

# **RHB Islamic Bank Berhad**

## **Basel II Pillar 3 Quantitative Disclosures**

**30 June 2012**

**Statement by Managing Director**

In accordance with the requirements of Bank Negara Malaysia's Guideline on Capital Adequacy Framework For Islamic Banks ('CAFIB') – Disclosure Requirements ('Pillar 3'), and on behalf of the Board and Senior Management of RHB Islamic Bank Berhad, I am pleased to provide an attestation that the Basel II Pillar 3 Quantitative Disclosures of the RHB Islamic Bank Berhad as at 30 June 2012 are accurate and complete.

**Haji Abd Rani bin Lebai Jaafar**  
Managing Director

## Pillar 3 Quantitative Disclosure Contents

		<b>Page</b>
<b>Statement By Managing Director</b>		<b>2</b>
<b>Introduction</b>		<b>4</b>
<b>Scope of Application</b>		<b>4</b>
<b>List of Tables</b>		<b>5-19</b>
<b>Table No</b>	<b>Description</b>	
Table 1	Capital Adequacy Ratios	5
Table 2	Risk-Weighted Assets ('RWA') by Risk Types	5
Table 3	Risk-Weighted Assets by Risk Types and Minimum Capital Requirements	5
Table 4	Capital Structure	6
Tables 5a & 5b	Portfolios under the Standardised Approach by Risk Weights	7
Tables 6a & 6b	Summary of Credit Exposures with CRM by Asset Class and Capital Requirement ( On and Off – Balance Sheet Exposures)	8-9
Tables 7a & 7b	Exposures for Off Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation)	10-11
Tables 8a & 8b	Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector	12
Tables 9a & 9b	Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity	13
Tables 10a & 10b	Rated Exposures According to Rating by ECAs	14-15
Tables 11a & 11b	Credit Risk Mitigation of Portfolios under the Standardised Approach	16
Tables 12a & 12b	Impaired, Past Due Financing and Provision for Impairment by Industry Sector	17
Tables 13a & 13b	Reconciliation of Changes to Financing Impairment Provisions	18
Tables 14a & 14b	Market Risk-Weighted Assets and Capital Charge	18
Tables 15a & 15b	Profit Rate Risk / Rate of Return Risk in the Banking Book	19
Tables 16	Operational Risk-Weighted Assets and Capital Charge	19

## 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').

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 Islamic Bank's Pillar 3 disclosure report will be made available under the Investor Relations section of the Bank's website at [www.rhb.com.my](http://www.rhb.com.my) as a separate report in the half-yearly financial condensed financial statements, after the notes to the financial statements.

## 2.0 SCOPE OF APPLICATION

In this Pillar 3 document, RHB Islamic Bank's information is presented at entity level. RHB Islamic Bank is a wholly owned subsidiary of RHB Bank Berhad as at 30 June 2012 and is referred to as 'the Bank'.

**Table 1: Capital Adequacy Ratios**

	RHB Islamic Bank	
	30 June 2012	31 Dec 2011
Core capital ratio	12.26%	12.65%
Risk-weighted capital ratio	13.18%	13.95%

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

	RHB Islamic Bank (RM'000)	
	30 June 2012	31 Dec 2011
Credit RWA	10,674,644	9,226,699
Market RWA	124,472	565,103
Operational RWA	651,718	608,028
<b>Total</b>	<b>11,450,834</b>	<b>10,399,830</b>

**Table 3: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements**

Risk Types	RWA (RM'000)		Capital Requirement (RM'000)	
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
<b>Credit Risk</b>				
<i>Under Standardised Approach</i>	10,674,644	9,226,699	853,972	738,136
<b>Market Risk</b>				
<i>Under Standardised Approach</i>	124,472	565,103	9,958	45,208
<b>Operational Risk</b>				
<i>Under Basic Indicator Approach</i>	651,718	608,028	52,137	48,642
<b>Total</b>	<b>11,450,834</b>	<b>10,399,830</b>	<b>916,067</b>	<b>831,986</b>

**Table 4: Capital Structure**

	RHB Islamic Bank (RM'000)	
	30 June 2012	31 Dec 2011
<b>Tier I Capital</b>		
Paid-up ordinary share capital	773,424	773,424
Retained profits	315,493	271,298
Statutory reserve	315,700	280,411
<b>Total Tier I Capital</b>	<b>1,404,617</b>	<b>1,325,133</b>
<b>Less:</b>		
<i>Deferred tax assets</i>	(511)	(9,105)
<b>Eligible Tier I Capital</b>	<b>1,404,106</b>	<b>1,316,028</b>
<b>Tier II Capital</b>		
Collective impairment / allowance	105,365	135,113
<b>Total Tier II Capital</b>	<b>105,365</b>	<b>135,113</b>
<b>Less:</b>		
<i>Ageing Reserve and Liquidity Reserve</i>	(45)	(24)
<b>Eligible Tier II Capital</b>	<b>105,320</b>	<b>135,089</b>
<b>Capital Base</b>	<b>1,509,426</b>	<b>1,451,117</b>

**Table 5a: Portfolios under the Standardised Approach by Risk-Weights as at 30 June 2012**

Exposures Class	Exposure after CRM (RM'000)							Total Exposures (RM'000)
	Risk Weight (%)							
	0%	20%	35%	50%	75%	100%	150%	
Sovereigns & Central Banks	11,514,281	-	-	-	-	-	-	11,514,281
Public Sector Entities	-	1,620	-	-	-	-	-	1,620
Banks, Development Financial Institutions & MDBs	-	1,086,803	-	42,354	-	-	-	1,129,157
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-
Corporates	48,239	1,090,311	-	77,851	-	3,590,679	22,954	4,830,034
Regulatory Retail	37,091	5,713	-	8,810	7,762,613	456,841	82,870	8,353,938
Residential Mortgages	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	29,477	29,477
Other Assets	6,101	-	-	-	-	100,816	-	106,917
Equity	-	-	-	-	-	-	-	-
<b>Total Exposures after Credit Risk Mitigation (RM'000)</b>	<b>11,605,712</b>	<b>2,184,447</b>	<b>-</b>	<b>129,015</b>	<b>7,762,613</b>	<b>4,148,336</b>	<b>135,301</b>	<b>25,965,424</b>
<b>Total Risk-Weighted Assets (RM'000)</b>	<b>-</b>	<b>436,889</b>	<b>-</b>	<b>64,507</b>	<b>5,821,960</b>	<b>4,148,336</b>	<b>202,952</b>	<b>10,674,644</b>

**Table 5b: Portfolios under the Standardised Approach by Risk-Weights as at 31 December 2011**

Exposures Class	Exposure after CRM (RM'000)							Total Exposures (RM'000)
	Risk Weight (%)							
	0%	20%	35%	50%	75%	100%	150%	
Sovereigns & Central Banks	11,334,091	-	-	-	-	-	-	11,334,091
Public Sector Entities	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	508,423	-	52,071	-	-	-	560,494
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-
Corporates	35,304	984,174	-	56,044	-	3,180,527	114,421	4,370,470
Regulatory Retail	25,031	1,099	-	1,825	6,496,957	217,939	164,864	6,907,715
Residential Mortgages	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	22,646	22,646
Other Assets	5,319	-	-	-	-	148,910	-	154,229
Equity	-	-	-	-	-	-	-	-
<b>Total Exposures after Credit Risk Mitigation (RM'000)</b>	<b>11,399,745</b>	<b>1,493,696</b>	<b>-</b>	<b>109,940</b>	<b>6,496,957</b>	<b>3,547,376</b>	<b>301,931</b>	<b>23,349,645</b>
<b>Total Risk-Weighted Assets (RM'000)</b>	<b>-</b>	<b>298,739</b>	<b>-</b>	<b>54,970</b>	<b>4,872,718</b>	<b>3,547,376</b>	<b>452,896</b>	<b>9,226,699</b>

**Table 6a: 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 Exposure/EAD before CRM (RM'000)	Net Exposure/EAD after CRM (RM'000)	Risk- Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
<b>Credit Risk</b>				
<b>Exposures under the Standardised Approach</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	11,514,281	11,514,281	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	1,086,211	1,086,211	217,242	17,379
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	4,097,533	4,097,533	3,203,420	256,274
Regulatory Retail	7,135,302	7,135,302	5,416,780	433,343
Residential Mortgage	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	106,917	106,917	100,817	8,065
Specialised Financing / Investment	-	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposures	-	-	-	-
Default Exposures	294,197	294,197	328,679	26,294
<b>Total On-Balance Sheet Exposures</b>	<b>24,234,441</b>	<b>24,234,441</b>	<b>9,266,937</b>	<b>741,355</b>
<b>Off-Balance Sheet Exposures</b>				
OTC Derivatives	52,705	52,705	29,758	2,381
Credit Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,678,278	1,678,278	1,377,949	110,236
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>1,730,983</b>	<b>1,730,983</b>	<b>1,407,707</b>	<b>112,617</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>25,965,424</b>	<b>25,965,424</b>	<b>10,674,644</b>	<b>853,972</b>

Note: As at 30 June 2012, the Bank did not have any credit risk-weighted assets absorbed by Profit Sharing Investment Account ('PSIA') and exposure under securitisation.



**Table 6b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On and Off-Balance Sheet Exposures) as at 31 December 2011**

Exposure Class	Gross Exposure/EAD before CRM (RM'000)	Net Exposure/EAD after CRM (RM'000)	Risk- Weighted Assets (RM'000)	Minimum Capital Requirement at 8% (RM'000)
<b>Credit Risk</b>				
<b>Exposures under the Standardised Approach</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	11,334,091	11,334,091	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	508,423	508,423	101,684	8,135
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	3,502,214	3,502,214	2,690,643	215,251
Regulatory Retail	6,478,830	6,478,830	4,890,056	391,204
Residential Mortgage	-	-	-	-
Higher Risk Assets	-	-	-	-
Other Assets	154,229	154,229	148,910	11,913
Specialised Financing / Investment	-	-	-	-
Securitisation Exposures	-	-	-	-
Equity Exposures	--	-	-	-
Default Exposures	363,968	363,968	496,160	39,693
<b>Total On-Balance Sheet Exposures</b>	<b>22,341,755</b>	<b>22,341,755</b>	<b>8,327,453</b>	<b>666,196</b>
<b>Off-Balance Sheet Exposures</b>				
OTC Derivatives	-	-	-	-
Credit Derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	1,007,890	1,007,890	899,246	71,940
Defaulted Exposures	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>1,007,890</b>	<b>1,007,890</b>	<b>899,246</b>	<b>71,940</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>23,349,645</b>	<b>23,349,645</b>	<b>9,226,699</b>	<b>738,136</b>

Note: As at 31 December 2011, the Bank did not have any credit risk-weighted assets absorbed by Profit Sharing Investment Account ('PSIA') and exposure under securitisation.

**Table 7a: 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	-		-	-
Transaction-related contingent items	84,632		42,316	29,590
Short-term self-liquidating trade-related contingencies	48,644		9,729	1,332
Assets sold with recourse	235,705		235,705	179,975
NIFs and obligations under underwriting agreement	169,000		84,500	84,500
<b>Foreign exchange related contracts</b>	<b>787,579</b>	<b>7,664</b>	<b>12,955</b>	<b>9,883</b>
1 year or less	787,579	7,664	12,955	9,883
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
<b>Profit rate related contracts</b>	<b>2,600,000</b>	<b>-</b>	<b>39,750</b>	<b>19,875</b>
1 year or less	-	-	-	-
Over 1 year to 5 years	2,600,000	-	39,750	19,875
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,758,150		879,075	704,897
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,460,140		292,028	276,461
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	674,625		134,925	101,194
Unutilised credit card lines	-		-	-
<b>Total</b>	<b>7,818,475</b>	<b>7,664</b>	<b>1,730,983</b>	<b>1,407,707</b>

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

**Table 7b: 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	35		35	35
Transaction-related contingent items	94,558		47,279	35,465
Short-term self-liquidating trade-related contingencies	42,424		8,485	967
NIFs and obligations under underwriting agreement	208,500		104,250	104,250
<b>Foreign exchange related contracts</b>	<b>318,375</b>	<b>173</b>	<b>4,948</b>	<b>1,762</b>
1 year or less	318,375	173	4,948	1,762
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
<b>Profit rate related contracts</b>	<b>2,600,000</b>	<b>-</b>	<b>49,500</b>	<b>24,750</b>
1 year or less	-	-	-	-
Over 1 year to 5 years	2,600,000	-	49,500	24,750
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,540,307		308,061	283,688
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,686,599		337,320	337,320
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	740,059		148,012	111,009
Unutilised credit card lines	-		-	-
<b>Total</b>	<b>7,230,857</b>	<b>173</b>	<b>1,007,890</b>	<b>899,246</b>

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

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

Exposure Class	Agriculture	Mining & Quarrying	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business	Education, Health & Others	Household	Others	Total
	(RM'000)											
<b>Exposures under Standardised Approach</b>												
Sovereigns/Central Banks	-	-	-	-	-	-	-	491,297	3,323,114	-	7,699,870	11,514,281
Public Sector Entities	-	-	-	-	-	-	-	1,620	-	-	-	1,620
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	1,129,157	-	-	-	1,129,157
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	189,682	23,734	891,264	447,647	455,220	449,399	282,910	1,464,475	209	-	625,494	4,830,034
Regulatory Retail	39,812	3,552	114,973	816	76,129	96,726	89,446	78,777	-	7,681,255	172,452	8,353,938
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	-	29,477	-	-	-	29,477
Other Assets	-	-	-	-	-	-	-	-	-	-	106,917	106,917
<b>Total</b>	<b>229,494</b>	<b>27,286</b>	<b>1,006,237</b>	<b>448,463</b>	<b>531,349</b>	<b>546,125</b>	<b>372,356</b>	<b>3,194,803</b>	<b>3,323,323</b>	<b>7,681,255</b>	<b>8,604,733</b>	<b>25,965,424</b>

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

Exposure Class	Agriculture	Mining & Quarrying	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, Restaurants & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business	Education, Health & Others	Household	Others	Total
	(RM'000)											
<b>Exposures under Standardised Approach</b>												
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	3,461,159	-	7,872,932	11,334,091
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	560,494	-	-	-	560,494
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	153,676	27,314	682,201	208,538	292,620	379,003	286,891	482,516	69,052	-	1,788,659	4,370,470
Regulatory Retail	37,300	4,133	118,293	927	81,004	101,168	105,025	72,019	27,302	6,358,908	1,636	6,907,715
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	-	22,646	-	-	-	22,646
Other Assets	-	-	-	-	-	-	-	-	-	-	154,229	154,229
<b>Total</b>	<b>190,976</b>	<b>31,447</b>	<b>800,494</b>	<b>209,465</b>	<b>373,624</b>	<b>480,171</b>	<b>391,916</b>	<b>1,137,675</b>	<b>3,557,513</b>	<b>6,358,908</b>	<b>9,817,456</b>	<b>23,349,645</b>

Note: As at 30 June 2012 and 31 December 2011, all credit risk exposures are booked in Malaysia.

**Table 9a: Credit Risk Exposures 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)
<b>Exposure under Standardised Approach</b>				
Sovereigns/Central Banks	4,602,000	637,480	6,274,801	11,514,281
Public Sector Entities	1,620	-	-	1,620
Banks, Development Financial Institutions and MDBs	985,051	103,131	40,975	1,129,157
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	367,873	1,336,305	3,125,856	4,830,034
Regulatory Retail	59,098	1,772,971	6,521,869	8,353,938
Residential Mortgage	-	-	-	-
Higher Risk Assets	29,477	-	-	29,477
Other Assets	-	-	106,917	106,917
<b>Total</b>	<b>6,045,119</b>	<b>3,849,887</b>	<b>16,070,418</b>	<b>25,965,424</b>

**Table 9b: Credit Risk Exposures 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)
<b>Exposure under Standardised Approach</b>				
Sovereigns/Central Banks	5,123,290	578,660	5,632,141	11,334,091
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions and MDBs	510,994	49,500	-	560,494
Insurance Cos, Securities Firms and Fund Managers	-	-	-	-
Corporates	432,359	1,342,837	2,595,274	4,370,470
Regulatory Retail	203,043	951,448	5,753,224	6,907,715
Residential Mortgage	-	-	-	-
Higher Risk Assets	22,646	-	-	22,646
Other Assets	-	-	154,229	154,229
<b>Total</b>	<b>6,292,332</b>	<b>2,922,445</b>	<b>14,134,868</b>	<b>23,349,645</b>

Note: As at 30 June 2012 and 31 December 2011, all credit risk exposures are booked in Malaysia.

Table 10a: Rated Exposures According to Rating 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	
<b>On and Off Balance Sheet Exposures</b>							
Public Sector Entities (RM'000)		-	-	-	-	1,620	
Corporates (RM'000)		1,073,663	20,321	-	-	3,736,050	
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
	<b>On and Off Balance Sheet Exposures</b>						
Sovereigns and Central Banks (RM'000)		-	11,514,281	-	-	-	
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
<b>On and Off Balance Sheet Exposures</b>							
Banks, MDBs and DFIs (RM'000)		1,086,803	42,354	-	-	-	

Table 10b: Rated Exposures According to Rating 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	
<b>On and Off Balance Sheet Exposures</b>							
Corporates (RM'000)		979,465	20,322	-	-	3,370,683	
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
	<b>On and Off Balance Sheet Exposures</b>						
Sovereigns and Central Banks (RM'000)		-	11,334,091	-	-	-	
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
<b>On and Off Balance Sheet Exposures</b>							
Banks, MDBs and DFIs (RM'000)		508,423	52,071	-	-	-	

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

Exposure Class	Exposures before CRM (RM'000)	Exposures Covered by Guarantees/Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)
<b>On-Balance Sheet Exposures</b>			
Sovereigns/Central Banks	11,514,281	2,704,453	-
Public Sector Entities	-	-	-
Banks, Development Financial Institutions and MDBs	1,086,211	-	-
Corporates	4,097,533	5,201	20,528
Regulatory Retail	7,135,302	-	42,804
Residential Mortgage	-	-	-
Higher Risk Assets	-	-	-
Other Assets	106,917	-	-
Equity Exposures	-	-	-
Defaulted Exposures	294,197	-	-
<b>Total On-Balance Sheet Exposures</b>	<b>24,234,441</b>	<b>2,709,654</b>	<b>63,332</b>
<b>Off-Balance Sheet Exposures</b>			
OTC Derivative	52,705	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	1,678,278	-	-
Defaulted Exposures	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,730,983</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>25,965,424</b>	<b>2,709,654</b>	<b>63,332</b>

**Table 11b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2011**

Exposure Class	Exposures before CRM (RM'000)	Exposures Covered by Guarantees/Credit Derivatives (RM'000)	Exposures Covered by Eligible Financial Collateral (RM'000)
<b>On-Balance Sheet Exposures</b>			
Sovereigns/Central Banks	11,334,091	-	-
Banks, Development Financial Institutions and MDBs	508,423	-	-
Corporates	3,502,214	4,110	14,196
Regulatory Retail	6,478,830	-	26,130
Residential Mortgage	-	-	-
Higher Risk Assets	-	-	-
Other Assets	154,229	-	-
Equity Exposures	-	-	-
Defaulted Exposures	363,968	-	-
<b>Total On-Balance Sheet Exposures</b>	<b>22,341,755</b>	<b>4,110</b>	<b>40,326</b>
<b>Off-Balance-Sheet Exposures</b>			
OTC Derivatives	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	1,007,890	-	-
Defaulted Exposures	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,007,890</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>23,349,645</b>	<b>4,110</b>	<b>40,326</b>



**Table 12a: Impaired, Past Due Financing and Provisions for Impairment by Industry Sector as at 30 June 2012**

Industry Sector	Impaired and Advances 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)
Agriculture	7,401	349	2,778		2,779	-
Mining and Quarrying	25,504	0	4,309		(2,143)	-
Manufacturing	85,561	18,277	37,057		2,157	-
Electricity, Gas and Water Supply	-	-	-		-	-
Construction	43,052	6,863	54,959		14,956	-
Wholesale, Retail Trade, Restaurants and Hotels	14,595	1,007	3,536		3,536	-
Transport, Storage and Communication	8,108	16,017	-		-	-
Finance, Insurance, Real Estate and Business	155,101	3,173	70,426		24,958	-
Education and Health	258	245	-		(1,043)	-
Household	186,522	396,857	-		-	4,914
Others	705	-	-		-	-
<b>Total</b>	<b>526,807</b>	<b>442,788</b>	<b>173,065</b>	<b>196,473</b>	<b>45,200</b>	<b>4,914</b>

**Table 12b: Impaired, Past Due Financing and Provisions for Impairment by Industry Sector as at 31 December 2011\*\***

Industry Sector	Impaired and Advances 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)
Agriculture	7,291	89	467		1,471	17,187
Mining and Quarrying	25,454	-	165		5,807	-
Manufacturing	69,476	23,807	35,395		2,359	3,529
Electricity, Gas and Water Supply	-	-	-		2,590	-
Construction	18,708	3,783	3,367		-	-
Wholesale, Retail Trade, Restaurants and Hotels	15,662	2,704	3,688		1,046	20,985
Transport, Storage and Communication	2,923	21,148	3,963		6,554	-
Finance, Insurance, Real Estate and Business	170,117	2,537	66,949		-	-
Education and Health	56,664	543	238		(2,514)	2,394
Household	194,022	324,747	16,492		(7,087)	17,479
Others	300	-	-		-	-
<b>Total</b>	<b>560,617</b>	<b>379,358</b>	<b>130,724</b>	<b>196,436</b>	<b>10,226</b>	<b>61,574</b>

Note: As at 30 June 2012 and 31 December 2011, all impaired, past due and provisions for impaired financing are for credit exposures booked in Malaysia.

\*\* 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 13a: Reconciliation of Changes to Financing Impairment Provisions as at 30 June 2012**

Impairment Provision Details	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
<b>Opening Balance</b>	130,724	190,768
Effect on full adoption of MFRS 139	-	5,668
Net Allowance Made	45,200	2,092
Reclassification	-	2,859
Amount Written-Off	-	(4,914)
Transfer to impairment of Investment securities	(2,859)	-
<b>Closing Balance</b>	<b>173,065</b>	<b>196,473</b>

**Table 13b: Reconciliation of Changes to Financing Impairment Provisions Restated as at 31 December 2011\*\***

Impairment Provision Details	Individual Impairment Provision (RM'000)	Collective Impairment Provision (RM'000)
<b>Opening Balance</b>	163,440	158,828
Effect on full adoption of MFRS 139	-	91,864
Net Allowance Made	10,226	(26,472)
Reclassification	-	-
Amount Written-Off	(42,942)	(27,784)
Transfer to impairment of Investment securities	-	-
<b>Closing Balance</b>	<b>130,724</b>	<b>196,436</b>

\*\* 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 14a: Market Risk-Weighted Assets and Capital Charge as at 30 June 2012**

	Long Position (RM'000)	Short Position (RM'000)	RWA (RM'000)	Capital Charge (RM'000)
<b>Market Risk (Standardised Approach)</b>				
Profit Rate Risk	318,005	0	115,033	9,203
Foreign Currency Risk	3,064	9,439	9,439	755
<b>Total RWA and Capital Charge</b>			<b>124,472</b>	<b>9,958</b>

**Table 14b: Market Risk-Weighted Assets and Capital Charge as at 31 December 2011**

	Long Position (RM'000)	Short Position (RM'000)	RWA (RM'000)	Capital Charge (RM'000)
<b>Market Risk (Standardised Approach)</b>				
Profit Rate Risk	3,033,008	2,600,000	554,398	44,352
Foreign Currency Risk	10,705	225	10,705	856
<b>Total RWA and Capital Charge</b>			<b>565,103</b>	<b>45,208</b>

Note:

As at 30 June 2012 and 31 December 2011, RHB Islamic Bank did not have any exposure under

- equity risk, commodity risk, inventory risk and options risk, and
- market risk exposure absorbed by PSIA.

**Table 15a: Profit Rate Risk / Rate of Return Risk<sup>1</sup> 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 <sup>2</sup> (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	(58,419)	58,419	(387,287)	387,287
<b>Total</b>	<b>(58,419)</b>	<b>58,419</b>	<b>(387,287)</b>	<b>387,287</b>

Note:

- 1) For the year 2012, We adopted the Profit Rate Risk exposure based on BNM's methodology that is specific to Islamic Banks. Previously the risk weights used was base on BNM's concept paper.
- 2) For year 2012, economic value exposure was computed assuming that all interest sensitive position that of indeterminate maturity are classified under 1 month bucket, resulting in a more conservative approach being adopted.

**Table 15b: Profit 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	(55,930)	55,930	(558,392)	558,392
<b>Total</b>	<b>(55,930)</b>	<b>55,930</b>	<b>(558,392)</b>	<b>558,392</b>

**Table 16: Operational Risk-Weighted Assets and Capital Charge**

Operational Risk	RHB Islamic Bank (RM'000)	
	30 June 2012	31 Dec 2011
Risk-Weighted Assets	651,718	608,028
Risk Capital Charge	52,137	48,642