

RHB Investment Bank Berhad

Basel II Pillar 3 Disclosures

30 June 2020

**RHB INVESTMENT BANK GROUP
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020**

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STATEMENT BY CHIEF EXECUTIVE OFFICER

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 Disclosures of RHB Investment Bank Berhad as at 30 June 2020 are accurate and complete.

ROBERT ANGELO HENDRO SANTOSO HURAY
Chief Executive Officer

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INTRODUCTION

This document describes RHB Investment Bank Berhad's risk profile and capital adequacy position in accordance with the requirements as outlined in the Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia (BNM).

BNM's guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets) provide and specify the approaches for quantifying the risk-weighted assets for credit risk, market risk and operational risk.

For purposes of complying with regulatory requirements under Basel II Pillar 1, the approaches adopted by RHB Investment Bank Berhad are as follows:

Entity	Credit Risk	Market Risk	Operational Risk
RHB Investment Bank Berhad	Standardised Approach	Standardised Approach	Basic Indicator Approach

This document covers the quantitative information as at 30 June 2020 with comparative quantitative information of the preceding financial year as at 31 December 2019. This disclosure report has been verified and approved internally in line with the RHB Banking Group: Basel II Pillar 3 Disclosure Policy.

RHB Investment Bank Berhad's Pillar 3 disclosure report will be made available under the Investor Relations section of RHB Banking Group's website at www.rhbgroup.com 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 Investment Bank Berhad's information is presented on a consolidated basis, namely RHB Investment Bank Berhad with its overseas operations and its subsidiaries, and is referred to as 'RHB Investment Bank Group'.

RHB Investment Bank 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 investment to be deducted from eligible capital as guided by BNM's Capital Adequacy Framework (Capital Components).

RHB Investment Bank Group is involved in merchant banking business, dealing in securities, stock, debt and derivatives, stockbroking business and the business of brokers and dealers in futures and options contracts, investment management services, islamic investment management services, management of unit trust funds and islamic unit trust funds, management of private retirement schemes, provision of investment advisory services, research services and provision of nominee services.

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

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Table 1: Capital Adequacy Ratios

	RHB Investment Bank Group		RHB Investment Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
<u>Before proposed dividends</u>				
Common Equity Tier I Capital Ratio	36.664%	43.964%	21.296%	33.144%
Tier I Capital Ratio	36.712%	44.021%	21.296%	33.144%
Total Capital Ratio	42.168%	55.449%	33.106%	57.169%
<u>After proposed dividends</u>				
Common Equity Tier I Capital Ratio	36.664%	40.117%	21.296%	24.764%
Tier I Capital Ratio	36.712%	40.174%	21.296%	24.764%
Total Capital Ratio	42.168%	51.602%	33.106%	48.788%

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

Risk Types	RHB Investment Bank Group		RHB Investment Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Credit RWA	2,131,062	1,965,132	794,218	794,533
Market RWA	548,132	258,450	214,023	127,778
Operational RWA	1,479,250	1,493,492	769,354	784,006
Total	4,158,444	3,717,074	1,777,595	1,706,317

Table 3a: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 30 June 2020

Risk Types	RWA		Minimum Capital Requirements	
	RHB Investment Bank Group	RHB Investment Bank	RHB Investment Bank Group	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
Under Standardised Approach	2,131,062	794,218	170,485	63,537
Market Risk				
Under Standardised Approach	548,132	214,023	43,851	17,122
Operational Risk				
Under Basic Indicator Approach	1,479,250	769,354	118,340	61,548
Total	4,158,444	1,777,595	332,676	142,207

Table 3b: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 31 December 2019

Risk Types	RWA		Minimum Capital Requirements	
	RHB Investment Bank Group	RHB Investment Bank	RHB Investment Bank Group	RHB Investment Bank
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
Under Standardised Approach	1,965,132	794,533	157,211	63,563
Market Risk				
Under Standardised Approach	258,450	127,778	20,676	10,222
Operational Risk				
Under Basic Indicator Approach	1,493,492	784,006	119,479	62,720
Total	3,717,074	1,706,317	297,366	136,505

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Table 4: Capital Structure

	RHB Investment Bank Group		RHB Investment Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier I Capital/Tier I Capital</u>				
Paid up ordinary share capital	1,487,773	1,487,773	1,487,773	1,487,773
Retained profits	443,377	587,298	422,861	567,193
Other reserves	148,164	135,295	-	-
Fair value through other comprehensive income (FVOCI) reserves	49,323	41,918	47,090	39,360
Less:				
Goodwill	(511,221)	(511,221)	(372,395)	(372,395)
Investments in subsidiaries	-	-	(1,145,379)	(1,093,697)
Investments in associates and joint ventures	(4,608)	(16,083)	(5,028)	(5,028)
Other Intangible assets	(45,929)	(48,332)	(24,794)	(25,905)
Deferred tax assets	(15,089)	(19,410)	(5,668)	(10,106)
55% of cumulative gains arising from change in value of FVOCI instruments	(27,128)	(23,055)	(25,900)	(21,648)
Total Common Equity Tier I Capital	1,524,662	1,634,183	378,560	565,547
Qualifying non controlling interest recognised as Tier I Capital	2,006	2,121	-	-
Total Tier I Capital	1,526,668	1,636,304	378,560	565,547
<u>Tier II Capital</u>				
Subordinated obligations meeting all relevant criteria	200,000	400,000	200,000	400,000
Qualifying non controlling interest recognised as Tier II Capital	220	226	-	-
General provisions [^]	26,638	24,564	9,928	9,932
Total Tier II Capital	226,858	424,790	209,928	409,932
Total Capital	1,753,526	2,061,094	588,488	975,479

[^] Pursuant to BNM's policy document on Financial Reporting, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserves of RHB Investment Bank Group and RHB Investment Bank of RM 25,625,000 (31 December 2019: RM24,184,000) and RM 9,646,000 (31 December 2019 : RM9,917,000) respectively.

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Table 5a: Summary of Credit Exposures with Credit Risk Mitigation (CRM) by Asset Class and Minimum Capital Requirements (On and Off-Balance Sheet Exposures) as at 30 June 2020

RHB Investment Bank Group	Gross Exposures/EAD before CRM RM'000	Net Exposures/EAD after CRM RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Exposure Class				
Exposures under the Standardised Approach				
On-Balance Sheet Exposures				
Sovereigns & Central Banks	716,030	716,030	5,951	476
Public Sector Entities	168,128	168,128	-	-
Banks, Development Financial Institutions & MDBs	2,410,611	2,410,611	596,052	47,684
Insurance Cos, Securities Firms & Fund Managers	81,156	81,156	81,156	6,493
Corporates	1,726,387	724,619	5,501	440
Regulatory Retail	569,999	3,340	2,505	200
Residential Mortgages	295	295	103	8
Higher Risk Assets	551,414	551,414	827,121	66,170
Other Assets	1,406,403	1,406,403	494,137	39,531
Equity Exposures	112,132	112,132	112,132	8,971
Defaulted Exposures	269	269	167	13
Total On-Balance Sheet Exposures	7,742,824	6,174,397	2,124,825	169,986
Off-Balance Sheet Exposures				
OTC Derivatives	6,353	6,353	1,271	102
Off-balance sheet exposures other than OTC derivatives or credit derivatives	242,868	18,129	4,966	397
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	249,221	24,482	6,237	499
Total On and Off-Balance Sheet Exposures	7,992,045	6,198,879	2,131,062	170,485

Table 5b: Summary of Credit Exposures with Credit Risk Mitigation (CRM) by Asset Class and Minimum Capital Requirements (On and Off-Balance Sheet Exposures) as at 31 December 2019

RHB Investment Bank Group	Gross Exposures/EAD before CRM RM'000	Net Exposures/EAD after CRM RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement RM'000
Exposure Class				
Exposures under the Standardised Approach				
On-Balance Sheet Exposures				
Sovereigns & Central Banks	687,430	687,430	5,709	457
Public Sector Entities	167,860	167,860	-	-
Banks, Development Financial Institutions & MDBs	2,380,724	2,380,724	584,550	46,764
Insurance Cos, Securities Firms & Fund Managers	39,723	39,723	39,723	3,178
Corporates	1,981,291	810,723	4,433	354
Regulatory Retail	681,308	111	83	7
Residential Mortgages	300	300	105	8
Higher Risk Assets	498,955	498,955	748,433	59,875
Other Assets	1,140,184	1,140,184	454,667	36,373
Equity Exposures	118,358	118,358	118,358	9,469
Defaulted Exposures	3,696	3,416	4,510	361
Total On-Balance Sheet Exposures	7,699,829	5,847,784	1,960,571	156,846
Off-Balance Sheet Exposures				
OTC Derivatives	1,230	1,230	247	20
Off-balance sheet exposures other than OTC derivatives or credit derivatives	229,047	5,699	4,314	345
Defaulted Exposures	-	-	-	-
Total Off-Balance Sheet Exposures	230,277	6,929	4,561	365
Total On and Off-Balance Sheet Exposures	7,930,106	5,854,713	1,965,132	157,211

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Table 6a: Exposures on Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 30 June 2020

RHB Investment Bank Group	Principal/ Notional Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Nature of Item</u>	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	-		-	-
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	15,691		15,691	3,138
Foreign exchange related contracts	62,703	28	124	25
1 year or less	62,703	28	124	25
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Interest rate related contracts	-	-	-	-
1 year or less	-	-	-	-
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Equity related contracts	1,900	6,115	6,229	1,246
1 year or less	1,900	6,115	6,229	1,246
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with original maturity of over 1 year	22		11	8
Other commitments, such as formal standby facilities and credit lines, with original maturity of up to 1 year	1,135,832		227,166	1,820
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	1,216,148	6,143	249,221	6,237

Table 6b: Exposures on Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 2019

RHB Investment Bank Group	Principal/ Notional Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Nature of Item</u>	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	-		-	-
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	-		-	-
Foreign exchange related contracts	119,015	91	1,230	247
1 year or less	119,015	91	1,230	247
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Interest rate related contracts	-	-	-	-
1 year or less	-	-	-	-
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Equity related contracts	-	-	-	-
1 year or less	-	-	-	-
Over 1 year to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with original maturity of over 1 year	6,313		3,156	8
Other commitments, such as formal standby facilities and credit lines, with original maturity of up to 1 year	1,129,454		225,891	4,306
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	1,254,782	91	230,277	4,561

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Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 30 June 2020

RHB Investment Bank Group								
<u>Exposure Class</u>	<u>Malaysia</u>	<u>Singapore</u>	<u>Hong Kong</u>	<u>Indonesia</u>	<u>Thailand</u>	<u>Cambodia</u>	<u>Vietnam</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>								
Sovereigns & Central Banks	711,845	-	-	-	-	4,185	-	716,030
Public Sector Entities	168,128	-	-	-	-	-	-	168,128
Banks, Development Financial Institutions & MDBs	2,097,003	54,788	23,427	133,948	33,822	40,441	33,536	2,416,965
Insurance Cos, Securities Firms & Fund Managers	65,318	14,776	1,062	-	-	-	-	81,156
Corporates	1,607,205	91,125	-	24,138	117,202	-	-	1,839,670
Regulatory Retail	508,688	73,941	-	74,545	42,677	-	-	699,851
Residential Mortgages	296	-	-	-	-	-	-	296
Higher Risk Assets	551,096	-	-	41	277	-	-	551,414
Other Assets	775,086	283,478	4,900	149,626	189,619	2,635	1,059	1,406,403
Total	6,484,665	518,108	29,389	382,298	383,597	47,261	34,595	7,879,913

Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31 December 2019

RHB Investment Bank Group								
<u>Exposure Class</u>	<u>Malaysia</u>	<u>Singapore</u>	<u>Hong Kong</u>	<u>Indonesia</u>	<u>Thailand</u>	<u>Cambodia</u>	<u>Vietnam</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Exposures under Standardised Approach</u>								
Sovereigns & Central Banks	683,415	-	-	-	-	4,015	-	687,430
Public Sector Entities	167,860	-	-	-	-	-	-	167,860
Banks, Development Financial Institutions & MDBs	2,062,232	29,595	60,276	100,481	58,663	38,565	32,140	2,381,952
Insurance Cos, Securities Firms & Fund Managers	33,908	3,223	2,592	-	-	-	-	39,723
Corporates	1,745,199	146,560	37,507	31,430	127,064	-	-	2,087,760
Regulatory Retail	558,153	86,216	19,040	86,688	57,486	-	-	807,583
Residential Mortgages	301	-	-	-	-	-	-	301
Higher Risk Assets	498,640	-	-	40	275	-	-	498,955
Other Assets	588,145	158,147	36,321	166,366	188,854	1,270	1,081	1,140,184
Total	6,337,853	423,741	155,736	385,005	432,342	43,850	33,221	7,811,748

Note: This table excludes equity exposures

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Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 30 June 2020

RHB Investment Bank Group	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		
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposures under Standardised Approach																									
Sovereigns & Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	716,030	-	-	-	-	-	716,030	
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,526	55,602	-	-	-	-	-	168,128	
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,416,965	-	-	-	-	-	-	-	2,416,965	
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,156	-	-	-	-	-	-	-	81,156	
Corporates	322	93	4,554	50,552	35,649	216,138	110,140	777,798	-	644,424	-	1,839,670													
Regulatory Retail	979	-	-	-	-	-	-	-	-	698,872	-	699,851													
Residential Mortgages	-	-	-	-	-	-	-	-	-	296	-	296													
Higher Risk Assets	-	-	-	-	-	-	-	551,414	-	-	-	551,414													
Other Assets	-	-	-	-	-	-	-	150,896	-	-	-	1,406,403													
Total	1,301	93	4,554	50,552	35,649	216,138	110,140	4,090,755	771,632	1,343,592	1,255,507	7,879,913													

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2019

RHB Investment Bank Group	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	
Exposure Class	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exposures under Standardised Approach																								
Sovereigns & Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	687,430	-	-	-	-	-	687,430
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,216	55,644	-	-	-	-	-	-	167,860
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,381,952	-	-	-	-	-	-	-	2,381,952
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,723	-	-	-	-	-	-	-	39,723
Corporates	5,472	102	3,624	141,375	37,960	215,880	99,829	810,940	-	772,578	-	2,087,760												
Regulatory Retail	-	-	-	-	-	-	-	-	-	807,583	-	807,583												
Residential Mortgages	-	-	-	-	-	-	-	-	-	301	-	301												
Higher Risk Assets	-	-	-	-	-	-	-	498,955	-	-	-	498,955												
Other Assets	-	-	-	-	-	-	-	165,657	-	-	-	1,140,184												
Total	5,472	102	3,624	141,375	37,960	215,880	99,829	4,009,443	743,074	1,580,462	974,527	7,811,748												

Note: This table excludes equity exposures

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Table 9a: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 30 June 2020

RHB Investment Bank Group				
<u>Exposure Class</u>	One year	More than	Over	Total
	or less	one to	five years	
	RM'000	five years	RM'000	RM'000
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	152,077	387,609	176,344	716,030
Public Sector Entities	-	168,128	-	168,128
Banks, Development Financial Institutions & MDBs	2,158,473	30,423	228,069	2,416,965
Insurance Cos, Securities Firms & Fund Managers	-	-	81,156	81,156
Corporates	1,186,775	627,498	25,397	1,839,670
Regulatory Retail	699,818	-	33	699,851
Residential Mortgages	-	9	287	296
Higher Risk Assets	277	-	551,137	551,414
Other Assets	-	-	1,406,403	1,406,403
Total	4,197,420	1,213,667	2,468,826	7,879,913

Table 9b: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 2019

RHB Investment Bank Group				
<u>Exposure Class</u>	One year	More than	Over	Total
	or less	one to	five years	
	RM'000	five years	RM'000	RM'000
<u>Exposures under Standardised Approach</u>				
Sovereigns & Central Banks	22,555	536,581	128,294	687,430
Public Sector Entities	-	167,860	-	167,860
Banks, Development Financial Institutions & MDBs	2,111,598	30,441	239,913	2,381,952
Insurance Cos, Securities Firms & Fund Managers	-	-	39,723	39,723
Corporates	1,375,690	680,296	31,774	2,087,760
Regulatory Retail	807,550	-	33	807,583
Residential Mortgages	-	10	291	301
Higher Risk Assets	275	-	498,680	498,955
Other Assets	-	-	1,140,184	1,140,184
Total	4,317,668	1,415,188	2,078,892	7,811,748

Note: This table excludes equity exposures

RHB INVESTMENT BANK GROUP
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 10a: Portfolios under the Standardised Approach by Risk Weights as at 30 June 2020

RHB Investment Bank Group

Exposure Class	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
Supervisory Risk Weights (%)												
0%	703,012	168,128	30,422	-	719,117	-	-	-	791,680	-	2,412,359	-
20%	8,833	-	2,109,794	-	15,691	-	-	-	150,733	-	2,285,051	457,010
35%	-	-	-	-	-	-	296	-	-	-	296	103
50%	-	-	202,770	-	-	236	-	-	-	-	203,006	101,503
75%	-	-	-	-	-	5,777	-	-	-	-	5,777	4,333
100%	4,185	-	73,979	81,156	5,501	-	-	-	463,990	112,132	740,943	740,943
150%	-	-	-	-	-	33	-	551,414	-	-	551,447	827,170
Total Exposures	716,030	168,128	2,416,965	81,156	740,309	6,046	296	551,414	1,406,403	112,132	6,198,879	2,131,062

Table 10b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2019

RHB Investment Bank Group

Exposure Class	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
Supervisory Risk Weights (%)												
0%	674,944	167,860	30,441	-	806,289	-	-	-	553,097	-	2,232,631	-
20%	8,471	-	2,087,709	-	-	-	-	-	165,525	-	2,261,705	452,341
35%	-	-	-	-	-	-	301	-	-	-	301	105
50%	-	-	193,098	-	-	614	-	-	-	-	193,712	96,856
75%	-	-	-	-	-	5,651	-	-	-	-	5,651	4,238
100%	4,015	-	70,704	39,723	4,594	-	-	-	421,562	118,358	658,956	658,956
150%	-	-	-	-	-	2,802	-	498,955	-	-	501,757	752,636
Total Exposures	687,430	167,860	2,381,952	39,723	810,883	9,067	301	498,955	1,140,184	118,358	5,854,713	1,965,132

RHB INVESTMENT BANK GROUP
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 11a: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 30 June 2020

RHB Investment Bank Group

Ratings of Corporates by Approved ECAIs	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	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 BBB3	B to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated	
<u>Exposure Class</u>	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	
<u>On and Off-Balance Sheet Exposures</u>							
Public Sector Entities		-	-	-	-	168,128	
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	81,156	
Corporates		15,690	-	-	-	724,619	
<u>Ratings of Sovereigns and Central Banks by Approved ECAIs</u>							
	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
<u>Exposure Class</u>	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
<u>On and Off-Balance Sheet Exposures</u>							
Sovereigns & Central Banks		-	711,845	-	4,185	-	-
<u>Ratings of Banking Institutions by Approved ECAIs</u>							
	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
<u>Exposure Class</u>	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
<u>On and Off-Balance Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		2,040,150	50,829	51	-	-	325,935

RHB INVESTMENT BANK GROUP
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 11b: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 31 December 2019

RHB Investment Bank Group

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
Ratings of Corporates by Approved ECAIs	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	
<u>Exposure Class</u>	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	
<u>On and Off-Balance Sheet Exposures</u>							
Public Sector Entities		-	-	-	-	167,860	
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	39,723	
Corporates		-	-	-	-	810,883	
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
<u>Exposure Class</u>	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
<u>On and Off-Balance Sheet Exposures</u>							
Sovereigns & Central Banks		-	683,415	-	4,015	-	-
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	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<u>Exposure Class</u>	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
Banks, Development Financial Institutions & MDBs		1,625,913	43,427	49	-	-	712,563

RHB INVESTMENT BANK GROUP
 BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 12a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 30 June 2020

RHB Investment Bank Group	Gross Exposures Before Credit Risk Mitigation	Gross Exposures Covered by Guarantees / Credit Derivatives	Gross Exposures Covered by Eligible Financial Collateral
<u>Exposure Class</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>On-Balance Sheet Exposures</u>			
Sovereigns & Central Banks	716,030	-	-
Public Sector Entities	168,128	168,128	-
Banks, Development Financial Institutions & MDBs	2,410,611	30,423	-
Insurance Cos, Securities Firms & Fund Managers	81,156	-	-
Corporates	1,726,387	719,117	1,001,768
Regulatory Retail	569,999	-	566,659
Residential Mortgages	295	-	-
Higher Risk Assets	551,414	-	-
Other Assets	1,406,403	-	-
Equity Exposures	112,132	-	-
Defaulted Exposures	269	-	-
Total On-Balance Sheet Exposures	7,742,824	917,668	1,568,427
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	6,353	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	242,868	-	224,739
Defaulted Exposures	-	-	-
Total Off-Balance Sheet Exposures	249,221	-	224,739
Total On and Off-Balance Sheet Exposures	7,992,045	917,668	1,793,166

Table 12b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2019

RHB Investment Bank Group	Gross Exposures Before Credit Risk Mitigation	Gross Exposures Covered by Guarantees / Credit Derivatives	Gross Exposures Covered by Eligible Financial Collateral
<u>Exposure Class</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>On-Balance Sheet Exposures</u>			
Sovereigns & Central Banks	687,430	-	-
Public Sector Entities	167,860	167,860	-
Banks, Development Financial Institutions & MDBs	2,380,724	30,441	-
Insurance Cos, Securities Firms & Fund Managers	39,723	-	-
Corporates	1,981,291	806,290	1,170,568
Regulatory Retail	681,308	-	681,197
Residential Mortgages	300	-	-
Higher Risk Assets	498,955	-	-
Other Assets	1,140,184	-	-
Equity Exposures	118,358	-	-
Defaulted Exposures	3,696	-	280
Total On-Balance Sheet Exposures	7,699,829	1,004,591	1,852,045
<u>Off-Balance Sheet Exposures</u>			
OTC Derivatives	1,230	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	229,047	-	223,348
Defaulted Exposures	-	-	-
Total Off-Balance Sheet Exposures	230,277	-	223,348
Total On and Off-Balance Sheet Exposures	7,930,106	1,004,591	2,075,393

RHB INVESTMENT BANK GROUP
BASEL II PILLAR 3 DISCLOSURES AS AT 30 JUNE 2020

Table 13a: Impaired and Past Due Loans and Allowance for Credit Losses by Industry Sector as at 30 June 2020

RHB Investment Bank Group			
Industry Sector	Impaired Loans and Advances	Past Due Loans	Allowance for Credit Losses
	RM'000	RM'000	RM'000
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	13,925	-	13,657
Others	-	-	-
Total	13,925	-	13,657

Table 13b: Impaired and Past Due Loans and Allowance for Credit Losses by Industry Sector as at 31 December 2019

RHB Investment Bank Group			
Industry Sector	Impaired Loans and Advances	Past Due Loans	Allowance for Credit Losses
	RM'000	RM'000	RM'000
Agriculture	-	-	-
Mining & Quarrying	6,936	-	6,936
Manufacturing	-	-	-
Electricity, Gas & Water Supply	-	-	-
Construction	-	-	-
Wholesale, Retail Trade, Restaurants & Hotels	-	-	-
Transport, Storage & Communication	-	-	-
Finance, Insurance, Real Estate & Business	-	-	-
Education, Health & Others	-	-	-
Household	16,377	-	12,681
Others	-	-	-
Total	23,313	-	19,617

Table 14: Net Charges/(Write back) and Write-Offs for Impairment by Industry Sector

RHB Investment Bank Group	Six Months Period Ended 30.06.2020		Twelve Months Period Ended 31.12.2019	
	Net Charges/(Write-back) for Lifetime ECL Credit Impaired (Stage 3)	Write-Offs for Lifetime ECL Credit Impaired (Stage 3)	Net Charges/(Write-back) for Individual Impairment Allowances	Write-Offs for Lifetime ECL Credit Impaired (Stage 3)
Industry Sector	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	-
Mining & Quarrying	-	(6,888)	-	-
Manufacturing	-	-	-	-
Electricity, Gas & Water Supply	-	-	-	-
Construction	-	-	-	-
Wholesale, Retail Trade, Restaurants & Hotels	-	-	-	-
Transport, Storage & Communication	-	-	-	-
Finance, Insurance, Real Estate & Business	-	-	-	-
Education, Health & Others	-	-	-	-
Household	879	(16)	461	-
Others	-	-	-	-
Total	879	(6,904)	461	-

RHB INVESTMENT BANK GROUP
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Table 15a: Impaired and Past Due Loans and Allowance for Credit Losses by Geographical Distribution as at 30 June 2020

RHB Investment Bank Group

<u>Geographical Distribution</u>	Impaired Loans and Advances	Past Due Loans	Allowance for Credit Losses
	RM'000	RM'000	RM'000
Malaysia	37	-	37
Singapore	4,488	-	4,220
Hong Kong	-	-	-
Indonesia	-	-	-
Thailand	9,400	-	9,400
Total	13,925	-	13,657

Table 15b: Impaired and Past Due Loans and Allowance for Credit Losses by Geographical Distribution as at 31 December 2019

RHB Investment Bank Group

<u>Geographical Distribution</u>	Impaired Loans and Advances	Past Due Loans	Allowance for Credit Losses
	RM'000	RM'000	RM'000
Malaysia	-	-	1
Singapore	13,892	-	10,195
Hong Kong	97	-	97
Indonesia	-	-	-
Thailand	9,324	-	9,324
Total	23,313	-	19,617

Table 16a: Movement in Loans Allowance for Credit Losses as at 30 June 2020

RHB Investment Bank Group	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial period	1	-	19,616	19,617
Allowance made/ (written-back) during the financial period	-	-	879	879
Bad debts written off	-	-	(6,904)	(6,904)
Exchange differences	-	-	65	65
Balance as at the end of financial period	1	-	13,656	13,657

Table 16b: Movement in Loans Allowance for Credit Losses as at 31 December 2019

RHB Investment Bank Group	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial period	1	-	18,980	18,981
Allowance made/ (written-back) during the financial period	-	-	461	461
Bad debts written off	-	-	-	-
Exchange differences	-	-	175	175
Balance as at the end of financial period	1	-	19,616	19,617

RHB INVESTMENT BANK GROUP
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Table 17a: Market Risk-Weighted Assets and Minimum Capital Requirements as at 30 June 2020

RHB Investment Bank Group		Long	Short	Risk-Weighted	Minimum
<u>Market Risk</u>		Position	Position	Assets	Requirements
		RM'000	RM'000	RM'000	RM'000
Interest Rate Risk		129,600	27,068	26,249	2,100
Equity Position Risk		228,328	209,699	104,226	8,338
Foreign Currency Risk		261,260	6,734	261,260	20,901
Options Risk		209,268	209,699	156,397	12,512
Total				548,132	43,851

RHB Investment Bank		Long	Short	Risk-Weighted	Minimum
<u>Market Risk</u>		Position	Position	Assets	Requirements
		RM'000	RM'000	RM'000	RM'000
Interest Rate Risk		20,706	20,644	-	-
Equity Position Risk		222,650	209,699	36,378	2,910
Foreign Currency Risk		97,277	4,540	97,277	7,782
Options Risk		4,140	209,699	80,368	6,430
Total				214,023	17,122

Table 17b: Market Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2019

RHB Investment Bank Group		Long	Short	Risk-Weighted	Minimum
<u>Market Risk</u>		Position	Position	Assets	Requirements
		RM'000	RM'000	RM'000	RM'000
Interest Rate Risk		19,665	19,529	307	25
Equity Position Risk		33,084	10,494	181,981	14,558
Foreign Currency Risk		67,550	37,414	67,550	5,404
Options Risk		-	10,494	8,612	689
Total				258,450	20,676

RHB Investment Bank		Long	Short	Risk-Weighted	Minimum
<u>Market Risk</u>		Position	Position	Assets	Requirements
		RM'000	RM'000	RM'000	RM'000
Interest Rate Risk		13,500	13,394	-	-
Equity Position Risk		23,565	9,454	38,182	3,055
Foreign Currency Risk		82,792	47,365	82,792	6,623
Options Risk		-	9,454	6,804	544
Total				127,778	10,222

Note:

- As at 30 June 2020 and 31 December 2019, RHB Investment Bank Group and RHB Investment Bank did not have any exposures under Commodity or Inventory Risk.
- For the Equity Position risk, the position is computed based on net long and net short position.

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Table 18: Equity Exposures in the Banking Book

RHB Investment Bank Group <u>Equity Type</u>	Gross Credit Exposures		Risk-Weighted Assets	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Publicly traded				
Investment in unit trust funds	75,496	83,590	75,496	83,590
Holdings of equity investments	1,683	2,037	1,683	2,037
Privately held				
For socio economic purposes	40,823	38,653	43,758	41,614
For non socio economic purposes	545,544	493,033	818,316	739,550
Total	663,546	617,313	939,253	866,791
	30.06.2020	31.12.2019		
	RM'000	RM'000		
Cumulative Realised Gains/ (Loss) from Sale and Liquidations	-	4,520		
Total Net Unrealised Gains/ (Loss)	132,154	97,143		

Table 19a: Interest Rate Risk in the Banking Book as at 30 June 2020

RHB Investment Bank Group <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	(14,085)	14,085	(45,102)	45,102
USD - US Dollar	(3,148)	3,148	(111)	111
Others ¹	(999)	999	(4,556)	4,556
Total	(18,232)	18,232	(49,769)	49,769

Table 19b: Interest Rate Risk in the Banking Book as at 31 December 2019

RHB Investment Bank Group <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	(10,815)	10,815	(45,446)	45,446
USD - US Dollar	(5,185)	5,185	147	(147)
Others ¹	(2,130)	2,130	(6,391)	6,391
Total	(18,130)	18,130	(51,690)	51,690

Note:

1. Inclusive of GBP, EUR, SGD, etc

2. The earnings and economic values were computed based on the standardised approach adopted by BNM.

Table 20: Operational Risk-Weighted Assets and Minimum Capital Requirements

<u>Operational Risk</u>	RHB Investment Bank Group		RHB Investment Bank	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Risk-Weighted Assets	1,479,250	1,493,492	769,354	784,006
Minimum Capital Requirements	118,340	119,479	61,548	62,720