

**RHB Islamic Bank Berhad**  
**Basel II Pillar 3 Quantitative Disclosures**  
30 June 2013

**RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013**

**Statement by Group Managing Director**

In accordance with the requirements of Bank Negara Malaysia'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 Basel II Pillar 3 Quantitative Disclosures of RHB Islamic Bank Berhad as at 30 June 2013 are accurate and complete.

**Kellee Kam Chee Khiong**  
Group Managing Director

**Pillar 3 Quantitative Disclosure Contents**

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

**RHB ISLAMIC BANK**  
**BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013**

**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 Bank ('CAFIB') – Disclosure Requirements ('Pillar 3') issued by Bank Negara Malaysia ('BNM').

This document covers only quantitative information as at 30 June 2013 with comparative quantitative information of the preceding financial year as at 31 December 2012. 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) and as a separate report in the half-yearly condensed financial statements, after the notes to the financial statements.

**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 2013 and is referred to as 'the Bank'.

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (Capital Components) and Capital Adequacy Framework for Islamic Bank (Risk-weighted Assets) dated 28 November 2012. In line with the transitional arrangements under BNM's Capital Adequacy Framework for Islamic Bank (Capital Components), the minimum capital adequacy requirement for common equity Tier 1 capital ratio is 3.5% while the minimum Tier 1 capital ratio is 4.5% respectively for year 2013. However the minimum regulatory capital adequacy requirement remains the same at 8% as prior to 1 January 2013 under the total capital ratio.

The comparative capital adequacy ratios and total capital has not been restated for the implementation of the revised BNM Capital Framework as mentioned above.

RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 1: Capital Adequacy Ratios

	RHB Islamic Bank	
	As at	As at
	30.06.2013	31.12.2012
CET I capital ratio	13.445%	N/A
Tier I capital ratio	13.445%	14.055%
Total capital ratio	14.058%	14.741%

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

<u>Risk Types</u>	RHB Islamic Bank	
	As at	As at
	30.06.2013	31.12.2012
	RM'000	RM'000
Credit RWA	14,613,568	12,622,768
Credit RWA Absorbed by PSIA	(1,503,824)	(1,569,046)
Market RWA	42,031	265,386
Operational RWA	730,149	689,105
<b>Total</b>	<b>13,881,924</b>	<b>12,008,213</b>

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

<u>Risk Types</u>	RWA		Minimum Capital Requirements at 8%	
	As at	As at	As at	As at
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<b>Credit Risk</b>	13,109,744	11,053,722	1,048,779	884,298
<i>Under Standardised Approach</i>	14,613,568	12,622,768	1,169,085	1,009,821
<i>Absorbed by PSIA under Standardised Approach</i>	(1,503,824)	(1,569,046)	(120,306)	(125,523)
<b>Market Risk</b>				
<i>Under Standardised Approach</i>	42,031	265,386	3,362	21,231
<b>Operational Risk</b>				
<i>Under Basic Indicator Approach</i>	730,149	689,105	58,412	55,128
<b>Total</b>	<b>13,881,924</b>	<b>12,008,213</b>	<b>1,110,553</b>	<b>960,657</b>

Note: The Bank do not have any capital requirement for Large Exposure Risk as there was no exposure arising from equity holdings.

**RHB ISLAMIC BANK**  
**BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013**

**Table 4: Capital Structure**

	<b>RHB Islamic Bank</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.06.2013</b>	<b>31.12.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier I Capital</u></b>		
Paid-up ordinary share capital	1,173,424	973,424
Retained profits	358,151	358,151
Other reserves	358,359	358,359
Unrealised gains and losses on AFS financial instruments	(11,004)	-
<b><i>Less:</i></b>		
Deferred tax assets	(9,108)	(2,175)
Other intangibles	(3,330)	-
55% of cumulative gains of AFS financing instruments	-	-
Ageing Reserves and Liquidity Reserve	(50)	-
<b>Common Equity Tier I Capital ('CET I Capital')</b>	<b>1,866,442</b>	<b>1,687,759</b>
<b>Hybrid Tier I Capital Securities</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>1,866,442</b>	<b>1,687,759</b>
<b><u>Tier II Capital</u></b>		
Collective impairment allowance	85,129	87,435
Other deduction	-	(5,091)
<b>Total Tier II Capital</b>	<b>85,129</b>	<b>82,344</b>
<b>Total Capital</b>	<b>1,951,571</b>	<b>1,770,103</b>

RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 5a: Portfolios under the Standardised Approach by Risk-Weights as at 30 June 2013

<u>Exposure Class</u>	Exposure After Credit Risk Mitigation							Total Exposures
	Risk Weight (%)							
	0%	20%	35%	50%	75%	100%	150%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Exposures under Standardised Approach</u></b>								
Sovereigns & Central Banks	6,822,571	-	-	-	-	-	-	6,822,571
Public Sector Entities	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	9,995	1,951,991	-	51,505	-	-	-	2,013,491
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-
Corporates	791,246	2,334,334	-	20,284	-	5,093,447	54,326	8,293,637
Regulatory Retail	41,971	4,292	-	5,437	9,800,412	917,773	116,608	10,886,493
Residential Mortgages	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	11,408	11,408
Other Assets	7,433	-	-	-	-	81,790	-	89,223
Equity Exposures	-	-	-	-	-	-	-	-
<b>Total Exposures after Credit Risk Mitigation</b>	<b>7,673,216</b>	<b>4,290,617</b>	<b>-</b>	<b>77,226</b>	<b>9,800,412</b>	<b>6,093,010</b>	<b>182,342</b>	<b>28,116,823</b>
<b>Total Risk-Weighted Assets</b>	<b>-</b>	<b>858,123</b>	<b>-</b>	<b>38,613</b>	<b>7,350,309</b>	<b>6,093,010</b>	<b>273,513</b>	<b>14,613,568</b>

Table 5b: Portfolios under the Standardised Approach by Risk-Weights as at 31 December 2012

<u>Exposure Class</u>	Exposure After Credit Risk Mitigation							Total Exposures
	Risk Weight (%)							
	0%	20%	35%	50%	75%	100%	150%	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Exposures under Standardised Approach</u></b>								
Sovereigns & Central Banks	8,799,505	-	-	-	-	-	-	8,799,505
Public Sector Entities	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	50,420	1,757,792	-	51,443	-	-	-	1,859,655
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-
Corporates	544,525	1,162,719	-	33,684	-	4,791,158	44,706	6,576,792
Regulatory Retail	53,700	4,874	-	12,193	8,312,952	663,613	69,436	9,116,768
Residential Mortgages	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	9,407	9,407
Other Assets	11,199	-	-	-	-	114,223	-	125,422
Equity Exposures	-	-	-	-	-	-	-	-
<b>Total Exposures after Credit Risk Mitigation</b>	<b>9,459,349</b>	<b>2,925,385</b>	<b>-</b>	<b>97,320</b>	<b>8,312,952</b>	<b>5,568,994</b>	<b>123,549</b>	<b>26,487,549</b>
<b>Total Risk-Weighted Assets</b>	<b>-</b>	<b>585,077</b>	<b>-</b>	<b>48,660</b>	<b>6,234,714</b>	<b>5,568,994</b>	<b>185,323</b>	<b>12,622,768</b>

RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 6a: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures)  
as at 30 June 2013

<u>Exposure Class</u>	Gross	Net Exposures /	Risk-Weighted	Risk-Weighted	Total Risk	Minimum Capital
	Exposures / EAD before CRM	EAD after CRM	Assets	Assets Absorbed by PSIA	Weighted Assets After Effect of PSIA	Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Exposures under the Standardised Approach (SA)</u></b>						
<b><u>On-Balance Sheet Exposures</u></b>						
Sovereigns/Central Banks	6,822,571	6,822,571	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,962,398	1,962,398	390,650	-	390,650	31,252
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	7,457,587	7,457,587	4,860,491	(505,513)	4,354,978	348,398
Regulatory Retail	9,110,352	9,110,352	7,012,341	(998,311)	6,014,030	481,122
Residential Mortgages	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	89,223	89,223	81,790	-	81,790	6,543
Specialised Financing / Investment	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-
Defaulted Exposures	282,008	282,008	360,523	-	360,523	28,842
<b>Total On-Balance Sheet Exposures</b>	<b>25,724,139</b>	<b>25,724,139</b>	<b>12,705,795</b>	<b>(1,503,824)</b>	<b>11,201,971</b>	<b>896,157</b>
<b><u>Off-Balance Sheet Exposures</u></b>						
OTC Derivatives	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,392,684	2,392,684	1,907,773	-	1,907,773	152,622
Defaulted Exposures	-	-	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>2,392,684</b>	<b>2,392,684</b>	<b>1,907,773</b>	<b>-</b>	<b>1,907,773</b>	<b>152,622</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>28,116,823</b>	<b>28,116,823</b>	<b>14,613,568</b>	<b>(1,503,824)</b>	<b>13,109,744</b>	<b>1,048,779</b>



RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 6b: Summary of Credit Exposures with CRM by Asset Class and Capital Requirement (On & Off-Balance Sheet Exposures)  
as at 31 December 2012

<u>Exposure Class</u>	Gross	Net Exposures /	Risk-Weighted	Risk-Weighted	Total Risk	Minimum Capital
	Exposures / EAD before CRM	EAD after CRM	Assets	Assets Absorbed by PSIA	Weighted Assets After Effect of PSIA	Requirement at 8%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Exposures under the Standardised Approach (SA)</u></b>						
<b><u>On-Balance Sheet Exposures</u></b>						
Sovereigns/Central Banks	8,799,505	8,799,505	-	-	-	-
Public Sector Entities	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,808,374	1,808,374	351,686	-	351,686	28,135
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-
Corporates	5,812,123	5,812,123	4,374,791	(512,149)	3,862,642	309,011
Regulatory Retail	7,556,249	7,556,249	5,778,254	(1,056,897)	4,721,357	377,709
Residential Mortgages	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	125,422	125,422	114,223	-	114,223	9,138
Specialised Financing / Investment	-	-	-	-	-	-
Securitisation Exposures	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-
Defaulted Exposures	222,530	222,530	265,303	-	265,303	21,224
<b>Total On-Balance Sheet Exposures</b>	<b>24,324,203</b>	<b>24,324,203</b>	<b>10,884,257</b>	<b>(1,569,046)</b>	<b>9,315,211</b>	<b>745,217</b>
<b><u>Off-Balance Sheet Exposures</u></b>						
OTC Derivatives	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,163,346	2,163,346	1,738,511	-	1,738,511	139,081
Defaulted Exposures	-	-	-	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>2,163,346</b>	<b>2,163,346</b>	<b>1,738,511</b>	<b>-</b>	<b>1,738,511</b>	<b>139,081</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>26,487,549</b>	<b>26,487,549</b>	<b>12,622,768</b>	<b>(1,569,046)</b>	<b>11,053,722</b>	<b>884,298</b>

**Table 7a: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation)  
as at 30 June 2013**

<u>Nature of Item</u>	<u>Principal / Notional Amount</u> RM'000	<u>Positive Fair Value of Derivative Contracts</u> RM'000	<u>Credit Equivalent Amount</u> RM'000	<u>Risk-Weighted Assets</u> RM'000
Direct credit substitutes	-		-	-
Transaction-related contingent items	115,289		57,645	40,489
Short-term self-liquidating trade-related contingencies	155,740		31,148	3,230
Assets sold with recourse	847,834		847,834	641,598
NIFs & obligations under underwriting agreement	76,000		38,000	38,000
Foreign exchange related contracts	258,352	1,748	4,120	3,405
1 year or less	258,352	1,748	4,120	3,405
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Profit rate related contracts	2,900,000	6,755	49,755	24,878
1 year or less	100,000	-	-	-
Over 1 year to 5 years	2,800,000	6,755	49,755	24,878
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities & credit lines, with original maturity of over 1 year	1,942,086		971,043	804,762
Other commitments, such as formal standby facilities & credit lines, with original maturity of up to 1 year	1,609,727		321,945	298,015
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	355,971		71,194	53,396
<b>Total</b>	<b>8,260,999</b>	<b>8,503</b>	<b>2,392,684</b>	<b>1,907,773</b>

**Table 7b: Exposures for Off-Balance Sheet and Counterparty Credit Risk (After Credit Risk Mitigation)  
as at 31 December 2012**

<u>Nature of Item</u>	<u>Principal / Notional Amount</u> RM'000	<u>Positive Fair Value of Derivative Contracts</u> RM'000	<u>Credit Equivalent Amount</u> RM'000	<u>Risk-Weighted Assets</u> RM'000
Direct credit substitutes	-		-	-
Transaction-related contingent items	106,104		53,052	37,170
Short-term self-liquidating trade-related contingencies	55,603		11,121	1,298
Assets sold with recourse	932,585		932,585	705,629
NIFs & obligations under underwriting agreement	90,000		45,000	45,000
Foreign exchange related contracts	438,362	186	4,809	3,539
1 year or less	438,362	186	4,809	3,539
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Profit rate related contracts	3,300,000	2,383	48,833	24,417
1 year or less	-	-	-	-
Over 1 year to 5 years	3,300,000	2,383	48,833	24,417
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities & credit lines, with original maturity of over 1 year	1,384,517		692,258	580,463
Other commitments, such as formal standby facilities & credit lines, with original maturity of up to 1 year	1,561,193		312,239	293,408
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	317,245		63,449	47,587
<b>Total</b>	<b>8,185,609</b>	<b>2,569</b>	<b>2,163,346</b>	<b>1,738,511</b>

Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2013

Exposure Class	Agriculture	Mining & Quarrying	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business	Education, Health & Others	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Exposures under Standardised Approach</b>												
Sovereigns & Central Banks	-	-	-	-	-	-	-	1,838,434	4,984,137	-	-	6,822,571
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	2,013,491	-	-	-	2,013,491
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	147,330	29,232	1,019,316	639,943	957,473	519,082	462,068	3,683,736	318,414	-	517,043	8,293,637
Regulatory Retail	76,435	2,463	125,398	2,036	111,583	172,859	156,623	129,544	28,899	10,006,515	74,138	10,886,493
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	-	11,408	-	-	-	11,408
Other Assets	-	-	-	-	-	-	-	-	-	-	89,223	89,223
<b>Total</b>	<b>223,765</b>	<b>31,695</b>	<b>1,144,714</b>	<b>641,979</b>	<b>1,069,056</b>	<b>691,941</b>	<b>618,691</b>	<b>7,676,613</b>	<b>5,331,450</b>	<b>10,006,515</b>	<b>680,404</b>	<b>28,116,823</b>

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2012

Exposure Class	Agriculture	Mining & Quarrying	Manufacturing	Electricity, Gas & Water Supply	Construction	Wholesale, Retail Trade, & Hotels	Transport, Storage & Communication	Finance, Insurance, Real Estate & Business	Education, Health & Others	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Exposures under Standardised Approach</b>												
Sovereigns & Central Banks	-	-	-	-	-	-	-	-	8,799,505	-	-	8,799,505
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	1,859,655	-	-	-	1,859,655
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	178,437	24,721	1,109,497	487,384	884,519	398,664	398,793	2,172,889	182,403	-	739,485	6,576,792
Regulatory Retail	34,488	3,710	93,695	1,679	88,339	95,088	61,785	81,983	14,162	8,554,481	87,358	9,116,768
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-	-	9,407	-	-	-	9,407
Other Assets	-	-	-	-	-	-	-	-	-	-	125,422	125,422
<b>Total</b>	<b>212,925</b>	<b>28,431</b>	<b>1,203,192</b>	<b>489,063</b>	<b>972,858</b>	<b>493,752</b>	<b>460,578</b>	<b>4,123,934</b>	<b>8,996,070</b>	<b>8,554,481</b>	<b>952,265</b>	<b>26,487,549</b>

Table 9a: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 30 June 2013

<u>Exposure Class</u>	One year	More than	Over	Total
	or less	one to	five years	
	RM'000	RM'000	RM'000	RM'000
<b><u>Exposures under Standardised Approach</u></b>				
Sovereigns & Central Banks	1,001,257	365,932	5,455,382	6,822,571
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,953,740	49,623	10,128	2,013,491
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	333,539	2,375,590	5,584,508	8,293,637
Regulatory Retail	62,747	1,066,448	9,757,298	10,886,493
Residential Mortgages	-	-	-	-
Higher Risk Assets	11,408	-	-	11,408
Other Assets	-	-	89,223	89,223
<b>Total</b>	<b>3,362,691</b>	<b>3,857,593</b>	<b>20,896,539</b>	<b>28,116,823</b>

Table 9b: Credit Risk Exposures (Before Credit Risk Mitigation) by Maturity as at 31 December 2012

<u>Exposure Class</u>	One year	More than	Over	Total
	or less	one to	five years	
	RM'000	RM'000	RM'000	RM'000
<b><u>Exposures under Standardised Approach</u></b>				
Sovereigns & Central Banks	3,536,571	409,358	4,853,576	8,799,505
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,014,819	452,215	392,621	1,859,655
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-
Corporates	408,519	2,165,497	4,002,776	6,576,792
Regulatory Retail	75,437	1,522,154	7,519,177	9,116,768
Residential Mortgages	-	-	-	-
Higher Risk Assets	9,407	-	-	9,407
Other Assets	-	-	125,422	125,422
<b>Total</b>	<b>5,044,753</b>	<b>4,549,224</b>	<b>16,893,572</b>	<b>26,487,549</b>

RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 10a: Rated Exposures According to Ratings by ECAIs as at 30 June 2013

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	
<u>Exposure Class</u>	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	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
Corporates		3,043,305	10,261	-	-	5,240,071	
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
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
<u>Exposure Class</u>	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
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
Sovereigns & Central Banks		-	6,822,571	-	-	-	-
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
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
<u>Exposure Class</u>	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
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
Banks, Development Financial Institutions & MDBs		1,961,986	51,505	-	-	-	-

RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 10b: Rated Exposures According to Ratings by ECAIs as at 31 December 2012

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	
<u>Exposure Class</u>	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	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
Corporates		1,595,541	20,323	-	-	4,960,928	
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
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
<u>Exposure Class</u>	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
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
Sovereigns & Central Banks		-	8,799,505	-	-	-	-
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
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
<u>Exposure Class</u>	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
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>On &amp; Off - Balance Sheet Exposures</u></b>							
Banks, Development Financial Institutions & MDBs		1,808,212	51,443	-	-	-	-

RHB ISLAMIC BANK  
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2013

Table 11a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2013

<u>Exposure Class</u>	<u>Exposures Before Credit Risk Mitigation</u>	<u>Exposures Covered by Guarantees / Credit Derivatives</u>	<u>Exposures Covered by Eligible Financial Collateral</u>
	RM'000	RM'000	RM'000
<b><u>On-Balance Sheet Exposures</u></b>			
Sovereigns/Central Banks	6,822,571	2,213,192	-
Banks, Development Financial Institutions & MDBs	1,962,398	9,995	-
Corporates	7,457,587	724,517	63,728
Regulatory Retail	9,110,352	178	44,159
Residential Mortgages	-	-	-
Higher Risk Assets	-	-	-
Other Assets	89,223	-	-
Equity Exposures	-	-	-
Defaulted Exposures	282,008	252	4,674
<b>Total On-Balance Sheet Exposures</b>	<b>25,724,139</b>	<b>2,948,134</b>	<b>112,561</b>
<b><u>Off-Balance Sheet Exposures</u></b>			
OTC Derivatives	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,392,684	-	-
Defaulted Exposures	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>2,392,684</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>28,116,823</b>	<b>2,948,134</b>	<b>112,561</b>

Table 11b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2012

<u>Exposure Class</u>	<u>Exposures Before Credit Risk Mitigation</u>	<u>Exposures Covered by Guarantees / Credit Derivatives</u>	<u>Exposures Covered by Eligible Financial Collateral</u>
	RM'000	RM'000	RM'000
<b><u>On-Balance Sheet Exposures</u></b>			
Sovereigns/Central Banks	8,799,505	2,213,314	-
Banks, Development Financial Institutions & MDBs	1,808,374	50,421	-
Corporates	5,812,123	448,513	92,895
Regulatory Retail	7,556,249	501	54,966
Residential Mortgages	-	-	-
Higher Risk Assets	-	-	-
Other Assets	125,422	-	-
Equity Exposures	-	-	-
Defaulted Exposures	222,530	731	5,492
<b>Total On-Balance Sheet Exposures</b>	<b>24,324,203</b>	<b>2,713,480</b>	<b>153,353</b>
<b><u>Off-Balance Sheet Exposures</u></b>			
OTC Derivatives	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	2,163,346	-	-
Defaulted Exposures	-	-	-
<b>Total Off-Balance Sheet Exposures</b>	<b>2,163,346</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>26,487,549</b>	<b>2,713,480</b>	<b>153,353</b>

Table 12a: Impaired, Past Due Financing and Allowances for Impairment by Industry Sector as at 30 June 2013

Industry Sector	Impaired Advances / Financing	Past Due Financing	Individual Impairment Allowances	Collective Impairment Allowances
	RM'000	RM'000	RM'000	RM'000
Agriculture	4,366	955	-	3,108
Mining & Quarrying	-	664	-	-
Manufacturing	46,196	12,988	6,596	20,568
Electricity, Gas & Water Supply	-	-	-	1,874
Construction	41,737	6,224	15,727	13,291
Wholesale, Retail Trade, Restaurants & Hotels	44,575	1,225	8,833	12,153
Transport, Storage & Communication	4,470	12,796	-	6,808
Finance, Insurance, Real Estate & Business	118,924	6,812	53,118	16,046
Education, Health & Others	461	10,907	-	2,792
Household	173,666	414,693	-	81,745
Others	269	-	-	10,768
<b>Total</b>	<b>434,664</b>	<b>467,264</b>	<b>84,274</b>	<b>169,153</b>

Note: As at 30 June 2013, all impaired, past due and allowances for impaired financing are for credit exposures booked in Malaysia.

Table 12b: Impaired, Past Due Financing and Allowances for Impairment by Industry Sector as at 31 December 2012

Industry Sector	Impaired Advances / Financing	Past Due Financing	Individual Impairment Allowances	Collective Impairment Allowances
	RM'000	RM'000	RM'000	RM'000
Agriculture	4,514	504	-	3,685
Mining & Quarrying	25,504	500	3,518	32
Manufacturing	63,914	13,173	9,890	19,764
Electricity, Gas & Water Supply	-	-	-	5,587
Construction	43,305	7,983	17,324	13,651
Wholesale, Retail Trade, Restaurants & Hotels	17,315	425	5,163	9,177
Transport, Storage & Communication	5,093	14,155	-	9,703
Finance, Insurance, Real Estate & Business	82,452	2,554	53,118	15,726
Education, Health & Others	339	11,344	-	2,394
Household	166,332	468,111	-	97,247
Others	296	-	-	808
<b>Total</b>	<b>409,064</b>	<b>518,749</b>	<b>89,013</b>	<b>177,774</b>

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

Table 13: Charges/(Write-back) and Write-Offs for Impairment by Industry Sector

Industry Sector	Six Months Period Ended 30.06.2013		Twelve Months Period Ended 30.12.2012	
	Charges/(Write-back)		Charges/(Write-back)	
	for Individual Impairment Allowances	Write-Offs	for Individual Impairment Allowances	Write-Offs
	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	2,697	2,697
Mining & Quarrying	-	-	(2,934)	-
Manufacturing	(1,304)	2,700	7,045	32,328
Electricity, Gas & Water Supply	-	-	-	-
Construction	426	2,024	10,219	42
Wholesale, Retail Trade, Restaurants & Hotels	2,776	2,623	8,100	3,825
Transport, Storage & Communication	-	-	-	-
Finance, Insurance, Real Estate & Business	(1,100)	-	43,835	70,426
Education, Health & Others	-	-	(1,042)	-
Household	-	16,949	-	17,031
Others	-	-	-	1,457
<b>Total</b>	<b>798</b>	<b>24,296</b>	<b>67,920</b>	<b>127,806</b>



Table 14a: Reconciliation of Changes to Financing Impairment Allowances as at 30 June 2013

<u>Impairment Allowances Details</u>	<u>Individual Impairment Allowances</u> RM'000	<u>Collective Impairment Allowances</u> RM'000
Balance as at the beginning of financial period/year	89,013	177,774
Effect on full adoption of MFRS 139	-	-
Net Allowance made during the period/year	798	10,138
Amount written off	(6,638)	(17,658)
Reclassification from individual/collective impairment	1,101	(1,101)
<b>Balance as at the end of financial period/year</b>	<b>84,274</b>	<b>169,153</b>

Table 14b: Reconciliation of Changes to Financing Impairment Allowances as at 31 December 2013

<u>Impairment Allowances Details</u>	<u>Individual Impairment Allowances</u> RM'000	<u>Collective Impairment Allowances</u> RM'000
Balance as at the beginning of financial period/year	130,724	190,768
Effect on full adoption of MFRS 139	-	5,668
Net Allowance made during the period/year	67,920	(487)
Amount written off	(108,708)	(19,098)
Reclassification from individual/collective impairment	(923)	923
<b>Balance as at the end of financial period/year</b>	<b>89,013</b>	<b>177,774</b>

Table 15a: Market Risk-Weighted Assets and Capital Charge as at 30 June 2013

<u>Market Risk</u>	<u>Long Position</u> RM'000	<u>Short Position</u> RM'000	<u>Risk-Weighted Assets</u> RM'000	<u>Capital Charge</u> RM'000
Profit Rate Risk	615,315	100,000	25,326	2,026
Foreign Currency Risk	16,705	-	16,705	1,336
<b>Total</b>			<b>42,031</b>	<b>3,362</b>

Note:

As at 30 June 2013, 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 15b: Market Risk-Weighted Assets and Capital Charge as at 31 December 2012

<u>Market Risk</u>	<u>Long Position</u> RM'000	<u>Short Position</u> RM'000	<u>Risk-Weighted Assets</u> RM'000	<u>Capital Charge</u> RM'000
Profit Rate Risk	987,482	550,000	190,692	15,255
Foreign Currency Risk	4,250	74,694	74,694	5,976
<b>Total</b>			<b>265,386</b>	<b>21,231</b>

Note:

As at 31 December 2012, 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 16a: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 30 June 2013

<u>Currency</u>	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase / (Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	(44,868)	44,868	(313,555)	313,555
<b>Total</b>	<b>(44,868)</b>	<b>44,868</b>	<b>(313,555)</b>	<b>313,555</b>

Note:

- As at 30 June 2013, RHB Islamic economic value was computed assuming that all profit sensitive position that of indeterminate maturity are classified under 1 week bucket. This is the more conservative approach that is adopted by BNM.
- PSIA (Profit Sharing Investment Account) was initiated in 2012 between RHB Islamic and RHB Bank which qualifies as a risk absorbent.

Table 16b: Interest Rate Risk / Rate of Return Risk in the Banking Book as at 31 December 2012

<u>Currency</u>	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase / (Decline) in Earnings		Increase/(Decline) in Economic Value	
	Impact based on +100 basis points	Impact based on -100 basis points	Impact based on +100 basis points	Impact based on -100 basis points
	RM'000	RM'000	RM'000	RM'000
MYR - Malaysian Ringgit	(25,669)	25,669	(233,361)	233,361
<b>Total</b>	<b>(25,669)</b>	<b>25,669</b>	<b>(233,361)</b>	<b>233,361</b>

Note:

- As at 30 December 2012, RHB Islamic economic value was computed assuming that all profit sensitive position that of indeterminate maturity are classified under 1 week bucket. This is the more conservative approach that is adopted by BNM.
- PSIA (Profit Sharing Investment Account) was initiated in 2012 between RHB Islamic and RHB Bank which qualifies as a risk absorbent.

Table 17: Operational Risk-Weighted Assets and Capital Charge

<u>Operational Risk</u>	RHB Islamic Bank	
	As at 30.06.2013	As at 31.12.2012
	RM'000	RM'000
Risk-Weighted Assets	730,149	689,105
Risk Capital Charge	58,412	55,128