 Pulau Pinang

**78) Easy-RHB Mydin Kubang Kerian**

Lot G-07, Mydin Hypermarket  
Kubang Kerian  
Lot 1681, Seksyen 54  
Jalan Raja Perempuan Zainab II  
Kubang Kerian  
16150 Kota Bharu, Kelantan

**79) Easy-RHB Mydin Subang Jaya**

Lot F36, Mydin Wholesale  
Hypermarket, Lot No 675 & 676  
Pesiaran Subang Permai, USJ 1  
47500 Subang Jaya Selangor

**80) Easy-RHB Pasar Raya Terus Maju**

Lot A5, Pasar Raya Terus Maju Batu 6  
No A5, Lorong Seri Damai Perdana 1  
KM 8, Jalan Gambang  
25150 Kuantan, Pahang

**81) Easy-RHB Pekan**

Retail Lot No 3, Bangunan  
UMNO Pekan, Jalan Engku  
Muda Mansur, 26600 Pekan  
Pahang

**82) Easy-RHB Pelangi Square Damansara**

B-G-23 Grd Flr  
Building No. Lot 23  
Block B, Pusat Perdagangan Pelangi  
Pesiaran Surian PJU 6  
Petaling Jaya  
47800, Selangor

**83) Easy-RHB Pengkalan Chepa**

Ground Floor, PT 1079  
Taman Bendahara  
Jalan Pengkalan Chepa  
16100 Kota Bharu, Kelantan

**84) Easy-RHB Pesiaran Sultan Abdul Hamid**

Ground Floor, No 29  
Kompleks Perniagaan  
Sultan Abdul Hamid  
Pesiaran Abdul Hamid  
05050 Alor Setar, Kedah

**85) Easy-RHB Platinum Walk Setapak**

No 22-O, Block A, Platinum Walk  
No. 2 Jalan Langkawi  
53300 Setapak, Kuala Lumpur

**86) Easy-RHB Prangin Mall**

Lot 33-1-48 Prangin Mall  
Jalan Dr. Lim Chwee Leong  
10100 Georgetown  
Pulau Pinang

**87) Easy-RHB Precint 15 Putrajaya**

No.47, Jalan Diplomatik Presint 15  
62050 Putrajaya

**88) Easy-RHB Rapid Mall Teluk Intan**

Rapid Mall Seri Intan  
Jalan Changkat Jong  
36000 Teluk Intan

**89) Easy-RHB Section 16 Shah Alam**

A-6-G, Jalan Serai Wangi F  
16/F, Alam Avenue  
Pesiaran Selangor, Section 16  
40200, Shah Alam, Selangor

**90) Easy-RHB Segamat**

Ground Floor, Lot PTD 18795,  
known as  
No. 4 Jalan Muhibbah  
Taman Muhibbah  
Bandar Utama  
85000 Segamat Johor

**91) Easy-RHB Sek 18, Shah Alam**

1-5, Ole-Ole Shopping Centre  
Seksyen 18, Jalan Pinang  
Shah Alam, Selangor

**92) Easy-RHB Sek. U3 Shah Alam (Subang Perdana)**

No.12-G, Jalan 10/12  
Jalan Dinar CU3/C, Sek U3  
40150 Shah Alam

**93) Easy-RHB Selayang Mall**

Lot GSW 5B, Ground Floor  
Selayang Mall, Jalan SU9  
Taman Selayang Utama  
68100 Batu Caves

**94) Easy-RHB Semenyih**

No 52, Jalan Pasar Baru  
43500 Semenyih, Selangor

**95) Easy-RHB Sentul Raya Boulevard**

Unit No 10-G, Jalan 13/48A  
Sentul Raya Boulevard  
51000 Kuala Lumpur

**96) Easy-RHB Seremban 2**

Lot 43, Jalan S2 B18, Business  
Avenue (Biz Avenue)  
Seremban 2  
70300 Seremban Negeri Sembilan

**97) Easy-RHB Shaw Centrepoint Klang**

Lot GL 19A  
Ground Floor Shaw Centrepoint  
Jalan Raja Hassan  
41400 Klang Selangor

**98) Easy-RHB Sri Petaling**

53-G, Jalan Radin Bagus  
Sri Petaling  
57000 Kuala Lumpur

**99) Easy-RHB SS19 Subang Jaya**

No 21, Jalan SS19/6  
47500 Subang Jaya, Selangor



**EASY STANDALONE (CONTINUED)****100) Easy-RHB Sungai Besar**

Ground Floor, Lot 10138  
(Mukim Panchang Bedena)  
Jalan Menteri  
45300 Sungai Besar Selangor

**101) Easy-RHB Sunway Carnival Mall**

UG 28A Sunway Carnival Mall  
Pusat Bandar Seberang Jaya  
30680, Jalan Todak  
13700 Seberang Jaya  
Pulau Pinang

**102) Easy-RHB, Sunway Metro**

No 15, Jalan PJS 11/28  
Sunway Metro  
46150 Petaling Jaya Selangor

**103) Easy-RHB Sungai Mas Plaza**

Lot G7, Ground Floor, Sungai  
Mas Plaza, Batu 5, Jalan Ipoh  
51200 Kuala Lumpur

**104) Easy-RHB Taman Dagang**

Ampang, No. 26G,  
Jalan Dagang 1/1A,  
Taman Dagang  
68000 Ampang

**105) Easy-RHB Taman Sri Gombak**

No.50, Jalan SG1/8  
Taman Sri Gombak  
68100 Batu Caves, Selangor

**106) Easy-RHB Taman Sri Manja**

No. 3A-1, Jalan PJS 3/63  
Sri Manja Square 2  
Taman Sri Manja  
46000 Petaling Jaya

**107) Easy-RHB Taman Pendar Indah**

No 96, Ground Floor  
Solok Pendar Indah 1  
Taman Pendar Indah  
42000 Pelabuhan Klang  
Selangor

**108) Easy-RHB Taman Putra**

No 27, Jalan Bunga 6A  
Taman Putra  
68000 Ampang Selangor

**109) Easy-RHB Taman Sri Rampai**

No.16, Jalan Megan Setapak  
Megan Setapak  
53300 Kuala Lumpur

**110) Easy-RHB Tampin**

Lot K-6, PT 754  
Di hadapan Pasar Tampin  
73000 Tampin Negeri Sembilan

**111) Easy-RHB Tanah Merah**

No 217, Jalan Tasek  
17500 Tanah Merah, Kelantan

**112) Easy-RHB Tanjong Rambutan**

PT 227199, HSD 181076  
Bandar Tanjong Rambutan  
Jalan Stesyen, 31250 Tanjong Rambutan  
Perak

**113) Easy-RHB Teluk Pulau**

21, Jalan Teluk Pulau  
41100 Klang, Selangor

**114) Easy-RHB TSB Commercial Centre  
Sungai Buloh**

Unit No A1-47  
TSB Commercial Centre, Pekan  
Baru Sungai Buloh  
40160 Selangor

**115) Easy-RHB Temerloh**

No.20 Ground Floor  
Jalan Ahmad Shah  
Bandar Sri Semantan  
28000 Temerloh, Pahang

**116) Easy-RHB Terminal One  
Shopping Centre**

Lot No G5A, Ground Floor  
Terminal One Shopping Centre  
No 20B, Jalan Lintang  
70200 Seremban  
Negeri Sembilan

**117) Easy-RHB TTDI Shah Alam**

30G, Jalan Opera U2/L,  
Jayamas, TTDI  
40150 Shah Alam, Selangor

**118) Easy-RHB Viva Shopping Complex**

Lot. No. LG 12  
Lower Ground Floor Viva Home  
No.25 Jalan Loke Yew  
55200 Kuala Lumpur

**119) Easy-RHB Wakaf Che Yeh**

Kota Bharu, HS(D) 6368,  
Lot No. PT 703  
Mukim Padang Enggang  
15100 Kota Bharu, Kelantan

**120) Easy-RHB Warisan Square**

Lot No. C-G-09, Block C  
Ground Floor, Warisan Square  
Jalan Tun Fuad Stephen  
88000 Kota Kinabalu, Sabah

**121) Easy-RHB Wisma Thrifty**

Unit 7, Wisma Thrifty, No 19  
Jalan Barat, 46200 Petaling Jaya  
Selangor

**RHB TESCO EASY ADDRESS****1) Easy-RHB Tesco Ampang**

RHB Kiosk, Tesco Ampang PT  
8880 Jln Pandan Prima  
Dataran Pandan Prima  
55100 KL

**2) Easy-RHB Tesco Bukit Beruntung**

RHB Kiosk, Tesco Bukit Beruntung  
No 1, Jalan Orkid 1 Bandar  
Serendah, Seksyen BS 1  
48300 Rawang, Selangor

**3) Easy-RHB Tesco Bukit Indah**

RHB Kiosk, Tesco Bukit Indah  
No 1 Jalan Bukit Indah 15,  
Taman Bukit Indah  
81200 Johor Bahru, Johor

**4) Easy-RHB Tesco Bukit Mertajam**

RHB Kiosk, Tesco Bukit Mertajam  
No.2323, Jalan Rozhan  
Pusat Perniagaan Seri Impian  
14000 Bukit Mertajam, Penang

**5) Easy-RHB Tesco Desa Tebrau**

RHB Kiosk, Tesco Desa Tebrau  
No 1 Persiaran Desa Tebrau  
Tmn Desa Tebrau  
81100 Johor Bahru, Johor

**6) Easy-RHB Tesco Extra Cheras**

RHB Kiosk, Tesco Cheras  
No 2 Jln Midah 2  
Tmn Midah Cheras  
56000 KL.

**7) Easy-RHB Tesco Extra Ipoh**

RHB Kiosk, Tesco Extra Ipoh  
No 2 Laluan  
Tasek Timur 6 Taman Tasek Indra  
Off Jln Kg Bercham  
31400 Ipoh, Perak.

## Branch Network

**RHB TESCO EASY ADDRESS  
(CONTINUED)**

- 8) Easy-RHB Tesco Extra Plentong**  
RHB Kiosk, Tesco Extra Plentong  
Lot 34 Jln Masai Baru  
Batu 10 Plentong  
81750 Johor Bahru Johor
- 9) Easy-RHB Tesco Extra Seberang Jaya**  
2762 Persiaran Sembilang  
Seberang Jaya  
13700 Seberang Perai Tengah  
Penang
- 10) Easy-RHB Tesco Extra Selayang**  
No 1081Jln Ipoh Mukim Batu  
51200 Kuala Lumpur
- 11) Easy-RHB Tesco Extra Shah Alam**  
No 1 Persiaran Sukan Seksyen  
13, Peti Surat 7427  
40714 Shah Alam, Selangor
- 12) Easy-RHB Tesco Hyper Ipoh**  
RHB Kiosk, Tesco Ipoh  
No 2 Jalan Jambu  
Tmn Teh Teng Seng  
31400 Ipoh, Perak
- 13) Easy-RHB Tesco Jln Klang Lama**  
RHB Kiosk, Tesco Jln Klang Lama  
The Scott Garden Komplek  
Rimbun Scott  
289 Jln Klang Lama  
58100 Kuala Lumpur
- 14) Easy-RHB Tesco Kampar**  
RHB Kiosk, Tesco Kampar Jalan  
Perdana, Taman Kampar Perdana  
31900 Kampar, Perak
- 15) Easy-RHB Tesco Kajang**  
RHB Kiosk, Tesco Kajang  
Lot PT 37820 & 11196  
Mukim Kajang Saujana Impian  
43000 Kajang, Selangor
- 16) Easy-RHB Tesco Kepong**  
RHB Kiosk, Tesco Kepong  
No 3 Jalan 7A/62A  
Bandar Menjalara  
52200 Kepong Kuala Lumpur
- 17) Easy-RHB Tesco Klang**  
RHB Kiosk, Tesco Klang  
No 3 Jln Batu Nilam 6/KS6  
Bandar Bukit Tinggi  
41200 Klang Selangor
- 18) Easy-RHB Tesco Kota Bharu**  
RHB Kiosk, Tesco Kota Bharu  
Lot 1828, Seksyen 17  
Bandar Kota Bharu  
Jajahan Kota Bharu  
15050 Kelantan.
- 19) Easy-RHB Tesco Kulai**  
No 52 Tmn Desamas  
Batu 22 7/2, Jln Kulai Air Hitam  
81000 Kulai, Johor
- 20) Easy-RHB Tesco Kulim**  
No 386, Jalan Lembah Impiana 111  
09000 Kulim, Kedah
- 21) Easy-RHB Tesco Manjung**  
RHB Kiosk, Tesco Manjung No  
103 Jalan Lumut  
32000 Sitiawan, Perak
- 22) Easy-RHB Tesco Melaka**  
RHB Kiosk, Tesco Melaka  
No 1 Jln Tun Abdul Razak  
75400 Peringgit, Melaka
- 23) Easy-RHB Tesco Melaka Cheng**  
RHB Kiosk, Tesco Melaka  
Cheng, No 1 Jalan Inang 3  
Paya Rumput Utama  
75460 Melaka
- 24) Easy-RHB Tesco Mergong**  
RHB Kiosk, Tesco Mergong  
No 1 Lebuhraya  
Sultanah Bahiyah  
05150 Alor Setar Kedah
- 25) Easy-RHB Tesco Mutiara Damansara**  
RHB Kiosk, Tesco Mutiara  
Damansara, No 8 Jln PJU 7/4  
Mutiara Damansara  
47800 Petaling Jaya, Selangor
- 26) Easy-RHB Tesco Nilai**  
No.1, Jalan BBN 1/3, Putra Nilai  
71800 Nilai, Negeri Sembilan
- 27) Easy-RHB Tesco Penang**  
RHB Kiosk, Tesco Penang  
No 1 Lebuh Tengku Kudin 1  
Bandar Jelutong  
11700 Penang
- 28) Easy-RHB Tesco Pengkalan Ipoh**  
No 1 Medan Stesen 19/9  
Section 18  
31650 Pengkalan Ipoh Perak
- 29) Easy-RHB Tesco Rawang**  
No 1 Jalan Rawang  
48000 Rawang, Selangor
- 30) Easy-RHB Tesco Setia Alam**  
No 2 Jln Setia Prima S U/13/S  
Setia Alam, Seksyen U 13  
40170 Shah Alam, Selangor
- 31) Easy-RHB Tesco Sungai Dua**  
No 657 Jln Sg Dua  
11700 Sg. Dua, Penang
- 32) Easy-RHB Tesco Sg. Petani Mutiara**  
Lot 368 Jln Bakar Arang  
08000 Sg. Petani, Kedah
- 33) Easy-RHB Tesco Semenyih**  
1 Jln TPS 1/1, Taman Pelangi Semenyih  
43500 Semenyih Selangor
- 34) Easy-RHB Tesco Senawang**  
No 12264, Jalan Seremban Jaya  
Taman Seremban Jaya  
70400 Seremban  
Negeri Sembilan
- 35) Easy-RHB Tesco Seri Alam**  
RHB Kiosk, Tesco Seri Alam  
Lot PTD 111515, Jln Seri Alam  
Bandar Seri Alam  
81750 Masai Johor.
- 36) Easy-RHB, Tesco Seremban 2**  
PT 2347 Pekan Bukit Kepayang  
Daerah Seremban  
70300 Negeri Sembilan
- 37) Easy-RHB Tesco Hyper Shah Alam**  
No 3 Jln Aerobik 13/43 Seksyen 13  
40100 Shah Alam Selangor.
- 38) Easy-RHB Tesco Stargate**  
RHB Kiosk, Tesco Stargate  
No 1, Susuran Stargate  
Lebuhraya Sultanah Bahiyah  
05400 Alor Setar, Kedah
- 39) Easy-RHB Tesco Taiping**  
Lot 38, Jalan Istana Larut  
34000 Taiping, Perak
- 40) Easy-RHB Tesco Tanjung Pinang**  
No 1 Jalan Seri Tanjung Pinang  
Tanjung Tokong  
10470 Pulau Pinang



## Branch Network

**EASY RHB POS**

- 1) Easy-RHB Pos Dato' Keramat**  
Pejabat Pos Dato' Keramat , JKR 56  
Jalan Dato' Keramat, 10460 Dato'  
Keramat, Pulau Pinang
- 2) Easy-RHB Pos Kota Tinggi**  
Pejabat Pos Kota Tinggi, JKR 670  
Jalan Lombong, 81900 Kota Tinggi  
Johor
- 3) Easy-RHB Pos Seri Kembangan**  
JKR 2012, Jalan Besar, 43300 Seri  
Kembangan, Selangor Darul Ehsan
- 4) Easy-RHB Pos Klang**  
Pejabat Pos Klang, Jalan Stesen  
41670 Klang, Selangor
- 5) Easy-RHB Pos Sungai Petani**  
JKR F748, Jalan Pengkalan  
08000 Sungai Petani, Kedah
- 6) Easy-RHB Pos Kulim**  
JKR 1349, Jalan Raya  
09000 Kulim, Kedah
- 7) Easy-RHB Pos Alor Gajah**  
Pejabat Pos Alor Gajah  
JKR 2121, Jalan Besar  
78000 Alor Gajah, Melaka
- 8) Easy-RHB Pos Ayer Keroh**  
Pejabat Pos, Ayer Keroh  
Jalan Lebuhraya Ayer Keroh  
75450 Melaka
- 9) Easy-RHB Pos Bandar Baru Bangi**  
JKR 208 A-B, Jalan 6C/9  
43000 Bandar Baru Bangi
- 10) Easy-RHB Pos Batu 9**  
Pejabat POS Batu 9 Cheras  
Jalan Besar  
43200 Cheras Selangor
- 11) Easy-RHB Pos Batu Gajah**  
Pejabat Pos Batu Gajah  
JKR 60A, Jalan Pejabat Pos  
31000 Batu Gajah, Perak
- 12) Easy-RHB Pos Brickfields**  
Pejabat Pos Brickfields  
No 75, Jalan Thambapillai Brickfields  
50470 Kuala Lumpur
- 13) Easy-RHB Pos Bukit Mertajam**  
Pejabat Pos Bukit Mertajam  
JKR 836, Jalan Arumugam Pillai  
14000 Bukit Mertajam  
Pulau Pinang
- 14) Easy-RHB Pos Butterworth**  
Pejabat Pos Butterworth  
JKR 1268, Jalan Bagan Dalam  
12100 Butterworth Pulau Pinang
- 15) Easy-RHB Pos Cheras Makmur**  
Pejabat Pos Cheras Makmur  
25 & 27, Jalan 4/9 6A  
Taman Cheras Makmur  
56100 Kuala Lumpur
- 16) Easy-RHB Pos Dayabumi**  
Pejabat Pos Besar Kuala Lumpur  
Jalan Tan Cheng Lock  
50670 Kuala Lumpur
- 17) Easy-RHB Pos GPO Ipoh**  
Pejabat Pos GPO Ipoh  
JKR 5120, Jalan Kelab  
30670 Ipoh Perak
- 18) Easy-RHB Pos GPO Pulau Pinang**  
Pejabat Pos GPO - Pulau Pinang  
Tingkat Bawah, Bangunan  
Tengku Syed Putra  
Lebuh Downing  
10670 Pulau Pinang
- 19) Easy-RHB Pos Jinjang**  
JKR 1693, Jalan Besar  
52000 Kepong, Kuala Lumpur
- 20) Easy-RHB Pos Jln TAR**  
No. 3, Jalan Dewan Sultan Sulaiman 1  
50100 Kuala Lumpur
- 21) Easy-RHB Pos Johor Bahru**  
Pejabat Pos GPO - Johor Bahru  
JKR 2521, Jalan Dato' Onn  
80000 Johor Bahru
- 22) Easy-RHB Pos Kajang**  
JKR 78, Jalan Hishamuddin  
43000 Kajang
- 23) Easy-RHB Pos Kelana Jaya**  
No. 2, Jalan SS 6/2  
47301 Kelana Jaya
- 24) Easy-RHB Pos Kepala Batas**  
Pejabat Pos, Kepala Batas JKR  
A13, Jalan Bertam  
13200 Kepala Batas  
Pulau Pinang
- 25) Easy-RHB Pos Kg Tunku**  
Pejabat Pos Kg. Tunku  
JKR 4410, Jalan SS 1/11  
Kg. Tunku  
47300 Petaling Jaya Selangor
- 26) Easy-RHB Pos Klang Utara**  
JKR 1093, Jalan Pos Baharu  
41300 Klang
- 27) Easy-RHB Pos Kluang**  
Pejabat Pos Kluang, JKR 1439  
Jalan Sultanah  
86000 Kluang Johor
- 28) Easy-RHB Pos Majidee**  
Pejabat Pos Majidee, JKR 3635  
Jalan Tebrau  
81100 Majidee Johor
- 29) Easy-RHB Pos Masjid Tanah**  
Pejabat Pos Masjid Tanah  
JKR 2880 Jalan Besar  
78300 Masjid Tanah, Melaka
- 30) Easy-RHB Pos Medan Tuanku**  
Pejabat Pos Medan Tuanku  
No. 303, Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur
- 31) Easy-RHB Pos Melaka**  
Pejabat Pos GPO Melaka  
Bukit Baru  
75670 Melaka
- 32) Easy-RHB Pos Muar**  
Pejabat Pos Muar  
JKR 2200 Jalan Othman  
84000 Muar Johor
- 33) Easy-RHB Pos Nilai**  
PT 5797 Jalan 3/S. 2/1G  
Taman Semarak  
71800 Nilai
- 34) Easy-RHB Pos Pelabuhan Klang**  
JKR 807, Jln Watson  
42670 Pelabuhan Kelang

## Branch Network

**EASY RHB POS (CONTINUED)****35) Easy-RHB Pos Seksyen 20**

Petaling Jaya, Jalan 20/16A  
Taman Paramount  
46300 Petaling Jaya, Selangor

**36) Easy-RHB Pos Pontian**

Pejabat Pos Pontian,  
JKR 1479 Jalan Pejabat  
82000 Pontian Johor

**37) Easy-RHB Pos Sentul**

688, Jalan Sentul  
51000 Kuala Lumpur

**38) Easy-RHB Pos Seremban**

JKR 1486, Jalan Tuanku Antah  
70670 Seremban

**39) Easy-RHB Pos Sg Buloh**

No. 1-12K, Tingkat 2  
Pasaraya Warta  
Kompleks Sungai Buluh  
47000 Sungai Buluh

**40) Easy-RHB Pos Sg Wang Plaza**

Lot T54-56, T37  
Tkt. 3, Sungai Wang Plaza  
Jln. Sultan Ismail  
50200 Kuala Lumpur

**41) Easy-RHB Pos Subang Jaya**

Pejabat Pos Subang Jaya  
Lot 2098, Jalan Subang Utama  
47500 Subang Jaya, Selangor

**42) Easy-RHB Pos Sg Besi**

Jalan Pejabat Pos, Sungai Besi  
57000 Kuala Lumpur

**43) Easy-RHB Pos Shah Alam**

Persiaran Dato' Menteri  
40670 Shah Alam

**44) Easy-RHB Pos Taiping**

Pejabat Pos Taiping, JKR 102  
Jalan Barrack  
34000 Taiping Perak

**45) Easy-RHB Pos Taman Ipoh**

Pejabat Pos, Taman Ipoh  
JKR 4837, Jalan Lau Pak Khuan  
Taman Ipoh  
31400 Ipoh, Perak

**46) Easy-RHB Pos Taman Sri Tebrau**

Pejabat Pos Taman Sri Tebrau  
JKR 5355, Jalan Kelewang  
Taman Sri Tebrau  
80050 Johor Bahru

**47) Easy-RHB Pos Tangkak**

Pejabat Pos Tangkak  
JKR 3019, Jalan Payamas  
84900 Tangkak, Johor

**48) Easy-RHB Pos Tanjong Kling**

Pejabat Pos Tg Keling  
JKR 966A, Jalan Tg Keling  
76400 Tanjong Keling, Melaka

**49) Easy-RHB Pos Tapah**

Pejabat Pos Tapah, JKR 138  
Jln Stesyen  
35000 Tapah, Perak

**50) Easy-RHB Pos Ulu Langat**

JKR 387, Jalan Hulu Langat  
43100 Hulu Langat

**RHB EASY LRT Addresses****1) Easy-RHB LRT Maluri**

Batu 2 1/2 Off Jalan Cheras  
Taman Miharja, 55200 Kuala Lumpur

**2) Easy-RHB LRT Sri Rampai**

Jalan Wangsa Perdana 1  
Taman Sri Rampai  
53300 Wangsa Maju, Kuala Lumpur

**3) Easy-RHB LRT Pudu**

Jalan Sarawak Off Jalan Pudu  
55100 Kuala Lumpur

**4) Easy-RHB LRT Taman Melati**

Pesiaran Pertahanan, Taman Melati  
53100 Gombak, Selangor

**5) Easy-RHB - LRT Cempaka**

Jalan Pandan Indah 23  
Pandan Indah, 68000 Ampang  
Selangor

**6) Easy-RHB - LRT Pandan Indah**

Jalan Pandan Indah 2/2  
Pandan Indah, 55100 Kuala Lumpur

**7) Easy-RHB LRT Ampang Park**

Stesyen LRT Ampang Park  
Lot 01 Jln Ampang  
50450 Kuala Lumpur

**8) Easy-RHB LRT Damai**

Stesyen LRT Damai  
Jln Dato' Keramat  
54000 Kuala Lumpur

**9) Easy-RHB LRT Gombak**

Stesyen LRT Terminal Putra Gombak  
68100 Gombak Selangor

**10) Easy -RHB LRT Kelana Jaya**

Stesyen LRT Kelana Jaya  
Lot PT 8960, Seksyen SS4  
Jalan Lebuhraya  
47301 Petaling Jaya, Selangor

**11) Easy-RHB LRT Kerinchi**

Stesyen LRT Kerinchi Sebahagian  
Lot 2508, 2509, 2510, 2511, 4096  
& 4099, Rezab Jalan, Mukim,  
59200 Kuala Lumpur

**12) Easy-RHB LRT KL Central**

Stesyen LRT KL Sentral  
Sebahagian Jalan Sultan Mohamed  
Simpanan Jalan & Sungai Dalam  
50470 Kuala Lumpur

**13) Easy-RHB LRT PWTC**

Stesyen STAR - LRT PWTC  
Jalan Putra  
50350 Kuala Lumpur

**14) Easy-RHB Monorail Bukit Bintang**

Stesen Monorail Bukit Bintang  
Jalan Sultan Ismail  
50250 Kuala Lumpur

**15) Easy-RHB Monorail Chow Kit**

Stesen Monorail Chow Kit  
Jalan Tunku Abdul Rahman  
50100 Kuala Lumpur

**16) Easy-RHB Monorail Hang Tuah**

Stesen Monorail Hang Tuah  
Jalan Hang Tuah  
55200 Kuala Lumpur

**17) Easy-RHB Monorail Imbi**

Lot K03, Stesen Monorail Imbi  
Jalan Imbi  
55100 Kuala Lumpur

**18) Easy-RHB Monorail Raja Chulan**

Stesen Monorail Raja Chulan  
Jalan Sultan Ismail  
50250 Kuala Lumpur

**19) Easy-RHB LRT Masjid Jamek**

Jalan Melaka  
50100 Kuala Lumpur

**RHB EASY LRT ADDRESSES  
(CONTINUED)**

- 20) Easy-RHB LRT Wangsa Maju**  
Wangsa Maju Mukim Setapak  
53300 Wangsa Maju Kuala Lumpur
- 21) Easy-RHB Monorail Titiwangsa**  
Stesen Monorail Titiwangsa  
Jalan Pekeliling  
53200 Kuala Lumpur
- 22) Easy-RHB LRT Bukit Jalil**  
(Bersebelahan Stadium Nasional)  
57000 Bukit Jalil Kuala Lumpur
- 23) Easy-RHB LRT Plaza Rakyat**  
(Bersebelahan Pudu Raya)  
Jalan Pudu  
55100 Kuala Lumpur
- 24) Easy-RHB LRT Taman Bahagia**  
Stesyen LRT Taman Bahagia  
Seksyen SS3, Jalan SS 2/3  
47300 Petaling Jaya, Selangor
- 25) Easy-RHB LRT Taman Jaya**  
Stesyen LRT Taman Jaya  
Jalan Persiaran Barat  
46050 Petaling Jaya, Selangor

**RHB Mall Kiosk**

- 1) Easy-RHB Plaza Low Yat**  
RHB Kiosk, Kiosk G-K013,  
Ground Floor, Plaza Low Yat  
No 7, Jalan Bintang  
Off Jalan Bukit Bintang  
Bukit Bintang Central  
55100 Kuala Lumpur
- 2) Easy-RHB Kip Mart Masai**  
RHB Kiosk, Lot K2 & K3  
KIP Mart Masai  
Jalan Pesiaran Dahlia 2  
Taman Bukit Dahlia  
81700 Pasir Gudang Johor
- 3) Easy-RHB Dataran  
Pahlawan Melaka**  
Megamall  
FG-25, Ground Floor  
Phase 2, Dataran Pahlawan  
Melaka Megamall  
Jalan Merdeka  
75000 Bandar Hilir, Melaka



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