

RHB Investment Bank Berhad

Basel II Pillar 3 Quantitative Disclosures

30 June 2012

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, I am pleased to provide an attestation that the Basel II Pillar 3 Quantitative Disclosures of the RHB Investment Bank Berhad as at 30 June 2012 are accurate and complete.

CHAN CHEONG YUEN

Officer-in-Charge

RHB Investment Bank Berhad

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INTRODUCTION

This document discloses RHB Investment Bank's quantitative disclosure 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 only quantitative information as at 30 June 2012 with comparative quantitative information of the preceding financial year as at 31 December 2011. This disclosure report has been verified and approved internally in line with the RHB Banking Group Pillar 3 Disclosure Policy.

RHB Investment Bank Group's Pillar 3 disclosure report will be made available under the Investor Relations section of the Group's website at www.rhb.com.my and as a separate report in the half-yearly condensed financial statements, after the notes to the financial statements.

2.0 SCOPE OF APPLICATION

In this Pillar 3 document, RHB Investment Bank's information is presented on a consolidated basis, namely RHB Investment Bank Berhad, its subsidiaries and its overseas joint venture company and is referred to as 'RHB Investment Bank Group' or 'the Group'.

The 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.

The Group also offers advisory and fund raising services and issuances of various forms of debt securities, comprising bonds, commercial papers, medium term notes and asset-backed securities for Islamic finance facilities.

The transfer of funds or regulatory capital within the Group is subject to shareholders' and regulatory approval.

Table 1: Capital Adequacy Ratios

	RHB Investment Bank Group		RHB Investment Bank	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
<u>Before proposed final dividends payment:</u>				
Core capital ratio	24.31%	32.69%	26.59%	36.43%
Risk-weighted capital ratio	34.78%	46.99%	32.36%	45.07%
<u>After proposed final dividends:</u>				
Core capital ratio	24.31%	30.42%	26.59%	33.97%
Risk-weighted capital ratio	34.78%	43.59%	32.36%	41.37%

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

	RHB Investment Bank Group (RM'000)		RHB Investment Bank (RM'000)	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
Credit RWA	1,027,444	709,331	981,298	658,111
Market RWA	141,166	126,884	141,166	126,884
Operational RWA	445,231	453,579	394,714	402,937
Total	1,613,841	1,289,794	1,517,178	1,187,932

Table 3a: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 30 June 2012

Risk Type	RWA (RM'000)		Capital Requirement (RM'000)	
	RHB Investment Bank Group	RHB Investment Bank	RHB Investment Bank Group	RHB Investment Bank
Credit Risk <i>Under Standardised Approach</i>	1,027,444	981,298	82,196	78,504
Market Risk <i>Under Standardised Approach</i>	141,166	141,166	11,293	11,293
Operational Risk <i>Under Basic Indicator Approach</i>	445,231	394,714	35,618	31,577
Total	1,613,841	1,517,178	129,107	121,374

Table 3b: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 31 December 2011

Risk Type	RWA (RM'000)		Capital Requirement (RM'000)	
	RHB Investment Bank Group	RHB Investment Bank	RHB Investment Bank Group	RHB Investment Bank
Credit Risk <i>Under Standardised Approach</i>	709,331	658,111	56,746	52,649
Market Risk <i>Under Standardised Approach</i>	126,884	126,884	10,151	10,151
Operational Risk <i>Under Basic Indicator Approach</i>	453,579	402,937	36,286	32,235
Total	1,289,794	1,187,932	103,183	95,035

Table 4: Capital Structure

	RHB Investment Bank Group (RM'000)		RHB Investment Bank (RM'000)	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
Tier I Capital				
Paid-up ordinary share capital	263,646	263,646	263,646	263,646
Retained profits	28,320	57,585	23,933	53,198
Other reserve	278,549	278,549	278,549	278,549
Total Tier I Capital	570,515	599,780	566,128	595,393
Less:				
Deferred tax assets	(5,284)	(5,284)	(3,365)	(3,365)
Goodwill	(172,844)	(172,844)	(159,280)	(159,280)
Eligible Tier I Capital	392,387	421,652	403,483	432,748
Tier II Capital				
Collective impairment allowance	24	893	24	893
Maximum allowable subordinated debt capital	196,194	210,826	201,742	216,374
Total Tier II Capital	196,218	211,719	201,766	217,267
Less:				
Investment in subsidiary companies and joint ventures	(19,509)	(19,020)	(106,433)	(106,433)
Securitisation exposures subject to deductions	(7,423)	(7,781)	(7,423)	(7,781)
Other deductions	(375)	(440)	(365)	(440)
Total deductions from Tier II capital	(27,307)	(27,241)	(114,221)	(114,654)
Eligible Tier II Capital	168,911	184,478	87,545	102,613
Capital Base	561,298	606,130	491,028	535,361

Table 5a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On and Off-Balance Sheet Exposures) as at 30 June 2012

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 and Central Banks	1,549,842	1,549,842	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	1,242,463	1,242,463	248,492	19,879
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	452,752	452,752	186,588	14,927
Regulatory Retail	1,675	1,675	1,256	100
Residential Mortgages	1,657	1,657	593	47
Higher Risk Assets	-	-	-	-
Other Assets	895,162	895,162	509,270	40,743
Specialised Financing/Investment Securitisation Exposures	-	-	-	-
Equity Exposures	35,703	35,703	35,703	2,856
Defaulted Exposures	28,875	28,875	10,761	861
Total On-Balance Sheet Exposures	4,213,255	4,213,255	993,688	79,495
Off-Balance Sheet Exposures				
OTC Derivatives	44,060	44,060	8,812	705
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	26,389	26,389	24,944	1,996
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	70,449	70,449	33,756	2,701
Total On and Off-Balance Sheet Exposures	4,283,704	4,283,704	1,027,444	82,196

Table 5b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures) as at 31 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)
Credit Risk				
Exposures under the Standardised Approach				
On-Balance Sheet Exposures				
Sovereigns and Central Banks	3,869,839	3,869,839	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	655,532	655,532	131,106	10,488
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	601,077	601,077	228,223	18,258
Regulatory Retail	1,736	1,736	1,302	104
Residential Mortgages	1,814	1,814	648	52
Higher Risk Assets	-	-	-	-
Other Assets	602,776	602,776	243,945	19,516
Specialised Financing/Investment	-	-	-	-
Securitisation Exposures	23,826	23,826	6,474	518
Equity Exposures	37,304	37,304	37,304	2,984
Defaulted Exposures	22,149	22,149	11,074	886
Total On-Balance Sheet Exposures	5,816,053	5,816,053	660,076	52,806
Off-Balance Sheet Exposures				
OTC Derivatives	55,944	55,944	11,189	895
Credit Derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	78,219	78,219	38,066	3,045
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	134,163	134,163	49,255	3,940
Total On and Off-Balance Sheet Exposures	5,950,216	5,950,216	709,331	56,746

Table 6a: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation) as at 30 June 2012

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	1,000		1,000	1,000
Transaction related contingent items	1,094		547	163
Assets sold with recourse			-	-
NIFs & obligations under an ongoing underwriting agreement	14,250		7,125	7125
Interest/profit rate related contracts	1,940,000	14,465	44,060	8,812
1 year or less	500,000	4,199	5,344	1,069
Over 1 year to 5 years	1,425,000	8,419	35,969	7,194
Over 5 years	15,000	1,847	2,747	549
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	162		81	28
Other commitments such as formal standby facilities & credit lines, with original maturity of up to 1 year	88,183		17,636	16,628
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	2,044,689	14,465	70,449	33,756

Table 6b: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation) as at 31 December 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	1,000		1,000	1,000
Transaction related contingent items	1,093		547	163
Assets sold with recourse	-		-	-
NIFs & obligations under an ongoing underwriting agreement	121,000		60,500	21,250
Interest/profit rate related contracts	2,020,000	18,759	55,944	11,189
1 year or less	150,000	-	235	47
Over 1 year to 5 years	1,785,000	16,998	49,548	9,910
Over 5 years	85,000	1,761	6,161	1,232
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	80,860		16,172	15,653
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	2,223,953	18,759	134,163	49,255

Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2012

Exposure Class	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business	Government & Government Agencies	General Commerce	Education, Health & Others	Others	Total
	(RM'000)										
Exposures under Standardised Approach											
Sovereigns and Central Banks	-	30,297	-	-	51,061	327,887	1,140,597	-	-	-	1,549,842
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions and MDBs	-	-	-	-	-	1,286,522	-	-	-	-	1,286,522
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-	-	-	-	-	-	-	-
Corporates	63,021	179,597	26,053	52,483	15,237	110,879	-	-	7,125	42,081	496,476
Regulatory Retail	-	-	-	-	-	158	-	-	-	5,554	5,712
Residential Mortgages	-	-	-	-	-	-	-	-	-	1,738	1,738
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	879,083	1,326	-	-	14,753	895,162
Specialised Financing/ Investment	-	-	-	-	-	-	-	-	-	-	-
Total Exposures under SA	63,021	209,894	26,053	52,483	66,298	2,604,529	1,141,923	-	7,125	64,126	4,235,452

Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2011

Exposure Class	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business	Government & Government Agencies	General Commerce	Education, Health & Others	Others	Total
	(RM'000)										
Exposures under Standardised Approach											
Sovereigns/Central Banks	-	30,320	-	-	40,691	1,792,627	2,006,201	-	-	-	3,869,839
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	711,476	-	-	-	-	711,476
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-
Corporates	205,480	191,855	-	29,737	15,265	191,293	-	5,000	-	60,772	699,402
Regulatory Retail	-	-	-	-	-	76	-	-	-	3,675	3,751
Residential Mortgages	-	-	-	-	-	-	-	-	-	1,842	1,842
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	588,130	593	-	-	14,053	602,776
Specialised Financing/ Investment	-	-	-	-	-	-	-	-	-	-	-
Total Exposures under SA	205,480	222,175	-	29,737	55,956	3,283,602	2,006,794	5,000	-	80,342	5,889,086

Note : Table 7a & table 7b exclude equity and securitisation exposures

Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 30 June 2012

Exposure Class	One year or less (RM'000)	One to five years (RM'000)	Over five years (RM'000)	Total (RM'000)
Exposures under Standardised Approach				
Sovereigns and Central Banks	183,279	169,849	1,196,714	1,549,842
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	1,101,036	138,043	47,443	1,286,522
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	113,701	171,020	211,755	496,476
Regulatory Retail	5,554	-	158	5,712
Residential Mortgages	-	-	1,738	1,738
Higher Risk Assets	-	-	-	-
Other Assets	879,083	-	16,079	895,162
Specialised Financing/Investment	-	-	-	-
Total Exposures under SA	2,282,653	478,912	1,473,887	4,235,452

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 31 December 2011

Exposure Class	One year or less (RM'000)	One to five years (RM'000)	Over five years (RM'000)	Total (RM'000)
Exposures under Standardised Approach				
Sovereigns and Central Banks	1,618,469	256,880	1,994,490	3,869,839
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	590,382	69,920	51,174	711,476
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	408,913	189,271	101,218	699,402
Regulatory Retail	1,660	-	2,091	3,751
Residential Mortgages	-	-	1,842	1,842
Higher Risk Assets	-	-	-	-
Other Assets	588,131	-	14,645	602,776
Specialised Financing/Investment	-	-	-	-
Total Exposures under SA	3,207,555	516,071	2,165,460	5,889,086

Note : Table 8a & table 8b exclude equity and securitisation exposures

Table 9a: Portfolios under the Standardised Approach by Risk-Weights as at 30 June 2012

Exposures after CRM (RM'000)	Risk Weight (%)								Deduction from Capital Base	Total Exposures (RM'000)	
	0%	20%	35%	50%	75%	100%	150%	350%			
Sovereigns and Central Banks	1,549,842	-	-	-	-	-	-	-	-	-	1,549,842
Banks, MDBs and DFIs		1,286,522	-	-	-	-	-	-	-	-	1,286,522
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	318,071	-	63,182	-	97,606	17,617	-	-	-	496,476
Regulatory Retail	-	-	-	-	5,712	-	-	-	-	-	5,712
Residential Mortgages	-	-	1,653	85	-	-	-	-	-	-	1,738
Other Assets	384,134	2,198	-	-	-	508,830	-	-	-	-	895,162
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-
Securitisation	-	5,126	-	-	-	-	-	-	7,423	-	12,549
Equity	-	-	-	-	-	35,703	-	-	-	-	35,703
Total Exposures after CRM (RM'000)	1,933,976	1,611,917	1,653	63,267	5,712	642,139	17,617	-	7,423	-	4,283,704
Total Risk-Weighted Assets (RM'000)	-	322,383	579	31,634	4,284	642,139	26,425	-	-	-	1,027,444

Table 9b: Portfolios under the Standardised Approach by Risk-Weights as at 31 December 2011

Exposures after CRM (RM'000)	Risk Weight (%)								Deduction from Capital Base	Total Exposures (RM'000)	
	0%	20%	35%	50%	75%	100%	150%	350%			
Sovereigns and Central Banks	3,869,839	-	-	-	-	-	-	-	-	-	3,869,839
Banks, MDBs and DFIs	-	711,476	-	-	-	-	-	-	-	-	711,476
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	480,680	-	98,687	-	99,373	20,662	-	-	-	699,402
Regulatory Retail	-	-	-	10	3,741	-	-	-	-	-	3,751
Residential Mortgages	-	-	1,758	84	-	-	-	-	-	-	1,842
Other Assets	357,119	2,140	-	-	-	243,517	-	-	-	-	602,776
Specialised Financing/Investment	-	-	-	-	-	-	-	-	-	-	-
Securitisation	-	5,162	-	10,883	-	-	-	-	7,781	-	23,826
Equity	-	-	-	-	-	37,304	-	-	-	-	37,304
Total Exposures after CRM (RM'000)	4,226,958	1,199,458	1,758	109,664	3,741	380,194	20,662	-	7,781	-	5,950,216
Total Risk-Weighted Assets (RM'000)	-	239,892	615	54,832	2,805	380,194	30,993	-	-	-	709,331

Table 10a: Rated Exposures According to Ratings by ECAs as at 30 June 2012

Ratings of Corporates by Approved ECAs	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	
On & Off - Balance Sheet Exposures							
Corporates (RM'000)		363,934	41,746	17,582	-	73,214	
Short Term Ratings of Corporates 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	
	R&I	a-1+, a-1	a-2	a-3	b, c	Unrated	
On & Off - Balance Sheet Exposures							
Corporates (RM'000)		-	-	-	-	-	
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
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On & Off - Balance Sheet Exposures							
Sovereigns and Central Banks (RM'000)		-	1,549,842	-	-	-	
Ratings of Banking Institutions 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
	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
On & Off - Balance Sheet Exposures							
Banks, MDBs and DFIs (RM'000)		737,722	548,800	-	-	-	

Table 10b: Rated Exposures According to Ratings by ECAIs as at 31 December 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-	B1 to D	Unrated	
	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<u>On & Off - Balance Sheet Exposures</u>							
Corporates (RM'000)			491,387	45,946	20,662	-	80,907
Short Term Ratings of Corporates by Approved ECAIs	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	
<u>On & Off - Balance Sheet Exposures</u>							
Corporates (RM'000)			30,000	30,500	-	-	-
Ratings of Sovereigns and Central Banks by Approved ECAIs	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<u>On & Off - Balance Sheet Exposures</u>							
Sovereigns and Central Banks (RM'000)			-	3,869,839	-	-	-
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
	R&I	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 DFIs (RM'000)			561,476	150,000	-	-	-

Table 11a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2012

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)
Credit Risk			
On-Balance Sheet Exposures			
Sovereigns and Central Banks	1,549,842	-	-
Banks, Development Financial Institutions and MDBs	1,242,463	-	-
Corporates	452,752	20,432	542
Regulatory Retail	1,675	-	-
Residential Mortgages	1,657	-	-
Other Assets	895,162	-	-
Securitisation Exposures	5,126	-	-
Equity Exposures	35,703	-	-
Defaulted Exposures	28,875	-	-
Total On-Balance Sheet Exposures	4,213,255	20,432	542
Off-Balance Sheet Exposures			
OTC Derivatives	44,060	-	-
Off-Balance Sheet exposures other than OTC Derivatives or Credit Derivatives	26,389	-	-
Total Off-Balance Sheet Exposures	70,449	-	-
Total On and Off-Balance Sheet Exposures	4,283,704	20,432	542

Table 11b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 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)
Credit Risk			
On-Balance Sheet Exposures			
Sovereigns and Central Banks	3,869,839	-	-
Banks, Development Financial Institutions and MDBs	655,532	-	-
Corporates	601,077	154,708	614
Regulatory Retail	1,736	-	-
Residential Mortgages	1,814	-	-
Other Assets	602,776	-	-
Securitisation Exposures	23,826	-	-
Equity Exposures	37,304	-	-
Defaulted Exposures	22,149	-	-
Total On-Balance Sheet Exposures	5,816,053	154,708	614
Off-Balance Sheet Exposures			
OTC Derivatives	55,944	-	-
Off-Balance Sheet exposures other than OTC Derivatives or Credit Derivatives	78,219	-	-
Total Off-Balance Sheet Exposures	134,163	-	-
Total On and Off-Balance Sheet Exposures	5,950,216	154,708	614

Table 12a: Impaired and Past Due and Provision for Impairment by Industry Sector as at 30 June 2012

Industry Sector	Impaired Loans and Advances / Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)	Charges for Individual Impairment (RM'000)	Write-Offs (RM'000)
Share Margin Financing	576	541	-	-	-
Total	576	541	-	-	-

Table 12b: Impaired and Past Due and Provision for Impairment by Industry Sector Restated as at 31 December 2011**

Industry Sector	Impaired Loans and Advances / Financing (RM'000)	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)	Charges for Individual Impairment (RM'000)	Write-Offs (RM'000)
Share Margin Financing	619	584	-	9	185
Total	619	584	-	9	185

** Comparatives as at 31 December 2011 have been restated in the current year's presentation. This is due to the changes in accounting policies arising from the adoption of MFRS 139

Table 13: Reconciliation of Changes to Loan Impairment Provisions Restated

Impairment Provision Details	Individual Impairment Provision (RM'000)		Collective Impairment Provision (RM'000)	
	30 June 2012	31 Dec 2011**	30 June 2012	31 Dec 2011**
Opening Balance	584	882	654	760
Effect on full adoption of MFRS 139	-	-	(654)	(760)
Net Allowance Made	-	9	-	-
Amount Recovered	(43)	(122)	-	-
Amount Written-Off	-	(185)	-	-
Closing Balance	541	584	-	-

** Comparatives as at 31 December 2011 have been restated in the current year's presentation. This is due to the changes in accounting policies arising from the adoption of MFRS 139.

All impaired, past due and provisions for impaired loans are for credit exposures booked in Malaysia.

Table 14: Disclosure on Securitisation Exposures in the Banking Book

Underlying Assets	Total Exposures Securitised (RM'000)		Impaired (RM'000)	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
Traditional Securitisation (Banking Book Exposure):				
Originated by the bank				
Collateralised Loan Obligation (Corporate Loans)	7,423	18,664	54,230	54,230
Securitisation of Third Party exposures where the Bank Acts only as a Sponsor				
Assets-Backed Securities (Personal Loans)	5,126	5,162	-	-
Total	12,549	23,826	54,230	54,230

Table 15a: Securitisation under the Standardised Approach for Banking Book Exposures as at 30 June 2012

Type of Securitisation Exposures	Net Exposure after CRM (RM'000)	Deduction from Capital (RM'000)		Risk weights of the Securitisation Exposures		Risk-Weighted Assets (RM'000)
		Rated	Unrated	20%	100%	
Traditional Securitisation:						
Non-Originated Banking Institution						
Most Senior	5,126	-	-	5,126	-	1,025
Originating Banking Institution						
Most Senior	7,423	7,423	-	-	-	-
Mezzanine			-	-	-	-
Total	12,549	7,423	-	5,126	-	1,025

Table 15b: Securitisation under the Standardised Approach for Banking Book Exposures as at 31 December 2011

Type of Securitisation Exposures	Net Exposure after CRM (RM'000)	Deduction from Capital (RM'000)		Risk weights of the Securitisation Exposures		Risk-Weighted Assets (RM'000)
		Rated	Unrated	20%	50%	
Traditional Securitisation:						
Non-Originated Banking Institution						
Most Senior	5,162	-	-	5,162	-	1,032
Originating Banking Institution						
Most Senior	17,815	6,932	-	-	10,883	5,442
Mezzanine	849	849	-	-	-	-
Total	23,826	7,781	-	5,162	10,883	6,474

The Bank did not have any exposure to synthetic securitisation during the financial as at 30 June 2012 and 31 December 2011. The Bank also did not have any securitisation exposure in its trading book.

Table 16a: Market Risk-Weighted Assets and Capital Charge as at 30 June 2012

Market Risk	Long Position (RM'000)	Short Position (RM'000)	Risk Weighted Assets (RM'000)	Capital Charge (RM'000)
Interest Rate Risk	2,141,957	1,940,000	114,928	9,194
Foreign Currency Risk	26,238	-	26,238	2,099
Options Risk	-	-	-	-
Total			141,166	11,293

Table 16b: Market Risk-Weighted Assets and Capital Charge as at 31 December 2011

Market Risk	Long Position (RM'000)	Short Position (RM'000)	Risk Weighted Assets (RM'000)	Capital Charge (RM'000)
Interest Rate Risk	2,239,791	2,020,000	87,250	6,980
Foreign Currency Risk	27,634	-	27,634	2,211
Options Risk	96,000	-	12,000	960
Total			126,884	10,151

As at 30 June 2012 and 31 December 2011, the RHB Investment Bank Group did not have any exposures under Commodity or Inventory Risk.

Table 17: Equity Exposures in the Banking Book

Equity Type	Equity Investments Exposures (RM'000)		Risk-Weighted Assets (RM'000)	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
Publicly traded				
- Holdings of equity investments	1,548	2,000	1,548	2,000
Privately held				
- For socio-economic purposes	19,601	19,601	19,601	19,601
- For non socio-economic purpose	14,554	15,703	14,554	15,703
Total	35,703	37,304	35,703	37,304

The Bank did not make any material gains or losses from the sale or liquidation of the equity exposures as at 30 June 2012 and 31 December 2011.

Table 18a: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 30 June 2012

Currency	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase / (Decline) in Earnings (RM'000)		Increase / (Decline) in Economic Value ¹ (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	(18,749)	18,749	(84,322)	84,322
USD	90	(90)	(4)	4
Others ²	170	(170)	(7)	7
Total	(18,489)	18,489	(84,333)	84,333

Note:

- 1) For year 2012, we adopted the IRBB risk weights prescribed by Basel, previously the risk weights used was base on BNM's concept paper.
- 2) Inclusive of GBP, EUR, SGD, etc

Table 18b: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 31 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	(28,521)	28,521	(127,377)	127,377
USD	110	(110)	(1)	1
Others*	160	(160)	(2)	2
Total	(28,251)	28,251	(127,380)	127,380

Note: * Inclusive of GBP, EUR, SGD, etc

Table 19: Operational Risk-Weighted Assets and Capital Charge

Operational Risk	RHB Investment Bank Group (RM'000)		RHB Investment Bank (RM'000)	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
Risk-Weighted Assets	445,231	453,579	394,714	402,937
Risk Capital Charge	35,618	36,286	31,577	32,235