

RHB Investment Bank Berhad

**Pillar 3 Disclosures
30th June 2011
Consolidated basis**

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Statement by Officer-in-Charge

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 Investment Bank Berhad, ("Bank") I am pleased to provide an attestation that the Basel II Pillar 3 disclosures of the Bank as at 30th June 2011 are accurate and complete.

Mr Chan Cheong Yuen
Officer-in-charge for RHB Investment Bank Berhad

1.0 INTRODUCTION

RHB Investment Bank Berhad ('the Bank') and its subsidiaries ('hereinafter referred to as the Group') have adopted the capital requirements as set out in the Bank Negara Malaysia ('BNM') Guidelines on Risk Weighted Capital Adequacy Framework ('Basel II') ('RWCAF') with effect from 1 January 2008.

The Group and the Bank have adopted the Standardised Approach ('SA') for Credit and Market Risk, and the Basic Indicator Approach ('BIA') for Operational Risk. The minimum regulatory capital adequacy requirements is 8% (31 December 2010: 8%) for the risk weighted capital ratio.

1.1 PURPOSE

This document covers the quantitative disclosures as required under Bank Negara Malaysia Guidelines on Risk Weighted Capital Adequacy Framework ('Basel II') ('RWCAF') – Disclosure Requirements ('Pillar 3') (hereinafter referred to as the 'Pillar 3' Guideline).

The Pillar 3 report will be made available under the Investor Relations section of the RHB Banking Group's website at www.rhb.com.my and as a supplement to the Group's and Bank's half-yearly unaudited interim financial reports for the 6 month period ended 30 June 2011 (hereinafter referred to as "interim financial statements"). However, the Pillar 3 report does not form part of the interim financial statements

1.2 BASIS OF DISCLOSURE

The Pillar 3 report presents the Group's assets, in terms of exposures and capital requirements, in accordance with the requirements as stated in the RWCAF. As such, the information presented in this report may not be directly comparable with those information as disclosed in the Group's published interim financial statements. For example, credit risk exposures are estimated using risk parameters specified under RWCAF, which take into consideration the contractual commitments relating to undrawn amounts. Whilst the Group balance sheet only reflect the drawn amount, and it does not take into consideration the expected future drawdown of committed credit lines.

2.0 SCOPE OF APPLICATION

For regulatory reporting purposes, 2 levels of reporting have been established by the Group as follows:

- the first level being RHB Investment Bank Global, comprising RHB Investment Bank Berhad only, and
- the second level being RHB Investment Bank Consolidated, comprising RHB Investment Bank Global consolidates with all its other subsidiaries.

The information presented in this report is at the second level – the consolidation of RHB Investment Bank Global and all its other subsidiaries, except stated otherwise.

The Group's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements, except for certain type of investments which is required to be deducted from eligible capital as per under BNM Guidelines 'Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components)' Part B Paragraph 4.

In accordance with the accounting standards for financial reporting, all subsidiaries of the Bank are fully consolidated from the date the Bank obtains control until the date such control ceases.

Table 1: Capital Adequacy Ratios**As at 30 June 2011**

Ratio	Group	Bank
Core Capital	20.36%	21.44%
Risk-weighted Capital	28.34%	25.22%

As at 31 December 2010

Before proposed final dividends payment

Ratio	Group	Bank
Core Capital	30.20%	32.47%
Risk-weighted Capital	43.68%	41.02%

After proposed final dividends payment

Ratio	Group	Bank
Core Capital	25.71%	27.69%
Risk-weighted Capital	39.19%	33.85%

Table 2: Risk Weighted Assets ('RWA') by Risk Types**As at 30 June 2011**

Risk Types	Group (RM'000)	Bank (RM'000)
Credit RWA	1,170,185	1,141,876
Market RWA	328,787	328,787
Operational RWA	470,633	420,303
Total	1,969,605	1,890,966

As at 31 December 2010

Risk Types	Group (RM'000)	Bank (RM'000)
Credit RWA	928,519	887,428
Market RWA	161,901	161,901
Operational RWA	469,394	414,976
Total	1,559,814	1,464,305

Table 3: Minimum Capital Requirements and RWA by Risk Types**As at 30 June 2011**

Risk Types	Group (RM'000)		Bank (RM'000)	
	RWA	Capital requirement	RWA	Capital requirement
Credit RWA <i>under Standardised Approach</i>	1,170,185	93,615	1,141,876	91,350
Market RWA <i>under Standardised Approach</i>	328,787	26,303	328,787	26,303
Operational RWA <i>Under Basic Indicator Approach</i>	470,633	37,651	420,303	33,624
Total	1,969,605	157,569	1,890,966	151,277

As at 31 December 2010

Risk Types	Group (RM'000)		Bank (RM'000)	
	RWA	Capital requirement	RWA	Capital requirement
Credit RWA <i>under Standardised Approach</i>	928,519	74,282	887,428	70,994
Market RWA <i>under Standardised Approach</i>	161,901	12,952	161,901	12,952
Operational RWA <i>Under Basic Indicator Approach</i>	469,394	37,551	414,976	33,198
Total	1,559,814	124,785	1,464,305	117,144

Note:

RHB Investment Bank Group does not have any capital requirements for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's Risk Weighted Capital Adequacy Framework

Table 4: Capital Structure**As at 30 June 2011**

Tier 1 Capital	Group (RM'000)	Bank (RM'000)
Paid-up ordinary share capital	263,646	263,646
Retained profit	33,819	23,914
Statutory reserve fund	278,549	278,549
Total Tier 1 Capital	576,014	566,109
Less:		
Deferred tax assets	(2,091)	(1,315)
Goodwill	(172,844)	(159,280)
ELIGIBLE TIER 1 CAPITAL	401,079	405,514
Tier 2 capital		
Collective impairment allowance	1,133	1,133
Maximum allowable subordinated debt capital	200,540	202,757
Total Tier 2 Capital	201,673	203,890
Less :		
Investment in subsidiaries companies and joint ventures	(24,382)	(112,369)
Securitisation exposures subject to deductions	(19,898)	(19,898)
Other Deductions	(231)	(231)
Total deductions from Tier 2 Capital	(44,511)	(132,498)
ELIGIBLE TIER 2 CAPITAL	157,162	71,392
CAPITAL BASE	558,241	476,906

Table 4: Capital Structure (cont'd)**As at 31 December 2010**

Tier 1 Capital	Group (RM'000)	Bank (RM'000)
Paid-up ordinary share capital	263,646	263,646
Retained profit	103,817	93,912
Statutory reserve fund	278,549	278,549
Total Tier 1 Capital	646,012	636,107
Less:		
Deferred tax assets	(2,091)	(1,315)
Goodwill	(172,844)	(159,280)
ELIGIBLE TIER 1 CAPITAL	471,077	475,512
Tier 2 capital		
Collective impairment allowance	1,117	1,117
Maximum allowable subordinated debt capital	235,538	237,756
Total Tier 2 Capital	236,655	238,873
Less :		
Investment in subsidiaries companies and joint ventures	(25,044)	(112,369)
Securitisation exposures subject to deductions	(1,086)	(1,086)
Other Deductions	(344)	(336)
Total deductions from Tier 2 Capital	(26,474)	(113,791)
ELIGIBLE TIER 2 CAPITAL	210,181	125,082
CAPITAL BASE	681,258	600,594

Table 5: Summary of Credit Exposures with CRM by Asset Class & Capital Requirement (On & Off-Balance Sheet Exposures)**As at 30 June 2011**

Exposure Class	Gross Exposure/EAD before CRM (RM'000)	Net Exposures/EAD after CRM (RM'000)	Risk Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
Exposures under the Standardised Approach				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	2,597,953	2,597,953	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,164,919	1,164,919	232,984	18,639
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	742,867	742,867	273,454	21,876
Regulatory Retail	3,650	3,650	2,738	219
Residential Mortgage	2,138	2,138	766	61
Higher Risk Assets	-	-	-	-
Other Assets	804,712	804,712	444,124	35,530
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	40,229	40,229	8,606	688
Equity Exposure	33,976	33,976	33,976	2,718
Default Exposures	50,049	50,049	33,661	2,693
Total On-Balance Sheet Exposures	5,440,493	5,440,493	1,030,309	82,425
Off-Balance Sheet Exposures				
OTC Derivatives	47,830	47,830	9,566	765
Credit Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	567,333	567,333	130,310	10,425
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	615,163	615,163	139,876	11,190
Total On and Off-Balance Sheet Exposures	6,055,656	6,055,656	1,170,185	93,615

Table 5: Summary of Credit Exposures with CRM by Asset Class & Capital Requirement (On & Off-Balance Sheet Exposures) (cont'd)**As at 31 December 2010**

Exposure Class	Gross Exposure/EAD before CRM (RM'000)	Net Exposures/EAD after CRM (RM'000)	Risk Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
Exposures under the Standardised Approach				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	3,546,365	3,546,365	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,131,569	1,131,569	226,314	18,105
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	686,773	686,773	221,584	17,726
Regulatory Retail	4,284	4,284	3,213	257
Residential Mortgage	1,182	1,182	449	36
Higher Risk Assets	-	-	-	-
Other Assets	681,289	681,289	294,034	23,524
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	54,484	54,484	72,884	5,831
Equity Exposure	32,466	32,466	32,466	2,597
Default Exposures	53,530	53,530	35,401	2,832
Total On-Balance Sheet Exposures	6,191,942	6,191,942	886,345	70,908
Off-Balance Sheet Exposures				
OTC Derivatives	61,727	61,727	12,346	988
Credit Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	93,678	93,678	29,828	2,386
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	155,405	155,405	42,174	3,374
Total On and Off-Balance Sheet Exposures	6,347,347	6,347,347	928,519	74,282

**Table 6: Exposures for Off-Balance Sheet and Counterparty Credit
(after Credit Risk Mitigation)****As at 30 June 2011**

Nature of Item	Principal/ Notional Amount (RM'000)	Positive Fair Value of Derivative Contracts (RM'000)	Credit Equivalent Amount (RM'000)	RWA (RM'000)
Assets sold with recourse	192,510		192,510	38,502
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns.	269,482		269,482	53,896
NIFs and obligations under an ongoing underwriting agreement	177,458		88,729	22,000
Interest/profit rate related contracts	1,850,000	14,650	47,830	9,566
One year or less	210,000	381	711	142
Over one year to five years	1,525,000	12,384	39,184	7,837
Over five years	115,000	1,885	7,935	1,587
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-		-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	83,062		16,612	15,912
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	-		-	-
Total	2,572,512	14,650	615,163	139,876

**Table 6: Exposures for Off-Balance Sheet and Counterparty Credit
(after Credit Risk Mitigation) (cont'd)****As at 31 December 2010**

Nature of Item	Principal/ Notional Amount (RM'000)	Positive Fair Value of Derivative Contracts (RM'000)	Credit Equivalent Amount (RM'000)	RWA (RM'000)
Assets sold with recourse	4,718		4,718	-
NIFs and obligations under an ongoing underwriting agreement	177,762		88,881	29,800
Interest/profit rate related contracts	2,010,000	19,092	61,727	12,346
One year or less	290,000	1,178	1,663	333
Over one year to five years	1,605,000	16,034	51,434	10,287
Over five years	115,000	1,880	8,630	1,726
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	157		79	28
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	97,205		-	-
Total	2,289,842	19,092	155,405	42,174

Table 7: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector**As at 30 June 2011**

Exposure Class	Manufacturing (RM'000)	Electricity Gas & Water Supply (RM'000)	Construction (RM'000)	Wholesale, Retail Trade, Restaurants & Hotels (RM'000)	Transport, Storage & Communication (RM'000)	Finance, Insurance, Real Estate & Business (RM'000)	Government and Government Agencies (RM'000)	General Commerce (RM'000)	Education, Health & Others (RM'000)	Others (RM'000)	Total (RM'000)
Exposures under Standardised Approach											
Sovereigns/Central Banks	-	-	-	-	120,154	127,049	2,332,567	-	-	18,183	2,597,953
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	1,657,038	-	-	-	17,672	1,674,710
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-
Corporates	211,213	186,055	-	15,560	26,050	265,932	-	15,688	-	175,059	895,557
Regulatory Retail	-	-	-	-	-	-	-	-	-	6,282	6,282
Residential Mortgage	-	-	-	-	-	69	-	-	-	2,138	2,207
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	340,305	21,653	-	-	442,784	804,742
Specialised Financing/ Investment	-	-	-	-	-	-	-	-	-	-	-
Total Standardised Approach	211,213	186,055	-	15,560	146,204	2,390,393	2,354,220	15,688	-	662,118	5,981,451

Table 7: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector (cont'd)**As at 31 December 2010**

Exposure Class	Manufacturing (RM'000)	Electricity Gas & Water Supply (RM'000)	Construction (RM'000)	Wholesale, Retail Trade, Restaurants & Hotels (RM'000)	Transport, Storage & Communication (RM'000)	Finance, Insurance, Real Estate & Business (RM'000)	Government and Government Agencies (RM'000)	General Commerce (RM'000)	Education, Health & Others (RM'000)	Others (RM'000)	Total (RM'000)
Exposures under Standardised Approach											
Sovereigns/Central Banks	-	-	-	-	119,980	1,171,439	2,233,527	-	-	26,137	3,551,083
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	1,170,805	-	-	-	22,306	1,193,111
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-
Corporates	188,819	108,532	17,274	-	83,536	283,344	-	56,968	-	90,705	829,178
Regulatory Retail	-	-	-	-	-	-	-	-	-	4,290	4,290
Residential Mortgage	-	-	-	-	-	79	-	-	-	1,182	1,261
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	244,386	8,542	-	-	428,546	681,474
Specialised Financing/ Investment	-	-	-	-	-	-	-	-	-	-	-
Total Standardised Approach	188,819	108,532	17,274	-	203,516	2,870,053	2,242,069	56,968	-	573,166	6,260,397

Table 8: Credit Risk Exposures (Before Credit Risk Mitigation) By Maturity**As at 30 June 2011**

Exposure Class	One Year or less (RM'000)	One to five years (RM'000)	Over five years (RM'000)	Total (RM'000)
Exposure under Standardised Approach				
Sovereigns/Central Banks	886,918	278,503	1,432,532	2,597,953
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,390,782	252,629	31,299	1,674,710
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	461,798	276,337	157,422	895,557
Regulatory Retail	5,849	111	322	6,282
Residential Mortgage	69	-	2,138	2,207
Higher Risk Assets	-	-	-	-
Other Assets	754,350	39,927	10,465	804,742
Specialised Financing/ Investment	-	-	-	-
Total Standardised Approach	3,499,766	847,507	1,634,178	5,981,451

Table 8: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity (cont'd)**As at 31 December 2010**

Exposure Class	One Year or less (RM'000)	One to five years (RM'000)	Over five years (RM'000)	Total (RM'000)
Exposure under Standardised Approach				
Sovereigns/Central Banks	1,128,539	259,645	2,162,899	3,551,083
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	923,579	161,438	108,094	1,193,111
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	243,738	455,893	129,547	829,178
Regulatory Retail	2,624	174	1,492	4,290
Residential Mortgage	57	216	988	1,261
Higher Risk Assets	-	-	-	-
Other Assets	640,604	27,195	13,675	681,474
Specialised Financing/ Investment	-	-	-	-
Total Standardised Approach	2,939,141	904,561	2,416,695	6,260,397

Table 9: Disclosure on Portfolios under the Standardised Approach by Risk Weights**As at 30 June 2011**

Exposures after Netting and Credit Risk Mitigation										
Risk Weights	Sovereigns & Central Banks (RM'000)	Banks, MDBs & DFIs (RM'000)	Corporates (RM'000)	Regulatory Retail (RM'000)	Residential Mortgages (RM'000)	Other Assets (RM'000)	Securitisation (RM'000)	Equity (RM'000)	Total Exposures after Netting & Credit Risk Mitigation (RM'000)	Total Risk Weighted Assets (RM'000)
0%	2,597,953	-	26,729	-	-	340,305	-	-	2,964,987	-
20%	-	1,674,710	565,173	-	-	25,385	5,198	-	2,270,466	454,093
35%	-	-	-	-	2,087	-	-	-	2,087	730
50%	-	-	167,976	10	120	-	15,133	-	183,239	91,620
75%	-	-	-	6,272	-	-	-	-	6,272	4,704
100%	-	-	115,017	-	-	439,052	-	33,976	588,045	588,045
150%	-	-	20,662	-	-	-	-	-	20,662	30,993
350%	-	-	-	-	-	-	-	-	-	-
Deduction from Capital Base	-	-	-	-	-	-	19,898	-	19,898	-
Total	2,597,953	1,674,710	895,557	6,282	2,207	804,742	40,229	33,976	6,055,656	1,170,185

Table 9: Disclosure on Portfolios under the Standardised Approach by Risk Weights (cont'd)**As at 31 December 2010**

Exposures after Netting and Credit Risk Mitigation										
Risk Weights	Sovereigns & Central Banks (RM'000)	Banks, MDBs & DFIs (RM'000)	Corporates (RM'000)	Regulatory Retail (RM'000)	Residential Mortgages (RM'000)	Other Assets (RM'000)	Securitisation (RM'000)	Equity (RM'000)	Total Exposures after Netting & Credit Risk Mitigation (RM'000)	Total Risk Weighted Assets (RM'000)
0%	3,551,083	-	30,929	-	-	244,201	-	-	3,826,213	-
20%	-	1,193,111	543,126	-	-	179,001	34,548	-	1,949,786	389,958
35%	-	-	-	-	1,026	-	-	-	1,026	359
50%	-	-	153,932	6	235	-	-	-	154,173	77,087
75%	-	-	-	4,284	-	-	-	-	4,284	3,213
100%	-	-	101,191	-	-	258,272	-	32,466	391,929	391,929
350%	-	-	-	-	-	-	18,850	-	18,850	65,973
Deduction from Capital Base							1,086	-	1,086	-
Total	3,551,083	1,193,111	829,178	4,290	1,261	681,474	54,484	32,466	6,347,347	928,519

Table 10: Disclosure on Rated Exposures according to Rating by ECAIs**As at 30 June 2011**

Exposure Class	Ratings of Corporate by Approved ECAIs					
	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-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures Credit Exposures (using Corporate Risk Weights)						
Corporates (RM'000)	526,179	46,050	17,274	20,662	279,727	
Total Exposures (RM'000)	526,179	46,050	17,274	20,662	279,727	

As at 31 December 2010

Exposure Class	Ratings of Corporate by Approved ECAIs					
	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-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off-Balance Sheet Exposures Credit Exposures (using Corporate Risk Weights)						
Corporates (RM'000)	530,611	51,701	-	-	168,366	
Total Exposures (RM'000)	530,611	51,701	-	-	168,366	

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Table 10: Disclosure on Rated Exposures according to Rating by ECAs (cont'd)**As at 30 June 2011**

Exposure Class	Short Term Ratings of Banking Institutions and Corporate by Approved ECAs					
	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
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
Rated Credit Exposures (using Corporate Risk Weights)						
Corporates (RM'000)	-	5,665	-	-	-	-
Total Exposures (RM'000)	-	5,665	-	-	-	-

As at 31 December 2010

Exposure Class	Short Term Ratings of Banking Institutions and Corporate by Approved ECAs					
	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
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
Rated Credit Exposures (using Corporate Risk Weights)						
Corporates (RM'000)	31,500	47,000	-	-	-	-
Total Exposures (RM'000)	31,500	47,000	-	-	-	-

Table 10: Disclosure on Rated Exposures according to Rating by ECAs (cont'd)**As at 30 June 2011**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BBB+ to BBB-	CCC+ to D	Unrated
On and Off-Balance Sheet Exposures							
Sovereigns and Central Banks (RM'000)	120,221	-	-	-	-	-	2,477,732
Total Exposures (RM'000)	120,221	-	-	-	-	-	2,477,732

As at 31 December 2010

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BBB+ to BBB-	CCC+ to D	Unrated
On and Off-Balance Sheet Exposures							
Sovereigns and Central Banks (RM'000)	119,980	-	-	-	-	-	3,431,103
Total Exposures (RM'000)	119,980	-	-	-	-	-	3,431,103

Table 10: Disclosure on Rated Exposures according to Rating by ECAs (cont'd)**As at 30 June 2011**

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	Moodys	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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off Balance-Sheet Exposures							
Banks, MDBs and DFIs (RM'000)		275,144	235,547	2,049	-	-	1,161,970
Total Exposures (RM'000)		275,144	235,547	2,049	-	-	1,161,970

As at 31 December 2010

Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	Moodys	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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off Balance-Sheet Exposures							
Banks, MDBs and DFIs (RM'000)		313,988	411,546	292,823	-	-	174,754
Total Exposures (RM'000)		313,988	411,546	292,823	-	-	174,754

Table 11: Disclosure on Credit Risk Mitigation under the Standardised Approach**As at 30 June 2011**

Exposure Class	Exposures before CRM (RM'000)	Exposures Covered by Guarantees/Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)
On-Balance Sheet Exposures			
Sovereigns/Central Banks	2,597,953	-	-
Banks, Development Financial Institutions & MDBs	1,164,919	-	-
Corporates	742,867	183,353	593
Regulatory Retail	3,650	-	-
Residential Mortgage	2,138	-	-
Other Assets	804,712	-	-
Securitisation Exposures	40,229	-	-
Equity Exposures	33,976	-	-
Defaulted Exposures	50,049	-	-
Total On-Balance Sheet Exposures	5,440,493	183,353	593
Off-Balance Sheet Exposures			
OTC Derivative	47,830		
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	567,333	-	-
Total for Off-Balance Sheet Exposures	615,163	-	-
Total On and Off-Balance Sheet Exposures	6,055,656	183,353	593

Table 11: Disclosure on Credit Risk Mitigation under the Standardised Approach (cont'd)**As at 31 December 2010**

Exposure Class	Exposures before CRM (RM'000)	Exposures Covered by Guarantees/Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)
On-Balance Sheet Exposures			
Sovereigns/Central Banks	3,546,365	-	-
Banks, Development Financial Institutions & MDBs	1,131,569	-	-
Corporates	686,773	185,412	755
Regulatory Retail	4,284	-	-
Residential Mortgage	1,182	-	-
Other Assets	681,289	-	-
Securitisation Exposures	54,484	-	-
Equity Exposures	32,466	-	-
Defaulted Exposures	53,530	-	-
Total On-Balance Sheet Exposures	6,191,942	185,412	755
Credit Risk Off-Balance-Sheet Exposures			
OTC Derivatives	61,727		
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	93,678	-	-
Total for Off-Balance Sheet Exposures	155,405	-	-
Total On and Off-Balance Sheet Exposures	6,347,347	185,412	755

Table 12: Impaired, Past Due & Provision for Impairment Loans by Industry Sector**As at 30 June 2011**

	Impaired Loans, Advances and Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)	Charges for Individual Impairment (RM'000)
Industry Sector				
Share Margin Financing	751	716	864	6
Total	751	716	864	6

As at 31 December 2010

	Impaired Loans, Advances and Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)	Charges for Individual Impairment (RM'000)
Industry Sector				
Share Margin Financing	918	882	760	12
Total	918	882	760	12

Note: The RHB Investment Bank Group does not have any write-off during the reporting period and all impaired loans are arising from credit exposures booked in Malaysia.

Table 13: Reconciliation of Changes to Loan Impairment Provisions**As at 30 June 2011**

	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
Type of Impairment		
Opening Balance	882	760
Net Allowance	6	104
Amount Recovered	(70)	-
Amount Written Off	(102)	-
Closing Balance	716	864

As at 31 December 2010

	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
Type of Impairment		
Opening Balance	1,091	916
Net Allowance	12	(156)
Amount Recovered	(221)	-
Closing Balance	882	760

Table 14: Disclosure on Securitisation Exposures in the Banking Book**As at 30 June 2011**

Underlying Assets	Net Exposure after CRM (RM'000)	Impaired (RM'000)
<u>TRADITIONAL SECURITISATION (banking book exposure)</u>		
Originated by the Bank	35,031	42,000
Collateralised Loan Obligation (Corporate Loans)	35,031	42,000
Securitisation of Third Party exposures where the Bank acts only as a Sponsor	5,198	-
Assets-Backed Securities (Personal loans)	5,198	-
TOTAL (TRADITIONAL SECURITISATION)	40,229	42,000

As at 31 December 2010

Underlying Assets	Net Exposure after CRM (RM'000)	Impaired (RM'000)
<u>TRADITIONAL SECURITISATION (banking book exposure)</u>		
Originated by the Bank	35,286	42,000
Collateralised Loan Obligation (Corporate Loans)	35,286	42,000
Securitisation of Third Party exposures where the Bank acts only as a Sponsor	19,198	-
Assets-Backed Securities (Personal loans)	19,198	-
TOTAL (TRADITIONAL SECURITISATION)	54,484	42,000

Table 15: Securitisation under the Standardised Approach for Banking Book Exposures**As at 30 June 2011**

Type of Securitisation Exposures	Net Exposure after CRM (RM'000)	Deduction from Capital (RM'000)		Risk Weights of the Securitisation Exposures		Risk Weighed Assets (RM'000) Assets
		Rated	Unrated	20%	50%	
TRADITIONAL SECURITISATION						
Non-originating Banking Institution						
Most Senior	5,198	-	-	5,198	-	1,040
Originating Banking Institution						
Most senior	33,967	18,834	-	-	15,133	7,566
Mezzanine	1,064	1,064	-	-	-	-
TOTAL	40,229	19,898	-	5,198	15,133	8,606

As at 31 December 2010

Type of Securitisation Exposures	Net Exposure after CRM (RM'000)	Deduction from Capital (RM'000)		Risk Weights of the Securitisation Exposures		Risk Weighed Assets (RM'000) Assets
		Rated	Unrated	20%	350%	
TRADITIONAL SECURITISATION						
Non-originating Banking Institution						
Most Senior	19,198	-	-	19,198	-	3,839
Originating Banking Institution						
Most senior	34,200	-	-	15,350	18,850	69,045
Mezzanine	1,086	1,086	-	-	-	-
TOTAL	54,484	1,086	-	34,548	18,850	72,884

Table 16: Market Risk Weighted Assets and Capital Requirement**As at 30 June 2011**

Exposure Class	Gross Exposures/EAD before CRM (RM'000)		Risk Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
	Long	Short		
Market Risk (Standardised Approach)				
Interest Rate Risk	2,269,840	1,850,000	219,550	17,564
Foreign Currency Risk	23,364	-	23,362	1,869
Options Risk	-	-	85,875	6,870
Total RWA and Capital Requirements			328,787	26,303

As at 31 December 2010

Exposure Class	Gross Exposures/EAD before CRM (RM'000)		Risk Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
	Long	Short		
Market Risk (Standardised Approach)				
Interest Rate Risk	2,508,514	2,010,000	93,163	7,453
Foreign Currency Risk	20,558	-	20,563	1,645
Options Risk	-	-	48,175	3,854
Total RWA and Capital Requirements			161,901	12,952

Note: The RHB Investment Bank Group did not have any exposures under Commodity or Inventory Risk.

Table 17: Equity Exposures in the Banking Book**As at 30 June 2011**

Equity Type	Equity Investments Exposures (RM'000)	Risk Weighted Assets (RM'000)
Publicly traded equity		
holdings of equity investments	2,167	2,167
Private held equity		
for socio-economic purposes	16,133	16,133
for non-socio-economic purposes	15,676	15,676
Total	33,976	33,976

As at 31 December 2010

Equity Type	Equity Investments Exposures (RM'000)	Risk Weighted Assets (RM'000)
Publicly traded equity		
holdings of equity investments	1,306	1,306
Private held equity		
for socio-economic purposes	16,616	16,616
for non-socio-economic purposes	14,544	14,544
Total	32,466	32,466

Note: The Bank has not made any material gains or losses from the sale or liquidation of the equity exposures during the reporting period.

Table 18: Interest Rate Risk / Rate of Return Risk in the Banking Book**As at 30 June 2011**

Type of Currency	Impact on Position as at Reporting Period (50 basis points) Parallel Shift			
	Increase/(Decline) in Earnings (RM'000)		Increase/(Decline) in Economic Value (RM'000)	
	Impact based on +50 basis points	Impact based on -50 basis points	Impact based on +50 basis points	Impact based on -50 basis points
MYR	(10,544)	10,544	(47,553)	47,553
USD	40	(40)	(0)	0
Others*	75	(75)	(1)	1
Total	(10,429)	10,429	(47,554)	47,554

*Inclusive of GBP, VND, THB, IDR etc

As at 31 December 2010

Type of Currency	Impact on Position as at Reporting Period (50 basis points) Parallel Shift			
	Increase/(Decline) in Earnings (RM'000)		Increase/(Decline) in Economic Value (RM'000)	
	Impact based on +50 basis points	Impact based on -50 basis points	Impact based on +50 basis points	Impact based on -50 basis points
MYR	(13,880)	13,880	(63,468)	63,468
USD	15	(15)	(0)	0
Others*	80	(80)	(1)	1
Total	(13,785)	13,785	(63,469)	63,469

*Inclusive of GBP, VND, THB, IDR etc

Table 19: Operational Risk Weighted Assets and Capital Requirement**As at 30 June 2011**

Operational Risk	Group (RM'000)	Bank (RM'000)
Risk Weighted Assets	470,633	420,303
Capital Requirement at 8%	37,651	33,624

As at 31 December 2010

Operational Risk	Group (RM'000)	Bank (RM'000)
Risk Weighted Assets	469,394	414,976
Capital Requirement at 8%	37,551	33,198