

RHB Islamic Bank Berhad

**Basel II Pillar 3 Quantitative Disclosures
30th June 2011
Consolidated basis**

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Statement by Managing Director

In accordance with the requirements of BNM's Guideline on 'Capital Adequacy Framework For Islamic Bank ('CAFIB') – Disclosure Requirements ('Pillar 3'), and on behalf of the Board and Senior Management of RHB Islamic Bank Berhad, I am pleased to provide an attestation that the Pillar 3 disclosures of the Bank as at 30 June 2011 are accurate and complete.

Haji Abdul Rani Bin Lebai Jaafar
Managing Director of RHB Islamic Bank Berhad

1.0 INTRODUCTION

This document discloses RHB Islamic Bank's quantitative disclosure in accordance with the disclosure requirements as outlined in the Capital Adequacy Framework for Islamic Banks ('CAFIB')– Disclosure Requirements ('Pillar 3') issued by Bank Negara Malaysia ('BNM').

The table below lists the various methodologies applicable to the capital requirements calculation in connection to the various types of risk under Pillar 1.

Menu of Approaches		
Credit Risk	Market Risk	Operational Risk
1. Standardised Approach ('SA')	1. Standardised Approach ('SA')	1. Basic Indicator Approach ('BIA')
2. Foundation Internal Ratings Based Approach ('F-IRB')	2. Internal Models Approach ('IMA')	2. The Standardised Approach ('TSA')
3. Advanced Internal Ratings Based Approach ('A-IRB')		3. Advanced Measurement Approach ('AMA')

For purpose of credit risk measurement, RHB Islamic Bank has adopted the Standardised Approach ('SA') for credit risk since January 2008.

For market risk, the Bank applies the Standardised Approach while for operational risk; the Bank applies the Basic Indicator Approach ('BIA').

1.1 PURPOSE

This disclosure is prepared in accordance with the requirements under Bank Negara Malaysia Guideline on Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements ('Pillar 3') (hereinafter referred to as the 'Pillar 3' Guideline). This document covers quantitative disclosures and is the Bank's half-yearly disclosures in accordance with the Guidelines.

In compliance with the Pillar 3 Guideline, the Pillar 3 report for the Bank is being regularly prepared for 2 periods: 30 June and 31 December, where the first Pillar 3 disclosure was made in the Annual Report as at 31 December 2010. The Bank's Pillar 3 report will be made available under the Investor Relations section of the Bank's website at www.rhb.com.my and as a supplement to its annual and the half-yearly financial reports, after the notes to the financial statements.

1.2 BASIS OF DISCLOSURE

This Pillar 3 disclosure is designed to comply with the the Pillar 3 Guideline, and should be read in conjunction with the Bank's Half-yearly Unaudited 30 June 2011 Interim Financial Statements.

This document discloses the Bank's assets both in terms of exposures and capital requirements; however, information in this document is not directly comparable with the information in the Half-yearly Unaudited 30 June 2011 Interim Financial Statements.

This is most apparent for credit risk disclosures, where the risk arising from credit exposures are estimated by using parameters specified under Basel II. This estimate takes into account of contractual commitments related to undrawn amounts. This differs from similar information in the Bank's Half-yearly Unaudited 30 June 2011 Interim Financial Statements, which does not reflect the expected future drawdown under committed credit lines. An asset in the Bank's balance sheet, as reflected in the Unaudited 30 June 2011 Interim Financial Statements, is reported as drawn balance only. This is one of the reasons why exposure values in the Pillar 3 report can differ from asset values in the financial statements.

2.0 SCOPE OF APPLICATION

In this report, the Bank's information is presented at entity level. The Bank is a wholly owned subsidiary of RHB Bank Berhad as at 30 June 2011.

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

Ratio	
Core Capital	10.53%
Risk Weighted Capital	11.84%

As at 31 December 2010

Ratio	
Core Capital	12.23%
Risk Weighted Capital	13.56%

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

Risk Types	RWA (RM'000)
Credit RWA	7,934,231
Market RWA	430,199
Operational RWA	602,958
Total	8,967,388

As at 31 December 2010

Risk Types	RWA (RM'000)
Credit RWA	7,124,858
Market RWA	30,513
Operational RWA	566,538
Total	7,721,909

Table 3: Capital Structure**As at 30 June 2011**

Tier 1 Capital	RM'000
Paid-up ordinary share capital	523,424
Retained profit	222,371
Statutory reserve	231,484
Total Tier 1 Capital	977,279
Less: Deferred tax assets	(33,269)
Eligible Tier 1 capital	944,010
Tier 2 Capital	
Collective impairment / allowance	117,869
Total Tier 2 capital	117,869
Less: Ageing Reserve and Liquidity Reserve	(238)
Eligible Tier 2 Capital	117,631
Capital Base	1,061,641

As at 31 December 2010

Tier 1 Capital	RM'000
Paid-up ordinary share capital	523,424
Retained profit	222,371
Statutory reserve	231,484
Total Tier 1 Capital	977,279
Less: Deferred tax assets	(33,269)
Eligible Tier 1 capital	944,010
Tier 2 Capital	
Collective impairment / allowance	103,037
Total Tier 2 capital	103,037
Less: Ageing Reserve and Liquidity Reserve	(102)
Eligible Tier 2 Capital	102,935
Capital Base	1,046,945

Table 4: Minimum Capital Requirements & Risk Weighted Assets by Risk Types**As at 30 June 2011**

Risk Type	RWA (RM'000)	Capital Requirement (RM'000)
Credit Risk Under Standardised Approach	7,934,231	634,738
Market Risk Under Standardised Approach	430,199	34,416
Operational Risk Under Basic Indicator Approach	602,958	48,237
Total	8,967,388	717,391

As at 31 December 2010

Risk Type	RWA (RM'000)	Capital Requirement (RM'000)
Credit Risk Under Standardised Approach	7,124,858	569,989
Market Risk Under Standardised Approach	30,513	2,441
Operational Risk Under Basic Indicator Approach	566,538	45,323
Total	7,721,909	617,753

Note:

The Bank does not have any capital requirements for Large Exposure Risk as there is no exposure arising from equity holdings

Table 5: Disclosure on Portfolios under the Standardised Approach by Risk Weights**As at 30 June 2011**

Risk Weight	Exposures after Credit Risk Mitigant												Total Exposures after Credit Risk Mitigant (RM'000)	Total Risk Weighted Assets (RM'000)
	Sovereigns & Central Banks (RM'000)	PSEs (RM'000)	Banks, MDBs & DFIs (RM'000)	Insurance Cos, Securities firms & Fund Managers (RM'000)	Corporates (RM'000)	Regulatory Retail (RM'000)	Residential Mortgages (RM'000)	Higher Risk Assets (RM'000)	Other Assets (RM'000)	Specialised Financing/ Investment (RM'000)	Securitisation (RM'000)	Equity (RM'000)		
0%	6,927,059				48,441	1,650							6,977,150	-
10%													-	-
20%			345,386		1,340,744	266							1,686,396	337,279
35%			-										-	-
50%			45,289		27,302	7,039							79,630	39,815
75%						4,521,870							4,521,870	3,391,402
90%													-	-
100%					3,412,730	91,785			130,044				3,634,559	3,634,559
110%													-	-
125%													-	-
135%													-	-
150%					88,170	204,414		61,533					354,117	531,176
Total	6,927,059	-	390,675	-	4,917,387	4,827,024	-	61,533	130,044	-	-	-	17,253,722	7,934,231

Table 5: Disclosure on Portfolios under the Standardised Approach by Risk Weights (cont'd)**As at 31 December 2010**

Risk Weight	Exposures after Credit Risk Mitigant												Total Exposures after Netting & Credit Risk Mitigant (RM'000)	Total Risk Weighted Assets (RM'000)
	Sovereigns & Central Banks (RM'000)	PSEs (RM'000)	Banks, MDBs & DFIs (RM'000)	Insurance Cos, Securities firms & Fund Managers (RM'000)	Corporates (RM'000)	Regulatory Retail (RM'000)	Residential Mortgages (RM'000)	Higher Risk Assets (RM'000)	Other Assets (RM'000)	Specialised Financing/ Investment (RM'000)	Securitisation (RM'000)	Equity (RM'000)		
0%	4,528,079				83,334	3,674							4,615,087	-
10%													-	-
20%			224,616		901,384								1,126,000	225,200
35%													-	-
50%					116,026	19,344							135,370	67,685
75%						4,336,444							4,336,444	3,252,333
90%													-	-
100%					2,708,952	40,794			156,841				2,906,587	2,906,587
110%													-	-
125%													-	-
135%													-	-
150%					163,138	177,471		108,093					448,702	673,053
Total	4,528,079	-	224,616	-	3,972,834	4,577,727	-	108,093	156,841	-	-	-	13,568,190	7,124,858

Table 6: Summary of Credit Exposures with CRM by Asset Class & Capital Requirement (On & Off-Balance Sheet Exposures)**As at 30 June 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)
Credit Risk				
Exposures under the Standardised Approach				
On-Balance-Sheet Exposures				
Sovereigns/Central Banks	6,927,059	6,927,059	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	345,386	345,386	69,077	5,526
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	4,174,245	4,174,245	3,055,091	244,407
Regulatory Retail	4,543,093	4,543,093	3,425,504	274,040
Residential Mortgage	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	130,044	130,044	130,044	10,404
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposure	-	-	-	-
Defaulted Exposures	486,844	486,844	655,537	52,443
Total On-Balance Sheet Exposures	16,606,671	16,606,671	7,335,253	586,820
Off-Balance Sheet Exposures				
OTC Derivatives				
Credit Derivatives				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	647,051	647,051	598,978	47,918
Defaulted Exposures				
Total Off-Balance Sheet Exposures	647,051	647,051	598,978	47,918
Total On and Off-Balance Sheet Exposures	17,253,722	17,253,722	7,934,231	634,738

Note: As at 30t June,2011, the Bank did not have any credit risk weighted assets absorbed by Profit Sharing Investment Account (PSIA) and exposure under securitisation.

**Table 6: 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 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)
Credit Risk				
Exposures under the Standardised Approach				
On-Balance-Sheet Exposures				
Sovereigns/Central Banks	4,528,079	4,528,079	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	224,616	224,616	44,923	3,594
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	3,170,599	3,170,599	2,397,702	191,816
Regulatory Retail	4,208,033	4,208,033	3,153,269	252,262
Residential Mortgage	-	-	-	-
Higher Risk Assets	44,319	44,319	66,479	5,318
Other Assets	156,841	156,841	156,841	12,547
Specialised Financing/Investment				-
Securitisation Exposures				-
Equity Exposure				-
Defaulted Exposures	564,064	564,064	706,324	56,506
Total On-Balance Sheet Exposures	12,896,551	12,896,551	6,525,538	522,043
Off-Balance Sheet Exposures				
OTC Derivatives				-
Credit Derivatives				-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	671,639	671,639	599,320	47,946
Defaulted Exposures				-
Total Off-Balance Sheet Exposures	671,639	671,639	599,320	47,946
Total On and Off-Balance Sheet Exposures	13,568,190	13,568,190	7,124,858	569,989

Note: As at 31st December 2010, the Bank did not have any credit risk weighted assets absorbed by Profit Sharing Investment Account (PSIA) and exposure under securitisation.

Table 7: Off-Balance Sheet and Counterparty Credit Risk (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)
Direct credit substitutes	33		33	33
Transaction-related contingent items	118,709		59,355	59,355
Short-term self-liquidating trade-related contingencies	42,351		8,470	8,470
Assets sold with recourse	-		-	-
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-		-	-
NIFs & obligations under underwriting agreement	190,500		95,250	95,250
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending / borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back				
Foreign exchange related contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Profit rate related contracts	1,900,000	2,289	45,289	22,644
1 year or less				
Over 1 year to 5 years	1,900,000	2,289	45,289	22,644
Over 5 years				
Equity related contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Gold & other precious metal contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Other commodity contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Credit derivative 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 & credit lines, with original maturity of over 1 year				
Other commitments, such as formal standby facilities & credit lines, with original maturity of up to 1 year	2,193,273		438,654	413,226
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				
Unutilised credit card lines				
Off-balance securities exposures				
Off-balance sheet exposures due to early amortisation provisions				
Total	4,444,866	2,289	647,051	598,978

Note : The Bank does not have any OTC derivatives transactions

Table 7: Off-Balance Sheet and Counterparty Credit Risk (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)
Direct credit substitutes				
Transaction-related contingent items	146,995		73,498	34,201
Short-term self-liquidating trade-related contingencies	40,948		8,190	8,190
Assets sold with recourse				
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns				
NIFs & obligations under underwriting agreement	29,000		14,500	14,500
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending / borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back				
Foreign exchange related contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Profit rate related contracts	650,000	-	130,000	130,000
1 year or less				
Over 1 year to 5 years	650,000	-	130,000	130,000
Over 5 years				
Equity related contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Gold & other precious metal contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Other commodity contracts	-	-	-	-
1 year or less				
Over 1 year to 5 years				
Over 5 years				
Credit derivative 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 & credit lines, with original maturity of over 1 year	449,091		224,546	191,524
Other commitments, such as formal standby facilities & credit lines, with original maturity of up to 1 year	1,104,528		220,905	220,905
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	-	-	-	-
Unutilised credit card lines	-	-	-	-
Off-balance securities exposures	-	-	-	-
Off-balance sheet exposures due to early amortisation provisions	-	-	-	-
Total	2,420,562	-	671,639	599,320

Note: The Bank does not have any OTC derivatives transactions.

Table 8: Credit Risk Exposures (before Credit Risk Mitigation) by Industry Sector**As at 30 June 2011**

Exposure Class	Agriculture (RM'000)	Mining & Quarrying (RM'000)	Manufacturing (RM'000)	Electricity, Gas & Water Supply (RM'000)	Construction (RM'000)	Wholesale, Retail Trade & Communication (RM'000)	Transport, storage & Communication (RM'000)	Finance, Insurance, Real Estate & Business (RM'000)	Education, Health & Others (RM'000)	Household (RM'000)	Others (RM'000)	Total (RM'000)
Exposures under Standardised Approach												
Sovereigns/Central Banks									3,610,391		3,316,668	6,927,059
Public Sector Entities												
Banks, Development Financial Institutions & MDBs					-			390,675				390,675
Insurance Cos, Securities Firms & Fund Managers												
Corporates	167,675	15,089	1,031,523	215,006	133,328	409,316	356,945	561,601	74,413	-	1,952,491	4,917,387
Regulatory Retail	32,496	1,463	102,291	1,078	40,360	68,050	97,993	44,696	9,402	4,426,183	3,012	4,827,024
Residential Mortgage												
Higher Risk Assets								60,390		1,143		61,533
Other Assets											130,044	130,044
Specialised Financing/Investment												-
Securitisation Exposures												-
Equity Exposure												-
Total Standardised Approach	200,171	16,552	1,133,814	216,084	173,688	477,366	454,938	1,057,362	3,694,206	4,427,326	5,402,215	17,253,722

Table 8: Credit Risk Exposures (before Credit Risk Mitigation) by Industry Sector (cont'd)**As at 31 December 2010**

Exposure Class	Agriculture (RM'000)	Mining & Quarrying (RM'000)	Manufacturing (RM'000)	Electricity, Gas & Water Supply (RM'000)	Construction (RM'000)	Wholesale, Retail Trade & Communication (RM'000)	Transport, storage & Communication (RM'000)	Finance, Insurance, Real Estate & Business (RM'000)	Education, Health & Others (RM'000)	Household (RM'000)	Others (eg. NEC) (RM'000)	Total (RM'000)
<u>Exposures under Standardised Approach</u>												
Sovereigns/Central Banks									1,509,993		3,018,086	4,528,079
Public Sector Entities Banks, Development Financial Institutions & MDBs								224,616				224,616
Insurance Cos, Securities Firms & Fund Managers												-
Corporates	207,784	13,369	724,569	222,511	84,616	183,120	354,927	744,630	77,181		1,360,127	3,972,834
Regulatory Retail	96,143	620	202,256	1,850	24,580	166,684	132,737	40,100	10,415	3,665,042	237,300	4,577,727
Residential Mortgage												-
Higher Risk Assets					44,319			61,922		1,852		108,093
Other Assets											156,841	156,841
Specialised Financing/Investment												-
Securitisation Exposures												-
Equity Exposure												-
Total Standardised Approach	303,927	13,989	926,825	224,361	153,515	349,804	487,664	1,071,268	1,597,589	3,666,894	4,772,354	13,568,190

Table 9: Credit Risk Exposures 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)
<u>Exposures under Standardised Approach</u>				
Sovereigns/Central Banks	1,475,766	717,955	4,733,338	6,927,059
Public Sector Entities				
Banks, Development Financial Institutions & MDBs	325,178	65,497		390,675
Insurance Cos, Securities Firms & Fund Managers				
Corporates	1,928,886	1,518,198	1,470,303	4,917,387
Regulatory Retail	176,403	546,936	4,103,685	4,827,024
Residential Mortgage				
Higher Risk Assets	60,390	1,143		61,533
Other Assets			130,044	130,044
Specialised Financing/Investment				
Securitisation Exposures				
Equity Exposure				
Total Standardised Approach	3,966,623	2,849,729	10,437,370	17,253,722

Table 9: Credit Risk Exposures 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)
<u>Exposures under Standardised Approach</u>				
Sovereigns/Central Banks	1,084,131	400,635	3,043,313	4,528,079
Public Sector Entities				-
Banks, Development Financial Institutions & MDBs	202,534	22,082		224,616
Insurance Cos, Securities Firms & Fund Managers				-
Corporates	473,530	1,860,026	1,639,278	3,972,834
Regulatory Retail	363,541	439,219	3,774,967	4,577,727
Residential Mortgage				-
Higher Risk Assets	61,922	20,381	25,790	108,093
Other Assets			156,841	156,841
Specialised Financing/Investment				-
Securitisation Exposures				-
Equity Exposure				-
Total Standardised Approach	2,185,658	2,742,343	8,640,189	13,568,190

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

Ratings of Corporates 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
<u>On & Off-Balance Sheet Credit Exposures</u> Corporates (RM'000)	-	1,340,744	20,317	-	2,708	3,553,618

As at 31 December 2010

Ratings of Corporates 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
<u>On & Off-Balance Sheet Credit Exposures</u> Corporates (RM'000)	-	901,384	20,000	4,494	-	3,046,956

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

Ratings of Sovereigns and Central Banks by Approved ECAIs	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On & Off-Balance Sheet Exposures</u> Sovereigns and Central Banks (RM'000)	-	6,927,059	-	-	-	-	-

As at 31 December 2010

Ratings of Sovereigns and Central Banks by Approved ECAIs	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On & Off-Balance Sheet Exposures</u> Sovereigns and Central Banks (RM'000)	-	4,528,079	-	-	-	-	-

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

Ratings of Banking Institutions by Approved ECAIs	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On & Off-Balance Sheet Exposures</u> Banks, MDBs and FDIs (RM'000)	-	345,386	45,289	-	-	-	-

As at 31 December 2010

Ratings of Banking Institutions by Approved ECAIs	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On & Off-Balance Sheet Exposures</u> Banks, MDBs and FDIs (RM'000)	-	224,616	-	-	-	-	-

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

Exposure Class	Exposures before CRM (RM'000)	Exposures Covered by Guarantee / Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)
Credit Risk			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	6,927,059		
Public Sector Entities	-		
Banks, Development Financial Institutions & MDBs	345,386		-
Insurance Cos, Securities Firms & Fund Managers	-		
Corporates	4,174,245	4,140	35,912
Regulatory Retail	4,543,093		1,917
Residential Mortgage	-		
Higher Risk Assets	-		
Other Assets	130,044		
Specialised Financing/Investment	-		
Securitisation Exposures	-		
Equity Exposure	-		
Defaulted Exposures	486,844		
Total On-Balance Sheet Exposures	16,606,671	4,140	37,829
Off-Balance Sheet Exposures			
OTC Derivatives			
Credit Derivatives			
Off-balance sheet exposures other than OTC derivatives or credit derivatives	647,051		
Defaulted Exposures			
Total Off-Balance Sheet Exposures	647,051	-	-
Total On and Off-Balance Sheet Exposures	17,253,722	4,140	37,829

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

Exposure Class	Exposures before CRM (RM'000)	Exposures Covered by Guarantee / Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)
Credit Risk			
On-Balance Sheet Exposures			
Sovereigns/Central Banks	4,528,079	-	-
Public Sector Entities			
Banks, Development Financial Institutions & MDBs	224,616	-	-
Insurance Cos, Securities Firms & Fund Managers			
Corporates	3,170,599	5,020	42,076
Regulatory Retail	4,208,033	-	3,674
Residential Mortgage			
Higher Risk Assets	44,319	-	-
Other Assets	156,841	-	-
Specialised Financing/Investment			
Securitisation Exposures			
Equity Exposure			
Defaulted Exposures	564,064	-	-
Total On-Balance Sheet Exposures	12,896,551	5,020	45,750
Off-Balance Sheet Exposures			
OTC Derivatives			
Credit Derivatives			
Off balance sheet exposures other than OTC derivatives or credit derivatives	671,639	-	-
Defaulted Exposures			
Total Off-Balance Sheet Exposures	671,639	-	-
Total On and Off-Balance Sheet Exposures	13,568,190	5,020	45,750

Table 12: Impaired, Past Due and Provisions for Impairment Financing – by Industry Sector**As at 30 June 2011**

	Impaired advances and financing (RM'000)	Past Due 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)
<u>Industry Sector</u>						
Agriculture	25,223	0	15,573			
Mining & Quarrying	25,454	19	11,348			
Manufacturing	102,263	0	41,060		1,883	
Electricity, Gas & Water Supply	0	0	0			
Construction	14,964	0	4,308			
Wholesale, Retail Trade, Restaurants & Hotels	36,265	0	21,000		245	
Transport, Storage & Communication	2,925	19,876	4,147			
Finance, Insurance, Real Estate & Business	143,188	0	39,111			
Education, Health & Others	71,214	0	5,310		105	
Household	198,578	3,862	20,028			
Others	304	0	0			
Total	620,378	23,757	161,885	180,060	2,233	-

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

Table 12: Impaired, Past Due and Provisions for Impairment Financing – by Industry Sector (cont'd)**As at 31 December 2010**

	Impaired advances and financing (RM'000)	Past Due 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)
<u>Industry Sector</u>						
Agriculture	45,399	-	26,400		26,400	
Mining & Quarrying	25,526	5	12,522		12,522	
Manufacturing	97,026	459	32,319		5,942	
Electricity, Gas & Water Supply	-	14	-		-	
Construction	14,212	155	4,896		4,896	
Wholesale, Retail Trade, Restaurants & Hotels	15,216	35	12,047		12,047	
Transport, Storage & Communication	7,218	382	4,462		4,462	
Finance, Insurance, Real Estate & Business	145,307	141	43,399		(34,458)	
Education, Health & Others	69,236	3	4,963		2,421	
Household	208,406	15,259	22,432		35,224	505
Others	705	27	-		-	
Total	628,251	16,480	163,440	158,828	69,456	505

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

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

	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
<u>Impairment Provision Details</u>		
Opening Balance	163,440	158,828
Net Allowance made	2,233	28,344
Amount recovered	(3,788)	
Amount Written Off		(7,112)
Closing Balance	161,885	180,060

As at 31 December 2010

	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
<u>Impairment Provision Details</u>		
Opening Balance	107,035	140,427
Net Allowance made	69,456	18,401
Amount recovered	(12,546)	
Amount Written Off	(505)	
Closing Balance	163,440	158,828

Table 14: Market Risk Capital Charge**As at 30 June 2011**

Market Risk	Long Position (RM'000)	Short Position (RM'000)	RWA (RM'000)	Capital Charge (RM'000)
Profit Rate Risk	2,299,792	1,903,617	418,336	33,467
Foreign Currency Risk	11,863		11,863	949
Total			430,199	34,416

As at 31 December 2010

Market Risk	Long Position (RM'000)	Short Position (RM'000)	RWA (RM'000)	Capital Charge (RM'000)
Profit Rate Risk	218,704	-	18,702	1,496
Foreign Currency Risk	11,811	-	11,811	945
Total			30,513	2,441

Note :**The Bank did not have any exposure in the reporting periods under :-**

- **Equity risk, commodity risk, inventory risk and option risk; and**
- **Market Risk exposure absorbed by PSIA**

Table 15: Profit Rate Risk / Rate of Return Risk in the Banking Book**As at 30 June 2011**

Type of Currency	Impact on Position as at 30 June 2011 (50 basis points) Parallel shift			
	Increase/(Decline) in Earnings (RM'000)		Increase/(Decline) in Economic Value (RM'000)	
	Impact based on +50 basis points (RM'000)	Impact based on -50 basis points (RM'000)	Impact based on +50 basis points (RM'000)	Impact based on -50 basis points (RM'000)
MYR	(18,806)	18,806	(243,490)	243,490
Total	(18,806)	18,806	(243,490)	243,490

As at 31 December 2010

Type of Currency	Impact on Position as at 31 December 2011 (50 basis points) Parallel shift			
	Increase/(Decline) in Earnings (RM'000)		Increase/(Decline) in Economic Value (RM'000)	
	Impact based on +50 basis points (RM'000)	Impact based on -50 basis points (RM'000)	Impact based on +50 basis points (RM'000)	Impact based on -50 basis points (RM'000)
MYR	(18,547)	18,547	(187,732)	187,732
Total	(18,547)	18,547	(187,732)	187,732

Table 16: Operational Risk Capital Charge**As at 30 June 2011**

Operational Risk – BIA	RM'000
Risk Weighted Assets	602,958
Risk Capital Charge	48,237

As at 31 December 2010

Operational Risk – BIA	RM'000
Risk Weighted Assets	566,538
Risk Capital Charge	45,323